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Revision to the document on climate mainstreaming in IFAD-funded programmes

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Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
COP	Conference of the Parties
COSOP	country strategic opportunities programme
GCF	Green Climate Fund
GEF	Global Environment Facility
IDA	International Development Association
IFAD9	Ninth Replenishment of IFAD's Resources
IFAD10	Tenth Replenishment of IFAD's Resources
LDCF	Least Developed Countries Fund
NDC	Nationally Determined Contributions
PBAS	performance-based allocation system
SCCF	Special Climate Change Fund
UCCs	unrestricted complementary contributions

Revision to the document on climate mainstreaming in IFAD-funded programmes

Executive summary

1. The Climate Mainstreaming in IFAD-funded Programmes document was endorsed at the 118th session of the Executive Board. This updated version is being submitted for information purposes to incorporate and reflect on the conclusions of the twenty-second Conference of the Parties (COP22) to the United Nations Framework Convention on Climate Change held in Marrakesh from 7 to 18 November 2016. This document presents IFAD's climate mainstreaming agenda and efforts to operationalize its climate mainstreaming commitment beyond the Tenth Replenishment of IFAD's Resources (IFAD10).
2. Based on past experiences and present commitments, the document explains the scope, risks and opportunities of integrating climate resilience into IFAD's operations. It also outlines financing options to operationalize the climate mainstreaming framework and simplified impact pathways for climate mainstreaming in IFAD's portfolio.
3. Building on the first significant push in climate mainstreaming throughout IFAD9, which was enabled and facilitated by the Adaptation for Smallholder Agriculture Programme (ASAP), IFAD will embark on the second part of a decisive transition towards full climate mainstreaming in its country strategies and projects portfolio. Under IFAD10, the Fund has committed to scale up these outcomes and to achieve 100 per cent climate mainstreaming by 2018 through a 10-point climate mainstreaming plan.
4. Three complementary instruments will support the implementation of IFAD's climate mainstreaming agenda:
 - (i) Replenishment contributions from IFAD's Member States to support concrete investments in low-carbon, climate-resilient farming systems and value chains;
 - (ii) Supplementary funds to provide support for technical assistance, capacity-building, innovation and scaling up;
 - (iii) Cofinancing for climate change adaptation in situations where climate risk management generates substantial additional costs.
5. Unrestricted complementary contributions (UCCs) to IFAD10 for climate adaptation will be the building blocks of this new agenda and will finance climate-sensitive investments in the programme of loans and grants (PoLG). UCCs reflect the fact that climate change acts as a discounting factor for development and that in a changing climate additional investments are necessary to sustain long-term development gains. They also increase the programmatic and geographic flexibility of IFAD's climate work to reach and benefit all Member States.
6. In this mainstreaming model, specific technical assistance activities in support of climate-resilient investments in the PoLG will be funded by a second phase of ASAP (ASAP2). ASAP2 will mobilize supplementary funding from interested donors, which will be programmed as grants through a broad range of institutions to continue supporting technical assistance, innovation, capacity-building, policy dialogue, advocacy, and regional or national public goods to create enabling environments to support climate-sensitive investments and operations in IFAD's portfolio.
7. A results framework providing an overview of how IFAD's investments contribute to climate adaptation is presented in appendix II.

I. Introduction and context

1. Farmers, businesses and governments around the world report growing impacts of climate change on agricultural production and food security, and are trying to find ways to adapt. Until recently, climate change was understood largely as a problem of the future. However, a key finding of the Fifth Assessment Report of the Intergovernmental Panel on Climate Change, in 2014, indicates that climate change impacts are playing out in real time, and are affecting rural people globally. At the twenty-first session of the Conference of the Parties (COP21) to the United Nations Framework Convention on Climate Change in Paris in December 2015, 195 countries adopted a legally binding global climate deal due to enter into force in 2020. To achieve it, developed countries have pledged their continued commitment to the collective goal of mobilizing US\$100 billion per year in climate finance until 2025.
2. Smallholder farmers are especially hard-hit by the effects of the changing climate. They inhabit some of the world's most vulnerable and marginal landscapes, such as hillsides, rangelands, semi-arid and arid lands, deltas and floodplains, and rely on climate-sensitive natural resources to make a living. As a result, they are highly vulnerable to increasing temperatures, erratic rainfall, pest infestations, sea level rise and extreme events such as floods, droughts, landslides, typhoons and heatwaves. Smallholders often lack secure land tenure and resource rights, have little access to markets and finance, and are frequently overlooked in global and national policy debates on climate change issues. However, although poor rural communities are bearing the brunt of climate change, they are also a key part of the solution.
3. IFAD investment programmes are being affected by climate change in a number of ways:
 - Crop yields. Scientific research indicates that that climate change is having a negative impact on net global yields of maize and wheat. By contrast, impacts on rice and soybeans are smaller. Although positive impacts are observed in some high-latitude areas, negative impacts are more common.
 - Abundance and distribution of freshwater and marine fish harvests. The catch of warmer water species has increased at higher latitudes, while catches of subtropical species have decreased. These changes have negative implications for small-scale coastal fisheries activities in tropical countries, which employ the majority of people involved in capture fisheries. Their food security is being eroded by smaller catches and lower incomes.
 - Price spikes for agricultural commodities. Several periods of rapid increases in international food prices have occurred since 2007, affecting consumers linked to international food markets. Price increases result from multiple factors, including competing demand for human food, animal feed and biofuels. Price spikes also follow extreme climate events, which have become more likely as a result of climate trends.
 - Prevalence of poverty and food insecurity. Negative impacts of climate change are strongest in tropical regions, where higher exposure to climate threats coincides with higher population rates, low food security and low rates of rural development. Food security and local economies are expected to be at most risk from climate change in sub-Saharan Africa, South Asia, Central America and parts of the Andean region.
 - Agricultural value chains. Increases in climate extremes such as floods, droughts and heatwaves undermine many agricultural value chains. These effects can materialize at the input stage (e.g. through greater need for

