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Enabling poor rural people
to overcome poverty

Procedures for Financing from the Grants Programme

In accordance with the commitment made in the Revised IFAD Policy for Grant Financing (EB 2009/98/R.9/Rev.1), the attached Procedures for Grant Financing and indicators for monitoring implementation of the policy are being shared with the Executive Board for information.

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For: **Information**

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Abbreviations and acronyms

AWPB	annual workplan and budget
CFS	Controller's and Financial Services Division
CGIAR	Consultative Group on International Agricultural Research
CMR	corporate management result
CS	country-specific
CSO	civil society organization
CSWP	corporate strategic workplan
DSF	Debt Sustainability Framework
DSWP	divisional strategic workplan
EMC	Executive Management Committee
GR	global and regional
GSR	grant status report
LEG	Office of the General Counsel
M&E	monitoring and evaluation
OMC	Operations Management Committee
OPV	Office of the President and Vice-President
PBAS	performance-based allocation system
PMD	Programme Management Department
PTA	Policy and Technical Advisory Division
QA	quality assurance
QE	quality enhancement
SEC	Office of the Secretary
SOE	statement of expenditure

Procedures for Financing from the Grants Programme

I. Context: the Revised IFAD Policy for Grant Financing

A. Introduction

1. The Revised IFAD Policy for Grant Financing (EB 2009/98/R.9/Rev.1) was approved by the Executive Board in December 2009. The revised policy emphasizes the importance of efficient and effective planning and management of the grant portfolio, commensurate with its scale relative to the total annual programme of work; and commits IFAD to developing new procedures for grant-financed projects. These revised procedures aim to provide a framework for operationalizing the revised policy, and specifically for ensuring that the grant portfolio: (a) is more selective, with fewer, larger and more strategic grants; (b) reflects the objectives of the revised policy and is consistent with its provisions; (c) supports corporate priorities, as expressed in corporate management results (CMRs); (d) is better supervised; (e) is more results-oriented; and (f) provides a stronger platform for learning and knowledge management.
2. The procedures additionally seek to address a number of issues. First, they are intended to replace multiple internal documents with a single, coherent set of procedures that can be used by all IFAD divisions or units in developing and supporting grant-financed activities, including global and regional (GR) and country-specific (CS) grants, both large and small. They also include specific provisions for a new category of private-sector grants. Second, the procedures are intended to reduce the internal transaction costs associated with grant processing, while ensuring rigorous resource allocation and review commensurate with the size of the grants in question. Third, and in conformity with institutional best practice, the procedures seek to ensure that key activities in the review process are conducted by a group that is entirely independent of those seeking to access the grant resources. And finally, these procedures respond to a number of concerns raised by the Office of Internal Audit around grant recipients/subrecipients and supervision of grant-financed projects.¹
3. These procedures apply to projects financed from the grant programme. They also apply to initiatives supported under the Debt Sustainability Framework (DSF) that are not part of an investment project. They do not apply to grants that are financed from supplementary or complementary funds or part of larger investment projects.
4. These procedures will enter into effect on 1 July 2011. They supersede all previous guidelines and procedures relative to grants.² However, this is intended to be a living document: in the light of experience the procedures may be amended as and when necessary.³ They will be formally reviewed within one year of their introduction by the grants quality assurance group (see para. 23).

B. The revised policy⁴

5. The goal of the revised policy is to promote successful and/or innovative approaches and technologies, together with enabling policies and institutions that will support agricultural and rural development, thereby contributing to the achievement of

¹ Including recommendations 126, 127, 965, 967, 968, 970, 974, 975.

² These include, for example, the previous Guidelines and Procedures for Implementation of IFAD's Grant Programme and the Interim selection process for grant proposals of December 2009.

³ Any amendments would be subject to approval by the Executive Management Committee.

⁴ This section is drawn directly from the revised policy (EB 2009/98/R.9/REV.1).

IFAD's overarching goal of empowering poor rural women and men in developing countries to achieve higher incomes and improved food security.

6. The objective of the policy is that IFAD, its partners and other rural development stakeholders improve their knowledge and understanding of what constitutes successful and innovative approaches and technologies, enabling policies and institutions that promote the interests of poor rural women and men.
7. **Outputs.** The revised policy aims to achieve the following outputs:
 - (a) Innovative activities promoted and innovative technologies and approaches developed in support of IFAD's target group;
 - (b) Awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by, and on behalf of, this target group;
 - (c) Capacity of partner institutions strengthened to deliver a range of services in support of poor rural people; and
 - (d) Lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction promoted among stakeholders within and across regions.
8. **Strategic criteria.** All activities to be supported with grant resources should:
 - (a) Reflect IFAD's strategic framework and relevant policies and strategies;
 - (b) Enable IFAD to learn and manage knowledge relative to rural poverty reduction more effectively, with a view to subsequent scaling up;
 - (c) Promote learning partnerships with key players in the rural development arena, focused explicitly on rural poverty reduction;
 - (d) Be managed at arm's length from IFAD, and not constitute activities normally funded from IFAD's administrative budget;
 - (e) In cases where they involve working in developing Member States, support and contribute to IFAD's country programmes, current and/or planned; and
 - (f) In the case of GR grants, have an additional value beyond the simple aggregation of benefits accruing at the country level.
9. **Eligibility criteria.** Eligible partners in implementing grant-financed activities will include:
 - developing Member States;
 - intergovernmental organizations in which such Member States participate (e.g. United Nations agencies, the Consultative Group on International Agricultural Research [CGIAR] and its member centres, and international financial institutions [IFIs]);
 - civil society organizations (CSOs), including NGOs (e.g. community-based, rural producers' and other organizations representing poor rural people; groups of parliamentarians; the media; and policy development and research institutes);
 - IFAD-housed entities (e.g. the Global Mechanism and the International Land Coalition); and
 - for-profit, private-sector entities, for specific agreed grant-financed activities aimed at enabling poor rural women and men to achieve higher incomes and improved food security.
10. **Grant resources and their allocation.** IFAD's grant programme amounts to the equivalent of 6.5 per cent of IFAD's annual programme of work. The GR window comprises 5.0 per cent of the programme of work, while the CS window share (to be

used in “green” countries only) is set at 1.5 per cent. Within the GR window, 80 per cent of the resources are directed towards large grants (>US\$ 500,000) and 20 per cent to small grants (US\$500,000 or less), thereby limiting the number of grants approved each year and so maintaining the grant portfolio at a manageable level.

11. **Grant approval.** The President approves all small grants (US\$500,000). Grants of more than US\$500,000 are approved by the Executive Board under a lapse-of-time procedure similar to that applied to projects and programmes. All grants to for-profit private-sector entities, irrespective of size, must be presented for the approval of the Executive Board at its regular sessions.

II. Overview of processes and responsibilities

12. **Processes.** These procedures cover the allocation of grant resources; the design, review and approval of individual grant proposals; implementation and supervision; completion and evaluation; and knowledge management.
13. Section III outlines the process for funding GR grants. Under the revised policy, IFAD Senior Management makes GR grant resources available to divisions under a competitive selection process, with competing divisions submitting divisional strategic workplans (DSWPs) for review. A corporate strategic workplan (CSWP), reflecting the sum of the approved DSWPs, will be prepared and presented to the Executive Board for information.
14. By contrast, CS grant resources are made available to regional divisions in the Programme Management Department (PMD). For each region, the allocation will be based on the scores of “green” countries under the performance-based allocation system (PBAS); countries without a PBAS allocation are not eligible for grant resources. “Red” and “yellow” countries are not eligible for grant resources as they already receive grant financing under the DSF. Even in these countries, however, any grant resources used outside the framework of a regular investment project will be subject to the provisions of the revised policy and these procedures. The total amount – loans and grants – going to any country may not exceed its total PBAS allocation, and total CS (for “green” countries) may not exceed the regional allocation.
15. Section IV contains the procedures governing grant design, review and approval. There are separate sets of procedures for the review and approval of proposals for large grants (>US\$500,000) and small grants (≤US\$500,000). Procedures governing GR and CS grants differ slightly, reflecting the fact that CS grants are expected to support country strategies as well as conform to the revised policy. There is also a specific set of requirements for proposals associated with grants to private-sector entities. An overview of the procedures for grant design, review and approval is provided in table 1 below.

Table 1: Overview of procedures for review and approval of grant proposals

By window	By size	
	Large grants > \$500,000	Small grants ≤ \$500,000
I. Global/regional		
• Divisional strategic workplan	Reviewed by OMC and EMC, as the basis for allocation of resources to divisions	
• Concept note:	Approved by EMC when included in DSWP; by division director when not part of a DSWP	Approved by division director
• Design document:	Reviewed and cleared by LEG/CFS/ Div. QE; grants QA group; dept. head and President; approved by EB through lapse-of-time procedure	Reviewed and cleared by LEG/ CFS/Div. QE; grants QA group; dept. head; approved by President
II. Country-specific ("green", "yellow" and "red" countries)		
• Stand-alone	Not included in DSWP. Concept note is approved by division director where not part of COSOP. Design document follows procedure for GR grants	
• Investment project-related	Submitted with investment project, follows same review/approval cycle	
III. Grants to for-profit private sector		
Irrespective of size, reviewed and cleared as per large grants, approved by Executive Board. However, lapse-of-time approval procedure does not apply.		

16. All CS grants in support of a larger investment project (in "red", "yellow" and "green" countries) are reviewed within the context of the regular project quality enhancement (QE) and quality assurance (QA) processes. Nevertheless, given that all grant financing – with the exception of DSF funding for investment projects – is expected to contribute to the objectives of the grant policy, they also will be assessed in the context of these procedures, as reflected in the templates provided for project design and review.
17. In section V, procedures cover major implementation processes and responsibilities. These include steps required to prepare a grant agreement and have it signed by both parties (IFAD and the recipient), fiduciary aspects, supervision, and amendment and extension.
18. In section VI, procedures cover knowledge and understanding, with specific reference to monitoring and evaluation (M&E), reporting, and learning and knowledge management.
19. **Responsibilities.** The **Executive Management Committee (EMC)** has overall responsibility for determining the strategic direction of the grant programme. It does so on the basis of the CSWP and its constituent DSWPs, and allocates (and may subsequently reallocate) grant resources based on the DSWP.
20. The grant policy is intended to decentralize responsibility and give divisions greater authority to manage their DSWPs. Thus, the **division director** is responsible for ensuring the quality, strategic alignment and relevance of the DSWP; approving concept notes for grant-financed projects; managing the QE process for all grant proposals; and overseeing implementation of the divisional grant programme, including regular monitoring, reporting, and mid-year grant portfolio review. The **grant sponsor** (individual staff member supporting a grant proposal) is responsible for ensuring that individual grant concept notes and design documents meet IFAD's quality standards; obtaining clearance on key legal and financial issues from the Controller's and Financial Services Division (CFS) and Office of the General Counsel (LEG); ensuring timely implementation and follow-up on approved grants; monitoring and reporting, including risk management; and promoting the learning agenda associated with individual grant-financed projects. The **Grants Secretariat**

within the Policy and Technical Advisory Division (PTA) contributes to ensuring the quality of grant-financed projects: it plays an active role in QE for large and small grants, knowledge sharing and management, monitoring portfolio implementation and supporting the **grants QA group** to be created (see paras. 23-24).

21. The revised procedures call for the creation of divisional QE review groups and a grants QA group.
22. **Divisional quality enhancement review groups.** With the decentralization of responsibility for grant processing, it is essential that individual divisions exercise a strong QE function. Therefore, for the review of grant design documents (except for CS grants that support a larger investment project), the director of the division responsible for the proposal manages the QE process. The main vehicle will be a divisional QE group set up by the director to review and add value to the design of the proposed project. Effective QE is likely to require the participation of a number of staff members from across the organization, and may on occasion require external expertise. PTA is expected to play an important role in providing or identifying such expertise.⁵
23. The **grants QA group** will be an independent body set up to review key grant documents and confirm that grant proposals are ready to be submitted to the Executive Board (for large grants) or the President (for small grants). If necessary, the group may seek outside technical review of grant proposals. Specifically, the group will: (i) review DSWPs and make recommendations to the Operations Management Committee (OMC) and EMC on funding allocations to divisions; (ii) ensure the exercise of an arms-length QA process for large and small grant documents and make recommendations to the head of the department sponsoring the grant; and (iii) provide corporate monitoring and reporting on IFAD's grant programme, based on divisional inputs.
24. The grants QA group will be composed of three staff members, nominated by the EMC: two from PMD – one of them the head of the Grants Secretariat,⁶ and one from outside PMD.⁷ The Grants Secretariat in PTA will provide support to the group in its day-to-day work. While the head of the Grants Secretariat is a permanent member, the other two members will be appointed to the group for terms of two years, with one member replaced each year. One of the two rotating members will act as the chair. Participation in the group is expected to take up a significant percentage (on the order of 10 to 25 per cent) of the staff member's time, and will be reflected in performance evaluations and workload assignments. The grants QA group is expected to need to meet once a month to conduct QA for project proposals and fulfil its other responsibilities; the meeting schedule and frequency will be determined by the number of grant proposals.

III. Competition for GR grant resources

A. Allocation on the basis of divisional strategic workplans

25. While resources for CS grants are allocated to PMD regional divisions on the basis of PBAS scores for green countries, GR grant resources are distributed to divisions across the organization according to a competitive selection process.

⁵ For PMD regional divisions and the Office of Strategy and Knowledge Management, this may be mediated through the designated PTA senior technical advisor links.

⁶ Currently a role performed by the Senior Technical Advisor, Financial and Economic Analysis, PTA.

⁷ To avoid any conflict of interest, members will not be expected to sponsor grants during the two-year term.

26. Divisions interested in accessing GR grant resources prepare DSWPs in support of their requests.⁸ DSWPs (see attachment 1 for table of contents) are limited to a maximum length of six pages, excluding annexes and attachments. The DSWPs are expected to:
- (a) Provide a basis for medium-term planning (three years or more), and be linked to the main thrusts of the Medium-term Plan;
 - (b) Define the priority objectives and outputs of the grant policy to be pursued by the division and identify the contribution to be made to each;
 - (c) Identify how the divisional grant programme will contribute to corporate priorities (the strategic framework, relevant operational policies and the CMRs) and, where appropriate, country programmes;
 - (d) Indicate the number of grant-financed projects to be developed during the forthcoming year and provide a preliminary list of those grants, financing requirements and timing for approval, while recognizing that some opportunities – particularly for small grant-financed activities – may emerge during the course of the year. Concept notes for large grant proposals should be attached where possible (attachment 4)⁹ and a list of projects to be financed with small grants should also be included if available. Concept notes are not required for small grants.
 - (e) Indicate arrangements to be made for supervising and learning from current and new grant-financed projects, taking into account the existing performance of the grants portfolio.
 - (f) Indicate the total amount of grant resources sought, and within that amount ensure, where applicable, a balance between large and small grants that broadly mirrors the required aggregate proportion of 80 per cent large and 20 per cent small grants.¹⁰
 - (g) Indicate actual progress on implementing the divisional grants portfolio and achievements relative to DSWP objectives, based on the evidence provided through the divisional mid-year grant portfolio progress review.
27. By the end of October, each year, interested divisions submit their DSWPs to the grants QA group for strategic review (see attachment 2 for DSWP assessment criteria). The group recommends allocations, which are then reviewed first by OMC and then by EMC, which approves the final allocations. Based on the group's recommendations, EMC determines allocations for the competing divisions, taking into account both the overall availability of grant resources for the following year and the quality of the DSWPs submitted.

Timetable 1: Divisional strategic workplans

<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe</i>
Submission of DSWPs to grants QA group	Division directors	Last week of October
Strategic review of DSWPs	Grants quality assurance group	15 November
Management review of DSWPs	OMC	Last week of November
Allocation of grant resources to divisions	EMC	First week of December

⁸ OPV is exempted from this requirement.

⁹ In years during which an IFAD-hosted entity will be applying for an IFAD grant, funds for this grant should be included in the DSWP of OVP.

¹⁰ Clearly, a division that is seeking an allocation of, e.g., US\$400,000, will be supporting small grants only.

B. Reporting to the Executive Board – the corporate strategic workplan

28. Through the CSWP, IFAD Management informs the Executive Board of the strategic directions for the grant programme during the coming year. The CSWP, which draws together the approved DSHPs, provides a coherent corporate strategic overview of the proposed grant programme, while at the same time demonstrating the value added of the grant instrument (see attachment 3 for the table of contents of the CSWP).
29. The grants QA group is responsible for preparing the CSWP, sending it to Office of the President and Vice-President (OPV) for approval, and submitting it to the Office of the Secretary (SEC) for presentation to the Executive Board for information, normally at its April session.

