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IFAD Strategy and Action Plan on Environment and Climate Change 2019-2025

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For: Approval

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IFAD strategy and action plan on environment and climate change 2019-2025

Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
IFAD11	Eleventh Replenishment of IFAD's Resources
RBA	Rome-based agency
SDG	Sustainable Development Goal
SECAP	Social, Environment and Climate Assessment Procedures

Recommendation for approval

The Executive Board is invited to approve the IFAD strategy and action plan on environment and climate change 2019-2025.

IFAD strategy and action plan on environment and climate change 2019-2025

I. Why environment and climate change?

1. The natural environment and climate change influence the lives of poor rural people in critical ways. Sustained agricultural productivity and economic success depend on reliable access to environmental goods and services, as well as the assets and capacities to withstand environmental and climate hazards and shocks. Small rural producers and their communities are often on the frontlines of environmental stewardship, creating significant environmental value through their approaches to rural land management. These approaches should be expanded in order to promote sustainable economic and social development, and resilience.
2. Yet as never before, natural resource degradation and climatic change are threatening the viability of smallholder farmers, fishers, forest producers and rural communities – and therefore the achievement of IFAD’s mission. The increased frequency and intensity of extreme climatic events is leading to large-scale bio-physical, social and economic losses, as well as loss of human lives. One third of the world’s soils are already moderately to severely degraded. Access to water is becoming increasingly difficult for many smallholders as competition for diminishing resources grows. The World Bank has estimated that without concerted efforts, up to 100 million people could fall into extreme poverty by 2030 as a result of climate change.¹ Poor peoples’ rights, access to resources and incentives for environmental stewardship are limited and frequently contested.
3. This 2019-2025 Environment and Climate Change Strategy consolidates and updates IFAD’s strategy and policy frameworks on environment and climate change. It aligns with IFAD’s Strategic Framework (2016-2025) and responds to commitments to the Eleventh Replenishment of IFAD’s Resources (IFAD11). It also builds on the substantial progress IFAD has made in integrating environment and climate change into its investments and programmes, most notably through its state-of-the-art Social, Environmental and Climate Assessment Procedures (SECAP) and the Adaptation for Smallholder Agriculture Programme (ASAP).

II. Why a new strategy now?

4. Both the IFAD Strategic Framework (2016-2025)² and IFAD11, which takes effect in 2019, commit the Fund to scaling up investments in mainstreaming environment, climate change, youth, gender and nutrition. The IFAD11 agreement specifically calls for a new environment and climate change strategy and action plan to “underpin the strengthened approach to mainstreaming climate change and environmental sustainability”.³

¹ S. Hallegatte, M. Bangalore, L. Bonzanigo, M. Fay, K. Tamaro, U. Narloch, J. Rozenberg, D. Treguer and A. Vogt-Schilb, *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington, D.C.: World Bank, 2015).

² IFAD, *Strategic Framework (2016-2025): Enabling Inclusive and Sustainable Rural Transformation* (2016a).

³ IFAD, *Report on the Consultation on the 11th Replenishment of IFAD’s Resources: Leaving No One Behind, IFAD’s Role in the 2030 Agenda* (2018) p. 28.

5. In response to that commitment, this strategy streamlines IFAD's policy framework on environment and climate change by recognizing climate change as an environmental phenomenon interrelated with a host of other environmental processes. Although IFAD has had separate policies and strategies on environment and climate change, it has addressed them in an integrated manner – just as smallholders do. The strategy is built around a conceptual framework that: reflects IFAD's integrated practices and experience to date; draws on the new scientific understanding of the links between climate and environment; and takes into account recent policy developments such as the Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change.
6. By addressing environmental sustainability and climate resilience within a single strategy, and incorporating social dimensions into the conceptual framework, this strategy is a first step towards the full integration of environmental and social aspects of rural development into IFAD's work.
7. The strategy focuses on improving IFAD's effectiveness in building and responding to government demand for investments and capacity support, which make the livelihoods of poor rural people more secure, sustainable and resilient. Key areas of attention over the 2019-2025 strategy period include: outreach and strategic communications; country programme and project design; country-level support; partnerships; monitoring, evaluation and learning; and mobilization of financial resources.

III. Environment and climate change strategy and action plan preparation process

8. This strategy consolidates and updates IFAD's strategy and policy frameworks on environment⁴ and climate change⁵ in light of internal and global policy changes over the last several years. Its preparation was led by IFAD's Environment, Climate, Gender and Social Inclusion Division.⁶ The consultative process involved staff, Board members and partners through interviews, a survey, workshops and meetings. The process also included benchmarking IFAD's policies and practices against those of selected organizations.

IV. Who the strategy is for

9. While the strategy document aims to be accessible to all of IFAD's stakeholders, its main audience and expected users include:
 - IFAD Management, technical and operational staff, all of whom have a role in guiding IFAD's efforts to integrate environment and climate change into the Fund's programmes and operations;
 - IFAD country partners, who are the ultimate change agents and drivers of environmental sustainability and climate resilience in the context of national development objectives; and
 - IFAD Executive Board members and partners, including the Rome-based agencies (RBAs) and other United Nations organizations, multilateral financial institutions, global funds, donors, research institutions, civil society organizations and private-sector collaborators in order to sensitize them to IFAD's approach regarding environment and climate change, and encourage greater collaboration.

⁴ IFAD, *Environment and Natural Resources Management Policy: Resilient Livelihoods through the Sustainable Use of Natural Assets* (2011).

⁵ IFAD, *Climate Change Strategy* (2010).

⁶ The International Institute for Environment and Development was commissioned to support the Environment, Climate, Gender and Social Inclusion Division by reviewing documentation, conducting interviews with IFAD and partner staff, and facilitating strategy consultations. Its team included Steve Bass, Seth Cook, Tighe Geoghegan, Sam Harrison and Krystyna Swiderska.

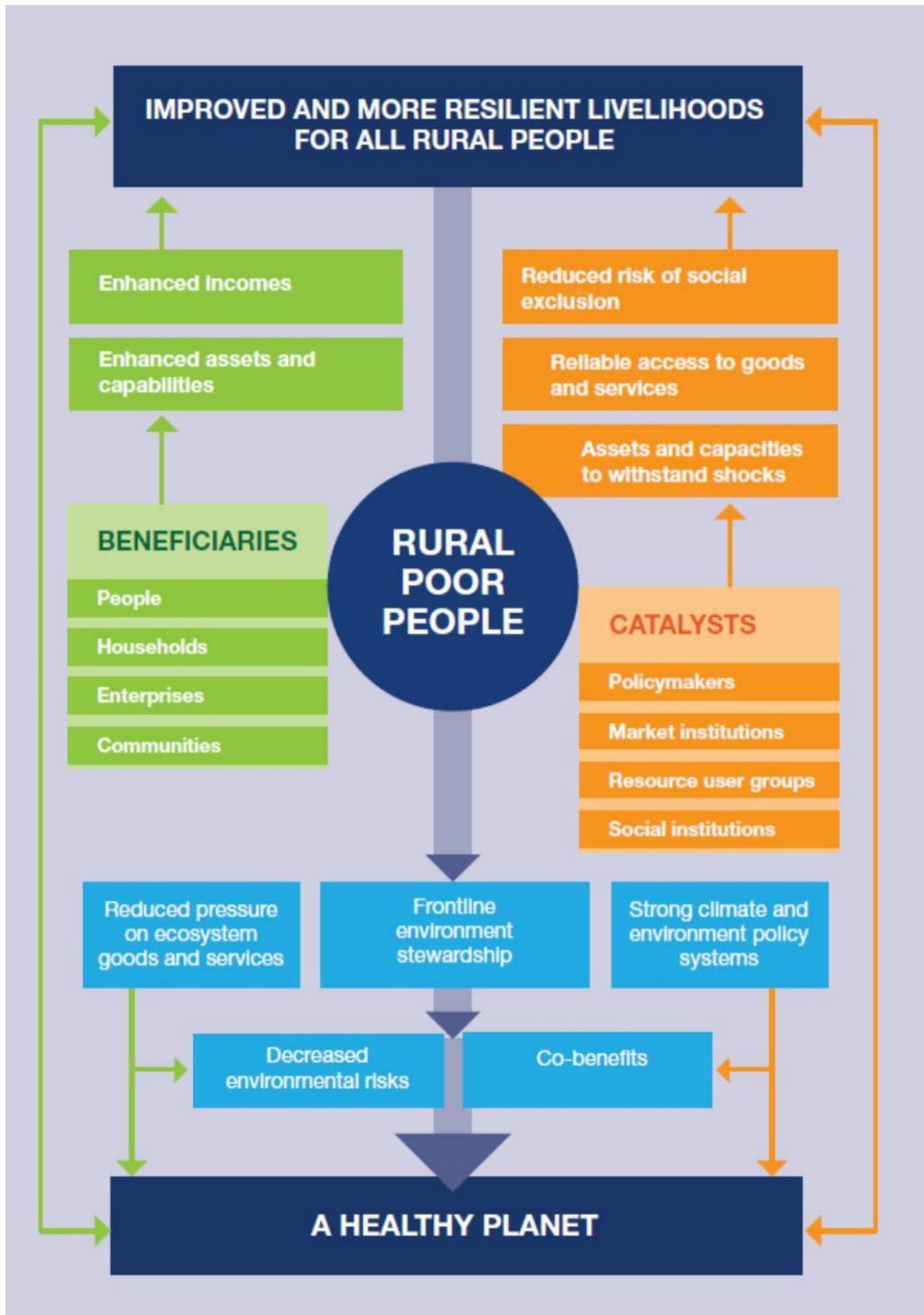
V. Scope of the strategy

10. This strategy aims to guide the integration of environmental sustainability and climate resilience into IFAD's programming. It does this by:
 - Summarizing the major accomplishments of IFAD's work on environment and climate integration to date, as well as its commitments going forward;
 - Describing the changing context in which IFAD works – both within the organization and in its areas of implementation;
 - Establishing a vision and conceptual framework for IFAD's approach to environment and climate change;
 - Presenting a theory of change, including outcomes and strategic directions for the strategy period; and
 - Providing an action plan and results management framework.
11. The strategy does not detail the technical aspects of IFAD's approach to environment and climate change since adequate guidance is already available in IFAD's guidelines and procedures.

VI. Purpose and aim

12. The strategy's purpose is to guide IFAD in addressing environment and climate change across all its policies, strategies and operations (see figure 1 below). The strategy aims to achieve the following:
 - The main objective underlying this strategy is enhanced resilience of smallholder farmers and rural communities to environmental degradation and climate change impacts. This will ultimately provide the foundation for more prosperous livelihoods today and in the future. IFAD will contribute to meeting this objective through the following outcomes:
 - Governments are increasingly effective in integrating environment and climate change objectives and considerations into smallholder agriculture and other rural development policies and programmes.
 - IFAD has the skills, capacity, partnerships, systems and resources needed to fully support governments in integrating environment and climate change into rural development policies and programmes.
 - IFAD investments contribute to the generation of environmental assets and services, and global public goods that make the livelihoods of poor rural people more prosperous and resilient, and IFAD's own operations more environmentally sustainable.
 - IFAD becomes a global leader in generating knowledge on managing sustainable rural livelihoods – enabling IFAD to play a greater advocacy role in supporting global efforts to build a healthy planet.

