GLOBAL PARTNERSHIP for EDUCATION

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Meeting of the Board of Directors
Audio Conference
June 2 2014

REPORT OF THE GOVERNANCE, ETHICS, RISK, AND FINANCE COMMITTEE PART 1: AVAILABLE RESOURCES

For Decision

Rev. 1: A footnote has been added to page 15.

1. PURPOSE

1.1. The purpose of this paper is to summarize the deliberations of the Governance, Ethics, Risk, and Finance Committee ("GERF") at its meeting in Dakar, Senegal on May 5 and 6 2014. This is the first part of the GERF report to the Board, and only includes information on the issue of "Available Resources" and will be discussed at the June 2 Board audio call. The remaining topics that were considered by the GERF will be presented in Part 2 of the report at the next face-to-face meeting of the Board in June 2014.

1.2 This paper contains an annex that illustrates the impact of GERF recommendations on available resources under a range of replenishment scenarios. An attachment containing relevant extracts from the Secretariat paper reviewed by the GERF is available to provide additional context to some of the issues outlined in this report.

Roadmap to June 27-28 Board Meeting

1. The recommendations outlined in this paper are for Board deliberation and decision at its June 2 audio conference. These recommendations will allow the Board to be in a position to announce maximum country allocations for Program Implementation Grants at its next face-to-face meeting on June 27-28, 2014 in Brussels.
2. Assuming the Board makes decisions on the issues outlined in this paper on June 2, the GERF will then meet on the evening of the replenishment conference to review the impact on available resources and will report its findings to the Board the next day.
3. Based on the GERF's recommendations on available resources, and drawing on the decisions made at the June 2 audio conference, the Secretariat will prepare the list of maximum

country allocations for Program Implementation Grants and the Board will be asked to approve this list at its next face-to-face meeting on June 27-28, 2014 in Brussels.

2. AVAILABLE RESOURCES FOR ALLOCATION

Recommendation

2.1 The GERF recommends the Board adopt the following decisions:

BOD/2014/06-XX –<u>Available Resources for Allocation</u>: The Board of Directors approves the following:

1. The determination of available resources for allocation to Program Implementation Grants will be based on the recommendations outlined in BOD/2014/06 DOC 02.

2. Establishes an initial provision of US$125 million to allow the Board to allocate resources for future programming and unexpected events such as nominally $100M for innovative financing and $25M for humanitarian or emergency crises, subject to the provisions of Decision Point 1.

3. The allocations for IDA eligible Small Island and Small Landlocked Developing States will be approximately US$20 million based on the approach outlined in Annex 2 of BOD/2014/06 DOC 02, but with the understanding that for regional grants the grouping of the islands may be adjusted based on an analysis of what will work best for the countries involved, subject to the provisions of Decision Point 1.

4. An increase in the cap linked to the level of available resources for program implementation grants as follows:

    a. if the level of available resources for allocations is less than US$2.25 billion, the cap would remain at US$100 million;

    b. if the level of available resources is between US$2.25 billion and US$2.75 billion, the cap would increase to US$125 million; and

    c. if the level of available resources exceeds US$2.75 billion, the cap would increase to US$150 million.

5. Requests the GERF to conduct an annual review of the current and forecasted financial position of GPE in order to make recommendations if necessary for adjustments.

SUMMARY OF GERF DELIBERATIONS

Background and Overview

3.1 The Board of Directors at is meeting of 26th February 2014 made the following decision (BOD/2014/02-06 part II and VI):

(II) approves the eligibility categories to determine the maximum number of countries that may be eligible to access Program Implementation Grant funding as set out in BOD/2014/02 Doc 06; and endorses the principle that prioritization of allocations may be required if available resources are insufficient to fund all eligible countries at a minimum acceptable allocation level as outlined in Point VI of this decision.

