GLOBAL PARTNERSHIP *for* EDUCATION



2019

Grant Performance Report

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LIST OF ABBREVIATIONS AND ACRONYMS

AF	Accelerated funding
AFD	Agence Française de Développement
ANCEFA	Africa Network Campaign on Education for All
BTC	Belgian Technical Cooperation
CA	Coordinating agency
CAR	Central African Republic
CGPC	Country Grants and Performance Committee
CICED	Center for International Cooperation in Education Development
CL	Country lead
CLPG	Country-level process guide
CPIA	Country policy and institutional assessment
CSEF	Civil Society Education Fund
CSR	Country status report
CST	Country Support Team
CY19	Calendar year 2019
DAC	Development Co-operation Directorate, Organization of Economic Co-operation and Development
DCP	Developing country partner
DFID	Department for International Development, United Kingdom
DLI	Disbursement-linked indicator
ECCD	Early childhood care and development
EAP	East Asia and Pacific (region)
ECA	Europe and Central Asia (region)
ECCE	Early childhood care and education
ECE	Early childhood education
ECED	Early childhood education and development
EGRA	Early grade reading assessment
EMIS	Education management information system
EOI	Expression of interest (in the GPE Multiplier)
EPDF	Education program development fund
ESA	Education sector analysis
ESP	Education sector plan
ESPDG	Education sector plan development grant
ESPIG	Education sector program implementation grant
ESSP	Education sector strategic plan
FAC	Financial Advisory Committee
FCAC	Fragile and conflict-affected country
FGS	Federal Government of Somalia
FPA	Financial procedure agreement
FRC	Finance and Risk Committee
FRR	Final readiness review
FSM	Federal State of Micronesia
FTI	Fast Track Initiative
FY19	Fiscal year 2019 (July 1, 2018 – June 30, 2019)
GA	Grant agent
GCE	Global Campaign for Education
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH, Germany
GPC	Grants and Performance Committee
GPE	Global Partnership for Education
GPR	Grant performance report
GRA	Global and regional activities
HACT	Harmonized approach to cash transfer
IBE	International Bureau of Education (IBE – UNESCO)
ICR	Implementation completion and results report (World Bank document)
ICT	Information and communication technologies
IDA	International Development Association
IIEP	International Institute for Education Planning (IIEP – UNESCO)
INGO	International nongovernmental organization

INT	Integrity Vice Presidency (The World Bank Group)
ISR	Implementation status report
JICA	Japan International Cooperation Agency
JSR	Joint sector review
L	Low-income country
LAC	Latin America and the Caribbean (region)
LAS	Learning assessment systems
LEG	Local education group
LM	Lower middle-income country
LME	Learning monitoring evaluation
M	Middle-income country
M&E	Monitoring and evaluation
MCA	Maximum country allocation
MCAM	Maximum country allocation from the Multiplier
ME	Managing entity
MEA	Middle East and North Africa (region)
MU	Monitoring unit
NEA	Nation education account
NFM	New funding model
NGO	Nongovernmental organization
OECD	Organization for Economic Co-operation and Development
OECS	Organization of Eastern Caribbean States
OIAI	Office of Internal Audit and Investigations (UNICEF)
OIF	Organisation Internationale de la Francophonie
OOSC	Out-of-school children
PDG	Program development grant
PDO	Program development objective
PFR	Portfolio review
PIU	Project implementation unit
QA	Quality assurance
QAR	Quality assurance review
S	Small state
SAR	South Asia (region)
SDC	Swiss Agency for Development and Cooperation
SE	Supervising entity
Sida	Swedish International Development Cooperation Agency
SIDS	Small island developing states
SMI	Sector monitoring initiative
SO	Strategic objective
SRGBV	School-related gender-based violence
SSA	Sub-Saharan Africa (region)
SSRP	School sector reform program
STC	Save the Children
TEP	Transitional education plan
TEPAG	Transitional education plan appraisal guidelines
UIS	UNESCO Institute for Statistics
UM	Upper middle-income country
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGEI	United Nations Girls Education Initiative
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	The World Bank

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1 INTRODUCTION

From a Broad Portfolio Review to a More Streamlined ESPIG Performance Report

The Grant Performance Report (GPR) 2019 is the product of collaborative efforts across the Global Partnership for Education (GPE) Secretariat. It covers the fiscal year July 1, 2018 to June 30, 2019 (FY19), and replaces the Portfolio Review (PFR) which the Secretariat has provided on an annual basis since 2013 to report to the Grants and Performance Committee (GPC) and the Board of Directors (the Board) on a broad array of grant-related issues. The compilation of the GPR was led by the GPE Country Support Team (CST) under the supervision of Sven Baeten (Acting CST Manager). The report is based on data provided by grant agents (GAs), developing country partners (DCPs), coordinating agencies (CAs) and Secretariat staff, and was prepared for the GPC and the Board to fulfill the requirements described in the GPC's terms of reference to "track progress on the portfolio of grants awarded from GPE resources." [1]

The issues covered by the former annual PFR included updates on the GPE operational model; multi-faceted analyses on education sector program implementation grant (ESPIG) portfolio and performance; analysis on ESPIG thematic components, risk management and operational risk framework; audit report analysis; updates on misuse of funds, implementation modalities and alignment; program development grant (PDG) and education sector plan development grant (ESPDG). However, many of these issues are also reported to the Board and its committees through other means such as the GPE Results Report and periodic updates.

To reduce transaction costs associated with the production of multiple overlapping reports, the GPC agreed to the Secretariat's proposal to replace the broad PFR with a more streamlined and performance-focused annual GPR.[2] The GPR 2019 therefore reports only on ESPIGs, including the Multiplier grants, which make up 99 percent (over US$2 billion) of the entire GPE grant portfolio (US$2.1 billion).[3] Reporting on ESPDGs and PDGs will be made available on the GPE website along with grant data previously annexed to the PFR.[4] Sections of the PFR that overlapped with the Results Report – including analysis on ESPIG thematic components, grant modalities and alignment – will now be reported exclusively in the Results Report.[5] Other sections such as risk management and audit report analysis will be reported directly to the relevant board committees, while sections of the PFR that are no longer relevant (such as the funding model update) have been eliminated.

The main purpose of the annual GPR is to analyze ESPIG performance, focusing on issues and trends in grant implementation across multiple years, and in particular to understand and proffer solutions to challenges affecting implementation. It is important to note that the performance issues covered in this report do not include outputs, outcomes and impacts of the grants – these matters are covered in the Results Report. The GPR should therefore be considered alongside the Results Report in order to obtain a broad picture of grant performance.

[1] See "Grants and Performance Committee Terms of Reference," available on GPE website: https://www.globalpartnership.org/content/country-grants-and-performance-committee-terms-reference.
[2] This proposal was presented to the Committee at its meeting in Washington DC in April 2019. The report will be produced on an annual basis and made available before the GPC meeting in the fourth quarter of the calendar year.
[3] Total GPE grant portfolio – ESPIG, PDG and ESPDG – as of June 30, 2019.
[4] Starting in FY20.
[5] With the exception of indicator 25 (ESPIG performance), which is now the main focus of the GPR.

2 KEY OBSERVATIONS

There has been a significant increase in the volume of ESPIG funding approved over the last three fiscal years. In FY19, the partnership approved a total of US$538.9 million in ESPIGs.[6] This is almost three times the total amount approved in FY18 (US$199.6 million) and more than four times the amount approved in FY17 (US$124.8 million). Similarly, the actual number of grants approved per fiscal year increased substantially from four in FY17 to 14 in FY18, and 17 in FY19. **During FY19, 50 DCPs benefitted from 57 ESPIGs with a total value of US$2.08 billion.**[7]

More than half of GPE ESPIG funding continues to support low-income countries and countries affected by fragility and conflict (FCACs). In FY19, low-income DCPs benefitted from 68 percent (US$1.423 billion) and FCACs from 63 percent (US$1.311 billion) of the total grant amount. **Sub-Saharan Africa remained the region with the largest share of total ESPIG funding under implementation,** with nearly US$928 million (representing 72 percent) of active ESPIGs as of the end of FY19.

The performance of ESPIGs in FY19 is generally positive and not significantly different from the previous fiscal year. In FY19, six grants (21 percent of total grants with available implementation rating) were rated as delayed in either disbursement or implementation. This is similar to the previous year, when seven grants (25 percent) were delayed in either disbursement or implementation.[8] The status of four grants was upgraded from delayed to a better rating in FY19. However, five grants were newly identified as delayed in either disbursement or implementation in FY19.

Low disbursement in the first year of implementation is an early warning sign of slow implementation and challenges in the implementation process. An analysis of multi-year trends in ESPIG implementation and disbursement patterns shows that grants that take more than four years to implement and those that eventually have to be extended and restructured generally have low disbursements in the first years of implementation. Most of these grants disburse funds at a slower rate that remains relatively even throughout the implementation period. In contrast, grants with a shorter implementation period typically disburse most of their funds early.

The fact that longer-term grants do not demonstrate a peak in their disbursement pattern in the last years of implementation, typically the years after extension and/or restructuring, may be an indication that the challenges faced are more related to implementation modalities and/or absorptive capacity than the structure of the program itself. These grants may have required additional time to complete their implementation and disbursement due to low capacity in the program countries. In fact, most of these slow-spending longer-term grants are for FCACs (8 out of 12 grants in the more-than-five-year duration category).

Although grants tend to disburse slower in FCACs, grants in FCACs with relatively higher institutional capacity tend to perform better. Thus, countries' institutional capacity matters for the duration of grant implementation. Analyses show that a one-point increase in the CPIA value[9] is associated with a six-and-a-half times greater chance

[6] This is the largest ESPIG portfolio approved per fiscal year since the inception of the current funding model in 2015 and the third largest in the history of the partnership. Following the 2012 replenishment, the partnership approved 24 ESPIGs worth nearly US$1 billion in FY13 and 18 ESPIGs in the amount of US$750 million in FY14. It is important to note, however, that these approvals occurred before the strengthened grant application quality assurance process and the current funding model were introduced. See GPE Annual Portfolio Review for 2013 and 2014, respectively: https://www.globalpartnership.org/sites/default/files/2013-11-GPE-Board-Meeting-Portfolio-Review.pdf and https://www.globalpartnership.org/sites/default/files/2014-12-gpe-board-meeting-secretariat-portfolio-review.pdf.

[7] This includes grants that were: 1) approved in the current and previous fiscal years, and 2) active at any time during FY19 or approved in FY19 but yet to commence implementation (i.e., pending) at the end of the fiscal year.

[8] Two of the seven grants that were rated "delayed" closed in FY19.