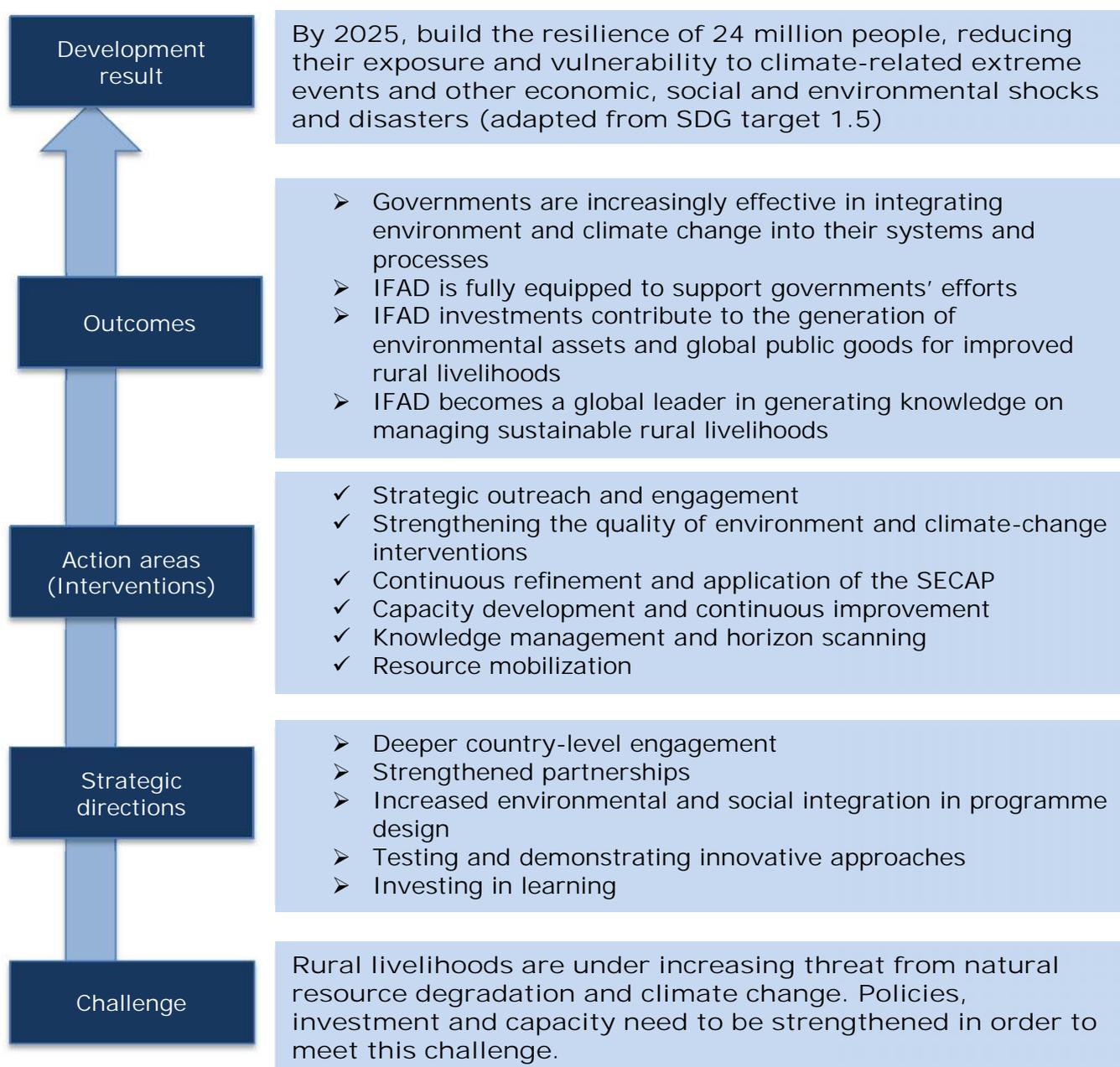
Figure 1
Strategy conceptual framework



VII. Underlying theory of change and results framework

13. IFAD's Strategic Framework (2016-2025) forms the foundation for this environment and climate change strategy. The strategy elaborates IFAD's approach to strategic objective 3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities in order to reduce poverty and protect the ecosystems on which they depend. In addition, the strategy draws on the two other strategic objectives – increasing poor rural people's productive capacities (strategic objective 1) and benefits from market participation (strategic objective 2). It also takes into account priorities for IFAD11 while looking beyond the IFAD11 timeframe. Finally, the strategy contributes to the achievement of several SDGs.

Figure 2
Theory of Change



14. Monitoring and evaluation are integral elements of this strategy: if approached creatively, they can contribute to virtually all of the strategy's outcomes and activities. The strategy's results management framework (see figure 3 below) will integrate quantitative indicators tracked through IFAD's Operational Results Management System, complemented by additional information from qualitative indicators, participatory assessments, case studies and other methods. The knowledge derived from monitoring and evaluation will feed into learning activities, inform outreach and communications, and support innovation and continuous improvement.

Figure 3
IFAD's Results management framework for environment and climate change



Environment and Climate change strategy and action plan (2019-2025)	Objective	More sustainable and resilient livelihoods for poor rural people					
	Key Performance Indicators	Number of groups supported to sustainably manage natural resources and climate-related risks		Number of persons accessing technologies that sequester carbon or reduce GHG emissions	Number of persons/ households adopting environmentally sustainable and climate-resilient technologies	Number of hectares of land under climate-resilient management	Number of tons of GHG emissions (CO2) avoided and/or sequestered
	Action areas	Outreach and engagement	Strengthening environment and climate change interventions	Refinement of the SECAP	Capacity development and continuous improvement	Knowledge management and horizon scanning	Resource mobilization
	Outputs	More effective programming, policy dialogue, stakeholder awareness, partnership building and environment and climate change integration.	Enhanced ability to respond to national country contexts (NDCs and COSOPs); Tools and methodologies to horizontally integrate climate across cross-cutting themes; RBA pilot projects established.	Updated social, environmental and climate change assessment; Not only avoiding or mitigating risk, but also generating environment- and climate-related benefits.	Strengthened environment and climate components of IFAD's operations; Learning opportunities offered for all staff, especially project management units and in-country partners.	Lessons learned, compiled and disseminated; Engagement and partnerships with thematic counterparts to strengthen IFAD programmes and operations; South-South exchange and learning platforms established; Emerging environment - and climate-related issues identified.	US\$400 million secured in climate and environment financing; US\$100 million secured for ASAP phase 2; At least 25 per cent of PoLG in IFAD11 and at least 35 per cent in IFAD12 allocated to climate-focused activities; Financing secured for joint projects with other RBAs.

VIII. Requirements

15. The widespread stakeholder consultations that informed this strategy suggest that achieving these outcomes will require:
 - Deeper country-level engagement, optimizing the opportunities offered by IFAD's recent restructuring and staff decentralization;
 - Strengthened strategic partnerships when they enhance support to countries, for example with the other RBAs in order to provide more comprehensive support to governments;
 - Continuous learning and enhancement of tools to integrate environmental and social assessment into programme design and management, taking advantage of innovative approaches to maximize results and benefits;
 - Testing and demonstration of innovative holistic approaches and technologies for environmental sustainability and climate resilience;
 - A learning approach that promotes increased investment in assessment;
 - Analysis of past experience, emerging trends, best practices, stakeholder dialogue and dissemination of knowledge; and
 - Additional financial resources in order to realize the ambitious actions detailed in this strategy.

IX. Action areas

The key action areas identified in the action plan are listed below:

16. Action area 1: Outreach and engagement

Strategic outreach to – and continuous communication with – target audiences is fundamental to implementing all aspects of this strategy. IFAD's revised communications strategy will provide a framework for maintaining the Fund's visibility throughout the development of new country strategic opportunities programmes (COSOPs) and IFAD-funded projects during IFAD11. This will include strategic communication approaches aimed at increasing awareness of how environmental and climate factors affect smallholders' livelihoods – and IFAD's work to mitigate these impacts. Through policy engagement, IFAD will also seek to generate demand from governments for integrating environment and climate considerations into its investments and country-level work. Strategic engagement in national and global policy dialogue will strengthen the enabling environment at the country level and increase attention to challenges related to environment and climate change in agriculture and rural development.

Action area 1 output

Comprehensive, organization-wide approach to policy engagement and outreach developed, contributing to more effective programming, policy dialogue, stakeholder awareness, partnership-building, resource mobilization and environment and climate change integration.
17. Action area 2: Strengthening the quality of environment and climate change interventions, and associated impacts across IFAD's portfolio

IFAD will continue to strengthen its processes, methodologies and approaches to improving the design, implementation, monitoring and learning from interventions. The development and implementation of horizontal integration approaches to climate change, environment, gender, nutrition and youth will enhance the benefits of IFAD's operations. In order to expand its reach and develop, test and demonstrate innovative approaches, the Fund will work with other United Nations organizations and international financial institutions to design joint environment

and climate change-focused pilot projects. These projects will provide comprehensive packages comprising financial support, capacity development and technical assistance aimed at making rural poor people's livelihoods and economic activities more secure, sustainable and resilient. If successful, these collaborations can be scaled up. Some examples of activities that IFAD could explore include the following:

- Strengthening ASAP phase 2 or establishing a small-scale finance facility to incentivize collaboration – particularly among the RBAs – on green entrepreneurship, environmental stewardship and innovation;
- Building on IFAD's ten years of experience in agriculture insurance to develop innovative instruments and approaches for reducing environmental risk and building resilience to climate change – while scaling up programmes such as those supporting low-carbon technologies and renewable energy sources;
- Developing country- and regional-level learning platforms that draw on programming experience and the knowledge of partner governments, rural producers and others; and
- Providing technical advice and supporting countries in considering environmental sustainability and climate resilience in the preparation of implementation strategies for nationally determined contributions (NDCs), SDG strategies and agricultural policy and planning processes.

Action area 2 outputs

- Mainstreaming and results tools are developed and shared; best practices towards greater results are scaled up and expanded; and RBA pilot projects are established, identifying and developing best practices for collaboration at the country level, with lessons learned informing IFAD's operations.
- IFAD's ability to respond to national country contexts is enhanced by mainstreaming environment and climate throughout project life cycles, and using IFAD's innovative tools and methodologies.
- Tools and methodologies to integrate climate throughout cross-cutting areas are developed.

18. Action area 3: Continuous refinement of the SECAP, its application and complementary tools

In order to integrate social, environment and climate change assessments into project and programme design, country programme managers and technical specialists will continue to work together, building on their experience to strengthen assessment procedures outlined in the SECAP. As a result of the SECAP's refinement, a more comprehensive set of tools for assessment and decision making will be available to address specific technical issues and needs. These could include:

- Tools for assessing and comparing environment, climate and social inclusion costs, benefits and risks, as well as the trade-offs between different project design options in order to support the identification and selection of the best options;
- Tools for identifying the interventions that will generate the greatest benefits across the social, environmental and climate change objectives of the SECAP;
- Participatory knowledge management tools and methods for identifying and assessing opportunities to integrate green technology (e.g. renewable energy), green value chains and other environmental and climate benefits into programme design; and
- A methodology for identifying and assessing national environment and climate capacities and systems, along with potential programme partners.

Action area 3 output

- Updated social, environmental and climate change assessment procedures, and accompanying tools support the design and implementation of projects and programmes that not only mitigate risk but generate environment and climate-related benefits for smallholders and poor rural people, reflecting a continuous learning approach.

19. Action area 4: Capacity development and continuous improvement

It is essential that all IFAD staff and stakeholders have the knowledge and skills to achieve the aims of this strategy. They should also be able to communicate IFAD's approach to environment and climate change effectively with governments and other audiences. In order to achieve this, IFAD will strengthen its comprehensive staff training and continuous learning programme on the environmental and climate dimensions of country strategies, project and programme design, delivery and review.

Action area 4 outputs

- Environment and climate components of IFAD's Operations Academy and induction course curricula are strengthened.
- Field-based environment and climate change learning opportunities are offered to all staff, especially project management units and in-country partners.
- In-house learning, professional development and external networking opportunities for IFAD's environment and climate, gender, nutrition, youth and indigenous peoples specialists are available.

20. Action area 5: Knowledge management and horizon scanning

In order to achieve its ambition of becoming a global leader in environment and climate in rural development, IFAD will enhance its investment in knowledge management, including: analysis of lessons learned from IFAD's programming experience; participation in global networks and knowledge platforms to stay abreast of scientific breakthroughs and emerging trends, and learn from others' experiences; and integration of learning into country programmes in order to involve all programme participants, including smallholder farmers and other poor rural people. Linking knowledge and communication, IFAD will ensure that its knowledge comes from a diversity of sources – from scientists to smallholders – and is shared with stakeholders and other target audiences in appropriate ways.

Action area 5 outputs

- Lessons learned on integrating environmental sustainability and climate resilience are compiled and disseminated (drawn from the ASAP, the Global Environment Facility [GEF], IFAD grants and other programmes).
- IFAD country programme managers and environment and climate specialists are linked with their thematic counterparts in other United Nations agencies including RBAs, multilateral financial institutions and regional organizations through regional-level environment and climate learning networks.
- South-South exchange and learning platforms are established among country management units (potentially including study tours and exchanges).
- Emerging environment and climate-related issues affecting smallholders' livelihoods are identified through horizon scanning at the global and regional levels, and inform IFAD's biennial Rural Development Report.

21. Action area 6: Resource mobilization

To achieve this strategy's outcomes, IFAD will need to allocate at least 25 per cent of its programme of loans and grants to activities that are climate focused. These efforts will need to be complemented by resource mobilization – especially grants –

through global climate funds and replenishment of the ASAP. This will create incentives and opportunities for testing and piloting new approaches while providing countries with technical support. In addition, IFAD will need to assist countries in leveraging international and private-sector funding to enhance environmental sustainability and climate resilience among smallholders and rural communities. This will require IFAD to provide countries with a range of financial products, including loans and grants, through its own financial instruments, international facilities such as the GEF, Green Climate Fund and Adaptation Fund, green bonds and private capital.

Action area 6 outputs

- US\$400 million secured in climate and environment financing from diverse multilateral, bilateral and domestic sources.
- US\$100 million secured for ASAP phase 2, which will provide technical support and opportunities for piloting and demonstration.
- At least 25 per cent of IFAD's programme of loans and grants allocated to climate-focused activities in IFAD11 and at least 35 per cent in IFAD12.
- Financing secured for joint projects with other United Nations agencies including RBAs and international financial institutions.

