GLOBAL PARTNERSHIP for EDUCATION

BOD/2019/16 DOC 06
Meeting of the Board of Directors
December 10-12, 2019
Nairobi, Kenya
For Information

FINANCIAL FORECAST

Please note: Board documents are deliberative in nature and, in accordance with the GPE Transparency Policy, are considered public documents only after their appraisal by the Board. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

Recommended by: Finance and Risk Committee (FRC)

Committee Consideration:

- The FRC reviewed the financial forecast which outlined the current and projected financial position of the GPE Fund. Based on the financial forecast, the FRC noted there are a number of recommendations proposed to increase the minimum Education Sector Program Implementation Grant size, increase resources for the accelerated funding modality, and from the Strategy and Impact Committee, there is a proposal to increase funding for Knowledge and Innovation Exchange. **These recommendations are covered separately in BOD/2019/12 DOC 08 and BOD/2019/12 DOC 09**
- **Recommendations for increasing allocations -** The FRC were supportive of the recommendations noting that these are short term actions that would accelerate the timely allocation of funds. The FRC consider that there are associated risks of increased transaction costs which the Secretariat deem manageable, particularly if combined with increased delegation of authority.
- The FRC are concerned that these recommendations have arisen not because of increased contributions but rather due to a significant portion of the outstanding grant pipeline being increasingly backloaded into 2020 with a realization that some countries will not be able to apply for their allocation in this current replenishment period.
- **Secretariat Operating Expenses** - The FRC noted that while the Secretariat did not exceed its budget in FY19, the lower than anticipated disbursement rate which is linked to lower than anticipated approvals resulted in operating expenses exceeding the 5-7% range of total expenditure which is used as guidance for budgeting. The FRC noted the Secretariat's assurances that higher disbursements are expected for FY20 which should ensure operating expenses are back within the target range.
- **Risks -** The FRC noted that the issues raised in the financial forecast link to a number of risks flagged in the risk report regarding timely utilization of funds. These matters are relevant for the Board's consideration on replenishment and strategic plan development.
- In terms of other items covered in the forecast, the FRC were pleased to see a renewed focus and exploration of alternative arrangements with the World Bank on currency hedging and flag the importance of increasing the uptake of euro grant allocations where appropriate.

1. Objective

1.1 The financial forecast is designed to provide the Board with sufficient information on the expected financial position of GPE to enable the Board to take decisions on how to allocate its financial resources in support of implementation of GPE strategic objectives.

1.2 This paper provides information on:

- The standard semi-annual financial forecast and related annexes (Annex 1-6)
- Updates on currency exchange and investment management of the GPE fund (Annex A)

1.3 Recommendation for increased allocations and an analysis of bottlenecks and actions to promote the timely allocation of GPE Funds as requested by the FRC are covered separately in BOD/2019/12/DOC 08 and BOD/2019/12/DOC 07

2. Background

2.1 GPE's overall financial position is stable and grant approvals have continued to increase steadily over the course of the current replenishment period, with over US$900 million approved to date and an additional US$200 million in applications currently undergoing final review before submission to the Grants and Performance Committee (GPC).

2.2 There are a significant number of applications that are expected to be made in 2020, and some applications will not be submitted by the end of 2020 and will automatically expire without an extension of the Maximum Country Allocation (MCA). This will have the impact of stretching significant amounts of disbursements into the next replenishment period and elevating GPE's cash balance over the remainder of 2019 and 2020 above the targeted 9-12 months of disbursement cover.

2.3 There will need to be consideration as part of the eligibility and allocation discussions for the next Strategic Plan period with respect to whether MCAs for countries who won't apply by end of 2020 should be extended, or whether those countries that will not be able to meet GPE Funding model requirements should have their MCA cancelled and funds reprogrammed. The Secretariat has currently applied a 10% discount in the forecast to the value of outstanding maximum country allocations to factor in that some will not apply in time and therefore those funds can be made available now for re-allocation.

2.4 Assuming at least a continued level of annual resources as raised in the 2018-2020 replenishment would be raised in 2021 and onwards, the Board may consider proposals to accelerate the deployment of GPE resources within this current replenishment period. These proposals are covered

in separate Board papers (BOD/2019/12/DOC 08), along with analysis on some of the factors impacting the pipeline of applications and actions that can be taken over the short and long term to address these issues.

