# FINANCIAL FORECAST: REPORT FROM THE GOVERNANCE, ETHICS, RISK AND FINANCE COMMITTEE

**For Decision**

*Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them at the Board meeting.*

## 1. STRATEGIC PURPOSE

1.1 The financial forecast is designed to provide the Board with sufficient information on the expected financial position of the Global Partnership for Education (GPE). This information is critical in order for the Board to determine how to allocate its financial resources in support of implementation of GPE strategic objectives.

*Summary of GERF Deliberations from November 2-3 meeting*

- GERF welcomed the news that a number of donors are increasing contributions to GPE including a significant increase from the US, and the successful conclusion of a contribution agreement with the European Commission.
- GERF expressed concerns regarding the continued negative impact of a strong US dollar, and GPE's continued exposure to foreign exchange risk. The importance of considering options such as hedging, and a euro fund to mitigate this risk in the context of preparations for the next replenishment was emphasized.
- Members stressed the importance of continued efforts to work with partners that are struggling to fulfil their pledges.
- While the GERF noted that the financial forecast is primarily focused on contributions into the GPE Fund, members raised questions as to how domestic financing pledges can be reflected in GPE's resource considerations. It was clarified that requirements are built into the funding model, and this issue can be explored through the ongoing work on eligibility and allocation methodology that the Strategic Financing Working Group will be considering before February 2017.

*Summary of GERF Deliberations from November 2-3 meeting Continued*

- GERF had no objections to the CGPC recommendation to increase maximum country allocations (MCA) for small grants to offset the impact of grant agent supervision which is now integrated into the MCA, noting the impact on GPE's financial position was minimal.
- GERF noted that the positive movement in the forecast was cancelled out by the impact of exchange rates and a reduction in a donor pledge, but that there was no need at this stage to consider further prioritization. The financial position will need to be monitored closely to ensure the projected shortfall continues to remain manageable.

## 2. EXECUTIVE SUMMARY

2.1 The forecast is a projection of future events and is therefore subject to significant change.

2.2 Since June, there has been a number of positive and negative events impacting on GPE's financial position. Unfortunately, the net impact is negative, and therefore it will not be possible to reverse any of the previous prioritization measures adopted by the Board. While the forecast position currently projects a deficit, the Secretariat does not believe that further prioritization measures will be required at this stage due to the impact of the upcoming replenishment campaign, and factoring in that the pipeline of grant applications from countries with an existing indicative allocation will stretch into the next replenishment period.

2.3 Since the June meeting, the value of the British Pound has dropped significantly since the Brexit referendum and as a result has significantly eroded the US dollar value of the UK pledge. Funding for development remains challenging for several European donors with the risk of some donors back loading their pledge into 2018 or beyond. A major donor has informed us that its pledge which was always subject to parliamentary approval will need to be further reduced to reflect the shift in aid budget to humanitarian activities. However, 2017 commitments from this donor are expected to double from 2016 levels, if approved by parliament.

2.4 On the positive side since June, the United States has significantly increased its contribution from its FY15 contribution of US$45 million to an FY16 contribution of US$70 million and advanced the timing of its FY16 contributions so that both payments were made in 2016. In addition, Italy has increased its 2016 contribution from 1.5m Euros to 4m Euros, Sweden has announced a top up of 100m SEK for 2016, and a number of private foundations are in the process of providing targeted financing for Knowledge and Good Practice Exchange activities. GPE has also met the objectives to trigger full payment of the first portion of the UK's pledge that is linked to performance.

2.5 In terms of liquidity, it is still essential that contributors provide contributions on schedule or preferably advance their contributions whenever possible. 2017 is expected to be the peak year for ESPIG approvals which will increase our liquidity needs. However the risk of a cash shortage has been reduced since the last forecast with the European Commission and the Trustee finalizing a contribution agreement to facilitate EC contributions, and the timing of a number of grant applications moving into 2018 and post the next replenishment.

2.6 The Secretariat forecasts that there will be sufficient funds for the Board in December to approve any recommended allocations for upcoming Education Sector Program Implementation Grants from the Country Grants and Performance Committee (BOD/2016/6/XX).