Timetable 2: Corporate strategic workplan

<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe</i>
Draft CSWP submitted to OPV	Grants quality assurance group	End-January
OPV reviews / approves draft CSWP	OPV	Mid-February
CSWP sent to SEC	Grants quality assurance group	End-February
Executive Board reviews CSWP	Executive Board	April session

C. Mid-year review and reallocation of GR grant resources

30. During the course of the year, with the support of the grants QA group, Senior Management monitors the use of grant resources and reallocates them as necessary. At the beginning of September, directors of those divisions that have received grant resources submit a summary statement to the grants QA group indicating (a) the status of all grants included in the DSHP, (b) possible slippage, and (c) opportunities where additional resources could be utilized by year-end. On the basis of these summary statements, the grants QA group makes reallocation recommendations for EMC approval. Any funds made available through reallocation must be used during the year, or lost.

IV. Grant design, review and approval procedures

A. Key considerations

31. **Recipients.** Grants are provided to organizations and bodies that offer strategic partnerships for IFAD, to enable them to implement a specific project or activity of common interest to IFAD and the recipient. The approach and implementation modalities are set out in the jointly agreed design document and may be modified through an annual workplan and budget (AWPB). It is this notion of strategic partnership that differentiates grant recipients from contractors, who undertake activities on the basis of detailed instructions from IFAD with clear deliverables.
32. **Subrecipients.** Normally, the implementing agency for the project or activity will be the grant recipient. However, there may be circumstances where it is necessary to implement specific activities (or activities in particular countries) through subrecipients. Where this is this case, it is the grant recipient that remains accountable to IFAD for ensuring that the grant resources are used in accordance with the provisions of the financing agreement and are fully accounted for. IFAD does not normally perform ex-ante assessments of subrecipients; rather, the emphasis is placed on reviewing the recipient's processes for assessing and monitoring subrecipients.
33. IFAD defines subrecipients as "significant" when they receive grant resources of US\$100,000 or more. Significant subrecipients should be identified during design where possible, and the amount of the grant they will manage specified in the

financing agreement under the headings “Programme partners” and “Channelling of programme resources”. However, there may be circumstances where it is not possible to identify individual subrecipients at design stage – for example, where the grant recipient is to manage a financing facility that makes available the major part of the grant resources through a series of small subgrants in support of the project objectives to a variety of subrecipients that bid for those resources.

34. In all cases where subrecipients are used, however, the grant design document should provide:
- Justification for the use of subrecipients, including the reason for incurring two (or more) sets of management fees; and
 - A description of how the grant recipient will ensure that grant resources are used in accordance with the provisions of the financing agreement and fully accounted for. This should include an overview of the recipient’s process for assessing and monitoring subrecipients,¹¹ how the audited financial statements will include the transactions, and that the recipient and IFAD and their independent auditors maintain the right of access to the subrecipient.
35. In addition, and either before or during implementation, IFAD will conduct a prior review of all subagreements with significant subrecipients and deposit it with the Information Resource Centre (IRC). On a case-by-case basis, it may do so for other subagreements, or may choose to conduct an ex-post review only.
36. In the consideration of subrecipients, it is important to distinguish between grant subrecipients and project contractors. Some of the differences are highlighted below in Box 1:

Box 1: Principal differences between subrecipients and contractors

<i>An organization is likely to be a subrecipient if it:</i>	<i>An organization is likely to be a contractor if it:</i>
<ul style="list-style-type: none"> • determines who is eligible to receive financial assistance under the grant • has its performance measured against whether the objectives of the grant are met • bears responsibility for decision making under the project • uses the funds to carry out its own programme • aims to cover its costs 	<ul style="list-style-type: none"> • provides the goods and services within normal business operations • provides similar goods or services to many different purchasers • provides goods or services to the recipient that are ancillary to the grant operation • is not subject to grant compliance requirements • aims to make a profit

37. **Duration.** The implementation period for large grants is normally three years or less, and for small grants it is normally two years or less. Longer proposed implementation periods should be flagged at the concept note stage and justification provided in the design document.
38. **Service charges.** Grant funding to recipients and subrecipients should cover only allowable costs as specified in the financing tables. Costs of staff directly assigned to the project are considered direct costs, and may be financed from the grant proceeds. Variable indirect costs, or programme support costs, may also be covered, but should not exceed 13 per cent of the grant, and should be clearly identified.¹² IFAD grant funds may not be used for fixed indirect costs – or core funding to the recipient. Box 2 below provides guidelines on cost classification and cost recovery.

¹¹ IFAD will typically examine whether the recipient reviews the subrecipient’s track record, financial standing, governance, internal controls, audit, transparency, reputation and references. IFAD also determines whether the process for selecting subrecipients is transparent and uses criteria acceptable to the Fund.

¹² This percentage may need to be modified in the light of an eventual agreement reached by the Fund Council of the CGIAR, of which IFAD is a member, to define a system-wide overhead rate.

Box 2: Guidelines on cost classification and cost recovery

<i>Cost category</i>	<i>Cost recovery</i>
Direct costs are incurred for, and can be traced in full to, a specific activity. Typically, this includes costs of staff or consultants assigned to the project and specific travel costs, e.g. relating to implementation tasks.	All direct costs incurred may be charged directly to the grant.
Variable indirect costs , or “programme support costs”, are incurred by the recipient organization as a function and in support of its activities, and cannot be traced unequivocally to specific activities. Typically this encompasses service and administrative units such as accounting and related systems, including external audit, and operating costs.	All variable indirect costs or programme support costs should be recovered through the application of a management fee or service charge, within the grant budget.
Fixed indirect costs are incurred by the organization regardless of the scope and level of its activities, and cannot be traced unequivocally to specific activities. Typically this includes an organization’s top management, corporate costs and statutory bodies not related to service provision.	These costs should be financed by the organization’s regular or core resources, i.e. the administrative budget, and not by the IFAD grant.

B. Large grants (>US\$500,000)**Concept notes**

39. Most projects to be financed with GR grants enter the pipeline through the DSWP, while some CS grant-financed projects enter the pipeline through the results-based country strategic opportunities programme. However, some project ideas (particularly those for small grants, both GR and CS) will be developed independently of these processes during the course of the year. For these, a stand-alone concept note will be prepared by the intended implementation partner and/or the grant sponsor. Inclusion in the pipeline requires approval by the division director, who confirms the availability of grant resources.
40. The concept note, not more than one page in length (see attachment 4), is to indicate:
- The rationale for, and target group of, the proposed grant-financed project;
 - The project objectives and outputs, monitoring indicators and envisaged activities;
 - Links to the outputs of the revised grants policy, the DSWP and, where appropriate, to relevant IFAD-supported operations;
 - Implementing institution(s)/partners and arrangements;
 - M&E, reporting and knowledge management arrangements and mechanisms; and
 - Duration, estimated cost and financing modalities, including annual costs by component, cofinancing and contribution by implementation partner.

Processing of design documents

41. With the guidance of the grant sponsor and on the basis of the concept note included in the pipeline, the requesting institution prepares a large grant design document (maximum of 15 pages, table of contents as shown in attachment 5). In developing the design document, the sponsor may wish to draw upon technical expertise within and outside IFAD to arrive at a quality product.
42. Prior to technical review of the design document – and preferably as early in the design process as practicable – the sponsor is required to obtain clearances from CFS and LEG, confirming that the requesting organization is eligible to receive a grant from IFAD¹³ and that key fiduciary issues have been addressed relative to the

¹³ CFS is responsible for confirming that the organization has not been banned by the United Nations or by IFAD.

recipient and any subrecipients. Their sign-off confirms that due diligence has been performed in their areas of accountability, and that they fully support the grant proposal. To this end, the requesting institution and sponsor are required to complete and submit:

- (a) Supporting legal and financial documentation, procurement procedures and plan (where procurement of >US\$100,000 is envisaged under the project), procedures for awarding grants to subrecipients (if applicable), and relevant declarations (attachment 6);
 - (b) The eligibility and due diligence checklist (attachment 7), which the Counsel (LEG) reviews and approves as appropriate; and
 - (c) The financial management questionnaire (attachment 8), which is required when a recipient has not received funds from IFAD in the past or for a considerable amount of time, and is not able to provide audited financial statements acceptable to IFAD;¹⁴ or when the grant amount is significantly larger than the recipient normally manages and there is a need to reconfirm the recipient's financial integrity. The questionnaire is reviewed and approved as appropriate by the grant officer (CFS).
43. These clearances provide confirmation of key issues such as: (a) the suitability of recipient's legal status; (b) the appropriateness of the proposal for legal purposes; (c) any proposed exceptions to the General Provisions; (d) the suitability of the implementing agency's financial management and fiduciary aspects, including its absorptive capacity; (e) the quality of the audited financial statements, audit reports, procurement guidelines, etc; and (f) the suitability of the budget structure, including eligibility of expenditure categories. If the requesting institution has received grants from IFAD in the past, its financial performance in managing the grant resources also needs to be reviewed by CFS. Any material changes to the grant design made, subsequent to the QE review, need to be flagged to LEG and CFS for clearance.
44. **QE by the divisional QE review group.** Once the necessary clearances by LEG and CFS have been obtained, the grant sponsor submits all documentation to his/her division director, who nominates members of a divisional QE review group (membership as defined in para. 22). The group conducts a written review of the design document, using the template shown in attachment 9, after which the division director convenes a meeting to discuss the issues raised. The meeting, attended by the division director, the head of the review group and the sponsor, concludes with a recommendation as to whether or not the proposal should go ahead and any recommendations to strengthen the proposal prior to submission to the grants QA group. These conclusions are then written up as a divisional QE review group report, based on the reviewers' note, for the director's signature.
45. On the basis of the divisional QE review group report and the director's decision as to next steps, the requesting institution and sponsor may need to modify the design document and resubmit it to the director with a short compliance note detailing the changes. If fully satisfied with the quality of the design document, the director forwards it, together with the QE report and compliance note, to the grants QA group for review.
46. **QA by the grants QA group.** The grants QA group, supported by the Grants Secretariat, conducts the QA assessment on the basis of the grant design document, divisional QE review group report and compliance note. QA for grant-financed projects, which is expected to be a monthly exercise, is similar to the QA for investment projects, but abbreviated and simplified. It uses a set of pre-defined assessment guidelines (see attachment 10) to ensure that all grant proposals are

¹⁴ An external assessment from an audit firm or an audit report must be provided prior to first disbursement.

consistent with the grant policy, the strategic framework and divisional DSWPs; have addressed all issues raised by the divisional QE review group; and are ready for implementation. While the QA is not expected to be a technical exercise per se, the grants QA group may conduct a follow-up technical review (or sponsor such a review) when deemed necessary. The assessment is expected to make a final recommendation as to whether the project can go forward for Executive Board approval as is, requires further work, or should not go forward.

47. The grants QA group shares its assessment with the grant sponsor, who has an opportunity to respond to the issues raised: the intention is to ensure that they reach agreement. The sponsor may either decide to submit the proposal through the division director to the department head for clearance, or do further work before sending it back to the grants QA group, with a note indicating changes.
48. The grant sponsor sends the grant design document and the grants QA group assessment to the department head for clearance. (If the division director does not agree with the recommendation of the QA Group, he/she may also submit an explanatory memorandum). The department head reviews the QA Assessment and may either endorse the QA Group recommendations, overrule it, or request further information.
49. Subject to departmental clearance of the design document, the sponsor prepares the President's Report, according to a single format for all grants (see attachment 13). The President's Report is approved by the usual Executive Board procedures. SEC initiates: (a) final editing and translation; (b) posting on the intranet; and (c) concurrent e-mail notification to Executive Board representatives that the grant design document has been posted (at which point the lapse-of-time approval procedure starts). In order to reduce the overall grant processing period to the extent possible, grant proposals may be edited and translated, and then posted individually (any time from 1 January to 1 November, or 45 days before the December Executive Board session), as soon as they have been cleared by the department head.
50. **Approval by Executive Board.** According to the lapse-of-time procedure, large grants are approved 30 days from the date of e-mail notification to Executive Board representatives if no request for consideration at the next session of the Board is received. In the event that a request for consideration is received from a representative within the 30-day time frame, the proposal is presented at the next Executive Board session for approval. The director and grant sponsor attend the meeting to respond to questions and comments.
51. **Processing timetable.** In theory, the processing of a large grant from preparation of the concept note to final approval should not exceed six months (for details see below).¹⁵ More time may be needed if: (a) the concept note included in the DSWP was prepared substantially in advance of DSWP submission and approval; or (b) an Executive Board representative requests consideration of the proposal at an Executive Board session. These factors could add another three months to the typical baseline six-month processing period.

¹⁵ Note however, that if an Executive Board representative requests consideration during a Board session within the 30 days following e-mail notification, the large grant proposal will be presented for approval at the next session (Revised IFAD Policy for Grant Financing, para 46). In this case, final approval will require an additional 8 to 16 weeks, depending on the time remaining until the next Board session.

Table 3: Processing of large grants

<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe</i>
Preparation of concept note	Implementing agency/ grant sponsor	Week zero
Approval of concept note	Division director	Week zero + 2
Preparation / submission of large GR design document to director	Implementing agency/ grant sponsor	Week zero + 6
Divisional QE group review of design document	Division director	week zero + 9
Divisional QE group report finalized	Divisional QE group	week zero + 10
QA assessment	Grants QA group	week zero + 13
Final clearance of design document	Department head	week zero + 15 (max.)
Preparation of President's Report	Grant sponsor	week zero +17
Posting of President's Report on intranet	SEC	week zero + 20
Approval of grant-financed project (lapse-of-time procedure)	Executive Board	week zero + 24

C. Small grants (≤US\$500,000)

52. The process for small grants is similar to that for large grants, though simplified to reduce transaction costs and processing time. Details of the various steps involved are contained in the Small Grant Procedures, which are found in attachment 14.¹⁶
53. **Concept note.** In cases where a small grant-financed project/activity was not identified in the DSWP (in the case of GR grants) or the COSOP (in the case of stand-alone CS grants), a one-page concept note is prepared by the grant sponsor for approval by the division director as the basis for full project design. The concept note should be prepared quickly and easily, and serves principally to allow the sponsor to confirm that grant resources are available to finance the proposal, and to enable the division director both to confirm that the proposal is in line with the DSWP and to more effectively manage divisional grant resources.
54. **Design document.** On the basis of the concept note, the grant sponsor and/or implementing agency prepares a small grant design document not more than six pages in length (attachment 5).¹⁷ In developing the grant design document, the sponsor may wish to draw upon technical expertise within and outside IFAD to arrive at a quality product. The development of SMART (specific, measurable, achievable, realistic, timebound) indicators is a fundamental part of a results-oriented approach to project design. The development of a logframe is also recommended, though not mandatory.¹⁸
55. Prior to technical review of the grant design document – and preferably as early in the design process as practicable – the grant sponsor is required to obtain clearances from CFS and LEG, confirming that key fiduciary issues have been addressed relative to the recipient and any subrecipients. Their sign-off confirms that due diligence has been performed in their areas of accountability, and that they fully support the grant proposal submitted. As for large grants, the requesting institution and grant sponsor are required to complete and submit:
- (a) supporting legal and financial documentation, procurement procedures and plan, and relevant declarations (attachment 6);

¹⁶ These procedures are an updated version of the New Small Grant Procedures (PB/2008/20), and are expected to be issued as a President's Bulletin shortly.

¹⁷ The small grant design document follows the same outline as for large grants; however, it is considerably shorter in length and may be further abbreviated for very small grants.

¹⁸ It is recognized that there may be some activities (e.g. conferences) that do not lend themselves to a logframe approach.

- (b) the eligibility and due diligence checklist (attachment 7); and
- (c) the financial management questionnaire (attachment 8).
56. Once clearances by LEG and CFS have been obtained, the grant sponsor submits all documentation to his/her division director, who confirms that the grant proposal is included in, or supports, the DSWP, and fits within the divisional allocation. The sponsoring division is responsible for the QE process; the director may decide that his/her division will be exclusively responsible for the QE, and assign responsibility accordingly; he/she may choose to draw on PTA's technical expertise (and ability to recruit external expertise) to conduct the QE exercise. On the basis of the director's decision, the sponsor then submits the design document and all supporting documentation for QE.
57. The QE process involves a peer review of the technical aspects of the proposal, based on the template in attachment 9. The grant sponsor addresses each of the comments and recommendations raised by the QE process, either by amending the design document and/or providing a written response to his/her division director. Once the director is satisfied that the technical review has been adequately addressed, he/she submits the grant package, including the revised design document (together with LEG, CFS and QE reviews and the sponsor's replies) and the clearance sheet to the grants QA group.
58. The grants QA group conducts the QA assessment, supported by the Grants Secretariat, using the assessment guidelines (attachment 10). The QA assessment is expected to make a final recommendation as to whether the project can go forward for the President's approval as is; requires further work; or should not go forward. In the event that it recommends that the project go forward, the QA assessment, design document and other supporting documentation are then sent for review and clearance by the relevant department head, prior to being submitted to the President for approval of the grant proposal.
59. **Processing timetable.** The timeline for small grants is about three months from preparation of the concept note. More time may be needed if the concept note is prepared substantially in advance of DSWP submission and approval.