(VI) Requests the Secretariat to further analyze the minimum acceptable allocations and the consideration of the level of "available resources" that should be used for determining the Maximum Country Allocation, and to present this for review by the Governance, Ethics, Risk, and Finance Committee for recommendation to the Board. The Board further notes that the analysis will include:

a. consideration by end of March 2014 of the implications of a potential increase in the level of the cap on overall allocations based on various replenishment scenarios.

b. consideration by the June 2014 Board meeting of the implications of innovative finance mechanisms to impact eligibility and allocation of resources.

3.2 The issues related to the level of the cap were discussed by the GERF at an audio conference on March 24 2014 and the summary of the GERFs deliberations were submitted to the Board on April 1 2014.

3.3 The Secretariat prepared a paper to the GERF concerning the remaining issues with respect to the Board's decision (GERF/2014/05/DOC 02) for their deliberations. Relevant extracts from the paper are provided in Attachment 1 for information.

3.4 In considering the issue of available resources, the GERF sought to develop recommendations to the Board that would allow for decisions to be made on maximum country

allocations at the next Board meeting in June (immediately following the replenishment), irrespective of replenishment size.

3.5 The GERF considered the minimum amount that should be used to calculate maximum country allocations, the supply and predictability of contributions, the impact of timing of applications on cash flow needs, the funds that will need to be set aside for costs other than program implementation grants, and the issue of prioritization of allocations where resources are uncertain or insufficient to meet demand.

3.6 The recommended decisions of the GERF on these topics are outlined in Section 2, and the summary of its deliberations on each recommended decision is outlined in the following paragraphs.

Decision Point 1 - Recommendation 1 – Minimum Acceptable Allocation

The minimum amount that will be used to calculate the maximum country allocations (MCAs) for all eligible countries is US$2 billion, Subject to the provisions of recommendation 5.

3.7 The GERF discussed the issue of the minimum amount that should be used to calculate the maximum country allocations (MCAs) for eligible countries. The Secretariat paper (See Attachment 1 Section 4) gave three scenarios of US$2.0 billion, US$2.25 billion and US$2.5 billion that corresponded to 80%, 90% and 100% respectively of the global resources allocated for the eligible countries in their most recent GPE allocation. Given that the consensus of the GERF was to try and finance all eligible countries where possible, the committee recommended using US$2 billion as the minimum amount.

3.8 The GERF noted that $2 billion is the minimum amount for each eligible country to receive an allocation. If the level of available resources is higher than this amount, then the calculation for Program Implementation Grants will be based on the higher number and allocations will increase. See Annex 1 for illustration.

Decision Point 1 - Recommendation 2 – Use of an Unfinanced "Carryover"

Taking a maximum unfinanced "carryover" of up to 20% of the global value of the MCAs expected to be approved in the 2015-2018 period in order to prudently manage GPE funds. The level of the carryover will be based on a detailed analysis of projected grant allocations to ensure cash flow needs will be met. The GPE Secretariat will present this analysis to the GERF with each semi-annual financial forecast.

3.9 With regard to considering a maximum unfinanced "carryover" of the global value of the MCAs expected to be approved in the 2015-2018 period (See Attachment 1, Section 6), the committee discussed the pros and cons of having such a carryover as well as the percentage of carryover that would be acceptable from a risk point of view.

3.10 The GERF discussed the size of the carryover and considered the tradeoffs between having too large a carryover, and optimizing the use of resources over the life of the replenishment period to avoid funds remaining idle. The GERF considered the increasing size of the carryover in the current replenishment period, while also noting that a significant amount of funds for grants approved in 2017 and 2018 will only be disbursed in 2019 and 2020.

3.11 The Senior Financial Officer explained that the carryover and uncertainty in the current replenishment period was the result of the Board having to deal with a situation where indicative allocations were initially announced based on assumptions of projected additional resources of US$500 million that were not pledged at the 2011 replenishment conference, and an over programming assumption of a further US$400 million due to an underestimation of demand. This had the effect of US$2.4 billion being considered as available resources when only US$1.5 billion was actually pledged at the time allocations were announced.