fertilizer, water and pesticides), at production (yield and infrastructure damage), during processing (higher water and energy requirements), during storage (longer and more robust storage requirements), during transport (interrupted access roads) and at the marketing stage (price fluctuations).

4. Climate change has two main consequences for IFAD. First, IFAD is faced with more climate-related risks, losses and damages in its portfolio. These risks are not evenly distributed and affect some countries more than others. In highly vulnerable countries, IFAD is losing development gains and poverty reduction progress due to climate shocks and stresses. The investments required in these countries to sustain development in the face of a more adverse and uncertain climate need to be covered by additional resource allocations. According to the 2015 Adaptation Gap Report produced by the United Nations Environment Programme, the costs of adapting to climate change in developing countries could rise to between US\$280 billion and US\$500 billion per year by 2050. This is more than three times the previous estimates published by the World Bank in 2010. The International Development Association (IDA) of the World Bank works from the presumption that the increase in IDA credits that would be required to maintain the net level of benefits to clients at their “without climate change” scenario ranges from US\$600 million to US\$1.9 billion per year, or 6 to 21 per cent of total IDA credits.
5. Second, IFAD has realized the importance of taking preventive action to reduce these losses. This requires the organization to become more analytical about climate risks in its investment portfolio; more systematic in identifying climate risks in certain locations, livelihood systems and value chains; more adept at tapping different resource envelopes for climate risk management and disaster risk reduction; and more innovative and conversant in devising specific investment actions to reduce these risks.

II. Climate change adaptation in IFAD

6. IFAD has a long history in building resilience through the sustainable management of natural resources. Long before additional climate finance was made available by donors, IFAD had supported investment programmes for smallholder farmers in marginal, hazard-prone areas. In many of these cases, technologies were adopted to help smallholders cope with climate extremes, especially in climate-sensitive regions such as the African Sahel. Over the course of this work, IFAD has developed technical expertise in areas such as dryland farming, rangeland management, watershed management and the economic diversification of livelihoods.
7. Building on its extensive experience of working on environmental and natural resource management in rural areas, IFAD has embarked on a systematic effort to strengthen climate change adaptation and resilience in IFAD investment programmes to minimize the climate risk to IFAD’s portfolio. Originally anchored in the IFAD Climate Change Strategy (2010) and IFAD’s Environment and Natural Resource Management Policy (2011), this effort found a natural progression in the new IFAD Strategic Framework 2016-2025, which includes the strategic objective to “strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities”.
8. Since 2012, IFAD has developed, and is now implementing, a major climate change adaptation initiative: the Adaptation for Smallholder Agriculture Programme (ASAP). This programme has provided an incentive to systematically analyse and address climate-related risks in IFAD-supported country programmes and projects. This effort has boosted IFAD’s contribution to rural poor people’s resilience through more systematic analyses of climate-related risks, vulnerabilities and opportunities; more investments and innovation in climate risk management activities; and the scaling up of sustainable farming, and land and water management techniques.