[9] CPIA – country policy and institutional assessment – is the rating of countries against a set of 16 criteria grouped in four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. See details at https://datacatalog.worldbank.org/dataset/country-policy-and-institutional-assessment.

of a grant being in the category of fast implementing grants, indicating that grant implementation in low-capacity countries is particularly challenging.

Most of the disbursement delays are explained by delays in implementation. The majority of delays in disbursements were related to operational challenges and external factors during the program implementation cycle.[10] Of all delay factors reported from FY14 to FY19, 32 percent were due to unforeseen changes and external circumstances, such as armed conflict, pandemic or change of government's leadership or policies, during the project cycle. Among the internal factors contributing to delays, **operational challenges were most frequently reported** (49 percent). Among these, procurement issues were most prevalent (26 percent) – this is in line with the implementation delays analysis in FY18, where procurement issues made up the highest proportion of issue types (after activity preparation).

Operational challenges can be present even in well-performing grants, but if addressed effectively and promptly, they do not set the grants off track in implementation. These findings indicate that key areas for GPE's consideration to address operational challenges may include better project preparation, strengthened monitoring during the first years of implementation and a more flexible approach to implementation modality based on timely capacity assessment.

Recommendations to consider for the strengthening of grant implementation include: 1) establishing the right balance and threshold for grant implementation readiness assessment, including the prioritization and reinforcement of quality and timely preparatory activities, completing implementation readiness requirements, and setting a realistic start date; 2) embarking on a more vigorous implementation and disbursement monitoring during the first years of implementation; and 3) adopting a flexible approach and implementation modalities that are fit for purpose in low-capacity countries.

[10] Table 5 gives a breakdown of internal and external factors contributing to disbursement delays.

3 OVERVIEW OF ESPIG PORTFOLIO

3.1 DESCRIPTION OF ESPIG PORTFOLIO

During FY19, 50 DCPs benefitted from 57 ESPIGs (active, closed and pending) worth US$2.08 billion.[11] Of the 57 ESPIGs, nine were pending (i.e. had not yet started implementation) at the end of FY19.[12] Table 1 presents an overview of all ESPIGs (whether active, closed or pending) since FY17. A detailed list of all ESPIGs (active, closed or pending during FY19) is presented in Annex 1.

Of the 17 ESPIGs approved in FY19, eight started implementation. One of these, the South Sudan grant, included an accelerated funding (AF)[13] part, which closed by the end of FY19. The rest of these grants, including South Sudan's regular ESPIG, remained active at the end of FY19.

Table 1: ESPIG portfolio, FY17-FY19

	NEW APPROVED	ACTIVE	CLOSED	PENDING	TOTAL (ACTIVE, CLOSED AND PENDING)	ACTIVE & CLOSED
ESPIG portfolio as of June 30, 2017						
Number of grants	4	48	10	3	61	58
Value (US$ million)*	124.8	1961.9	357.4	202.3	2521.6	2319.3
ESPIG portfolio as of June 30, 2018						
Number of grants	14	34	24	8	66	58
Value (US$ million)*	199.6	1445.7	870.3	94.1	2410.1	2316
ESPIG portfolio as of June 30, 2019						
Number of grants	17	38**	12**	9**	57**	49
Value (US$ million)*	538.9	1293.3	464.5	320.9	2078.7	1757.8

* Grants approved before December 2016 exclude the supervision allocation. For grants approved thereafter, the supervision allocations are included in the grant amount.

** In some instances, a grant is counted in more than one category (active, closed, pending). For example, **Cote d'Ivoire** received additional ESPIG financing (additional maximum country allocation, or MCA) in May 2019, after its regular ESPIG had been approved (February 2018). These are considered as one grant in the "total" column. However, as of June 30, 2019, the additional financing was pending and the regular ESPIG active, and therefore these are included as such in the respective columns. Similarly, **South Sudan** received AF and a regular ESPIG. As of June 30, 2019, the AF was closed and the regular ESPIG still active. Although both are considered as one grant in the "total" column, they are counted separately in the "closed" and "active" columns respectively. **Zimbabwe**, however, received an ESPIG fixed part followed by a variable part and Multiplier. Both were active at the end of FY19. In this case, they are counted as one grant in both the "active" and "total" columns. The above explains why the total of grants is 57 (and not 59, as it appears to be when active, pending and closed grants are added).

There has been a significant increase in the grant amount approved over the last three fiscal years. In FY19, the partnership approved a total of US$538.9 million in ESPIGs.[14] As Figure 1 shows, this is almost three times the amount approved in the previous fiscal year (FY18) and more than four times the amount approved in FY17.

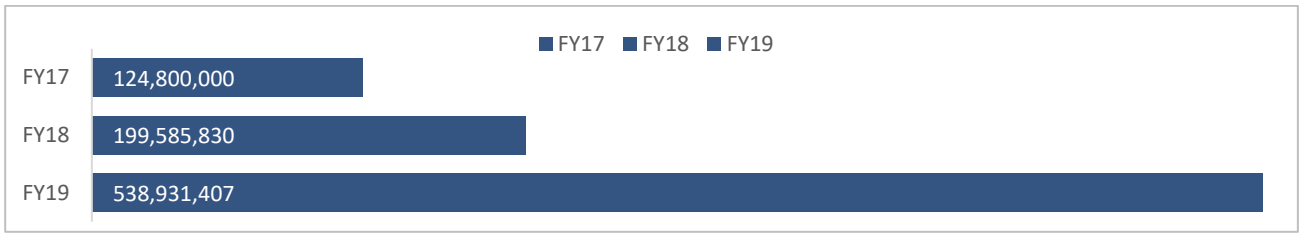
[11] This includes grants that were: 1) approved in the current and previous fiscal years, and 2) active at any time during FY19 or approved in FY19 but yet to commence implementation at the end of the fiscal year.

[12] These include ESPIGs in Benin, Burundi, Cote d'Ivoire, Myanmar, Nepal, Papua New Guinea, Senegal, Tanzania (Mainland) and Uzbekistan.

[13] Approved separately, South Sudan's AF part is not included here in the total 17 newly approved ESPIGs. Accelerated funding is available to ESPIG-eligible countries affected by a crisis for which a humanitarian appeal has been launched. Through the AF process, application to access a portion (up to 20 percent) of the country's MCA is fast-tracked to meet urgent humanitarian needs related to education.

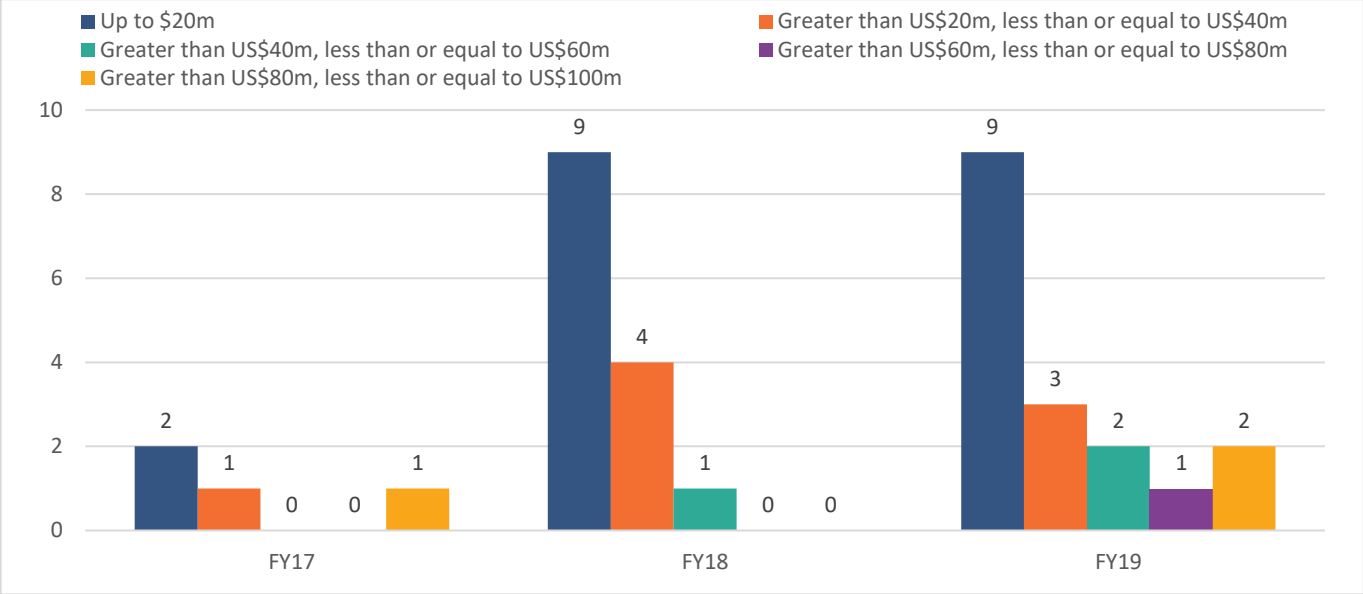
[14] This is the largest ESPIG portfolio approved per fiscal year since the inception of the current funding model in 2015 and the third largest in the history of the partnership. Following the 2012 replenishment, the partnership approved 24 ESPIGs worth nearly US$1 billion in FY13 and 18 ESPIGs in the amount of US$750 million in FY14. It is important to note, however, that these approvals occurred before the strengthened grant application quality assurance process and the current funding model were introduced. See GPE Annual Portfolio Review for 2013 and 2014, respectively: https://www.globalpartnership.org/sites/default/files/2013-11-GPE-Board-Meeting-Portfolio-Review.pdf and https://www.globalpartnership.org/sites/default/files/2014-12-gpe-board-meeting-secretariat-portfolio-review.pdf.

Figure 1: ESPIGs approved by grant amount (US$)



The large increase in total grant amount approved is mostly attributable to the larger per-country grant size in the FY19 cohort. Indeed, as shown in Figure 2, the near tripling in total grant amount approved from FY18 to FY19 is driven by a handful of larger grants approved in FY19.

Figure 2: Distribution of number of ESPIGs approved by grant size, FY17-FY19



The cumulative grant amount disbursement for the active ESPIGs as of June 30, 2019[15] was US$694.06 million, compared to $US843.4 million in FY18 and US$1.51 billion in FY17. In terms of non-cumulative disbursement, a total of US$262 million was disbursed in FY19[16] compared to US$494 million in FY18 and US$421 million in FY17.[17] The share of disbursements in FY19 that went to FCACs was 67 percent (51 percent in FY18); Sub-Saharan Africa was 85 percent (73 percent in FY18); and low-income partner developing countries was 65 percent (59 percent in FY18).