Timetable 4: Processing of small grants

<i>Activity</i>	<i>Responsibility</i>	<i>Timeframe</i>
Preparation of concept note	Implementing agency /grant sponsor	Week zero
Approval of concept note	Division director	Week zero + 1
Submission of initial small GR design document to director	Grant sponsor	Week zero + 3
QE review of design document	Division director	week zero + 5
QE group report finalized	Div. QE group / PTA	week zero + 6
QA assessment	Grants QA group	week zero + 8
Departmental clearance	Department head	week zero + 9
Approval of grant	President	week zero + 10

D. Approval procedures for grants to for-profit organizations

60. Poor rural people in developing countries are increasingly dependent on the provision of services and markets by for-profit, private-sector players. Under the revised grant policy, such entities are eligible to receive grant funding for specific, agreed grant-financed activities aimed at enabling poor rural women and men to achieve higher incomes and improved food security. The private-sector entities that are eligible to receive grant resources from IFAD include: (a) for-profit corporate private-sector companies (as distinct from NGOs or farmers' organizations) – mostly locally based

agribusinesses, processing companies and rural finance institutions (commercial banks, insurance agencies, leasing companies, equity funds) that can or will engage directly with IFAD's target groups; and (b) private management companies that manage multi-donor trust funds or development funds on behalf of donors. Examples of activities that may be funded include:

- (a) For-profit corporate private-sector companies:
- Feasibility and market studies to determine the profitability of proposed services or outreach, and the design of business models to work more effectively with small farmers or rural workers;
 - Training for private-sector company employees to expand services or outreach to poor rural clients;
 - Business development services, including training, technical assistance, advisory and mentoring services to develop and promote actors in an agricultural value chain, i.e. producers, processors, traders and other intermediaries, to enhance labour and investment productivity and production output;
 - Market and business services to develop new types of financial services and products to deepen services to rural poor households and increase rural outreach; and
 - Initial outreach, training and organizational support for new suppliers or clients.
- (b) For private management companies: any activities consistent with IFAD's strategic objectives, supported either within a single country or at the regional/global level, that are financed through a multi-donor fund to which other development agencies or donors contribute.

61. Grants will not be provided for equity or capitalization of private-sector entities, or to finance long-term operating costs or activities that would have been covered by the company in the absence of the grant.
62. In terms of the procedures for grants to for-profit organizations, the following points should be noted:
- (a) Irrespective of their size, all private-sector grants are approved by the Executive Board, and all are presented for consideration and approval at a Board session rather than by the lapse-of-time procedure (para. 49).
- (b) In preparing the project proposal, the grant sponsor or grant applicant should fill in and attach to the design document two forms: Eligibility Criteria for IFAD Grants to For-Profit Private Sector Companies and Privately-Managed Multi-donor Trust Funds and Due Diligence Sheet for IFAD Grantees For-Profit Private Sector Companies or Privately-Managed Multi-donor Trust Funds (attachment 11 and attachment 12).
- (c) The divisional QE group, which is responsible for reviewing the design document, should include a recognized private-sector specialist from either within or outside IFAD, who will be specifically responsible for reviewing the two forms.
63. **Processing timetable.** For-profit private-sector grants, irrespective of size, follow the same procedures as large grants. Since initially, during 2011 and 2012, they require discussion and approval at an Executive Board meeting, they typically take up to a full year in preparation time.

V. Implementation arrangements

A. From approval to first disbursement

64. A grant agreement is required for all grant-financed projects. Templates for grant agreements and associated schedules have been developed to streamline the project start-up process. There are four standard format agreements, for large grants to member States, large grants to non-government recipients (NGOs, CSOs, international or inter-governmental organizations), small grants to member States and small grants to non-government recipients. These can be used in all cases except for grants to (a) the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP) and the United Nations Office for Project Services (UNOPS), which have a template modelled around their specific requirements; and (b) private-sector recipients, for which agreements will be developed on a case-by-case basis.
65. Grant agreements for small grants to non-government recipients are prepared by the grant sponsor; for all other grant agreements the sponsor's responsibility is limited to providing LEG with the project description and budget. All agreements for large grants, small grants to member States and private-sector recipients are prepared by LEG and signed by the President. Other small grant agreements (for non-government, non-private-sector recipients) are sent by the sponsor for signature by the division director.
66. The grant effectiveness date is defined as the date on which the grant agreement is signed in IFAD. If the agreement is not countersigned within three months, IFAD may terminate the agreement (schedule 6.10 of the grant agreement). For small GR grants signed by the division director, the sponsor is responsible for ensuring that other divisions – particularly CFS and LEG – are informed of signature and effectiveness.

B. Fiduciary aspects

67. **Workplan and budget.** All grant disbursements are made against a project workplan and budget. Where the project implementation period is 18 months or less, a single workplan and budget can be used to cover all activities and associated expenditures; where the implementation period is longer than 18 months, AWPBs are required. For large grants, the AWPB is submitted by the recipient to IFAD as a condition prior to disbursement; for small grants, the design document and associated cost tables serve as the workplan and budget – or the first AWPB (see format in attachment 15).
68. **Procurement.** Procurement under grant-financed projects follows the procurement practices of the grant recipient, which is required to submit to IFAD, as part of the grant design requirements: (a) its own procurement procedures or a statement that it will use the IFAD Project Procurement Guidelines or other procedures acceptable to the Fund; and (b) the procurement plan for the project or activity. The procurement plan is defined in paragraph 6.1(xii) of the IFAD General Provisions Applicable to IFAD Small Grant Agreement, and a sample procurement plan, required where procurement worth more than US\$200,000 is planned under the project, is shown in attachment 16.
69. **Grant disbursement.** The disbursement schedule for grant-financed projects is based on factors such as the financial management capacity of the requesting institution, the project implementation period and the expenditure schedule. Second and subsequent grant disbursements are contingent upon submission by the grant recipient of statements of expenditure (SOEs) for at least 75 per cent of the previous withdrawal (a sample SOE is provided in schedule 4 of the grant agreement). These provide details of expenditures against approved categories of expenditure, which are usually based on the recipient's accounting structure and chart of accounts. CFS is responsible for reviewing the withdrawal application and SOE before

processing the disbursement; the grant sponsor clears the last disbursement to ensure that all outstanding technical requirements have been addressed.

70. **External audit requirements.** As a general rule, IFAD requires that all organizations having received grants submit within three months after the end of the financial year: (a) their audited financial statements; and (b) the external auditor's opinion on the SOE for the grant received (see schedule 5A, and its attachments 4A and 4B, of the grant agreement for a sample audit opinion letter). In some countries, there is no legal requirement for organizations up to a certain size to have their accounts externally audited; however, this does not influence IFAD's audit requirement.
71. If the grant is for US\$200,000 or less, IFAD does not require the external auditor's opinion on the SOE but instead requires an annual statement of responsibility for the grant from the recipient organization's chief financial officer. In such cases, the total expenditure relative to the IFAD grant for the financial year should either be identifiable in the audited financial statements or reconcilable with the figures in the audited financial statements. If the implementation period for the grant-financed activity or project is 18 months or less, IFAD requires only one auditor's opinion to cover the entire period; if it is greater than 18 months, such opinions must be submitted on an annual basis. The cost of the audit exercise can be included in programme support costs paid out of the grant.

C. Supervision

72. Under the revised policy IFAD is committed to ensuring minimum requirements for project supervision. All projects financed under the grant programme (large and small, GR and CS) with an implementation period of more than one year are required to have at least one on-site supervision mission per year. In practice, the supervision mission may: (a) be limited in duration (frequently added on to a staff member's other in-country responsibilities); and (b) not cover all of the countries included under a regional or global project.¹⁹ CS grants linked to larger investment projects will be supervised as part of the regular supervision process for those projects.
73. Supervision will normally be the responsibility of the grant sponsor, although where appropriate it may be transferred to the country programme manager (CPM) or IFAD country office staff in the country or countries in question, or other staff with appropriate expertise. The specific supervision arrangements for individual projects will be defined in broad terms in the DSWP and in greater detail in the GDD. However, for all grant projects, supervision will seek to:
- ensure that the project is moving towards the intended results;
 - support the resolution of known challenges;
 - pursue the project's learning agenda; and
 - review financial reports and costs, and verify them as reasonable.
74. A supervision report prepared following each mission will focus on implementation progress and specify the learning agenda associated with the project.²⁰ A grant status report, prepared for all large grants (attachment 17), will reflect the findings of the supervision mission.
75. The CFS grant officer supports the project supervision efforts, paying particular attention to financial supervision. The audit sampling approach is used: here, CFS – as well as other officers of the Fund – may request that the recipient make available all documentation related to a specific cost item or expenditure.

¹⁹ IFAD-hosted entities are supervised through IFAD's normal line structures, and so are not subject to the provisions of this section.

²⁰ Where a CS grant is used to support a larger investment project, a single supervision report for the larger project will be prepared, including any issues related to the learning agenda for the grant.

D. Amendments and changes

76. Amendments and changes to the grant agreement, including extensions, will be dealt with as follows:

- (a) **Changes in the project completion date²¹ and grant closing date or project budget (schedule 2):²²**
- i. The recipient submits a request well in advance of the deadline to the grant sponsor providing justification for the request;
 - ii. The grant sponsor prepares a draft amendment letter with cover memo supporting recipient's request to responsible division director;
 - iii. The draft letter and memo are cleared by CFS;
 - iv. The cleared letter (two copies) and memo are submitted to the division director for signature;
 - v. The sponsor sends the signed letter to the recipient for countersignature, with instructions to return one copy; and
 - vi. IRC distribute copies of the countersigned letter to the sponsor and CFS.
- (b) **Changes to schedule 1 (project description) or amendment to/addition of special provisions, as well as changes to any implementation agreement mentioned in schedule 1, paragraph 1.8:** these are addressed in the same way, with clearance by LEG after clearance by CFS.
- (c) **Suspension (paragraph 6.9 of the General Provisions) or termination (paragraph 6.10):** Suspension or termination of the grant can be initiated by the grant sponsor or by CFS. If initiated by the sponsor, he/she requests LEG to prepare draft letter and cover memo, which is cleared by CFS and then sent to the responsible division director for signature and transmittal to the recipient. If initiated by CFS, CFS requests LEG to prepare the draft letter and cover memo, which is cleared by the sponsor and then sent to the division director for signature and transmittal to the recipient.

77. Grant extensions are limited to a maximum of two years, for a one-year period each, in the case of large grants, and to a one-time, one-year period for small grants. After this time, unused funds automatically revert to IFAD (as per standard grant agreement clause).²³ The department head's approval is required to waive this provision.

E. Completion and closing

78. Within six months of project completion, the grant recipient will submit a final report consisting of a final SOE for the total amount of the grant and a grant completion report of such scope and in such detail as the Fund shall reasonably request (see para. 83).
79. The grant is closed once the final report has been submitted and cleared. To ensure timely closure, CFS will monitor the status of grants in the portfolio and periodically highlight those grants that have reached completion but not yet been closed, as well as the reasons. It is then the responsibility of the grant sponsor to follow up on outstanding conditions with the recipient and expedite compliance to allow for closure.

²¹ Under no circumstances may the project completion date be extended if it has already expired.

²² Under no circumstances may the project budget be increased above the original total amount.

²³ This implies a maximum implementation period for large grant-financed projects of five years (three plus two) and for small grant-financed projects of three years (two plus one).

80. For all grants (other than those to IFAD-housed entities) for which a successive phase is intended, a grant evaluation needs to be carried out by IFAD²⁴ or a third party. The evaluation and subsequent report assess the impact domains, attribute impacts, and highlight the lessons learnt and how they will be applied in/have moulded the direction of the subsequent phase. Such evaluations should include an assessment of:
- (a) evidence of achievement of previous phase objectives;
 - (b) rationale for and value of continued investment;
 - (c) clear description of an exit strategy (or explanation for the lack of one); and
 - (d) compliance with all fiduciary obligations of the grant agreement.

VI. Learning and knowledge

A. Monitoring and evaluation

81. Given the importance of learning to the grant programme, an effective M&E system is a critical point of departure. The project logframe²⁵ provides the starting point for the M&E system. This should have a development objective that is linked to the outputs of the revised grants policy, and a maximum three SMART (specific, measurable, achievable, realistic, timebound) outcome indicators. Both the M&E arrangements and responsibilities, and the logframe itself, should be included in the grant design document, and their adequacy should be one of the key elements for review by the divisional QE group.

B. Reporting

82. **Reporting by the grant recipient.** For all grant-financed projects with an implementation period of more than one year, recipients are required to submit an annual progress report in line with schedule 6 of the grant agreement.²⁶ An annotated table of contents for the preparation of grant progress reports is found in attachment 18. Annual progress reports should:
- Provide information on activities undertaken against those planned in the AWPB, and outputs delivered versus targets;
 - Highlight major accomplishments and shortcomings, including in terms of knowledge and learning, and linkages established to other initiatives and projects;
 - Describe problems encountered, remedial steps taken and follow-up needed, indicating responsible staff; and
 - Report on any available information on the effects and impact on targeted beneficiaries and groups, in relation to grant objectives and goals.
83. Once the project is completed, the grant recipient will submit the final grant completion report providing a comprehensive review of how the grant resources were used, including an understanding of the results of outputs and to the extent possible on assessment impacts.²⁷ The report will also include a review and assessment of the financial management of grant proceeds. The GCR focuses on the project achievements relative to its objective and outcomes. Both quantitative and qualitative measures of results are included, innovations tested under the grant are clearly identified and the potential for scaling up assessed, and lessons learned are

²⁴ IOE does not undertake evaluations of individual grants, and it is the responsibility of the grant sponsor to manage the evaluation.

²⁵ Logframes are a requirement for large grant-financed projects, and are recommended for small grant-financed activities.

²⁶ IFAD-hosted entities have separate reporting processes, and so are not covered by the provisions of this section.

²⁷ CS grants that form part of the financing for projects/programmes will be covered in the project completion report.

highlighted. A suggested format is provided in attachment 19. Once received, all grant completion reports will be reviewed by the Grants Secretariat on behalf of the QA Group and, as for investment projects, numerical ratings of project impact provided.²⁸

84. For GR grants, in addition to the overall completion report, a summary of results achieved in each country where the project was implemented will be provided. All progress and completion reports should be filed as institutional memory in the IRC.
85. **Reporting within IFAD.** Within IFAD, the grant sponsor is responsible for preparing grant status reports (attachment 17) for all large grants with ongoing activities during the review period.²⁹ These are to be prepared annually, for the period July through June, to allow for comparability and inclusion in the DSWP. The reporting on individual programmes includes performance ratings and clearly shows both positive features and implementation problems. A specific section on learning and knowledge management is included in the grant status report.
86. Grant status reports, as well as other information on grants extracted from the Loans and Grants System, progress, completion and other reports, are analysed at division level. In the case of PMD, grant progress and achievements should be included in the divisional portfolio review, which serves to monitor and self-assess loan and grant portfolios in terms of impact, lessons learned and quality assurance (it includes a specific section dedicated to grants, to ensure that these are adequately addressed). For all divisions, the GSR will represent an important input into the subsequent year's DSWP.
87. At the corporate level, the indicators contained in the annex will provide the basis for monitoring the implementation of the grants policy. Under the revised policy, IFAD Management is committed to reporting to the Executive Board at three levels: (a) at the April session, through the corporate strategic workplan prepared by the grants QA group, it will indicate the strategic directions for programming and the proposed use of the grant resources during the coming year, as well as list all grants approved during the previous year; (b) through information notes to each session of the Executive Board, it will provide an overview of all grants approved under the lapse-of-time procedure during the period immediately prior to that session;³⁰ and (c) at the December session, in the Report on IFAD's Development Effectiveness (RIDE), it will report annually on the grant portfolio, using data from the monitoring indicators and drawing upon case studies to identify lessons learned and opportunities for scaling up pursued. The Grants Secretariat will be responsible for providing these inputs for the RIDE.
88. Additionally, during the first quarter of each year, the Grants Secretariat will prepare a report with one-page summaries of all stand-alone grants approved the previous year. These will be posted on the IFAD intranet and on the Grants Secretariat x-desk site. In addition to basic information on the grant (sponsor, implementation period, goal/objectives, target area, keywords, etc.), the link to the Operations Library or ERMS folder with related background information (grant agreement, letters, progress reports) will also be available.

C. Knowledge management and learning

89. Knowledge management and learning are high on IFAD's corporate agenda and are prioritized in the Strategic Framework 2011-2015. Grant-financed projects and activities provide IFAD with an enormous opportunity for learning and knowledge management relative to agricultural and rural development. The revised grant policy places at the centre of the grant programme agenda the objective that IFAD, its

²⁸ A simplified matrix for assessment is yet to be developed.

²⁹ Annual grant status reports are to be completed for all large grants, irrespective of the originating unit or division. They are to cover the period July-June to facilitate comparability and inclusion in the DSWP.