IFAD strategy and action plan on environment and climate change 2019-2025

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Abbreviations and acronyms

AfDB	African Development Bank
ASAP	Adaptation for Smallholder Agriculture Programme
COSOP	country strategic opportunities programme
DFID	United Kingdom Department For International Development
ECG	Environment, Climate, Gender and Social Inclusion Division
FAO	Food and Agriculture Organization of the United Nations
GC-RED	UNDP Global Policy Centre on Resilient Ecosystems and Desertification
GEF	Global Environment Facility
IFAD11	Eleventh Replenishment of IFAD's Resources
IFI	international financial institution
IIED	International Institute for Environment and Development
LEED	Leadership in Energy and Environmental Design
M&E	monitoring and evaluation
NDC	Nationally Determined Contribution
OECD	Organisation for Economic Co-operation and Development
PoLG	programme of loans and grants
RBA	Rome-based agencies
RIDE	Report on IFAD's Development Effectiveness
RMF	Results Management Framework
SDC	Swiss Development Cooperation
SDG	Sustainable Development Goal
SEA	Strategic Environmental Assessment
SECAP	Social, Environment and Climate Assessment Procedures
Sida	Swedish International Development Cooperation Agency
UNDP	United Nations Development Programme
WFP	World Food Programme

I. Executive summary

1. The natural environment and climate change influence the lives of poor rural people in critical ways. Sustained agricultural productivity and economic success depend on reliable access to environmental goods and services, as well as the assets and capacities to withstand environmental and climate hazards and shocks. Small rural producers and their communities are often frontline stewards of the environment. They create significant environmental value through their approach to rural land management. These approaches should be expanded in order to promote sustainable economic and social development, and resilience.
2. Yet as never before, natural resource degradation and climatic change are threatening the viability of smallholder farmers, fishers, forest producers and rural communities – and therefore the achievement of IFAD's mission. The increased frequency and intensity of extreme climatic events is leading to large-scale bio-physical, social and economic losses as well as losses of human lives. One third of the world's soils are already moderately to severely degraded. Access to water is becoming increasingly difficult for many smallholders as competition for diminishing resources grows. The World Bank has estimated that without concerted effort, up to 100 million people could fall into extreme poverty by 2030 as a result of climate change.⁷ Poor peoples' rights, access to resources and incentives for environmental stewardship are limited and frequently contested.
3. This 2019-2025 Environment and Climate Change Strategy consolidates and updates IFAD's strategy and policy frameworks on environment and climate change. It aligns with IFAD's Strategic Framework (2016-2025) and responds to commitments to the Eleventh Replenishment of IFAD's Resources (IFAD11). It also builds on the substantial progress IFAD has made in integrating environment and climate change into its investments and programmes, most notably through its state-of-the-art Social, Environmental and Climate Assessment Procedures (SECAP) and the Adaptation for Smallholder Agriculture Programme (ASAP).
4. The strategy's purpose is to guide IFAD in addressing environment and climate change across all its policies, strategies and operations. Its main intended users are IFAD staff, country partners, Executive Board members, donors and stakeholders.
5. The strategy aims to achieve the following:
 - The main objective underlying this strategy is enhanced resilience of smallholder farmers and rural communities to environmental degradation and climate change impacts. This will ultimately provide the foundation for more prosperous livelihoods today and in the future. IFAD will contribute to meeting this objective through the following outcomes:
 - Governments are increasingly effective in integrating environment and climate change objectives and considerations into smallholder agriculture and other rural development policies and programmes.
 - IFAD has the skills, capacity, partnerships, systems and resources needed to fully support governments in integrating environment and climate change into rural development policies and programmes.
 - IFAD investments contribute to the generation of environmental assets and services, and global public goods that make the livelihoods of poor rural people more prosperous and resilient, and IFAD's own operations more environmentally sustainable.

⁷ S Hallegatte, M Bangalore, L Bonzanigo, M Fay, K Tamaro, U Narloch, J Rozenberg, D Treguer and A Vogt-Schilb, *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington DC: World Bank, 2015).

- IFAD becomes a global leader in generating knowledge on managing sustainable rural livelihoods – enabling IFAD to play a bigger advocacy role in supporting global efforts to build a healthy planet.
6. The widespread stakeholder consultations that informed this strategy suggest that achieving these outcomes will require:
- deeper country-level engagement, optimizing the opportunities offered by IFAD's recent restructuring and staff decentralization;
 - strengthened strategic partnerships when they enhance support to countries, for example with the other Rome-based United Nations agencies in order to provide more comprehensive support to governments;
 - continuous learning and enhancement of tools to integrate environmental and social assessment into programme design and management, taking advantage of innovative approaches to maximize results and benefits;
 - testing and demonstration of innovative holistic approaches and technologies for environmental sustainability and climate resilience;
 - a learning approach that promotes increased investment in assessment; and
 - analysis of past experience, emerging trends, best practices, stakeholder dialogue and dissemination of knowledge.
7. The key action areas identified in the strategy are:
- strategic outreach and engagement, including in national and global policy dialogue to support governments in utilizing the benefits derived from integrating environment and climate change into IFAD investments, thereby building demand and enhancing participation;
 - continuing to strengthen the quality of environment and climate change interventions across the portfolio through tools and methodologies that promote innovation, demonstrations and partnerships with other institutions;
 - continuous refinement of the SECAP and their application to make them a more effective tool for identifying opportunities, benefits and risks across the social, environmental and climate change dimensions;
 - capacity development and continuous improvement to ensure that IFAD staff and partners have adequate knowledge, skills and resources to support and communicate IFAD's objectives and approach to environment and climate change;
 - learning and horizon scanning to support IFAD's aim of becoming a global leader on environment and climate in rural development; and
 - resource mobilization to meet smallholders' environment and climate needs reliably through a range of financial products.

II. Introduction

A. How this strategy was prepared

8. This strategy consolidates and updates IFAD's strategy and policy frameworks on environment⁸ and climate change⁹ in light of internal and global policy changes over the last several years. Its preparation was led by IFAD's Environment, Climate, Gender and Social Inclusion Division (ECG)¹⁰. The consultative process (described in more detail in annex I) involved staff, Board members and partners through interviews, a survey, workshops and meetings (see annex II for a complete list of persons consulted). The process also included benchmarking IFAD's policies and practices against those of selected organizations (this process is summarized in annex III).

B. Who the strategy is for

9. While the strategy document aims to be accessible to a range of IFAD stakeholders, its main audience and expected users include:
 - IFAD management, technical and operational staff, all of whom have a role in guiding IFAD's efforts to integrate environment and climate change into IFAD's programmes and operations;
 - IFAD country partners, who are the ultimate change agents and drivers of environmental sustainability and climate resilience in the context of national development objectives; and
 - IFAD Board members and partners, including staff of the other United Nations agencies including the Rome-based agencies (RBAs), multilateral financial institutions, global funds, donors, research institutions, civil society organizations and private-sector collaborators, to sensitize them to IFAD's approach regarding environment and climate change, and encourage greater collaboration.

C. Scope of the strategy

10. This strategy aims to guide the integration of environmental sustainability and climate resilience into IFAD's programming. It does this by:
 - summarizing the major accomplishments of IFAD's work on environment and climate integration to date as well as its commitments going forward (section 3);
 - describing how the changing context in which IFAD works – both within the organization and in its areas of implementation (section 4);
 - establishing a vision and conceptual framework for IFAD's approach to environment and climate change (section 5);
 - presenting a theory of change, including outcomes and strategic directions for the strategy period (section 6); and
 - providing the action plan (section 7) and a results management framework (section 8).
11. The strategy does not detail the technical aspects of IFAD's approach to environment and climate change since adequate guidance is already available in IFAD's guidelines and procedures.

⁸ IFAD, *Environment and Natural Resources Policy: Resilient Livelihoods through the Sustainable Use of Natural Assets* (2012).

⁹ IFAD, *Climate Change Strategy* (2010).

¹⁰ The International Institute for Environment and Development (IIED) was commissioned to support ECG by reviewing documentation, conducting interviews with IFAD and partner staff, and facilitating strategy consultations. Its team included Steve Bass, Seth Cook, Tighe Geoghegan, Sam Harrison and Krystyna Swiderska.

D. Why a new strategy now?

12. Both the IFAD Strategic Framework (2016-2025)¹¹ and the Eleventh Replenishment of IFAD's Resources (IFAD11), which takes effect in 2019, commit IFAD to scaling up investments in mainstreaming environment, climate change, youth, gender and nutrition. The IFAD11 agreement specifically calls for a new environment and climate change strategy and action plan to "underpin the strengthened approach to mainstreaming climate change and environmental sustainability".¹²
13. In response to that commitment, this strategy streamlines IFAD's policy framework on environment and climate change by recognizing climate change as an environmental phenomenon interrelated with a host of other environmental processes. Although IFAD has had separate policies and strategies on environment and climate change, in practice it has addressed them in an integrated way – as do smallholders. The strategy is built around a conceptual framework that: reflects IFAD's integrated practices and experience to date; draws on the new scientific understanding of the links between climate and environment; and takes into account recent policy developments such as the Sustainable Development Goals (SDGs) and the adoption of the Paris Agreement on Climate Change.
14. By addressing environmental sustainability and climate resilience in a single strategy, and incorporating social dimensions into the conceptual framework, this strategy is a first step towards the full integration of environmental and social aspects of rural development into IFAD's work.
15. The strategy focuses on improving IFAD's effectiveness in building and responding to government demand for investments and capacity support, which make the livelihoods of poor rural people more secure, sustainable and resilient. Key areas of attention over the 2019-2025 strategy period include: outreach and strategic communications; country programme and project design; country-level support; partnerships; monitoring, evaluation and learning; and mobilization of financial resources.

III. Accomplishments and future commitments on environment and climate change

A. Progress to date

16. IFAD's commitment to environmental sustainability and climate resilience is reflected in the substantial progress it has made in integrating environment and climate into project cycles and results frameworks, from the design stage to evaluation. This commitment is also reflected in increased donor support and IFAD investments, especially in climate resilience.
17. IFAD has made impressive progress on environment and climate safeguards, moving from screening only projects with additional climate finance for climate risks in 2014 to screening 100 per cent of IFAD's programme of loans and grants (PoLG) in 2017. In 2015, screening projects for environmental, social and climate risk using the Social, Environmental and Climate Assessment Procedures (SECAP) became a mandatory requirement. At the same time, climate risk screening was piloted, with full implementation beginning in 2016. Through the SECAP, IFAD is also addressing risks related to: labour and working conditions; stakeholder engagement; indigenous peoples, community health and safety; and vulnerable groups including people with disabilities. This comprehensive state-of-the-art system has improved the quality of many IFAD projects and is highly respected by peers. With experience gained in its application, there is scope for

¹¹IFAD, *Strategic Framework 2016-2025: Enabling Inclusive and Sustainable Rural Transformation* (2016a).

¹²IFAD, *Report on the Consultation on the 11th Replenishment of IFAD's Resources: Leaving No One Behind, IFAD's Role in the 2030 Agenda* (2018) p. 28.

streamlining the SECAP to increase its efficiency, and expand its use beyond assessing social, environmental and climate risks to strengthen benefits. This could be achieved by using the SECAP to identify interventions that not only mitigate risks but generate opportunities, and dedicating more resources to monitoring and managing social, environment and climate risks during project implementation.

18. Since its inception in 2012, IFAD's flagship Adaptation for Smallholder Agriculture Programme (ASAP) has channelled approximately US\$300 million in environment and climate finance into country programmes, benefiting millions of smallholder farmers in 41 countries. ASAP has established IFAD as a global leader in smallholder adaptation to climate change, including through the introduction of green technologies. ASAP's second phase, which began in 2018, remains one of the building blocks of IFAD's efforts to mainstream the climate change into its programming.
19. In addition to the ASAP funding provided by IFAD's bilateral donors, the Fund mobilized more than US\$339 million in environment and climate finance for the benefit of borrowing countries between 2012 and 2018. An executing agency of the Global Environment Facility (GEF) as well as a multilateral implementing entity under the Adaptation Fund, in 2016 it became an accredited Green Climate Fund entity. To date, IFAD has collaborated with GEF on 60 projects. With these resources, IFAD programmes have helped to demonstrate the benefits of integrating climate and environment into rural development initiatives. In the coming years, IFAD will focus on mobilizing support for those most vulnerable to the impacts of climate change. This will include advocacy for increased support to rural poor people through international instruments such as the United Nations Framework Convention on Climate Change.
20. IFAD's technical capacity in environment and climate change has grown in recent years. The creation of ECG in 2018 expanded the scope of the former Environment and Climate Division by bringing together expertise in the environmental, climate change and social aspects of IFAD's work. While still relatively small, IFAD's cadre of environment and climate specialists has grown both in number and in their level of qualification and experience.

B. IFAD ongoing climate change and environment commitments

21. This strategy will strengthen implementation in line with IFAD's current commitments and continue to raise the bar into 2025. In addition to developing this strategy, IFAD has also committed to ensuring that in IFAD11:
 - At least 25 per cent of its PoLG is climate focused – this will be tracked using the multilateral development bank methodology to track climate finance and the Rio Markers for climate adaptation, climate mitigation, biodiversity and desertification;
 - 100 per cent of country strategic opportunities programmes (COSOPs) and country strategy notes during IFAD11 will include an analysis of nationally determined contribution (NDC) targets and commitments in order to inform IFAD interventions and support countries' achievement of their NDCs; and
 - IFAD will develop a framework for implementing transformational approaches to mainstreaming climate change, gender, youth and nutrition, focusing also on horizontal integration and interlinkages.

22. These efforts build on existing and previous work such as:
- The expansion of practices piloted in ASAP and other projects that generate environmental and climate benefits;
 - Expanding IFAD's involvement with renewable energy, given the importance of energy access for rural poverty reduction;
 - A stronger focus on knowledge and financial partnerships in order to mainstreaming climate, environment and social issues;
 - Scaling up the mobilization of funding from GEF, the Green Climate Fund and the unrestricted complementary contributions climate window; and
 - Continuing the integration of climate change risk screening into the review of 100 per cent of IFAD-funded projects and country strategies.

IV. The environment and climate change context: Challenges and opportunities

23. While IFAD's attention to environmental sustainability and climate resilience is longstanding and built upon years of experience with community-based resource management,¹³ the context in which it operates is changing significantly – both in its countries of implementation and within IFAD itself.