3.2 Distribution by Grant Agent

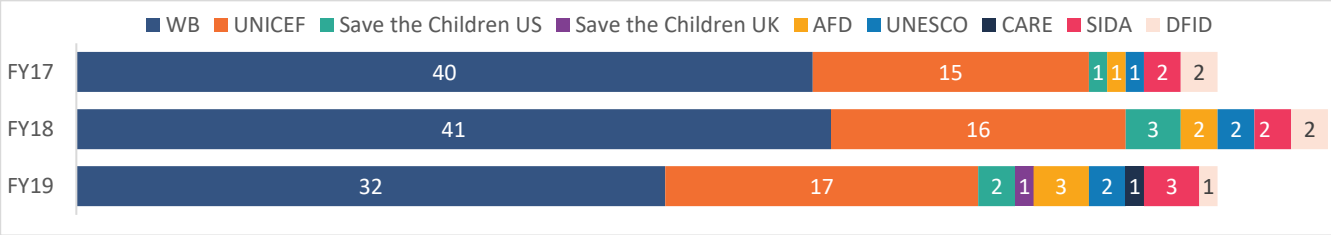
Nine organizations acted as GA over the course of FY19 compared to seven in FY18 and FY17. CARE and Save the Children UK became new GAs in FY19. The agencies that acted as GA in FY19 therefore include Agence Française de Développement (AFD), CARE, the United Kingdom's Department for International Development (DFID), Save

[15] Cumulative disbursement is the total amount disbursed in the life cycle of the active grants at the end of the period under consideration.
[16] FY19 disbursement amount is for the entire fiscal year (July 2018 - June 2019) while the amount in the performance section is for July 2018 – May 2019.
[17] The FY18 and FY17 disbursement figures have been aligned with those presented in the 2019 Results Report, which includes additional figures that were not available at the time of the completion of the 2018 portfolio review report.

the Children US, Save the Children UK, Swedish International Development Cooperation Agency (Sida), UNESCO, UNICEF and the World Bank.

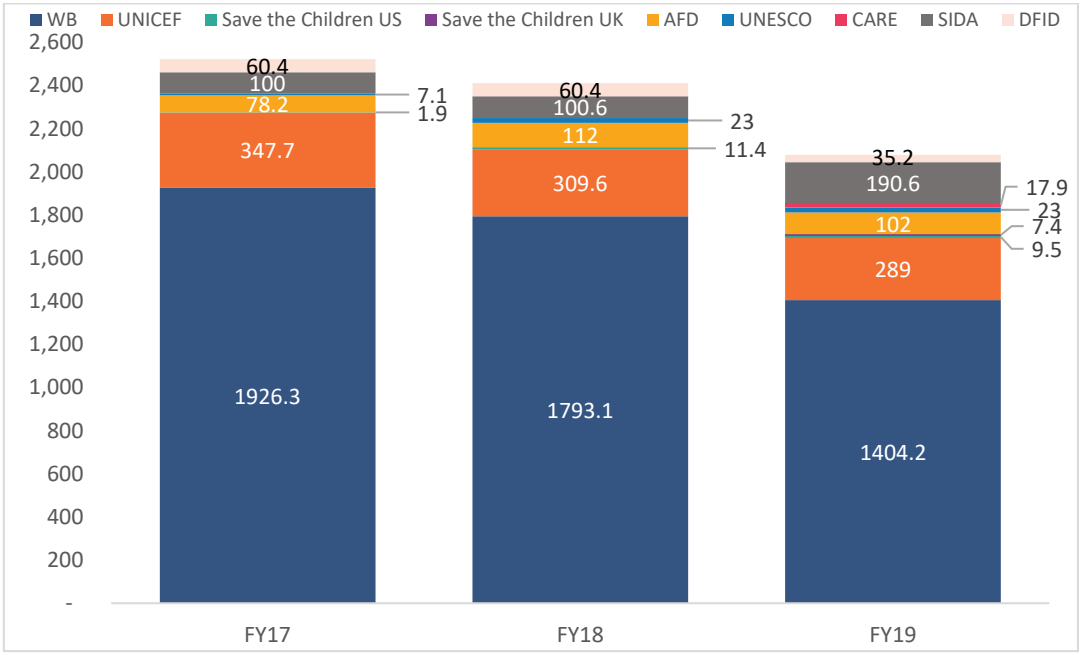
Thirty-two (52 percent) of the active, closed and pending ESPIGs were supervised by the World Bank as of June 30, 2019. This is a decrease from the 41 ESPIGs (60 percent) in FY18 and 40 ESPIGs (65 percent) in FY17. UNICEF is the second largest GA, supervising 17 ESPIGs (27 percent) in FY19, which is a slight increase compared to the previous two years. Figure 3 illustrates the number of ESPIGs managed by each GAs over the period FY17 to FY19.[18]

Figure 3: Number of ESPIGs managed per GA, FY17-FY19



The total amount for which the World Bank acted as GA decreased from US$1.93 billion in FY17 to US$1.79 billion in FY18 and US$1.40 billion in FY19. The amount administered by UNICEF also decreased, from US$348 million in FY17 to US$310 million in FY18 and US$289 million in FY19. In FY19, DFID supervised one ESPIG for a total of US$35.2 million compared to two ESPIGs worth US$60.4 million in both FY17 and FY18. In contrast, AFD and SIDA increased their portfolios by one ESPIG each. CARE and Save the Children UK, as new GAs, administered one grant each in Somalia (Federal) for a total amount of US$17.9 million and in Papua New Guinea for a total of US$7.4 million, respectively. Figure 4 shows the ESPIG amount supervised by each of the GAs over the period FY17 to FY19.

Figure 4: ESPIG amount managed per GA (US$ million), FY17-FY19



[18] Note that some grants have more than one GA. In order to conduct an appropriate analysis of the number of ESPIGs managed per GA, each approval is considered separately (although it is the same grant). This methodology applies to Section 3.2. only and explains why the total number of GAs per fiscal year in this section may appear not to match the (actual) figure in other sections.

3.3 DISTRIBUTION BY REGION

With nearly US$928 million, Sub-Saharan Africa continued to have the largest share of total ESPIG funding under implementation, representing 72 percent of the active ESPIGs (as of the end of FY19). South Asia is the region with the second largest amount, US$203 million or 16 percent of the active ESPIGs as of end FY19. Table 2 presents a breakdown of ESPIG portfolios across regions.

Table 2: ESPIG portfolios across regions (active, closed and pending as of June 30, 2019)

REGION	NUMBER OF ESPIGS	% NUMBER OF ESPIGS	FCACS	% FCACS IN A REGION	% OF ESPIGS THAT ARE FCACS	GRANT AMOUNT (US$)	% GRANT AMOUNT
Active as of June 30, 2019							
South Asia	5	13.2	2	9.1	40	203,432,407	15.7
Sub-Saharan Africa	28	73.7	19	86.4	67.9	927,965,830	71.8
East Asia & Pacific	2	5.3	0	0	0	37,400,000	2.9
Latin America & Caribbean	1	2.6	0	0	0	2,000,000	0.2
Europe & Central Asia	1	2.6	0	0	0	49,900,000	3.9
Middle East & North Africa	1	2.6	1	4.5	100	72,600,000	5.6
Total	**38***	**100**	**22**	**100**	**57.9**	**1,293,298,237**	**100**
Closed as of June 30, 2019							
Sub-Saharan Africa	11	91.7	8	100	72.7	462,810,000	99.6
Latin America & Caribbean	1	8.3	0	0	0	1,700,000	0.4
Total	**12***	**100**	**8**	**100**	**66.7**	**464,510,000**	**100**
Pending as of June 30, 2019							
Sub-Saharan Africa	5	55.6	2	50	40	205,600,000	64.1
East Asia & Pacific	2	22.2	2	50	100	81,099,000	25.3
South Asia	1	11.1	0	0	0	24,200,000	7.5
Europe & Central Asia	1	11.1	0	0	0	10,000,000	3.1
Total	**9***	**100**	**4**	**100**	**44.4**	**320,899,000**	**100**

*When active, pending and closed grants are added, the total is 59. However, when taking into consideration the explanations provided in the note below Table 1, the (actual) total of ESPIGs for this period is 57.

3.4 DISTRIBUTION BY INCOME AND FRAGILITY

During FY19, low-income countries and FCACs continued to receive a larger portion of ESPIG funding. As shown in Figure 5, despite benefitting from less in allocations in FY19 (US$1.423 billion) than in FY18 (US$1.531 billion) and FY17 (US$1.605 billion), low-income countries had a greater share of total GPE funding (68 percent) than in FY18 and FY17 (64 percent in both years). Similarly, and shown in Figure 6, FCACs received less in allocation in FY19 (US$1.311 billion) than in FY18 (US$1.427 billion) and FY17 (US$1.507 billion), but a larger proportion (63 percent) of funding allocations as compared to FY18 (59 percent) and FY17 (60 percent).

Figure 5: Total active, closed and pending ESPIGs amount (US$ million) by income status, FY17-FY19

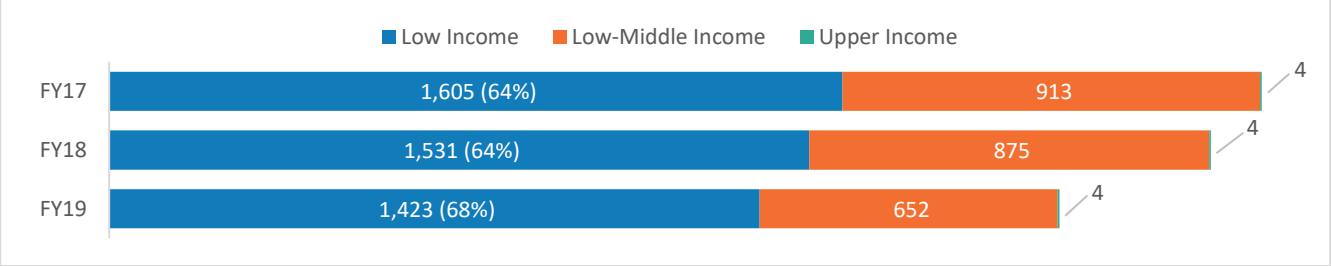
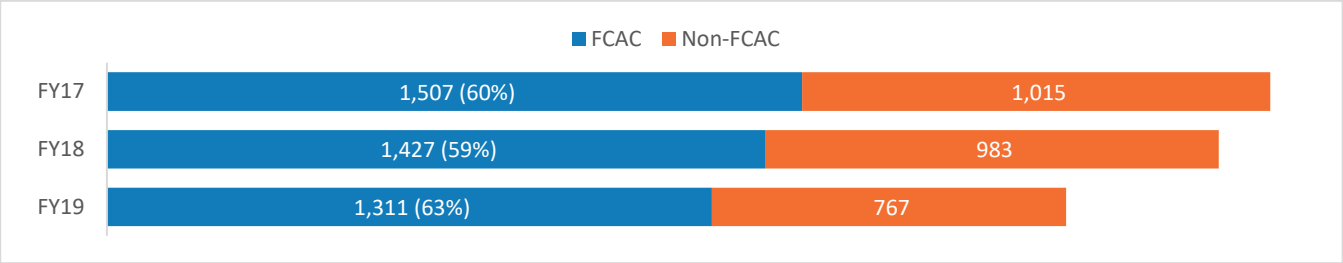


Figure 6: Total active, closed and pending ESPIGs amount (US$ million) by FCAC status, FY17-FY19



4 ESPIG PERFORMANCE

4.1 DISBURSEMENT AND IMPLEMENTATION ANALYSIS

This section examines performance of ESPIGs in terms of disbursement and implementation, and assigns ratings of *on track*, *slightly behind*[19] or *delayed.* Implementation rating is based on the assessment of whether an ESPIG is on track with implementation to achieve its major outputs. **Disbursement rating** is based on the assessment of the percentage of the cumulative amount disbursed compared to the percentage of time elapsed in the grant period (see Annex 2B for more details on definition of ratings and methodology).