9. ASAP has delivered a rich harvest of experience and lessons learned since its establishment, as reflected in the external evaluation undertaken by the Overseas Development Institute (ODI) in 2015.¹ In this review, ODI confirms ASAP as the largest adaptation programme dedicated for smallholder farmers and the gold standard for mainstreaming effective responses to climate change impacts in agriculture. This approach has led to a measurable improvement of climate integration in IFAD's country strategic opportunities programmes (COSOPs) and project designs.
10. Although the first phase of ASAP has brought about significant change in IFAD's operations, this constitutes only the beginning of a longer process of action required to invest in building the resilience of rural communities to climate change. The magnitude of the challenge is great and the resource requirements are significant. At COP21, 195 countries adopted a legally binding global climate agreement – the Paris Agreement – which is currently ratified by 115 countries. The entry into force of the Paris Agreement on 4 November 2016 strengthens the COP21 Decision, which includes the intention of developed countries to continue their existing collective goal of mobilizing US\$100 billion per year in climate finance until 2025 to help developing countries cope with climate change. Furthermore, there is a demand to balance adaptation and mitigation finance, as reflected in the recent COP22 Presidency flagship initiative – Adaptation of African Agriculture (AAA) – which was launched at COP22.
11. An analysis of Intended Nationally Determined Contributions (INDCs) submitted to COP21 by 149 IFAD client countries showed that 93 per cent include climate change adaptation as a priority in the agriculture sector, and 78 countries refer to mitigation targets. Building on the support IFAD has provided to many of these countries in implementing country-driven adaptation priorities, IFAD remains well placed to continue facilitating the channelling of climate finance to its Member States, with smallholder farmers as key agents and entry points. Through the second phase of ASAP, IFAD will further support Member States in implementing their NDC priorities in the agriculture and rural development sector.
12. In parallel, IFAD has continued to mobilize climate and environmental finance from multilateral trust funds such as the Global Environment Facility (GEF), the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), the Adaptation Fund and – in the future – the Green Climate Fund (GCF) (which recently accredited IFAD) to address environmental and climate change issues in its projects. This financing is earmarked for investment actions that respond to the additionality of climate change in IFAD investment projects, so as to meet the extra costs entailed in coping with and responding to climate impacts.
13. An evaluation synthesis of environment and natural resource management (ENRM) in IFAD, undertaken by the Independent Office of Evaluation of IFAD in March 2016, found that between 2010 and 2015, IFAD investments in ENRM amounted to US\$350 million or approximately 7.3 per cent of total IFAD investment. This excludes the support provided by ASAP and the GEF, which over the same period have more than doubled this amount and expanded the reach of climate mainstreaming to more than 40 per cent of investment projects during the period of the Ninth Replenishment of IFAD's Resources (IFAD9).
14. Over the course of IFAD9 (2013-2015), IFAD made transformational leaps in climate mainstreaming. The basis for this success was the full operationalization of a first phase of ASAP, which provided a key incentive to address climate-related risks in IFAD-supported investment projects. The programme not only managed to attract over US\$366 million in bilateral climate finance for the integration of urgently needed adaptation actions in vulnerable countries, but also kick-started

¹ www.ifad.org/documents/10180/a13a8847-b871-4e9e-b18e-aab84de48606.

the mainstreaming of climate issues into a range of operational processes and institutional practices within IFAD. These processes include:

- The integration of climate adaptation indicators into IFAD's Results and Impact Management System (RIMS);
 - The adoption of climate markers in IFAD's quality assurance protocols;
 - The integration of climate aspects in guidelines for COSOPs, project design templates and project completion reports;
 - The integration of climate issues into IFAD's social and environmental screening processes, culminating in a revised set of Social, Environmental and Climate Assessment Procedures (SECAP);
 - The inclusion of training on climate change issues in IFAD's corporate training calendar;
 - The development of methods to include the value of climate adaptation in IFAD's economic and financial analysis.
15. These processes are pre-conditions for IFAD to embark on a comprehensive agenda that mainstreams climate 100 per cent into every aspect of its work over the present replenishment cycle (2016-2018) and to programme climate finance effectively in the years to come.

III. IFAD's climate mainstreaming agenda

A. What does climate mainstreaming mean?

16. For IFAD, the term "mainstreaming" is synonymous with the integration of specific cross-cutting themes – such as gender equality and women's empowerment, nutrition security and climate resilience – into prevailing business concepts, strategies and processes, so that they can become the norm and improve the effectiveness of development investments. Along these lines, climate mainstreaming for IFAD means integrating consideration of climate-related risks and opportunities into IFAD investment programmes by establishing the necessary institutional mindset, expertise, tools and processes. Climate mainstreaming adds value through the three distinctive features described below.
- (i) More systematic analysis of climate-related risks, vulnerabilities and opportunities. Climate change is a threat to development. The analysis of climate-related vulnerabilities is becoming a key element of risk-informed programming and a mandatory step in any climate mainstreaming endeavour. "Climate-mainstreamed" investments are made on the basis of a deeper understanding of climate-related risks and opportunities. Using tools such as earth observation and geographic information systems, the corresponding designs incorporate a mapping of climate-related hazards and exposed assets in a particular target area, and follow through on what this means for different population groups and value chains. Adding such analysis to IFAD's regular project appraisal helps partner institutions in the agriculture sector to understand how risks are evolving as the climate is changing, and to visualize which regions, livelihood strategies and value chains are most at risk. Examples from the IFAD portfolio include:
- The mapping of climate risks for coffee and cocoa value chains in Nicaragua, which is enabling the diversification of value chains and the integration of climate-resilient infrastructure in IFAD investment designs;
 - The mapping of vulnerability hotspots for salinity intrusion and coastal erosion in Djibouti, which is used by the Government to direct development investment planning;

