

Document: EB 2017/122/R.44
Agenda: 18
Date: 23 November 2017 E
Distribution: Public
Original: English



Second Phase of IFAD's Adaptation for Smallholder Agriculture Programme (ASAP2) – Concept Note

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Executive Board — 122nd Session
Rome, 11-12 December 2017

For: Information

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Second Phase of IFAD's Adaptation for Smallholder Agriculture Programme (ASAP2) – Concept Note¹

A. Overview

1. IFAD's work to address Sustainable Development Goal (SDG) 13 and the other related SDGs is an intrinsic part of its core mandate to alleviate poverty and eradicate hunger in rural areas. IFAD's ambition is to ensure that its entire programme of loans and grants contributes to the implementation of key SDG targets, strengthens resilience and adaptive capacity to deal with climate-related hazards and natural disasters and integrates climate change adaptation and mitigation measures into national policies, strategies and planning.
2. Innovative policies and investment programmes are needed to address these new and growing risks. One such innovative instrument is IFAD's widely recognized Adaptation for Smallholder Agriculture Programme (ASAP). It is the largest global adaptation programme for smallholder farmers and a leading initiative in the United Nations system.
3. ASAP is IFAD's flagship programme to strengthen environmental sustainability and climate resilience in its agricultural investment programmes. The first phase of ASAP (ASAP1) was designed to cover a period of five years, from September 2012 to September 2017. During this period, IFAD programmed ASAP grants totalling US\$305 million in 41 countries to support 8 million vulnerable smallholders to cope with the impacts of climate change and build more resilient livelihoods.
4. ASAP has received excellent international visibility and developed into a signature globally recognized climate change adaptation programme. At its inception, ASAP1 received financial support from four bilateral donors. Three years later, the number of "climate donors" to IFAD has more than tripled, illustrating the widespread international recognition of the programme. External reviews by the Overseas Development Institute (ODI)² (2015) and by the United Kingdom's Department for International Development (DFID) between 2013 and 2016 have confirmed that the ASAP business model is fit for purpose and ready to evolve in terms of ambition and the range of countries it supports.
5. Various innovative measures have been introduced via ASAP. Some examples are: improved hydrometeorology services twinned with better access to climate information, i.e. SMS, agronomic advisory services; climate-proofing of post-harvest storage; strengthening of extension service knowledge; and applied research (for example, in salt-, flood- or drought-tolerant crops).
6. All of the activities supported by ASAP could be funded through IFAD's regular programming in the future. However, specialized technical support and capacity-building will still be required for some particularly innovative activities to ensure maximum effectiveness.
7. Lessons learned from ASAP1 to date have been incorporated into the design of ASAP2.³ Under ASAP2, the twinning of upstream analytical support (climate vulnerability assessment, climate rankings, climate markers in indicators and reporting) with downstream support (technical and investment support in project design and implementation) will be continued and refined in IFAD operations. During this second phase, however, ASAP support will focus on technical assistance (both policy-level and operational) whereas climate-related

¹ See full version of concept note at <https://ifadbox.ifad.org/owncloud/s/Q1Bp60cRo3zgDBw>.

² ODI, "Adaptation for Smallholder Agriculture Programme (ASAP): Progress Review", (Rome: IFAD, 2015).

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

³ See the table in annex II, which highlights the differences between the two phases.

investments will come from other sources, while leveraging the foundational work of the ASAP2.

8. In short, IFAD will establish ASAP2 as a key instrument to effectively support its mainstreaming agenda, facilitate resource mobilization, support capacity-building and innovation, and tap into other funding sources.
9. ASAP2 will also be used to leverage non-IFAD co-financing for tangible investments in climate resilience building in agriculture – for example from the Global Environment Facility (GEF) and the Green Climate Fund (GCF) – by funding climate-specific design work. This new set up is essential to move from a model in which climate mainstreaming is focused on a subset of IFAD Member States and dependent on the availability of IFAD grant incentives, to one in which all IFAD Member States potentially undertake climate-smart investment designs.
10. This note provides an overview of the modalities for a second phase of the ASAP Trust Fund, which was endorsed by the IFAD Executive Board in December 2016. It should be read in conjunction with document EB 2016/119/R.20,⁴ which endorses an extension of the ASAP Trust Fund into a second phase (2017-2025) to support the delivery of strategic objective (SO) 3 of the IFAD Strategic Framework (strengthen the environmental sustainability and climate resilience of poor rural people's economic activities).⁵

