Fast Track Initiative
A global partnership to achieve Education For All

EFA-FTI CATALYTIC FUND

QUARTERLY FINANCIAL UPDATE

FOR THE QUARTER ENDING DECEMBER 31, 2010

Prepared by the FTI Secretariat

Data in this report are as of December 31, 2010

EFA-FTI Catalytic Fund
Quarterly Financial Update as of December 31, 2010

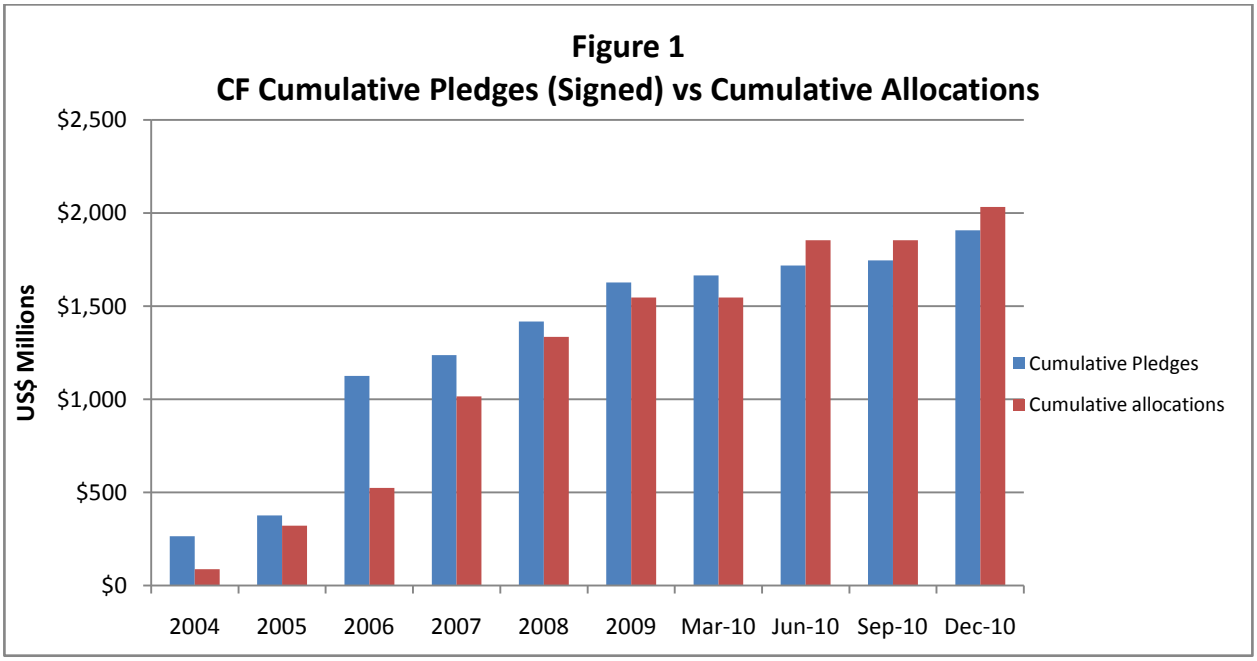
1. FUND POSITION

- **Summary of Cumulative Allocations:** As of December 31, 2010, cumulative allocations from the Catalytic Fund (CF) totaled US$2,032.6 million – US$49.8 million more than the total available for allocation (US$1,982.8 million equivalent) as represented by pledges in signed donor agreements plus investment income on the cash balance.

- **Agreements Signed in the Quarter:** Between October 1, 2010 and December 31, 2010, donors signed agreements for US$158 million equivalent. New agreements were signed with Denmark, the European Commission, France, Ireland, Japan, Norway, Sweden and the UK. Pledges announced but still unsigned as of December 31, 2010 totaled US$62 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 December 31, 2010, the value of all signed pledges totaled US$1,906.9 million equivalent. This total includes the new signed pledges of US$158 million equivalent and reflects an increase in value of the unpaid portion of signed pledges due to currency fluctuations -- a gain of approximately US$3.8 million equivalent. [NB: The cumulative pledge total includes approximately US$162.9 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 December 31, 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 December 31, 2010.

