

GPE Secretariat Management Response for: MULTIPLIER EVALUATION

August 2023

The GPE Secretariat welcomes the Multiplier evaluation [March 27, 2023] conducted by Mathematica, and thanks them for the useful analysis and lessons it provides. The evaluation offers timely and important information on the Multiplier grant. It offers recommendations which will be used to inform improvements and changes to the mechanism to better serve partners. The evaluation's findings and recommendations were discussed during the [name of Board committee meeting, meeting date, main points].

The GPE Secretariat Management Team considers the evaluation findings **formulated for the Secretariat** to be fair overall and agrees with the recommendations on the whole. Specifically, the Secretariat will seek to implement the improvements outlined below in response to the recommendations.

Please refer to **Annex 1** for further details on the timetable and responsibilities for the different actions.

Note: The evaluation lays out some options for the Secretariat's consideration for some of the following recommendations that are outlined in detail in the [evaluation report](#). The numbering of the recommendations corresponds with the numbering of the action items.

I. Recommendations for GPE Secretariat on improving the Multiplier's financial or value additionality.

Management response: The Secretariat partly agrees with this set of recommendations:

1. Consider explicitly focusing the goals of the Multiplier so that its priority objective is to mobilize co-financing for activities intended to support system transformation, a critical goal of the GPE 2025 model.
2. Consider providing more or better incentives for new co-financers without alienating the World Bank if GPE's objective is to diversify the sources of Multiplier co-financing.
3. Pursue opportunities to lighten the enabling factors analysis and ITAP review.
4. Consider ways to improve the Multiplier GA selection process.

The GPE Secretariat will:

1. Consider these recommendations in the context of development of the next strategic plan and funding cycle for 2026-2030 period since most countries will have completed a partnership compact during this plan period.
2. Explore what improvements can be made to the criteria for demonstrating financial additionality while not undermining its importance and credibility and will update guidelines accordingly; explore the issue of further adjustments to co-financing ratios in the context of GPE's next strategic plan concerning eligibility and allocation levels of the Multiplier; explore developing a specialized, or fast-tracked, process for determining the additionality with the World Bank.
3. Examine possibilities to lighten the EFA and ITAP review as part of a larger discussion of GPE's system transformation grants scheduled for Board decision in June 2023.¹
4. Review the grant agent selection process to see how it may be strengthened and conduct a review which will include stakeholder interviews not just for Multiplier grants but other grant agent selection processes.

¹ Please refer to annex 1 for updates as of August 2023.

II. Recommendations for GPE Secretariat on clarity of guidance and expectations

Management response: The Secretariat fully agrees with this set of recommendations:

1. Clarify the requirements and the level of effort required to achieve Partnership Compacts.
2. Establish a mechanism for the Secretariat to track co-financing flows under the Multiplier, not just co-financing commitments as at present.
3. Improve GPE guidance and documents for (1) non-English speaking countries and (2) new co-financers.
4. Establish a clear definition of gender hardwiring (also in terms of broader Secretariat efforts and not just for the Multiplier).

The GPE Secretariat will:

1. Establish new guidelines on partnership compacts—which have already been released in February 2023, building on lessons around the partnership compacts that have been learned to date.
2. Further examine the practicalities to see how this may be achieved without adding additional burden on partners.
3. Continue to update guidance as needed to take account of any further changes; however, the Secretariat has already released guidance in English, French, Spanish, and Portuguese, which has been available on the website since May 2023.
4. Continue with internal and external consultations to develop a shared understanding of gender hardwiring across the partnership. An e-learning module was launched in April/May 2023.

III. Recommendations for GPE Secretariat on additional analysis, data, reporting

Management response: The Secretariat fully agrees with this set of recommendations:

1. Consider conducting additional analysis on the subjects for improved decision making such as the revisiting maximum country allocations depending on country size and economy, adjusting the standard ratio of 3:1/1:1, debt sustainability analyses, developing guidance for in-kind donations, and establishing reporting requirements.
2. Consider introducing or expanding existing systems for data collection, reporting, and analyses.

The GPE Secretariat will:

1. Consider issues raised regarding maximum country allocations and the standard ratio depending on co-financier type for the 2026-2030 financing period; further examine and explore the methodology around debt sustainability noting the need to keep transaction costs to a minimum and ensure value for money on GPE's operating expenses budget; examine the lessons from GPE's recent review of an in-kind/non-monetary MLT EOI and will make adjustments to our guidelines in due course; with respect to tracking co-financier disbursements, further examine the practicalities to see how this may be achieved without adding additional burden on partners.
2. Further examine the time/costs involved of implementing them noting that Secretariat resources are limited and that we should avoid shifting the burden to partners wherever possible.