## 3. RECOMMENDED DECISION

3.1 The GERF requests that the Board of Directors approve the following decision:

**BOD/2016/11-XX—<u>Financing Options</u>:** The Board of Directors:

1. Notes that while additional prioritization measures are not currently anticipated, there is no scope to provide additional indicative allocations at this stage.
2. The Board calls on all partners to intensify their efforts to secure additional financing through the GPE Fund and for donors and developing country partners to fulfill their pledges in a timely manner.
3. Noting the risk to GPE's liquidity, calls on those donors that are in a position to do so, to advance the timing of their contributions to the GPE Fund.
4. Noting the ongoing foreign exchange risks, requests the Secretariat to work with the World Bank as Host and Trustee to consider options to mitigate these risks in the context of development of the new Financing and Funding Framework and report back in June 2017.
5. Requests the GERF to conduct a review of the forecast of available resources at its next face-to-face meeting in 2017 and if possible to make recommendations for decision by the Board on potential positive adjustments to the Maximum Country Allocations for eligible countries impacted by the prioritization measures, and the resources available for the general provision.

## 4. BACKGROUND

4.1 As communicated in previous financial forecasts, it is important to note that the forecast is a projection of future events and is therefore subject to significant change that could both positively and/or negatively affect the forecast.

4.2 These changes can be permanent in nature, for example a reduction in donor contributions or an increase in commitments required. Alternatively they can also be temporary in nature such as a shift in the timing of a donor contribution from the end of one year to the start of another.

4.3 The assumptions used to develop the financial forecast and associated recommendations are outlined in the explanatory notes in Annex 6 and are based on the approach approved by the Board of Directors in June 2014 (BOD/2014/06-01).

4.4 The resources available for allocation are presented in both Annex 1 (calculation of the overall amount for allocation and impact on Maximum Country Allocations), and Annex 2 (Forecast of available resources to the end of 2018).

## 5. REASONS FOR RECOMMENDATION

5.1 Since June, there has been a number of positive and negative events impacting on GPE's financial position. Unfortunately, the net impact is negative, and therefore it will not be possible to reverse any of the previous prioritization measures adopted by the Board. Therefore a significant number of GPE eligible countries remain without an indicative allocation in this current replenishment period.

5.2 While the forecast position currently projects a deficit, the Secretariat does not believe that further prioritization measures will be required at this stage due to the impact of the upcoming replenishment campaign, and factoring in that the pipeline of grant applications from countries with an existing indicative allocation will stretch into the next replenishment period.

5.3 Since the last forecast, the value of the British Pound has dropped significantly since the Brexit referendum and as a result has significantly eroded the US dollar value of the UK pledge.

5.4 A major donor has informed us that its pledge which was always subject to parliamentary approval will need to be further reduced to reflect the shift in aid budget to humanitarian activities. However, 2017 commitments from this donor are expected to double from 2016 levels, if approved by parliament.

5.5 The United States has significantly increased its contribution from its FY15 contribution of US$45 million to an FY16 contribution of US$70 million and advanced the timing of its contributions with both payments made in 2016.

5.6 Italy has increased its 2016 contribution from 1.5m Euros to 4m Euros, Sweden recently announced a 100m SEK increase for 2016, and a number of private foundations are in the process of providing targeted financing for Knowledge and Good Practice Exchange activities.

5.7 GPE has also met the initial objectives required to access the first GBP 50m of the UK's GBP 100m performance based pledge.

5.8 At the last forecast in June, the risk of delays in the contribution from the European Commission (EC) due to ongoing negotiations with the World Bank on facilitating a contribution agreement was identified as a key risk to GPE's liquidity. As the Board approved a revised Financial Procedures Agreement in June, the European Commission were able to sign a contribution agreement allowing them to contribute directly to the GPE Fund for the first time rather than through the previous World Bank administered Single Donor Trust Fund.

5.9 The resolution to the EC contribution agreement combined with a grant pipeline that stretches into 2018 has helped alleviate liquidity concerns, however GPE is vulnerable to any delays in the timing of major donor contributions and therefore it is important that donors provide contributions on schedule or advance them whenever possible.

5.10 Annex 1 – provides a calculation of the resources expected to be available. This calculation takes into account all the previous prioritization measures adopted by the Board through December 2015. It takes into account the remaining commitments to be made on previously approved allocations, provisions for ongoing activities to the end of FY2018, and the expected cost of providing allocations to countries with an indicative Maximum Country Allocation (MCA) already announced by the Board (i.e. countries expected to apply in 2016 or 2017).

5.11 The Secretariat notes that based on the comprehensive funding guidelines, the Board will be in a position to approve any and all proposals recommended by the Country Grants and Performance Committee for approval in Round 2 of 2016. The calculations per the comprehensive funding guidelines are disclosed in Annex 3.