- The analysis of drought risks for pasture lands in Kyrgyzstan, which enables the development of improved rangeland management plans;
 - The integration of scenario-based risk analysis and participatory mapping in an IFAD investment project in Mali to develop better land-use plans.
- (ii) More climate risk management innovation in agricultural investment programmes. Certain instruments for climate risk management are not in the traditional arsenal of agriculture sector institutions. Agriculture ministries are not generally focused on investing in early warning systems, weather information systems, index-based insurance or disaster preparedness planning. The integration of such innovative and complementary elements into IFAD investment programmes provides a space to help partner institutions understand the utility and economic benefits of these technologies, and set the stage for more resilient investment planning. Examples from the IFAD portfolio include:
- Testing different rice varieties and the performance of mixed crop/aquaculture systems along a salinity gradient in Viet Nam's Mekong Delta;
 - Improving the building codes for storage facilities and providing more diversified energy services in Rwanda to reduce post-harvest losses from extreme weather events;
 - Establishing an early warning system in Bangladesh to reduce losses and damage from flash flood hazards for smallholder livelihoods;
 - Strengthening the network of weather stations in Lesotho to provide more reliable weather information to wool and mohair farmers;
 - Establishing small grants programmes (concurcos) for community-based organizations in the Plurinational State of Bolivia to promote the adoption of more sustainable farming techniques;
 - Promoting green technologies (such as solar cooling and solar pumping) for productive uses in the fisheries sector in Djibouti.
- (iii) Scaling up of sustainable farming, land and water management techniques. In many programme contexts, the sustainable management of natural resources at landscape level constitutes a very good entry point for ecosystem-based adaptation- and resilience-building. This requires the scaling up and replication of tried and tested land, forest and water management approaches in which IFAD has already developed a track record. Many of these practices have proved effective at a pilot scale, but they have not yet reached a critical level of adoption in many developing countries. An extra push of technical, financial and political support is required to establish these approaches at a larger scale. The imperative of climate mainstreaming helps IFAD country programmes to be more cognizant of the landscape-level dimension of agricultural investments, and to work also on the institutional pathways and financial spaces to scale up sustainable natural resource management. Examples from the IFAD portfolio include:
- The scaling up of agroforestry systems at landscape level, which has shown to be a multiple-win strategy. It not only helps to arrest erosion, but also provides alternative income opportunities, conserves biodiversity, improves the micro-climate and sequesters carbon. In countries of the Sahel, such as Chad, Mali and Nigeria, a suitable climate mainstreaming strategy integrates a mix of agroforestry, improved rangeland management and conservation agriculture.

- The diffusion of renewable energy technologies across different regions and value chains. Biogas, for example, is a multiple-benefit technology that provides energy for various uses, such as lighting and cooking, as well as organic fertilizer. The technology reduces indoor air pollution and sequesters greenhouse gases which would otherwise contribute to global warming. Diversified energy services are emerging as a flagship theme for climate mainstreaming in many IFAD investment programmes, including in Bhutan, Egypt and Paraguay.
- The expansion of efficient irrigation systems, which enable farmers to gain benefits from marginal and drought-prone land and harvest high-value, off-season crops. This reduces exposure to price fluctuations and enriches the diet of poor families. In addition, it provides opportunities for new value chains, such as drip kits and treadle pumps. Examples from the IFAD portfolio include Côte d'Ivoire, Egypt, Ghana and Madagascar.

Box 1

Climate mainstreaming in IFAD10 investment projects: Nicaragua

Building on the tools and processes it has introduced over the course of IFAD9, IFAD now has a number of examples that illustrate how climate mainstreaming has taken root in the Tenth Replenishment of IFAD's Resources (IFAD10) investment designs. The Nicaraguan Dry Corridor Rural Family Sustainable Development Project (NICAVIDA) is one such example. The project was influenced by the recently developed Adapting to Markets and Climate Change Project (NICADAPTA), an operation supported by an IFAD loan complemented with ASAP funding. NICADAPTA created a solid foundation and raised awareness at the national level on the importance of incorporating climate change adaptation measures into national development processes. Building upon this experience, NICAVIDA was designed to strengthen territorial and family resilience in the Dry Corridor along the Pacific coastline of Central America, which is a highly vulnerable environment. The project implements an early warning system to provide agro-climatic information, supports territorial-level planning and integrated watershed management, and fosters the generation of information and development of local capacities to promote conservation agriculture in the context of the Dry Corridor's fragile environment. At the investment level, a strong emphasis is placed on productive and economic diversification as a risk mitigation measure. The project also supports water-harvesting at the domestic and territorial levels, implementation of appropriate organic fertilization techniques, reforestation in water recharge areas, and use of drought- and heat-resistant seed varieties. The project design acknowledges that climate change is a key development challenge in the Dry Corridor and as such incorporates resilience measures across all project activities.

Box 2

Climate mainstreaming in IFAD10 country programmes: Indonesia

In Indonesia, IFAD has used SECAP as a point of departure to mainstream climate resilience and environmental sustainability into the country programme. Based on findings from the SECAP preparatory report, the three strategic objectives of the Indonesia COSOP are focused on building the resilience of rural communities. In particular, strategic objective 2 – smallholder producers and their families are more resilient to risks – adopts a combined climate change adaptation and mitigation approach to help smallholders cope with, prepare for and mitigate the adverse impacts of climate change. A specific outcome on sustainable and climate-smart productive systems fosters adaptation through landscape-based approaches to land use planning; the diffusion of environmentally friendly technologies; improved resistant seed and crop varieties; and the sustainable rehabilitation of degraded land that has low standing biomass (such as peatland and deforested land). Community-based resource management will be promoted to prevent overexploitation and ensure the sustainable use of natural resources. This will be achieved by including measures to ensure equitable access to land and natural resources for IFAD target groups and by securing their rights to those resources. The actions proposed in Indonesia's COSOP respond to clear needs and vulnerabilities on the ground and provide the guardrails for a climate-smart and resilient country programme.