³⁰ Grants, projects/programmes approved under the lapse-of-time procedure.

partners and other rural development stakeholders improve their knowledge and understanding of what constitutes successful and/or innovative approaches and technologies or enabling policies and institutions that promote the interests of poor rural women and men. **This objective needs to be reflected through the grant project cycle.**

90. At the grant project design stage, all proposals will be expected to include the learning and knowledge management plan to be pursued through the project and the methods, tools and approaches to be adopted to promote learning and to capture and share knowledge. This will require the establishment of realistic M&E arrangements. It will also include a plan for supervision of the project activities.
91. The QE/QA process for all grant proposals will focus explicitly on the learning and knowledge management agenda being proposed under the project. It will review whether learning and knowledge management outputs and outcomes and related activities have been clearly identified; whether resources will be made available for these; and whether mechanisms have been explicitly defined for learning and for knowledge sharing and dissemination during implementation and at completion. In the case of regional projects with in-country activities that do not originate in the regional division itself, the achievement of learning and knowledge management objectives will almost certainly require collaboration and concrete linkages between the originating division and the regional division.
92. Where possible, grant-financed projects should support learning and knowledge-sharing events. These may be face-to-face meetings, but new technology offers opportunities for holding webinars or videoconferences so as to reach out to IFAD-financed programmes in countries and to staff at headquarters. Grant recipients and sponsors should plan for such events within the scope of the project, to ensure that knowledge and learning is shared on a two-way basis, during implementation and at completion.
93. To share knowledge and learning at the country level, the role of country staff, the country programme management team and CPMs is essential. The grant sponsor and recipient need to engage these stakeholders early on, e.g. at the start-up workshop, to validate with them their demands with respect to grant outputs. The country programme management team plays a crucial role in peer review and as a knowledge sharing mechanism to improve grant and loan project development and, increasingly, project implementation.
94. During the implementation stage, grant progress reports and supervision missions provide key opportunities for the grant recipient to document and share progress on learning and knowledge with stakeholders, including IFAD. In supervising the project, specific measures should be taken by the IFAD grant manager to draw lessons learned from supervision missions and codify them in supervision reports. The grant completion report should include an assessment of the learning and knowledge outputs generated and shared. The report will also indicate how knowledge with the potential for scaling up has been or will be disseminated to country programmes.
95. Knowledge capturing, sharing and dissemination of large grant programme outputs can be supported by learning notes (attachment 20) submitted as part of the final grant completion report. PTA will use technical advisory notes, as well as other knowledge management tools, to introduce new pro-poor technologies to a wider development community in the form of good practice advice matched with specific socio-economic, natural resource, policy, institutional and environmental settings. This dissemination tool will be further developed as part of the IFAD website and the Rural Poverty Portal.
96. The Information Resource Centre, the Grants Secretariat x-desk site, Operations Libraries and social media and reporting can play a key role in promoting better

information management, communication, knowledge sharing and exchange between colleagues. Linkages with regional networks, thematic networks and the Rural Poverty Portal should also be strengthened.

Indicators for monitoring the implementation of the grant policy and procedures

<i>Category</i>	<i>Indicator</i>	<i>Purpose/Assumptions</i>	
Scaling up and impact	1.1 No. of investment projects that take up approaches or technologies tested using grant financing	Explicit reference to grants required	
	1.2 No. of corporate activities/processes that build on results or lessons of grants		
	1.3 No. of grants judged to have satisfactory or highly satisfactory impact at completion		
Focus	2.1 No. and value of grants approved that: 2.1.1 promote innovative activities, and innovative technologies and approaches. 2.1.2 build awareness, advocacy and policy dialogue 2.1.3 strengthen capacities of partner institutions strengthened	Review of grant completion reports and evaluations More than one category may apply to a specific grant Ensures compliance with policy	
	2.2 Completion ratings of grants in relevant focus areas	Highly rated approaches likely to be scaled up	
	Recipients	3.1 No. and value of grants by recipient institution type, including: 3.1.1 farmer organizations 3.1.2 NGOs 3.1.3 CBOs 3.1.4 CGIAR institutions 3.1.5 private sector entities	Diverse and effective partnerships developed
3.2 Due diligence completed for all recipients		Ensures compliance	
Lesson learning, knowledge management and dissemination of information		4.1 No. of learning notes developed	Lessons need to be well documented and reports available PMD already included, other divisions will need to comply
		4.2 No. of TANS disseminated to partner institutions	
		4.3 GSRs completed annually for all large grants	
Grant management	4.4 Annual review of grant portfolio undertaken in all divisions managing grants		
	5.1 Period between approval and entry into force 5.1.1 Large grants 5.1.2 Small grants	Reduce from 2009 baseline • Large = • Small =	
	5.2 No. and value of non-performing grants cancelled/ closed, by window, size and institution type	Systematic review of grants portfolio	
	5.3 No. and value of grants in current portfolio by: 5.3.1 Window 5.3.2 Size 5.3.3 Institution type	Manageable size of portfolio	
	5.4 No. of supervisions undertaken	At least once per year (large)	
	5.5 Timely submission of reports (large) 5.5.1 AWPB 5.5.2 Audit 5.5.3 Progress 5.5.4 Completion	Compulsory	
	5.6 No. of extensions by type and institution	Reduce number and average implementation period Disbursement as % of disbursable	
	5.7 Amount disbursed annually by: 5.7.1 Window 5.7.2 Size 5.7.3 Institution type	Timely response by IFAD	
	5.8 Period between receipt of withdrawal application and disbursement (large only)		
	Process	6.1 No. of DSWPs submitted / approved	Reduce bunching, improve timely approval Improved efficiency of grant approval process, reduce transactions
6.2 No. grants submitted to EB for approval under LOT throughout year (annual)			
6.3 Period between Concept Note approval and final grant approval 6.3.1 Small grants (annual) 6.3.2 Large grants (annual)			
6.4 Value of approvals by grant size (annual)		Minimum 80% large grants	
6.5 Value and number of grants approved/rejected by QA group, by originating division (annual)		Reflect in subsequent DSWPs	

Attachment 1: Divisional strategic workplan — Table of contents

Section	Heading	Contents	Pages
I	Review of progress	<ul style="list-style-type: none"> • Current divisional strategic priorities / themes to date • Overview of progress for the year by theme, under ongoing and completed projects • Performance of grant recipients • Supervision and knowledge management performance • Scaling up and/or linkages with investment portfolio 	2
II	Emerging lessons	<ul style="list-style-type: none"> • Learning and/or capacity-building for the division • Changes in approach and practices 	1
III	Strategic objectives of the current plan	<ul style="list-style-type: none"> • Strategic priorities/themes and adjustments to existing priorities • Contribution to objectives and outputs of the grant policy • Contribution to corporate priorities and, where appropriate, links to country programmes 	
IV	Programme for the coming year	<ul style="list-style-type: none"> • Overview of proposed programme for the coming year • Number of grant-financed projects to be developed in the forthcoming year and preliminary list • Total amount of grant resources sought, and balance between large and small grants 	2
V	Management and supervision arrangements	<ul style="list-style-type: none"> • Project selection process and QE approach to be followed • Supervisory and divisional management practices • Arrangements for learning and knowledge management 	1
Table 1	Summary workplan	<ul style="list-style-type: none"> • Table headings: grant type, country, sponsor(s), recipient, title, objectives and indicators, amount(s). 	1
Annex 1	Concept notes	<ul style="list-style-type: none"> • One-page Concept Note for large grants, or single paragraph where not yet detailed. 	(see attachment 4)

Attachment 2: Divisional strategic workplan – Assessment criteria

The following criteria will be used to assess divisional strategic workplans by the QA Group reviewers:

- Progress and performance of grant portfolio over past year
- Strategic coherence of DSWP and links to corporate priorities – in particular the grants policy, the strategic framework, relevant operational policies and corporate management results
- For PMD, potential for replication/scaling up in the short-term future loan portfolio and/or linkages to the ongoing loan portfolio
- Opportunities for pro-poor innovation
- Potential to contribute to, and arrangements for, learning and knowledge management
- Technical robustness and coherence of the complete package, including targeting/gender and selection of implementing partners
- The number of grants proposed, the ratio between large and small grants, and the coherence and quality of individual grant proposals included in the strategy
- QE, management and supervision arrangements

Attachment 3: Corporate strategic workplan – Table of contents

Section	Heading	Contents	Pages
I	Review of progress	<ul style="list-style-type: none"> • Current strategic priorities/themes to date • Overview of progress for the year, relative to the four outputs of the grant policy • Scaling up and/or linkages with investment portfolio • Performance of grant recipients 	2
II	Emerging lessons	<ul style="list-style-type: none"> • Learning and/or capacity-building • New themes and/or adjustments to existing themes • Changes in approach and practices 	1
III	Strategic objectives of the current plan	<ul style="list-style-type: none"> • Strategic priorities/themes and adjustments to existing priorities • Contribution to objectives and outputs of the grant policy • Contribution to corporate priorities and, where appropriate, links to country programmes 	
IV	Programme for the coming year	<ul style="list-style-type: none"> • Overview of proposed corporate programme for the coming year • Number of grant-financed projects to be developed and preliminary list • Total value of grant programme and balance between large and small grants 	2
V	Management and supervision arrangements	<ul style="list-style-type: none"> • Selection process and QE approach to be followed • Supervisory and divisional management practices 	1
Annex 1	Approved grants	<ul style="list-style-type: none"> • List of grants approved (large and small, plus private-sector) during the previous year 	
Annex 2	DSWPs	<ul style="list-style-type: none"> • Summary of DSWPs 	
Annex 3	Concept notes	<ul style="list-style-type: none"> • Summary of concept notes 	

Attachment 4: Grant concept note – Table of contents

To be used for all grant concept notes: GR and CS, large and small grants

Grant title	
Proposed recipient	
Grant sponsor(s)	
Proposed IFAD grant US\$ Cofinancing US\$ (and donor) Total programme cost US\$	
Duration	
Grant rationale (and target groups if applicable)	
Links to grant policy and DSWP, and to corporate priorities (SF, CMRs) ³¹	
Grant goal, objectives and outcomes	
Main activities	
Implementation arrangements (including links to other IFAD interventions in the country, region – if relevant)	
Supervision and knowledge management	

³¹ For CS grants, should read: links to grant policy, country programme and planned / ongoing projects

Attachment 5: Grant design document: Suggested table of contents

		Length	
		Large	Small
ACRONYMS			
I.	BACKGROUND	1-2 paras	1 para
II.	RATIONALE: RELEVANCE AND LINKAGES	1 to 1½ pages	½ page
	A. Link to outputs of Grants Policy and corporate priorities	1-2 paras	1 para
	B. Contribution to DSWP (for G/R grants) / Contribution to country programme and planned or ongoing projects (for CS grants)	1-2 paras	1 para
	C. Rationale for project, for grant financing and for selected implementing agency	2-3 paras	1-2 paras
III.	THE PROPOSED PROJECT	3 to 3½ pages	1 to 1½ pages
	A. Strategy, Approach/Methodology	2-3 paras	1-2 paras
	B. Target Group	2-3 paras	1-2 paras
	C. Overall Goal and Objectives	2-3 paras	1-2 paras
	D. Project Outcomes	3-4 paras	1-2 paras
	E. Project Activities	3-4 paras	1-2 paras
IV.	PROJECT IMPLEMENTATION ARRANGEMENTS	2 to 2½ pages	1 to 1½ pages
	A. Implementing Organisation(s)	3-4 paras	1-2 paras
	B. Project Management and Implementation Period	3-4 paras	1-2 paras
	C. Monitoring, Evaluation and Reporting	3-4 paras	1-2 paras
	D. Indicative Workplan (including table showing timing of key activities)	2-3 paras	1-2 paras
V.	PROJECT COSTS AND FINANCING	1 to 1½ pages	1 pages
	A. Project Costs by Component/activity (text and table)	3-4 paras	1-2 paras
	B. Project Financing, including table showing proposed by category of expenditure for IFAD and other financiers	3-4 paras	1-2 paras
VI.	FINANCIAL GOVERNANCE	1½ to 2 pages	1 to 1½ pages
	A. Procurement Procedures for Goods, Services and Human Resources	2-3 paras	1-2 paras
	B. Financial Management System, including accounting specifications	3-4 paras	2-3 paras
	C. Audit Arrangements	1-2 paras	1-2 paras
VII.	SUPERVISION AND KNOWLEDGE MANAGEMENT	1 page	½ page
	A. Supervision Arrangements	2-3 paras	1-2 paras
	B. Lesson Learning and Knowledge Management	2-3 paras	1-2 paras
		11-13 pages	5 to 7 pages
ANNEXES			
1.	Results-Based Logical Framework – max. 3 SMART outcome indicators		
2.	Supporting Documentation to Grant Design Document (see attachment 6)		

Attachment 6: Supporting documentation for grant design document

1. *Legal documentation*, including evidence of legal status and capacity, registration and good standing, evidence of the authority of the person who will sign the agreement for the recipient. The recipient must demonstrate that it has been registered and that its registration is current (evidence of good standing no more than 90 days old), that it has the corporate capacity to enter into the Grant Agreement, accept the Grant and carry out the Project, and that the person signing the agreement has the necessary authorization. Different jurisdictions have different laws, so the actual documentation required may vary. As a rule, the recipient must be registered in an IFAD Member State. Legal documentation is not required for United Nations agencies or CGIAR institutions.
2. *Financial documentation*, including the name/address of independent auditors, institutional audited financial statements and audit reports. Audit reports must be signed and dated on Auditor's letterhead. For recipients that have not previously received an IFAD grant, two years' audited financial statements and audit reports will be required. Otherwise, one year is sufficient. Financial documentation is not required for UN agencies or CGIAR institutions. For those recipients that have not been required to prepare audit reports, or whose audit reports have been qualified, the financial management questionnaire must be submitted (attachment 8).
3. *Recipient's procurement procedures*. If the recipient does not have its own procedures, a declaration that it will use IFAD's Procurement Guidelines or other procedures acceptable to the Fund will suffice.
4. *Procurement Plan*. The Procurement Plan, defined in paragraph 6.1(xii) of the IFAD General Provisions, should be prepared where goods and services worth more than US\$ 200,000 are to be procured under the project (attachment 16). The Grant Sponsor should review the Procurement Plan to ensure, among other things, that the grant is not used to purchase equipment or other durable goods if it would be economically appropriate to lease the equipment instead and that such goods or equipment are suitable and required for the effective implementation of the project.
5. Declaration by the recipient (email is acceptable) that it has read and accepted the Project Description and Project Budget. It is mandatory that the recipient has reviewed the Project Description and Project Budget before the Grant Package is submitted for Approval.
6. Declaration by the recipient (email is acceptable) that it has read and accepted IFAD's Standard Large/Small Grant Agreement. The model Grant Agreement is available on the IFAD website, and the Small Grant Agreement is shown in attachment 14.

Attachment 7: Eligibility and Due Diligence Checklist for recipients

1. **The recipient is:** (check the appropriate box)

- The government of a developing member state of IFAD
- A non-profit, non-governmental organization in an IFAD member state
- An intergovernmental organization with more than one IFAD member state as a member.
- Private sector entity
- Other

(Governments and government agencies of developed Member States and non-Member States are not eligible. Non-profit, non-governmental organizations in non-Member States are eligible only if a specific waiver is granted by the President.)

2.(A) **If the recipient has previously received grant(s) from IFAD, has it provided all necessary progress reports and audited financial reports/statements?**

- Yes No n/a

If the answer is no, the recipient is not eligible.

2.(B) **If the recipient has previously received grant(s) managed by your division, was its performance fully satisfactory?**

- Yes No n/a

If the answer is no, please explain why the recipient should receive a new grant.

3. **Can the recipient provide audited financial statements for the two previous years?**

- Yes No

If the answer is no, describe special circumstances that justify giving the grant to this recipient and provide supporting documentation.

4. **Is IFAD the prime beneficiary of the grant?**

- Yes No

5. **Will this grant support activities normally supported by other IFAD resources (i.e. IFARB)?**

- Yes No

6. **Will this grant support activities that duplicate efforts being financed by other donors?**

- Yes No

If the answer to 4, 5 or 6 is yes, the grant does not comply with the IFAD Grant Policy. No waiver is possible. It is the responsibility of the grant sponsor to confirm the eligibility of the recipient and the conformity of the grant with all aspects of IFAD's policies and procedures. If the grant sponsor requests a waiver of any policy or procedure which is subject to being waived, it must be set forth below.

7. **Deviation from IFAD policies and procedures** List any aspects of the grant that do not comply with IFAD's grant policy or procedures.

Attachment 8: Financial management questionnaire

The Financial management questionnaire (FMQ) should be used only in the following circumstances:

- The recipient has not received funds from IFAD in the past or for a considerable length of time, and is not able to provide current audited financial statements acceptable to IFAD.³²
- The grant amount is significantly larger than the recipient normally manages.
- There is a need to reconfirm the recipient's financial integrity, including its financial management capacity, due to significant internal changes or involvement in dishonest activities.

