Fast Track Initiative
A global partnership to achieve Education For All

EFA-FTI CATALYTIC FUND

QUARTERLY FINANCIAL UPDATE

FOR THE QUARTER ENDING SEPTEMBER 30 2010

Prepared by the FTI Secretariat

Data in this report are as of September 30, 2010

EFA-FTI Catalytic Fund
Quarterly Financial Update as of September 30, 2010

1. FUND POSITION

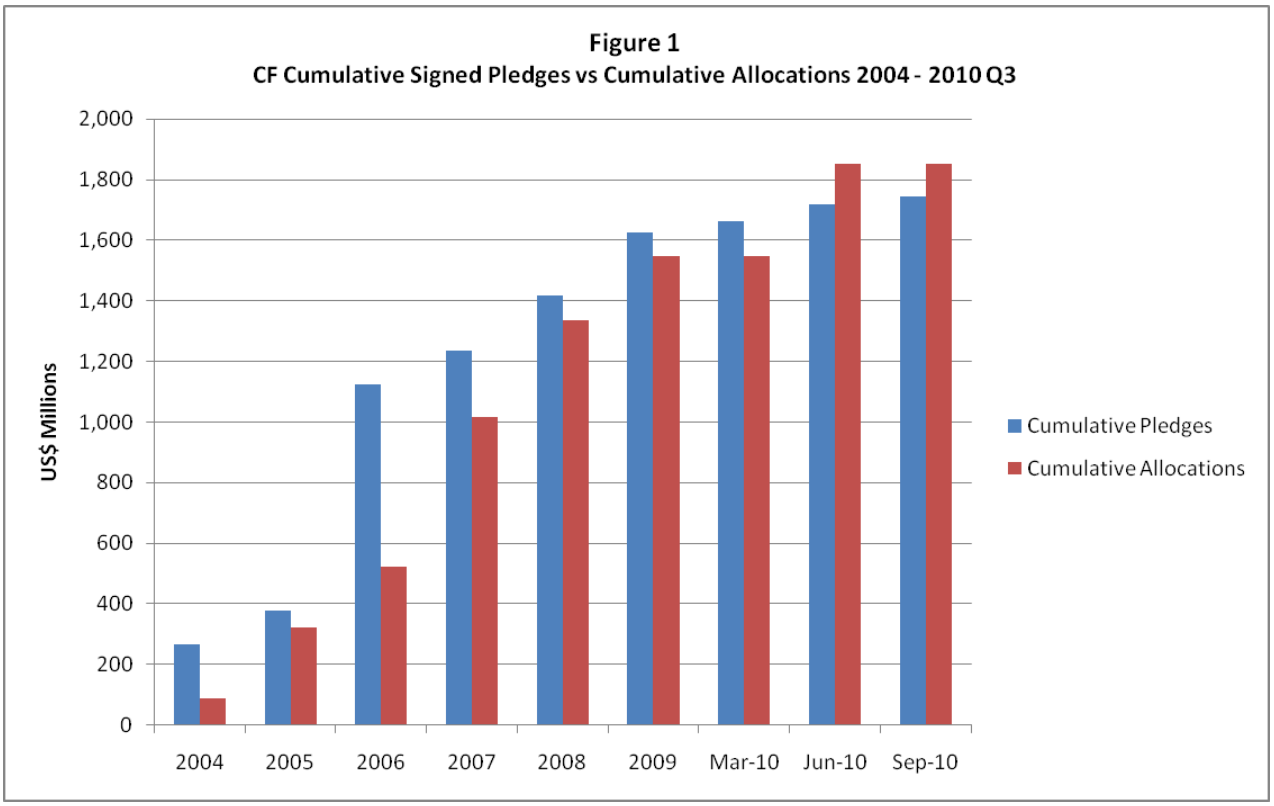
- **Summary of Cumulative Allocations:** As of September 30 2010, cumulative allocations from the Catalytic Fund (CF) totaled US$1,853.6 million – US$33.8 million more than the total available for allocation (US$1,819.8 million equivalent) as represented by pledges in signed donor agreements plus investment income on the cash balance.

- **New Pledges Announced:** Irish Aid announced a new pledge totaling EUR 3.8 million, (US$4.9 million equivalent). The agreement is expected to be signed by end-November and the contribution is expected to be received by end-December 2010.