3.12 Unlike the current replenishment period, if a "carryover" is adopted going forward, it could be controlled by accepting a maximum level upfront and monitoring it through a detailed grant by grant analysis. The Senior Financial Officer explained that the scenarios outlined in the Secretariat's paper to the GERF were based on such an analysis using a conservative approach that factors in all countries implementing on schedule and for a three year period (See Annex 1). However, past experience shows that there is likely to be some delays in applications and in implementation which would provide greater flexibility on the level of the carryover.

3.13 In considering all of these issues, the GERF decided to recommend that a maximum carryover of 20% of the global value of the MCAs expected to be approved in the next replenishment period be retained in the calculation of available resources. The GERF requested

that the Secretariat present updates on the carryover with each semi-annual financial forecast so that it could be closely monitored.

Decision Point 1 - Recommendation 3 – Projections of Donor Contributions

A projection for additional resources that may be pledged after the replenishment pledging conference in June 2014 may be included in the forecast to determine available resources for Program Implementation Grants. The projection will be based on a case by case analysis by the GERF. The GERF will only consider written documentation from a donor outlining that they intend to pledge as well as an indication of a specific minimum amount and the timing of their pledge. These written intentions will be treated confidentially and will only be reviewed by the Secretariat, the Chair of the GERF, and the Chair of the Board.

3.14 The GERF then considered whether the Global Partnership should include in the calculation of the level of available resources to determine the MCAs for Program Implementation Grants, a projection for additional resources that may be pledged after the replenishment conference in June 2014.

3.15 The Secretariat outlined that if such projections were to be included, a projection of 15% of the value of pledges would be reasonable based on the conversion rate of Secretariat projections to pledges in the current replenishment period to date, and noted that this was far lower than the 33% level of projections that was initially factored into the calculation of available resources in the current replenishment period. (See Attachment 1 Section 7)

3.16 Several committee members expressed their concern with setting a flat percentage noting that the current replenishment period may not reflect the next replenishment. They were also concerned that if one or two major donors indicated that they would pledge but not in June, then this might change the appropriate level of projections that should be taken into consideration. One of the committee members suggested a different approach by considering the reliability of the "intentions of a particular pledge" as a basis for determining the likelihood of payment, and consequently whether they should be factored into the forecast of available resources.

3.17 The GERF agreed that projections should be based on written documentation from an authorized official indicating a donor's intention to pledge as well as indicating a minimum amount and the expected timing of the pledge. This information would be treated confidentially with the details of the individual donor only disclosed to the Secretariat, the Chair of the GERF, and the Chair of the Board to allow for oversight of the projections.

3.18 The amount and category of the projection in terms of whether it has been based on documentation from an existing donor that can only pledge on an annual basis, a traditional donor that cannot pledge in June 2014 but intends to later, a donor that has pledged but intends to increase, or a new donor that has never pledged, would be disclosed to the full committee, but the name of the individual donor country would not. Based on the type and amount of projections, the GERF would then evaluate how much of the projection should be included in the calculation of available resources recommended to the Board.

Decision Point 1 - Recommendation 4 – Timing of Announcements of Maximum Country Allocations

The announcement of Maximum Country Allocations for eligible countries will be made on an annual basis as follows:

a. **announcement by 30 June 2014 of maximum country allocations for 2015 and 2016;**

b. **announcement by 30 June 2015 of maximum country allocations for 2017; and**

c. **announcement by 30 June 2016 of maximum country allocations for 2018.**

3.19 The GERF discussed whether the Board should announce the maximum country allocations for the full replenishment period (2015-2018) in June 2014.