Figure 1
CF Cumulative Pledges (Signed) vs Cumulative Allocations



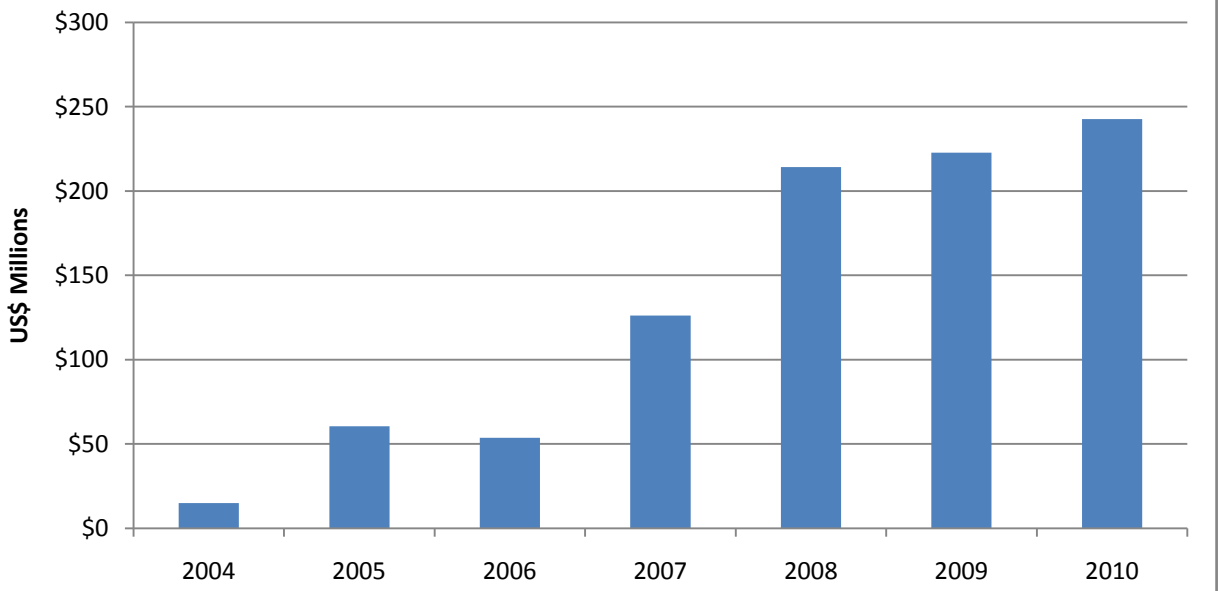
➢ **Cash position:**

- **Cash Receipts:** Cash receipts in the fourth quarter of CY2010 totaled US$179 million from Belgium, Canada, Denmark, the EU, Germany, Ireland, the Netherlands, Norway, Russia, Sweden and the UK. Cumulative cash receipts since inception total US$1, 744 million.

