ADDENDUM TO THE REPORT OF THE GOVERNANCE, ETHICS, RISK AND FINANCE COMMITTEE - PART 2 – OTHER GERF RECOMMENDATIONS AND ITEMS FOR INFORMATION

For Decision

1. PURPOSE

1.1. The purpose of this paper is to summarize the deliberations of the Governance, Ethics, Risks and Finance Committee ("GERF") during its third face-to-face meeting, which was held in Brussels, Belgium on June 26th 2014.

2. ANNOUNCEMENT OF MAXIMUM COUNTRY ALLOCATIONS

Recommended Decision

2.1 The GERF recommends that the Board approve the following decision:

BOD/2014/06 - XX — Maximum Country Allocations for Program Implementation Grants

The Board of Directors:

1. Approves the list of Maximum Country Allocations for the first round of 2015 as set out in Annex 1 of the addendum to BOD/2014/06/DOC 08. The allocation for these countries will remain valid for the 2015-2018 period unless otherwise adjusted by the Board, and will be subject to the requirements of the new funding model.

2. Requests the GERF to conduct a review of the forecast of available resources at its next face-to-face meeting in October 2014 and to make recommendations for decision by the Board on the level of available resources for approval of the Maximum Country Allocations of Round 2 2015, and if possible, the Maximum Country Allocations for 2016.

Background

2.2 The Secretariat provided an update to the GERF on the potential impact on available resources of pledges made at the second replenishment conference earlier that day.

2.3 The GERF noted the following outstanding issues that could affect the level of available resources for allocation:

1. The Secretariat will need some time to work with a number of donors to confirm the timing and amounts of payments, and the impact of any conditions to the pledge.

2. A number of donors were not in a position to pledge but indicated they may be shortly, and this may influence the available resources for allocation.

3. A number of new donors may also be in a position to pledge for the first time.

4. We currently expect up to 8 countries to submit applications in Round 2 2014, however we do not yet know whether there will be any slippage. In the event of slippage, this would improve the level of available resources for allocation in the 2015-2018 period.

2.4 The GERF were briefed that a conservative approach to the forecast of projections has been proposed by the Secretariat. The projections are comprised only of estimates of additional donor contributions from donors that have either not pledged an amount but indicated they will shortly, or have not pledged for the entire period but have indicated continued support beyond the duration of their pledge. As the projections are comprised only of donors that have a current track record of making financial contributions to the GPE fund, the GERF finds the approach proposed to be reasonable. It is expected over the coming weeks, that some of these projections will be converted to pledges. (e.g. Following the replenishment, the United States pledged an additional US$50 million to the GPE Fund for 2015)

2.5 The GERF notes that if the Board were to approve all allocations for 2015 and 2016 at this meeting, then prioritization as previously considered by the Board at its June 2 audio conference would be required. The preliminary estimate of available resources for new program implementation grants is approximately US$1.75 billion against a minimum required amount of US$2 billion to fund all eligible countries without resorting to prioritization.

2.6 Considering the issues outlined in paragraph 2.3, prioritization may not be necessary depending on additional resource mobilization efforts over the next few months, any potential slippage of Round 2 2014 grants into 2015, and clarification on some of the requirements of donor pledges.

2.7 The GERF however recognized that a number of countries would be negatively affected by any further delay in announcing the maximum country allocations for Round 1 2015. These countries include Rwanda, Nepal, and Malawi who were originally due an allocation for Round 2 2014, but were not provided an indicative allocation by the Board in November 2013 due to the uncertainty of the financial position prior to the replenishment conference.

2.8 The GERF noted all countries scheduled to apply in Round 1 2015 are either low income countries or small island and small landlocked developing states and none are affected by the cap on allocations. Considering these countries are prioritized for funding based on the decisions of the Board at its June 2 audio conference, and any eventual shortfall is expected to be small enough that it can be closed by adopting some of the measures on prioritization discussed at that June 2nd audio conference, the GERF believes there are sufficient available resources to announce allocations for Round 1 2015 at the minimum agreed allocation level.

2.9 The GERF however recommends waiting to announce further allocations for Round 2 2015 and potentially 2016 until the issues described in paragraph 2.3 become clearer. The GERF therefore propose that they will review a full financial forecast paper at their next face-to-face meeting in October 2014 to make a recommendation on available resources for Board consideration and approval no later than December 2014.

ANNEX 1: MAXIMUM COUNTRY ALLOCATIONS VALID FROM ROUND 1 2015

List of Eligible Countries *All Figures in USD Millions*	Fixed (70%	Variable (30%)	Maximum Country Allocation
Liberia	8.3	3.6	**11.9**
Malawi	31.4	13.5	**44.9**
Mozambique	40.6	17.4	**57.9**
Nepal	41.5	17.8	**59.3**
Rwanda	17.7	7.5	**25.2**
TOTAL	**139.4**	**59.8**	**199.2**

List of Eligible Small Island and Landlocked Developing States[1] *(All Figures in USD Millions)*	Maximum Country Allocation
Country[2]	**Amount**
Bhutan	1.6
Cabo Verde	1.2
Maldives	1.0
Solomon Islands	1.6
Multi Country Caribbean	
Dominica	0.5
Grenada	0.5
St. Lucia	0.5
St. Vincent and the Grenadines	0.5
Multi Country Pacific	
Kiribati	0.5
Marshall Islands	0.5
Micronesia, Fed. Sts.	0.5
Samoa	0.6
Tonga	0.5
Tuvalu	0.5
Vanuatu	0.7
Total	**11.2**

[1] Sao Tome & Principe, Timor Leste, and Guyana are eligible but not for Round 1 2015 as they have existing grants or are expected to apply in Round 2 2014.

[2] Flexibility may be required on the regional groupings as previously agreed by the Board.

ANNEX 2: PARTICIPANT LIST - JUNE 26, 2014 - GERF MEETING

Committee Members	Title and Organization	Constituency
Minister Serigne Mbaye Thiam – Chair	Minister of Education, Senegal	Africa 2
Charles Y. Aheto-Tsegah	Deputy Director-General (Quality and Access), Ghana Education Service	Africa 3
Chris Tinning	Minister Counselor (Development), Australian Embassy Washington D.C.	Donor 2
Cheikh Mbow	National Coordinator, Coalition des Organisations en Synergie pour la Défense de L'Education Publique	Civil Society Organizations
Elizabeth Fordham	Education Program Advisor, UNESCO	UNESCO
Djibril Ndiaye Diouf	Director of Planning and Reform of Education, Ministry of Education, Senegal	Africa 2 (Observor)
Lisa Gomer	Chief Operating Officer	GPE Secretariat
Padraig Power	Senior Financial Officer	GPE Secretariat
Christine Guétin	Focal Point, Board Operations Officer	GPE Secretariat