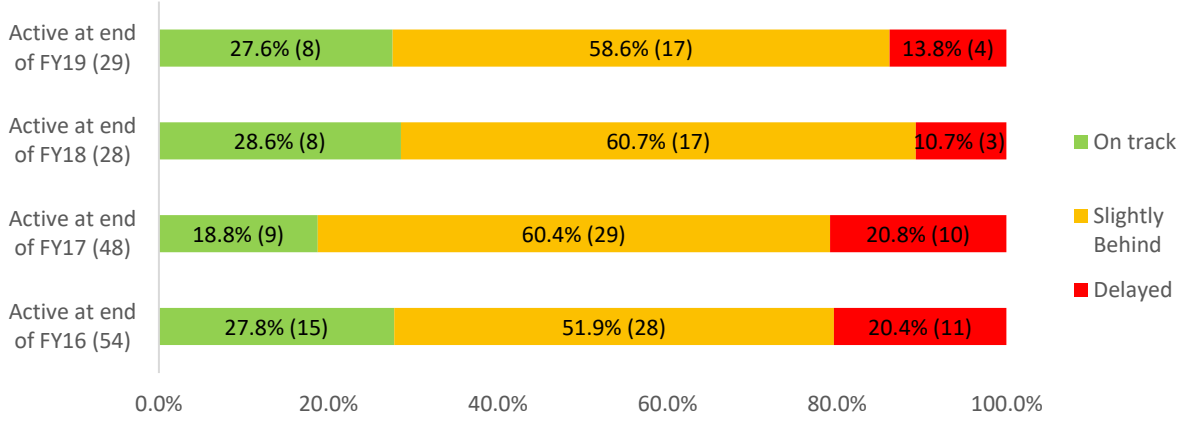
The sample of active grants with available ratings in FY19 (29 grants) is comparable to FY18 (28 grants), but smaller compared to FY17 and FY16 (48 and 54 grants respectively). This small sample in FY19 can be explained by: (i) a high number of closed grants in FY18 (24) and FY19 (12); and (ii) unavailability of ratings for the 18 new grants, for which the first progress reports (including the GAs' ratings) are not yet due to be reported.[20]

Findings from four types of analyses are presented in this section: (i) a trends analysis based on the six years of available data for implementation and disbursement ratings; (ii) the FY19 review of active grants with narratives explaining status changes from FY18; (iii) the analysis of ESPIG disbursement patterns and delays; and (iv) the analysis of effective implementation (grants that have been mainly on track in their implementation process), and lessons learned on specific implementation challenges based on the review of completion reports for closed grants.

FY16 to FY19 trends

The FY19 implementation ratings show a similar pattern to the previous year's analysis, with an insignificant increase (3.1 percent points or one grant) in the share of delayed grants. Consistent with the previous three fiscal years, most ESPIGs (about 60 percent) in FY19 have remained only slightly behind in implementation (see Figure 7).

Figure 7: ESPIG implementation status (in percentage and number of ESPIGs), FY16-FY19

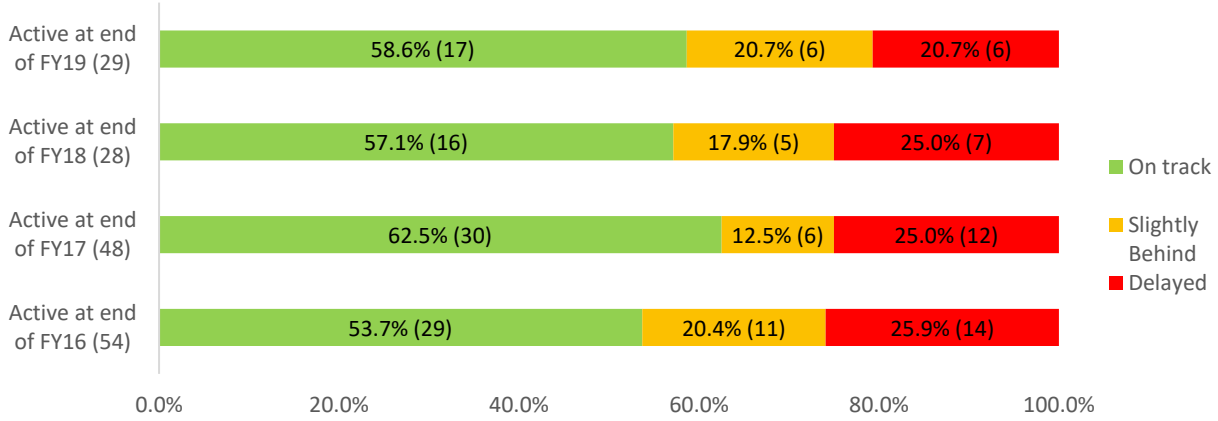


[19] It is important to note that according to the GPE results framework methodology on tracking the overall status of implementation of the grants (indicator 25), grants that are expected to achieve all of their major outputs or most of their outputs with moderate shortcomings are classified as *on track*. However, in this GPR and previous PFRs, grants that are expected to achieve most of their outputs with moderate shortcomings are examined as a separate category of grants – *slightly behind* – as part of a more granular approach to implementation status analysis.

[20] According to the GPE ESPIG reporting policy, GAs are allowed 15 months from the start date of the grant to submit the first progress reports (more details on the ESPIG reporting policy at https://www.globalpartnership.org/content/policy-education-sector-program-implementation-grants). The new effective grants for which the first progress report (and the GAs' ratings) are not yet available include grants for Afghanistan (effective as of April 2019), Bangladesh, Bhutan, Cabo Verde, Cameroon (accelerated funding), Sierra Leone, Somalia (Federal), Somalia (Somaliland) and South Sudan. Although these new grants are not included in this year's implementation and disbursement analysis, their performance is closely monitored by the Secretariat through engagement with CAs, ministry of education focal points, GAs and development partners on a regular basis. The disbursement and implementation analysis for these new grants will be included in the 2020 GPR.

The FY19 disbursement ratings show an improvement on previous years with the share of delayed grants in the sample being the smallest in the last four years. Most ESPIGs are on track in disbursement as in previous years (see Figure 8).

Figure 8: ESPIG disbursement status (in percentage and number of ESPIGs), FY16-FY19



FY19 ratings and changes from FY18[21]

The performance of grants in FY19 is generally positive and not significantly different from the previous year's performance. In FY19, seven grants (24 percent) out of 29 active grants were rated as on track in both disbursement and implementation, and six grants (21 percent) were rated as delayed in either disbursement or implementation (see Table 3). This is similar to last year, when six grants (21 percent) out of 28 active grants were rated as on track overall and seven grants (25 percent) as delayed in either disbursement or implementation. Four grants "came out of red" in FY19 as with the previous year. Of these, one grant came out of red in terms of both implementation and disbursement status (Organization of Eastern Caribbean States, or OECS), and three grants came out of red in terms of disbursement (Eritrea, Lao PDR and Zimbabwe).[22]

Table 3: List of ESPIGs by disbursement and implementation status (as of June 30, 2019)

Disbursement Status FY19	Implementation Status FY19	Number of ESPIGs	List of ESPIGs
On track	On track	7	Gambia, Kenya, Lao PDR, Nigeria, Pakistan (Balochistan), Somalia (Puntland), Togo
On track	Slightly behind	10	Burkina Faso, Cote d'Ivoire, Eritrea, Guinea, Guinea-Bissau, Malawi, OECS, Tanzania (Zanzibar), Uganda, Uzbekistan
Slightly behind	On track	1	Madagascar
Slightly behind	Slightly behind	5	Cambodia, Central African Republic, Liberia, Nepal, Zimbabwe
Delayed	Slightly behind	2	Comoros, Ethiopia
Delayed	Delayed	4	Chad, Congo DR, Lesotho, Yemen
Total		**29**	

[21] As in the previous fiscal year, this year's analysis of implementation and disbursement ratings is based on active grants as of the end of the fiscal period (in this case, June 30, 2019). For details on grants that closed in FY19, please see Section 6: Closed Grants.

[22] The other two grants that were rated delayed closed in FY19 (Cameroon and Zambia). Cameroon "came out of red" in both implementation and disbursement before closing (it was rated as slightly behind in implementation and on track in disbursement with 98 percent disbursement rate at the closing date). Zambia ESPIG remained delayed in both implementation and disbursement with 60 percent disbursement rate at the closing date.