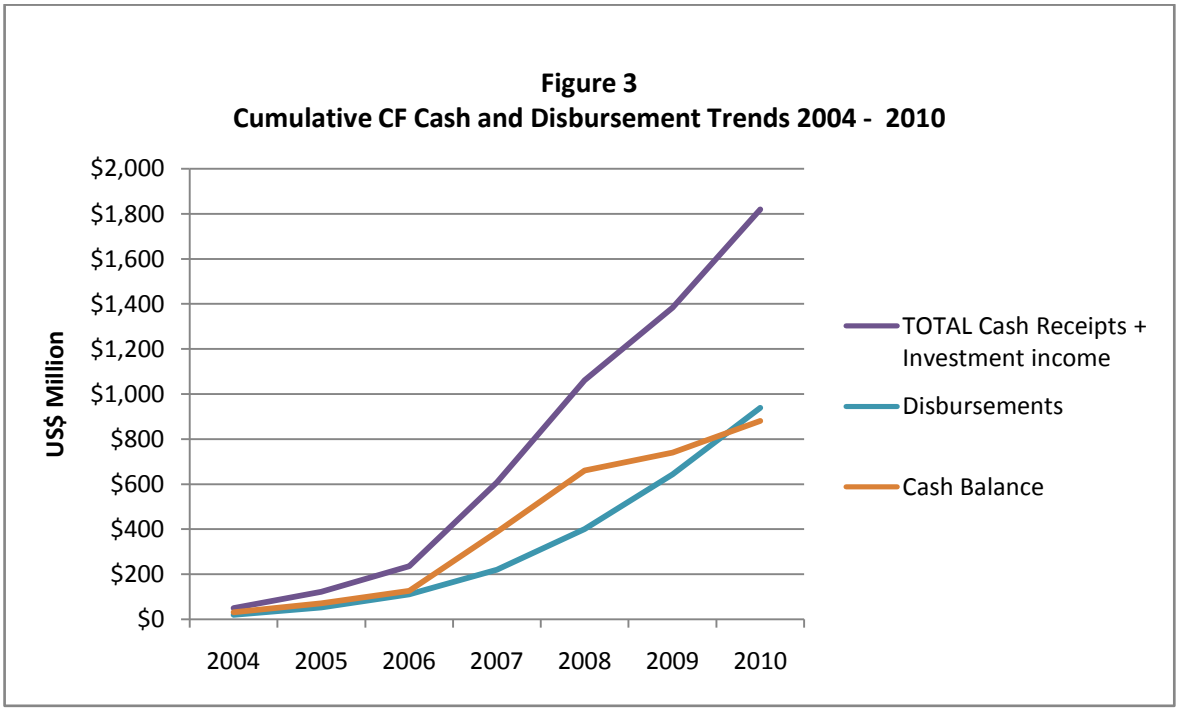
- **Investment Income:** Income earned on undisbursed cash balances totaled US$1.2 million in Q4 CY2010 with investment income since inception totaling US$75.9 million. All investment income earned on cash balances is added back into the CF for allocation by the CF Committee.

- **Disbursements:** CF grant disbursements in the quarter totaled US$56 million for a cumulative CY2010 total of US$242 million, up 10% from CY2009. US$939 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. Table B shows all CF allocations since fund inception and actual disbursement for each as of December 31, 2010.

Figure 2
Annual CF Disbursements 2004 -2010)