2.5 GPE's financial position continues to be exposed to any significant strengthening of the US dollar over the 2018-2020 period, with the US dollar continuing to remain strong over the last six months. The GPE Secretariat continues to collaborate closely with the Trustee and World Bank Treasury to explore alternative approaches to currency hedging.

2.6 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 Grants and Performance Committee.

ANNEX A - Additional Background

CONTEXT

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.

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.

3. The assumptions used to develop the financial forecast and associated recommendations are outlined in the explanatory notes in Annex 6.

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 2020).

INVESTMENT STRATEGY

5. The balance of GPE Funds held with the Trustee while awaiting disbursement is invested to generate returns which are then made available for allocation. Previously the Board determined that GPE Funds could be invested in a strategy that involved a small allocation to equities (Model Portfolio 4). As there was a desire to also explore investment options which consider environment, social, and governance (ESG) factors, it was agreed to hold off until this was available and to delegate authority to the FRC to authorize such investments. This work on identifying an ESG index is progressing and it's expected that pricing estimates will be available soon for submission to the FRC.

CURRENCY HEDGING UPDATE

6. Due to the majority of GPE funds being contributed in contributions other than the US dollar combined with the majority of allocations in US dollars, GPE is exposed to exchange rate movements between the time a donor pledges and when contributions are received and converted to dollars. Previous efforts to determine the viability of a currency hedging solution involved entering into contracts based on individual donor contributions. This required the majority of GPE contributors to agree to sign irrevocable contribution agreements to ensure risk was acceptable for the World Bank. This was not deemed viable as insufficient numbers of contributors were able to pursue such an approach.

7. The Secretariat has since discussed whether it would be possible to explore a currency hedging option that avoided such a requirement and instead used the assets of the GPE Fund to cover any exposure. The World Bank's Treasury has agreed to conduct further exploratory work. The first stage will be a review of a hedging strategy and the analysis will identify the timing and occurrence of tangible financial foreign exchange risk. Given the largest exposure is for euro and sterling-based contributions, these currencies will be the initial focus of the analysis. The simulation-based analysis will provide estimates of the costs related to hedging and the reserves needed to un-wind any hedges in case a receipt of foreign currency is not received. The analysis will also explore the necessary governance, operational, legal, and implementation aspects in order to ensure a full scope of the hedging structure can be

presented to the Secretariat. Upon receipt of the analysis, the Secretariat will review and present the options to the FRC at its next meeting.

8. In the meantime, the Secretariat continues to work with countries who wish to apply for grant allocations in euro and encourage contributors to consider providing their contributions in US dollars. In addition to Senegal, Niger has now requested its grant allocation to be in Euros.

OPERATING EXPENSES

9. GPE's operating expenses which covers the costs of the Secretariat and governance structures aim to keep for budgeting purposes within a range of 5-7% of total expenditure (all transfers from the GPE Fund). For FY19 (July 2018-June 2019), actual operating expenses were within the approved budget (85% of the budget was spent). However as grant disbursements were lower than anticipated due to issues described earlier in this paper, the operating expenses ratio exceeded the 5-7% range. As disbursements are expected to rise to reflect the increase in grant approvals, operating expenses should be back within the 5-7% range for FY20 and FY21.

RISK

10. GPE continues to be exposed to currency exchange movements, and in the absence of a viable currency hedging policy (which continues to be explored per the above), the risk has to be accepted and will continue to be monitored carefully.

11. It will also be important that GPE can demonstrate demand and ability to absorb the additional financing raised in Dakar. While the value of approvals is increasing significantly and far exceeds grant approvals in the last replenishment period, there is still a significant number of countries that have yet to submit their proposals for the 2018-2020 period, and some may slip into 2021. Recognizing this reality and adopting measures to accelerate the deployment of GPE resources in 2020 can mitigate this risk while maximizing GPE objectives. Further consideration of options to maximize the use and timely deployment of GPE funds for the next replenishment period will be considered as part of the strategic plan development process through the related work on the financing and funding framework in 2020.

