**Annex 1: Explanatory Notes Template**

**March 1, 2024**

1. **Introduction**
2. **Program Overview[[1]](#footnote-2)**
3. **Current quarter performance**

The current quarter’s projections and actual performance, as of [date], are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Total Quarterly projected for current quarter (from last quarter DFP)  | Quarterly actuals to date | Forecasted additional spend through end of quarter | Total quarterly projected for current quarter (column 2 + column 3) | Difference ($)(column 1 -column 4) | Execution (%)(column 1 / column 4) |
|  | 1 | 2 | 3 | 4 | 5 | 6 |
| Commitments  |  |  |  |  |  |  |
| Disbursements  |  |  |  |  |  |  |

*Note that for countries with SAP, this table can be generated by SAP.*

1. **Cumulative actual commitments and disbursements to date**

*The AE should include a chart showing cumulative commitments and disbursements to date, as compared to the overall grant budget. The numbers used for preparing these charts should come from MCC MIS (see the MCA Grant Performance Report for this information).*

1. **Next quarter request**

[Accountable Entity] is requesting the following for the upcoming quarter:

1. Commitments (from DFP – Commitments): [insert total here]
2. Disbursements (from DFP – Cash): [insert total here]
3. **Additional requests**

*If the Accountable Entity has any additional requests (Schedule A adjustment[[2]](#footnote-3), CP waiver/deferral, etc.), these should be described here, along with the justification for the request. If none, simply state “[Accountable Entity] has no additional requests for the upcoming quarter.”*

1. **Project 1** *(this section should be repeated for each Project, Monitoring and Evaluation, and Administrative expenses)*
2. **Current Quarter performance[[3]](#footnote-4)**

The current quarter’s projections and actual performance for [Project 1], as of [date], are summarized in the tables below. Explanations for deviations from the prior quarter’s request are also provided.

*The tables should summarize overall commitment and expenditure performance. Variance explanations should be provided at the activity level, in succinct bullet points, and should focus on the key drivers behind any variances greater than 20% and over $100,000, or other value as agreed between MCC and the AE. The variance explanations should also explain how what happened in the current quarter affects the plan moving forward. In particular, in cases where significant expected commitments or disbursements were not executed during the current quarter, the AE should indicate where those commitments or disbursements have been accounted for in the upcoming quarters.*

*Note that for countries with SAP, the tables can be generated by SAP, such that the AE will only need to fill in the variance explanation in the final column.*

**Commitments**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Commitment projection (from DFP-Commitments)  | Actual quarterly commitments to date | Forecasted additional commitments through end of quarter | Total projected for current quarter | Difference ($)  | Variance explanation  |
| Activity 1  |  |  |  |  |  |  |
| Activity 2 |  |  |  |  |  |  |

**Disbursements**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Disbursement projection (from DFP-Cash) | Actual quarterly disbursements to date  | Forecasted additional disbursements through end of quarter | Total projected for current quarter | Difference ($)  | Variance explanation  |
| Activity 1  |  |  |  |  |  |  |
| Activity 2 |  |  |  |  |  |  |

1. **Next quarter actions**

*In succinct bullets, this section should summarize the significant activities to be undertaken in the next quarter. It should focus on major critical path procurements and grants and actions that are key drivers of the projected commitment and disbursement targets. It is not necessary to repeat detailed financial data that can be found in the DFPs or Contract Detail Report (CDR), although references to projected values may be made as needed. It should also avoid discussion of minor administrative or routine activities.*

In the upcoming quarter, [AE] intends to undertake the following actions:

Activity 1

* Key action 1
* Key action 2

Activity 2

* Key action 1
* Key action 2
1. **Constraints to meeting next quarter’s commitment and disbursement targets**

*This section should summarize the primary factors that may limit the AE’s ability to meet quarterly commitment and disbursement targets (e.g., delay in contractor performance, CP achievement, etc.) and identify measures that are being implemented to mitigate these constraints. This should focus on key constraints and risks to meeting the financial targets and is not expected to duplicate the broader risk register for the project.*

|  |  |
| --- | --- |
| Constraint/risk (quarter the constraint/risk was first identified) | Mitigation measure (including actions taken and planned, associated dates and responsible parties) |
|  |  |
|  |  |

1. **Government contributions**

*Where applicable, this section should provide an update on the country contributions[[4]](#footnote-5) and/or supplemental government contributions[[5]](#footnote-6). In cases where the AE has submitted a DFP related to the relevant contributions, it is not necessary to repeat detailed financial data that can be found there, although references to projected values may be made as needed.*

1. **Trend analysis[[6]](#footnote-7)**

*Starting with the second disbursement, the AE should include charts showing the previous quarters’ actual disbursements and commitments as compared to the disbursement request, both cumulatively (for the entirety of the grant term to date) and at the project level (for at least the prior 4 quarters). The numbers used for preparing these charts should come from MCC MIS (see the MCA Grant Performance Report for this information).*

*In cases where the analysis demonstrates a trend of significant deviation between the requests and actual performance, the AE should work to identify the root causes of these deviations and indicate what actions are being taken to address them. This information should be included in the constraints section above.*

1. **Commitments**
2. **Disbursements**
1. Note that this section is not required for initial disbursement QDRPs. [↑](#footnote-ref-2)
2. If requesting a Schedule A adjustment, please see Annex 3 for a detailed outline of the required information. [↑](#footnote-ref-3)
3. Note that this section is not required for initial disbursement QDRPs. [↑](#footnote-ref-4)
4. Country contributions are those that are required because the partner country is a LMIC and/or because MCC and the partner country are entering into a second compact or concurrent compact. The rules and procedures regarding country contributions are covered by MCC Country Contributions Policy. [↑](#footnote-ref-5)
5. Supplemental government contributions are those funds that a country provides for project shortfalls or other reasons to support the program. The rules and procedures regarding supplemental government contributions are typically covered by an implementation letter or other legal agreement. [↑](#footnote-ref-6)
6. Note that this section is not required for initial disbursement QDRPs. [↑](#footnote-ref-7)