

Document: EB 2021/134/INF.3
Date: 17 November 2021
Distribution: Public
Original: English

E



Review of the Implementation of the Streamlined Approval of IFAD-funded Projects and Programmes

Note to Executive Board representatives

Focal points:

Technical questions:

Donal F. Brown
Associate Vice-President
Programme Management Department
Tel.: +39 06 5459 2448
e-mail: d.brown@ifad.org

Luis Jiménez-McInnis
Secretary of IFAD
Tel.: +39 06 5459 2254
e-mail: l.jimenez-mcinnis@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra
Chief
Institutional Governance and
Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

Executive Board — 134th Session
Rome, 13-16 December 2021

For: Information

Contents

| | | |
|-------------|----------------------------|----------|
| I. | Background | 1 |
| II. | Implementation | 2 |
| | A. Overview | 2 |
| | B. Lapse-of-time | 2 |
| | C. Delegation of authority | 2 |
| III. | Conclusion | 3 |

Appendix: Summary data

Review of the Implementation of the Streamlined Approval of IFAD-funded Projects and Programmes

I. Background

1. During the Executive Board retreat in April 2018, representatives discussed ways to improve Executive Board processes to ensure both efficient and effective governance of IFAD and maintain the oversight role of the Executive Board. The topic was discussed further with Convenors and Friends in December 2018 and at an informal seminar in March 2019. Subsequently, in May 2019, the Executive Board approved [Management's proposals to streamline the approval of IFAD-funded projects and programmes](#).
2. The proposals were intended to (a) provide a more agile approach to project design and approval and contribute to IFAD's corporate commitment to reduce the time between project concept note approval and Executive Board approval and (b) free up time during Board sessions to focus on policy and strategy matters while maintaining the governance role of the Executive Board.
3. The streamlined approval processes adopted (which were informed by a benchmarking exercise with other international financial institutions) are as follows:

Lapse-of-time procedure (LOT)

- (a) Increase in the threshold from US\$25 million to US\$40 million for operations classified as regular (track 2)¹ and additional financing proposals;
- (b) Decrease the duration of the lapse-of-time period from 30 days to 21 days; and
- (c) Maintain the Executive Board's authority to request an in-session presentation of the proposal or register abstention on/objection to such proposals.

Delegation of authority (DoA)

- (a) Delegate authority to the President to approve operations that meet the following criteria:
 - (i) Proposals for additional financing to fill identified project/programme financing gaps² already approved by the Executive Board with a value of less than or equal to 50 per cent of the original IFAD financing approved by the Board, with the exception of cases where the original project received an abstention/objection.
 - (ii) Proposals for new projects with a value of US\$5 million and below; and
 - (iii) Additional financing for scaling up³ totalling US\$5 million and below.
- (b) Post such proposals on the Member States Interactive Platform (MSIP) for 14 days in case any representative should wish to request presentation of the proposal in-session or register abstention on/objection to such proposals.

¹ Track 1: high-risk operations – high-risk, complex, highly innovative or politically sensitive operations, and those classified as category A under IFAD's Social, Environmental and Climate Assessment Procedures (SECAP); Track 2: regular operations; and Track 3: fast-track operations – typically additional financing for operations that require filling a financing gap or additional financing for scaling up operations; and operations to provide assistance in situations of crisis or emergency.

² Financing gaps are defined as financing proposals in which the design, focus and implementation arrangements of a project have already been approved by the Board but for which IFAD regular resources are not yet secured.

³ Scaling-up financing proposals are defined as: (i) opportunities to scale up operations where current project performance has been validated in line with operational and financial standards, and requested by the borrower; or (ii) the result of restructuring in line with IFAD's Policy on Project Restructuring.

4. [Rule 24 of the Rules of Procedure of the Executive Board](#) was amended to reflect the introduction of these proposals. The internal systems and MSIP were updated to cater for the modifications.