B. IFAD's climate mainstreaming commitment

17. Building on the first significant push in climate mainstreaming throughout IFAD9, which was enabled and facilitated by ASAP, IFAD will embark on the second part of a decisive transition towards full climate mainstreaming in its country strategies and project portfolio for IFAD10. Under IFAD10, the Fund has committed to scale up these outcomes and to achieve 100 per cent climate mainstreaming by 2018, meaning that climate change will be explicitly factored into all COSOPs and project design reports.
18. To achieve this, IFAD has formulated a 10-point climate mainstreaming plan to enhance climate resilience and environmental sustainability across all IFAD country strategies and investments. (Appendix I highlights the indicators that will be used by IFAD Management to track progress on IFAD's 10 commitments for climate mainstreaming.)
 - (i) Integration of climate risk screening into the review process of all IFAD-funded projects and country strategies;
 - (ii) Enhanced IFAD internal training on climate integration;
 - (iii) Designation of an IFAD climate champion within Senior Management to help guide and promote the mainstreaming agenda;
 - (iv) Increased technical support to staff and country teams for climate mainstreaming;
 - (v) Expanded use of GEF and other cofinancing resources;
 - (vi) Enhanced use of IFAD grants as tool for climate mainstreaming;
 - (vii) Scaled-up use by IFAD of satellite/global information systems tools;
 - (viii) Climate vulnerability index analysed for possible inclusion in the performance-based allocation system (PBAS) formula; and

- (ix) Expanded communication and knowledge-sharing on results and lessons from IFAD's climate-related work.
 - (x) Expanded role for IFAD in managing climate finance.
19. Through implementation of the 10-point plan, IFAD is supporting its Member States in following through on their national climate plans. Of all INDCs announced at COP21, over 77 per cent of countries have included mitigation targets from agriculture, and 65 per cent have identified agriculture as a priority for adaptation. Building on the support that it has provided to many of these countries in implementing country-driven adaptation priorities, IFAD remains well placed to assist developing countries in implementing the adaptation commitments in their INDCs and generate verifiable mitigation side benefits.

C. Financing IFAD's climate mainstreaming commitment

20. During the three-year period of IFAD10, the additional investment needed to maintain the net level of benefits to clients in the face of climate change is estimated at about 10 per cent of the total programme of loans and grants (PoLG), i.e. about US\$300 million. With these investments, IFAD expects to support at least 7 million smallholder household members in improving their ability to cope with the impacts of climate change.²
21. Following through on the ambitious commitments embodied by IFAD's 10-point climate mainstreaming plan, the additional costs of climate change on rural development are being acknowledged. To cover these additional costs, IFAD needs to mobilize additional climate finance for specific climate adaptation activities.
22. Three complementary instruments will support implementation of IFAD's climate mainstreaming agenda:
- (i) Replenishment contributions from its Member States to support concrete investments in low-carbon, climate-resilient farming systems and value chains without restriction in their use by IFAD as loans or grants, or in terms of their geographic allocation.
 - (ii) Supplementary funds to provide technical assistance, capacity-building, innovation and scaling up support;
 - (iii) Cofinancing to support the additional costs of climate change adaptation in situations in which climate risk management entails substantive additional costs.

Replenishment contributions

23. Replenishment contributions are the pillar of IFAD's financial model. Through replenishment contributions, IFAD's investments can have impact pathways that are likely to contribute directly to achieving climate mainstreaming outcomes.
24. The implication is that although core contributions remain key to supporting IFAD's governance and long-term sustainability, unrestricted complementary contributions (UCCs) represent a significant opportunity for ensuring the full success of the climate mainstreaming outcomes. While the ongoing international negotiations on climate finance must continue to challenge the slow progress of mobilizing adequate, predictable and additional public climate finance, UCCs present an opportunity for IFAD's Member States to fund investment activities on the ground that can be marked as concrete contributions towards the objectives of the Rio Conventions, while ensuring food security for the poorest and most vulnerable rural communities.

² Numbers related to the objectives of hectares of land managed under climate-resilient practices; households with improved access to water for agricultural production and processing; tonnes of greenhouse gas emissions avoided and/or sequestered; and community-based natural resource management plans implemented will be updated once the results framework is finalized.

