

# FTI Catalytic Fund Strategy Committee

## Minutes of Meeting of March 14, 2006

1. A meeting of the Catalytic Fund (CF) Strategy Committee (SC) was convened in Moscow, Russia, on March 14, 2006. It was chaired by Jean-Louis Sarbib, Senior Vice President and Head of the Human Development Network, World Bank. Members of the CF-SC in attendance were: Olav Seim (Norway); Desmond Bermingham, Halima Begum, Digby Swift (UK); Maíre Matthews (Ireland); Ewa Werner-Dahlin, Anders Frankenberg, Kaviraj Appadu (Sweden); Ronald Siebes, Rebekka van Roemburg (the Netherlands); Kris Panneels, Philippe Gerald, Nadine Dusepulchre (Belgium); Jose A. Valente, Denis Baresch, Renata Russell (EC); Teresa Savanella (Italy); Maria Dolores M. Villalba and Mari Cruz del Saso (Spain).

2. Observers included: Andrei Volkov, Valeria Sakharova (Russia); Abhimanyu Singh, Khawla Shaheen, Hilaire Mputu, Keith Hinchliffe (UNESCO); Scott Walter (Canada); Kristian K. Edinger (Denmark); Sandrine Boucher (France); Jussi Karakoski (Finland); Temby Caprio, Claudia Pragua, Susanne Schroth, Rudiger Blumor (Germany); Taeko Okitsu (Japan); H.E Minister Haja Razafinjatovo (Madagascar); Dina Craissati (UNICEF); Joseph Carney (USAID); Ruth Kagia, Mercy Tembon (World Bank). Participants from the FTI Secretariat were: Robert Prouty, Kouassi Soman, Abigail Spring, Anna Triponel and Michelle Mesen.

3. The agenda items were:

- Opening remarks;
- Overview of progress since Beijing;
- Discussion of CF-related current issues; and
- Summary of Decision points.

### Opening Remarks

4. After an overview of the proposed agenda, the chair reiterated the achievements of the Catalytic Fund which has become a flexible and efficient financing tool for basic education. In a relatively short period of time, the FTI concept and its two financing vehicles (i.e. the CF and the EPDF) have attracted the attention of many other sectors which are trying to find a way to emulate them. However, the Chair reminded donors and participants that the Catalytic Fund is a relatively small gap-financing instrument as compared to overall country needs. In that regard, its prominence and political visibility shouldn't overshadow the much larger amounts of resources mobilized through regular channels of domestic funding, bilateral and multilateral aid for education.

## Overview of Progress since Beijing

5. Kouassi Soman, Manager of the CF Trust Fund, presented a summary of progress based on the March 2006 Status Report Update (all documents are available on the FTI website at [www.fasttrackinitiative.org](http://www.fasttrackinitiative.org)). Highlights include:

- Processing of grant allocations to five additional countries in Beijing (Djibouti, Lesotho, Moldova, Tajikistan and Timor-Leste) for a cumulative amount of US\$53 million;
- Cumulative disbursements of US\$83 million, an increase of \$US32 million since the last FTI Annual Meeting in December 2005;
- Growth in donor payments by US\$44.5million from US\$120.5 million to US\$165.0 million since the last FTI Annual Meeting in December 2005; and
- Faster grant processing with the time lag between allocation decisions and first tranche disbursement reduced by half.

6. ***Calls for funds and financial picture of the CF Trust Fund.*** The Netherlands invited the World Bank (via the FTI Secretariat) to initiate a “Call for Funds” for its next contribution. It was indicated that such a request should be accompanied by a background Note/Table which shows the financial pressure (on a cash basis) the CF Trust Fund is expected to face with in the next few months. It was requested that the FTI Secretariat prepare a revised version of Tables 3 and 4 of the Status Report Update to make the case for additional cash payments by Ministries of Finance in each donor country.

### ***Summary of Decision Points***

7. Three decision points were discussed, as follows:

- (i) Rules and amounts of supervision budgets to CF recipient countries;
- (ii) European Commission’s membership in the CF Strategy Committee; and
- (iii) Extension of the Closing Date of the Catalytic Trust Fund.

### ***Decision point 1: Rules and amounts of supervision funding.***

8. CF resources additional to the World Bank’s own Budget are allocated for the extra cost of supervising CF grants. It was agreed that where the World Bank has an ongoing education project/program in the recipient country at the time of Grant Agreement signature, the TTLs in those countries (Category B in Table 1 below) will receive 50 percent of the full regional supervision coefficient to reflect the additional costs of supervising the grant. In countries without an ongoing education project/program, TTLs will receive the full regional coefficient. The Secretariat will report on the annual cost of grant supervision during the next EFA FTI Annual Meeting.

**Table 1: CF Grant Supervision Budget per country and by Region (US\$)**

<b>World Bank Regional Classification</b>	<b>Full Regional Coefficients (Category A)</b>	<b>Half Regional Coefficient (Category B)</b>
Africa	90,000	45,000
East Asia & Pacific	80,000	40,000
Europe & Central Asia	80,000	40,000
Latin America & the Caribbean	80,000	40,000
Middle East & North Africa	60,000	30,000
South Asia	To be determined	To be determined
<b>Total</b>		

***Decision point 2: Issues related to the European Commission’s Window of the Catalytic Fund***

9. Prior to the last Partnership Meeting in Beijing, the European Commission (EC) made a financial commitment of Euros 63 million to the FTI Catalytic Fund (about US\$76 million). This is a new CF financing window for the Africa, Caribbean and Pacific (ACP) countries. The CF-SC agrees that the same Governance and decision-making body will be responsible for decisions regarding both Trust Funds and that when allocation decisions are made, the Strategy Committee will first note which fund they are using, with a preference to using the EC fund for ACP countries.

**Decision point 3: Closing Date of the Catalytic Fund.**

10. The current Closing Date of the main CF Trust Fund is December 31, 2007. Experience shows that program implementation takes on average 12-18 months. In order to fulfill its obligation to CF recipients without any disruptions, the CF-SC decided to extend the Closing Date of the main CF Trust to December 31, 2010.

Cleared with and cc: Jean-Louis Sarbib, Senior Vice President and Head of the HD Network, World Bank.