12. While the proposals to deploy additional resources come with additional transaction costs, the Secretariat assesses these risks as manageable and worthwhile given the positive benefits to many GPE partner countries of accelerating investment in this replenishment period. Transaction costs will be mitigated in many cases as the additional resources can be incorporated into upcoming planned applications rather than standalone applications. The accelerated support modality adopts a lighter touch fast track application process with lower transactions costs for all parties than a regular ESPIG. In addition, greater delegation of authority proposals if adopted can free up significant transaction costs at Secretariat and Committee level and speed up allocation of funds in lower risk small grant situations.

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

SCENARIO – All figures in USD Millions	
MCA Calculation Amount (2,000 = Minimum)	*2000*
Opening Uncommitted Cash Balance 1 July 2019	614
Balance on Signed Contribution Agreements	859
Donor Pledges (after discounting for uncertainty)	523
Projections of Additional Contributions - Secretariat Recommended	200
Projected Carryover from 2018-2020 Approvals (25% of MCA)	498
RESOURCES FOR FORECASTING PURPOSES (A)	**2,695**
Remaining Commitments to be made on Existing Approved Grants (2014-2019 as of September 15, 2019)	(732)
Provisions for other Grants (Plan Development, Program Development)	(13)
Multiplier	(189)
Provisions for other costs	
Agency Fees	(42)
Operating Expenses Budget	(40)
Trustee Costs	(1)
Provision for Future Commitments based on MCAs/Cap Increase for 2018-2020*	(1,451)
Increase in MCA size to US$7.5m and Small Island landlocked developing states to US$2.5m	29
KIX	12
Accelerated Funding Modality**	186
TOTAL AMOUNT TO BE SET ASIDE (B)	**(2,695)**
PROJECTED SURPLUS / (SHORTFALL)	**0**

* This figure has been discounted as it assumes not all countries in the table below will apply by December 2020.

** The potential uptake of the Board decision is higher than estimated resources available, but It's assumed that not all countries eligible for accelerated funding will apply by end of 2020

List of Countries with Outstanding MCAs for 2018-2020 as of Sep 15th (*All figures in USD Millions)*			
Country	ESPIG MCA	Multiplier MCA	Eligible for Cap Increase
Afghanistan	0		25
Bangladesh	53.9		
Bhutan	0.7		
Burundi	21.3		
Cameroon	31.04		
Central African Republic	25.28		
Chad	22.2		
Comoros	2.7		
Congo, Democratic Republic of	100		25
Congo, Republic of	10.7		
Dominica	1.3		
Eritrea	17.2		
Ethiopia	100		25
Ghana	9.4	15	
Grenada	1.3		
Guinea	37.9		
Guinea-Bissau	0.3		
Guyana	1.3		
Haiti	16.5		
Honduras	0	10	
Kenya	9.7		
Kiribati	1.8		
Kyrgyz Rep	0	5	
Lao PDR	5		
Lesotho	5		
Liberia	5.9		
Madagascar	19.6		
Malawi	48.7		
Maldives	2.5		
Mali	45.7		
Marshall Islands	1.8		
Mauritania	6.8	5	
Micronesia, Fed. Sts.	1.8		
Mozambique	100		25
Nicaragua	5		
Niger	85.1		
Nigeria	100		25
Pakistan	100		25
Papua New Guinea	3.221		
Rwanda	30.8		

Samoa	1.9		
Sao Tome and Principe	2.5		
Solomon Islands	2.5		
Somalia	51.8		
St. Lucia	1.3		
St. Vincent and the Grenadines	1.3		
Sudan	59		
Syria	25		
Tajikistan	0	10	
Tanzania	4.24	2.5	25
Timor-Leste	4.1		
Togo	15.6		
Tonga	1.8		
Tuvalu	1.8		
Uganda	100		25
Vanuatu	2.1		
Yemen, Rep.	32.4		
Zambia	15.9	10	
Zimbabwe	2.88		
Total	**1,357.6**	**57.5**	**200**