25. UCCs will be used to fund investments that explicitly state climate change adaptation as part of their objectives. These contributions allow IFAD's Member States to provide funding for the "agreed full incremental costs" of climate change in developing countries by ensuring that they benefit those most affected by climate change and respond to their needs.
 26. UCCs reflect the fact that climate change acts as a discounting factor for development and that additional investments are necessary to sustain development gains. UCCs are necessary because in a changing climate, more development gains are lost to climate-related stresses and events. In this context, climate UCCs substantiate the replenishment and help to account for this discounting factor.
 27. Through UCCs for climate mainstreaming, Member States provide additional replenishment resources – without voting rights – which are fully aligned with IFAD's agenda for climate mainstreaming, programme efficiency and development effectiveness. While supporting Management's thematic corporate priorities for IFAD10, UCCs do not distort the existing transparent and fair allocation system of resources. These contributions are deployed via the PBAS and made available at par with the regular financial terms and conditions offered to each client Member.
 28. In contrast to financing from the ASAP Trust Fund and the LDCF, which to date has benefited mostly least developed countries and lower middle-income countries, climate UCCs reach and benefit all IFAD Member States. Adopting the programming approaches and tools that have been introduced by ASAP, such as climate risk screening and adaptation-related results indicators, climate UCCs provide donors with an opportunity to expand the geographic reach of IFAD's climate mainstreaming agenda. In particular, climate UCCs support IFAD in operationalizing climate-smart and risk-informed programming in all IFAD Member States, including those displaying a higher average GDP per capita, but with an unequal distribution of poverty and climate-related vulnerability. In many of these countries a substantive proportion of smallholder farmers live and work in highly degraded locations that can be described as vulnerability and/or poverty pockets. In this regard, UCCs provide major support in the funding of the indicative additional investment needs to adapt IFAD operations to the impacts of climate change.
 29. As of July 2016, IFAD had received pledges of UCC for climate mainstreaming amounting to US\$92 million. These pledges were made by the Governments of Canada, Germany, Netherlands and United States. These contributions are a critical catalyst to enable a transition in IFAD from a climate mainstreaming agenda that is strongly dependent on the availability of additional and earmarked grant financing, to a mainstreaming agenda in which climate integration takes place in all country programmes and contexts and with less dependency on earmarked funds.
 30. Member States achieve a significant leveraging effect through UCCs; indeed, each dollar translates (through the PBAS) into two dollars for IFAD-funded programmes (capitalizing future internal reflows), and a total of four dollars for investments (including cofinancing) supporting smallholder rural producers in adapting to climate change. They also deliver a robust confirmation of their commitment to IFAD's long –term financial viability, while being in a position to report part of their replenishment contribution to the Organisation for Economic Co-operation and Development's Development Assistance Committee as thematic official development assistance (ODA), e.g. in relation to climate finance commitments.
- Supplementary funds
31. In addition to the adaptation investments realized on the ground through replenishment contributions, there is still a need for continued and improved support for enabling activities to guarantee the success of IFAD's investments in the long term. Supplementary funds play a critical role in improving the design and programming of specific interventions to ensure that they contribute to climate mainstreaming. These funds provide IFAD with the flexibility to complement its

investment with technical assistance and enhance its capacity to deliver on its 100 per cent climate mainstreaming agenda.

32. Experience from ASAP demonstrates the importance of investing in technical assistance activities that help countries develop more effective institutions, knowledge systems, legal frameworks and policies to promote and leverage investments in low-emission and climate-resilient farming systems.
33. The current ASAP mechanism will continue to promote, with financial commitments until the end of 2017, climate-sensitive approaches and policies through technical assistance and additional investments in the form of top-up grants to IFAD's regular projects.
34. Consistent with the commitment towards full climate mainstreaming by 2018, IFAD will continue operation of the ASAP Trust Fund beyond its initial five-year lifetime. Integrating a number of adjustments that are based on knowledge and learning from the first phase of the programme, IFAD will amend the current instrument establishing the ASAP Trust Fund to govern the use of new contributions to the second phase of ASAP (ASAP2).
35. ASAP2 aims to mobilize supplementary funds from interested donors, which will be programmed as grants through a broad range of institutions to continue supporting technical assistance, innovation, capacity-building, policy dialogue, advocacy and regional or national public goods to create enabling environments for climate-sensitive investments and operations. These enabling activities will facilitate policy dialogue to connect agricultural investment strategies with national commitments on climate change. Technical assistance activities will include: transfer of adaptation know-how and technologies between countries and project teams; analysis of climate-related risks, vulnerabilities and opportunities; innovation support for climate risk management and low-carbon technologies and enterprises; empowerment of women to engage in decision-making on natural resource management and adaptation; documentation and dissemination of adaptation knowledge to raise advocacy and awareness; capacity-building of public-sector institutions and farmer-based organizations; participatory action research on climate adaptation and mitigation options; and engagement of the private sector to scale up climate change adaptation in country programmes.
36. These activities will continue to leverage investments from IFAD's PoLG as well as cofinancing from government, private-sector, and bilateral and multilateral sources. ASAP2 grants will thus be used as a "means to an end" for climate mainstreaming. They will fund specific technical assistance and special initiatives that will leverage the effects of the replenishment contributions and UCCs at field level. The overall results (activities and outputs) for ASAP2 will thus contribute to implementing IFAD's climate mainstreaming agenda. Based on the experience gained under the first phase of ASAP, Management aims to mobilize at least US\$100 million for ASAP2 during IFAD10.
37. Activities carried out under ASAP2 will explicitly address gender concerns and the priorities of food and nutrition security. A broad range of governmental, nongovernmental, international and private-sector bodies will be engaged in developing and delivering various products and services under ASAP2.

Cofinancing

38. Leveraging cofinancing is a key dimension of IFAD's business model. Over the recent years, IFAD has succeeded in mobilizing more than US\$280 million of environmental and climate finance from partners and funds such as the GEF, LDCF, SCCF and the Adaptation Fund. During IFAD10 the effort to raise such cofinancing will continue, including by accessing new mechanisms such as the GCF.