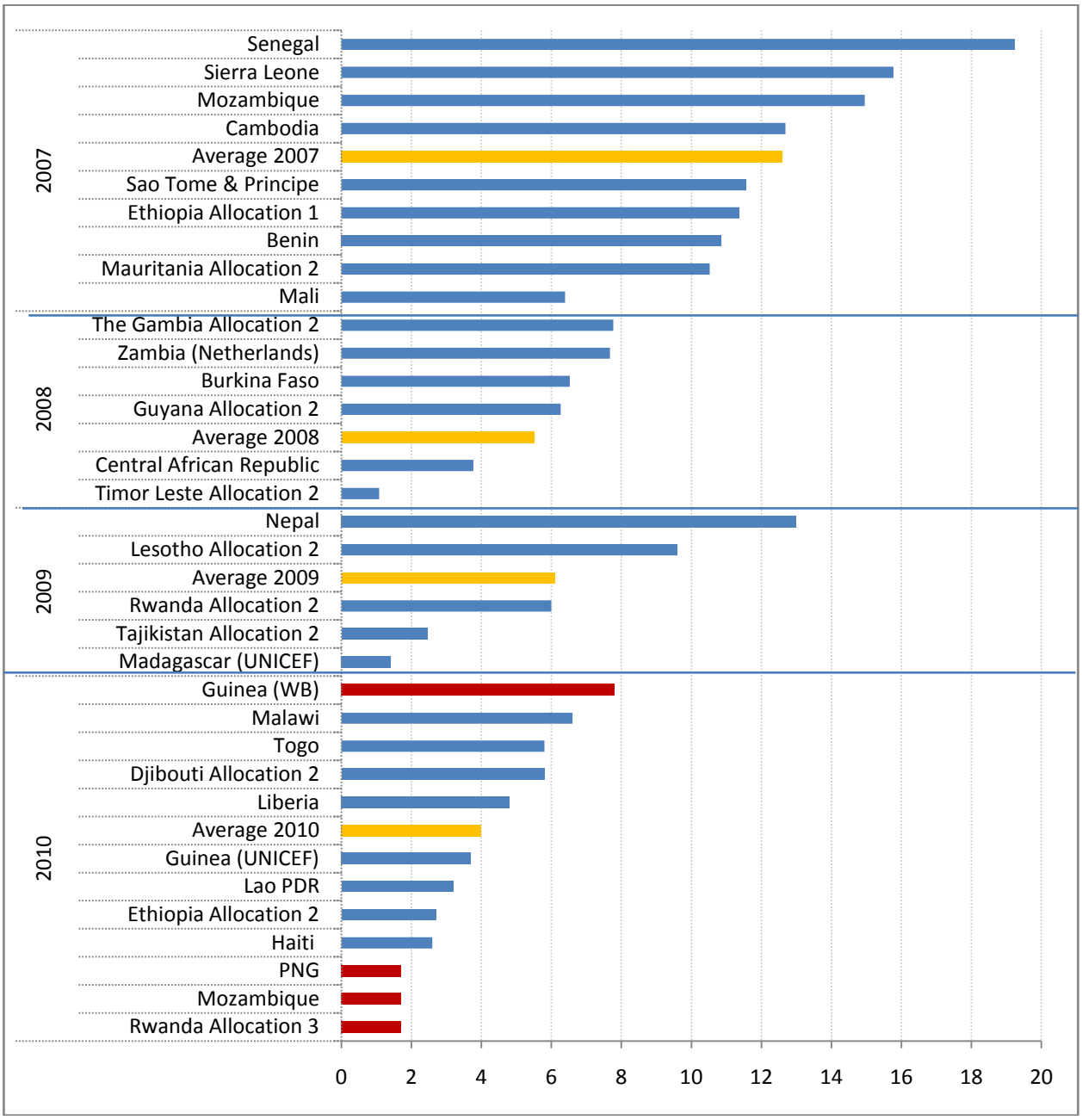
- **Cash Balance:** As of December 31, 2010, the cash balance of the CF was US$880 million, up US$124 million from 2010 Q3. Figure 3 below shows year-on-year trends for cumulative cash received (donor contribution receipts plus investment income), disbursements, and cash balance from CF inception



2. GRANT PROCESSING

- **Signing of Catalytic Fund Grant Agreements**: Four grant agreements were signed in the quarter – Malawi, Nepal, Djibouti and Togo. As of December 31, grant agreements remained unsigned for CF allocations approved in November 2010 and the World Bank portion of the allocation made to Guinea. 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 December 31, 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 December 31, 2010
RED indicates the grant or transfer agreement remained unsigned at December 31, 2010
GOLD indicates the average number of months to grant or transfer agreement signing for all allocations approved in a given year

3. FUNDS AVAILABLE AS OF DECEMBER 2010:

- The table summarizes the CF fund position as of December 31, 2010. The Catalytic Fund is almost fully committed with approximately US$12 million left for allocation after taking into account the unsigned donor pledges. As mentioned previously; the signed pledges total includes approximately US$162.9 million in funds pledges in non US dollar currencies not yet received. This is subject to exchange rate fluctuations that may result in a lesser amount being available.