3.20 Considering that pledges will be converted to cash over the lifetime of the replenishment period, and taking into account that projections and a carryover may be included in the forecast of available resources, the GERF decided to seek to balance the predictability of demand with the elements of uncertainty on the supply side by recommending to the Board that the announcements of MCAs should be made on an annual basis. The Announcement would be

made as follows: in June 2014 for maximum country allocations for 2015 and 2016; by June 2015 for maximum country allocations in 2017; and by June 2016 for allocations in 2018.

3.21 This approach would allow the GERF and the Board to carefully monitor the financial situation (conversion of projections to pledges, and pledges to cash, including the impact of exchange rates, level of carryover, and other costs) before creating new obligations, while at the same time providing sufficient advance notice to countries of their MCA to facilitate sound planning and program development.

Decision Point 1 - Recommendation 5 – Prioritization if Resources are Insufficient

In recognition of four guiding principles: priority to fund Program Implementation Grants as its core business; to fund all eligible GPE countries wherever possible; to prioritize the funding of the Low Income Countries; and to maximize predictability for countries by having only one cut-off point.

a) **If the level of available resources as determined by the GERF, based on a forecast provided by the GPE Secretariat, is equivalent to or exceeds the minimum allocation level of US$2 billion, all eligible Low Income Countries (LICs) and Lower Middle Income Countries (LMICs) may apply for funding based on the calculation of their Maximum Country Allocation;**

b) **In the event that the level of available resources is less than the amount required to finance all eligible countries but higher than the amount required to finance only the eligible LICs, then reductions in some or all of the following provisions will be applied in order, until such time as the level of available resources is sufficient to finance all eligible countries: NOTE: THE BOARD OF DIRECTORS MUST DETERMINE THE PRIORITY FOR REDUCTIONS BELOW TO FINALIZE THIS DECISION POINT**

- **Provision for Unanticipated Contingencies and Innovative Financing to Leverage Other External Funding**
- **Provision for Small Islands and Landlocked Developing States.**

- **Consideration of not making a new allocation for those countries expected to apply in Round 2 2014, considering that implementation is unlikely to be complete until 2018 and the CGPC has recommended that those countries that do not apply in Round 2 2014 have the flexibility to resubmit in 2015.**

- **Allocations to LMICs may be reduced proportionally to a minimum of 60%**

c) **In the event that the level of available resources is less than the level required to fund all Low Income Countries, even after adopting the reductions in the provisions outlined in paragraph b. above, then the amount used for calculation of Maximum Country Allocations will be reduced to the actual level of available resources and applied only to Low Income Countries. This will ensure that all Low Income Countries will receive a Maximum Country Allocation to apply for a Program Implementation Grant.**

3.22 While the GERF outlined the importance of striving to reach the replenishment target of US$3.5 billion established by the Board, it recognized its duty to consider the issue of prioritization of resources in the event that the level of available resources that could be allocated to the MCAs for program implementation grants was less than the minimum level of US$2.0 billion required to fund all eligible low income and lower middle income countries.

3.23 The Secretariat noted that prioritization criteria based on poverty, educational vulnerability, and fragility had been presented to the Board at its Special Board Meeting in February 2014. These criteria ranked the eligible countries in order of priority with the rationale that if available resources were insufficient to fund all countries, then the lower ranked countries would no longer be eligible for a program implementation grant but could access financing under any leverage fund provision. (See Attachment 1 - Annex 2)

3.24 Members of the GERF noted that this was not subject to Board approval at that time and that there is a certain level of discomfort at the ranking approach. The GERF therefore recommended an alternative approach to prioritization in the event of insufficient available resources that would be guided by the categorization of eligibility by economic classification (LICs and LMICs) approved by the Board in February 2014, and based on the following guiding principles:

- priority to fund Program Implementation Grants as its core business;

- to fund all eligible GPE countries wherever possible;
- to prioritize the funding of the Low Income Countries;
- and to maximize predictability for countries by having only one cut-off point (i.e. cut off point between LICs and LMICs and not cutting off within these groups).