D. Operationalizing IFAD's climate mainstreaming commitment

39. Building on this three-pronged financing structure, IFAD will operationalize a climate mainstreaming framework in which specific technical assistance activities, to be funded by ASAP2, enable and inform the design and implementation of climate-resilient investments funded by IFAD. IFAD will strive to continue to mobilize third-party cofinancing from multilateral trust funds – such as the GEF, LDCF, SCCF or GCF – to cover the additional costs related to climate mainstreaming.
40. In this mainstreaming model, in which ASAP2 grants and replenishment finance work seamlessly together, the ASAP Trust Fund will focus on enabling activities to inform and leverage climate-smart investments from other sources. In terms of a logical framework (see appendix II), ASAP2 will finance the activities and outputs necessary to guide core and UCCs towards concrete climate resilience outcomes at the field level.
41. For example, through the deployment of grant cofinancing on a smaller scale than in the first phase, ASAP2 will finance risk assessments to enable better targeting of investments in vulnerable regions and value chains. ASAP2 will also support climate information services that enable agriculture sector institutions involved in IFAD-funded investment programmes to make more robust planning decisions. Specific capacity-building and support for gender equality will empower women as agents of change to address climate and environmental risks in IFAD investment programmes. Specific activities to mobilize private-sector institutions will help IFAD investment programmes to better engage in the promotion and diffusion of adaptation and mitigation innovations and technologies. Finally, participatory planning and knowledge management processes funded by ASAP2 will underpin the allocation of replenishment resources – comprised of core contributions and UCCs – to increase the effectiveness and ownership of natural resource management approaches.
42. To report to Member States and the broader public on progress in implementing IFAD's climate mainstreaming agenda, and to recognize the champion Member States that have contributed additional resources (in terms of both UCCs and supplementary funding), IFAD will publish an annual report based on information available in IFAD's monitoring and reporting mechanisms (Report on IFAD's Development Effectiveness, RIMS and the Grants and Investment Projects System). In addition, Management will make special efforts to ensure that Member States championing climate mainstreaming receive priority invitations to participate in and contribute to IFAD events on strategies, policies and learning related to their supported thematic priority.

Indicators to track institutional progress on IFAD's 10 commitments for climate mainstreaming

Indicator	Target
1. Climate risk screening integrated into the quality enhancement process for all IFAD projects	100% of investments designs reviewed at quality enhancement stage include a climate risk rating
2. IFAD climate champion appointed to help guide and promote mainstreaming agenda	At least one senior manager in IFAD (EMC level) is actively championing internal and external communications about climate mainstreaming
3. Number of IFAD staff and consultants trained on climate issues	At least 200 IFAD staff and consultants are trained on climate issues
4. Number of mission-based support activities provided Environment and Climate Specialists	At least 50 field missions are undertaken per year with technical support by Environment, Climate and Adaptation Specialists
5. Number of partnerships operationalized with knowledge and technical service providers to support climate mainstreaming	At least 5 new institutional partnerships are operationalized or strengthened to provide climate-related services to IFAD country programmes
6. Number of IFAD grants supporting climate mainstreaming in IFAD's work at the regional and country level	At least 10 grants are awarded which have direct relevance to environment and climate mainstreaming in IFAD operations
7. Number of services provided to improve project design and implementation through earth observation & geographic information	At least 10 maps are produced per year which inform project design or implementation regarding climatic and/or natural resources aspects
8. Inclusion of climate-related aspects in IFAD's PBAS	Climate-related factors are being considered in the review of IFAD's PBAS formula
9. Number of communication products related to climate issues	At least 10 international publications are launched with relevance to climate mainstreaming (in scientific journals or on IFAD communication platforms)
10. Number of knowledge events related to climate issues	At least 10 international or regional events are organized with IFAD in a leading role on knowledge-sharing about climate issues

Climate Mainstreaming Results Measurement Framework in IFAD's portfolio

IFAD's Climate Mainstreaming Results' Measurement Framework provides an overview of how IFAD's investments contribute to climate adaptation and to deliver upon the IFAD 10 commitment to mainstream CC into 100% of IFAD's operations. These objectives and outcomes are to be achieved through a set of outputs that combine the replenishment contributions including UCCs and investments through GEF/LDCF/SCCF/GCF with the catalytic and enabling role of ASAP2. The overall goal of the climate mainstreaming agenda is to increase the adaptive capacity and climate resilience of smallholder's farmers in line with IFAD's overall Strategic Framework.

This RMF summarizes key results inherent to IFAD's CC mainstreaming agenda that underpin achievement of IFAD's Strategic Objective to "Strengthen the environmental sustainability and climate resilience of rural people's economic activities". These results complement those emanating from operations which are also guided by IFAD's two other Strategic Objectives "Increase rural people's productive capacities and increase rural people's benefits from market participation". Integrated pursuit of these objectives underpins achievement of IFAD's overarching development goal to enable poor rural people to overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods. Each of these strategic objectives and IFAD's goal are being incorporated through new indicators in the updated IFAD10 Results Measurement Framework and measured through IFAD's Impact Assessment Initiative. Among other indicators, estimates will be provided on the "number of beneficiaries with greater resilience" as a result of IFAD's investment. For further details on IFAD's Strategic Objectives, overarching development goal and impact pathway reference is made to the IFAD Strategic Framework 2016-2025.