5.12 As fundraising efforts are ongoing and exchange rates may change over the course of 2016-2018 in a way that positively impacts the forecast, additional resources may become available. If so, the GERF may consider recommending to the Board an upward adjustment to these allocations at a future date.

## 6. RISK

6.1 There are a number of considerable risks to GPE's financial position moving forward. Among these risks include the potential for a further strengthening of the US dollar particularly against the British pound given the continued uncertainty as to the impact of Brexit. The ongoing pressure particularly on European aid budgets due to the ongoing refugee crisis could also results in further delays or reductions to donor contributions to the GPE Fund.

6.2 Any further reduction in projected available resources could trigger prioritization measures such as delaying of Board approval, or grant commitments as outlined in the Comprehensive Funding Guidelines approved by the Board in 2013.

## 7. NEXT STEPS

7.1 The Secretariat will continue to monitor the financial position and report to the GERF and Board semi-annually with an updated financial forecast. As requested by GERF, it will also work with the Trustee to re-examine options to mitigate the foreign currency exchange risk in the context of preparations for the new Financing and Funding Framework and will report back in time for consideration by the Board in June 2017.

**8. PLEASE CONTACT:** Padraig Power at ppower@globalpartnership.org for further information.

## 9. ANNEXES OR INFORMATION

9.1 The following annexes are included in this paper

Annex 1 – Calculation of the Available Resources for Maximum Country Allocation

Annex 2 – Forecast of Available Resources to the end of 2018

Annex 3 – Forecast for the Purpose of Program Implementation Grant Approvals

Annex 4 – Status of Second Replenishment Pledges and Contributions

Annex 5 – Current Status of Grant Portfolio

Annex 6 – Explanatory Notes and Assumptions for Forecast of Available Resources

## ANNEX 1 – CALCULATION OF THE AVAILABLE RESOURCES FOR MAXIMUM COUNTRY ALLOCATION

**Current Projected Surplus required to fund all GPE eligible countries and activities based on prioritization measures agreed by the Board as of December 2015**

| SCENARIO – All figures in USD Millions | 1 |
|---|---|
| *MCA Calculation Amount (2,000 = Minimum)* | *2000* |
| | |
| Opening Uncommitted Cash Balance 1 July 2016 | 185 |
| Balance on Signed Contribution Agreements | 430 |
| Donor Pledges (after discounting for uncertainty) | 726 |
| Projections of Additional Contributions - Secretariat Recommended | 123 |
| Projected Carryover from 2015-2018 Approvals (20% of MCA) | 241 |
| **RESOURCES FOR FORECASTING PURPOSES (A)** | **1,704** |
| | |
| Remaining Commitments to be made on Existing Approved Grants (2013-2016) | (797) |
| Provisions for other Grants (Plan Development, Program Development, CSEF) | (45) |
| Provisions for other costs (Supervision, Agency, Secretariat, Trustee) | (80) |
| General Provision (Leverage Fund and Contingencies) | - |
| Provision for Future Commitments based on MCAs for 2016-2018 | (803) |
| **TOTAL AMOUNT TO BE SET ASIDE (B)** | **1,725** |
| | |
| **PROJECTED SURPLUS / (SHORTFALL)** | **-21** |
| **List of Countries with MCAs for 2016-2018** | |
| Afghanistan | 100 |
| Benin | 17.1 |
| Bhutan | 1.6 |
| Burkina Faso | 33.8 |
| Burundi | 25.6 |
| Cambodia | 20.6 |
| Cape Verde | 1.2 |
| Chad | 34.8 |
| Comoros | 2 |
| Cote d'Ivoire | 24.1 |
| Eritrea | 17.2 |
| Ethiopia | 100 |
| FSM | 0.5 |
| Gambia, The | 5 |

| | |
|---|---|
| Guinea-Bissau | 4.4 |
| Haiti | 16.5 |
| Kiribati | 0.5 |
| Lesotho | 2.1 |
| Liberia | 11.9 |
| Madagascar | 46.8 |
| Maldives | 1 |
| Mali | 35.6 |
| Marshall Islands | 0.5 |
| Myanmar | 73.7 |
| Nicaragua | 4.4 |
| Papua New Guinea | 6.6 |
| Samoa | 0.6 |
| Sao Tome and Principe | 1 |
| Sierra Leone | 17.2 |
| Solomon Islands | 1.6 |
| Somalia | 33.1 |
| South Sudan | 30.3 |
| Tanzania | 82.3 |
| Timor-Leste | 3.9 |
| Togo | 14 |
| Tonga | 0.5 |
| Tuvalu | 0.5 |
| Vanuatu | 0.7 |
| Zimbabwe | 29.4 |
| **Total** | **802.6**[1] |