A. The changing global policy context

24. Globally, there is wide recognition of the diverse interrelationships among economic growth, poverty reduction, environmental sustainability and social inclusion. The 2030 Agenda and SDGs constitute a solid framework for international cooperation that fully recognizes these interrelationships. Along with the Paris Agreement on Climate Change, the 2030 Agenda aims to increase countries' accountability for environmental sustainability and addressing climate change. The global community has also committed to mainstreaming biodiversity in development and agriculture through the Biodiversity Convention's Cancun Declaration and the International Treaty on Plant Genetic Resources for Food and Agriculture. This changed global landscape is spurring governments to approach development in a more integrated way, as reflected in IFAD's Strategic Framework (2016-2025) the IFAD11 Results Management Framework (RMF).¹⁴

B. The changing context for smallholders

25. The natural resource base in rural areas is under increasing pressure. One third of the world's soils are moderately to severely degraded.¹⁵ Biodiversity is at risk as agricultural landscapes become increasingly depleted and the number of crops, crop varieties and animal breeds on farms declines.¹⁶ Water scarcity and pollution are growing, as is competition over land and water resources.¹⁷ Demographic pressures are contributing to land fragmentation and degradation as traditional land fallowing practices are abandoned. As a result, smallholder agricultural systems are under growing strain to meet the rising global demand for food, fibre and fodder.¹⁸

¹³ IFAD Independent Office of Evaluation, *Environment and Natural Resource Management: Evaluation Synthesis* (2016).

¹⁴ IFAD *Report on the IFAD11 Results Management Framework* (2017), IFAD11/3/R.2.

¹⁵ FAO, Fact Sheet: *Soil is a Non-Renewable Resource*. (Rome: FAO, 2015) <http://www.fao.org/3/a-i4373e.pdf>.

¹⁶ S Cook, *The Spice of Life: The Fundamental Role of Diversity on the Farm and on the Plate*. (London and the Hague: IIED and Hivos 2018).

¹⁷ FAO *The State of the World's Land and Water Resources for Food and Agriculture: Managing Systems at Risk* (FAO and Earthscan, 2011).

¹⁸ IFAD, *Rural Development Report 2016: Fostering Inclusive Rural Transformation* Rome: IFAD, 2016b) p.21.

26. Climate change already poses major challenges to agriculture and this trend is likely to accelerate in the coming decades.¹⁹ The impacts of climate change on temperature and precipitation patterns – as well as the increased frequency and severity of extreme climatic events – will influence food production, food security and rural livelihoods in different ways. Globally, climate change could cause an additional 100 million people to suffer from extreme poverty by 2030.²⁰ Furthermore, “Between 2030 and 2050, climate change is expected to cause approximately 250,000 additional deaths per year from malnutrition, malaria, diarrhoea and heat stress”.²¹ It is also expected to influence migration and conflict. Future rural livelihoods and food security will depend upon farmers’ ability to adapt agricultural systems to climate change impacts and environmental stressors. However, the current global political momentum is providing a great opportunity. Following the historic Paris Agreement, IFAD will take advantage of new and alternative funding sources such as the Green Climate Fund, increased political willingness and international frameworks to increase its support of stakeholders and deliver long-term benefits and opportunities to rural people.

Box 1: Changes in rural markets and consumption patterns

The traditional division between rural producers and urban consumers no longer fully reflects reality in developing countries. Rural people are now often net purchasers of food and many no longer work in agriculture. In Viet Nam – one of the world’s top rice producers – 55 per cent of rural households are net purchasers of rice. An estimated two thirds to three quarters of all food consumed in West Africa is purchased from markets. The growing reliance on the market for food, rather than home production, creates opportunities for some smallholders to meet that demand, provided that bottlenecks in rural markets can be overcome. Informal markets are particularly important since they serve as the primary interface between small- and medium-scale farmers, and low-income consumers.

Sources: C Tacoli and B Vorley, *Creating a New Menu for Food Security Policy*. IIED Briefing (London: IIED, 2015); T Reardon et al., Transformation of African Agrifood Systems in the New Era of Rapid Urbanization and the Emergence of a Middle Class. In: *Beyond a Middle Income Africa: Transforming African Economies for Sustained Growth with Rising Employment and Incomes* (Washington, DC: International Food Policy Research Institute 2015); B Vorley (Ed.). *Meeting Small-Scale Farmers in their Markets: Understanding and Improving the Institutions and Governance of Informal Agrifood Trade*. (London: IIED and Hivos, 2013).

27. Socioeconomic and demographic shifts are as important as biophysical factors in rural development. Urbanization and transportation improvements are shaping rural transformations through rising demand for goods and products from cities and small towns. Increasing consumption, new technologies and other factors are affecting the availability of environmental goods and services, and changing the way they are used and managed to support rural livelihoods.
28. Urban centres and even rural areas are seeing an increase in demand for livestock and fisheries products. These changes bring increasing opportunities for rural economies to benefit through diversification, processing, trade and demand for green products.²² But if improperly managed, these activities can exacerbate environmental degradation and increase rural populations’ vulnerability to climate change. Non-farm income sources from rural businesses and employment in urban areas²³ are increasingly important, and in many developing countries they contribute a larger share of rural households’ income than agricultural production (see box 1).²⁴

¹⁹ FAO, *Climate Change and Food Security: Risks and Responses*. Rome: FAO, 2016c).

²⁰ S Hallegatte, M Bangalore, L Bonzanigo, M Fay, K Tamaro, U Narloch, J Rozenberg, D Treguer, and A Vogt-Schilb *Shock Waves: Managing the Impacts of Climate Change on Poverty* (Washington, DC: World Bank, 2015).

²¹ Simon Hales, Sari Kovats, Simon Lloyd AND Diarmid Campbell-Lendrum (Eds.) (2014) ISBN: 9789241507691.

²² Y Song, Y Zhang, X Song and K Swiderska, *Smallholder Farming Systems in Southwest China: Exploring Key Trends and Innovations for Resilience* (2016).

²³ S Wiggins, *Agricultural and Rural Development Reconsidered: A Guide to Issues and Debates*. (Rome: IFAD, 2016) p. 47.

²⁴ IFAD (2016a) op cit., p.10.

29. Rural people and smallholder farmers are stewards of natural resources and are on the front lines of the fight against climate change. Since they have significant knowledge of the environment in their localities, any solution in line with national environmental and climate change agendas must involve them. Important issues include how to: improve the resilience, sustainability and productivity of smallholder agriculture; incentivize smallholders to act as stewards of biodiversity, soil and water; and promote multi-functional agriculture, building on traditional and local knowledge.²⁵ IFAD's approach to addressing environment and climate change issues together with social inclusion is an opportunity to recognize through its programming that adaptation and environmental stewardship must be centred around people in order to be sustainable.
30. Approaches such as participatory plant breeding and community-supported agriculture (i.e. rural-urban linkages) have proven effective in enhancing resilience and sustainability as well as productivity and profitability.²⁶ There are many techniques to promote environmentally sound practices such as crop rotation, intercropping, mixed crop-livestock systems, aquaculture, minimal tillage, agroforestry, integrated pest management, cover crops and water harvesting. Since these techniques tend to be context specific and more knowledge intensive than conventional approaches, they are by nature people centred, especially those that are labour intensive.
31. Technology improvements also open up opportunities for IFAD to promote environmental sustainability and climate resilience. Renewable energy technologies such as solar-powered irrigation and wind-powered watering points for livestock can help farmers to deal with increasingly erratic weather patterns. Renewable energy technologies can also power local storage and processing facilities, which preserve and add value to primary agricultural products. Approaches such as these increase smallholders' access to productive energy, promote resilience, bolster local livelihoods and maintain the productivity of local economies in the face of a changing climate.²⁷ Technologies such as biogas converters can also have huge social impacts on the lives of rural women, who are traditionally firewood collectors. Inexpensive systems such as flexi-biogas provide clean cooking fuel, which allows for income diversification while protecting families from dangerous smoke inhalation from traditional firewood-powered cook stoves. New information and communication technologies can promote adaptation and risk management, enabling more comprehensive information gathering. Better access to weather forecasts and market updates can help smallholders to plan agricultural production, obtain better prices and access agricultural extension services, particularly in remote areas. It can also open up new market opportunities for green products through online shops.²⁸
32. However, many national strategies for agricultural and rural development do not accord environment and climate the urgent, concerted attention that they deserve. In spite of much rhetorical attention to environment and climate, other concerns dominate. IFAD will work with governments to ensure a healthy and resilient rural environment, which is a prerequisite for achieving the SDGs related to food security, poverty alleviation and economic growth – and reflect this objective in national agricultural policies, action plans and budgets.

²⁵ BD McIntyre, HR Herren, J Wakhungu and RT Watson (Eds.) *Synthesis Report* (International Assessment of Agricultural Knowledge, Science and Technology for Development, 2009).

²⁶ K Swiderska, A Argumedo, Y Song, A Rastogi, N Gurung and C Wekesa, *SDG2: Achieving Food Security, Sustainability and Resilience Using Genetic Diversity and Indigenous Knowledge* (2018). <http://pubs.iied.org/17410IIED/>.

²⁷ C Henderson, *Why We Need to Plug the Adaptation Technology Gap* (2018) <https://www.iied.org/why-we-need-plug-adaptation-technology-gap>.

²⁸ Y Zenga, F Jiab, L Wanc, and H Guo. E-commerce in Agri-food sector: A Systematic Literature Review. *International Food and Agribusiness Management Review* (2017) 20(4).

C. Changes in IFAD

33. Internal structural reforms have aimed to improve how IFAD works with beneficiaries. Staff decentralization has created new opportunities and channels for integrating environment and climate change into IFAD's operations. Most of IFAD's technical experts in environment and climate change are now based in country and regional offices, and are therefore better positioned to work with governments and partners. This will allow IFAD to align its work more closely with countries' environment and climate change strategies, and country-level United Nations Development Assistance Frameworks. In order to build capacity throughout the Fund, a climate and environment module has been included in the curriculum of the newly established Operations Academy. In addition, the recent consolidation of the teams responsible for environment and climate change, nutrition, gender, youth and indigenous people into ECG has created a foundation for integrating these issues more deeply into IFAD's operations.
34. Through ECG, IFAD will systematically analyse and address cross-cutting issues, searching for linkages and complementarities whenever possible to improve environment, climate, gender, nutrition and social inclusion, increase resilience and mitigate risks. These themes and their respective targets have been mainstreamed into the IFAD11 RMF and Commitment Matrix, and featured in the Report on IFAD's Development Effectiveness (RIDE). Increased attention to cross-cutting issues has also led to the selection of nutrition as a thematic focus area in the 2017 Portfolio Stocktake, the selection of climate change in the 2018 Portfolio Stocktake and climate change mainstreaming as an "In-focus" chapter of the 2018 RIDE.
35. IFAD's updated communications strategy lays out a coherent approach to strategic communications on a number of cross-cutting issues, including climate and environment. At the country level, a mechanism is being developed to ensure that communication is integrated into the project cycle from its earliest stages. This will enhance IFAD's efforts to build awareness, encourage stakeholder participation and support collaboration. IFAD will continue its efforts to understand, assess and respond to country priorities and capacity needs.
36. The funding environment for climate and environment work is also changing in ways that are not entirely under IFAD's control. Developing countries are increasingly able to borrow from private financial markets for the kinds of rural development investments that are within IFAD's mandate. As a result, IFAD needs to strengthen its case for being the lender of choice. This includes demonstrating that investments in areas like environment and climate change generate net benefits to borrowers.
37. The international financial landscape for climate and environment is also evolving with the introduction of new funding instruments such as the Green Climate Fund. While these funding channels carry many benefits, many of them are difficult to access and administer, carry significant uncertainty and are increasingly competitive, creating challenges and risks for integrating them into IFAD's country programmes.

V. Strategy conceptual framework

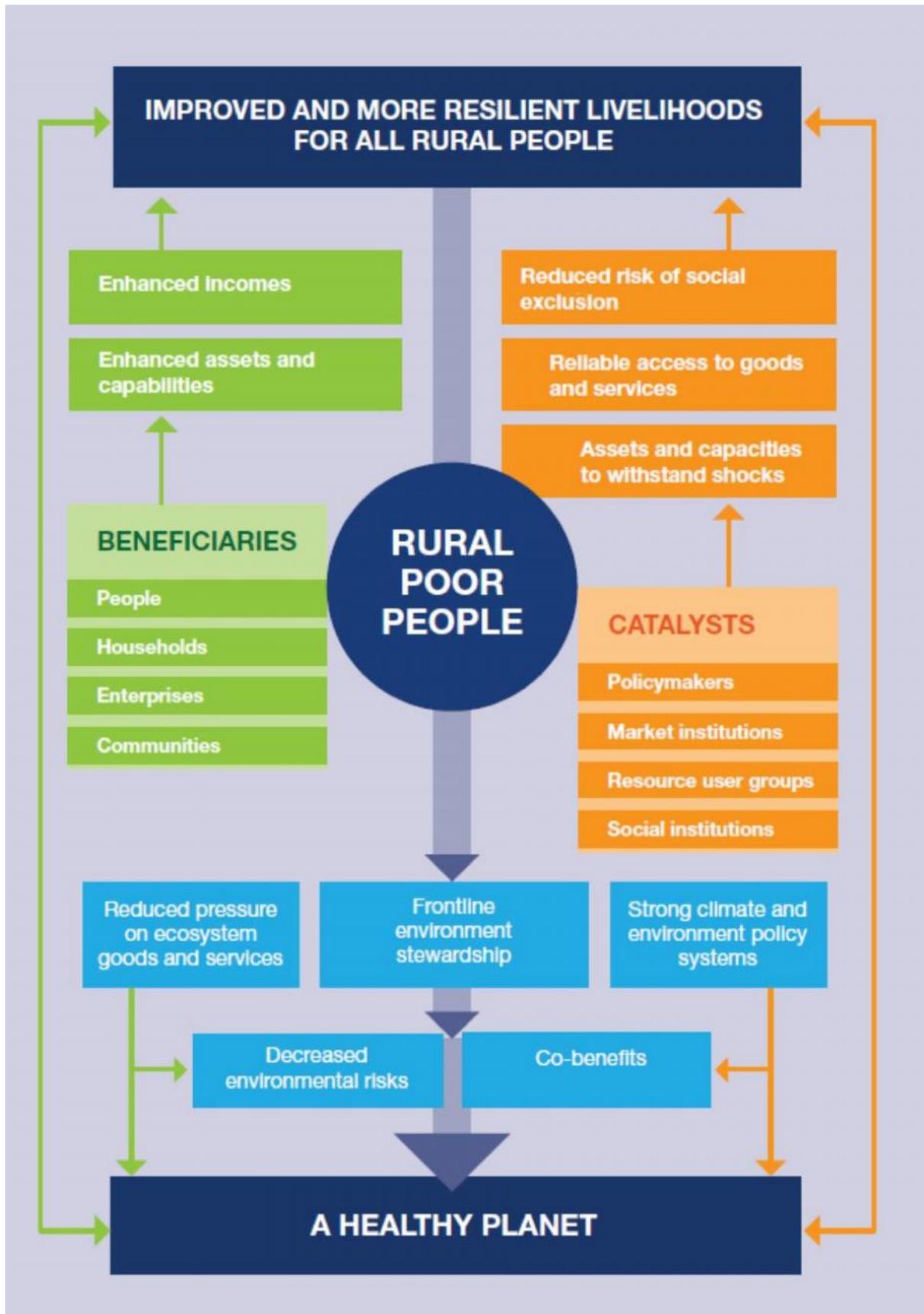
38. This environment and climate change strategy is aligned with IFAD's overall strategic vision of inclusive and sustainable rural transformation that generates improved and more resilient livelihoods for all poor rural people.²⁹ The main impacts that it aims to achieve include the following:

²⁹ IFAD (2016a) p. 15.