- **Agreements Signed in the Quarter:** Between July 1, 2010 and September 30, 2010, donors signed agreements for US$5.5m equivalent. New agreements were signed with Belgium (EUR 4 million; US$5.44 million equivalent) and Romania (EUR 50,000; US$ 60,000 equivalent). Pledges announced but still unsigned as of September 30, 2010 totaled US$111.6[1] million equivalent. Table A shows pledges and receipts by Donor and by year since CF inception as well as the summary of unsigned pledges by donor.

- **Cumulative Pledge Total**: As of September, 30 2010, the value of all signed pledges totaled US$1,745.1 million equivalent. This total includes the new signed pledges of US$5.5 million equivalent and reflects an increase in value of the unpaid portion of signed pledges due to currency fluctuations -- a gain of approximately US$20.5 million equivalent. NB: The cumulative pledge total includes approximately US$180 million equivalent in unpaid pledges, nearly all of which is denominated in currencies other than US dollars. For the purposes of this report, exchange rates as of September 30 2010 were used to approximate the value of the unpaid pledges. Until all pledges are paid in, the cumulative pledge total will continue to change as exchange rates fluctuate. Figure 1 below shows trends in cumulative signed pledges and cumulate allocations for the CF from inception through September 30, 2010.

[1] This includes only pledges under agreements expected to be signed by December 31, 2010.

