Report of the Financial Advisory Committee

Carol Bellamy, Interim FAC Chair
Outline

1- Reconstitution of the FAC (new decision)

2- Deliberations of the FAC

3- Approval of Revised Needs and Performance Framework and Indicative Allocations for Education Plan Implementation Grants 2011-2014 (for decision)

4- Approval of revisions to FAC Terms of Reference to reflect new Quality Assurance Process (for decision)
Reconstitution of the FAC

**May 2011**: Revision to FAC Terms of Reference on membership

**September 2011**: Board approval of new FAC membership and slight revisions to FAC Terms of Reference

**November 2011**: New FAC membership established*

**January 2012**: New FAC Chair begins mandate
FAC Chair

New FAC Chair will be presented to FAC tomorrow for their ratification
Nominee is from Donor 4 (Denmark, Ireland, Norway, Sweden)
Donor 2 (Spain/Australia) and Donor 4 had shared representation
Now: Donor 2 and Donor 6 (Japan, Russia and USA) to be buddied
Requested Decision

The Board of Directors approves the following appointments to the membership of the Financial Advisory Committee, which shall take effect on 1 January 2012:

1. Camilla Helge Fosberg to represent the Donor 4 constituency.

2. One representative of the Donor 2 and Donor 6 constituency to be identified.
FAC Deliberations

**June 2011**: Non-Objection on new Quality Assurance Review process and first discussion of Revised Needs and Performance Framework

**August 2011**: Guinea Bissau Request to submit application above the amount indicated by the Needs and Performance Framework

**August 2011**: Second discussion of Revised Needs and Performance Framework

**October 2011**: Policy and Communications Protocol on Misuse of Trust Funds; Revision to FAC terms of reference (consistency with new Quality Assurance Review Process); Final discussion of Revised Needs and Performance Framework
Revised Needs and Performance Framework

Funding formula based on Needs and Performance; determine individual country allocations (“share”) over three-year period
=> Predictability and transparency

Kigali Board meeting:
• endorsed three additional prioritization criteria (fragility; learning outcomes; gender equity in primary school)
• request revision to reflect prioritization criteria

FAC unable to reach full consensus despite major progress
Key Components

**Areas of agreement**
- Formula itself (indicators of needs and performance)
- List of countries (2011-14)
  - => All countries eligible for funding for implementation grants except
  - 9 countries in first year of grant implementation
  - 1 country with low disbursement rate
  - 2 countries eligible for graduation grants
- Annual Review of Indicative Allocations List
- FAC and Board Discretion

**Area of disagreement:** Cap at US$80 million
## Cap or No Cap

<table>
<thead>
<tr>
<th>Country</th>
<th>U$ (million) no cap</th>
<th>US$ (million) with cap</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>177.8</td>
<td>80.0</td>
</tr>
<tr>
<td>Congo, DR</td>
<td>166.5</td>
<td>80.0</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>156.4</td>
<td>80.0</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>133.9</td>
<td>80.0</td>
</tr>
<tr>
<td>Pakistan</td>
<td>105.6</td>
<td>80.0</td>
</tr>
<tr>
<td>Tanzania</td>
<td>58.7</td>
<td>80.0</td>
</tr>
<tr>
<td>Sudan (prorated population)</td>
<td>57.4</td>
<td>80.0</td>
</tr>
<tr>
<td>Uganda</td>
<td>53.5</td>
<td>76.9</td>
</tr>
<tr>
<td>Kenya</td>
<td>45.0</td>
<td>64.6</td>
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<tr>
<td>Madagascar</td>
<td>43.4</td>
<td>62.4</td>
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<tr>
<td>Viet Nam</td>
<td>43.1</td>
<td>61.9</td>
</tr>
<tr>
<td>Niger</td>
<td>42.8</td>
<td>61.5</td>
</tr>
</tbody>
</table>

Board of Directors Meeting
9 – 10 November 2011 | Copenhagen, Denmark
page 9
Needs and Performance Framework: Next Step

• Final list of indicative allocations communicated to developing country partners and posted on the Global Partnership website
Requested Decision (Part 1)

Requested Decision (Part 2)

The Board of Directors requests the Secretariat to advise developing country partners of their indicative allocations (other than those previously notified) and post the list on the Global Partnership website as soon as possible.
Amendments to FAC TOR to Reflect Quality Assurance Process

July 2011: Board approved revised External Quality Review (EQR) process, now Quality Assurance Review (QAR) process

Request to revise FAC terms of reference for consistency with new QAR process

Revisions to FAC Terms of Reference

• Refer to Secretariat’s “assessment of readiness” rather than “recommendation” (TOR, Section I, 1, e-f)

• Simplify categories of FAC recommendation to Board (TOR, Section I, 2)
FAC TOR: Next step

Once approved, amendments will take effect in 2012
Requested Decision

BOD/2011/11-XX – Amendments to the Terms of Reference of the Financial Advisory Committee: The Board of Directors approves the amendments to the Terms of Reference of the Financial Advisory Committee as set out in BOD/2011/11-DOC 07, Annex 4, Attachment 1, which shall come into effect on 1 January 2012.