This RMF also responds to IFAD policy on gender equality and women's empowerment, enabling poor rural women and men to improve their food security and nutrition, raise their incomes and strengthen their resilience. Gender mainstreaming is also inherent to the IFAD's Climate Mainstreaming RMF and it is a cross-cutting issue embedded in all IFAD supported country programmes and investment projects. All indicators related to number (#) of persons will be disaggregated by the gender of beneficiary (male or female). To the extent applicable, outcome and output descriptors are aligned with the latest RIMS indicators (New Core Rural Indicators).

In this mainstreaming RMF, IFAD replenishment contributions, including UCCs, and cofinancing will continue to support activities at field level through projects and operations that will allow smallholder farmers to adopt environmentally sustainable and climate resilient practices for adaptation to CC. Those approaches that have proven successful in delivering resilience benefits to smallholders will be scaled up through community-based adaptation and natural resources management plans to systematically incorporate resilient investments.

Given the breadth of the mainstreaming of climate change agenda, IFAD will continue to actively engage partners (e.g. RBA, private sector, research institutions, etc.) to incorporate their knowledge and expertise in the delivery of programmes on the ground. In addition IFAD and its partners will strive to engage relevant stakeholders in the implementation of national climate strategies at national, regional and global level. IFAD will maintain a strong focus on capacity building and knowledge development for a sustainable agriculture; considering that climate mainstreaming will be done in an integrated way with other cross-cutting themes – especially women's empowerment, gender equality and nutrition.

Finally IFAD will continue its commitment to play its catalytic role to enable smallholder farmers to become significant beneficiaries of climate finance, ensuring that the complementarity of the different contributions will address a wider range of multiple benefits.

CLIMATE MAINSTREAMING RESULT MEASUREMENT FRAMEWORK IN IFAD'S PORTFOLIO

OVERARCHING GOAL: Rural people overcome poverty and achieve food security through remunerative, sustainable and resilient livelihoods

PURPOSE: Smallholder's farmers will achieve greater adaptive capacity and climate resilience

OBJECTIVE/OUTCOME	OUTCOME INDICATORS	OUTPUT INDICATORS
<p>1. COMMUNITY-BASED ADAPTATION Increased investment in community-based adaptation and natural resources management plans for resilient investments (including land, water resources and climate services).</p>	Percentage of beneficiary households adopting environmentally sustainable and climate resilient practices for adaptation to CC.	# of HH with improved access to water for agricultural production and processing. CRI * # of hectares of land brought under climate-resilient management. CRI * # of persons provided with climate information services. CRI *
<p>2. RESOURCE GOVERNANCE (Including land tenure) Increased participation of smallholder farmers in decision processes about the governance of climate-sensitive natural resources</p>	Percentage of beneficiary households reporting improved access to land, forests, water bodies or irrigation water for production purposes.	# of persons whose user's rights over natural resources have been registered in national cadastre and/or geographic management systems. CRI *
<p>3. LOW-CARBON AGRICULTURE Increased adoption of technologies and practices which lower the carbon footprint on agricultural systems.</p>	# of tonnes of GHG emissions (CO2) avoided and/or sequestered. CRI	# of individuals provided with technologies and practices that reduce or sequester greenhouse gas emissions. CRI *
<p>4. WOMEN'S EMPOWERMENT Strengthened enabling environment to empower rural women to have equal opportunity to participate in, and benefit from, profitable climate resilient agriculture activities.</p>	Percentage of beneficiary women reporting control over use of income generated activities through profitable climate resilient agriculture activities.	# of women engaged in priority setting about climate adaptation and mitigation investments. *
<p>5. POLICY ENGAGEMENT Strengthened enabling environment at national, regional and global level for climate mainstreaming.</p>	Percentage of IFAD member countries aligning IFAD support to agricultural investments strategies with national, regional and global climate change commitments.	# of COSOPs and CSN outlining climate-related risks and opportunities in SECAP review notes. *
<p>6. PARTNERSHIP ENGAGEMENT (Including private sector and South-South exchanges) Strengthened partnerships capacities to implement national climate strategies supported by IFAD programmes.</p>	# of public sector institutions and farmer-based organizations supported by IFAD implementing national climate strategies.	# of IFAD's partners promoting national climate strategies and/or climate-related South-South know-how initiatives. *
<p>7. KNOWLEDGE MANAGEMENT Increased knowledge on climate resilient agriculture approaches and practices available at national, regional and global level.</p>	# of national, regional and global dialogues on climate issues where IFAD supported projects or partners contributed actively.	# of climate-related knowledge products developed and disseminated. *
<p>8. CLIMATE RESOURCE MOBILIZATION Increased resources mobilized from different donors for climate-sensitive investments in support of smallholder agriculture.</p>	New climate-related investments in IFAD (Mitigation or Adaptation to Climate Change).	# of USDM mobilized from different donors for climate-sensitive investments.

Legend:

CRI: Refers to those indicators included in the list of new Core Rural Indicators.

Asterisk *: Refers to those indicators that are strengthened or reinforced specifically by the net incremental resources supported by UCCS and ASAP2.