

Document: EB 2012/106/R.28/Rev.1
Agenda: 13
Date: 21 September 2012
Distribution: Public
Original: English

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Enabling poor rural people
to overcome poverty

Instrument establishing the Reimbursable Technical Assistance (RTA) Programme

Note to Executive Board representatives

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Executive Board — 106th Session
Rome, 20-21 September 2012

For: Approval

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Recommendation for approval

The Executive Board is invited to approve the recommendations on IFAD's instrument establishing the Reimbursable Technical Assistance (RTA) Programme as contained in paragraphs 5 to 20 and the annex to this document.

Instrument establishing the Reimbursable Technical Assistance (RTA) Programme

I. Objectives and rationale

1. Document EB 2012/105/R.28 concerning the instrument establishing the Reimbursable Technical Assistance (RTA) Programme was considered by the Executive Board at its 105th session. The Board noted that this was an innovative proposal that would help fulfil the Ninth Replenishment commitment to supplement IFAD's resources through the performance of financial and technical services consistent with the objectives and functions of the Fund. It was also intended to comply with the middle-income countries strategy approved by the Executive Board (EB 2011/102/R.3/Rev.1), which called for the establishment of a reimbursable technical assistance programme. Several Board representatives requested more information, particularly on:
 - (a) The programme's objectives;
 - (b) The envisioned target groups;
 - (c) IFAD's internal capacity to implement the proposal;
 - (d) The financial modalities envisaged for the programme; and
 - (e) The programme's complementarity with the work of the International Monetary Fund, the World Bank and the Food and Agriculture Organization of the United Nations (FAO).
2. Following discussion on this proposal, the Board decided to defer approval of the instrument establishing the RTA programme to the present session, when a more substantial and informative document would be provided.¹
3. In the developing economies of middle-income countries, large regional discrepancies and geographic pockets of poverty still exist, especially in the rural and mountainous areas. IFAD's middle-income Members are increasingly requesting sustained analytical support in subsectoral or thematic areas (targeting, gender, rural financing, etc.).² In China, Indonesia and the Philippines, IFAD is supporting research into the effects of biofuel on agricultural development, food security and poverty, and its impact at the household level. Countries such as Brazil, Colombia, Mexico and the Bolivarian Republic of Venezuela have already asked IFAD to provide additional project and technical services and knowledge products in parallel with its financing of their rural development programmes.
4. As a result, at its 102nd session in May 2011, the Executive Board approved the recommendations on IFAD's Engagement with Middle-Income Countries (EB 2011/102/R.3/Rev.1), and agreed that IFAD needed to continue its engagement with middle-income countries and develop a demand-driven country-based approach providing a menu of lending and knowledge products that could interest middle-income borrowing and non-borrowing Member States in widely

¹ EB 2012/105/INF.8, Decisions and deliberations of the 105th session of the Executive Board, p. 4, paragraphs 18-20 (available at: <https://webapps.ifad.org/members/eb/105/docs/EB-2012-105-INF-8.pdf>).

² As outlined in IFAD's Engagement with Middle-Income Countries, document EB 2011/102/R.3/Rev.1.

different situations. It was further agreed that IFAD would develop knowledge services such as reimbursable technical assistance, policy advice, research and analysis, partnership development, and the facilitation of South-South cooperation for all of its middle-income Members. As part of this, a proposal is presented herewith for the establishment of an instrument that will enable IFAD to provide reimbursable technical assistance. The proposal builds on the experience of other international financial institutions in managing services of this nature.

II. Eligibility and target group

5. Countries eligible for RTA will be all Member States from Lists B and C.³ Although middle-income Members no longer borrowing from IFAD are most likely to both want the service and be able to pay for it, there is no reason to exclude other List B and C Members from access to the assistance should they require it.
6. Clients may include:
 - Governments (including state/provincial) and government institutions; and
 - National development banks and state-owned enterprises.
7. IFAD will accept the reimbursement of technical assistance provided to low-income countries from third countries or other donors⁴.
8. All services provided by IFAD under the RTA programme will be in addition to IFAD's regular resources.