- Poor people's access and rights to environmental assets and means of resilience are recognized, secured and equitably distributed, and responsibilities for managing those assets are clearly defined.
 - Poor rural people have the knowledge, skills, technical support and access to finance needed to respond to the positive and negative impacts of climate and environmental change on their livelihood practices and productivity.
 - Ecosystem health and functions, including genetic diversity, are protected and enhanced on smallholder lands through appropriate agricultural, fisheries, forestry and land use practices, resulting in reduced degradation and ecosystem restoration.
 - Value chains that profitably realize the diverse values of environmental assets without increasing environmental and climate risks are developed and sustained for the benefit of poor rural people.
 - Value chains that promote environmental sustainability and enable access to markets for women are selected for their nutritional value and because they generate employment opportunities for youth.
 - Energy, food and rural infrastructure systems support these outcomes while reducing pressure on natural resources at local and national levels.
 - National plans and strategies enable the outcomes listed above and encourage inclusive and sustainable rural transformation.
39. A conceptual framework reflecting IFAD's approach to environment and climate change is provided in figure 1. It draws on three integrated perspectives: livelihoods, holistic policy and interdisciplinary science. The framework is based on the scientific evidence that more productive and resilient livelihoods are only possible when their many assets are considered in an integrated manner (section IV.A).³⁰ It emphasizes the need for IFAD to both engage in diverse policy areas (section IV.B) and draw upon robust interdisciplinary science (IV.C) in order to create enabling conditions for sustainable smallholder development.

³⁰ *Millennium Ecosystem Assessment, Ecosystems and human well-being: Synthesis* (Washington, DC: Island Press, 2005); J Elliott, *An Introduction to Sustainable Development*. (London: Routledge 2013); KG Schreckenberg, and M Poudyal (Eds.), *Ecosystem Services and Poverty Alleviation: Trade-Offs and Governance*. (London and New York: Routledge, 2018).

Figure 1. Strategy conceptual framework



A. The livelihoods perspective

40. IFAD's strategy for supporting rural development by focusing on poor rural people and their livelihoods has proven its effectiveness. This approach is based on the understanding that improved and more resilient livelihoods can be created by supporting smallholders, other small-scale rural producers and their households, enterprises and communities. These efforts not only enhance incomes, but also social, human, natural, physical and political assets and capacities.³¹ Within this framework, environmental sustainability and climate resilience are foundational to improving the lives of smallholders and other poor rural people – not an added value.
41. The natural environment influences the lives and livelihoods of poor rural people in many ways:
- Sustained productivity and economic success depend on reliable access to environmental goods and services, as well as the assets and capacities to withstand climate-induced environmental, market and other shocks.³²
 - Small rural producers and their communities are often the frontline stewards of the environment. Their approaches to rural land management create significant environmental value. More of this value should be captured for their economic development and resilience, and as compensation for their contributions to global public goods.³³
 - Yet, environmental and climate hazards also constitute major risks for small rural agricultural, fisheries and forest producers, and other poor rural people.³⁴
42. Social status influences how poor people are affected by – and benefit from – the natural environment. Women, minorities, indigenous people and other marginalized groups such as youth often face barriers to realizing their rights to resources, land ownership and other means of production, increasing their vulnerability to environmental risks and climate change.³⁵
43. Rural livelihood strategies take into account the economic, environmental and social factors that define the daily lives of poor and marginalized people. Smallholders have always “mainstreamed” environment, climate, gender and nutrition; IFAD's role is to assist them in expanding their options and pursuing new directions. This requires the use of bottom-up, participatory approaches to programme design and implementation. It also requires supportive policy frameworks.

B. The policy perspective

44. IFAD has a well-established approach to policy engagement underpinned by a clearly defined theory of change.³⁶ This strategy aims to augment that approach, which comprises many successful methods, by establishing climate change resilience as a foundational issue. The ways in which poor rural people engage with – and are affected by – the natural environment are shaped by policies, markets, cultural norms and social institutions. National policies and market forces: affect

³¹ United Kingdom Department for International Development (DFID), *Sustainable Livelihoods Guidance Sheets*. (London: DFID, 1999) p. 17.

³² IFAD (2012) p.13; E Grainger-Jones, *Climate-smart Smallholder Agriculture: What's Different?* IFAD Occasional Paper 3 (2011) <https://www.ifad.org/documents/10180/65e06cd3-5b59-4192-8416-a7089d91630c>.

³³ R Chambers and G Conway, *Sustainable Rural Livelihoods: Practical Concepts for the 21st Century*. Institute of Development Studies Discussion Paper 296 (1991); IFAD (2012) op. cit. p. 13.

³⁴ Chambers and Conway (1991) op cit.

³⁵ IFAD (2016a) op. cit. p. 11.

³⁶ Edward Heinemann and Lauren M. Phillips, *Country-level Policy Engagement in IFAD: Guide Book*, p.18, figure 3 https://www.ifad.org/documents/38714170/39144386/CLPE_book_170412_W.pdf/a203813d-8918-43ac-a94c-ad700bcca036.

poor people's access to resources; influence environmental and climate risk; and enable or constrain activities that build prosperous livelihoods around the sustainable use of environmental assets.³⁷

45. National policies are influenced by international policy debates and agreements, which also influence investments and collaboration in the countries in which IFAD works. While its work is centred on smallholders and other poor rural people, IFAD's approach to environmental sustainability and climate resilience should also seek to reach policy and decision makers, market actors, resource-user groups and institutions shaping the context in which rural people pursue their livelihoods. IFAD has a role to play in raising awareness within global policy dialogue regarding the impact of global food systems on rural poor people and smallholders.

C. The global science perspective

46. Evidence on the interconnectedness of the environmental, social and economic dimensions of rural development is increasingly robust thanks to major collaborative research efforts such as the Intergovernmental Panel on Climate Change and the Millennium Ecosystem Assessment. Conceptual frameworks such as planetary boundaries³⁸ have made the evidence around ecological limits – and human impacts on them – widely accessible. New interdisciplinary methods and modelling techniques are making the assessment of trade-offs and synergies increasingly effective.³⁹
47. Research has also shown that breaching ecological limits results in resource scarcity and increased vulnerability. This undermines efforts to eradicate poverty by making the lives of rural poor people more precarious and the ecosystem services they depend on less reliable.⁴⁰ IFAD has made progress in integrating a major the planetary boundary – climate change. But it cannot make a sustained contribution to rural people's livelihoods without also taking into account the environmental context in which those livelihoods are pursued. To do this, it must draw on scientific data demonstrating the impacts of agricultural practices on other boundaries such as biodiversity, water and chemical cycles.⁴¹ IFAD is already testing such integrated approaches and is engaged in the GEF-funded Integrated Approach Pilot on Sustainable and Resilient Food Security.

D. Implications for the scope of IFAD's work

48. To achieve its aim, IFAD's scope of work should continue to include:
- Supporting smallholders and other poor rural people at the individual, household and enterprise levels in accessing, managing and making use of the environmental assets needed to improve their livelihoods and livelihood security. This involves a focus on enhancing skills and knowledge, along with existing local knowledge, to use those assets productively, equitably and sustainably.
 - Supporting community and national efforts to sustain and enhance the ecosystem services on which rural livelihoods depend. This: ensures their continued access by smallholders and other poor rural people; supports community-based resource management institutions; and protects rural people from environmental risks and losses. It will also have positive effects on urban people, who will benefit from improved environmental services.

³⁷ DFID, *Sustainable Livelihoods Guidance Sheets* (London: DFID, 1999) p. 77.

³⁸ J Rockström et al. A Safe Operating Space for Humanity. *Nature* (2009) 461: 272-475.

³⁹ Schreckenberg et al. (Eds.) (2018) op. cit.

⁴⁰ Intergovernmental Panel on Climate Change, *Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects*. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (2014); *Millennium Ecosystem Assessment* (2005).

⁴¹ McIntyre et al. (Eds.) (2009) op. cit. pp 5-6.

- Supporting global efforts to build a healthy planet provides a sustained flow of global public goods and assures the equitable allocation of benefits and costs, including through recognizing and supporting smallholders and other rural producers as environmental stewards.
- Contributing to the climate resilience of poor rural people involves:
 - Working with people and their institutions to design, develop and disseminate innovative technologies and integrated approaches for addressing climate change in ways that safeguard environmental assets and promote social inclusion;
 - Assessing the impacts of climate risks and working with governments, market players and community organizations on improved access to reliable and sustainable risk-management tools;
 - Supporting local and national adaptation programmes and policies; and
 - Supporting initiatives that contribute to climate change adaptation and mitigation while enhancing rural livelihoods, environmental assets and social inclusion.

VI. Strategic ambition and theory of change

A. Fit with IFAD's institutional strategy and organizational aims

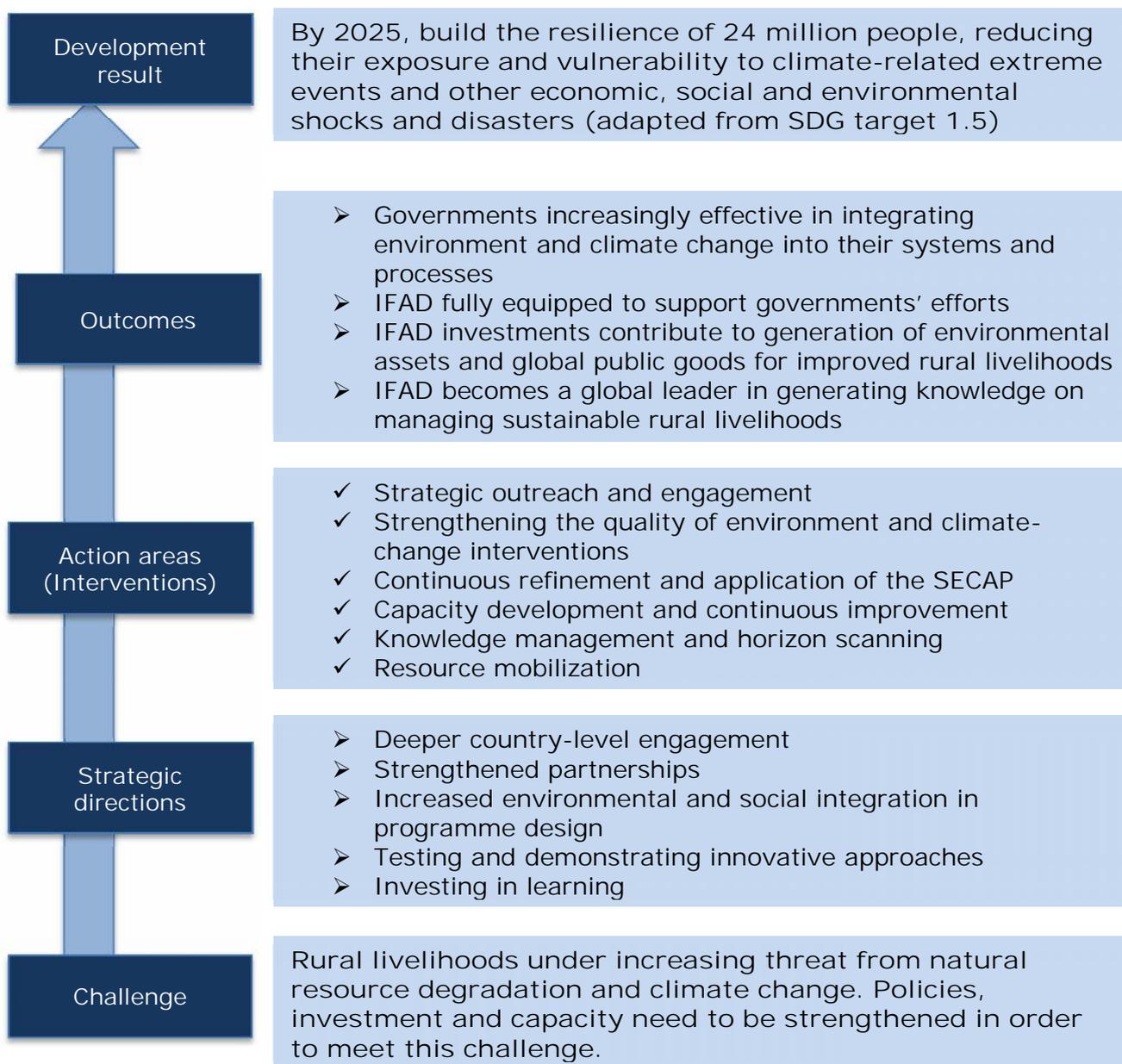
49. IFAD's Strategic Framework (2016-2025) forms the foundation for this environment and climate change strategy. The strategy elaborates IFAD's approach to Strategic Objective 3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities in order to reduce poverty and protect the ecosystems on which they depend. In addition, the strategy draws on the two other Strategic Objectives – to increase poor rural people's productive capacities (Strategic Objective 1) and benefits from market participation (Strategic Objective 2). It also takes into account the priorities for IFAD11 while looking beyond the IFAD11 timeframe. Finally, the strategy contributes to the achievement of several SDGs.