B. Where we are heading: what's new in ASAP2

11. ASAP financing remains one of the building blocks for IFAD's climate mainstreaming agenda, supporting climate-informed programming of replenishment resources (core contributions and unrestricted complementary contributions [UCCs]) and co-financing. To deliver on the ambitious commitments embodied by IFAD's 10-point climate mainstreaming plan, the additional costs that climate change imply for rural development need to be addressed by investment programmes. In this context, IFAD is providing an opportunity for donors to top up their replenishment commitments with UCCs that are earmarked for climate action but allocated through IFAD's regular performance-based allocation system (PBAS). As a result of IFAD's climate mainstreaming work during the ASAP1 period, the PBAS now includes a climate vulnerability dimension. These UCCs will provide the necessary reflows to maintain financial sustainability for a climate-informed work programme.
12. To ensure that IFAD's core replenishment funds and third-party co-financing are programmed in a risk-informed and climate-resilient manner, IFAD needs to sustain a suite of technical assistance activities that proved effective during ASAP1. These activities can be divided into upstream activities that are essential during the project design process, and downstream non-lending activities that are integrated with individual project budgets and complement IFAD investment programmes over the course of their implementation.
13. In terms of upstream design support, ASAP2 will finance activities that help IFAD and its partners to follow through on the appraisal of climate and environmental risks and opportunities in new IFAD project designs, which is undertaken according to the Social, Environmental and Climate Assessment Procedures of IFAD (SECAP). Based on the SECAP climate risk rating, ASAP2 will allow for different options for climate change adaptation and mitigation activities in a particular investment context (e.g. a value chain or target region), and the integration of relevant investments in project budgets and logical frameworks. The type of support envisaged entails:

⁴ Proposed amendments to the instrument establishing the trust fund for the IFAD Adaptation for Smallholder Agriculture (EB 2016/119/R.20). See <https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-20.pdf>.

⁵ IFAD Strategic Framework 2016-2025: Enabling Inclusive and Sustainable Rural Transformation (EB 2015/116/R.4/Rev.1). See <https://webapps.ifad.org/members/eb/116/docs/EB-2015-116-R-4-Rev-1.pdf>.

- Financing the deployment of technical experts – such as adaptation specialists, environmental economists, climate scientists, natural resource management and tenure experts, disaster management professionals, environmental and social safeguard experts, social scientists and researchers – to project design and country programming missions.
 - Financing technical studies or working papers from research partners that describe the climate risk, opportunity and vulnerability context of a particular IFAD intervention.
 - Financing mapping products based on earth observation and geographic information systems to describe the environmental and climate risk context in IFAD project areas or targeted value chains.
 - Financing participatory processes to develop specific resilience baselines in vulnerable locations.
 - Financing the mobilization of specific stakeholder groups – such as private sector entities, co-financing institutions or knowledge partners – which can support climate integration and climate-related co-financing.
 - Financing communication and awareness events that help to position projects within the climate-inclusive policy dialogue of a country.
 - Financing specific technical training for IFAD staff, IFAD consultants, IFAD project teams and government partners on climate-related and environmental sustainability issues, including on how these issues are relevant to strategic programmes and specific project ideas.
14. In the context of downstream technical assistance activities, which are built into individual project designs, ASAP2 funds will ensure that project implementation is risk-informed and climate-inclusive. This entails:
- Supporting the transfer and diffusion of innovative adaptation and mitigation technologies and know-how (including technologies that are transferred from a different sector, country or development context).
 - Supporting the engagement of agriculture sector institutions in compliance with international climate change commitments and national adaptation priorities, and bridging policy silos (e.g. between ministries of agriculture and ministries of environment) that restrict the flow of climate-related information and innovation within government structures.
 - Supporting climate, environment and social assessments at the strategic programming level to inform IFAD engagement and replenishment investments at the country level in order to enhance development outcomes.
 - Supporting detailed climate risk analysis of high-risk projects, particularly to promote more systematic use of climate risk information by national or local government.
 - Augmenting processes and structures in IFAD investment programmes for women's empowerment and gender equality, to ensure that more women are actively engaged in, and benefit from, climate adaptation and mitigation investments.
 - Establishing approaches and processes that enable projects to harness and maximize the nutrition benefits of climate-resilient agriculture.
 - Strengthening the participation of private sector entities and financial institutions in the climate change adaptation and mitigation activities of IFAD investment programmes.
 - Enabling and enhancing the use of climate information by smallholder farmers.

