

Document:	<u>EB 2020/131(R)/R.14/Add.2</u>
Agenda:	<u>5(b)</u>
Date:	<u>4 December 2020</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Update on Implementation of the Rural Poor Stimulus Facility and IFAD's Wider Response to COVID-19

Addendum

Management's Response to Member States' Comments

Executive Board — 131st Session
Rome, 7-9 December 2020

For: Information

Comments from Japan	Management response
<p>Japan appreciates IFAD for the second update of IFAD's response to COVID-19 and its proactive response to the adverse social and economic effects from global COVID-19 pandemic by establishing Rural Poor Stimulus Facility and repurposing existing projects. We welcome that IFAD's response to COVID-19 is progressing and in particular IFAD is taking a pragmatic approach of highly utilizing already existing schemes and infrastructures to be cost efficient and agile.</p>	<p>Thank you for your comments and appreciation. We are indeed looking for opportunities to increase the efficiency and speed of our response, making use of existing schemes and infrastructure wherever possible. In order to ensure cost-efficiency and agility, IFAD has adopted a rigorous arms-length quality assurance process for Rural Poor Stimulus Facility proposals, with all review meetings chaired by the Vice-President.</p>
<p>We recall that the Board discussed and decided that <u>projects implemented by a private sector entity needs Board's approval irrespective of the value of projects</u> while the Board also authorized the President of project agreements of up to and including US\$ 10 million at the 129th Board session. We note that several stand-alone projects are implemented through non-government entities as stipulated in paragraph 5; "while the rest will be for stand-alone initiatives <u>implemented through other partners, including research institutions, NGOs and associations of farmers' organizations</u>". We would like to clarify if these projects are not recognized as "projects implemented by a private sector entity", which should be approved by the Board.</p>	<p>Upon submission, the Rural Poor Stimulus Facility (RPSF) proposals go through a due diligence process and are reviewed by many divisions, including the Office of the General Counsel. The Office of the General Counsel reviews the documentation made available by the implementing partners that provide evidence of their legal status, and determines whether the implementing partner is a for-profit or not-for-profit entity, and thus whether the proposal must receive approval from the Executive Board. Research institutions, NGOs and associations of farmers' organizations are considered not-for-profit entities and do not fall under the definition of a private sector entity. So far, no implementing partners have fallen under the definition of a private sector entity.</p>

Comments from United States	Management response
<p>We appreciate the update on the implementation status of the Rural Poor Stimulus Facility and IFAD's wider operational response to COVID-19.</p> <p>We note that the approved RPSF projects and those still in the pipeline are expected to reach 1.5 million households and provide input and marketing support, rural financial services, and digital services. We also note that, due to limited data available, the original allocation mechanism will be maintained.</p>	<p>Thank you, we are proud of our ability to approve a range of projects with such a wide outreach in a short space of time. We will be sure to track the results we achieve and document lessons learned as we move forward.</p>
<p>Can Management provide additional information on how allocation decisions are made for the multi-country pool under the RPSF?</p>	<p>Allocations for the multi-country pool are based on competitive selection. For the first allocation round, and the second round that has just begun, we issue a call for proposals. The proposals are then reviewed by the RPSF task force, made up of focal points from the Programme Management Department (PMD) and the Strategy and Knowledge Department (SKD). This review considers several factors, including strategic importance, partnership-building, scope for innovation, synergies across the countries covered by the proposal, cost-efficiency, COVID-19 risk, income status of the countries included, and cofinancing. For the first round, a final decision was then made by the Associate Vice-Presidents of PMD and SKD informed by this review, in consultation with the President and, for the second round, in consultation with the Vice-President.</p>
<p>Also, can Management comment on what steps are being taken to ensure that input support is appropriately targeted to vulnerable populations under the RPSF and existing projects with repurposed funds?</p>	<p>With repurposed funds, and in many cases for the RPSF where projects are linked with existing IFAD projects, RPSF projects utilize the targeting strategies of existing IFAD projects. For all repurposing and RPSF projects, targeting is also informed by the input of local project staff and partners, who help to identify those most in need of support in response to the pandemic. Targeting through the RPSF must also be aligned with IFAD's targeting policy and mainstreaming themes. Finally, targeting is informed by national COVID-19 response plans devised by the governments, whereby households most in need of support, including input support, are identified. Collaboration with governments and United Nations country teams (UNCTs) also helps to ensure alignment and minimize overlap in the support provided to the households targeted. Targeting is also reviewed</p>