ANNEX 2 – FORECAST OF UNCOMMITTED ASSETS

ANNEX 2 - FORECAST OF UNCOMMITTED ASSETS					
All Figures in USD Millions	**S2 2019**	**S1 2020**	**S2 2020**	**S1 2021**	**S2 2021**
A. Opening Balance Cash and Promissory Notes	696	713	750	867	928
A1. Total Committed	83	1	171	410	586
A2. Total Uncommitted/Available for Approval	614	713	579	456	342
B. Inflows	352	297	506	376	27
Contribution Agreement	330	56	310	101	27
Pledges	22	148	182	181	-
Projections	-	94	-	94	-
C. Outflows	335	260	375	315	400
D. New Commitments	253	431	614	490	355
Commitments (Existing Approved Grants)	153	152	126	127	90
Projected Commitments (Remaining Allocations)	33	253	420	338	202
Other Commitments	67	26	68	26	63
E. Closing Balance Cash and Promissory Notes (A+B-C)	713	750	867	928	555
E1. Total Committed (A1-C+D)	1	171	410	586	541
E2. Total Uncommitted/Available for Approval (A2+B-D)	713	579	456	342	14
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 JUL 2019 – 31 DECEMBER 2019	**AMOUNT in USD millions**
Estimated Available Assets on Hand 1 Jan 2020 (excluding projected contributions to 31 Dec 2019)	713
Pledged and Signed Contributions 1 Jan 2020 - 30 June 2020	297
Total Projected Assets	**1,010**
Recurrent Costs (Secretariat, and Trustee budgets, Plan and Program Development Grants, CSEF etc.) – 1 Jan 2020 – 30 June 2020	(6)
Projected Commitments for Existing Grants falling due 1 Jan 2020 – 30 June 2020	(425)
Total Projected Liabilities	**(431)**
Available Assets for First Grant Commitment of Round 2 2019 Applications	**579**
First Commitments of new grants approved in second half of 2019, as of 31 December 2019 (including related Supervision and Agency Fees)	(53)
Projected Surplus/(Shortfall)	**526**

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 any Round 3 and Round 4 proposals that the Grants and Performance Committee may recommend in 2019 along with 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 2018-2020 Replenishment

ANNEX 4 - STATUS OF 2018-2020 Replenishment (All figures in Millions)		Dakar Pledge + Post Dakar Pledges and Adjustments	Paid to Date (as of Sept 15 2019)	Remaining Value (Sept 15, 2019)	Total Value (Sept 15, 2019)
Donor	**CUR**	**Pledged Amount**	**USD Value**	**USD Value**	**USD Value**
Australia	AUD	90.0	0.0	61.9	61.9
Belgium	EUR	19.5	15.3	7.2	22.5
Canada	CAD	180.0	46.7	90.7	137.4
Denmark	DKK	1231.8	95.3	88.5	183.8
European Commission	EUR	337.5	146.7	238.5	385.2
France	EUR	200.0	57.9	165.9	223.9
Germany	EUR	75.0	30.6	53.2	83.9
Ireland	EUR	25.0	20.4	7.8	28.1
Italy	EUR	12.0	4.7	8.9	13.6
Japan	USD	5.0	5.0	0.0	5.0
Luxembourg	EUR	1.3	1.5	0.0	1.5
Netherlands* **	USD	113.6	56.8	56.8	113.6
Norway	NOK	2070.0	160.9	77.1	238.0
Republic of Korea	USD	2.2	0.7	1.5	2.2
Senegal	USD	2.0	0.0	2.0	2.0
Spain	EUR	1.5	0.4	1.3	1.7
Sweden	SEK	1068.0	84.8	31.2	116.0
Switzerland	CHF	33.3	23.9	10.1	34.0
United Arab Emirates	USD	100.0	33.0	67.0	100.0
United Kingdom**	GBP	252.0	104.5	210.4	314.9
United States	USD	162.5	162.5	0.0	162.5
Children's Investment Fund Foundation*	USD	2.0	2.0	0.0	2.0
Dubai Cares*	USD	1.0	0.5	0.5	1.0
OSF (through AOSI)*	USD	1.0	1.0	0.0	1.0
Stichting Benevolentia (Porticus)*	USD	1.7	0.9	0.8	1.7
Total		**2516.9**	**1055.9**	**1181.5**	**2237.3**