Ethiopia and Zimbabwe have submitted applications for ESPIGs that will be considered by the CGPC for recommendation to the Board in December 2016

[1] Assuming the Board approves the CGPC recommendation on increases to MCAs for small grants to compensate for the integration of grant agent allocations (supervision) within the MCA, this figure will increase by US$3.3 million to US805.9m

## ANNEX 2 – FORECAST OF UNCOMMITTED ASSETS

| ANNEX 2 - FORECAST OF UNCOMMITTED ASSETS | | | | | |
|---|---|---|---|---|---|
| *All Figures in USD Millions* | **S2 2016** | **S1 2017** | **S2 2017** | **S1 2018** | **S2 2018** |
| **A. Opening Balance Cash and Promissory Notes** | 300 | 376 | 353 | 437 | 397 |
| **A1. Total Committed** | 116 | 222 | 238 | 227 | 311 |
| **A2. Total Uncommitted/Available for Approval** | 185 | 154 | 115 | 210 | 86 |
| | | | | | |
| **B. Inflows** | 325 | 178 | 284 | 160 | 263 |
| Contribution Agreement | 187 | 44 | 52 | 40 | 87 |
| Pledges | 138 | 132 | 162 | 118 | 126 |
| Projections | - | 2 | 70 | 2 | 50 |
| | | | | | |
| **C. Outflows** | 250 | 200 | 200 | 200 | 200 |
| | | | | | |
| **D. New Commitments** | 356 | 216 | 188 | 284 | 185 |
| Commitments (Existing Approved Grants) | 330 | 135 | 116 | 111 | 68 |
| Projected Commitments (Remaining Allocations) | - | 61 | 51 | 152 | 96 |
| Other Commitments | 26 | 21 | 21 | 21 | 21 |
| | | | | | |
| **E. Closing Balance Cash and Promissory Notes (A+B-C)** | 376 | 353 | 437 | 397 | 460 |
| **E1. Total Committed (A1-C+D)** | 222 | 238 | 227 | 311 | 296 |
| **E2. Total Uncommitted/Available for Approval (A2+B-D)** | 154 | 115 | 210 | 86 | 164 |
| ***While the forecast shows that there should be sufficient liquidity to manage commitments to meet demand based on expected timing of applications, there is a risk of temporary funding shortages if donor contributions are delayed or grant implementation accelerates significantly requiring the application of actions outlined in GPE's Comprehensive Funding Guidelines.*** | | | | | |

## ANNEX 3 - FORECAST FOR THE PURPOSE OF PROGRAM IMPLEMENTATION GRANT APPROVALS

The Comprehensive Funding Guidelines approved by the Board of Directors in May 2013 outlines the approach to be taken for the forecast of funds and timelines that should be taken into consideration by the Board when considering approval of new program implementation grants.

The recommended approach has the following key features:

- The forecast is over a shorter period (6 months) to reflect the typical grant signing timeframes. It still considers the overall longer term financial projections as set out in Annex 2 of this paper.
- The forecast of contributions excludes Secretariat projections of additional contributions as there is less certainty that these funds will actually materialize compared to expected contributions arising from pledges and signed contribution agreements.
- The forecast seeks to determine whether there are sufficient funds to be able to finance the first commitment within the Semester following Board review of the proposal in order to provide the Board with an appropriate basis for approving a proposal.
- As the Board will approve proposals for their full amount requested, consideration needs to be given as to the likelihood that we will be able to also finance the second and any subsequent commitments. This is provided by reviewing the longer-term forecast scenarios (set out in Annex 2) and ensuring that there are no projected future shortfalls in funds available for commitments, and also by prioritizing upcoming (within the next six months) second and subsequent commitments, along with recurrent costs of the Global Partnership prior to financing commitments for newly approved proposals.

