

Financial Projections and Implications

As ECW's funding grows, its grants portfolio will expand. Expectations regarding grantee diversity or level of involvement at country level have implications in terms of volume of activity. A financial simulation model was developed to help capture assumptions made and their implications.

1. Funding targets

ECW's model involves the development of multi-year programmes in protracted crises. In line with ECW's mandate to promote coordination and joint programming, the expectation is that these programmes will only be partially funded by ECW. Other partners will come in, in part by bringing existing funding under joint ECW-supported programmes in recognition of the benefit of improved coordination, and in part by bringing in new funding under these joint programmes. It is proposed that ECW's target include both funding directly provided by ECW (from its New-York based fund) and additional funding raised at country level and brought in by external partners to pooled ECW funds under joint ECW-supported programmes.

Further, funding targets for a given year are considered to represent amounts available for commitment by year-end at the latest, with planning for future multi-year programmes starting by the beginning of the year. For successful multi-year programming, it would be important that countries have sufficient predictability through multi-year funding (at least a two-year installment followed by a one-year installment for a 3-year programme). This means that donors' funding should also ideally be multi-year and predictable, with funding amounts known in advance.

2. First response and multiyear programmes

Over the past ten years, there have been around 11 natural disasters and rapid-onset conflicts per year, with close to 40 countries facing protracted crises. Not all of these include education in their appeals (on average, over the past ten years, only 6 of 11 appeals for natural disasters or rapid onset conflicts per year requested education funding). It is expected that ECW's advocacy will help increase the number of appeals that include education, hence increasing the number of first response programmes from 7 in 2018 to 11 in 2021. First response funding per crisis is also expected to increase, from 25% of the average appeal today to 60% in 2021 (current funding is below 40% of the appeal amount). Meanwhile, the number of multi-year investments is expected to increase to 25 by 2021, with funding levels significantly larger than for first response.

3. Grantee diversity and ways of working

There is a tension between grantee diversification and secretariat capacity. The capacity of national NGOs tends to be lower than that of larger players, which has implications in terms of ECW support and investments in financial and programmatic monitoring. The assumption here has been that the average number of grantees per first response investment remains stable (4 per first response) and that 2 separate grantees or arrangements are directly managed by ECW for each multi-year investment.

Further, the expectation that ECW will not just bring more money but also push for a different way of working implies that the development of multi-year investments will involve multiple ECW missions. The current proposal (3 missions with 2 Secretariat persons each to support the development of a new joint programme, followed by one mission for each of the following years) assumes that ECW partners will take a significant role in contributing to the development and implementation of programmes on the ground. Still, the current proposal has implications for Secretariat staff and/or consultants. Increased efforts will further have to be put into advocacy, fundraising, development of innovative financing options, gender and monitoring and evaluation as ECW's targets and portfolio grows.

The table below intends to give a better sense of how ECW's portfolio – and funding - will grow over the coming years. Please note that “grants manager” refer to the staff specifically in charge of managing the grants process (including advising of rules, procedures and reporting timeframes). Country focal points (country-facing staff), on the other hand, are in charge of following-up on the programmatic contents.

	2017	2018	2019	2020	2021
Funding targets					
Funding committed by year-end (all sources/modalities)	\$153,000,000	\$383,000,000	\$689,000,000	\$1,000,000,000	\$1,500,000,000
Target ECW funding "in the bank" as % of total target	100%	74%	65%	55%	50%
Target ECW funding "in the bank" at year end	\$153,000,000	\$285,000,000	\$450,000,000	\$550,000,000	\$750,000,000
Target for additional partner funding under joint programmes	\$0	\$98,000,000	\$239,000,000	\$450,000,000	\$750,000,000
Acceleration facility as a share of funding "in the bank"	5%	5%	5%	5%	5%
ECW secretariat as a share of funding "in the bank"	2.5%	2.5%	2.5%	2.5%	2.5%
Acceleration facility funding	\$7,650,000	\$14,250,000	\$22,500,000	\$27,500,000	\$37,500,000
ECW secretariat funding (including staffing, travel, consultancies, etc.)		\$7,125,000	\$11,250,000	\$13,750,000	\$18,750,000
ECW funding "in the bank" for country programmes	\$141,525,000	\$263,625,000	\$416,250,000	\$508,750,000	\$693,750,000
Ongoing commitments					
First response (1-year)	9	0	0	0	0
Total commitments on these 1st response (incl. planned)	\$24,477,572	\$0	\$0	\$0	\$0
Initial investments (2 years)	4	4	0	0	0
Total commitments on these initial investments	\$57,500,000	\$0	\$0	\$0	\$0
New investments					
First response (1 year)					
ECW first response funding to rapid onset crises as a share of appeal amount	25.0%	30.0%	40.0%	50.0%	60.0%
# of ECW-supported sudden onset crises (excl. already approved) - assuming advocacy to ensure new crises include education in their appeals	0	7	8	9	11
Reserve funding (\$30 m/year initially, moving to innovative finance by 2020)	Yes	Yes	Yes	No	No
ECW funding going to new first response/sudden-onset	\$0	\$18,375,000	\$28,000,000	\$39,375,000	\$57,750,000
Multi-year (3 years)					
Total ongoing multi-year (3 years) programs by year-end	0	8	16	22	25
ECW funding available for multi-year programmes		\$215,250,000	\$358,250,000	\$469,375,000	\$636,000,000
Average 1st tranche (2 years) funding available for commitment to new multi-year investments		\$26,906,250	\$44,781,250	\$44,895,833	\$39,636,364
Average 2nd tranche (1 year) funding available for commitment to multi-year investments		-	-	\$25,000,000	\$25,000,000
ECW partner yearly commitment per multi-year programme		\$12,250,000	\$14,937,500	\$20,454,545	\$30,000,000
All investments (ongoing commitments and new investments)					
Total ongoing programs by year-end	13	19	24	31	36
Implications for the Secretariat					
Grants management					
Number of direct grantees per first response (assumption: number stable)	4	4	4	4	4

Number of direct grantees per multi-year investment	2.0	2.0	2.0	2.0	2.0
Number of grantees	41	48	64	80	94
<u>Option 1 (no change - 1 staff, 1 consultant):</u> staff/consultants in grants management unit	2	2	2	2	2
<u>Option 2 (increase in line with grant number):</u> staff/consultants in grants management unit	2	2	3	3	4
Option 1: number of grantees per grants management staff/consultant	21	24	32	40	47
Option 2: number of grantees per grants management staff/consultant	21	24	21	27	24
Country missions					
Number of missions to multi-year (1 typical mission = 2 ECW staff or consultants)		Before start	Year 1	Year 2	Year 3
If the country has never had a multi-year programme		3	1	1	1
If the country is renewing an existing multi-year programme		2	1	1	1
Missions per first response country (only in case of challenges)		0.2			
Missions to initial investments (excluding preparation of multi-year)		1			
	2017	2018	2019	2020	2021
Missions x travelers to countries (excl. other missions e.g. donor meetings)		59	67	72	98
<u>Option 1: no change:</u> number of country facing staff	7	7	7	7	7
<u>Option 2: increase in line with portfolio growth:</u> Number of country facing staff	7	7	8	9	12
Option 1: country missions per staff per year		8	10	10	14
Option 2: Country missions per staff/consultant per year		8	8	8	8