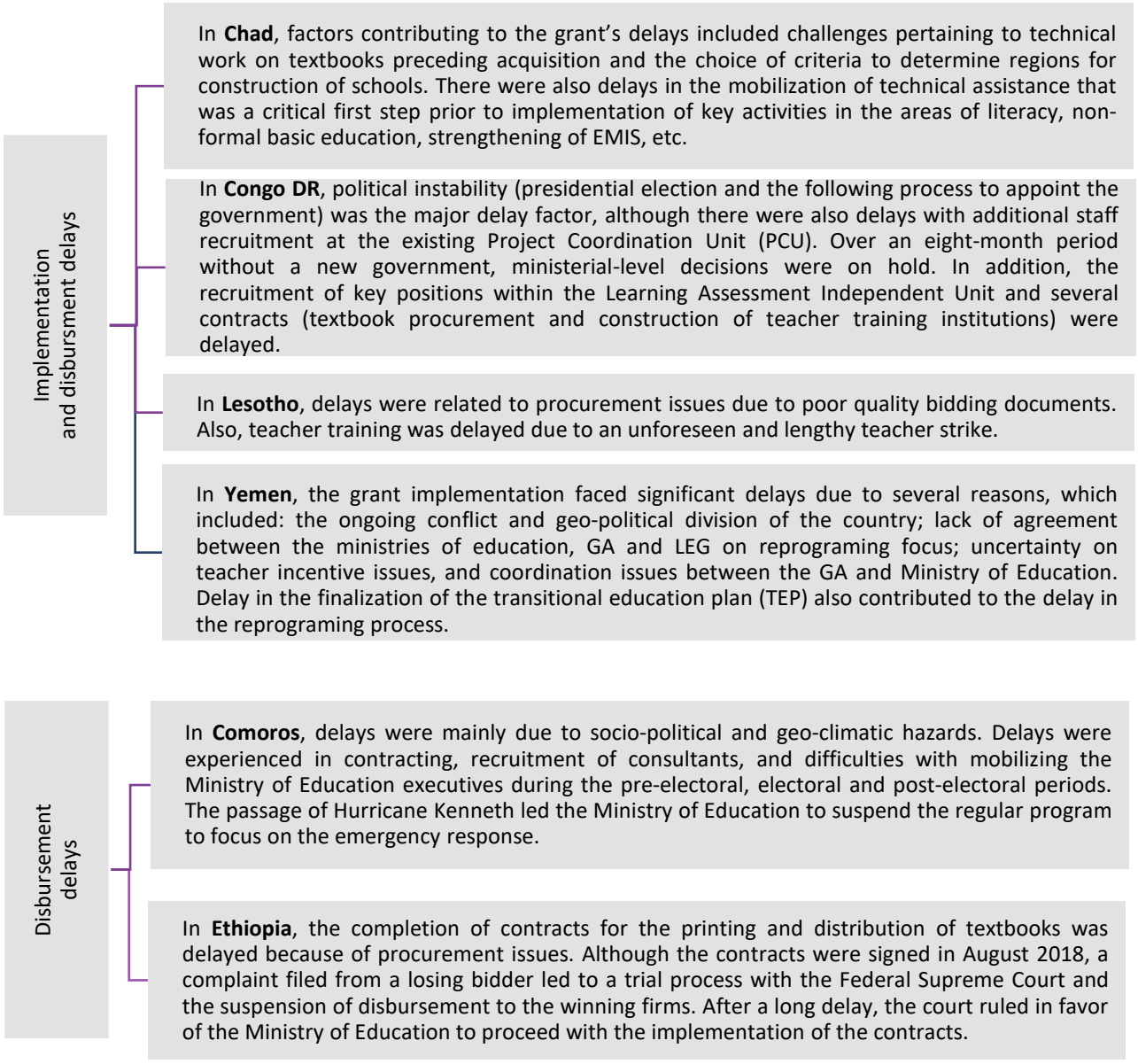
Measures that helped address implementation and disbursement issues and contributed to the improvement in ratings include restructuring; implementation support from the GA, local education group (LEG) and Secretariat; hiring a national program coordinator to overcome coordination challenges; and better prioritization in the implementation process. In **OECS**, the restructuring in June 2018 of the results framework, which included revised outcome indicators and lowered targets, and was followed by several implementation support missions, contributed to the improvement of the implementation and disbursement ratings. In **Laos**, the restructuring refocused the originally planned early grade reading program for primary schools to pre-literacy and pre-numeracy support to the pre-primary level, and revised the arrangements for school improvement plans and the disbursement of school block grants. These changes to the program, along with the recruitment of a program coordinator to focus exclusively on the ESPIG implementation, helped to overcome the implementation challenges. In **Zimbabwe**, the LEG (the education coordination group, or ECG) ensured that potential textbook publishers were contacted earlier and informed of the requirements and deadlines in advance, to mitigate any future delays with textbook procurement. With the support provided by the GA and the Secretariat, **Eritrea** prioritized procurement of school construction materials and completed it on time.

However, five grants were newly identified as delayed in either disbursement or implementation in FY19 (Chad, Comoros, Congo DR, Ethiopia and Lesotho). Of these, two were new grants that started implementation in FY19 (Chad and Comoros). Only one grant (Yemen) remained delayed since FY18.

In five out of the six grants affected by delays, delays were substantially due to external factors, such as political instability (Congo DR), ongoing conflict (Yemen), socio-political and geo-climatic hazards (Comoros), and unforeseen circumstances such as teacher strikes (Lesotho) and a lengthy court trial process over a bidding dispute (Ethiopia).

Five out of the six grants affected by delays are for FCACs (Chad, Comoros, Congo DR, Ethiopia and Yemen). These grants represent 29 percent of the FCAC grants (five out of 17 FCAC grants) in FY19, and only eight percent of delayed grants in non-FCACs (one out of 12 non-FCAC grants) (reasons for these delays are explored in the snapshot below). On the other hand, the share of grants rated as on track in both disbursement and implementation is higher in FCACs (29 percent, or five grants) as opposed to non-FCACs (16.7 percent, or two grants).

Snapshot of country-specific grants affected by delays in implementation and/or disbursement



Note: See Annex 4 for more details on individual grants.

4.2 Analysis of Disbursement Patterns and Delays

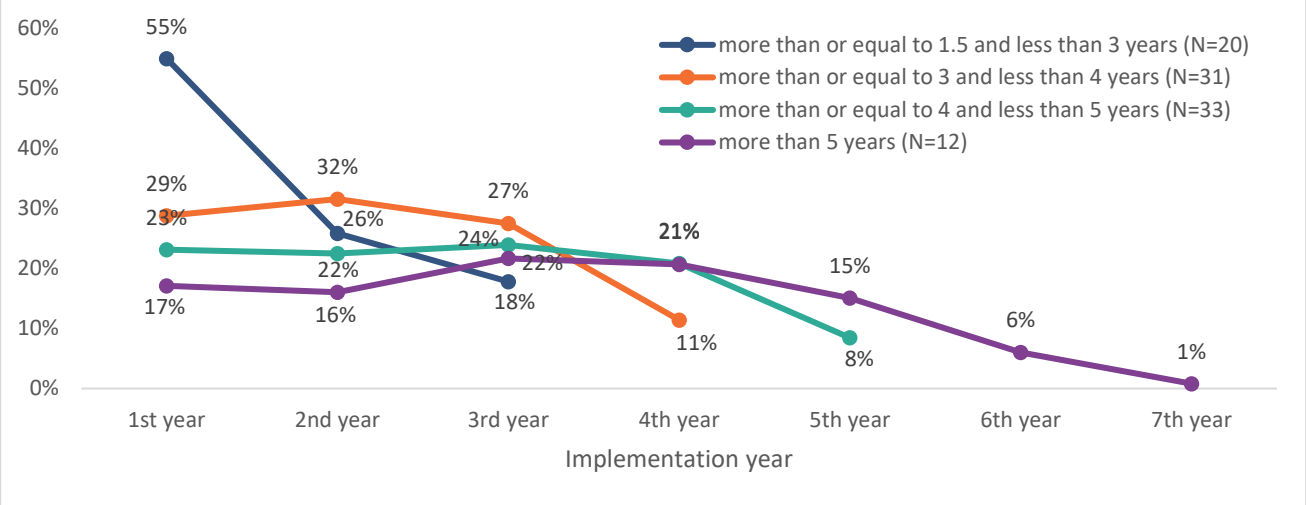
In FY19, the Secretariat conducted a more in-depth quantitative analysis of disbursement distribution patterns based on available disbursement data of ESPIGs, as well as on the qualitative and quantitative analyses of reasons for delays in disbursements as documented in PFR Annexes 4 from FY14 through FY18 and Annex 2A of this year's report.

The disbursement distribution pattern analysis included 96 closed ESPIGs implemented since GPE's inception.[23] On average, ESPIGs lasted for approximately four years, but with a wide variation. Almost half (45 out of 96) of the grants took more than four years to implement and fully disburse, including 12 grants that took more than five years.

Grants with shorter implementation periods (less than four years of implementation) typically disbursed most of their funds early, and the disbursed amount towards the end of the grant period was relatively small. Grants with a duration of up to three years disbursed the highest share of their funding (55 percent) in the first year of implementation with the rest of the funding being equally disbursed over the next two years (Figure 9 illustrates the average percentage distribution according to grant duration). The three-to-four-year-long grants demonstrate an even distribution pattern of disbursements in the first three years that leads to the majority of funds (88 percent) being disbursed before the last year of implementation. These are the grants that effectively implemented their activities and disbursed their funds on time. Very few of these grants were restructured and/or extended.

Grants with a longer implementation period (more than four years of implementation) generally disbursed more slowly from the start, and continued at a similar more modest rate throughout the implementation period. Most of the grants with longer duration were extended and/or restructured at least once during their life cycle.[24]

Figure 9: Average percentage disbursed by grant duration



Note: Some grants disburse a small amount during the grace period (generally up to six months after the closing date for grants supervised by the World Bank and up to a year for other GAs). For example, there is a low disbursement (one percent) for the 4th year for the grants of a duration more than/equal to 1.5 years and less than 3 years. The graph does not include ESPIGs with a duration of less than 2 years (17 grants out of 106 total in the sample, of which five grants had a duration of less than 1 year). These grants show a different and very distinct distribution pattern disbursing most of their grant amount (median value of 70 percent) during their first year of implementation, and they include accelerated funding.

The fact that longer-term grants do not demonstrate a high peak in their disbursement pattern in the last years of implementation, typically the years after extension and/or restructuring, may be an indication that the challenges faced are more related to implementation modalities and/or absorptive capacity than the structure of the program itself. These grants may have required additional time to complete their implementation and

[23] The sample includes all closed grants since inception except those that closed recently and those that lasted less than one-and-a-half years. The former are excluded because undisbursed funds may be disbursed during the grace period, ranging from six months to one year after the grant closing date. The latter are excluded as they are likely to be AF grants.

[24] It is not possible to provide the number of extensions and restructurings for older closed grants due to the data limitations on extensions and restructurings prior to 2016.

disbursement due to low capacity in the program countries. In fact, most of these slow-spending longer-term grants are for FCACs (8 out of 12 grants in the more-than-five-year duration category).