Following the approach recommended in the Comprehensive Funding Guidelines, the following forecast was determined.

| FORECAST 1 JULY, 2016 –31 DECEMBER, 2016 | AMOUNT in USD millions |
|---|---|
| Estimated Available Assets on Hand 1 January 2017 (excluding projected contributions to 31 December 2016) | 154 |
| Pledged and Signed Contributions 1 January 2017 – 30 June 2017 | 144 |
| **Total Projected Assets** | **297** |
| Recurrent Costs (Secretariat, and Trustee budgets, , Plan and Program Development Grants, CSEF etc.) – 1 January 2017 – 30 June 2017 | -38 |
| Projected Commitments for Existing Grants falling due 1 January 2017 – 30 June 2017 | -188 |
| **Total Projected Liabilities** | **-226** |
| **Available Assets for First Grant Commitment of Round 2 2016 Applications** | **71** |
| First Commitment of Round 2 2016 proposals required by 30 June 2017 (including related Supervision and Agency Fees) | -57 |
| **Projected Surplus/(Shortfall)** | **14** |

The expected available cash along with pledged and signed contributions predicted to be made during the period less known liabilities arising from prior Board approvals or recurrent costs exceeds the amount required to make the first Commitment of Round 2 of 2016 proposals and related agency costs.

In addition, no shortfall in available assets is predicted over the course of either of the longer-term forecast scenario presented in Annex 2 that would necessitate including a provision for a commitment reserve in this calculation of available funds.

| ANNEX 4 - STATUS OF 2015-2018 Replenishment (All figures in Millions) | | Brussels Pledge + Post Brussels Pledges and Adjustments | | Paid to Date (Sept 30, 2016) | Remaining Pledge Value (Sept 30, 2016) | Total Value of Pledge + Paid in (Sept 30, 2016) | FX Related Change in Value (as of Sept 30, 2016) |
|---|---|---|---|---|---|---|---|
| **Donor** | **CUR** | **Pledged Amount** | **USD Equivalent** | **USD Value** | **USD Value** | **USD Value (in millions)** | **USD Value (in millions)** |
| **Australia** | AUD | 140.0 | 131.8 | 69.2 | 38.8 | 108.0 | -23.8 |
| **Belgium** | EUR | 36.0 | 49.0 | 19.1 | 20.9 | 40.0 | -9.0 |
| **Canada** | CAD | 120.0 | 94.2 | 46.0 | 45.6 | 91.6 | -2.6 |
| **Children's Investment Fund Foundation (CIFF)** | USD | 22.0 | 22.0 | 5.0 | 17.0 | 22.0 | 0.0 |
| **Denmark**[2] | DKK | 825.0 | 150.6 | 53.2 | 70.4 | 123.6 | -27.0 |
| **Dubai Cares** | USD | 1.0 | 1.0 | 0.0 | 1.0 | 1.0 | 0.0 |
| **European Commission** | EUR | 375.0 | 510.5 | 0.0 | 418.7 | 418.7 | -91.8 |
| **Finland** | EUR | 4.8 | 6.6 | 3.1 | 2.2 | 5.4 | -1.2 |
| **France** | EUR | 9.0 | 10.1 | 1.1 | 8.9 | 10.0 | -0.1 |
| **Germany** | EUR | 35.0 | 47.6 | 24.0 | 15.6 | 39.7 | -8.0 |
| **Ireland** | EUR | 16.0 | 21.8 | 4.4 | 13.4 | 17.8 | -3.9 |
| **Italy** | EUR | 10.5 | 13.6 | 3.5 | 8.4 | 11.8 | -1.7 |
| **Japan** | USD | 3.9 | 3.9 | 3.9 | 0.0 | 3.9 | 0.0 |
| **Luxembourg** | EUR | 0.3 | 0.4 | 0.3 | 0.0 | 0.3 | -0.1 |
| **Norway** | NOK | 1660.0 | 270.0 | 129.7 | 74.5 | 204.2 | -65.9 |
| **Republic of Korea** | USD | 5.0 | 5.0 | 1.4 | 3.6 | 5.0 | 0.0 |
| **Rockefeller Foundation*** | USD | 0.4 | 0.4 | 0.0 | 0.4 | 0.4 | 0.0 |
| **Sweden** | SEK | 1300.0 | 192.9 | 98.2 | 60.3 | 158.5 | -34.4 |
| **Switzerland** | CHF | 26.0 | 29.1 | 6.8 | 20.0 | 26.8 | -2.3 |
| **United Kingdom** | GBP | 300.0 | 510.8 | 41.2 | 351.2 | 392.4 | -118.4 |
| **United States** | USD | 155.0 | 155.0 | 155.0 | 0.0 | 155.0 | 0.0 |
| **Total** | | | **2,226.3** | **665.1** | **1,171.0** | **1,836.1** | **(390.1)** |

***Contribution is approved for Targeted Activities**

[2] Denmark's 2015-2018 initial pledge of DKK 1,600m, which was always subject to annual parliamentary approval, was initially reduced in 2015. It has now been further reduced to DKK 825m, subject to parliamentary approval. The figure of DKK 825m includes a DKK 50m top up paid in December 2014.