3.25 The GERF noted, that with a minimum allocation level of US$2 billion, and taking into account an initial carryover of over US$300 million based on the Secretariat's initial analysis, a replenishment of approximately US$2.6 billion minimum in pledges and valid projections would be required in order to fund all eligible countries (LICs and LMICs) and other provisions (See Annex 1 for illustration).

3.26 In the event that the level of available resources is less than the amount required to finance all eligible countries but higher than the amount required to finance only the eligible LICs, the GERF recommended that some or all of the following actions could be taken in order to finance all eligible countries for Program Implementation Grants:

- Reduce or Remove the Provision for Unanticipated Contingencies and Leverage Funding. (Up to US$125m)
- Reduce or Remove the Provision for Small Islands and Landlocked Developing States. (Up to US$18m)
- Do not provide a new allocation for those countries expected to apply in Round 2 2014, considering that implementation is unlikely to be complete until 2018 and the CGPC has recommended that those countries that do not apply in Round 2 2014 have the flexibility to resubmit in 2015. Consideration could be given if resources were available later in the replenishment period to announcing an allocation or providing a period of bridge funding until a new allocation was available from a subsequent replenishment. (approx. US$200m)
- Allocations to LMICs may be reduced proportionally to a minimum of 60% which would reduce the available resources required if the full reduction to 60% was applied. (Up to US$200m)

3.27 **The GERF is not making any recommendation on the order of priority of the actions described above and guidance from the Board is required.**

3.28 In the event that the level of available resources is less than the level required to fund all Low Income Countries, even after adopting the reductions in the provisions above, then the amount used for calculation of Maximum Country Allocations would be reduced to the actual level of available resources and applied only to Low Income Countries. This would ensure that all Low Income Countries would receive a Maximum Country Allocation for a Program Implementation Grant although at lower levels than if based on the recommended minimum allocation level (See Decision Point 1)

Decision Point 2 – Creation of a US$125 million Provision

Establish an initial provision of US$125 million to allow the Board to allocate resources for future programming and unexpected events such as nominally $100M for innovative financing and $25M for humanitarian or emergency crises, subject to the provisions of Decision Point 1.

3.29 While acknowledging the need for further work to be undertaken before setting aside specific allocations for innovative financing focused on leveraging external funding and potentially a humanitarian fund, the GERF noted the need to allocate a provision for such programs. This provision is additional to funds set aside in the forecast of available resources for the "carryover" of funding required for program implementation grants approved or to be approved in the current replenishment, and on-going operational costs (See Attachment 1 Section 5).

3.30 The GERF noted the recommendation of the Country Grants and Performance Committee (GCPC), if approved by the Board, not to proceed with the Results Based Financing pilot due to the integration of this initiative into the New Funding Model. If such recommendation is approved, this removes the need to include a provision of US$20 million for the pilot.

3.31 The GERF noted that the Strategy and Policy Committee is continuing work in relation to humanitarian funding. Noting that no specific recommendation on funding is ready at this time, the GERF nominally allocated $25 million for this purpose.

3.32 The GERF's deliberations on the innovative financing paper focused on leveraging external financing will be included in Part 2 of the GERF report to the Board for the June 2014 face-to-face meeting. The GERF nominally allocated $100 million for this purpose.

3.33 Considering the uncertainty over the final allocations needed for the above programs, the GERF does not recommend any specific provision be created in the forecast at this time, but that a general provision of US$125 million should be created to allow the Board the flexibility in the future to finance these priorities.

Decision Point 3 – IDA Eligible Small Island and Landlocked Developing States

The allocations for IDA eligible Small Island and Small Landlocked Developing States will be approximately $20 million based on the approach outlined in Attachment 2 but with the understanding that for regional grants the grouping of the islands may be adjusted based on an analysis of what will work best for the countries involved, Subject to the provisions of Decision Point 1.

3.34 The GERF concurred with the allocation methodology proposed for the Small Island and Landlocked Developing states (See Annex 2). The GERF recommended however that flexibility be allowed in the composition of the regional groupings in cases where there is a solid rationale provided for any proposed change.