B. Strategy purpose and outcomes

50. The purpose of the strategy is to guide IFAD in addressing environment and climate change across all its policies, strategies and operations. The objective underlying this strategy is enhanced resilience of smallholder farmers and rural communities to environmental degradation and climate change impacts, providing the foundation for more prosperous livelihoods today and in the future. This will contribute to the achievement of SDG Goal 1.5. See the theory of change in figure 2 for more details.

C. Theory of change

Figure 2 - Theory of change



51. The planned outcomes of the strategy are as follows:

- Governments are increasingly effective in integrating environment and climate change objectives and considerations into smallholder agriculture and other rural development policies and programmes.
- IFAD has the skills, capacity, partnerships, systems and resources needed to support governments in integrating environment and climate change into rural development policies and programmes.
- IFAD investments contribute to the generation of environmental assets and services, and global public goods that make the livelihoods of poor rural people more prosperous and resilient, and IFAD's own operations more environmentally sustainable.

- IFAD becomes a global leader in generating knowledge on how to strengthen the environmental sustainability and climate resilience of agricultural production systems that support poor rural people's livelihoods.
52. These outcomes will be pursued by orienting IFAD's work in line with the following five strategic directions:
- Deeper country level engagement: Optimize the opportunities offered by IFAD's restructuring – particularly decentralization and consolidation of staff expertise on environment, climate change and social inclusion – to provide more comprehensive and tailored financial and technical support to governments and country partners aligned with their climate change, environment and sustainable development goals. Use this opportunity to align IFAD's country strategies with United Nations Development Assistance Frameworks.
 - Strengthened partnerships: Enhance collaboration with other United Nations organizations including the other RBAs, financial institutions and technical service providers to provide a more comprehensive package of support to governments. Given the complementarity in their mandates, collaboration among United Nations organizations and international financial institutions (IFIs) offers potential for jointly accessing, sequencing and combining finance and technical support to address the needs of diverse groups of rural people, from the most marginalized landless poor people to small-scale rural producers and entrepreneurs.
 - Environmental and social integration in programme design: Better integrate environment and social assessment into COSOP and programme design in order to identify and incorporate innovative and holistic approaches, co-benefits, smallholder incentives for environmental stewardship and learning opportunities. COSOP development should be used as a tool for policy dialogue at the nexus between environment, climate change, social inclusion, development and associated financing.
 - Testing and demonstrating innovative approaches: Create opportunities through grants and technical assistance to pilot and demonstrate novel solutions to climate change and environmental challenges, harnessing IFAD's operations to demonstrate innovative approaches that generate environmental, climate and social benefits, such as agroecology and renewable energy. IFAD will also continue to green its own operations (see box 2).
 - Investing in learning: Invest in analysing past experiences, emerging trends, dialogue and dissemination of knowledge to build capacity for adaptive management and continuous improvement within IFAD, among its partners and in borrowing countries.

Box 2: Environmental stewardship begins with us

IFAD's approach to environmental sustainability and climate change is not limited to field operations. Within IFAD, there is a strong belief that environmental stewardship begins at home with the way we live, commute and consume. IFAD's greening initiatives are focused on reducing, reusing and recycling. Over the past several years, the Fund has demonstrated its commitment to sustainability through its policies and practices in facilities management, procurement, travel, waste management and emissions reduction.

These efforts have been acknowledged through IFAD's achievement of the globally recognized Leadership in Energy and Environmental Design (LEED) certification in the category of Existing buildings: Operations and maintenance. IFAD first achieved Gold-level LEED certification in 2010, followed by Platinum level in 2015. In fact, IFAD's headquarters was the first building in Italy and the first existing United Nations building to be certified at this level. To complement these efforts, IFAD has been offsetting its emissions since 2013 and has most recently banned the sale of plastic beverage bottles on its premises. Over period of this strategy, special emphasis will be placed on enhancing awareness at both IFAD headquarters and in country offices.

Source: IFAD Administrative Services Division

VII. Action plan

53. The following six areas of action will be implemented over the strategy period:

A. Action area 1: Outreach and engagement

54. Strategic outreach to – and continuous communication with – target audiences is fundamental to implement all aspects of this strategy. IFAD's revised communications strategy will provide a framework for maintaining IFAD's visibility throughout the development of new COSOPs and IFAD-funded projects during IFAD11. This will include strategic communication approaches aimed at increasing awareness of how environmental and climate factors affect smallholders' livelihoods – and IFAD's work to mitigate these impacts. Through policy engagement, IFAD will also seek to generate demand from governments for integrating environment and climate considerations into IFAD's investments and country-level work. Strategic engagement in national and global policy dialogue will strengthen the enabling environment at the country level and increase attention on the need to address challenges related to environment and climate change in agriculture and rural development.

55. Output:

- Comprehensive, organization-wide approach to policy engagement and outreach developed, contributing to more effective programming, policy dialogue, stakeholder awareness, partnership building, resource mobilization and environment and climate change integration.

B. Action area 2: Strengthening the quality of environment and climate change interventions, and associated impacts across IFAD's portfolio

56. IFAD will continue to strengthen its processes, methodologies and approaches to improving the design, implementation, monitoring and learning from its interventions. The development and implementation of horizontal integration approaches to climate change, environment, gender, nutrition and youth will enhance the benefits of IFAD's operations. In order to expand IFAD's reach and develop, test and demonstrate innovative approaches, the Fund will work with other United Nations organizations and IFIs to design joint environment and climate change-focused pilot projects. These projects will provide comprehensive packages comprising financial support, capacity development and technical assistance aimed at making rural poor people's livelihoods and economic activities more secure, sustainable and resilient. If successful, these collaborations can be scaled up. Some examples of activities that IFAD could explore include the following:

- Strengthening ASAP phase 2 or establishing a small-scale finance facility to incentivize collaboration – particularly among the RBAs – on green entrepreneurship, environmental stewardship and innovation;
- Building on IFAD's ten years of experience in agriculture insurance⁴² to develop innovative instruments and approaches for reducing environmental risk and building resilience to climate change – scaling up programmes such as those supporting low-carbon technologies and renewable energy sources;
- Developing country- and regional-level learning platforms that draw on programming experience and the knowledge of partner governments, rural producers and others; and
- Providing technical advice and supporting countries in considering environmental sustainability and climate resilience in the preparation of

⁴² Through the joint IFAD-WFP Weather Risk Management Facility.

implementation strategies for NDCs, SDG strategies and agricultural policy and planning processes.

57. Outputs:

- Mainstreaming and results tools are developed and shared; best practices towards greater results are scaled up and expanded; and RBA pilot projects are established, identifying and developing best practices for collaboration at the country level, with lessons learned informing IFAD's operations.
- IFAD's ability to respond to national country contexts is enhanced by mainstreaming environment and climate throughout project life cycles and using IFAD's innovative tools and methodologies (see figure 3 below).
- Tools and methodologies to integrate climate throughout cross-cutting areas are developed.

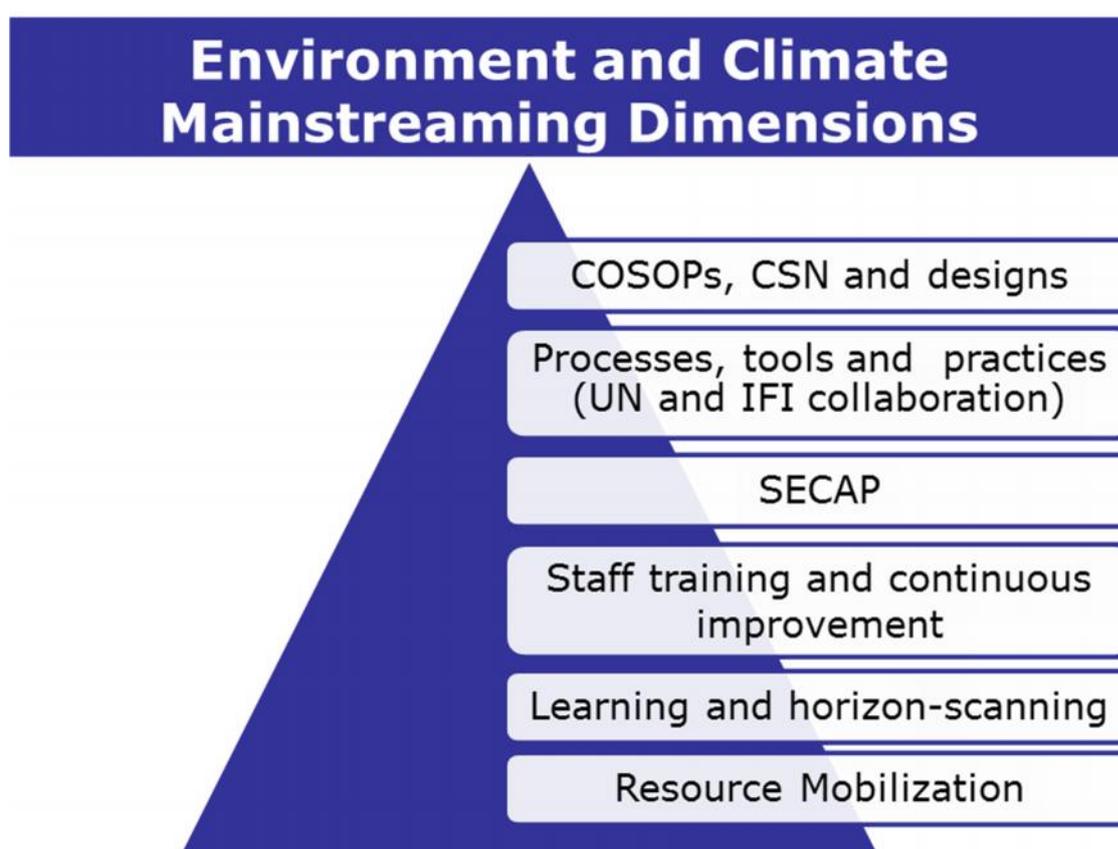


Figure 3 - Different levels of environment and climate mainstreaming

C. Action area 3: Continuous refinement of the SECAP, its application and complementary tools

58. In order to integrate social, environment and climate change assessments into project and programme design, country programme managers and technical specialists will continue to work together, building on their experience to strengthen assessment procedures outlined in the SECAP. As a result of the SECAP being refined, a more comprehensive set of tools for assessment and decision making will be available to address specific technical issues and needs. These could include:

- Tools for assessing and comparing environment, climate and social inclusion costs, benefits and risks, as well as the trade-offs between different project design options in order to support the identification and selection of the best options;
- Tools for identifying the interventions that will generate the greatest benefits across the social, environmental and climate change objectives of the SECAP;
- Participatory knowledge management tools and methods for identifying and assessing opportunities to integrate green technology (e.g. renewable energy), green value chains and other environmental and climate benefits into programme design; and
- A methodology for identifying and assessing national environment and climate capacities and systems, along with potential programme partners.

59. Output:

- Updated social, environmental and climate change assessment procedures, and accompanying tools, which support the design and implementation of projects and programmes that not only mitigate risk but generate environment and climate-related benefits for smallholders and poor rural people, reflecting a continuous learning approach.

D. Action area 4: Capacity development and continuous improvement

60. It is essential that all IFAD staff and stakeholders have the knowledge and skills to achieve the aims of this strategy. They should also be able to communicate IFAD's approach to environment and climate change effectively with governments and other audiences. In order to achieve this, IFAD will strengthen its comprehensive staff training and continuous learning programme on environmental and climate dimensions of country strategies, project and programme design, delivery and review.

61. Outputs:

- Environment and climate components of IFAD's Operations Academy and induction course curricula are strengthened.
- Field-based environment and climate change learning opportunities offered to all staff, especially project management units and in-country partners.
- In-house learning, professional development and external networking opportunities for IFAD's environment and climate, gender, nutrition, youth and indigenous peoples specialists are available.

E. Action area 5: Knowledge management and horizon scanning

62. In order to achieve its ambition of becoming a global leader in environment and climate in rural development, IFAD will enhance its investment in knowledge management, including: analysis of lessons learned from IFAD's programming experience; participation in global networks and knowledge platforms to stay abreast of scientific breakthroughs and emerging trends and learn from others' experiences; and integration of learning into country programmes in order to involve all programme participants, including smallholder farmers and other poor rural people. Linking knowledge and communication, IFAD will ensure that its knowledge comes from a diversity of sources – from scientists to smallholders – and is shared with IFAD stakeholders and other target audiences in appropriate ways.