## ANNEX 5 – Current Status of Education Sector Program Implementation Grant Portfolio

| Information on Active Grants as of September 30 2016 | | | | | | |
|---|---|---|---|---|---|---|
| **Country** | **Grant Agent** | **Start Date** | **Closing Date** | **Grant Amount** | **Total Disbursed** | **Undisbursed** |
| Afghanistan | UNICEF | Aug-12 | Dec-16 | 55,700,000 | 36,234,305 | 19,465,695 |
| Bangladesh | World Bank | Jan-16 | Jun-18 | 100,000,000 | 20,000,000 | 80,000,000 |
| Benin | World Bank | Mar-14 | May-17 | 42,300,000 | 29,926,929 | 12,373,071 |
| Burkina Faso | AFD | Nov-13 | Jun-17 | 78,200,000 | 53,100,000 | 25,100,000 |
| Burundi | UNICEF | Apr-16 | Jun-18 | 20,100,000 | 2,781,884 | 17,318,117 |
| Burundi | Belgium | Jun-13 | Jun-16 | 32,800,000 | 32,800,000 | 0 |
| Cambodia | World Bank | May-14 | Jul-17 | 38,500,000 | 29,472,918 | 9,027,082 |
| Cameroon | World Bank | Mar-14 | Sep-18 | 53,300,000 | 16,278,040 | 37,021,960 |
| Central African Republic | UNICEF | Dec-14 | Dec-17 | 15,510,000 | 9,171,984 | 6,338,016 |
| Chad | UNICEF | Feb-16 | Feb-17 | 6,955,170 | 5,189,468 | 1,765,702 |
| Chad | UNICEF | Jan-13 | Dec-16 | 40,140,000 | 34,384,096 | 5,755,904 |
| Chad | UNESCO | Apr-13 | Dec-16 | 7,060,000 | 3,759,881 | 3,300,119 |
| Comoros | UNICEF | Sep-13 | Sep-16 | 4,600,000 | 3,755,129 | 844,871 |
| Congo, DR | World Bank | May-13 | Aug-16 | 100,000,000 | 92,855,858 | 7,144,142 |
| Côte d'Ivoire | World Bank | Jul-12 | Sep-16 | 41,400,000 | 34,250,611 | 7,149,389 |
| Djibouti | World Bank | Apr-14 | Jun-17 | 3,800,000 | 642,350 | 3,157,650 |
| Eritrea | UNICEF | Mar-14 | Dec-16 | 25,300,000 | 6,127,368 | 19,172,632 |
| Ethiopia | World Bank | May-14 | Feb-17 | 100,000,000 | 85,614,844 | 14,385,156 |
| Gambia, The | World Bank | Apr-14 | Feb-18 | 6,900,000 | 4,669,567 | 2,230,433 |
| Ghana | World Bank | Nov-12 | Aug-16 | 75,500,000 | 75,500,000 | 0 |
| Guinea | World Bank | Jul-15 | Jul-18 | 37,800,000 | 5,601,672 | 32,198,328 |
| Guinea-Bissau | UNICEF | Sep-12 | Mar-17 | 12,000,000 | 7,818,799 | 4,181,201 |
| Guyana | World Bank | Jun-15 | Sep-18 | 1,700,000 | 919,911 | 780,089 |
| Haiti | World Bank | Nov-14 | Jun-17 | 24,100,000 | 19,342,111 | 4,757,889 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Kenya | World Bank | Jun-15 | Mar-19 | 88,400,000 | 7,174,556 | 81,225,444 |
| Kyrgyz Republic | World Bank | May-14 | Jun-17 | 12,700,000 | 8,240,643 | 4,459,357 |
| Lao People's Democratic Republic | World Bank | Jun-15 | Jul-19 | 16,800,000 | 1,613,224 | 15,186,776 |