The FMQ contains questions designed to review the systems adopted by the recipient related to: a) budgeting, b) accounting, c) internal control, d) funds flow, e) financial reporting, and f) auditing arrangements. Based on the answers provided by the recipient, the grant sponsor and the grants officer will be able to assess the best way forward, including disbursement conditions, disbursement amounts, frequency of supervision, etc.

Project: _____

Self-assessment completed by: _____ Date: _____

IFAD review/assessment completed by: _____

Date: _____

Note: If there is more than one implementing entity, a questionnaire should be completed for each one.

Topic	Yes	No	N/A	Review*	Remarks/ comments
1. Implementing entity					
1.1 What is the legal status/registration of the entity?					A.
1.2 Has the entity implemented in the past projects financed by i) international financial institutions (IFIs), ii) United Nations agencies or iii) donors that are members of the OECD? If yes, please provide name and year.					
2. Funds flow					
2.1 In which bank will the grant account be opened?					
3. Staffing					
3.1 What is the organizational structure of the accounting department? Attach an organization chart.					
3.2 Is the project finance and accounts function staffed adequately?					
3.3 Is the finance and accounts staff adequately qualified and experienced?					
3.4 Indicate key positions not contracted yet, and the estimated date of appointment.					
3.5 Does the project have written position descriptions that clearly define duties, responsibilities, reporting lines and limits of authority for all officers, managers and staff?					

³² An external assessment by an audit firm or an audit report will have to be provided prior to first disbursement.

Topic	Yes	No	N/A	Review*	Remarks/ comments
4. Accounting Policies and Procedures					
4.1 Does the entity have an accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Will the project use the entity accounting system?					
Segregation of Duties					
4.2 Are the following functional responsibilities performed by different units or persons: (a) authorization to execute a transaction; (b) recording of the transaction; and (c) custody of assets involved in the transaction?					
4.3 Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?					
4.4 Are bank reconciliations prepared by staff other than those who make or approve payments?					
Budgeting System					
4.5 Do the budgets lay down physical and financial targets?					
4.6 Are actual expenditures compared to the budget with reasonable frequency, and explanations required for significant variations from the budget?					
4.7 Who is responsible for preparation and approval of budgets?					
Payments					
4.8 Do invoice processing procedures provide for: <ul style="list-style-type: none"> • Copies of purchase orders and receiving reports to be obtained directly from issuing departments? • Comparison of invoice quantities, prices, and terms, with those indicated on the purchase order and with records of goods actually received? • Comparison of invoice quantities with those indicated on the receiving reports? • Checking the accuracy of calculations? 					
4.9 Are all invoices stamped <i>PAID</i> , dated, reviewed and approved, and clearly marked for account code assignment?					
Policies And Procedures					
4.10 What is the basis of accounting (e.g., cash, accrual)?					B.
4.11 What accounting standards are followed?					
4.12 Does the project have an adequate policies and procedures manual to guide activities and ensure staff accountability?					
Safeguard over Assets					
4.13 Is there a system of adequate safeguards to protect assets from fraud, waste, and abuse?					
4.14 Are there periodic physical inventories of fixed assets and stocks?					
4.15 Are assets sufficiently covered by insurance policies?					

Topic	Yes	No	N/A	Review*	Remarks/ comments
Other					
4.16 Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?					
5. Internal audit					
5.1 Is there an internal audit department in the entity?					
5.2 What are the qualifications and experience of audit department staff?					
5.3 To whom does the internal auditor report?					
6. External audit					
6.1 Are the entity's financial statements audited regularly by an independent auditor? Who is the auditor?					
6.2 Are there any delays in audit of the entity? When are the audit reports issued?					
6.3 Is the audit of the entity conducted according to the International Standards on Auditing?					
6.4 Have any major accountability issues been brought out in audit reports in the past three years?					
6.5 Is the project subject to any kind of audit by an independent governmental entity (e.g. the supreme audit institution) in addition to the external audit?					
7. Reporting and monitoring					
7.1 Are financial statements prepared for the entity? If so, in accordance with which accounting standards?					C.
7.2 What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to be useful to management for decision making?					
7.4 Are financial management reports used by management?					
7.5 Do the financial reports compare actual expenditures with budgeted and programmed allocations?					
7.6 Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?					
8. Information systems					
8.1 Is the financial management system computerized?					
8.2 Can the system produce the necessary project financial reports?					
8.3 Are staff adequately trained to maintain the system?					
8.4 Do the management organization and processing system provide safeguards of confidentiality, integrity and availability of the data?					

Attachment 9: Quality enhancement guidelines for grant design documents

Grant proposal: _____

Submitted by: _____

STRATEGIC AND DEVELOPMENT CRITERIA

1. Strategic linkages. To what extent does the proposed project:
 - a) support the objective and output(s) of the revised grant policy?
 - b) support the achievement of corporate priorities, as reflected in the Strategic Framework and/or CMRs?
 - c) support the divisional strategic workplan?³³
2. Where relevant, links to operations:
 - a) Does the project support the country programme and/or planned or ongoing projects?³⁴
 - b) Has the project been endorsed by the regional division?
3. Is there any substantive reason why the activities should not be financed by other sources (loan resources, administrative budget)?

TECHNICAL CRITERIA

4. Is the rationale convincing and are the approach and methodology appropriate?
5. What is the probability of achieving the desired goal and outcomes, given the approach, timeframe and budget?
6. Are the M&E arrangements effective and realistic, is the logframe coherent and realistic, and does it have measurable indicators? Does the logframe (or results matrix) accurately summarize the activities and are the indicators appropriate?

VALUE FOR MONEY

7. Is the budget appropriately related to the objectives and does it reflect an efficient cost structure? What proportion of total costs are made up by overheads and administrative costs? What is the level of own financing and cofinancing?

RECIPIENT ORGANIZATION

8. Degree to which the recipient organization and its staff appear to have satisfactory capacity to: (a) manage and implement the proposed project; and (b) comply with IFAD's financial and other reporting requirements.
9. If the recipient has implemented other IFAD grant-supported projects, how has its performance been?
10. Is the project going to be managed at arms length from IFAD?

IMPLEMENTATION READINESS

11. Will the recipient be able to commence project activities without significant delay?

SUPERVISION, LESSON LEARNING AND KNOWLEDGE MANAGEMENT

12. Are the proposed arrangements for project supervision adequate and realistic?
13. Are learning or knowledge objectives and outcomes clearly outlined; are resources allocated to their achievement; and how potentially effective are the mechanisms for learning/sharing of knowledge during implementation and at completion?

³³ For GR grants only

³⁴ For all CS grants and some GR grants

Attachment 10: Quality assurance guidelines for grant design documents

The main function of QA is to provide Senior Management with the assurance that the purpose of the grant is relevant to IFAD, that design is to a high standard and that all documentation is complete so that the proposal may be submitted to the Executive Board. The QA exercise conducted by the grants QA group is expected to be light yet focused, looking at a limited number of key issues. These include the following:

- The extent to which the proposed project / activities support the grants policy, strategic framework and CMRs;
- Where appropriate, the extent to which the proposed project / activities are linked to, and supportive of, relevant country strategy and operations; and is endorsed by the relevant regional divisions;
- The extent to which the grant-financed project is ready for implementation;
- The adequacy of the proposed learning and knowledge management agenda (including supervision arrangements); and
- The extent to which the comments of the Divisional QE Group process have been addressed, either in the modified project design and/or through the compliance note.

Where deemed necessary by the QA Group, it may also conduct, or cause to be conducted, a further review of the technical and implementation issues associated with the project / activities.

Attachment 11: Eligibility criteria: for-profit private-sector companies and privately-managed multi-donor trust funds

(to be completed by the grant applicant and/or sponsor)

A. For-profit private-sector companies

The following questions serve as criteria to determine whether a for-profit private-sector company is eligible for IFAD grant financing. The answers will be assessed by a private-sector development specialist, who should be a member of the Divisional QE Group, when reviewing the Grant Design Document.

1. Could the activities covered by the grant be financed through a loan?
If not, please explain why. _____

2. Would the company have conducted the activities listed in the proposal even without the grant?
If not, please explain why. _____

3. Will the company have direct/indirect linkages with IFAD's target groups³⁵ (as suppliers, clients or users)?
Yes _____; No _____. If yes, what percentage will be own funds?
4. Will the company provide matching resources in support of grant activities?
Yes _____; No _____
5. Are IFAD grant resources being used for equity or capitalization of the company?
Yes _____; No _____
6. Are IFAD grant resources being used to finance long-term operating costs of the company? Yes _____; No _____
7. Does the project demonstrate how the grant to the company will provide direct/indirect benefits to IFAD's target groups?
Yes _____; No _____
8. Will the company report on the results and impact of the grant on IFAD target groups (e.g. number of out-growers or small farmers supplying the company; value of goods purchased from rural producers; number of local jobs created by the company; number of small clients reached; etc.)?
Yes _____; No _____

³⁵ IFAD target groups include: small-scale farmers, rural SMEs, rural wage earners, rural landless or unemployed men and women, fisherfolk, small herders and livestock keepers, indigenous people, etc.

B. Privately-managed multi-donor trust funds

1. Is the multi-donor trust fund (MDTF) cofinanced by other donors (in an equal or higher amount)?

Yes _____; No _____

2. Are the activities or projects to be financed by the MDTF consistent with IFAD's strategic framework?

Yes _____; No _____

3. Does the MDTF demonstrate how its investments will provide benefits to IFAD's target groups?

Yes _____; No _____

4. Will the MDTF report on the results and impact of IFAD's funds on IFAD's target groups?

Yes _____; No _____

Attachment 12: Due diligence sheet: for-profit private-sector companies or privately-managed multi-donor trust funds

(to be completed by the grant applicant)

If due diligence of the private company or MDTF has been done by other IFIs or donors, please provide a copy of the due diligence report. The information below is required only if it has not already been made available in a previous due diligence report.

For a MDTF, please provide the relevant information below regarding the private management company, as well as specific information regarding the MDTF itself as requested in section C.

A. Company profile

Please provide the information listed below, and attach any related documents or provide the appropriate internet links.

1. Name of company and business address, including telephone, e-mail address or fax and web address if available.
2. Year established (include predecessor companies and year(s) established if appropriate).
3. Type of ownership, legal status of the company, and country where company is legally established.
4. If private or closely held company, provide list of shareholders and the percentage of their ownership.
5. List of directors and principal officers (e.g. president, chief executive officer, chief financial officer, vice-president(s), secretary and treasurer).
6. If grantee is a subsidiary, indicate if grantee is a wholly-owned or partially owned subsidiary. Provide the information requested in items 1 through 5 above for the grantee's parent company(ies).
7. Project manager's name, title, address, telephone, e-mail or fax.

B. Company business practices

B1. Provide verifiable basic summary information on the company's history, objectives and size/coverage of its operations, and any other information/ documents that would help in assessing the company's economic, financial, social and environmental standards.

B2. In addition, respond to the following questions:

- a. Is the company legally registered and does it meet all the legal requirements to operate as a private business and to implement the activities listed in the grant concept note/proposal? Please provide a copy of the company's registration.
- b. Are there any legal cases or lawsuits currently pending against the company? Has the company been the object of legal proceedings during the last five years?
- c. Does the company have environmental and social policies in the communities where it works, and a good record in terms of practising social and environmental standards?
- d. If the company has worked with farmers, please provide contact information for the farmer organizations with which it has dealt.
- e. Is the company up to date on social security payments for all of its employees?

- f. Does the company have appropriate health and safety standards?
- g. Please provide a copy of the prior year's annual report, if available.

C. MDTF profile

Please provide the information listed below, and attach any related documents or provide the appropriate internet links.

1. Name of MDTF and business address, including telephone, email or fax, and web address.
2. Year established (include predecessor MDTF and year(s) established if appropriate).
3. Legal status of the MDTF and country where it is legally established.
4. List of cofinancing donors and their respective shares.
5. List of senior managers (executive director, steering committee members, chairperson, etc).
6. Does the MDTF meet all the legal/administrative/financial requirements to make the investments listed in the grant concept note/proposal?
7. Does the MDTF have sound investment plans with sustainable economic and financial objectives?
8. Is the MDTF in good standing under the law? Are there any legal cases or lawsuits against the MDTF?
9. Does the MDTF have a sound background in terms of social and environmental standards?
10. Does the MDTF publish transparent annual performance reports?
11. Has the MDTF been evaluated by an external organization during the past two years? If so, please provide a copy of the evaluation.

Attachment 13: Template for President's Reports for large grants

Document:	<u>[Click and insert EB../../]</u>	E
Agenda:	<u>[Click and insert agenda item]</u>	
Date:	<u>[Click and insert date]</u>	
Distribution:	<u>Public</u>	
Original:	<u>[Click and insert language]</u>	



**President's report on proposed grant under the
global/regional grants window to
(...name of recipient organization....) for
implementation of (...name of project / activity...)**

Contents

[click here and insert Table of Contents]

Annexes

[click here and insert Table of Annexes]

Abbreviations and acronyms

Recommendation for approval

The Executive Board is invited to approve that:

[Click here and type text]

President's report on proposed grant under the global/regional grants window to (...name of recipient organization....) for implementation of (...name of project / activity...)

I submit the following report and recommendation on a proposed grant to (...name of recipient organization...) in the amount of US\$[click here and insert amount] million.

Part I – Introduction

2. This report recommends the provision of IFAD support to the (... name of project...) to be implemented by:
[click here and insert grant recipients and their acronym in brackets]
3. The objectives and content of this project is in line with the evolving strategic objectives of IFAD and the Revised IFAD Policy for Grant Financing (EB 2009/98/R.9/Rev. 1), which was approved by the Executive Board in December 2009.
4. The overarching strategic goal that drives the revised IFAD grant policy is to promote successful and/or innovative approaches and technologies, together with enabling policies and institutions that will support agricultural and rural development, thereby empowering poor rural women and men in developing countries to achieve higher incomes and improved food security.
5. The policy aims to achieve the following outputs: (a) innovative activities promoted and innovative technologies and approaches developed in support of IFAD's target group; (b) awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by this target group; (c) capacity of partner institutions strengthened to deliver a range of services in support of poor rural people; and (d) lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction promoted among stakeholders within and across regions.
6. The proposed programmes are in line with the goal and outputs of the revised IFAD grant policy. [click here and insert text]

Part II – Recommendation

7. I recommend that the Executive Board approve the proposed grants in terms of the following resolutions:

RESOLVED: that the Fund, in order to finance, in part, the [click here and insert programme title], shall make a grant not exceeding [click here and insert amount in letters] United States dollars (US\$[click here and insert amount]) to the [click here and insert grant recipient] for a [click here and insert duration of programme]programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the Fund, in order to finance, in part, the [click here and insert programme title], shall make a grant not exceeding [click here and insert amount in letters] United States dollars (US\$[click here and insert amount]) to the [click here and insert grant recipient] for a [click here and insert duration of programme] project upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze
President

[Click here and insert title]

VII. Background

8. [click here and insert text]

VIII. Rationale and relevance to IFAD

9. [click here and insert text]

IX. The proposed project

10. The overall goal of the project is to [click here and insert text]. The project's objectives are to [click here and insert text].
11. The target group is [click here and insert text].
12. The project will be of a [click here and insert duration] duration and will comprise [click here and insert number of components] main components:
- [click here and insert components]

X. Expected outcomes

13. What are the expected outcomes, and how will they contribute to the achievement of the objective of the grant policy?
- [click here and insert text]

XI. Implementation arrangements

14. [click here and insert text]

XII. Indicative programme costs and financing

15. [click here and insert text]

Summary of budget and financing plan (in thousands of United States dollars)

<i>Number</i>	<i>Type of expenditure**</i>	<i>IFAD</i>	<i>Co-financing^[1]</i>
1	Personnel (including subcontractors)		
2	Professional services / consultancies		
3	Travel costs		
4	Equipment		
5	Operational costs, reporting and publications		
6	Training / capacity-building		
7	Overheads		
	Total		

**** Type of expenditure is indicative only and may be modified, as appropriate, to suit recipient accounting structures.**

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	What is the goal to which the intervention will contribute?	What are the key indicators related to the goal? (Also see RIMS indicators)	What are the sources of information for measuring progress against these indicators?	
Objectives	What are the overall objectives to which the action will contribute? List the specific objectives of the grant application.	What are the key indicators related to the objectives? Which indicators clearly show that the objective of the action has been achieved? (Also see RIMS indicators)	What are the sources of information for measuring progress against these indicators?	Which factors and conditions outside the recipient's responsibility might affect the achievement of the objectives? (external conditions) Which risks should be taken into consideration?
Outputs	What are the outputs and outcomes necessary to achieve the objectives?	What are the indicators to measure whether and to what extent the action achieves the expected results? (Also see RIMS indicators)	What are the sources of information for measuring progress against these indicators?	What external conditions must be met to obtain the expected results on schedule?
Key activities	What are the key activities to be carried out, and in what sequence, in order to produce the expected results? (group the activities by result)	What are the indicators to measure the key activities undertaken? (Also see RIMS indicators)	What are the sources of information for measuring progress against these indicators?	Which pre-conditions must be met before the action starts?