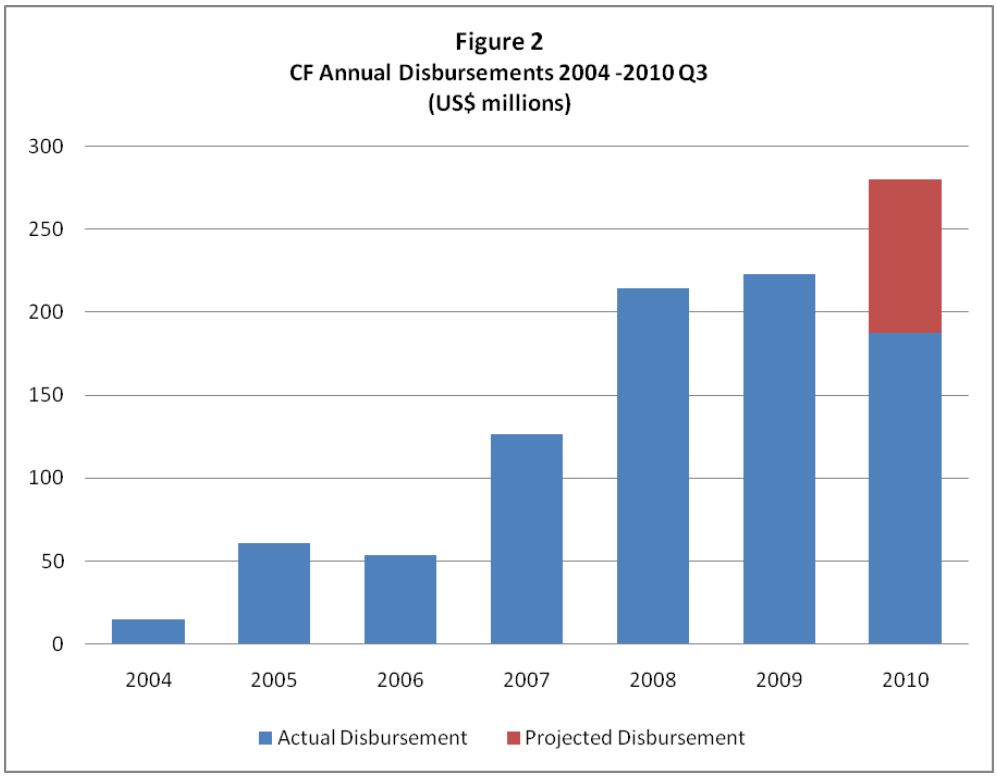


- **Cash position:**

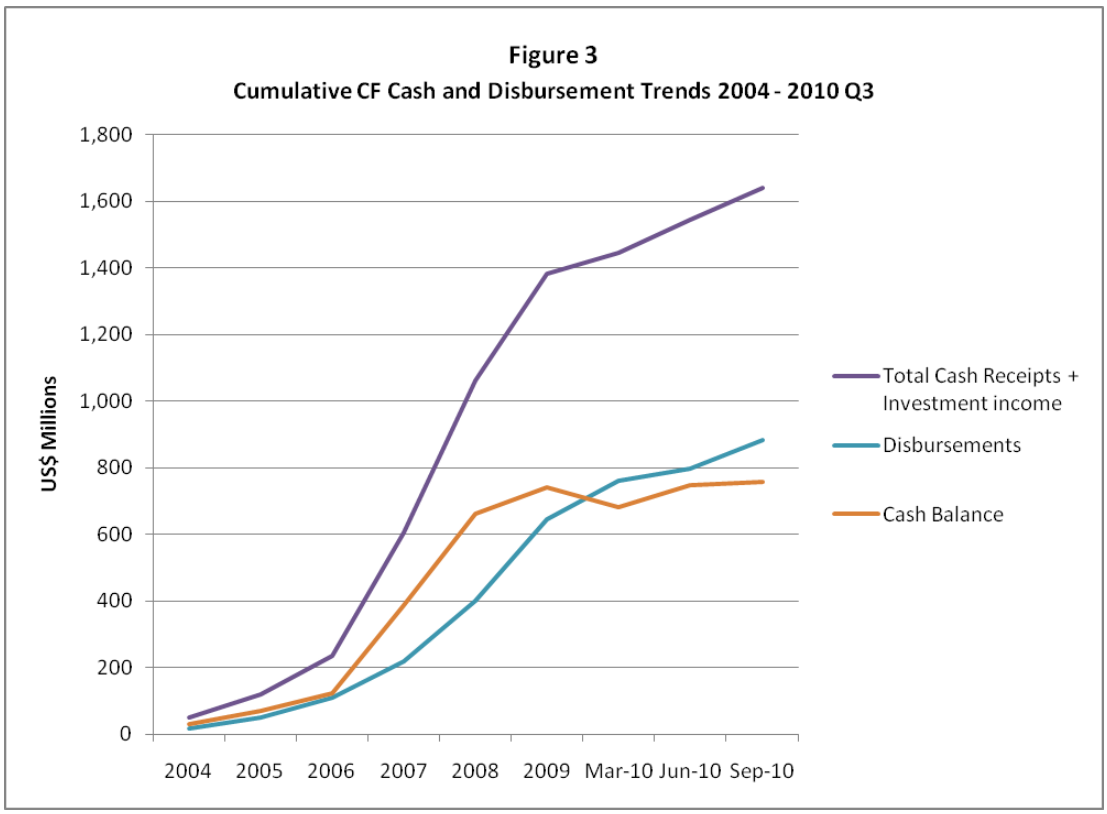
  - **Cash Receipts:** Cash receipts in the second quarter of CY2010 totaled US$84.3 million from Australia and Spain. Cumulative cash receipts since inception total US$1,565.1 million.

  - **Investment Income:** Income earned on undisbursed cash balances totaled US$10.7 million in Q3 CY2010 with investment income since inception totaling US$74.7 million. All investment income earned on cash balances is added back into the CF for allocation by the CF Committee.

  - **Disbursements:** CF grant disbursements in the quarter totaled US$84.6 million for a cumulative CY2010 total of US$186 million. US$883 million has been disbursed since CF inception (including administration fees and disbursements of supervision allocations by Supervising Entities). Figure 2 shows the steady increase in annual CF disbursements since fund inception. Full year 2010 CF disbursements are projected by the FTI Secretariat to be in the range of US$250 million to US$350 million. Table B shows all CF allocations since fund inception and actual disbursement for each as of September 30, 2010.