| Liberia | World Bank | Sep-10 | Dec-16 | 40,000,000 | 39,965,220 | 34,780 |
| Madagascar | World Bank | Oct-13 | Jun-17 | 85,400,000 | 59,702,943 | 25,697,057 |
| Mali | World Bank | May-13 | Dec-17 | 41,700,000 | 32,225,291 | 9,474,709 |
| Mauritania | World Bank | Feb-14 | May-17 | 12,400,000 | 7,547,290 | 4,852,710 |
| Mozambique | World Bank | Sep-15 | Dec-18 | 57,900,000 | 18,000,000 | 39,900,000 |
| Nepal | World Bank | Jan-16 | Jul-18 | 59,300,000 | 36,687,006 | 22,612,994 |
| Nicaragua | World Bank | Apr-13 | Aug-16 | 16,700,000 | 16,700,000 | 0 |
| Niger | World Bank | Jul-14 | Sep-18 | 84,200,000 | 20,935,294 | 63,264,706 |
| Nigeria | World Bank | May-15 | Jun-19 | 100,000,000 | 13,341,787 | 86,658,213 |
| Pakistan (Balochistan) | World Bank | Mar-15 | Dec-18 | 34,000,000 | 8,068,017 | 25,931,983 |
| Pakistan (Sindh) | World Bank | Mar-15 | Sep-17 | 66,000,000 | 28,650,000 | 37,350,000 |
| Rwanda | DFID | Jun-15 | May-18 | 25,200,000 | 0 | 25,200,000 |
| Sao Tome and Principe | World Bank | Feb-14 | Jun-17 | 1,100,000 | 670,414 | 429,586 |
| Senegal | World Bank | Nov-13 | May-17 | 46,900,000 | 36,011,032 | 10,888,968 |
| Sierra Leone | World Bank | Aug-14 | Feb-17 | 17,900,000 | 5,241,172 | 12,658,828 |
| Somalia (Puntland) | UNICEF | Jun-13 | Oct-16 | 2,100,000 | 1,815,126 | 284,874 |
| Somalia (Somaliland) | UNICEF | Jun-13 | Dec-16 | 4,200,000 | 3,482,112 | 717,888 |
| Somalia (South Central) | UNICEF | Oct-13 | Dec-16 | 8,200,000 | 5,436,022 | 2,763,978 |
| South Sudan | UNICEF | Jan-13 | Nov-17 | 36,100,000 | 15,398,514 | 20,701,486 |
| Sudan | World Bank | Apr-13 | Feb-17 | 76,500,000 | 43,525,396 | 32,974,604 |
| Tajikistan | World Bank | Oct-13 | Sep-17 | 16,200,000 | 11,977,785 | 4,222,215 |
| Tanzania | Sida | Jul-14 | Jun-17 | 94,800,000 | 58,213,210 | 36,586,790 |
| Tanzania (Zanzibar) | Sida | Aug-13 | Aug-16 | 5,200,000 | 5,194,966 | 5,034 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Togo | World Bank | Mar-15 | Sep-18 | 27,800,000 | 6,971,097 | 20,828,903 |
| Uganda | World Bank | Aug-14 | Jun-18 | 100,000,000 | 20,916,127 | 79,083,873 |
| Uzbekistan | World Bank | Oct-14 | Jan-18 | 49,900,000 | 22,778,367 | 27,121,633 |
| Vietnam | World Bank | Jan-13 | May-16 | 84,600,000 | 84,600,000 | 0 |
| Yemen, Republic of | UNICEF | Mar-14 | Mar-19 | 72,600,000 | 9,896,422 | 62,703,578 |
| Zambia | DFID | Nov-13 | Mar-18 | 35,200,000 | 17,664,000 | 17,536,000 |
| Zimbabwe | UNICEF | Jan-14 | Dec-16 | 23,600,000 | 21,083,392 | 2,516,608 |
| **Total** | | | | **2,367,265,170** | **1,279,924,149** | **1,087,341,021** |