Attachment 14: Small Grant Agreement

Grant Number: _____

Project Title: _____ (the "Project")

The International Fund for Agricultural Development (the "Fund" or "IFAD")

and

_____ (the "Recipient")

(each a "Party" and both of them collectively the "Parties")

hereby agree as follows:

1. The following documents collectively form this Agreement: this document, the Project Description (Schedule 1), the Project Budget (Schedule 2), the Bank Account Certification Form (Schedule 3A), the Sample Disbursement Application (Schedule 3B), the Sample Statement of Expenditure (Schedule 4), the Audit Opinion Letter (Schedule 5A), the Statement of Responsibility (Schedule 5B) and the General Provisions Applicable to IFAD Small Grant Agreements (the "General Provisions") (Schedule 6). In the event of a conflict between this document and any of the Schedules, the provisions of this document shall take precedence. In the event of a conflict between the provisions of Schedule 6 and any of the other Schedules, the provisions of Schedule 6 shall take precedence.

2. The Fund shall provide a Grant to the Recipient (the "Grant"), which the Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement. The Grant shall be used solely to finance Eligible Expenditures as defined in Schedule 6. (The Grant is financed through a contribution from the _____)³⁶

3. The total amount of the Grant is _____.

4. The Effective Date of the Agreement is _____.

5. The Project Completion Date is _____.

6. The Grant Closing Date is _____.

(7). **(Any special provisions.)**

7.(8). The following are the contact addresses to be used for any communication related to the Agreement:

For the Fund:

For the Recipient:

International Fund for Agricultural Development Attention: (Originator) Via Paolo di Dono 44 00142 Rome, Italy	
--------------------------------------------------------------------------------------------------------------------------------	--

This agreement has been prepared in the English language in four (4) original copies, two (2) for the Fund and two (2) for the Recipient.

 For the Fund
 (insert name and title)

 For the Recipient
 (insert name and title)

³⁶ For grants financed from supplementary funds.

Schedule 1

Project Description

- 1.1 Strategic approach, target group and participating countries
- 1.2 Goal
- 1.3 Objectives
- 1.4 Outputs
- 1.5 Activities
- 1.6 Lesson learning and knowledge management agenda
- 1.7 Recipient's implementation procedures
- 1.8 Implementing partners and implementation agreements
- 1.9 Recipient's monitoring and evaluation approach
- 1.10 Other sources of funding for the project

Schedule 2

Project Budget2.1 Overall budget

The overall budget for the project shall be as follows:

Category of expenditure	Amount (in US\$)	Year 1	Year 2 (if applicable)
I.			
II.			
III.			
IV.			
V.			
VI.			
Total			

2.2 Activity-based budget

Activity	Amount (in US\$)	Year 1	Year 2 (if applicable)
I.			
II.			
III.			
IV.			
V.			
VI.			
Total			

Schedule 3A

Bank Account Certification Form

International Fund for Agricultural Development (IFAD)
Via Paolo di Dono 44
00142 Rome, Italy

Attention: Loans and Grants Unit of the Controller and Financial Services Division

Reference: IFAD Grant No.
(Project title)

The following is the bank account to be used for disbursements related to the above-referenced grant:

BANK NAME AND ADDRESS: _____

ACCOUNT NUMBER: _____

PAYEE NAME AND ADDRESS: _____

Authorized signatory: _____
Name and title: _____
Date: _____

(to be completed by bank)

We certify that the bank account set forth above is in the name of (Recipient) and that the individual whose name appears above is an authorized signatory thereof.

_____ (Name of certifying officer)

_____ (Telephone number)

_____ (Name of bank)

_____ (Date)

(Official stamp of bank)

Schedule 3B

Sample Disbursement Application

International Fund for Agricultural Development (IFAD)
Via Paolo di Dono, 44
00142 Rome, Italy

Attention: Financial Services Division

DISBURSEMENT APPLICATION

Ref: Grant No
(Project title)

1. Application No. _____.
2. We request disbursement to us of (currency) _____ (amount)
_____.
3. We hereby apply for this disbursement of the Grant, and hereby certify and agree as follows:
 - (a) The expenses covered by this application are required and will be used exclusively for the purposes of the Project
 - (b) The attached certified Statement of Expenditure provides detailed information on the utilization of the immediately preceding advance and confirms that the funds withdrawn have been exclusively used in accordance with the Grant Agreement. All documentation authenticating these expenditures has been retained in accordance with section 6.13 of the Agreement.
5. Please make payment to the bank account indicated in our Bank Account Certification Form.

Recipient: _____
Authorized signature: _____
Name and title: _____
Date: _____

Schedule 4
Sample Statement of Expenditure

Name of Recipient: _____
Grant No: _____
Name of Project: _____

Budget Category	Expenses for total grant amount			
	Currency	Budgeted	Spent	Outstanding
Total				

We hereby certify that the above amounts have been expended for Eligible Expenditures for the proper execution of the Project in accordance with the terms and conditions of the Small Grant Agreement dated (...).

Certified by: _____

Name and title: _____ Dated: _____

Schedule 5A

Sample Audit Opinion Letter

(in accordance with paragraph 6.7 of the General Provisions, to be provided on letterhead of the Recipient's independent auditors, signed and dated)

To: (Recipient name)

Re: Audit report on IFAD Grant No.: _____ Project name: _____

In the course of our audit of the financial statements of [Recipient name] for the year ended [day/month/year], we examined the Statements of Expenditure submitted to IFAD during that period pursuant to the Grant Agreement dated [day/month/year]. The preparation of these Statements is the responsibility of [Recipient name]. Our responsibility is to express an opinion on these Statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing (ISA) and accordingly it included examining on a test basis evidence supporting the amounts and disclosures in the financial statements. Our audit also included assessing the accounting principles used, procurement methodologies followed and such other auditing procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper records have been kept and the financial statements, including the Statements of Expenditure submitted to IFAD, prepared on the basis of [state accounting basis] give a true and fair view of the financial situation of [Recipient name].

Dated:

Signed:

Schedule 5B

Statement of Responsibility

Re: IFAD Grant No.: _____ Project name: _____

On behalf of (name of Recipient), I hereby confirm that all Statements of Expenditure submitted in connection with the above-referenced Grant are true, fair and complete in all material respects, that all of the proceeds of the Grant have been spent for Eligible Expenditures as defined in paragraph 6.1(viii) of the Small Grant Agreement between IFAD and (name of Recipient) and that neither (name of Recipient) nor any of its employees or agents have engaged in corrupt, fraudulent, collusive or coercive practices with respect to the Grant.

I declare under penalty of perjury that the foregoing is true and correct.

Date:

Signed:

Schedule 6

General Provisions Applicable to IFAD Small Grant Agreements³⁷

6.1 Definitions:

- (i) “Agreement” or “the Agreement” or “this Agreement” means the Small Grant Agreement between the Fund and the Recipient and Schedules 1 through 6 thereof.
- (ii) “Audit Opinion Letter” means a letter confirming the validity of the Recipient's financial statements and the Statements of Expenditure submitted to the Fund, which is prepared by the Recipient’s independent auditors substantially in the form set forth in Schedule 5A of the Agreement.
- (iii) “Bank Account Certification Form” means a form prepared by the Recipient and certified by the Recipient’s bank following the sample set forth in Schedule 3A of the Agreement.
- (iv) “Coercive practice” means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or its property, or persons closely related to a party, to improperly influence the actions of that party.
- (v) “Collusive practice” means an arrangement between two or more entities without the knowledge of a third party, designed to improperly influence the actions of the third party;
- (vi) “Corrupt practice” means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to improperly influence the actions of another party;
- (vii) “Disbursement Application” means a form prepared by the Recipient following the sample set forth in Schedule 3B of the Agreement.
- (viii) “Effective Date” means the date the Agreement is signed by the Fund, which is the date from which the Recipient has the right to incur Eligible Expenditures.
- (ix) “Eligible Expenditures” means expenditures eligible to be financed under the Grant. Such expenditures must satisfy all of the following requirements: they must (a) meet the reasonable cost of (b) goods, works or services (c) required for the Project (d) in accordance with the Project Budget (e) which are procured in accordance with the Recipient’s Procurement Procedures. In addition, they must (f) be incurred within the Project Implementation Period; (g) must not involve a payment which is prohibited by a decision of the United Nations Security Council or any other policy of the Fund and must (h) be supported by adequate documentation and (i) be verifiable by the Fund.
- (x) “Fraudulent practice” means any action intended to deceive another party in order to improperly obtain a financial or other benefit or avoid an obligation;
- (xi) “Grant Closing Date” means the date nine (9) months after the Project Completion Date, which is the date on which all the obligations of the Parties under the Agreement (with the exception of the obligation to facilitate supervision and evaluation contained in paragraph 6.12 and the obligation to retain records and documents contained in paragraph 6.13) shall have been performed.
- (xii) “Implementation Agreement” means an agreement essential to the implementation of the Project between the Recipient and a third party or parties that must be approved in advance by the Fund, and which cannot be terminated or materially altered without the prior approval of the Fund. Any Implementation Agreements related to the Project are listed in paragraph 1.7 of Schedule 1 of the Agreement.
- (xiii) “Procurement Plan” means the document prepared by the Recipient and approved by the Fund covering all major procurements of goods, works and consulting services to be carried out in relation to the Project. The Procurement Plan shall include: (i) the various contracts for goods, works and consulting services required to implement the Project in the relevant period; (ii) the proposed methods of procurement for such contracts; and (iii) the related IFAD review procedures, if any.
- (xiv) “Project” means the project described in Schedule 1 of the Agreement.
- (xv) “Project Budget” means the budget for the Project set forth in Schedule 2 of the Agreement.
- (xvi) “Project Completion Date” means the date on which the implementation of the Project is to be completed.

³⁷ As revised on 1 March 2011.

(xvii) “Project Implementation Period” means the period beginning on the Effective Date and ending on the Project Completion Date.

(xviii) “Recipient’s Fiscal Year” means the twelve (12) month period used by the Recipient as its fiscal accounting period.

(xix) “Recipient’s Procurement Procedures” means the procedures to be used by the Recipient for procurement related to the Project, which have been approved in advance by the Fund and which cannot be materially altered without the prior approval of the Fund.

(xx) “Statement of Expenditure” means a form prepared by the Recipient following the sample set forth in Schedule 4 of the Agreement.

(xxi) “Statement of Responsibility” means a letter prepared by the Recipient substantially in the form set forth in Schedule 5B of the Agreement.

6.2 Implementation

The Recipient shall implement the Project in order to accomplish the Goals and Objectives set forth in paragraph 1.1 of Schedule 1 of the Agreement. The Recipient shall implement the Project (i) with due diligence and efficiency; (ii) in conformity with appropriate administrative, engineering, financial, economic, operational, environmental, technical and research practices; (iii) in accordance with the Project Description and Project Budget; and (iv) otherwise in accordance with the Agreement. The Recipient shall exercise the same care in the administration of the Grant as it exercises in the administration of its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds, including the prevention of fraud and corruption.

6.3 Disbursement of the Grant

As from the Effective Date, and after receipt by the Fund in satisfactory form of a copy of the Agreement countersigned by a duly authorized representative of the Recipient and a completed Bank Account Certification Form, the Recipient may request disbursements of the Grant in advance during the Project Implementation Period by using the Disbursement Application. For the second and following Withdrawal Applications, the Recipient shall submit to the Fund a Statement of Expenditure showing that at least 75% of the previous amount withdrawn has been spent for Eligible Expenditures.

6.4 Procurement

Procurement of goods, works and services required for the Project shall be carried out in accordance with the Recipient’s Procurement Procedures. In all cases where procurement worth more than two hundred thousand US dollars (US\$200,000) is covered under the Project Budget, the Recipient shall be required to submit a Procurement Plan.

6.5 Progress Reports

Every twelve (12) months during the Project Implementation Period the Recipient shall submit to the Fund a Progress Report describing the quantitative and qualitative progress achieved on the Project during the previous six months, and any other issues that the Fund may reasonably request.

6.6 Final Report

As soon as possible after the Project Completion Date, but in no event later than the Grant Closing Date, the Recipient shall provide the Fund with a Final Report consisting of (i) a Final Statement of Expenditure which reports on the use of the total amount of the Grant; (ii) a Completion Report, of such scope and in such detail as the Fund shall reasonably request, on the execution of the Project, its costs, the activities undertaken, the level of accomplishment of the Project Goals and Objectives, the results achieved from the Project and the benefits derived and to be derived from it; and (iii) either the final Statement of Responsibility required under paragraph 6.7(a) or all of the audited financial statements and Audit Opinion Letters required under paragraph 6.7(b), as the case may be.

6.7 Accounts and Audit

The Recipient shall maintain separate records and financial accounts prepared in accordance with internationally recognized standards in respect of the Grant.

(a) If the total amount of the Grant is less than or equal to two hundred thousand US dollars (US\$200,000), the Recipient shall submit to the Fund a Statement of Responsibility within one month of the end of each calendar year and a final Statement of Responsibility as part of the Final Report.

(b) If the total amount of the Grant is more than two hundred thousand US dollars (US\$200,000) the Recipient shall have its institutional accounts audited every year by independent auditors in accordance with the International Standards on Auditing. The Recipient shall ensure that the entire Project Implementation Period is covered by audit. The Recipient shall deliver to the Fund a copy of its audited financial statements and a completed Audit Opinion Letter relating to such audit within four (4) months after the end of each Recipient's Fiscal Year, provided, however, that if the Project Implementation Period is less than or equal to eighteen (18) months a single audit and Audit Opinion Letter covering the entire period may be submitted.

6.8 Representations and Warranties of the Recipient

The Recipient makes the following representations and warranties to the Fund as of the Effective Date and at all times during the Project Implementation Period: (i) the Recipient is duly organized and validly existing under the laws of the jurisdiction in which it is registered; (ii) it has the power and authority to receive the Grant proceeds and to execute and deliver the Agreement and discharge each of its obligations thereunder, and that it has taken all necessary corporate action to authorize such execution, delivery and discharge; (iii) neither the execution, delivery or performance of the Agreement by the Recipient, nor compliance with the terms and conditions thereof, will contravene any application law, regulation, court order or other legal norm to which the Recipient is subject; will conflict or be inconsistent with, or result in the breach of, any agreement or understanding to which the Recipient is a party; or will violate the constitutional documents of the Recipient; (iv) the Recipient is not insolvent and is not the subject of any bankruptcy, insolvency or other similar proceedings; (v) it has not engaged in corrupt, fraudulent, collusive or coercive practices with respect to the Grant, and (vi) no official or employee of the Fund has received any direct or indirect benefit in connection with the Grant. The signature of the Agreement by the Recipient constitutes (i) its consent to be bound thereby and (ii) an acknowledgement that the Agreement constitutes the legal, valid and binding obligation of the Recipient, enforceable in accordance with its terms.

6.9 Suspension

The Fund may suspend, in whole or in part, the right of the Recipient to incur Eligible Expenditures and/or receive disbursements of the Grant if (i) the Recipient has failed to perform any of its obligations under the Agreement (ii) credible allegations of coercive corrupt, fraudulent, collusive or coercive practices in connection with the Recipient and/or the Project have come to the attention of the Fund; (iii) any of the representations or warranties of the Recipient contained in paragraph 6.8 were not valid or correct or have ceased to be valid or correct; or (iv) the Fund has determined that a situation has arisen which may make it improbable that the Project can be carried out successfully. Such suspension shall continue until (i) the Fund is satisfied that the reason for the suspension no longer exists, or (ii) the Fund decides to terminate the Agreement in accordance with paragraph 6.10.

6.10 Termination

The Agreement shall remain effective until the later of the Grant Closing Date or the complete performance by the Parties of their respective obligations under the Agreement, or any other date mutually agreed upon by the Parties. The Fund may terminate the Agreement early if (i) the Recipient fails to provide all documentation required under paragraph 6.3 for disbursement of the first instalment of the Grant within three (3) months of the Effective Date; (ii) the Recipient has materially failed to perform any of its obligations under the Agreement; (iii) credible allegations of corrupt, fraudulent, collusive or coercive practices in connection with the Recipient and/or the Project have come to the attention of the Fund and the Recipient has failed to take timely and appropriate action to address such allegations to the satisfaction of the Fund; (iv) any of the representations or warranties of the Recipient contained in paragraph 6.8 were not valid or correct or have ceased to be valid or correct; or (v) the Fund has determined that a situation has arisen which makes it improbable that the Project can be carried out successfully.