Catalytic fund current status

US$ millions

	Available funds
Total signed donor pledges	1,906.9
Cumulative investment income	75.9
Unsigned donor pledges	62.0
Total available for allocation	**2,044.8**
Less Cumulative allocations	2,032.6
Current balance available/uncommitted	**12.2**

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TABLE A
Summary of Signed Donor Pledges to the CF as of December 31, 2010
(US$ million equivalent)

	CF Donor Countries	Calendar Years								CF Donors Receipts
		2004-2007	2008	2009	2010	2011	2012	2013	2003-2013	
1	Australia	-	1.4	-	18.8	12.8	-	-	33.0	20.2
2	Belgium	6.5	1.4	1.3	6.9	1.3	-	-	17.5	16.2
3	Canada	17.4	-	8.2	9.8	10.0	10.1	10.1	65.6	45.4
4	Denmark	5.0	14.4	26.7	25.2	-	-	-	71.3	71.3
5	EU (ACP) Part 1	40.3	24.7	21.2	-	-	-	-	86.2	65.0
6	EU part 2	13.7	6.5	10.5	9.7	7.8	-		48.2	36.6
7	France	-	14.6	8.7	-	21.3	21.3	21.3	87.2	23.3
8	Germany	-	6.2	7.4	6.7	6.5		-	26.8	20.3
9	Ireland	19.2	22.1	-	4.9	-	-	-	46.2	46.2
10	Italy	10.4	4.4	12.6	4.1	-	-	-	31.5	31.5
11	Japan	-	1.2	1.2	1.9	-	-	-	4.3	3.6
12	Netherlands	430.5	42.2	-	-	-	-	-	472.7	472.7
13	Norway	61.5	8.6	22.6	21.4	-	-	-	114.1	109.1
14	Romania	0.5	-	-	0.1	-	-	-	0.6	0.5
15	Russia	3.0	1.0	2.0	2.0	2.0	-	-	10.0	8.0
16	Spain	80.3	76.9	87.9	79.4		-	-	324.4	324.4
17	Sweden	15.7	14.6	15.3	45.3	14.6	-	-	105.5	90.9
18	Switzerland	-	2.5	-	1.3	1.6	1.6	-	7.0	3.9
19	UK	129.1	132.0	12.6	81.3	-	-	-	355.0	355.0
	TOTAL	**833.1**	**374.7**	**238.3**	**318.7**	**77.8**	**32.9**	**31.4**	**1,906.9**	**1,744.0**

Summary of unsigned donor pledges

	Donor currency	US$ equivalent /a
Denmark	DKK 270	48.0
Germany	EUR 10.6	14.0
TOTAL		**62.0**