II. Implementation

A. Overview

5. As at 20 October 2021, a total of 117 operations (including two regional lending operations) are expected to be approved by the end of the Eleventh Replenishment of IFAD's Resources (IFAD11) (appendix, figure 1). Track 1 operations and projects/programmes with a value of more than US\$40 million of IFAD financing continue to be discussed in consultations and subsequently approved.⁴ The introduction in 2019 of the Executive Board consultations on projects has also rendered Board sessions more efficient, freeing up time to deliberate on broader corporate issues. To date, there have been no requests from representatives to discuss projects submitted through the LOT or DoA processes in session.
6. The pace of approvals under the streamlined approach led to a certain reduction in the bunching of approvals, although there is still room for improvement (appendix, table 1). In addition, the increased flexibility significantly benefited the country teams by providing them with a more agile schedule for project approvals.
7. The streamlined approach complemented other corporate commitments to shorten the duration from concept note approval to project approval. The average processing time from concept note to Executive Board approval was less in IFAD11 than in IFAD10. Of the projects approved to date,⁵ a reduction from 12 months (for 40 projects) to eight months (for 32 projects) was noted for new investments approved in-session and from 11 months (for 30 projects) to eight months (for 17 projects) for new investments approved through LOT. The average processing time for new investments approved under the DoA was seven months (for three projects).

B. Lapse-of-time

8. Compared to IFAD10, the value of financing approved via the LOT procedure is projected to increase by 32 per cent. Furthermore, for IFAD11, the increased LOT ceiling will almost double the value of IFAD financing approved, with 12 additional projects/programmes benefiting from the increased ceiling. These data also speak to IFAD's commitment to design larger operations. Overall, approvals by LOT will represent almost one third of the target programme of loans and grants for IFAD11 (appendix, figure 2).

C. Delegation of authority

9. By the end of 2021, 11 projects/programmes (including additional financing proposals) will have been submitted under the DoA procedure (eight approved and three planned) for a total value of US\$50 million (appendix, table 2). Approximately US\$45,400 will have been saved in document processing, editing and translation, while an oversight role in ensuring quality of documentation and compliance with agreed templates has been maintained. While this represents a significant efficiency gain for IFAD, it is to be noted that the discussion time freed up as a result during Board sessions was used to focus on broader corporate issues associated with IFAD's evolving financial model, entailing an increase in documents and demand for language processing.

⁴ In 2020 use of the vote by correspondence procedure was adopted in light of the virtual Executive Board sessions as a result of the COVID-19 pandemic.

⁵ Excluding projects with concept notes approved before the respective IFAD replenishment cycles.

III. Conclusion

10. The streamlined approach has reaped significant benefits and the Board's governance role has been maintained, in particular with respect to discussing and approving such innovative investments as results-based lending and regional lending operations.
11. The flexibility provided by the streamlined approach, together with the approval mechanisms implemented for emergency operations, has allowed IFAD to ensure seamless business continuity during the COVID-19 pandemic while safeguarding the oversight function of the Executive Board. Management will continue to monitor implementation of these approaches and will revert to the Executive Board should amendments aimed at further streamlining be required.

Summary data

Figure 1
Number of projected IFAD11 operations by approval method

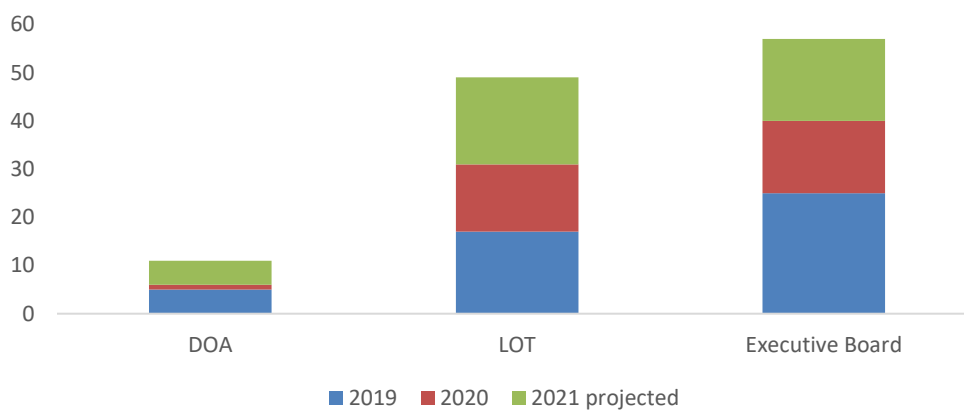


Figure 2
Comparison with IFAD10 value of LOT approvals compared to IFAD11 projections under the streamlined approach
(Millions of United States dollars)