6.11 Liability beyond Termination

The obligations assumed by the Parties shall survive the early termination of the Agreement to the extent necessary to permit the orderly conclusion of the Project, the withdrawal of personnel, funds and property, the settlement of accounts between the Parties and the settlement of contractual liabilities that are required in respect of any personnel, subcontractors, consultants or suppliers, provided, however, that in the event of early termination of the Agreement by the Fund for any of the reasons set forth in paragraph 6.10 (except for (v)) the Recipient shall have no right to receive any further disbursements of the Grant or other compensation from the Fund.

6.12 Supervision and Evaluation

The Recipient shall facilitate all activities related to supervision, evaluation or review of the Project carried out by the Fund or third parties authorized by the Fund during the Project Implementation Period and for five (5) years thereafter. Any such supervision, evaluation or review shall be carried out without any cost to the Recipient.

6.13 Records and Documents

The Recipient shall maintain adequate records and documents to reflect its operations related to the implementation of the Project until the Project Completion Date, and shall retain and adequately store such records and documents for five (5) years thereafter.

6.14 Taxes

The proceeds of the Grant shall not be used for the payment of Taxes which are determined by the Fund to be excessive, discriminatory or otherwise unreasonable.

6.15 Refund

If (i) the Fund determines that any amount previously disbursed to the Recipient shall not be required to cover further payments for Eligible Expenditures; or (ii) the Fund determines at any time that any amount previously disbursed to the Recipient has not been exclusively used in accordance with the requirements of the Agreement, the Recipient shall, promptly upon notice from the Fund, refund to the Fund such amount in the currency of payment.

6.16 Visibility and Rights of Reproduction and Distribution

Prior to the production of any written, audio-visual and/or information technology material connected with or resulting from the Project by the Recipient and intended for limited or general publication, the Recipient shall consult with the Fund regarding the form and substance of the acknowledgement of the Fund's role in supporting the Project and shall include a acknowledgement in terms agreed by both Parties. The Recipient hereby grants to the Fund the right to reproduce and distribute copies of such written, audio-visual and/or information technology material for non-commercial purposes without the need for any additional permission or approval of the Recipient.

6.17 Insurance

The Recipient shall maintain adequate insurance for all Project assets and staff in order to safeguard the implementation of the Project.

6.18 No Agency or Liability.

The Recipient shall implement the Project on its own behalf and has the exclusive responsibility for its implementation; it is understood that the provision of the Grant by the Fund shall in no way be construed as appointing the Recipient or any other person or institution involved in the Project as the agent or representative of the Fund; and the Fund shall not be liable for, and the Recipient shall hold the Fund harmless against, any claim for loss or damage arising in connection with the Project.

6.19 Privileges and Immunities

Nothing in the Agreement or in any document relating thereto shall be construed as constituting a waiver of any of the privileges or immunities accorded to the Fund by its constituent documents or under international law. The personnel undertaking and responsible for implementing the Project, whether employed by the Recipient or not, shall neither be entitled to any privileges, immunities, compensation or reimbursement on behalf of the Fund nor shall they be allowed to incur any commitments or expenses on behalf of the Fund.

The Grant is provided by the Fund to the Recipient in order to accomplish its objective as set forth in Article 2 of the Agreement Establishing IFAD. The Outputs of the Project are international public goods. All amounts of the Grant disbursed to the Recipient in advance shall retain their international character and by virtue of the applicable international treaties and conventions they shall be immune from confiscation, expropriation and any other form of interference, whether by executive, administrative, judicial or legislative action.

6.20 Other Remedies

The remedies of the Fund set forth in the Agreement are cumulative and shall not prejudice any other remedies which the Fund would otherwise have under general principles of law. No failure or delay by the Fund in exercising its rights thereunder, or course of dealing, shall operate as a waiver thereof.

6.21 Applicable Law

Any dispute arising from the Agreement shall be governed by general principles of law, rather than any particular national system of law.

6.22 Settlement of Disputes

The Parties shall endeavour to settle through amicable means any controversy between them in respect of the Agreement. Failing the settlement of a controversy through amicable means, the controversy shall be submitted to arbitration. To this end any dispute, controversy or claim arising out of or in connection with the Agreement or any breach thereof, shall, unless it is settled through amicable means, be settled by arbitration in accordance with the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules as at present in force. Unless otherwise agreed, the number of arbitrators shall be three (3), the place of arbitration shall be Rome, Italy, the language to be used in the arbitral proceedings shall be the English language, and the arbitral tribunal shall decide in accordance with the terms of the Agreement. The Parties agree to be bound by any arbitration award rendered in accordance with this provision as the final adjudication of any dispute; and the resulting award shall be final and binding on the Parties and shall be in lieu of any other remedy.

6.23 Amendments

The Agreement, including the Project Description and the Project Budget, may only be amended or otherwise modified in writing signed by both Parties.

6.24 Communications

All notices, requests, reports, documents and other information and communications relating to the Agreement, the Grant and Project, including the Progress Reports and Final Report, shall be in writing in the English language.

6.25 Entire Agreement/Severability

The Agreement constitutes the entire agreement between the Parties, and any prior understandings or representations, whether oral or written, are null and void. If any provision or part of any provision of the Agreement shall be found or declared to be void or unenforceable, it shall not affect any remaining part of the Agreement which shall continue in full force and effect to the extent permitted by law.

Appendix A : Small Grant Procedures (effective as of (date))

These procedures and the Small Grant Agreement apply to grants (including grants financed from supplementary funds) up to US\$500,000. Grant agreements for Member States (including government ministries) must be prepared by LEG. Grant agreements for international organizations such as FAO that do not accept the model small grant agreement are also prepared by LEG.

Preparing the grant package

The grant package consists of the following documents:

- A) Small grant design document
- B) Supporting documentation
- C) Clearance/approval Sheet

A. The small grant design document

The small grant design document consists of five parts. **Part 1** includes basic information on the grant and the recipient. Information on previous IFAD grants to the same recipient (part 1, paragraph 11) can be obtained from the LGS – please contact CFS for information on how to use the system. Information about previous grants is not required for grants to United Nations agencies or CGIAR institutions.

Special provisions: Any proposed exceptions to the General Provisions – and an explanation of why they are necessary - must be set forth in part 1, paragraph 13. If these special provisions involve a deviation from IFAD's grant policies and procedures, they must also be highlighted in part 2, paragraph 7. Since exceptions to the General Provisions must be cleared specifically by LEG and CFS, they should be used as little as possible. An example of an exception that will only be approved in unusual circumstances is a request for retroactive financing.

The proposed exceptions should include suggested language to be included as paragraph 8 of the Small Grant Agreement, referring directly to the paragraph/s of the General Provisions which is/are affected. The language of any such proposed exceptions should be cleared with the recipient before the grant package is submitted for clearance.

Grant sponsors who have questions as to whether a particular exception/deviation is possible, or how to draft paragraph 8 of the agreement, should consult with LEG before submitting the grant package for clearance.

Part 2, the eligibility and due diligence checklist, confirms the eligibility of the grant and the recipient under IFAD's policies and procedures. Any aspects of the grant that deviate from IFAD's grant policy or procedures must be set out explicitly in paragraph 7. The grant sponsor, in completing the eligibility and due diligence checklist, is responsible for confirming that the grant complies with all applicable IFAD policies and procedures, particularly the Revised IFAD Policy for Grant Financing, and to identify any aspect of the grant which deviates from these policies and procedures.

Part 3, the grant rationale, requires the sponsor to explain why IFAD should provide the grant and why the recipient was chosen. In paragraphs 1 and 2 the sponsor identifies the assumptions underlying the choice of project and recipient, potential risks, and strategies adopted to mitigate such risks. Paragraph 2 confirms the technical capacity of the recipient to carry out the project and provides summary information on relevant experience, except if the organization and its technical capacity are well known to IFAD.

Part 4 of the small grant design document consists of the **project description** (schedule 1 of the small grant agreement) and the **project budget** (schedule 2). As these will become part of the small grant agreement, they should provide a clear and concise summary of the project that sets forth the legal responsibilities of IFAD and the recipient, and a clear outline of how grant resources will be expended. The clearer the description, the less likely it is that disputes or disagreements will arise in the course of implementation and the more likely that the project will achieve its objectives – and the more likely that it will be cleared by LEG and other interested divisions without any changes.

Part 5 of the SGDD, includes the technical, financial and legal reviews. Grant sponsors should reply categorically and unequivocally to all three reviews, so that the GA Group can verify and assess that the replies adequately address the reviewer’s suggestions/recommendations.

1. Project description

The Project description must follow the standard 10-point outline:

- 1.1 Strategic approach, target group and participating countries
- 1.2 Goal
- 1.3 Objectives
- 1.4 Outputs
- 1.5 Activities
- 1.6 Lesson learning and knowledge management agenda
- 1.7 Recipient’s implementation procedures
- 1.8 Implementing partners and implementation agreements
- 1.9 Recipient’s monitoring and evaluation approach
- 1.10 Other sources of funding for the project

General guidelines: IFAD should be referred to as “the Fund” and the recipient should be referred to as “the recipient.” “IFAD” or the name of the recipient should only be used when use of “the Fund” or “the Recipient” would be confusing. All acronyms or abbreviations must be spelled out in full the first time they are used - with no exceptions (example: “the United Nations (UN)”).

Obligations of the recipient (or IFAD) should be introduced by “shall.” (example: “The recipient shall be responsible for all aspects of project implementation”) “Would”, “should” or “could” should not be used. “Will” should be used to refer to events happening in the future that do not imply a legal obligation. Short declarative sentences should be used whenever possible.

The small grant agreement sets forth the obligations of IFAD and the recipient. Actions to be taken by any third party should be mentioned only if they constitute a basic assumption upon which the agreement is based. The only exception concerns other sources of funding (see explanation below).

The term “project” should always be used – do not use “programme”.

In drafting the project description, sponsors should clearly structure and align the goal with the objectives and components, maintaining a logframe-style hierarchy and demonstrating a clear correspondence through activities, outputs and results-oriented indicators of achievement that are specific, measurable, achievable, realistic and timebound (SMART).

1.1 Strategic approach, target group and countries: The strategic approach must indicate which of the outputs of the revised grant policy the project will support. The target group must be identified in the light of the Agreement Establishing IFAD and the IFAD Policy on Targeting. Participating countries must be compatible with the window under which the grant was approved.

- 1.2 **Goal:** The goal should refer directly or indirectly to the objective of the revised grant policy.
- 1.3 **Objectives:** These should be concrete and quantifiable. If there are several objectives, they should be indicated by lower-case letters (a,b,c, etc.).
- 1.4 **Outputs:** These are the project's "deliverables". If the outputs include intellectual property such as articles, books or videos, the presumption is that the recipient will own the copyright or other intellectual property rights.³⁸ The Agreement (paragraph 6.16 of the General Provisions) states that "the Recipient hereby grants to the Fund, free of charge, the right to reproduce and distribute copies of such written, audio-visual and/or information technology material for non-commercial purposes without the need for any additional permission or approval of the Recipient." If there are several outputs, they should be indicated by lower-case letters (a,b,c, etc.).
- 1.5 **Activities:** Special care should be taken to ensure that the description of the activities to be undertaken by the recipient is as precise as possible. If there are several activities, they should be indicated by lower-case letters (a,b,c, etc.). Activities may be broken down by year to follow an annual workplan approach.
- 1.6 **Lesson learning and knowledge management agenda:** The revised grant policy objective is that IFAD, its partners and other rural development stakeholders improve their knowledge and understanding of what constitute successful and/or innovative approaches and technologies or enabling policies and institutions that promote the interests of poor rural women and men. This section should make clear how the recipient will support that agenda through the grant.
- 1.7 **Recipient's implementation procedures:** This section sets forth the procedures to be used by the recipient to implement the project. Governance (project steering committees, project management units, etc.), financial and other management arrangements and project resources should be described in as much detail as possible, and it should be clear who is responsible for doing what. As a general rule any equipment purchased by the recipient using grant funds will remain the property of the recipient – any exception to this principle should be explained in as much detail as possible.

The General Provisions require recipients to submit progress reports every six months (paragraph 6.5). Do not refer to progress reports in the project description except to specify additional issues that they should address.

Provisions regarding accounts and audits are set forth in paragraph 6.7 of the General Provisions, so it is not necessary to discuss accounts and audits in the project description. Regular audits are linked to the fiscal year used by the recipient (the "Recipient's Fiscal Year"- see paragraph 6.1(xvii)). Please read paragraph 6.7 carefully to understand the various options for audit.

1.8 **Implementing partners and implementation agreements:** (This section is optional - if it does not apply, insert the notation "not applicable"). Use this section to describe any important arrangements with implementing partners. If agreements with implementing partners must be approved or reviewed by IFAD, this should be stated here. The General Provisions (paragraph 6.1(xi)) define an "Implementation Agreement" as "an agreement essential to the implementation of the Project between the Recipient and a third party or parties that must be approved in advance by the Fund, and which cannot be terminated or materially altered without the prior approval of the Fund." Generally, if a relationship with a third party is critical to the success of the grant, or if over US\$100,000 of the grant funding is distributed to subrecipients, it should be noted in this section.

³⁸ Patents (for germplasm, processes, etc.) resulting from activities funded by IFAD grants should not be subject to commercial exploitation – please consult LEG for language to be used if project outputs include patents.

1.9 Recipient's monitoring and evaluation approach Describe all procedures which the recipient intends to employ for monitoring and evaluation. Paragraph 6.12 of the General Provisions requires the recipient to cooperate with all IFAD supervision and evaluation, which will be carried out at IFAD's expense, so it is not necessary to describe IFAD's monitoring and evaluation procedures.

1.10 Other sources of funding for the project: (This section is optional - if it does not apply, insert the notation "Not applicable"). This section describes the overall funding for the project, including in-kind contributions. A clear distinction must be made between funding without which the project will not take place, and funding which is not essential. For example, if the recipient's inability to receive funding from another source means that the project cannot continue or needs to be downscaled, this should be stated as clearly as possible, and deadlines and procedures for termination of the agreement if the funding fails to materialize must be set out in detail. If the recipient is expected to provide cash or in-kind contributions, be sure to set forth the consequences (if any) if the recipient fails to do so.

2. Project budget

2.1 Overall budget: The budget should be broken down into not more than six categories, which should reflect the recipient's accounting structure. All amounts should be rounded to the nearest thousand dollars. Amounts should be expressed in numbers separated by spaces (e.g. 200 000). "Unallocated" and "contingencies" are not acceptable grant categories. If the project implementation period is more than one year, the budget should be broken down by year (i.e. year 1, year 2).

2.2 Activity-based budget: Grant sponsors have the option (but not the obligation) to provide a separate budget broken down by activity, in addition to the required budget based on categories of expenditures.

B. Supporting documentation

All of the necessary supporting documentation must be available before the grant package may be submitted for clearance. Supporting documentation consists of the following:

- a) Required legal documentation (evidence of legal status and capacity, registration and good standing, evidence of the authority of the person who will sign the agreement for the recipient. If the recipient is a for-profit entity, the completed due diligence checklist must also be included);³⁹
- b) Required financial documentation (name/address of independent auditors, institutional audited financial statements and audit reports);⁴⁰
- c) Recipient's procurement procedures (if the recipient does not have its own procedures, a declaration that it will use the IFAD Procurement Guidelines or other procedures acceptable to the Fund will suffice);
- d) A declaration by the recipient⁴¹ that it has read and accepted the project description and project budget and has read and accepted IFAD's standard small grant agreement;⁴²

³⁹ The recipient must demonstrate that its registration is current (evidence of good standing not more than 90 days old), that it has the corporate capacity to enter into the small grant agreement, accept the grant and carry out the project, and that the person signing the agreement has the necessary authorization. Different jurisdictions have different laws, so the actual documentation required may vary. As a rule, the recipient must be registered in an IFAD Member State. Legal documentation is not required for United Nations agencies or CGIAR institutions. **Grants to for-profit entities must be approved by the Executive Board.**

⁴⁰ Audit reports must be signed and dated, on the auditor's letterhead. For recipients that have not previously received an IFAD grant, audited financial statements and audit reports for the previous two years will be required; otherwise, one year is sufficient. Financial documentation is not required for United Nations agencies or CGIAR institutions.

⁴¹ E-mail is acceptable.

⁴² It is mandatory for the recipient to review the project description and project budget before the grant package is submitted for clearance/approval. The model small grant agreement is available on the IFAD website. LEG must prepare the grant agreement for recipients (such as FAO) that do not accept the standard small grant agreement.

- e) If the grant is financed by supplementary funds, a memorandum from PAR confirming clearance of the grant.
- f) If the grant is a DSF grant to a “red” or “yellow” country, a communication from the government indicating its approval of the grant.

Wherever possible, supporting documentation should be tabbed for easy reference. LEG and CFS will not review a grant package, and will send it back to the sponsor, unless all required supporting documentation is attached.