III. Types of assistance

9. The scope of services will be based on country needs, with a broad and flexible menu of assistance options available that build on IFAD's comparative advantage in knowledge and expertise in support of smallholder agriculture development. The following options could be included:
 - Technical advisory services (for example programme design and supervision, private-sector involvement with smallholders);
 - Policy advice in the agriculture and rural development sector (for example, development of "climate-smart" approaches for smallholders);
 - Donor/private/public-sector coordination in the agriculture sector;
 - Impact evaluation and results management in the smallholder sector;
 - Analytical studies and services; and
 - Capacity-building, including delivery of training.
10. These services are also provided free, as per of IFAD's normal activities in borrowing member countries. Under the RTA initiative, similar services would be provided to countries outside its normal programme, on demand, on a cost recovery basis.

IV. Technical modalities

11. All RTA will be provided according to IFAD's operational procedures, including technical quality review and fiduciary guidelines. IFAD will deliver the agreed services with the Fund's technical experts, with inputs from external subject matter specialists as and when required.
12. Each proposal, to be submitted through the Associate Vice-President, Programmes, and the Chief Financial Officer to the President for approval, will provide information on:

³ These Member States are presumed to be "developing Member States" within the meaning of the Agreement Establishing IFAD.

⁴ This may lay the basis, for example, for 'south-south' cooperation.

- (i) The proposed area of analysis or advice, the specific services and outputs to be provided, and the expected outcome of the task;
 - (ii) The link with the country's national planning frameworks/development (or poverty reduction) strategy and IFAD's strategic priorities (including its country strategic opportunities programme and regional medium-term plan, as applicable);
 - (iii) Risks to be considered and any mitigation measures to be put in place;
 - (iv) The names of the staff members and/or consultants who would provide the services; and
 - (v) The length and value of the contract.
13. Requests for RTA by member countries will be subject to the following considerations and criteria⁵ in deciding whether to go ahead:
- (i) Preference would be given to middle income countries when the country was not borrowing, or had ceased to borrow, from IFAD;
 - (ii) The scope of services would be within IFAD's comparative advantage, capacity and mandate;
 - (iii) In the case of low income countries borrowing on highly concessional terms, RTA would only be considered when the requested services were not already, or could be, provided within the scope of IFAD's on-going country level programme;
14. Within six months after the close of the activity, a short report will be prepared, including feedback from the client and an assessment of the quality and impact of the services. Subsequently, the RTA and the results achieved will be reported to the Executive Board in the annual Report on IFAD's Development Effectiveness (RIDE). In the first 2-3 years the reporting to the Executive Board through the RIDE would highlight any implementation issues with the RTA initiative, commensurate with a pilot phase.
15. IFAD's capacity constraints will be dealt with by (i) including key partners in the provision of services, especially FAO; and by (ii) not providing services where IFAD has no capacity.

V. Complementarity with services provided by the World Bank and FAO

16. The provision of fee-based services by the World Bank has become a key feature of its knowledge services support to its middle-income members. As such, it is envisaged that IFAD and the Bank will maintain close coordination regarding middle-income countries and the nature of fee-based services being provided. While IFAD will focus on the agriculture and rural development sector, with smallholders as a specific focus, the Bank will concentrate on a more diverse range of issues. For example, in Europe and Central Asia, topics will include: financial reporting, public-sector functional review, investment reform, technical assistance for education services and health care organization and financing.
17. IFAD already works closely with FAO for the provision of technical services from the Investment Centre and the technical divisions, both on the basis of specific technical contacts and through IFAD grants for such services. These services are complementary to IFAD's comparative advantage in knowledge and expertise in support of the development of smallholder agriculture. The further provision of FAO

⁵ IFAD management would continue to review the considerations and criteria and advise the Executive Board accordingly.

technical services as part of IFAD's proposed RTA will therefore follow this established technical (and financial) process, and support the Rome-based agencies' agenda for joint provision of services.