***Contribution is approved/partially approved for Targeted Activities**

****Contributions subject to a cap of 15% of total replenishment value, and partially linked to performance criteria**

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

Information on Active Grants as of August 31, 2019						
Country	**Grant Agent**	**Start Date**	**End Date**	**Grant Amount**	**Total Disbursed from GPE Fund**	**Total Utilization**
Afghanistan	World Bank	Apr-19	Dec-23	100,000,000	-	-
Bangladesh (Accelerated Funding)	UNICEF	Oct-18	Sep-20	8,332,407	8,332,407	1,958,686
Benin	World Bank	Jul-19	Sep-23	18,900,000	3,000,000	-
Bhutan	Save The Children	Oct-18	Oct-21	1,800,000	511,741	195,563
Burkina Faso	AFD	Mar-18	Mar-22	33,800,000	18,899,334	18,899,334
Burundi	UNICEF	Apr-16	Mar-19	20,100,000	20,100,000	19,693,701
Burundi	AFD	Mar-19	Mar-24	25,600,000	-	-
Cabo Verde	UNICEF	Sep-18	Dec-21	1,400,000	1,400,000	21,561
Cambodia	UNICEF	Jul-18	Dec-21	6,200,000	1,750,000	-
Cambodia	UNESCO	Jun-18	May-21	14,400,000	10,345,438	10,345,438
Cameroon	World Bank	Mar-14	Jun-19	53,300,000	53,300,000	48,437,678
Cameroon (Accelerated Funding)	UNICEF	May-19	Nov-20	7,760,000	1,178,261	3,594
Central African Republic (Accelerated Funding)	UNICEF	Sep-18	Mar-20	6,320,000	3,785,561	1,012,211
Chad	UNESCO	Jun-18	Jul-21	8,607,324	2,439,485	2,439,485
Chad	UNICEF	Jun-18	Jul-21	19,237,506	3,958,742	168,339
Comoros	UNICEF	Jul-18	Jul-21	2,300,000	2,300,000	44,498
Congo, DR	World Bank	Apr-17	Feb-21	100,000,000	38,000,000	20,459,088
Cote d'Ivoire	World Bank	Jun-18	Jul-22	24,100,000	9,800,000	7,130,193

Eritrea	UNICEF	Mar-14	Dec-18	25,300,000	25,300,000	20,989,496
Ethiopia	World Bank	Jul-17	Jun-19	100,000,000	94,600,000	78,341,320
Gambia, The	World Bank	Apr-18	Dec-22	5,300,000	5,300,000	4,933,203
Guinea	World Bank	Jul-15	Aug-19	37,800,000	37,800,000	37,800,000
Guinea-Bissau	World Bank	Dec-18	Oct-23	4,700,000	1,400,000	347,990
Kenya	World Bank	Jun-15	Jun-19	88,400,000	85,500,000	77,681,771
Lao People's Democratic Republic	World Bank	Jun-15	Dec-20	16,800,000	12,800,000	10,693,736
Lesotho	World Bank	Jul-17	Aug-20	2,300,000	1,200,000	796,712
Liberia	World Bank	Jun-18	Jun-22	11,900,000	3,000,000	1,159,336
Madagascar	World Bank	Apr-18	Dec-22	46,800,000	16,000,000	1,848,190
Malawi	World Bank	Dec-16	Dec-20	44,900,000	40,100,000	31,343,524
Mauritania	World Bank	Feb-14	Nov-18	12,400,000	12,400,000	12,000,987
Mozambique	World Bank	Sep-15	Jun-19	57,900,000	57,900,000	55,870,000
Myanmar	World Bank	Mar-19	Aug-23	73,700,000	4,200,000	-
Nepal	World Bank	Jan-16	Jul-19	59,300,000	59,300,000	59,219,165
Nepal (MLT/ESPIG)	World Bank	Jul-18	Jul-21	23,958,000	10,000,000	-
Niger	World Bank	Jul-14	Jun-19	84,200,000	84,200,000	79,263,087
Nigeria	World Bank	May-15	Jun-20	100,000,000	93,000,000	82,988,769
OECS (Caribbean Island States)	World Bank	Jul-16	Sep-19	2,000,000	2,000,000	1,663,406
Pakistan (Balochistan)	World Bank	Mar-15	Jun-19	34,000,000	34,000,000	34,000,000
Papua New Guinea (MLT and ESPIG)	Save The Children UK	Jul-19	Jul-22	7,399,000	-	-
Senegal (MLT/ESPIG -- Grant in Euro, listed in Dollars)	AFD	May-19	May-23	42,600,000	-	-