63. Outputs:

- Lessons learned on integrating environmental sustainability and climate resilience are compiled and disseminated (drawn from ASAP, GEF, IFAD grants and other programmes).
- IFAD country programme managers and environment and climate specialists are linked with their thematic counterparts in United Nations agencies including other RBAs, multilateral financial institutions and regional organizations through regional-level environment and climate learning networks.
- South-South exchange and learning platforms are established among country management units (potentially including study tours and exchanges).
- Emerging environment and climate-related issues affecting smallholders' livelihoods are identified through horizon scanning at the global and regional levels, and inform IFAD's biennial Rural Development Report.

F. Action area 6: Resource mobilization

64. To achieve this strategy's outcomes, IFAD will need to allocate at least 25 per cent of its PoLG to activities that are climate focused. These efforts will need to be complemented by resource mobilization – especially grants – through global climate funds and replenishment of the ASAP. This will create incentives and opportunities for testing and piloting while providing countries with technical support. In addition, IFAD will need to support countries in leveraging international and private-sector funding to enhance environmental sustainability and climate resilience among smallholders and rural communities. This will require providing countries with a range of financial products, including loans and grants, through IFAD's own financial instruments, international facilities such as the GEF, Green Climate Fund and Adaptation Fund, green bonds and private capital.

65. Outputs:

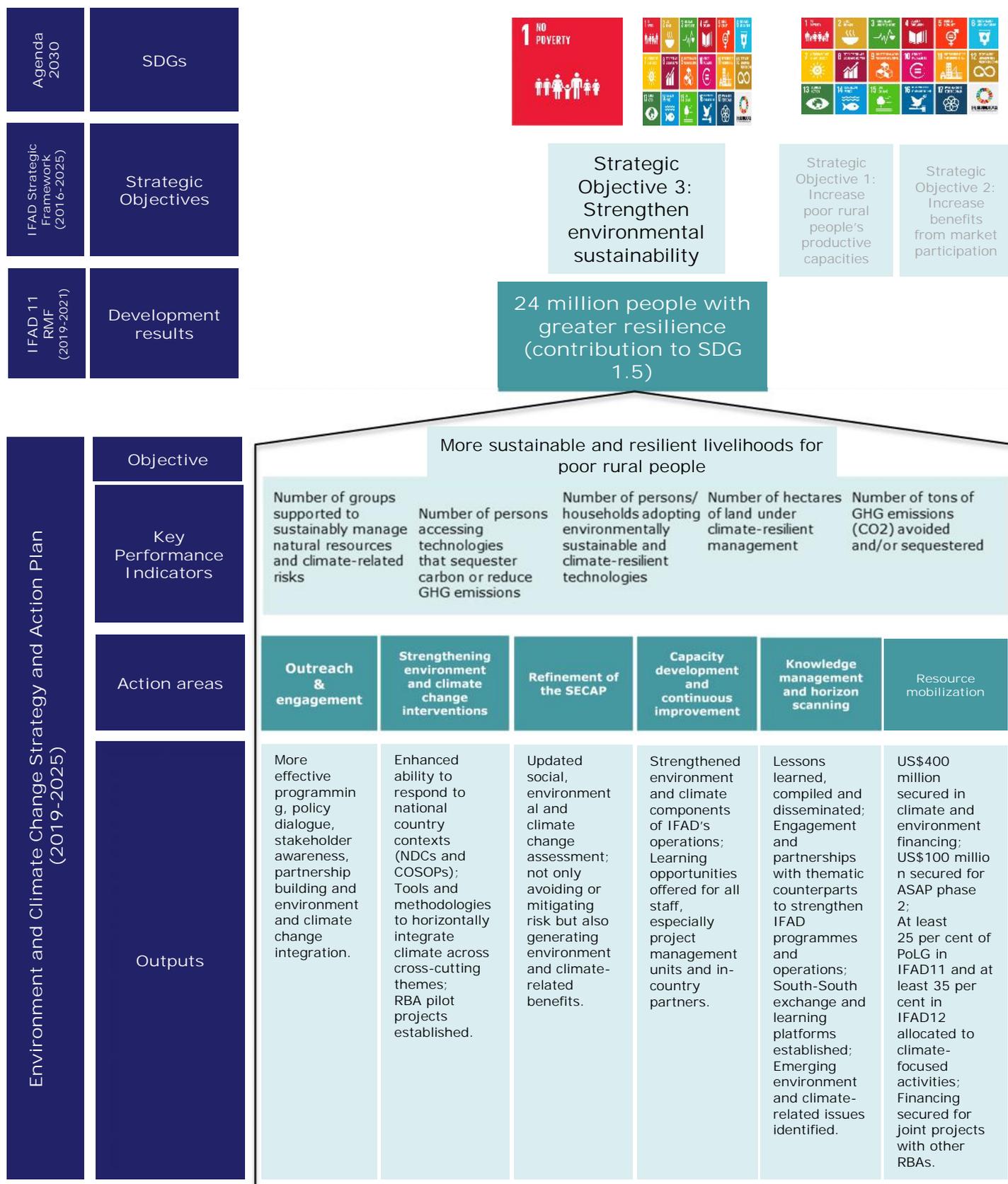
- US\$400 million secured in climate and environment financing from diverse multilateral, bilateral and domestic sources.
- US\$100 million secured for ASAP phase 2, which will provide technical support and opportunities for piloting and demonstration.
- At least 25 per cent of IFAD's PoLG allocated to climate-focused activities in IFAD11 and at least 35 per cent in IFAD12.
- Financing secured for joint projects with other United Nations agencies including RBAs and IFIs.

VIII. Monitoring and evaluation

66. Monitoring and evaluation (M&E) are integral elements of this strategy: if approached creatively, they can contribute to virtually all of the strategy's outcomes and activities. The strategy's results management framework will integrate quantitative indicators tracked through IFAD's Operational Results Management System (ORMS), complemented by additional information from qualitative indicators, participatory assessments, case studies and other methods. The knowledge derived from M&E will feed into learning activities, inform outreach and communications, and support innovation and continuous improvement.

67. Figure 4 below provides a graphic summary of the strategic framework.

IFAD'S Results management framework for environment and climate change



Results framework

SDG 1.5 (Agenda 2030)	By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.	
Strategic Objective (IFAD Strategic framework 2016-2025)	Strategic Objective 3: Strengthen environmental sustainability and climate resilience	
Development result (IFAD11 Results Management Framework)	By 2025 – 24 million people with greater resilience	
Environment and Climate Change Strategy and Action Plan (2019-2025)		
Objective	Targets by end 2025	
<ul style="list-style-type: none"> More sustainable and resilient livelihoods for poor rural people 	<ul style="list-style-type: none"> 100 per cent of COSOPs include NDCs analysis US\$500 million mobilized for environment and climate change 95 per cent of projects rated on climate change adaptation obtain a performance score of 4 or above at mid-term review 95 per cent of projects rated on environment obtain a performance score of 4 or above at mid-term review 	
Action area 1: Outreach & engagement		
Output	Indicator	
<ul style="list-style-type: none"> A comprehensive, organization-wide approach to policy engagement and outreach contributes to more effective programming, policy dialogue, stakeholder awareness, partnership building and environment and climate change integration. 	<ul style="list-style-type: none"> Number of concrete environment and climate-related policy deliverables produced through national, regional and global engagement that create an enabling environment for climate-focused work (policy papers, joint advocacy, events, media briefings, etc.) Number of national, regional and global climate-related policy-influencing events that enhance IFAD's visibility (presenting, facilitating, chairing, hosting, etc.) Number of strategic partnerships developed/maintained 	
Action area 2: Strengthening environment and climate change interventions		
Output	Indicator	
<ul style="list-style-type: none"> Mainstreaming and results tools developed and shared; best practices towards greater results scaled up and expanded; RBA pilot projects established, identifying and developing best practices for collaboration at the country level; lessons learned integrated into IFAD's regular operations and country systems. 	<ul style="list-style-type: none"> 100 per cent results-based COSOPs and country strategy notes with NDC priorities Number of groups supported to sustainably manage natural resources and climate-related risks Number of persons accessing technologies that sequester carbon or reduce greenhouse gas emissions Number of persons/households adopting environmentally sustainable and climate-resilient technologies Number of hectares of land under climate-resilient management Number of tons of greenhouse gas emissions (CO₂) avoided and/or sequestered 	

Action area 3: Refinement of the SECAP	
Output	Indicator
<ul style="list-style-type: none"> Updated social, environmental and climate change assessment supports the design and implementation of programmes that not only avoid or mitigate risk, but also generate environmental and climate-related benefits for smallholders and poor rural people, reflecting a continuous learning approach. 	<ul style="list-style-type: none"> Number of IFAD-financed projects with significant environmental, social and climate risk (sum of category "A" and "high" projects) and unsatisfactory SECAP compliance (rated 3 or below during implementation) significantly reduced. Number of IFAD-financed projects (regardless of their environmental, social and climate risk) with unsatisfactory SECAP compliance (rated 3 or below during implementation) significantly reduced.
Action area 4: Staff training and continuous improvement	
Output	Indicator
<ul style="list-style-type: none"> Strengthened environment and climate components of IFAD's Operations Academy and induction course curricula. Field-based environment and climate change learning opportunities offered to all staff, especially project management units. In-house learning, professional development and external networking roles and opportunities for IFAD's environment and climate change specialists developed. 	<ul style="list-style-type: none"> Number of IFAD technical staff in place to support mainstreaming of environment and climate change issues into IFAD's portfolio Adequate funding made available for implementing and staffing the action plan during 2019-2025 Number of environment and climate change awareness sessions organized for IFAD staff
Action area 5: Learning and horizon scanning	
Output	Indicator
<ul style="list-style-type: none"> Lessons learned on effective approaches to integrating environmental sustainability and climate resilience compiled and disseminated (drawn from ASAP, GEF, IFAD grants and other programmes). IFAD country programme managers and environment and climate specialists linked with their counterparts in other United Nations agencies including RBAs, multilateral financial institutions and regional organizations through regional-level environment and climate learning networks. South-South exchange and learning platforms for country management units established (potentially including study tours and exchanges). Emerging environment and climate-related issues affecting smallholders' livelihoods identified through horizon-scanning processes at the global and regional levels, and used to inform IFAD's biennial Rural Development Report. 	<ul style="list-style-type: none"> Number of projects reporting on core environment and climate change indicators Number of knowledge products developed to support environment and climate change-sensitive project design implementation, M&E and policy engagement Dissemination strategy promoting uptake of research and other knowledge products

Action area 6: Resource mobilization

Output	Indicator
<ul style="list-style-type: none"> • US\$400 million secured in climate and environment financing from diverse multilateral, bilateral and domestic sources. • US\$100 million secured for ASAP phase 2, which provides technical support and opportunities for piloting and demonstration. • At least 25 per cent of IFAD's PoLG allocated to climate-focused activities in IFAD11 and at least 35 per cent in IFAD12. • Financing secured for joint projects with other RBAs. 	<ul style="list-style-type: none"> • Millions of US\$ mobilized for environment and climate financing • Multilateral development bank methodology to track climate finance implemented

Schedule of activities

The preparation of this strategy included the following activities, which were carried out by a team of consultants from the International Institute for Environment and Development (IIED) during the first six months of 2018:

1. IFAD environment and climate change stocktaking and look forward:
 - Literature review and discussions with ECG to understand the context and define the scope of work (January).
 - Interviews and meetings with IFAD stakeholders, Executive Board members and partners. The meetings and most of the interviews took place during a visit to IFAD headquarters by two members of the team; other interviews were undertaken via Skype (February).
 - Further literature review for deeper familiarization with IFAD policies, systems and structures (February-March).
 - Identification of key focus areas for the strategy (March).
2. Benchmarking and best practice review:
 - Initial document review of selected peer organizations' policies and procedures (March).
 - Interviews with informants from peer organizations, supplemented by interviews with IIED experts and other key informants (March-April).
 - Analysis of findings (see annex 3) (May).
3. Stakeholder consultation (April):
 - Team visit to IFAD headquarters to present preliminary findings to stakeholders and seek collective guidance on the structure and content of the strategy. Activities included:
 - A two-day workshop with IFAD staff and representatives of the other RBAs to develop a conceptual framework for the strategy; and
 - A meeting with representatives of IFAD's Executive Board.
4. Draft strategy (May):
 - Preparation of a first draft of the strategy based on the literature review, interviews, workshop and meetings;
 - A one-day staff workshop to elicit feedback on the draft and prepare the strategy action plan;
 - Meetings with IFAD senior staff and Executive Board representatives to obtain their input and feedback on the draft.
5. Final strategy (June):
 - Preparation of the final draft strategy and submission to IFAD.