Comments from United States	Management response
	and discussed as part of the rigorous arms-length quality assurance process adopted for RPSF proposals, with all review meetings chaired by the Vice-President.
What modalities are used for input procurement and distribution (i.e., in-kind transfers, vouchers, etc.)?	A variety of modalities are used, based on context, to ensure timely delivery of inputs. Most commonly, inputs will be procured locally, from one or more local suppliers including private companies and seed multiplier groups. In terms of distribution, this is again adapted to context, with the most common modalities being direct transfers of the inputs (as in Burundi, Central African Republic, Eritrea and Yemen for example), or through vouchers or e-vouchers (as in Ethiopia and Kenya).
What mechanisms does IFAD use to ensure that the local private sector is not being crowded out by these interventions?	Given their nature, it is unlikely that activities financed through the RPSF and repurposing would pose risks to local private sector actors. Indeed, input supplies to the target group create demand where none exists, given the levels of poverty of the targeted populations and the effects of COVID-19 on their cash flow. The inputs themselves are purchased from local private sector actors, following approved procurement procedures. Moreover, activities designed to facilitate access to markets, financial services and information (pillars 2, 3 and 4 of the RPSF) are more likely to complement local private sector actors than to crowd them out. Nevertheless, IFAD takes measures to avoid crowding out by stipulating that all projects approved through the RPSF must show evidence that they have been designed in collaboration with the government and with the UNCT, so that all risks, including the risk of crowding out the private sector, are discussed before the design is finalized.

Comments from Switzerland	Management response
<p>Switzerland continues to support the RPSF initiative and welcomes this crucial update. The document is informative, but to further advance future instalments, we would propose that the report illustrate how “Covid-specific” the RPSF projects in fact are by means of a tabular annex and synthesised indicators in the text. Also, Annex I should indicate the planned duration and end-date of each project.</p>	<p>This is well noted and the report provided to the next session of the Executive Board will include details of the COVID-19 specificity of projects, as suggested, along with details of the planned duration and end date of projects.</p>
<p>Which is the latest final date by which RPSF projects must be approved?</p>	<p>No deadline has been set for the approval of RPSF projects, but all funds are expected to be committed within Q1 of 2021 – thus allowing sufficient time for the activities to be completed by the end of 2021.</p>
<p>Concerning §12: As no data at all and no reliable data are available in targeted countries for applying a Covid-related risk analysis, how can IFAD ensure that the RPSF projects in these countries are indeed Covid-specific?</p>	<p>There is an absence of consistent and reliable country-level data on COVID-19 cases. However, through various channels IFAD has been able to obtain local information on COVID-19 impact on rural livelihoods to design RPSF projects that are COVID-19 specific. First, IFAD has a presence and infrastructure in all of these countries, which makes it possible to identify the needs of small-scale rural producers and design projects accordingly. Often the worst affected households are among the beneficiaries of ongoing IFAD projects, meaning that IFAD country teams are well informed about the challenges that need to be addressed for these households. In addition, IFAD works closely with governments, UNCTs and other development actors to design the projects, to ensure that they are well-informed and aligned with wider COVID-19 responses.</p>

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Comments from France	Management response
<p>France welcomes the updated information on the implementation of the Rural Poor Stimulus Facility and IFAD's Wider Response to COVID-19. We commend IFAD for the steady implementation of the RPSF and its wider COVID-19 response, as illustrated by the fact the repurposing now amounts to an overall US\$142 million across 54 approved projects in 32 countries, with an additional US\$46 million across 12 projects in 12 countries in the pipeline. We encourage IFAD to continue ensuring consistency with the global UN response plan. We also note with appreciation the steps taken by management to ensure thorough evaluation and impact assessment upon completion.</p> <p>Finally, France agrees that the RPSF allocation mechanism should be maintained at this stage.</p>	<p>Thank you for your comments and encouragement. We will indeed endeavour to rigorously assess the impact of the facility at completion.</p>