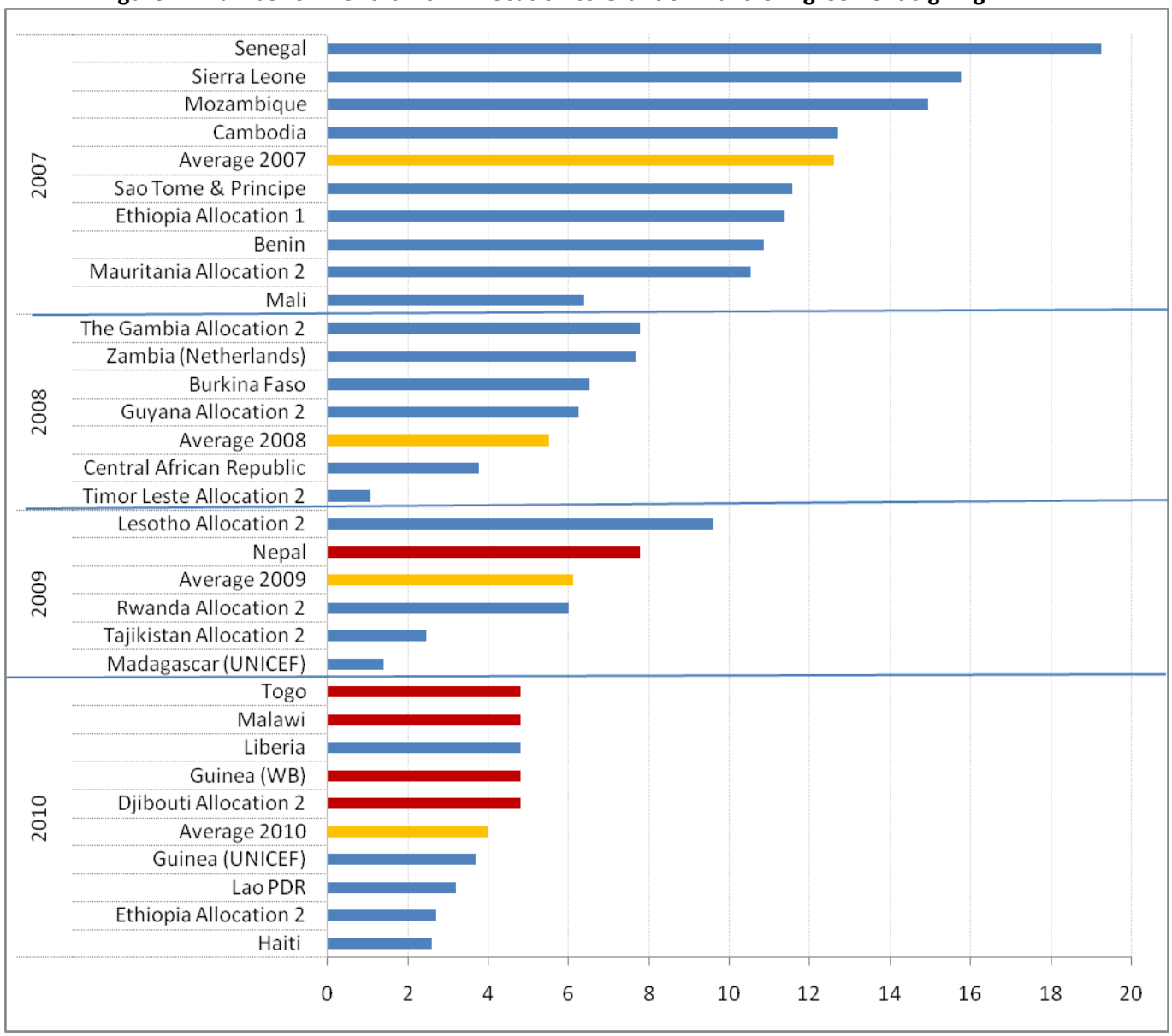
- **Cash Balance:** As of September 30, 2010, the cash balance of the CF was US$756 million, up US$11 million from 2010 Q2. Figure 3 below shows year-on-year trends for cumulative cash received (donor contribution receipts plus investment income), disbursements, and cash balance from CF inception



2. GRANT PROCESSING

➢ **Signing of Catalytic Fund Grant Agreements**: Five grant agreements were signed in the quarter – Ethiopia, Guinea (UNICEF portion), Lesotho, Liberia and Lao PDR. As of September 30, grant agreements remained unsigned for CF allocations to Nepal (which was approved in November 2009), and for Djibouti, Malawi, Togo and the World Bank portion of the allocation made to Guinea (all allocations made at the May 2010 CF Committee meeting). Figure 4 below highlights progress made since 2007 in reducing time between CF Committee allocation decision and signing of a grant or transfer agreement for the allocation. Grants unsigned at September 30, 2010 are shown in red.

Figure 4: Number of Months from Allocation to Grant or Transfer Agreement Signing



BLUE indicates the grant or transfer agreement was signed by September 30 2010
RED indicates the grant or transfer agreement remained unsigned at September 30 2010
GOLD indicates the average number of months to grant or transfer agreement signing for all allocations approved in a given year

3. PROJECTED CF FUNDING REQUESTS FOR NOVEMBER 2010

- **Countries Projected to Submit Funding Applications**: Information received through September 30 2010 from Local Education Groups indicated that three countries would submit applications to the CF Committee for allocation decision in November 2010. These are: Rwanda, Papua New Guinea and Mozambique. The Secretariat's estimate of aggregate requests is approximately US$179 million.