- Strengthening the capacity of community-based groups in climate-related issues and environmental sustainability.
 - Strengthening land and natural resource tenure security.
 - Building knowledge management systems on climate-related issues and enhancing the documentation and dissemination of knowledge on approaches to climate-resilient and environmentally sustainable agriculture.
 - Assisting IFAD investment programmes in developing communication strategies and products on climate-related issues.
15. ASAP2 will integrate a number of innovative programming approaches. These are considered critical additions to the ASAP1 business model to achieve 100 per cent climate mainstreaming:
- Provision of strategic contracts for technical assistance to non-governmental entities to strengthen climate integration in IFAD country programmes. This could include a climate research agenda in support of a country strategic opportunities programme (COSOP), or the provision of systematic advisory services across all IFAD projects in a given country context. To advance adaptation efforts in fragile contexts and in countries with a high-risk portfolio, ASAP2 will have the flexibility to target these technical assistance activities directly at United Nations partners, non-governmental entities and research institutions.
 - The deployment of “boots on the ground”, i.e. local or international experts with climate know-how who are deployed to IFAD partner institutions or country offices and provide technical and project-specific advisory services to the country programme team. Supervision missions and midterm reviews will be able to make a recommendation for such assistance, which would come preferably from Southern institutions. Potentially, ASAP2 can finance service contracts with regional institutions to support multiple projects in multiple countries, and thereby strengthen South-South knowledge transfer and the development of regional advisory capacity.
16. The financing of thematic windows offers an additional avenue for donors to contribute to the advancement of specific topics that are essential for climate-resilient agriculture. Potential thematic windows include renewable energy technologies, South-South collaboration, the promotion of young people's participation in climate action, the nutritional impacts of climate change and engagement of private sector partners. Prioritization of these topics will be made in coordination with IFAD's grants programme, and specific calls for proposals would be launched by IFAD to subsequently roll out a dedicated programme of thematically focused portfolio support actions.
17. Approximately half of the ASAP1 portfolio is related to value chain development, partly because climate vulnerability must be managed beyond the field and partly because value chains provide an opportunity to reward climate-resilient agriculture. Market demand can be met by sustainable and climate-resilient agriculture commodities; this reduces food trade sector greenhouse gas emissions, connects more smallholders to value chains, creates jobs and diversifies incomes. ASAP2 will provide catalytic support to this theme, together with engagement and capacity-building of suitable private sector partners, both as leveraging and sustainability pathways.
18. ASAP2 will be delivered primarily via two strands of technical assistance:
- The first strand of technical assistance activities supported by ASAP2 relates to the upstream design stage of the IFAD project cycle. To ensure comprehensive risk-informed programming for the duration of the IFAD Strategic Framework 2016-2025, ASAP2 will support additional design activities recommended by the

climate risk assessment undertaken for every new project as part of SECAP. These will include climate vulnerability assessments, economic valuation of climate impact and adaptation options in different regions and value chains, and complementary design activities.

- The second strand of technical assistance relates to activities integrated into individual project budgets. These activities support: development of capacity and partnerships for climate risk management in national institutions; knowledge management and policy dialogue; innovation support for specific climate adaptation and mitigation options and their scaling up; and building resilience at landscape level. During the first phase of ASAP, these types of technical assistance activities accounted for about 47 per cent of all activities financed by the ASAP Trust Fund.
19. A summary of the ASAP2 theory of change, objectives, outcomes, and contribution to the SDGs is provided in annex I, while the main differences between ASAP1 and ASAP2 in the context of IFAD's new climate finance architecture are set forth in annex II.

ASAP2 theory of change, objectives, outcomes and contribution to SDGs

ASAP2 theory of Change:
To strengthen the environmental sustainability and climate resilience of poor rural people's economic activities, IFAD needs to continue integrating technical assistance activities for climate change adaptation in its investment programmes. Without this supplementary support, IFAD will not be able to sustain climate-informed programming, leverage resources from the public and private sector to address the additional costs of climate change for rural development, or achieve its objective of 100 per cent climate mainstreaming.