Decision Point 4 – An Increase in the CAP

An increase in the cap linked to the level of available resources for program implementation grants as follow:

a. if the level of available resources for allocations is less than US$2.25 billion, the cap would remain at US$100 million;

b. if the level of available resources is between US$2.25 billion and US$2.75 billion, the cap would increase to US$125 million; and

c. if the level of available resources exceeds US$2.75 billion, the cap would increase to US$150 million.

3.35 The GERF referred to their previous audio conference of 24 March 2014 when it had deliberated on the implications of a potential increase in the cap. The GERF maintained the position adopted during that call, that a cap should be retained, but may increase in accordance with increases in the size of the replenishment so that all eligible countries (both capped and uncapped) may benefit from an increase in available resources.

3.36 One member of the committee noted that the proposed increase in the cap was unlikely to be sufficiently high for a key donor to GPE. The GERF noted that they are only making a recommendation to the Board, and ultimately it will be up to the Board to decide on whether to accept that recommendation or to decide upon a different formulation for any adjustment to the cap. This issue can be discussed further at the Board audio call on June 2.

Decision Point 5 – Annual Review

Requests the GERF to conduct an annual review of the current and forecasted financial position of GPE in order to make recommendations if necessary for adjustments.

3.37 The GERF will review the semi-annual financial forecast as part of their regular duties to monitor the financial position of GPE.

3.38 As outlined in paragraph 3.20, on an annual basis, the GERF will make recommendations to the Board for the announcement of MCAs for future periods. On an annual basis, the committee will also review the current and forecasted financial position to determine whether adjustments to allocations should be recommended to the Board, in the event that elements of supply and demand are significantly higher or lower than anticipated.

4. Next Steps

4.1 This report will be the subject of Board deliberation at an audio conference scheduled for June 2 2014.

4.2 The ability of the Board to make decisions on the issues outlined in this paper at that audio conference will facilitate Board decision and announcement of MCAs to eligible countries at the June 27-28 Board meeting

4.3 Subject to the Board adopting decisions on June 2 on the issues outlined in this paper, the GERF will meet on the evening of the replenishment conference (June 26) to make a determination of the available resources for allocation and will present their recommendation to the Board during its meeting on June 27-28. Assuming the Board is in a position to approve the maximum country allocations, the eligible countries will be informed immediately following the Board meeting.

4.4 Annex 1 illustrates the resources required to finance all eligible countries at the minimum allocation level, and at levels that would allow increases in the cap to US$125 million, and US$150 million respectively based on the recommendations of the GERF in this paper.

ANNEX 1 – SCENARIO ANALYSIS BASED ON GERF RECOMMENDATIONS

Scenario 1 – Amount required to finance all eligible countries at minimum allocation level and to finance all provisions for other costs.

Scenario 2 and 3 – Amounts required to facilitate increased allocations including cap increases to US$125m and US$150m respectively.

SCENARIO (All figures in USD Millions)	1	2	3
MCA Calculation Amount (2,000 = Minimum)	*2,000*	*2,250*	*2,750*
Pledges and Valid Projections at June Replenishment for 2015-2018	**2,565**	**2,775**	**3,202**
Carryover (max of 20% of New Allocations)	342	387	473
RESOURCES FOR FORECASTING PURPOSES (A)	**2,906**	**3,162**	**3,675**
Less Projected Carryover from 2011-2014 Period Implementation Grants	-527	-527	-527
Less Provisions for Routine Costs	-236	-242	-255
Less General Provision (Leverage Fund and Contingencies)	-125	-125	-125
Less Provisions for Small Island/Landlocked Developing States	-18	-18	-18
TOTAL AMOUNT TO BE SET ASIDE (B)	**-906**	**-912**	**-925**
AVAILABLE FOR IMPLEMENTATION GRANTS (A-B)	**2,000**	**2,250**	**2,750**
CAP	*100*	*125*	*150*