Grants with longer implementation periods are more likely to be in FCACs, and were receiving ESPIG funding for the first time. All of the grants that lasted more than five years were first-time ESPIG receivers, implying that unfamiliarity with GPE processes on the part of countries and/or at country level may have contributed to the extended grant duration. The proportion of grants that are in FCACs is higher for grants that lasted more than five years (66.7 percent) than for grants with a shorter implementation period (42 to 55 percent) (see Table 4).

Table 4: Proportion of FCACs by grant duration

Grant duration	FCAC	Non-FCAC
More than or equal to 1.5 and less than 3 years (N=20)	55%	45%
More than or equal to 3 and less than 4 years (N=31)	45.2%	54.8%
More than or equal to 4 and less than 5 years (N=33)	42.4%	57.6%
More than 5 years (N=12)	66.7%	33.3%

Although grants tend to disburse slower in countries facing fragility and conflicts than in other contexts, FCACs with relatively higher institutional capacity tend to perform better. Thus, countries' institutional capacity matters for the duration of grant implementation. Analyses for this report show that a one-point increase in the CPIA value[25] is associated with six-and-a-half times more chance of a grant being in the category of the fast implementing grants. The results clearly point in the direction of the challenge of grant implementation in low-capacity countries.

The size of the grant also plays a role in the duration of the implementation period. The larger the grant amount, the longer the implementation period. However, the relationship is not always linear: the relationship between the grant amount and the duration of implementation stays positive but weakens with increased grant amounts.

Comparing implementation period by GA shows that the choice of GA on average does not affect the duration of implementation. However, when countries' low capacity and fragility contexts are taken into consideration, non-World Bank grants tend to have shorter implementation periods.

About 29 percent of the analyzed closed grants[26] disbursed funds after the last implementation year – however these disbursements are relatively small (up to five percent of the total grant amount) and took place within the accepted grace period. Only eight of these grants disbursed more than five percent of their total amount after closing date, with 17 percent being the highest share disbursed by three of these grants.[27] There are only two cases when the funds were distributed after the grace period.[28] These represented a very small share (one percent) of the total grant amount and were later returned to the Secretariat.

The cumulative disbursement rate of closed ESPIGs is high, with most of the ESPIGs disbursing 100 percent of the grant amount. About 82 percent of the examined closed grants in the sample[29] disbursed the full amount (100

[25] CPIA – country policy and institutional assessment – is the rating of countries against a set of 16 criteria grouped in four clusters: economic management, structural policies, policies for social inclusion and equity, and public sector management and institutions. See details at https://datacatalog.worldbank.org/dataset/country-policy-and-institutional-assessment.
[26] Twenty-nine out of 101, which exclude the five grants with a duration of less than a year.
[27] Burkina-Faso (GA: World Bank), closed in 2012; Mauritania (GA: World Bank), closed in 2007; Timor-Leste (GA: World Bank), closed in 2011.
[28] Central African Republic (GA: UNICEF), closed in 2015; Chad, (GA: UNICEF), closed in 2017.
[29] Excludes the grants that did not reach the end of the disbursement grace period.

percent of their funding), while the remaining 18 percent of the sample disbursed between 96 and 99 percent of their grant amount.

Reasons for slow disbursements and disbursement delays

a) Delays in pre-implementation phase of the project

It takes a few months after approval for most grants to be considered "effective" (or commence implementation) and for the first disbursement to take place. The time between the grant approval and grant start date[30] varies across GAs, which indicates that different policies and practices hold for each GA regarding implementation readiness. The grants supervised by the World Bank take the longest time for the program preparation phase (seven months on average for all active and closed grants since inception) compared to other GAs (e.g. six months on average for DFID, five months for SIDA, two months for UNICEF and Save the Children). This can be attributed to stricter requirements of World Bank grants for implementation readiness, which include the preparation of the operations manual and grant agreement signing before program effectiveness.[31] In most cases where international nongovernmental organizations (INGOs) or UN agencies are GAs, the expected start date indicated in the approved grant application form is also the effectiveness date, unless otherwise indicated by the GA. But where the World Bank, DFID, SIDA, or AFD is GA, regardless of what is indicated in the grant application form at approval, the grant implementation does not commence until the grant agreement has been signed between the GA and the government. In the period FY16 to FY18, it took about three months on average to start implementation of all ESPIGs after approval.[32]

The first disbursements can be delayed due to pre-implementation challenges related to delays in preparation activities, such as pre-investment studies for infrastructure activities, signing the grant agreement, appointing focal points within the ministry and recruiting qualified staff for the project implementation unit (PIU), preparation of an annual action plan, recruitment of consultants, etc. In fact, about 18 percent of the documented reasons for disbursement delays from the PFRs FY14 to FY18 and this GPR are related to delays with preparation activities.

The time and measures taken for project readiness are not necessarily an indication of inefficiency – in fact, they may be needed to effectively implement key project activities and to avoid delays during the implementation phase of the project. Indeed, any preparation activities not completed before the start of the project would have to be completed during the project implementation phase, delaying the start of the main activities dependent on the completion of these preparation tasks. As revealed in the analysis of implementation delays conducted for the PFR FY18, the analysis of reasons for disbursement delays in this report (see Section B below: Delays in implementation phase of the project) and as explained in the next section on lessons learned from the completion reports review, projects that start implementation without completing necessary preparatory activities may be at higher chances of facing delays during the implementation stage.

b) Delays in implementation phase of the project

Countries' low institutional capacity and FCAC context are among the key factors contributing to the longer grant implementation and disbursement period. As revealed in the disbursement pattern analysis (see Section 4.1.1),

[30] Refers to the date by which the implementation of the program financed by the ESPIG is expected to start.

[31] This manual is developed in the months between the grant approval date and the grant effectiveness date, and it contains the operational policies, directives, procedures and other instructions to staff that apply to the World Bank operations. Find more details here: https://policies.worldbank.org/sites/ppf3/Pages/Manuals/Operational%20Manual.aspx.

[32] For World Bank grants, it took about six months on average to start implementation. The data on the date of first disbursement is available only for the grants implemented by the World Bank. In the period FY16 to FY18, it took about two additional months on average to make the first disbursement after starting implementation.

although grants tend to disburse slower in countries facing fragility and conflicts than in other contexts, FCACs with relatively higher institutional capacity tend to perform better. These findings point to challenges associated with the grant implementation in low-capacity contexts.

Most of the disbursement delays are explained by delays in implementation. In line with the findings from the implementation delays analysis conducted in FY18,[33] the majority of delays in disbursement were related to operational challenges (internal factors) and external factors during the project implementation cycle. According to delay factors reported from FY14 to FY19, 32 percent of issues were due to unforeseen changes and external circumstances, such as armed conflict, pandemic, or change of government's leadership or policies, which could not be prevented during the project cycle. Among the internal factors contributing to delays, operational challenges were most frequently reported (49 percent) (see Annex 2B for details on the disbursement delay analysis).

Among the operational challenges, procurement challenges are most prevalent (26 percent) – this is in line with the implementation delays analysis in FY18, where procurement issues made up the highest proportion of issue types (after activity preparation). Half of the grants rated as delayed in disbursement reported issues with procurement (see Table 5). Some point to delay in preparation of procurement documents, incomplete or low-quality bidding document, and capacity constraints of procurement staff. These delays were typically addressed by grant restructuring, hiring additional staff or strengthening implementation support by GAs.

Table 5: Factors contributing to disbursement delays, FY14-FY19

	Issue types	Times reported	Percent of total
Internal	**1. Program design issues**	**2**	**3%**
	2. Pre-implementation challenges	**14**	**18%**
	3. Operational challenges		
	3.1. Contractor compliance and quality issues	2	3%
	3.2. Coordination challenges	4	5%
	3.3. Procurement challenges	21	26%
	3.4. Project management, government	12	15%
	Operational challenges: subtotal	**39**	**49%**
	Internal factors: subtotal	**55**	**69%**
External	**4. Unforeseen changes and external circumstances**		
	4.1. Change in government policy	2	3%
	4.2. Escalation of project cost	3	4%
	4.3. Change in government leadership	4	5%
	4.4. Inaccessibility	12	15%
	4.5. Others (Unforeseen changes and external circumstances)	4	5%
	Unforeseen changes and external circumstances: subtotal	**25**	**32%**
Total number of issues reported		**80**	**100%**

Note: The table captures issues reported as delay factors for the grants that were rated as delayed in their disbursement during FY14 to FY19 (see Annex 2B for details on methodology).

The thematic area that reported most delays in both disbursement and implementation is construction/rehabilitation of education facilities. More than half of grants (18 out of 34) that were rated as delayed had issues in this area. Development and distribution of curriculum and textbooks was also likely to

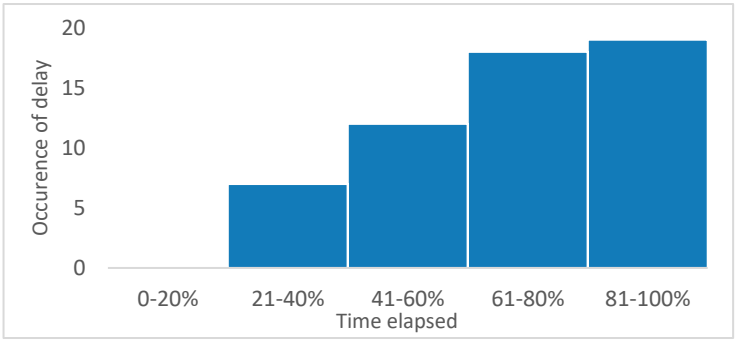
[33] See the implementation delay analysis section of the PFR FY18 (pp 35-37): https://www.globalpartnership.org/sites/default/files/gpe_annual_portfolio_review_2018_1.pdf.

experience delays – 44 percent of delayed grants had issues in this area. These areas are prone to delay as they involve large-scale and/or international procurement.

There are a very few reported disbursement delays that are not related to implementation delays or external factors, as mentioned above. Two grants were rated as delayed in disbursement because of an ex-post payment arrangement for construction activities, while one grant reported delays due to fiduciary bottlenecks. Three grants[34] were delayed in disbursement due to non-compliance with disbursement requirements. Other delays pertain to technical issues with the disbursement rating methodology.[35]

During the implementation phase of the project, most delays are detected in later stages of the project. Only one-fifth (nine out of 34, or 26 percent) of grants were rated as delayed in disbursement in the first half of the project.[36] Most of these grants caught up with their disbursements in the second half, except for a few that continued to be delayed for the remainder of the project, mostly because of external factors (e.g. conflict, pandemic). The other four-fifths of grants were delayed in the second half. Indeed, most of the delay ratings were assigned in the later stages of the grant period (see Figure 10). This phenomenon can be partly explained by the current cumulative disbursement rating methodology, which assigns a "delayed" disbursement rating to grants with a significant gap (more than 25 percentage points) between the percentage of cumulative disbursement and the percentage of elapsed grant period (the time between the grant's effectiveness/start date and its closing date) (see Annex 2B for details on the disbursement rating methodology).