/a Based on exchange rates as of December 31, 2010

TABLE B

Summary of CF Committee Country Allocation Decisions as of December 31, 2010

	Country	SE	2003-06	2007	2008	2009	2010	2003-10	Disbursed	% Disbursed
1	Benin	WB	-	76.1	-	-	-	76.1	31.5	41.4
2	Burkina Faso	WB	-	-	102.0	-	-	102.0	22.0	21.6
3	Cambodia	WB	-	57.4	-	-	-	57.4	18.2	31.7
4	Cameroon	WB	47.3	-	-	-	-	47.3	22.5	47.6
5	Central African Republic	WB	-	-	37.8	-	-	37.8	11.9	31.5
6	Djibouti Allocation 1	WB	8.0	-	-	-	-	8.0	8.0	100.0
	Djibouti Allocation 2	WB	-	-	-	-	4.0	4.0		0.0
7	Ethiopia Allocation 1	WB	-	70.0	-	-	-	70.0	63.2	90.3
	Ethiopia Allocation 2	WB	-	-	-	-	98.0	98.0		0.0
8	Ghana Allocation 1	WB	19.0	-	-	-	-	19.0	19.0	100.0
	Ghana Allocation 2	WB	14.2	-	-	-	-	14.2	8.6	60.6
9	Guyana Allocation 1	WB	12.0	-	-	-	-	12.0	12.0	100.0
	Guyana Allocation 2	WB	-	-	20.5	-	-	20.5	12.3	60.0
10	Guinea /a	WB	-	117.8	-	-	-77.8	40.0		0.0
		UNICEF	-	-	-	-	24.0	24.0	24.0	100.0
11	Haiti /b	WB	-	-	-		22.0	22.0	11.8	53.6
12	Kenya	WB	121.0	-	-	-	-	121.0	121.0	100.0
13	Kyrgyzstan	WB	15.0	-	-	-	-	15.0	8.9	59.3
14	Lao PDR	WB	-	-	-	-	30.0	30.0	2.0	6.7
15	Lesotho Allocation 1	WB	11.9	-	-	-	-	11.9	11.6	97.5
	Lesotho Allocation 2	WB	-	-	-	20.0	-	20.0		0.0
16	Liberia	WB	-	-	-	-	40.0	40.0		0.0
17	Madagascar Alloc 1	WB	60.0	-	-	-	-	60.0	60.0	100.0
	Madagascar Alloc 2 /c	WB	-	-	85.0	-58.0	-	27.0		0.0
		UNICEF /	-	-	-	15.0	-	15.0	15.0	100.0
		UNICEF/d	-	-	-	-	22.0	22.0	22.0	100.0
18	Malawi	WB	-	-	-	-	90.0	90.0		0.0
19	Mali	WB	-	8.7	-	-	-	8.7	7.0	80.5
20	Mauritania Allocation 1	WB	9.0	-	-	-	-	9.0	9.0	100.0
	Mauritania Allocation 2	WB	-	14.0	-	-	-	14.0	7.9	56.4
21	Moldova	WB	8.8	-	-	-	-	8.8	8.7	98.9
22	Mongolia Allocation 1	WB	17.1	-	-	-	-	17.1	17.1	100.0
	Mongolia Allocation 2	WB	12.3	-	-	-	-	12.3	12.3	100.0
23	Mozambique	WB	-	79.0	-	-	-	79.0	79.0	100.0
	Mozambique allocation 2	WB					90.0	90.0		0.0
24	Nepal	WB	-	-	-	120.0	-	120.0		0.0
25	Nicaragua	WB	24.0	-	-	-	-	24.0	24.0	100.0
26	Niger	WB	21.0	-	-	-	-	21.0	16.8	80.0
27	Papua New Guinea	WB					19.2	19.2		0.0

	Country	SE	2003-06	2007	2008	2009	2010	2003-10	Disbursed	% Disbursed
28	Rwanda Allocation 1	WB	70.0	-	-		-	70.0	70.0	100.0
	Rwanda Allocation 2	WB	-	-	-	35.0	-	35.0	35.0	100.0
	Rwanda Allocation 3	DFID					70.0	70.0		0.0
29	Sao Tome & Principe/e	WB	-	3.6	-	-	-	3.6	2.1	58.3
30	Senegal	WB	-	81.5	-	-	-	81.5	21.2	26.0
31	Sierra Leone	WB	-	13.9	-	-	-	13.9	3.0	21.6
32	Tajikistan Allocation 1	WB	18.4	-	-	-	-	18.4	18.4	100.0
	Tajikistan Allocation 2	WB	-	-	-	13.5	-	13.5	1.0	7.4
33	The Gambia Alloc 1	WB	13.4	-	-	-	-	13.4	13.4	100.0
	The Gambia Alloc 2	WB	-	-	28.0	-	-	28.0	9.1	32.5
34	Timor Leste Alloc 1	WB	8.2	-	-	-	-	8.2	8.2	100.0
	Timor Leste Alloc 2	WB	-	-	4.9	-	-	4.9	4.9	100.0
35	Togo	WB	-	-	-	-	45.0	45.0		0.0
36	Yemen	WB	40.0	-	-	-	-	40.0	28.4	71.0
37	Zambia	Netherlands	-	-	60.0	-	-	60.0	30.0	50.0
	TOTAL: /f		**550.6**	**522.0**	**338.2**	**145.5**	**476.4**	**2,032.6**	**932.0**	**45.9**

/a Original approval in 2007 for $117.8m; $53.8m cancelled in 2010.

/b Original approval in 2009

/c Original approval in 2008 for $85.1m; $21m cancelled in 2009; revised proposal approved for a total of $64.1m in 2009.

/d CFC approved UNICEF's proposal on non-objection basis 13 August 2010.

/e CFC approved an initial allocation of $1.04m in 2007, and topped up to total of $3.6m in 2008.

/f Yearly totals reflect approval adjustments per above footnotes.