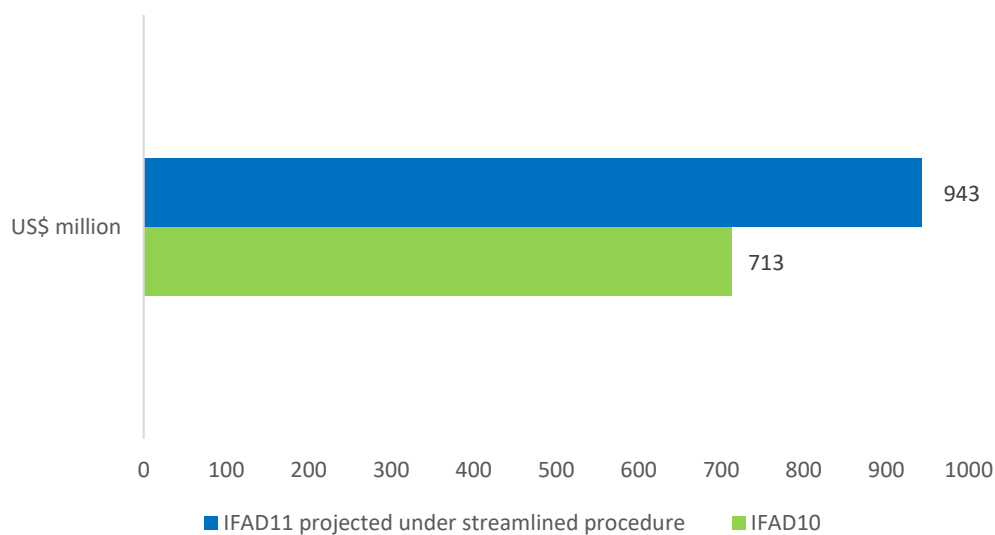


Table 1
Number of projected IFAD11 operations by month of approval

| Year | Jan | Mar | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Total |
|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| 2019 | | | 2 | | | | 16 | 9 | 1 | 19 | 47 |
| 2020 | 1 | | 3 | 2 | 1 | 2 | 4 | | 2 | 15 | 30 |
| 2021 | 1 | 3 | 2 | 2 | | 1 | 3 | 2 | 2 | 24 | 40 |
| Total | 2 | 3 | 7 | 4 | 1 | 3 | 23 | 11 | 5 | 58 | 117 |

Table 2
IFAD11 Projected Approvals under the Delegation of Authority procedure

| <i>Status</i> | <i>Country</i> | <i>Project Id</i> | <i>Project Name</i> | <i>US\$ million</i> |
|------------------|----------------|-------------------|--|---------------------|
| 1-Planned | Benin | 2000001073 | Agricultural Development and Market Access Support Project | 14.56 |
| | | 2000003066 | Regional Programme for the Integration of Agricultural Markets | 2.50 |
| | Djibouti | 2000000732 | Soil and Water Management Programme | 1.52 |
| 1-Planned Total | | | | 18.58 |
| 2-Approved | Djibouti | 2000000732 | Soil and Water Management Programme | 2.21 |
| | Guinea-Bissau | 1100001757 | Economic Development Project for the Southern Regions | 3.00 |
| | Haiti | 2000003459 | Project for Strengthening the Resilience of Small Farmers to the consequences of the COVID-19 pandemic | 5.00 |
| | Kiribati | 1100001708 | Outer Islands Food and Water Project | 3.60 |
| | Lesotho | 2000002563 | Smallholder Agricultural Development Project II | 5.00 |
| | Maldives | 2000002416 | Maldives Agribusiness Programme | 4.50 |
| | Samoa | 2000002349 | Samoa Agriculture & Fisheries Productivity and Marketing Project | 3.60 |
| | Tonga | 2000001197 | Tonga Rural Innovation Project - Phase II | 4.50 |
| 2-Approved Total | | | | 31.41 |
| Grand Total | | | | 49.99 |