Persons consulted

Name	Institution	Position
Saheed Adegbite	IFAD	Director, Office of Budget and Organizational Development
Margarita Astralaga	IFAD	Director of Climate and Environment
Jérôme Audin	French Mission, Rome	Deputy Permanent Resident to the RBAs, France
Jean-Philippe Audinet	IFAD	Lead Technical Specialist, Producers Organizations and Rural Development, Sustainable Production, Markets and Institutions Division
Clara Axblad	Swedish Embassy, Rome	Programme and Policy Officer, Multilateral Section, Swedish Embassy
Florent Baarsch	IFAD	Consultant, Environment and Climate Economist, ECG
Simonetta Baisi	Government of Italy	
Marta Barcena	Mexico Mission, Rome	Ambassador
Ndaya Beltchika	IFAD	Lead Technical Specialist, Gender and Social Inclusion
Abla Benhammouche	IFAD	Country Director for Angola, Malawi and Zambia
Maria van Berlekom	Sida	Lead Policy Specialist for Environment and Climate Change
Thomas Bousios	IFAD	Director, Information and Communications Technology Division
Khalida Bouzar	IFAD	Director of the Near East and North Africa Division
Fabrizio Bresciani	IFAD	Regional Economist, Asia and the Pacific Regional Division
Nigel Brett	IFAD	Director, Asia and the Pacific Regional Division
Adolfo Brizzi	IFAD	Director of the Policy and Technical Advisory Division
Donal Brown	IFAD	Associate Vice-President, Programme Management Department
Liz Carlile	IIED	Director of Communications
John Carstensen	DFID	Head of Environment and Climate Profession
Romina Cavatassi	IFAD	Senior Economist of the Strategic Knowledge Department
Federica Cerulli	IFAD	Senior Partnership and Resource Mobilization Officer, Partnership and Resource Mobilization Office
Liam Chicca	IFAD	Special Adviser to the President, Office of the President and Vice-President
Paxina Chileshe	IFAD	Adaptation Specialist
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Emily Coleman	IFAD	Insurance Expert
Roshan Cooke	IFAD	Regional Climate and Environment Specialist for Asia and Pacific
David Cuming	Canada Mission, Rome	Senior Programme Officer, Canada Mission to the RBAs
Mark Davis	FAO	Deputy Director of Climate and Agriculture
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Fabrizio Felloni	IFAD	Deputy Director, Independent Office of Evaluation of IFAD
Ilaria Firmian	IFAD	Knowledge Management Officer
Vincenzo Galastro	IFAD	Country Programme Manager, West and Central Africa Division
Mattia Prayer Galletti	IFAD	Lead Technical Specialist, Rural Youth
Rosalind Goodrich	IIED	Head of Research Communications
Gonzalo Griebenow	IFAD	Environment and Climate Programme Officer for Latin

Name	Institution	Position
		America and Caribbean
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Michael Hamp	IFAD	Lead Technical Specialist, Inclusive Rural Financial Services
Edward Heinemann	IFAD	Lead Technical Specialist, Policy, Programme Management Department
Giles Henley	United Kingdom DFID	Livelihoods and Climate Smart Agriculture Advisor
Irene Hoffman	FAO	Director, FAO Commission on Genetic Resources for Food and Agriculture
Saleemul Huq	IIED	Senior Fellow, Climate Change
Karin Isaksson	Sida	Senior Policy Advisor, Environment and Climate Change
Victoria Jacobsson	Swedish Mission, Rome	Councillor, Deputy Permanent Representative of Sweden to IFAD and WFP
Sonu Jain	World Bank	WAVES Communications Specialist
Sana Jatta	IFAD	Director of the East and Southern Africa Division
Steven Jonckheere	IFAD	Senior Technical Specialist, Gender and Social Equality, ECG
Alex Jones	FAO	Director of Climate and Environment
Anne Juepner	UNDP	Director, GC-RED and Co-Director, Poverty Environment Initiative
Edith Kirumba	IFAD	Environment and Climate Programme Officer for East and Southern Africa
Sanjeev Kumar	India Embassy, Rome	Second Secretary
Gernot Laganda	WFP	Director of Climate Change
Liza Leclerc	IFAD	Lead Technical Specialist, Environment and Climate Finance
Joaquin Lozano Aguirre	IFAD	Director of the Latin America and Caribbean Division
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Shanatu Mathur	IFAD	Lead Advisor to Associate Vice-President of the Programme Management Department
Holly Mergler	UNDP	Safeguards Manager
Martina Metz	BMZ, Germany	Head of Division
Roberto Montalto	IFAD	Facilities Management, Administrative Services Division
Estibalitz Morras Dimas	IFAD	Portfolio Officer and M&E Officer for Environment and Climate
Sheila Mwanundu	IFAD	Lead Technical Specialist, Safeguards
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Eric Patrick	IFAD	Adaptation Specialist
David Radcliffe	DFID	Consultant
Hannah Reid	IIED	Research Associate, Climate Change and Biodiversity

Name	Institution	Position
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Charlotte Salford	IFAD	Associate Vice-President, External Relations and Governance Department
Rami Abu Salman	IFAD	Country Programme Manager, Iraq, Jordan and Armenia
Tim Scott	UNDP	Senior Sustainable Development Advisor
Karan Sehgal	IFAD	Consultant - Asia Pacific Renewable Energies, ECG
Amath Pathe Sene	IFAD	Regional Climate and Environment Specialist for West and Central Africa
Gustaf Daud Sirait	Indonesia Embassy, Rome	First Secretary, Multilateral Affairs
Michael Stanley-Jones	UNDP/Poverty-Environment Initiative	Communication and Outreach Officer
Paul Steele	IIED	Chief Economist
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Sarah Zernitz	Netherlands	Intern

Key findings of benchmarking and best-practices review

1. Purpose of the benchmarking and best-practices review

In updating IFAD's environment and climate strategy, it was important to learn lessons from peers in order to: (i) gain a broader understanding of the progress made and challenges faced by others in tackling climate and environment; (ii) identify whether IFAD is implementing what peers consider best practices; and (iii) draw inspiration from new approaches and practices with a view to adopting them at IFAD, improving collaboration with peers, and developing IFAD's partnerships.

Important lessons have been integrated into the strategy's main text. This annex provides further details that may assist in implementing the strategy.

2. How the review was undertaken

The methodology comprised structured interviews with personnel working on environment- and climate-related issues in six peer organisations (see list below). These interviews assessed the most critical issues, policies and tools that worked, and challenges faced. They were supplemented by a document review in order to understand peer organizations structures, policies and procedures.

The six peer organizations that were consulted for this review comprised: the African Development Bank (AfDB), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the United Kingdom Department for International Development (DFID), the French Agency for Development (AFD) and the Swedish International Development Cooperation Agency (Sida). Three associated bodies were also interviewed: the FAO Commission on Genetic Resources for Food and Agriculture; the UNDP-United Nations Environment Programme (UNEP) Poverty-Environment Initiative; and the UNDP Global Policy Centre on Resilient Ecosystems and Desertification (GC-RED). An additional interview was held with the World Bank Wealth Accounting and Valuation of Ecosystem Services (WAVES) programme.

Additional documents reviewed included the policies and procedures of the European Commission, the World Food Programme (WFP) and the Swiss Development Cooperation (SDC). Early findings of the Organisation for Economic Co-operation and Development (OECD) Peer Learning Exercise on Environmental Management and Mainstreaming in Development Cooperation, which was facilitated by IIED, provided complementary information from 23 bilateral and multilateral organizations.

The 12 interviews explored ten themes relevant to IFAD's environment and climate strategy: mainstreaming multiple issues, safeguards and standards, capacity and resources, country systems, partnerships, fundraising, communications, horizon scanning and emerging issues, M&E, learning and knowledge management. These themes were identified in collaboration with IFAD, drawing on IIED's prior interviews with 28 IFAD staff.

Caveats: This review was undertaken as a means to an end – to inform IFAD's strategy. No authoritative, formal benchmark exists for the multi-faceted issue of mainstreaming. To develop such a benchmark would have been a major exercise. The review should therefore not be seen as a comprehensive assessment of the status of mainstreaming within or across these agencies.

3. Benchmarking peers – overview

It is clear that IFAD performs well in relation to its peers:

- IFAD is a well-respected leader in safeguards and in embedding climate adaptation deep into its programming. It deploys professional environment and climate staff well in spite of resource constraints. These are areas in which IFAD itself sets the benchmark and could engage with partners to "raise the game" – as it is already doing with safeguards across the United Nations.

- IFAD's direction is positive as a result of recent internal changes. It is embracing multiple mainstreaming areas through the new ECG – bringing together environmental and social factors that improve the quality of rural development, and becoming more SDG oriented.

However, IFAD needs to make more progress in four areas:

- Monitoring and evaluation – assessing the quality of environment and climate work, and its outcomes at the operational and country level (rather than portfolio wide as measured by the Rio Markers);
- Country systems – assessing, engaging with, using, complementing and supporting national environment capacities, procedures and systems;
- Horizon scanning and handling emerging environment issues in a proactive, scientific manner that is informed by developing country conditions; and
- Fundraising and financial instruments that work for the environment and climate in the context of sustainable rural development.

IFAD could learn from peers in the first three areas. IFAD and peers alike are challenged in fundraising and financial instruments.

The initial survey responses from the May 2018 OECD Development Assistance Committee's environmental management and mainstreaming peer exercise, summarized in box 1 below, provide broader context.

Box 1: OECD environmental management and mainstreaming peer exercise – initial survey findings

The OECD survey received 23 responses from bilateral and multilateral organizations (IFAD was not included).

Internal mainstreaming: intentions, capacity and tools

- Policy: 100 per cent of respondents say environment is included in development policy
- Project design: 91 per cent integrate environmental objectives at the programme/project design stage
- Environmental safeguards: 78 per cent operate environmental safeguards
- Headquarters capacity: 70 per cent ensure headquarters staff capacity on environmental mainstreaming
- Country staff capacity: 57 per cent build country/regional/field office staff capacity for environmental mainstreaming
- Strategic environmental assessments (SEA): 43 per cent use SEA or equivalent
- Do no harm: 43 per cent deploy standards to ensure no negative impacts

Country partner mainstreaming and outcomes

- Capacity development: 78 per cent support environment capacity development of key ministries
- Capacity development of local government: 70 per cent support environment capacity development of local government partners
- Data and information: 61 per cent strengthen environmental data and information systems
- Mainstreaming support: 52 per cent promote direct process-related support on mainstreaming
- Creating demand: 35 per cent actively create demand for environment-related technical work

Top challenges that many respondents wish to explore

- Achieving clarity of communication and internal coherence about environment and climate
- Getting policy makers and senior management attention when “competing” issues harm the environment
- Multiple mainstreaming: balancing increasing calls for gender, environment, climate, etc.
- Capacity: expertise gaps and overreach in programme development and delivery
- M&E: ensuring meaningful monitoring and evaluation

Source: OECD Draft report of Environment Management and Mainstreaming Peer Learning Inception Workshop, 14 May 2018 (Paris: OECD, 2018)

4. Best practices from peers – overview

The top lessons from peers and other organizations on the ten themes explored during IFAD's environment and climate strategy preparation process include the following:

5. Mainstreaming multiple issues

- Work towards sustainable development (comprising social and environmental) principles, standards or codes, and coherence with those of others.
- Ensure a common worldview and direction on environment in development across the institution and especially at the senior level.

- Focus on high-level institutional objectives that are integrated rather than placed in silos; an SDG focus can help.

6. Safeguards

- Separate: (i) environmental risk created by projects; (ii) environmental risk to projects; and (iii) potential for environmental co-benefits of projects.
- Ensure that compliance for environmental risk assessment is independent, based on law and linked to risk and quality assurance systems.
- Environment advisers should collaborate early with project planners, supporting decisions to “do more good”.

7. Internal capacity and resources

- Invest in an influential, embedded environment team with full range of skills, local knowledge and networks.
- Adopt or develop standards for environment advisers, and use them in staff development, posting and outsourcing.
- Recognize the environment’s core added value to the organization’s mission and create incentives for all staff accordingly.

8. Country (government and smallholder) capacity and systems

- Engage at the policy level to discuss, assess, deploy (if effective) and develop (if needed) country environmental capacity.
- Work with beneficiaries to clarify the environmental dimensions of national and sector environment, climate change, development and SDG plans.
- Support economic analysis to improve budget, investment and fiscal decisions on environment integration.

9. Partnerships and alliances

- Partner with international environmental organizations and environmental ministries to promote mainstreaming.
- Ensure clarity of the agency’s niche and transparency of its strengths and weaknesses to find useful partners.
- Look to knowledge partnerships (e.g. Green Growth Knowledge Platform, Sustainable Development Solutions Network) as cost-effective for both agencies and beneficiaries.

10. Financial resource mobilization

- Finance is a key vehicle for mainstreaming and finance targets can incentivise and accelerate it.
- GEF and the Green Climate Fund have proven difficult to access and not well designed for smallholders and local public goods.
- As a result, some agencies dedicate staff to fundraising.

11. Communications and outreach

- A strategic approach to communications helps management and staff to grasp the meaning of “environment” and act coherently.
- Effective communication strategies balance four elements: engagement, profiling, information sharing, and influence.
- Communications need to be integral to environment and climate mainstreaming initiatives, starting early in the project cycle.

12. Horizon scanning

- Horizon scanning tends to be informal at best, which prejudices staff against long-term, non-linear issues like the environment.
- High-level procedures like country selection can offer space to consider future environment issues.
- Senior environment staff can play effective roles, especially if they participate in or lead networks like the OECD Development Assistance Committee and Poverty-Environment Partnership.

13. M&E

- Qualitative indicators are needed to capture the environment-development links that affect development quality.
- Development-friendly definitions of environment are needed; its many dimensions are not well understood.
- M&E of the cumulative outcomes and impacts of an agency's environment safeguarding can demonstrate the environmental relevance of the agency's entire portfolio.

14. Learning and knowledge management

- With no "magic bullet" for mainstreaming environment, it is important to organize learning about what works and what does not.
- An inclusive learning system for all staff, linked to a theory of change, can complement piecemeal and discontinuous learning.
- Multi-stakeholder intra-agency and in-country learning groups on environmental mainstreaming can reveal champions and turn into leadership groups.