Annex 1 - Key Recommendations and Actions Timetable for GPE Secretariat Actions

Evaluation recommendations for the GPE Secretariat on <u>improving the Multiplier's financial or value additionality</u>					
Improvement	Key action(s)	Time frame	Responsible GPE Secretariat unit(s)	Follow up	
				Status as of [August 2023]	Comments
<p>Consider explicitly focusing the goals of the Multiplier so that its priority objective is to mobilize co-financing for activities intended to support system transformation, a critical goal of the GPE 2025 model. The value additionality that arises from having a Multiplier is important but could be considered secondary as it is so tightly linked with a country engaging with GPE. However, it is critical for the GPE Secretariat and Board to consider this recommendation carefully and resolve these strategic decisions internally.</p>	<p>To be considered as part of GPE2030 approach to financing and funding in 2025</p> <p>Given that co-financing opportunities can be time sensitive and don't always align with timelines for development of a partnership compact, the Board agreed to show some flexibility by allowing Multiplier applications in advance provided the focus is linked to sector plan or other relevant framework.</p> <p>However, as most countries will have completed a partnership compact during this plan period, the recommendation will be considered in the context of development of the next strategic plan and funding cycle for 2026-2030 period.</p>	<p>Will be considered in 2025 while developing GPE2030</p>	<p>Innovative Finance</p>	<p>Will be considered in 2025 while developing GPE2030</p>	
<p>Consider providing more or better incentives for new co-financers without alienating the World Bank if GPE's objective is to diversify the sources of Multiplier co-financing.</p> <p>a) Revising the criteria for financial additionality to make it easier for new co-financers to demonstrate additionality.</p> <p>b) Adjusting the co-financing ratio according to the country context.</p>	<p>a) We will explore what improvements can be made to the criteria for demonstrating financial additionality while not undermining its importance and credibility and will update guidelines.</p> <p>b) Accordingly, we will explore the issue of further adjustments to co-financing ratios in the context of GPE's next strategic plan</p>	<p>More and better incentives for new co-financers - in progress and on track – pipeline shows a clear diversification of co-financing/co-financers in transactions post-evaluation.</p> <p>Re: Revising the criteria for financial additionality; adjusting</p>	<p>Innovative Finance</p>	<p>Will be considered in 2025 while developing GPE2030</p>	

<p>c) Developing a specialized, or fast-tracked, process for determining the additionality of World Bank financing.</p>	<p>concerning eligibility and allocation levels of the Multiplier. c) We will explore developing a specialized, or fast-tracked, process for determining the additionality with the World Bank.</p>	<p>the co-financing ratio – 2030 considerations and developing a specialized, or fast-tracked, process for determining the additionality of World Bank financing - given that GPE2025 is well advanced and so is the Multiplier pipeline, the feasibility and applicability of following will need to be considered in the 2030 strategy development deliberations.</p>			
<p>Pursue opportunities to lighten the enabling factors analysis and ITAP review, specifically: a) Removing the need for supplementary documentary evidence for the enabling factors analysis. b) Reducing time from ITAP review to Compact QA so that Multiplier countries can more effectively mobilize greater GPE financing alongside the Multiplier. c) Considering ITAP review as optional for smaller maximum country allocations.</p>	<p>We will examine possibilities to lighten the EFA and ITAP review as part of a larger discussion of GPE’s system transformation grants scheduled for Board decision in June.</p>	<p>Completed</p>	<p>QA Team</p>	<p>The Board decided in the July 2023 meeting to: “Maintain the ITAP requirement while requesting the GPE Secretariat to implement targeted measures to improve the relevance of recommendations and ensure timely report completion. All partner countries eligible for multiplier only grants, as well as those with a system transformation grant allocation of \$10 million or less, may forgo an ITAP review of the enabling factors.”</p>	
<p>Consider ways to improve the Multiplier GA selection process, including:</p>	<p>a) The possibility already exists if a draft partnership compact is in place prior to the EOI or if the</p>	<p>Not applicable as the choice of GA is at the discretion of partner</p>	<p>Innovative Finance Team</p>	<p>Overall, by 2025</p>	

<p>a) Combining GA selection and the EOI endorsement by the LEG.</p> <p>b) Removing the ability of co-financers to heavily influence determination of the GA for the Multiplier when the Multiplier is combined with another GPE grant.</p>	<p>Multiplier is a standalone grant without a partnership compact. However we will clarify further in guidelines.</p> <p>b) We stress that the choice of grant agent is not for the Secretariat and should be made at country level.</p> <p>We will continue efforts to diversify sources of co-financing and the number of grant agents to maximize choice.</p> <p>We disagree, however, that the Secretariat should promote a single grant agent for joint grant funding. Experience shows that depending on the context, multiple grant agents may be better placed to support implementation of the priorities, and this approach can also mitigate risks of a single grant agent being unable to deliver.</p> <p>We will review the selection process to see how it may be strengthened and are conducting a review which will include stakeholder interviews not just for Multiplier grants but other grant agent selection processes.</p>	<p>country and its LEG however, we continue to strengthen GA selection process and monitoring. On track – post evaluation outcome, new EOI’s reflect a greater degree of co-financing diversification.</p>	<p>Grants & Operations Team</p>	<p>b) Co-financing and GA diversification will be a continuous work in progress.</p> <p>A consultant is being recruited to facilitate the said stakeholder review.</p>	
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Evaluation recommendations for the GPE Secretariat on clarity of guidance and expectations