C. Clearance/approval process

1. The grant sponsor prepares the grant package and signs the clearance/approval sheet.
2. The grant package is cleared by the director of the originating office.
3. The cleared grant package is cleared by the Division Director, PTA or the Grants Coordinator, PTA. PTA clearance confirms: (i) a satisfactory technical review; (ii) conformity with grant guidelines/procedures; and (iii) availability of grant resources (confirmed by PMD for CS grants). No grant package will be cleared by PTA with handwritten changes or comments.
4. The cleared grant package is submitted to the Controller (CFS) for clearance. In addition to checking the financial information required as supporting documentation, CFS will confirm that the recipient has provided satisfactory financial reports, audit reports and other documentation required for compliance with grants awarded under previous grant agreements. The grant package will not be cleared if a potential recipient has not fulfilled financial requirements under a previous grant agreement, so this should be checked as early in the process as possible. If CFS requires changes, the grant package will be returned to the grant sponsor, who will make the necessary changes on the hard copy and return it to CFS. No grant package will be cleared by CFS with handwritten changes or comments.
5. The cleared grant package is sent by CFS to LEG for clearance. If LEG requires changes, the grant package will be returned to the sponsor, who will make the necessary changes on the hard copy and return it to LEG, with a copy to CFS. No grant package will be cleared by LEG with handwritten changes or comments.
6. Following clearance by LEG, the sponsor submits the grant package to the division director, who confirms that the grant proposal is included in, or supports, the DSWP, and fits within the divisional allocation. Upon approval by the director, the sponsor submits the design document and all supporting documentation for QE. (Note: QE/QA do not apply to grants financed from supplementary funds.)
7. The QE process involves a peer review of the technical aspects of proposals. The sponsor responds to each of the comments/recommendations raised by the QE process, through amendment of the SGDD and/or in a written response to the division director. Once the director is satisfied that the technical review has been adequately addressed, he/she submits the grant package, including the revised SGDD and the clearance sheet, to the grants QA group.
8. The grants QA group conducts the QA assessment, supported by the Grants Secretariat. In the event that it recommends that the project go forward, the QA assessment, SGDD and other supporting documentation are then sent for clearance by the relevant department head.
9. The cleared grant package is sent to the President or his authorized designate for approval. If the President or his designate approves it, the grant package is returned to the sponsor, who sends a scanned copy of the clearance/approval sheet indicating the President’s approval to CFS, requesting

issue of the applicable grant number. CFS inserts the grant in the LGS and sends the grant number to the sponsor.

D. Preparation, signing and distribution of agreement

10. If the grant is to a sovereign state (including government ministries), the grant agreement must be prepared by LEG. Grants to FAO and other recipients that do not accept the standard grant agreement must also be prepared by LEG. Otherwise, the sponsor prepares the small grant agreement by filling in the blanks on the first page, attaching the cleared project description and project budget as schedules 1 and 2, and attaching schedules 3A, 3B, 4, 5, and 6 **without any changes**⁴³ (schedules 3A, 3B, 4, and 5 are samples, so the recipient's details should not be inserted). If possible, the agreement should be prepared and signed the same day that the grant number is obtained.

HOW TO FILL IN THE BLANKS ON THE FIRST PAGE OF THE AGREEMENT

Grant Number	This is the number provided by CFS.
Project Title	The project title must be the same as set forth in part 1, paragraph 5 of the SGDD.
the "Recipient"	The name of the recipient must be the same as set forth in part 1, paragraph 6 of the SGDD and must coincide with the legal name on its registration documents, unless the use of another name has been approved by LEG and CFS.
Paragraph 2	The final sentence in paragraph 2 is optional, to be used only if the grant is financed from supplementary funds – in which case, insert the name of the country/organization providing the money.
Total amount of the Grant	The grant amount must be the same as set forth in part 1, paragraph 12, of the SGDD.
Effective Date of the Agreement	The effective date (paragraph 4) is the date of signature by the division director.
Project Completion Date	Enter the actual date in the format day, month, year. This should be rounded to the end of the calendar quarter.
Grant Closing Date	The grant closing date (paragraph 6) is six (6) months after the project completion date. Enter the actual date.
Any special provisions.	If there are any special provisions (paragraph 8 of the agreement), they must be inserted in <u>exactly</u> the wording which has been cleared by CFS and LEG in part 1, paragraph 13 of the SGDD. If there are special provisions, the contact addresses become paragraph 9.
Signatories	The name and title of the division director (or his/her designate) and the person whom the recipient has identified as the authorized signatory (part 1, paragraph 9 of the SGDD) should be inserted below the signature lines.

⁴³ Schedules 3A, 3B, 4, 5A and 5B are "samples" – it is not necessary to insert the number of the grant or the name of the recipient. Please make sure that performing a "find/replace" does not change any of the wording of the General Provisions. The General Provisions cannot be changed under any circumstances.

11. The grant sponsor submits two originals of the completed small grant agreement (together with the completed clearance/approval sheet) to the responsible division director for signature. The division director signs the first page and **initials the remaining pages**, and the completed small grant agreement is sent to the grant sponsor.

12. The grant sponsor informs CFS of the date of signature of the agreement so that this date can be entered into the LGS⁴⁴ and sends two originals of the signed small grant agreement with standard cover letter to the recipient for countersignature. The recipient is instructed to sign the first page, **initial the remaining pages** and send back one original, together with a completed original bank account certification form. The original copies of the agreement and the bank account certification form are received by EDoC/IRC, which sends scanned copies of the agreement and the bank account certification form to the grant sponsor, LEG and CFS. Once CFS has received the scanned bank account certification form and agreement, as well as the first disbursement application, it will initiate disbursement of the first instalment of the grant to the account listed on the bank account certification form.

13. The General Provisions applicable to small grant agreements provide that the agreement will be terminated (and the recipient will not receive any funds from IFAD) if the recipient fails to provide a countersigned copy of the agreement and the bank account certification form within three months of the effective date. The grant sponsor is responsible for following up and ensuring that the documents are received on time. CFS will automatically issue a letter terminating the agreement three months after the effective date if the documentation has not been received.

⁴⁴ CFS **must** be informed on the date the agreement is signed.

Attachment 15: Draft format for workplan and budget

**Project title..../ IFAD Grant number
DATES (from / to)**

Table of contents

ACRONYMS

NARRATIVE EXPLANATIONS

Detailed workplans for the countries/ sites

The workplan is presented below in table format to provide an easy overview of the planned activities and the associated costs. The activities are grouped by the (...number....) components of the programme that include:

- **Component 1:.**
- **Component 2:.**
- **Component 3:.**
- **Component 4:.**
- **Component 5:.**

Annual budget distribution (Y1 to end) and proposed budget for second year of project implementation (from XXX to y) (from President's Report)

Categories of expenditure ^{a/}	Category allocation	PY1	PY2	PY3
I. Equipment and goods				
II. Technical assistance				
III. Training				
IV. Salaries and allowances				
V. Operating costs				
TOTAL	Grant total	Total PY1	Total PY2	Total PY3

a/ Indicative categories only; actual categories will usually be based on the recipient's own accounting structure and chart of accounts.

Detailed budget by project site and budget item for the period.....

Budget items	COUNTRY X	COUNTRY Y	COUNTRY Z	Regional	Total
I. Personnel/Consultants					
<i>Consultants</i>					
<i>Local staff</i>					
Subtotal I.					
II Travel					
International travel					
<i>Local travel</i>					
<i>Subtotal</i>					
Subtotal II.					
III. Equipment and supplies					
Subtotal III.					
IV. Training/workshops/ publications					
Training					
Regional workshop					
Subtotal IV.					
Direct costs					
V. XXXX Indirect costs					
Total budget					

Attachment 16: Sample procurement plan

To be used only where procurement worth more than US\$200,000 is planned under the grant-financed project.

Description of contract packages		Goods	Works	Services	Total
Estimated cost	Currency				
	US\$ ⁴⁵				
Procurement method					
Contract signature					
Start					
Finish					
Remarks					

⁴⁵ Exchange rates.

Attachment 17: Grant status report

A. Grant basic data

Grant title:		Grant No.	Window	<i>Country or Global Regional</i>	
Grant recipient: Institution/organization		IFAD grant sponsor		Recipient contact	
Date of update		Original closing date	Last amendment		
Date of approval		Extended closing date	Last audit		
Date of effectiveness		No. of extensions	Last steering committee attended		
			Last supervision		
Total financing	US\$ million	Cofinancier 1	US\$ million	Disbursement IFAD grant	Percentage
IFAD grant		Cofinancier 2			
Recipient		Cofinancier 3			

Target group (complete as many as applicable by providing a brief description)

Benefiting countries:

Benefiting investment projects:

Grant goal and objectives (relate to strategic objectives, i.e. research and/or capacity-building)

B. Grant management and performance

Indicator	Last	Current
Performance of grant recipient <i>Comments</i>		
Availability of cofinancing <i>Comments</i>		
Coherence between AWPB and implementation <i>Comments</i>		
Acceptable disbursement rate <i>Comments</i>		
Quality and timeliness of financial reports <i>Comments</i>		
Quality and timeliness of technical reports <i>Comments</i>		
Dissemination of results <i>Comments</i>		
Linkages to investment portfolio <i>Comments</i>		

C. Assessment of progress on targeting, inclusion and innovation

Indicator	Last	Current
Project activities benefit IFAD target group <i>Comments</i>		
Innovation <i>Comments</i>		
Gender focus <i>Comments</i>		

D. Grant implementation assessment

Indicator	Last	Current
Overall implementation progress		
<i>Comments (including narrative assessment of activities/components)</i>		
Assessment of overall implementation progress		
Progress in meeting goal and objective(s)		
<i>Comments</i>		
Assessment of progress in meeting goal and objective(s)		

E. Supervision and evaluation arrangements

Description of supervision and evaluation arrangements

Is there a need for an evaluation? If so, indicate timeline.

F. Follow-up action

Issue/problem	Recommended action	Status/timing

**Attachment 18: Grant progress report:
Annotated table of contents**

**[INSERT NAME OF GRANT / GRANT #]
Project progress report⁴⁶
[Insert reference period – e.g. April 2011 to September 2011]**

1. Introduction and grant background	Provide a concise description of the grant's goal and specific objectives, components, target groups and targeted areas. The objective of this section is to familiarize readers with the main features of the grant. If, during the period under review, any change occurred in the implementation context or in grant design, that should also be reported in this section.
1.a. Grant goal, objectives and target groups	
1.b. Changes in grant implementation context and grant design having occurred during the reporting period	
2. Progress and performance by component ⁴⁷	For each component, provide a brief overview of the main activities undertaken during the period under review and the outputs delivered. In particular, this section should highlight: A. Main areas of intervention for which physical achievements matched targets set for the reporting period ; B. Areas of intervention for which outputs achieved fell short of planned figures. Explanations for deviations should be provided. Moreover, as implementation proceeds, this section should also be used to report any relevant information, reflections, or considerations regarding progress towards component objectives as described in the logframe and design document. Grants approaching closure will be expected increasingly to focus on outcomes and provide updated information on progress made towards desired objectives, unintended results, or other factors that might jeopardize the achievement of component objectives, and on actions to be taken for improvement.
2.a. Main activities undertaken, outputs delivered and progress against AWPB	
2.b. Progress towards component objectives	
2.c. Links, if any, with other IFAD-supported activities and/or other partners	
2.d. Lessons learned and knowledge shared	
3. Progress towards grant purpose and goal ⁴⁸	Provide information on progress towards overall purpose and contribution to achieving the goal - in terms of promoting pro-poor innovative approaches and technological options, or of building pro-poor capacities of partner institutions.
4. Shortcomings and problems encountered in grant implementation and actions taken	This section summarizes the main problems affecting progress and performance. Any action taken during the review period to address these issues should be indicated.
5. Other events and relevant issues during the reporting period	Discuss any other relevant issues and events that occurred during the reporting period that might have affected grant implementation and performance.
6. Summary and recommendations for follow-up ⁴⁹	Summarize the major accomplishments and the main constraints faced in implementing the grant during the period under review. Include recommendations to follow up on the findings of the progress report, together with the identification of the staff/agency in charge of each follow-up item and the deadline for each action.
6.1. Major accomplishments and main constraints	
6.2. Recommendations for follow-up	

⁴⁶ Maximum 10-15 pages, plus annexes if necessary.

⁴⁷ This section should be repeated for each component.

⁴⁸ This section will be particularly relevant for mature grants. Grants in the early stages of implementation may not have any information to report.

⁴⁹ This should include identifying the staff/agency in charge of each follow-up item and the deadline for each action.

Attachment 19: Grant completion report: Suggested table of contents

Grant recipients are expected to prepare a completion report within six months of completion.⁵⁰ A suggested format is presented below. The IFAD Guidelines for Project Completion (June 2006) provide directions for the completion process, and can be used by grant recipients as a guide in preparing the GCR.

[INSERT NAME OF GRANT]
[Insert grant #]
Grant completion report
[Insert implementation period – i.e. June 2010 to December 2012]

Executive summary		
1.	Introduction	
2.	Grant description and implementation arrangements	
	2.1. Grant goal, objectives, components and target groups	A summary of the goal, objectives, components and target groups should be included. This section should also report on any changes in the implementation context, design or and outreach that occurred during the life of the grant.
	2.2. Grant implementation arrangements	
	2.3. Changes in grant implementation context, grant design or outreach	
3.	Review of performance and achievements by component	
	3.1. Review of main activities and outputs delivered	Provide a review of performance and achievements by component (section 3 of the template). For each component, this should include a comprehensive review of activities carried out and outputs delivered, compared to overall targets. Moreover, the report should discuss achievements in terms of effects and changes supported in targeted groups and beneficiaries, compared with the grant overall, and specific objectives as described in the grant design documents and the logframe
	3.2. Assessment of Effectiveness in achieving Component Objectives	
4.	Assessment of impact and of impact attribution	Provide a review and assessment of the impact of the grant in terms of contributing to IFAD strategic objectives
5.	Project costs and financing	Include a comprehensive review of how the grant resources were used, and a review and assessment of the financial management of grant proceeds.
6.	Assessment of grant management and partners' performance	Review and discuss performance of grant management and partners' performance
7.	Innovation, replication, and scaling up	Discuss and assess innovation and sustainability of grant impact and potential for scaling up and replication (section 6 - Innovation, replication, and scaling up, and 7 – Sustainability);
8.	Sustainability	
9.	Conclusions and lessons learned	Identify lessons learned and major lessons for IFAD (section – Conclusions and lessons learned, and 9 – Major lessons for IFAD).
10.	Major lessons for IFAD	

Annexes

1. Final grant logical framework
2. Project learning note (attached)
3. Case studies, reports and any other relevant documentation
4. Disbursement by component and by category of expenditure
5. Physical outputs versus targets tables

⁵⁰ Maximum 10-15 pages, plus annexes if necessary.

Attachment 20: Project learning note

Title	Title of the grant
Region/country	Indicate the region and/or country in which the lesson was learned.
Division	Indicate grant sponsor's division.
Contact information	Provide the grant sponsor's personal contact information (name, phone number, e-mail address) so that colleagues may contact you directly with any further questions or comments. The names and contact information for collaborating individuals and organizations are provided in a separate field (Collaborators) .
Date	Enter the submission date for the lessons learned document.
Primary subject area	Enter the subject area most relevant to the lesson learned.
Additional keywords	Specify any additional keywords or subject areas of help in classifying the lesson learned.
Lessons learned	This section should be the main focus of the learning note. Typically, lessons learned identify best practices, indicating what works and what does not in a particular situation. Indicate a lesson learned during implementation.
Description of issue and context.	Describe the main issue or problem addressed by this lesson. Discuss any obstacles or challenges that had to be overcome. Also describe the context in which the lesson was learned. This should include a discussion of the geographical region and the specific cultural setting. Include the date/time period when this lesson was recognized (may be during or at the end of a programme or following an evaluation).
Strategy(ies) used	Briefly describe strategies.
Results	Clearly state the results obtained and why they were of interest as a source of learning.
Recommended practice	Indicate any recommended practices that are suggested by the referenced lessons learned and other supporting documents.
Application	List individuals, programmes, knowledge assets or other resources that are currently using this recommended practice, and include their corresponding contact information.
Implications for IFAD's operations and policies	Address any changes or revisions in IFAD's policies and/or programmes that are suggested by the lesson learned.
Scaling up	If this lesson was learned from a pilot programme or intervention, what steps should be taken for it to be scaled up to reach a wider audience? Also discuss any anticipated challenges in scaling up.
Conclusions and recommendations	Conclusions should summarize the major issues, strategies and results. If appropriate, give concise recommendations for action, clearly specifying who should take the recommended steps.
Suggested follow-up	Suggest any follow-up actions and discuss any follow-up assessments or evaluations, highlighting any specific issues/questions that need to be addressed.
Collaborators	List individuals, organizations or agencies that collaborated on this project/programme, including the capacity in which they were each involved (financial support, technical expertise, training).
Links and resources	Provide the link to any additional reports, evaluations or other documents that clearly support this lesson learned. If possible, indicate the specific parts(s)/pages that directly refer to this lesson.