4. PROJECTED ALLOCATION AUTHORITY FOR NOVEMBER 2010:

- The table summarizes the CF Committee allocation authority available going in to the November CF Committee meeting and the projected allocation authority if the three country requests are approved in full. Inflow**s** include pledges signed in October 2010 and pledges expected to be signed by December 31, 2010.

Inflows			
	Signed Pledges thru Sept 2010		1,745.1
	Signed Pledges Oct 2010		13.0
	Reflow of Ghana Allocation		14.2
	Investment Income on deposits		74.7
	Total Signed Pledges & Investment Income		*1,847.0*
	Pledges expected to be signed by December 31		111.6
	Total Projected Inflows		**1,958.6**
Outflows			
	Allocations thru May 2010		**1,853.6**
Projected Net Allocation Authority for November meeting			**105.0**
November CF Funding Requests			**179.0**
CF Allocation Authority if November Requests Approved in full			**(74.0)**

TABLE A
Summary of Signed Donor Pledges to the CF as of September 30 2010
(US$ million equivalent)

TABLE A

Summary of Signed Donor Pledges to the CF as of September 30 2010

(US$ million equivalent)

	CF Donor	Total	Calendar Years						Total	CF Donors
	Countries	2004-2007	2008	2009	2010	2011	2012	2013	2003-2013	Receipts
1	Australia	-	1.4	-	18.8	12.1	-	-	32.3	20.2
2	Belgium	6.5	1.4	1.3	6.6	1.4	-	-	17.2	10.5
3	Canada	17.4	-	8.2	9.8	9.7	9.7	9.7	64.5	35.5
4	Denmark	5.0	14.4	26.7	11.7	-	-	-	57.8	46.1
5	EU (ACP)	40.3	24.7	21.2	-	-	-	-	86.2	65.0
6	EU part 2	13.7	6.5	10.5	10.5	-	-		41.2	20.2
7	France	-	14.6	8.7	-	-	-	-	23.3	23.3
8	Germany	-	6.2	7.4	6.4	6.8	-	-	26.8	16.8
9	Ireland	19.2	22.1	-	-	-	-	-	41.3	41.3
10	Italy	10.4	4.4	12.6	4.1	-	-	-	31.5	31.5
11	Japan	-	1.2	1.2	1.2	-	-	-	3.6	3.6
12	Netherlands	430.5	40.6	-	-	-	-	-	471.1	430.5
13	Norway	61.5	8.6	22.6		-	-	-	92.7	92.7
14	Romania	0.5	-	-	0.1	-	-	-	0.6	0.5
15	Russia	3.0	1.0	2.0	2.0	2.0	-	-	10.0	6.0
16	Spain	80.3	76.9	87.9	79.4		-	-	324.4	324.4
17	Sweden	15.7	14.6	15.3	5.8	14.7	-	-	66.1	45.6
18	Switzerland	-	2.5	-	1.3	1.5	1.5	-	6.8	3.9
19	UK	129.1	132.0	12.6	73.8	-	-	-	347.5	347.5
	TOTAL	**833.1**	**373.1**	**238.2**	**231.5**	**48.2**	**11.2**	**9.7**	**1,745.0**	**1,565.1**

Summary of unsigned pledges

	Donor currency	Donor currency	US$ equivalent as of September 30, 2010
Denmark	DKK	70.0	13.3
EU	Euro	5.8	7.4
France	Euro	50.0	64.0
Ireland	Euro	3.8	4.9
Japan	US$	0.7	0.7
Norway	NOK	127.5	21.3
TOTAL			**111.6**

/a Based on exchange rates as of September 30, 2010

Table B

Summary of CF Committee Country Allocation Decisions as of September 30, 2010

(US$ millions)