Strategic objective⁶	Indicator	Data Source	2025 Target⁷	SDG target
To strengthen the environmental sustainability and climate resilience of poor rural people's economic activities	No. of poor smallholder household members supported in coping with the effects of climate change	Results and Impact Management System (RIMS); IFAD10 Results Measurement Framework indicator	10 million individuals	1.5 2.4
Portfolio-level outcomes	Indicator	Data Source	2025 Target	SDG target
1. Climate-informed investment planning: IFAD country programmes and investment programmes incorporate climate risk and vulnerability information	% of COSOPs and IFAD project designs that integrate climate risk and opportunity information	COSOPs, country strategy notes, SECAP review notes	100%	13.3
2. Mobilization of resources to address the additional costs of climate change: Public and private sector resources mobilized to address the additional costs of climate change for smallholder agriculture	Total in US\$ mobilized from non-IFAD sources to co-finance climate-related investments (adaptation and mitigation) in IFAD investment programmes.	Environment and Climate Division portfolio review, GEF and GCF pipelines	US\$300 million	7.2 17.3
3. Climate risk management investments: IFAD investment programmes target and budget actions to reduce climate-related risks	No. of IFAD investment programmes that make investments to reduce, mitigate or transfer climate-related risks	Portfolio review	100 projects	2.4
Project-level outcomes (financed by ASAP2)	Indicator	Data Source	2025 Target	SDG target
4. Climate risk awareness: Increased use of climate risk information by IFAD project teams, agriculture sector institutions and smallholder farmers	No. of individuals provided with climate information services	RIMS SO3 indicator	1,000,000 individuals	13.1 13.3
5. Policy engagement: Strengthened institutional relationships in IFAD Member States to realize international climate commitments and national adaptation plans	No. of IFAD Member States in which agricultural institutions receive capacity support and engage in climate policy dialogue	Portfolio review	50 countries	13.2

⁶ Strategic Objective formulated in the IFAD Strategic Framework 2016-2025: Enabling inclusive and sustainable rural transformation.

See www.ifad.org/documents/10180/edb9b9d4-664e-42dc-a31e-db096e6a71b5.

⁷ Assumes contributions to the ASAP2 Trust Fund of at least US\$100 million. If contributions are of a different scale, targets need to be revised accordingly.

6. Women's empowerment: Increased participation of women in climate change adaptation activities	No. of women reporting adoption of environmentally sustainable and climate-resilient technologies and practices	RIMS SO3 indicator	3,000,000 women	5.5
7. Private sector engagement: Strengthened participation of private sector entities and farmers' groups in climate adaptation and mitigation actions	Total in US\$ leveraged from private sector entities to support climate change adaptation and mitigation actions	External review	US\$100 million	17.3 17.17
8. Nutrition security: Adoption of climate adaptation measures that increase nutrition co-benefits for smallholder farmers and their families	No. of individuals/households provided with targeted support to improve their nutrition	RIMS SO1 indicator	1,000,000 individuals	2.1
9. Natural resource management capacity: Improved participation and ownership of smallholder farmers in decision processes and technologies that relate to governance and management of climate-sensitive resources	No. of groups supported to sustainably manage natural resources and climate-related risks	RIMS SO3 indicator	10,000 groups	1.4 8.6 12.2 13.1 14.2 15.1
10. Knowledge management: Increased knowledge on climate-resilient agriculture approaches and practices available at national, regional and global level	No. of national, regional or global dialogues on climate issues where IFAD-supported projects or partners contribute actively	Tracking of climate-related knowledge products/activities	100 dialogues	2.4 13.2 12.1

Differences between ASAP1 and ASAP2

	ASAP Phase 1 (2012-2017)	ASAP Phase 2 (2017-2025)
Where do donor contributions go?	ASAP Trust Fund ⁸	ASAP Trust Fund ⁹
What is the relation of donor funds to the IFAD replenishment?	Complementary	Supplementary
Which countries benefit from the funding?	Focus on Least Developed Countries and lower-middle-income countries	Based on climate vulnerability
What are the terms of the financing?	Grants	Grants
What do donor contributions support?	Design and implementation support Technical assistance Concrete investments	Design and implementation support Technical assistance
How are donor contributions allocated?	Based on vulnerability, country demand, opportunities for scaling up, lending terms	Based on climate risk appraisals, national climate commitments, lending terms, thematic windows
Is allocation informed by the Social, Environmental and Climate Assessment Procedures of IFAD (SECAP)?	No	Yes
Option of fully blended designs, with ASAP grants integrated into project budgets?	Yes	Yes
Option of additional grants for ongoing projects?	Yes	No But: Support to ongoing projects can take place through discrete technical assistance contracts
Option of discrete institutional contracts for technical assistance?	No	Yes
Option of regional or cross-boundary initiatives?	No	Yes
Option of grants directly to community-based groups, United Nations partners, local and international research institutions?	No	Yes

⁸ Proposal for a trust fund for the Adaptation for Smallholder Agriculture Programme (EB 2012/105/R.45).

⁹ See footnote 4.