Improvement	Key action(s)	Time frame	Responsible unit(s)	Follow up	
				Status as of [August 2023]	Comments

Clarify the requirements and the level of effort required to achieve Partnership Compacts.	New guidelines on partnership compacts have already been released in February building on lessons around the partnership compacts that have been learned to date.	Completed	CEO/QA Team	Completed as part of OM presentations and other interactions with LEG/Country partners. This was not led by Innovative Finance team rather as part of the larger socialization of the OM.	A revised version was developed to incorporate important lessons from countries who have undertaken the process so far. It aims to help leverage optimal support moving forward.
Establish a mechanism for the Secretariat to track co-financing flows under the Multiplier, not just co-financing commitments as at present.	We will further examine the practicalities to see how this may be achieved without adding additional burden on partners.	December 2023	Finance Team/Innovative Finance Team	An analysis will be undertaken to assess the impact of co-financing, a consultant will undertake an initial analysis on what aspect of co-financing is most valuable to track and what would make for an efficient manner to do so that also meets GPE's resource mobilization objectives.	
Improve GPE guidance and documents for (1) non-English speaking countries and (2) new co-financers.	We will continue to update guidance as needed to take account of any further changes; however, the Secretariat has already released guidance in English, French, Spanish, and Portuguese, which has been available on the website since May 2023.	Completed. The new and revised Multiplier guidelines have been translated circulated as well as available on the website in the four languages that all GPE documents are translated in - Spanish, French, Portuguese, and English.		Completed	The Secretariat has been aiming to make key documents and publications more accessible. The MLT guidelines were translated in early Spring, targeting partner country engagement.
Evaluation recommendations for the GPE Secretariat on <u>additional analysis, data, and reporting</u>					
Improvement	Key action(s)	Time frame	Responsible unit(s)	Follow up	
				Status as of [August 2023]	Comments

<p>Conducting additional analysis on the following subjects for improved decision making, including:</p> <p>a) The appropriateness of MCA amounts for both larger and smaller countries, as well as Upper Middle-Income Countries.</p> <p>b) Whether having a standard 3:1 or 1:1 ratio depending on the co-financer type is optimal across all countries, or whether changing the matching ratio, depending on the country context and what will provide the most value such that co-financers can engage, and the country can benefit, would be preferable.</p> <p>c) Determining whether the Secretariat's reliance on partners/co-financers' debt sustainability analysis is fit for purpose. A first step is to conduct additional analysis of the non-World Bank loans to better understand the loan terms and their impact on debt sustainability. The second is to talk with country finance ministries about cofinancing loans and decisions making. If the Secretariat should take a more central role, consider options for doing so, such as in-house, consulting retainer with a debt analysis institution or firm, etc.</p> <p>d) Establishing what the appropriate reporting requirements are to track co-financer disbursements, taking into account GPE's access to World Bank disbursement and implementation reporting mechanisms.</p>	<p>a) This will be considered as part of discussions on eligibility and allocation for the 2026-2030 financing period. We note that apart from some IDA eligible small islands, the Multiplier is only eligible for Low and Lower Middle-Income Countries and not Upper Middle Income (unless they graduated within the financing period).</p> <p>c) We will further examine and explore the methodology around debt sustainability noting the need to keep transaction costs to a minimum and ensure value for money on GPE's operating expenses budget.</p> <p>d) With respect to tracking co-financier disbursements, as noted above, we agree in principle and will further examine the practicalities to see how this may</p>	<p>2025</p> <p>December 2023 + within 2030 strategy dev.</p>	<p>a) and b) Innovative Finance</p> <p>d) Finance/ Grants Team</p>	<p>d) analysis will be undertaken to assess the impact of co-financing, a</p>	<p>a) and b) More definitive decisions will be taken while developing GPE2030.</p> <p>c) Whilst the evaluation sampling did not include the EOI's and transactions that took into account debt sustainability analysis but a significant number of EOI's with concessional financing have had MoF issue statements attesting to borrowing capacity and rigorous debt sustainability analysis.</p> <p>d) Given capacity and resource constraints, this would ideally work</p>
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	be achieved without adding additional burden on partners.			consultant will undertake an initial analysis on what aspect of co-financing is most valuable to track and what would make for an efficient manner to do so that also meets GPE's resource mobilization objectives.	out in the 2030 strategy deliberations. We'll continue learning from our experiences with in-kind donations following this initial opportunity, lessons will be used to shape GPE2030.
Consider introducing or expanding existing systems for data collection, reporting, and analyses.	Further examine the time/costs involved of implementing them noting that Secretariat resources are limited and that we should avoid shifting the burden to partners wherever possible.	Feasibility to be determined by September 2023	2030 strategy deliberations	2030 strategy deliberations	Secretariat resources are limited, and we should avoid shifting the burden to partners wherever possible.