Sierra Leone	UNICEF	Sep-18	Sep-22	17,200,000	5,732,502	86,717
Somalia - Federal	CARE	Sep-18	Sep-21	17,900,000	6,449,601	697,899
Somalia - Somaliland	Save The Children	Jul-18	Jul-21	7,680,000	3,461,989	2,522,466
Somalia (Puntland)	UNICEF	Oct-17	Sep-20	5,600,000	3,650,779	1,794,638
South Sudan	UNICEF	Jan-19	Jan-23	35,700,000	-	-
South Sudan (Accelerated Funding)	UNICEF	Jul-18	Mar-19	6,000,000	6,000,000	4,075,741
Sudan	World Bank	Apr-13	Feb-19	76,500,000	76,500,000	76,472,764
Tanzania	Sida	Jul-19	Jul-23	90,000,000	-	-
Tanzania (Zanzibar)	Sida	Mar-18	Mar-22	5,761,000	2,497,127	2,497,127
Togo	World Bank	Mar-15	Sep-19	27,800,000	27,800,000	26,091,800
Uganda	World Bank	Aug-14	Mar-20	100,000,000	90,000,000	88,357,898
Uzbekistan	World Bank	Oct-14	Jul-19	49,900,000	49,900,000	48,289,623
Uzbekistan (Multiplier)	World Bank	Sep-19	Dec-24	9,500,000	3,000,000	-
Yemen, Republic of	UNICEF	Mar-14	Mar-19	72,600,000	50,000,000	39,247,655
Zambia	DFID	Nov-13	Sep-18	35,200,000	21,264,000	21,264,000
Zimbabwe	UNICEF	Dec-16	Dec-19	20,580,000	20,580,000	12,128,281
Zimbabwe (Variable) and Multiplier	UNICEF	Sep-18	Dec-20	18,820,000	7,000,000	37,043
Total				**2,026,597,237**	**1,327,736,967**	**1,140,113,711**

Commitment Information as of Sept 15th 2019*			
By Grant Agent	**Grant Amounts**	**Committed**	**Uncommitted**
AFD	123,200,000	25,718,332	97,481,668

CARE	17,900,000	6,449,601	11,450,399
DFID	60,400,000	46,500,000	13,900,000
IDRC	58,500,000	6,000,000	52,500,000
OXFAM	60,000,000	1,538,873	58,461,127
Save the Children International	16,879,000	4,304,329	12,574,671
SIDA	190,561,000	142,350,000	48,211,000
UNESCO	23,007,324	12,784,923	10,222,401
UNICEF	337,859,913	248,026,729	89,833,184
World Bank	1,398,600,000	1,110,000,000	288,600,000
Total	**2,286,907,237**	**1,603,672,787**	**683,234,450**

***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. These figures do not include small grants, agency fees, and supervision allocations.**

ANNEX 6 - EXPLANATORY NOTES TO ANNEX 1 and 2

Opening Balance

The opening balance of funds in Annex 3 and 4 reflects the cash available in only the GPE Fund as of Jul 1, 2019. The Catalytic Funds have had no new allocations since 2018 and closed on December 31, 2018.

In Annex 1, 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 September 15 2019 was **US$664 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$518 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 been fully assessed by DFID. As a result, only US$299 million out of a maximum potential pledge of US$315 million has been factored into the forecast of available resources to take account of these risks.*
  ii. *GBP 3m of the pledge is not expected to be received based on the UK's assessment of progress on performance conditions.*

- **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, along with investment returns on the GPE Fund. The value of projections included in the forecast is **US$200 million** and has been decreased from December to reflect the projections which were paid since the last forecast.

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.