Country	Fragile or Conflict-Affected State[1]	Economy	Earliest Start Date by Semester and Year	MCA	MCA	MCA
Afghanistan	YES	LIC	S2 2015	100.0	125.0	150.0
Bangladesh		LIC	S1 2018	100.0	125.0	150.0
Benin		LIC	S1 2017	20.7	22.2	27.4
Burkina Faso		LIC	S2 2017	40.9	43.8	54.0
Burundi	YES	LIC	S2 2016	25.8	27.6	34.0

[1] The Global Partnership refers to the World Bank list of fragile states and the Global Monitoring Report (GMR) list of conflict-affected states

Cambodia		LIC	S1 2017	20.8	22.3	27.5
Central African Rep.	YES	LIC	S1 2018	16.1	17.2	21.3
Country	**Fragile and Conflict Affected State**	**Economy**	**Earliest Start Date by Semester and Year**	**MCA**	**MCA**	**MCA**
Chad	YES	LIC	S2 2016	44.8	48.0	59.2
Comoros	YES	LIC	S2 2016	2.2	2.4	2.9
Congo, Dem. Rep.	YES	LIC	S2 2016	100.0	125.0	150.0
Eritrea	YES	LIC	S1 2017	17.2	18.4	22.7
Ethiopia	YES	LIC	S1 2017	100.0	125.0	150.0
Gambia, The		LIC	S1 2018	5.0	5.4	6.6
Guinea		LIC	S1 2018	27.1	29.0	35.8
Guinea-Bissau	YES	LIC	S2 2016	4.8	5.2	6.4
Haiti	YES	LIC	S2 2017	20.1	21.5	26.5
Kenya		LIC	S1 2018	77.3	82.9	102.2
Kyrgyz Republic		LIC	S2 2017	6.5	7.0	8.6
Liberia	YES	LIC	S2 2016	11.9	12.8	15.7
Madagascar	YES	LIC	S2 2017	62.2	66.6	82.2
Malawi	YES	LIC	S2 2015	44.9	48.1	59.3
Mali	YES	LIC	S1 2017	43.1	46.2	57.0
Mozambique		LIC	S2 2015	57.9	62.1	76.6
Myanmar	YES	LIC	S2 2015	77.7	83.3	102.7
Nepal	YES	LIC	S2 2015	59.3	63.5	78.3
Niger	YES	LIC	S1 2018	57.2	61.3	75.6
Rwanda		LIC	S2 2015	25.2	27.0	33.4
Sierra Leone	YES	LIC	S1 2017	17.2	18.4	22.7
Somalia	YES	LIC	S2 2016	33.1	35.5	43.7
South Sudan	YES	LIC	S2 2016	30.3	32.5	40.1

Tanzania		LIC	S2 2017	84.9	91.0	112.2
Togo	YES	LIC	S2 2017	17.0	18.2	22.4
Country	**Fragile and Conflict Affected State**	**Economy**	**Earliest Start Date by Semester and Year**	**MCA**	**MCA**	**MCA**
Uganda	YES	LIC	S1 2017	87.4	93.6	115.5
Zimbabwe	YES	LIC	S2 2016	29.4	31.5	38.9
Cameroon		**LMIC**	S1 2018	36.1	38.6	47.7
Congo, Rep.	YES	**LMIC**	S1 2018	7.8	8.4	10.3
Cote d'Ivoire	YES	**LMIC**	S2 2015	52.3	56.0	69.1
Lao PDR		**LMIC**	S1 2018	11.7	12.5	15.4
Lesotho		**LMIC**	S2 2015	4.7	5.0	6.2
Mauritania		**LMIC**	S1 2017	7.7	8.3	10.2
Nicaragua		**LMIC**	S1 2016	9.0	9.7	11.9
Nigeria	YES	**LMIC**	S1 2018	100.0	125.0	150.0
Pakistan	YES	**LMIC**	S2 2017	100.0	125.0	150.0
Papua New Guinea		**LMIC**	S2 2015	14.1	15.1	18.7
Senegal		**LMIC**	S1 2017	25.3	27.1	33.4
Sudan	YES	**LMIC**	S1 2017	98.6	105.6	130.3
Yemen, Rep.	YES	**LMIC**	S1 2017	64.7	69.3	85.5