| **Commitment Information as of September 30, 2016** | | | |
|---|---|---|---|
| **Outstanding Commitments** | **Grant Amounts** | **Committed Amount** | **To Be Committed** |
| AFD | 78,200,000 | 54,393,236 | 23,806,764 |
| Belgium Technical Cooperation | 32,800,000 | 32,800,000 | 0 |
| DFID | 60,400,000 | 38,940,000 | 21,460,000 |
| SIDA | 100,000,000 | 83,987,113 | 16,012,887 |
| UNESCO | 7,060,000 | 7,060,000 | 0 |
| UNICEF | 327,105,170 | 265,453,238 | 61,651,932 |
| World Bank | 1,908,600,000 | 1,298,441,473 | 610,158,527 |
| **Total** | **2,514,165,170*** | **1,781,075,060** | **733,090,110** |

***Figure includes grants which have applications approved by the Board, but are pending implementation and are not yet active. Grants generally have funds committed by the Trustee prior to the start of implementation.**

## ANNEX 6 - EXPLANATORY NOTES TO ANNEX 1 and 2

### Opening Balance

The opening balance of funds in Annex 1 and 2 reflects the cash available in both the Catalytic Funds and GPE Funds as of July 1, 2016.

In Annex 2, Committed Assets refers to the amount of assets that are earmarked to pay for existing obligations such as program implementation grants already approved by the Board of Directors but not as yet disbursed.

Uncommitted Assets/Available for Approval refers to the amount of funds available that can be allocated to new activities approved by the Board of Directors.

### Inflows

Inflows are comprised primarily of funding from donors that fall into three categories:

- **Signed Contribution Agreements:** Agreements signed between the donor and trustee outlining the amount that a donor agrees to pay, payment schedule, and any conditions attached to such payments. The balance on signed contribution agreements as of July 1 2016 was **US$430 million.**

- **Pledges:** These are amounts which donors have announced they expect to contribute either through a replenishment conference, public announcement, or written communication from an authorized official, but which have not yet been signed into a contribution agreement. It is important to note that while some donors pledge over a multi-year period, they are only in a position to sign a contribution agreement on an annual basis. The balance on outstanding pledges after discounting and factoring in increases/decreases to pledges is **US$726 million. The following pledges have been discounted:**

    i. *The full value of the pledge for the UK has not been factored into the forecast primarily because the pledge is subject to a limit of 15% of the value of total new contributions and due to additional performance conditions that are attached to the pledge but for which progress has not yet been assessed by DFID. As a result, only US$276 million out of a maximum potential pledge of US$442 million has been factored into the forecast of available resources to take account of these risks. This is a decrease from the previous forecast which had a maximum potential pledge of US$304 million.*

- **Projections:** These are estimates developed by the Secretariat of additional contributions that are expected to be made based on the information available to it from its interactions with current and potential donors. For the purpose of the financial forecast, only reasonable projections from donors that have a track record of contributing to the Global Partnership have been included. The value of projections included in the forecast is **US$123 million** and has been reduced from December to reflect that future pledges for the 2018 period that have not yet been announced are likely to be held back by donors in order to be counted as part of the next replenishment.

**Outflows**

Outflows reflect the cash transfers from the Trust Funds to Grant Agents and the transfer of funds to cover the operational expenses of the Secretariat and Trustee.

The majority of outflows relate to transfers of funds from the Trustee to finance disbursements for program implementation grants. The current outflows are based on simple projections that implementation grants will be disbursed over a three to four year period to account for any projected delays in signings or grant extensions.

It is important to note that outflows impact the level of committed assets and have no impact on the level of uncommitted assets which are used for the purpose of making financial commitments.

**New Commitments**

Grant commitments are obligations for the provision of financial resources to Grant Agents over a predetermined period of time. The practice since January 1, 2013 is to commit funds for program implementation grants in annual tranches over the lifetime of the grant. (i.e. three tranches for a three-year grant)

The forecast of grant commitments for program implementation grants is based on the Secretariat's assessment of when applications will be received from relevant countries and only based on grants already approved by the Board or MCAs announced or to be announced at the next Board meeting. It should be noted that in a number of cases, the Secretariat's assessment differs from when the country has indicated they will submit an application. Where information is available on the split of a proposal budget over the lifetime of a grant, this is reflected in the forecast, where this is not available, and the Secretariat makes assumptions of commitments over a 3 to 4 year timeframe in line with the new funding model**.**

**Closing Balance**

The closing balance reflects the projected level of assets available at the end of each period.

The uncommitted/available for approval balance is not projected to be negative indicating that there should be no disruption to program implementation grants due to lack of funding. However, as forecasts are subject to change, any negative event such as reduced or delayed donor contributions, or higher or earlier than anticipated applications for funding could create a shortfall in uncommitted assets. In these cases, as the Trustee cannot commit negative funds, the impact is that the commitment of funds (and subsequent cash transfer) for grants would be delayed until new contributions had arrived to eliminate the negative balance. These issues are covered in greater detail in the Comprehensive Funding Guidelines approved by the Board of Directors in May 2013.

At present there is a risk of temporary funding shortfalls should additional donors reduce their pledges, and/or seek to backload their pledges to the latter years of the replenishment, or if grant implementation accelerates.