	Country	SE	2003-06	2007	2008	2009	2010	2003-10	Disbursed	% Disbursed
1	Benin	WB	-	76.1	-	-	-	76.1	28.4	37%
2	Burkina Faso	WB	-	-	102.0	-	-	102.0	22.0	22%
3	Cambodia	WB	-	57.4	-	-	-	57.4	14.6	25%
4	Cameroon	WB	47.3	-	-	-	-	47.3	22.5	48%
5	Central African Republic	WB	-	-	37.8	-	-	37.8	5.7	15%
6	Djibouti Allocation 1	WB	8.0	-	-	-	-	8.0	8.0	100%
	Djibouti Allocation 2	WB	-	-	-	-	4.0	4.0	-	0%
7	Ethiopia Allocation 1	WB	-	70.0	-	-	-	70.0	62.6	89%
	Ethiopia Allocation 2	WB	-	-	-	-	98.0	98.0	-	0%
8	Ghana Allocation 1	WB	19.0	-	-	-	-	19.0	19.0	100%
	Ghana Allocation 2	WB	14.2	-	-	-	-	14.2	8.6	61%
9	Guyana Allocation 1	WB	12.0	-	-	-	-	12.0	12.0	100%
	Guyana Allocation 2	WB	-	-	20.5	-	-	20.5	12.3	60%
10	Guinea	WB	-	117.8	-	-	-77.8	40.0	-	0%
		UNICEF	-	-	-	-	24.0	24.0	24.0	100%
11	Haiti	WB	-	-	-		22.0	22.0	11.8	54%
12	Kenya	WB	121.0	-	-	-	-	121.0	121.0	100%
13	Kyrgyzstan	WB	15.0	-	-	-	-	15.0	8.9	59%
14	Lao PDR	WB	-	-	-	-	30.0	30.0	-	0%
15	Lesotho Allocation 1	WB	11.9	-	-	-	-	11.9	10.2	86%
	Lesotho Allocation 2	WB	-	-	-	20.0	-	20.0	-	0%
16	Liberia	WB	-	-	-	-	40.0	40.0	-	0%
17	Madagascar Alloc 1	WB	60.0	-	-	-	-	60.0	60.0	100%
	Madagascar Alloc 2	WB	-	-	85.0	-58.0	-	27.0	-	-
		UNICEF /d	-	-	-	15.0	-	15.0	15.0	100%
		UNICEF	-	-	-	-	22.0	22.0	-	0%
18	Malawi	WB	-	-	-	-	90.0	90.0	-	0%
19	Mali	WB	-	8.7	-	-	-	8.7	7.0	81%
20	Mauritania Allocation 1	WB	9.0	-	-	-	-	9.0	9.0	100%
	Mauritania Allocation 2	WB	-	14.0	-	-	-	14.0	5.0	36%
21	Moldova	WB	8.8	-	-	-	-	8.8	8.8	100%
22	Mongolia Allocation 1	WB	17.1	-	-	-	-	17.1	17.1	100%
	Mongolia Allocation 2	WB	12.3	-	-	-	-	12.3	12.3	100%
23	Mozambique	WB	-	79.0	-	-	-	79.0	79.0	100%
24	Nepal	WB	-	-	-	120.0	-	120.0	-	0%
25	Nicaragua	WB	24.0	-	-	-	-	24.0	24.0	100%
26	Niger	WB	21.0	-	-	-	-	21.0	16.8	80%
27	Rwanda Allocation 1	WB	70.0	-	-		-	70.0	70.0	100%
	Rwanda Allocation 2	WB	-	-	-	35.0	-	35.0	35.0	100%
28	Sao Tome & Principe	WB	-	3.6	-	-	-	3.6	2.3	63%
29	Senegal	WB	-	81.5	-	-	-	81.5	9.3	11%
30	Sierra Leone	WB	-	13.9	-	-	-	13.9	3.0	22%
31	Tajikistan Allocation 1	WB	18.4	-	-	-	-	18.4	18.4	100%
	Tajikistan Allocation 2	WB	-	-	-	13.5	-	13.5	1.0	7%
32	The Gambia Alloc 1	WB	13.4	-	-	-	-	13.4	13.4	100%
	The Gambia Alloc 2	WB	-	-	28.0	-	-	28.0	6.3	23%
33	Timor Leste Alloc 1	WB	8.2	-	-	-	-	8.2	8.2	100%
	Timor Leste Alloc 2	WB	-	-	4.9	-	-	4.9	4.9	100%
34	Togo	WB	-	-	-	-	45.0	45.0	-	0%
35	Yemen	WB	40.0	-	-	-	-	40.0	28.4	71%
36	Zambia	Netherlands	-	-	60.0	-	-	60.0	30.1	50%
	TOTAL:		**550.6**	**522.0**	**338.2**	**145.5**	**297.2**	**1,853.5**	**875.9**	47%