

**Distribution of Resources to
SREP Pilot Countries
taking into account grant and capital
contributions**

Basis for Distributing Grant and Capital Contributions

- According to *SREP Financing Modalities*,
 - “countries with high and medium risk ratings from IDA and/or the relevant Regional Development Bank, should receive all SREP funding in the form of grants. Countries with low risk of debt distress could receive SREP funding as concessional loans, depending on the nature of the project.”
- Total pledges (Nov 2010):

	\$300 million
– Grant:	\$220 million
– Capital:	\$80 million

Ranges of Initial Funding Allocation

Pilot Countries	Top of Range (\$ m)	Risk of Debt Distress
Ethiopia	50	Moderate
Honduras	30	Low
Kenya	50	Low
Maldives	30	Moderate
Mali	40	Moderate
Nepal	40	Moderate
Total	240	
Funding reserve	50 for projects 10 for services	

No decision on how much funding will be drawn from the grant vs. capital contributions

Proposal for Distributing SREP Resources

- Countries with high or moderate risk (Ethiopia, Mali, Maldives, Nepal)
 - Draw all funding from grant minus \$5 million from capital
- \$50m reserve for projects
 - \$17m grant; \$33m capital
- Countries with low risk (Honduras and Kenya)
 - Draw proportionally to each country's share of remaining funds (\$45m grant and \$35m capital)

The initial proposal was that half of the reserve available for projects and programs be drawn from grant contributions and the other half from capital contributions. An adjustment to the distribution of the reserve was made subsequently in order to accommodate the recent change in the risk rating of debt distress for Mali from low to moderate so that the distribution for Honduras and Kenya does not change from the original calculation when Mali had a low risk rating.

Requests from the Pilot Countries

	Grant (\$m)	Credit (\$m)	Total (\$m)
Ethiopia			
Honduras	20	10	30
Kenya	?	?	50
Maldives			
Mali	40		40
Nepal	40		40
Total			

Scenarios for Distribution

Pilot Countries	Scenario A		Scenario B		Scenario C		Scenario D	
	Grant	Capital	Grant	Capital	Grant	Capital	Grant	Capital
Ethiopia	50	0	45	5	45	5	45	5
Honduras	?	?	?	?	17	13	20	10
Kenya	?	?	?	?	28	22	33	17
Maldives	30	0	25	5	25	5	25	5
Mali	40	0	35	5	35	5	35	5
Nepal	40	0	35	5	35	5	35	5
Total	160+		140+	20+	185	55	193	47

Scenario A: SREP Financing Modalities

Scenario B: \$5m drawn from capital for countries with moderate and high risk of debt distress

Scenario C: 50% grant and 50% capital from \$50m reserve

Scenario D: SREP6/SC.6/4/Rev.1; \$17m grant and \$33m capital from \$50m reserve

How to Deal with the Reserve

- \$60m funding reserve
 - \$10m for project implementation and supervision
 - Grant is required.
 - \$50m for projects
 - Scenario C: 50% grant; 50% capital
 - Scenario D: to maintain same distribution of Honduras and Kenya when Mali had a low risk rating

Distribution of SREP Resources

(From initial posting)

Pilot Countries	Risk of Debt Distress	Top of Range (\$ m)	Grant (\$m)	Capital (\$m)
Ethiopia	Moderate	50	45	5
Honduras	Low	30	20	10
Kenya	Low	50	33	17
Maldives	Moderate	30	25	5
Mali	Low	40	27	13
Nepal	Moderate	40	35	5
Total		240	185	55
Funding reserve for projects		50	25	25