ANNEX 2 - Provision for Allocations to the IDA Eligible Small Island and Small Landlocked Developing States

Maldives, Cabo Verde, Sao Tome & Principe, Dominica, St. Lucia, Grenada, St. Vincent, Guyana, Solomon Islands, Kiribati, Micronesia, Samoa, Tonga, Vanuatu, Marshall Islands, Tuvalu, Timor Leste, Bhutan

1.1 As agreed at the Special Board meeting in February 2014, the Board decided to include a category of Small Island and Small Landlocked Developing States as potentially eligible for Program Implementation Grants given the specific needs of these countries and considering that the allocation formula itself produces extremely small allocations due to the impact of population on the formula, and the distorting effect of GNI per capita.

1.2 The GERF therefore need to consider how much funding should be set aside for these countries, and the basis for determining the allocations.

1.3 It has been recognized that it would be preferable if as many countries as possible used a regional approach to reduce administrative burden and costs considering the small size of the allocations. However for certain countries, this will not be practical due to issues of language and geography. The table below proposes the regional groupings and stand-alone allocations for these countries:

Multi-Country Caribbean: Dominica, St. Lucia, Grenada, St. Vincent, with Guyana (optional)
Multi-Country Pacific: Kiribati, Micronesia, Samoa, Tonga, Vanuatu, Marshall Islands, Tuvalu, with Solomon Islands (optional)
Individual Allocations: Maldives, Cabo Verde, Sao Tome & Principe, Timor Leste, Bhutan, Guyana (if not in Multi-Country Caribbean), Solomon Islands (if not in Multi-Country Pacific)

1.4 The next issue to consider is the allocation formula. A simplified approach would be to consider an equal per capita allocation based on the target population of school age children in each country. To ensure that these countries are treated equitably with a similar country that is included within the Low-Income Countries category (i.e. Comoros Islands), it is proposed in the interests of equity that GPE support to Comoros Islands when considered in per capita terms of the target school age population be applied to the 18 countries in this category.

1.5 The table below demonstrates the impact based on different levels of available resources using this approach. Where allocations for multi-country islands are less than US$500,000 they have been automatically rounded up to that level, and where allocations will be for standalone grants, they are rounded up to US$1,000,000

Table 1: IDA Eligible Small Island and Landlocked Developing States		
Country	**$2,250m Available Resources = $18.61 per child for Comoros**	**$2,750m Available Resources = $22.49 per child for Comoros**
	MCA USD Millions	**MCA USD Millions**
Stand Alone Allocations	**8.7**	**10.1**
Bhutan	1.6	2.0
Cabo Verde	1.2	1.4
Maldives	1.0	1.0
Sao Tome and Principe	1.0	1.0
Timor-Leste	3.9	4.7
Optional Stand Alone / Multi Country	**3.7**	**4.6**
Solomon Islands	1.6	2.0
Guyana	2.1	2.6
Multi Country Caribbean	**2.0**	**2.0**
Dominica	0.5	0.5
Grenada	0.5	0.5
St. Lucia	0.5	0.5
St. Vincent and the Grenadines	0.5	0.5
Multi Country Pacific	**3.8**	**4.1**
Kiribati	0.5	0.5
Marshall Islands	0.5	0.5
Micronesia, Fed. Sts.	0.5	0.5
Samoa	0.6	0.7
Tonga	0.5	0.5
Tuvalu	0.5	0.5
Vanuatu	0.7	0.9
Total	**18.2**	**20.8**