VI. Financial modalities

18. RTA agreements will be regulated by separate legal agreements between IFAD and the recipient(s) of the services. The contract negotiated with the client will serve as the legal basis for providing the RTA services. Fees will be charged on a full cost recovery basis to include all direct and indirect costs incurred.
19. The contract will include billing information that gives the essential details of the contract: the name of the providing division and the billing address of the client. As agreed with the client in the contract, the providing divisions will bill the client for the actual cost of services provided and, as part of the normal budget monitoring process, the Financial Operations Department will transfer the budget to the providing division.
20. Any financing received from Members or third parties to support the RTA programme will be received and managed according to existing IFAD procedures for supplementary funds.

VII. Recommendation

21. In response to middle-income country needs⁶ and in order to make available reimbursable technical services to all Members on demand and within IFAD's capacity, IFAD Management recommends that the Executive Board approve the adoption of the instrument as described in paragraphs 5-20 above and in the annex.

⁶ As outlined in IFAD's Engagement with Middle-Income Countries (EB 2011/102/R.3/Rev.1).

Instrument establishing the Reimbursable Technical Assistance (RTA) Programme

The Executive Board,

Recalling that the International Fund for Agricultural Development (IFAD or the Fund) is the United Nations specialized agency established to finance agricultural development projects and programmes in the developing countries;

Further recalling that the Agreement Establishing IFAD provides that the "objective of the Fund shall be to mobilize additional resources to be made available for agricultural development in the developing Member States";

Bearing in mind that article 7, section 3 of the Agreement Establishing IFAD – Miscellaneous Operations – stipulates that "in addition to the operations specified elsewhere in this Agreement, the Fund may undertake such ancillary activities and exercise such powers incidental to its operations as shall be necessary in furtherance of its objective";

Considering also Governing Council Resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources, which provides in section X that "during the replenishment period, the Executive Board and the President are encouraged to take necessary measures to strengthen the Fund's catalytic role in raising the proportion of national and international funding directed at improving the well-being and self-reliance of rural poor people, and to supplement the resources of the Fund by using the Fund's power to perform financial and technical services, including the administration of resources and acting as trustee, that are consistent with the objective and functions of the Fund. Operations involved in the performance of such financial services shall not be on the account of the Fund";

Approves and adopts this instrument establishing the Reimbursable Technical Assistance (RTA) Programme for immediate application.

Article I. General provisions

Technical assistance under the RTA is professional technical and policy advice provided by the Fund on a reimbursable basis.

Article II. Eligibility

Section 1. RTA shall be provided by the Fund to developing Member States, on demand by governments, and based on IFAD's capacity to deliver the services requested.

Section 2. Before approving RTA under this instrument, the Fund shall be satisfied that the requesting Member State is making an effort to strengthen in a sustainable manner its national food production in accordance with IFAD's Lending Policies and Criteria.

Section 3. The Fund shall not approve a request for an arrangement under this instrument whenever the requesting Member State has an overdue financial obligation to the Fund.

Section 4. The Fund's experts shall offer advice and support to Member States under the RTA in formulating policies and institutional development plans, in undertaking specific and thematic studies and services, in capacity-building and training of public and semi-public institutions, in project supervision and implementation, in monitoring and evaluation, and in any other activity that is within the mandate of the Fund and its expertise.

Article III. Administration of the RTA programme

Section 1. The Executive Board delegates its authority to the President to approve projects under the RTA instrument.

Section 2. Whenever the President has approved assistance on a reimbursable basis, the requesting Member State shall reimburse the cost of such assistance to IFAD in

accordance with the terms and conditions detailed in an agreement to be concluded between IFAD and the Member State concerned.

Section 3. Subject to the provisions of this instrument, the Fund, in administering the RTA, shall apply the same rules as apply to the operation of the resources of the Fund in accordance with the Agreement Establishing IFAD.

Section 4. Fees will be charged on a full cost recovery basis to include all direct and indirect costs incurred.

Section 5. In preparing the annual RTA budgetary and fee projections, IFAD shall apply the same rules as apply to the operation of the resources of the Fund in accordance with the Financial Regulations of IFAD.