Figure 10: Detecting delay (assigning "delayed" rating) by time elapsed in grant implementation



Note: This graph is intended to show how much time was elapsed in the planned grant period when the grant was rated as delayed. Data was extracted from the PFRs FY14-FY18 and Annex 2A of this report, which show a list of grants that were rated as delayed in disbursements and how much time was elapsed when the delayed rating was assigned, for each grant. A grant can be rated as delayed several times during the grant period. In that case, occurrence of delay is counted as many times as it happens.

Restructuring of the grant is reported as the most common remedial measure to get the grant back on track in disbursement. Of the 27 grants that came out of delayed rating from the previous year, 17 grants (63 percent) had been restructured. Restructuring measures included extension of the implementation period, reallocation of funds from one component to another, and revision of the results framework. Strengthened project supervision and hiring additional staff and consultants is also reported as one of the effective measures to address disbursement delays.

[34] Benin, Afghanistan and Zambia.
[35] The methodology does not take into account planned disbursement during grace period after the project closing.
[36] Delayed rating considers percentage of cumulative disbursement and elapsed grant period. Note that the elapsed grant period is as of the time the rating was assigned.

4.3 ANALYSIS OF LESSONS LEARNED ON EFFECTIVE IMPLEMENTATION

The PFR FY18 included an in-depth implementation delay analysis examining activity-level information and uncovering the reasons behind implementation delays. **This year, the implementation analysis has been further expanded to examine lessons on effective implementation, focusing on grants that have been (or were) mainly on track in their implementation process and on examples of successful measures taken to address the most common implementation challenges.** It is based on three types of analyses: 1) identifying grants that have been rated as on track in both implementation and disbursement for at least two consecutive years of implementation and examining the factors contributing to their effective implementation; 2) comparative analysis of implementation processes and challenges in three groups of grants according to their implementation rating (on track, slightly behind and delayed); and 3) completion reports review to identify lessons learned and successful measures taken to address implementation delays.

Most ESPIGs become slightly off track (rated as slightly behind) and a few become delayed in implementation or disbursement at some point of their life cycle. Of all the currently active ESPIGs and those that closed in the last three fiscal years (FY17-FY19), no single grant was rated as on track in both implementation and disbursement for all years of implementation. Only two grants (Kyrgyz Republic and Guyana) have been identified as rated on track in both implementation and disbursement for three consecutive years (FY16-FY18). Five more grants have been identified as rated on track for two consecutive years. Three of these are closed grants (Pakistan-Sindh, Sudan and Burkina Faso) and two are active grants (Kenya and Pakistan-Balochistan). Of these, only the grant for Guyana has never been restructured or extended.

Factors contributing to effective implementation of these grants include: the government's commitment and ownership of the project; the government's and the GA's strong leadership and dedication to the project; an active and supportive partnership; a well-developed program design with realistic and achievable targets and an effective financial instrument (for example, World Bank's Program-for-Results, PforR) which uses a country's own institutions and processes, and links disbursement of funds directly to the achievement of specific program results. Other factors include: a strong program coordinator's support in the program management; a simple program design; the GA's close support; and well-motivated teachers and government staff.[37]

Based on the analysis of implementation issues, as reported by GAs, operational challenges can be present even in the overall well-performing grants, but if addressed effectively and promptly, these need not set the grants off track in implementation. When comparing on track, slightly behind and delayed grants, some of the differences noticed are as follows: 1) on track grants do experience implementation challenges, but the average number of reported issues per grant is lower compared to delayed and slightly behind grants; 2) the few reported issues for on track grants are mainly related to operational challenges, such as program management and procurement; 3) comparing delayed and slightly behind grants, the former report a larger share of operational challenges (mainly due to procurement and program management issues), while the latter report more issues due to unforeseen circumstances and coordination.

Although all grants, including the well-performing ones, experience challenges in implementation, delays are more likely to occur if grants experience a combination of different issues and/or issues of great magnitude and complexity, and when the grants involve large-scale program activities – especially those related to construction and rehabilitation ("education facilities and infrastructure" thematic area) and procurement ("standards, curriculum and learning materials"). For these program areas, the main issue types affecting progress are the same: issues in the bidding process, issues with contractor compliance and quality, and issues in activity preparation. While some issues are more difficult to predict and address (i.e. issues related to external circumstances), those related

[37] Based on assessments by country leads.

to program design and activity preparation should be addressed at the early phase of the program development to avoid delays during the program implementation cycle.

Lessons learned from the review of completion reports by grant agents

The review of implementation completion reports from the last three years (FY17-FY19) provides some additional valuable lessons on implementation challenges and delays. More detailed information is provided for implementation issues related to procurement and activity preparation, as these explain the majority of implementation delays.[38]

Lessons related to **activity preparation**[39] challenges reveal that delays may be avoided or minimized if preparatory or prerequisite activities are completed before the start of implementation of the activities they support or inform. In cases where large project components are dependent on preparatory activities, it is useful to conduct the prerequisite activities during the project preparation stage, as far as possible. In some cases, GPE's PDG has been used in part for this purpose.

Lessons and Recommendations on Activity Preparation from Completion Reports

1. *The GA should negotiate agreements/arrangements with the government or other implementers at the project preparation stage to avoid delays in negotiations during project implementation.*
2. *To avoid delays in components that require hiring of contractors, a more detailed assessment of availability and capacity of firms/contractors in the market should be conducted at the project preparation stage. This can avoid delays in the selection of qualified firms, ensure the contractors have capacity to deliver quality outputs, and allow for realistic cost estimates and time frames for implementation.*
3. *For construction-related components, conduct a thorough site-selection activity during the initial stage of the project. It may also be useful to ensure that all sites are approved before the implementation start date. Similarly, relevant needs assessments and costing exercises should be completed at an early stage.*
4. *In cases where the program/project includes innovative technologies through collaboration with the private sector or technology firms, agreements and the modalities of collaboration may be developed and finalized prior to implementation of the related component.*
5. *Funding for preparation activities, such as the development of work plans and budgets, should be clearly allocated and the funding agency clearly identified, to avoid confusion as to how these activities are to be funded.*

Challenges related to **procurement** span multiple areas, from limited capacity to manage procurement at the government level to failure of contractors to deliver on time.

Lessons and Recommendations on Procurement Challenges from Completion Reports

1. *It is important to assess the market for the availability of firms that have the capacity to deliver at the scale of the procurement requirements of the project. If this assessment can be made early in the project or as part of procurement readiness, then many delays in the procurement processes and contractor management can be averted. For large-scale procurement activities, it will help to provide training on procurement mechanisms to government procurement staff if needed.*
2. *A carefully planned and well-supervised community-based approach for construction activities has shown to incur lower costs than other procurement methods, and at the same time provides greater supervision of construction*

[38] Based on the findings from the implementation delay analysis – see the PFR FY18.

[39] These include prerequisite activities before the main activity implementation (i.e. site selection before beginning construction activities, framework development, needs assessment and baseline evaluation studies, work plan development, etc.).

activities as well as labor benefits in terms of local contractors and labor used in the construction process. This approach is also beneficial for emergency and conflict environments.

3. *Procurement processes need to be looked at more holistically to also include storage, collection and distribution of materials. In this regard, a decentralized distribution mechanism has shown to work most efficiently and reduce storage costs.*
4. *The procurement process should be adapted to country context. In cases of limited capacity of contracted firms to manage large-scale construction activities, it may be beneficial to select multiple firms for each location and award a limited number of contracts to each firm to match their capacity.*

The review of lessons learned and recommendations on **other implementation issue types** can be summarized as follows:

- Challenges in implementation due to **program design** issues can be mitigated by clearly defining the scope and targets of the project/program and activities that are achievable during the given time frame. Also, targets and timelines should be set with consideration of country realities, such as security situation, government capacity, and availability of contractors.
- Lessons on **program management** issues include the need for capacity assessment of program management and the need for improvement in systems such as monitoring prior to the project start date, as well as selecting appropriately qualified staff for key program management positions that require specific technical knowledge.
- The following lessons on effective measures to address **unforeseen circumstances** can be useful, particularly in FCAC contexts: the use of local NGOs and firms for implementing project activities in a conflict-affected environment or hard-to-access regions has shown to be effective (however, this needs to include capacity building of decentralized actors); project/program design should have flexibility to allow the reallocation of funds and review of targets in case of exchange rate changes, inflation, or imposition of taxes; and development partners should increase their supervision and support roles in the case of emergency and reorganize on the basis of emergency needs. To mitigate the challenges of monitoring and data collection in an emergency environment, it may be useful to use a virtual monitoring mechanism, which allows for remote data collection and analysis.

Key Areas for GPE's Consideration

This report provides the following key findings:

1) The disbursement analysis shows that **grants that take more than four years for implementation, and that eventually have to be extended and restructured, have low disbursements in the first years of implementation.** Low disbursement in the first year of implementation is an early warning sign of slow implementation and challenges in the implementation process. The disbursement analysis also reveals that **grants with a longer implementation and disbursement period are more likely to be in FCACs with low institutional capacity**. The implication is that consideration should be made at the design phase of what a realistic implementation timeline would be in these contexts, relative to the size and complexity of the grant.

2) The results of the comparative analysis of implementation issues in the grants rated as on track, slightly behind and delayed show that **operational challenges can be present even in the overall well-performing grants – but if addressed effectively and promptly, they need not set the grants off track in implementation.**

These findings indicate that the key areas for GPE's consideration may be related to better project preparation, more strengthened monitoring during the first years of implementation and a more flexible approach in implementation modality based on timely capacity assessment. It should be recognized, however, that good monitoring and mid-term evaluations can flag up adjustments and extensions that may be warranted in order to ensure the desired outcomes and the longer-term impact that is the end goal of GPE investments.

The following recommendations for the Secretariat and GAs suggest a way forward:

For the Secretariat:

1) **Establishing the right balance and threshold for the project implementation readiness assessment process**

The Secretariat may consider prioritizing and reinforcing implementation readiness using its existing mechanisms and processes. This may be possible through a stricter assessment of implementation readiness during the project development stages through quality assurance review (QAR) functions of the Secretariat, and through taking a stronger policy stance on completing implementation readiness requirements and setting a realistic start date for project implementation.

On the other hand, **prolonged delay in the grant approval due to unrealistic program readiness expectations may result in missed opportunities**. The Secretariat should consider establishing the right threshold or balance in its project implementation readiness assessment process.

Key Areas for GPE's Consideration (continued)

2) **Strengthened implementation and disbursement monitoring during the first years of implementation**

To promptly address the first signs of implementation and disbursement delays, **a more vigorous approach to monitoring of disbursements is needed, especially during the first years of project implementation**. The current methodology for the grant disbursement status assessment does not capture early signs of disbursement delays as it assigns a delayed disbursement rating to grants with a significant gap (more than 25 percentage points) between the percentage of cumulative disbursement and the percentage of elapsed grant period (the time between the effectiveness/start date and its closing date). Based on this methodology, disbursement delays are usually captured in later stages of the project, when it may be too late for timely and effective course correction measures. The Secretariat's new approach to measuring whether countries are on track in disbursement by comparing reported actual disbursements with the estimates provided in the program application, as well as the focus on working with the GAS and partner countries to closely monitor implementation and disbursements, should provide a good platform for moving forward with this recommendation.

For GAs:

1) **Adopting the right approach and implementation modality in low-capacity countries**

   T**he GA modality or way of working should be better adapted to certain country contexts, particularly when it comes to low-capacity countries.** It is important to ensure that the approach in such contexts takes into account the capacity and support needed from the GA, appropriate procedures and processes adapted to the country context, program design, sufficient preparation time, etc. The revised GA selection process resulting from the GPE Effective Partnership Review is intended to strengthen this aspect of GA selection.

5 ANALYSIS OF ADMINISTRATIVE COSTS

The Secretariat monitors, on an ongoing basis, the costs of agency fees and supervision allocations as well as direct management and administrative costs. See Table 6 for a description of these types of costs.

Table 6: Description of types of grant administrative costs

Type of Cost	Description and Purpose
Supervision allocation	• These funds are used by the GA to fulfill its roles and responsibilities related to supervision of an approved allocation and the amount requested is included in each application. • For all ESPIG applications submitted prior to the second round of 2016, GAs performing the role previously referred to as a "supervising entity" (SE) were eligible to receive funding to cover their supervision costs in addition to the country allocation for the period of the grant, plus an extra year to cover the six months prior to the start of grant implementation and the six months following the close of implementation. Grant agents can apply for additional supervision fees for these grants during implementation, where needed.[40] • With effect from the second round of applications in 2016, the supervision costs of the GAs are financed, similarly to the direct program management cost, from within the overall country allocation and must be disclosed within the proposal's budget.[41]
Agency fees	• Agency fees are typically used to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of grant funds. These fees are identified in the application separately from the country allocation. • Agency fees required by the GAs to manage the funds are determined by the agency's own rules (for example, for UN agencies fees are determined by their boards). • Agency fees are typically expressed as a percentage of the amount of the grant allocated to the country. Costs have historically ranged from zero to eight percent. For newly eligible INGOs, these costs are capped at seven percent of the grant amount (including amounts allocated to sub-recipients for agency fees). Effective from January 1, 2018, the agency fee for UNICEF was reduced from eight to seven percent.
Direct management and administrative costs	• These are the direct administrative costs of managing a grant (e.g. the salary of a program manager) and are charged to the grant itself (i.e. payable from the country allocation) provided they are not included as part of the agency fee and therefore are also not additional to the approved country allocation. • These costs are typically included in the grant application and while there are no formal limits on the percentage or dollar value of the grant that these costs may incur, the costs must be reasonable.

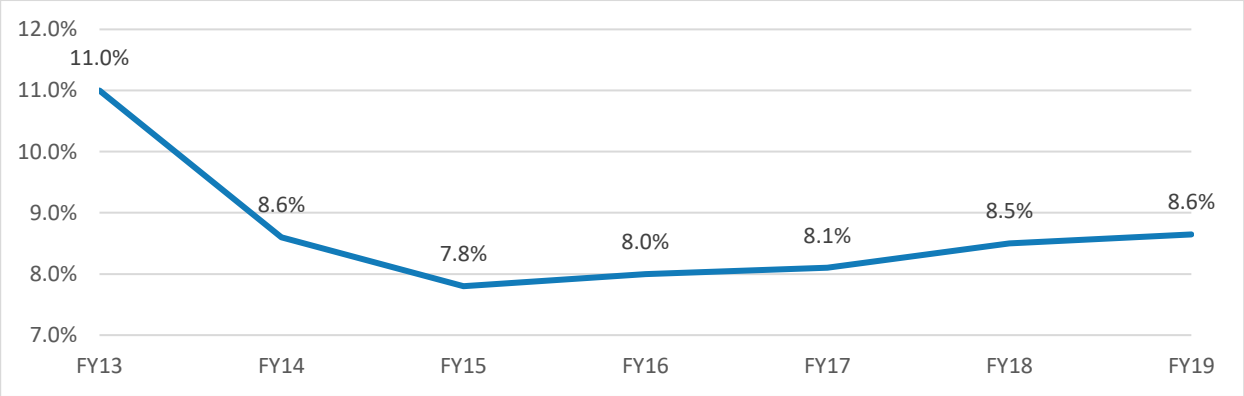
Between July 1, 2018 and June 30, 2019, the total value of new approved ESPIGs and associated agency fees was US$554.7 million, consisting of US$538.9 million in MCAs[42] and US$15.8 million in agency fees. In some grants the MCA includes – in addition to agency fees and the GA's direct program implementation costs – other direct program management and administrative costs for the GAs or the ministries that implement the grants.

Between December 2011 and June 30, 2019,[43] the total value of approved ESPIGs amounts to US$3.48 billion, of which US$3.37 billion was countries' MCAs and US$109.6 million[44] was agency fees and supervision allocation costs. When other costs (direct program management and GA's' administration costs) are added to agency fees and

[40] During FY19, one active grant (Niger) requested an additional supervision allocation at a total amount of US$225,000.
[41] For further information on this decision, see the meeting of the Board of Directors, October 16, 2015: https://www.globalpartnership.org/sites/default/files/2015-10-gpe-board-decision-new.pdf.
[42] This includes US$36.6 million in direct program implementation costs; typically, the supervision costs for GAs, and other direct program management costs.
[43] This analysis began when the first PFR was produced in 2013 and, for consistency, December 2011 continues to be the starting date.
[44] Includes the additional supervision allocations approved in FY19 and prior years, and excludes the supervision allocations for grants approved from the second round of applications in 2016, that are within the grant amount.

supervision allocations, the total cost amounts to US$300.7 million, or 8.6 percent of the total approved grant allocations for the period December 2011 to June 30, 2019. This represents an increase of 0.1 percent from the 8.5 percent reported in FY18 (see Figure 11).

Figure 11: Trends in total GAs' costs (in percentage), FY13-FY19



Typically, fragile states and smaller grants continue to require higher administrative costs when expressed as a percentage of allocation, while larger grants and joint funding arrangements incur reduced administrative costs (see Tables 7 and 8). Costs tend to be higher when UN agencies act as GAs as their agency fees are in the range of 7 percent[45] of the grant value. The average grant size in the GPE portfolio is US$33.4 million, with an average agency fee of 3.57 percent.

Table 7: Agency/supervision and direct management and administrative costs by FCAC status

Country Status	Total Approved Value of Allocation (Dec 2011-June 2019)	Agency/Supervision and Direct Management & Administrative Costs %
FCACs	US$1.978 billion	10.2%
Non-FCACs	US$1.390 billion	6.4%
Total	**US$3.368 billion**	**8.6%**

Table 8: Agency/supervision and direct management and administrative costs by grant size

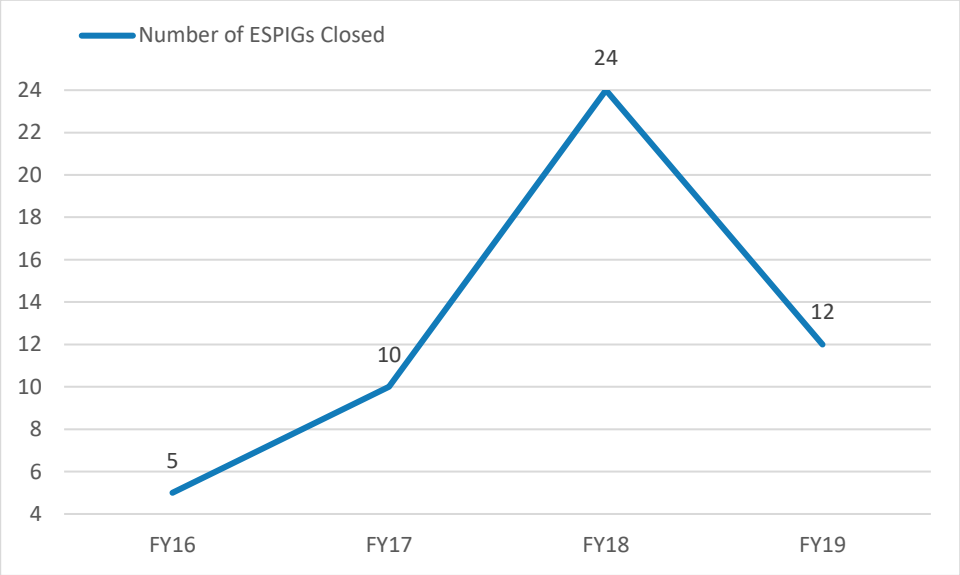
Grant Size	Total Approved Value of Allocation (Dec 2011-June 2019)	Agency/Supervision and Direct Management & Administrative Costs %
Less than US$10 million	US$145.5 million	17.2%
Greater than or equal to US$10 million	US$3.223 billion	8.2%
Total	**US$3.368 billion**	**8.6%**

[45] Historic range is up to eight percent. Effective January 1, 2018, agency fees for all grant agents are within the seven percent range.

6 CLOSED GRANTS

In FY19, 12 ESPIGs closed (with a value of US$464.5 million), halving the number of ESPIGs that closed in FY18 when 24 ESPIGs closed (with a value of US$870.3 million). Prior to that, 10 ESPIGs closed in FY17 with a value of US$357.4 million, and five in FY16 with a value of US$161.1 million. It appears that FY18 experienced a particularly high number of closed grants and that there has since been a return to a more stable level of ESPIG closures (although with grant approvals increasing, presumably closures will see a rise in the future).

Figure 12: Number of ESPIGs closed per fiscal year, FY16-FY19



The average length of the 12 ESPIGs that closed in FY19 is slightly longer than for the ESPIGs that closed in the previous fiscal year. The average length for the closed grants in FY19 was 4.2 years (or 4.5 years when AF grants are excluded), compared to four years in FY18 (or 4.2 years when AF grants are excluded).