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Investing in rural people

## **IFAD South-South and Triangular Cooperation Strategy 2022-2027**

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**For: Approval**

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## **Abbreviations and acronyms**

COSOP	country strategic opportunity programme
IFAD12	Twelfth Replenishment of IFAD Resources
IFIs	international financial institutions
IsDB	Islamic Development Bank
M&E	monitoring and evaluation
PoLG	programme of loans and grants
RBA	Rome-based agencies
SDGs	Sustainable Development Goals
SSTC	South-South and Triangular Cooperation
UMICs	upper-middle income countries

## Recommendation for approval

The Executive Board is invited to approve IFAD's South-South and Triangular Cooperation Strategy for the period 2022-2027 as set forth herein.

### Executive summary

1. **As countries advance in their individual social and economic development, their need for differentiated development assistance evolves.** Increasingly, development cooperation between countries is being leveraged to complement the traditional North-South model including official development assistance financing and technical assistance. South-South cooperation is a manifestation of solidarity among developing countries that contributes to their national well-being, their national and collective self-reliance and the attainment of the Sustainable Development Goals (SDGs) in accordance with national priorities and plans.<sup>1</sup> As a result, South-South cooperation is of growing interest to developing countries as an instrument to share knowledge, technology and resources, to inform policy and to strengthen international cooperation. Triangular cooperation complements and adds value to South-South cooperation by enabling requesting developing countries to source and access more, and a broader range of, resources, expertise and capacities that they identify as needed to achieve the SDGs.
2. **The achievement of Agenda 2030 calls for stronger engagement in South-South and Triangular Cooperation (SSTC).** SSTC has increased in prominence as reflected in various global multilateral agreements, notably the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, the Buenos Aires outcome document of the Second High-level United Nations Conference on South-South Cooperation (BAPA+40), and the 2017 Brasilia Declaration and Action Agenda on SSTC co-authored by IFAD and partner institutions.<sup>2</sup> A first-ever United Nations System-wide Strategy on South-South and Triangular Cooperation<sup>3</sup> was developed in 2021, reaffirming the catalytic role of SSTC as a complement to North-South development cooperation. SSTC is particularly relevant for agricultural and rural development, as developing countries are characterized by similar development pathways, which often feature agriculture as an important driver of economic growth and employment. Building on the outcomes of the 2021 United Nations Food Systems Summit, SSTC can be leveraged to support national pathways for sustainable food system transformation.
3. **IFAD comparative advantage.** IFAD embodies South-South cooperation principles through its commitment to universality and solidarity, with a governance structure that ensures all Member States contribute according to their ability, are well represented in the decision-making bodies and receive the types of support that they demand and need. IFAD has played a significant role as a knowledge broker through the years in its efforts to promote inclusive growth, economic and social revitalization and transformation of rural communities, including through SSTC. IFAD has a compelling value proposition based on its relevance, reach, results and return on investment. As such, strengthening SSTC within IFAD's country programmes will provide complementary opportunities in support of food security, rural poverty reduction and resilient food systems. To this end, IFAD will

<sup>1</sup> The concept of solidarity is prominent in the Buenos Aires document of the Second High-level United Nations Conference on South-South Cooperation: <https://www.unsouthsouth.org/wp-content/uploads/2019/10/N1911172.pdf>.

<sup>2</sup> Brasilia Declaration and Action Agenda adopted at the International Conference on South-South and Triangular Cooperation, 2017:

[https://www.ifad.org/documents/38714174/40212353/Brasilia+declaration+and+action+agenda\\_21NOV2017.pdf/256b4a83-dea0-42ee-928d-647421b9e670](https://www.ifad.org/documents/38714174/40212353/Brasilia+declaration+and+action+agenda_21NOV2017.pdf/256b4a83-dea0-42ee-928d-647421b9e670).

<sup>3</sup> <https://www.unsouthsouth.org/wp-content/uploads/2021/04/United-Nations-system-wide-strategy-on-South-South-and-triangular-cooperation-for-sustainable-development-2020%E2%80%932024.pdf>.

focus in particular on leveraging the best available and most relevant knowledge based on both evidence and practice from internal and external sources, and making this knowledge available to support development cooperation.

4. **Member States have called on IFAD to strengthen its investment in SSTC.** The Report of the Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12) called for IFAD to develop a new corporate strategy on SSTC.<sup>4</sup> This new strategy builds on IFAD's learning and experience since 2016 and aims to further mainstream and institutionalize SSTC in-country programmes. It promotes SSTC as an instrument within the country programme toolkit, complementing other existing tools and instruments, in pursuance of the Fund's mission of enabling poor rural people to overcome poverty.
5. **This new strategy responds to calls for SSTC to be used as an instrument to deliver on the objectives of IFAD12.** The objective is to contribute to doubling and deepening IFAD's impact by: (i) systematically identifying and disseminating knowledge and innovation at the country programme and project level; and (ii) supporting policy engagement to increase the productive capacity, market access and resilience of rural people. In line with the IFAD12 business model, the theory of change envisions that a stronger focus on SSTC will help IFAD build partnerships, pursue policy engagement and generate innovation and knowledge related to mainstreaming themes and priorities: all integral components of IFAD's country programmes. The theory of change recognizes that partnerships are critical to generating and sharing knowledge, innovation and policy engagement. It also recognizes that many upper-middle-income countries (UMICs) still face significant pockets of rural poverty and that continued IFAD engagement, including through SSTC, is therefore critical.
6. **To achieve the intended results, IFAD needs appropriate and diversified financing options and an enhanced institutional architecture for SSTC.** Building on progress achieved during IFAD10 and IFAD11, this new strategy proposes a more systematic approach to capture and disseminate knowledge and results, invest in staff capacity and incentives, mobilize financial resources and monitor progress and results.
7. **The timeframe for implementation covers two replenishment cycles** to ensure that this important instrument supports IFAD replenishment priorities as agreed with Member States. As SSTC is not a thematic area of focus but a country programme instrument, the use of SSTC is driven by agreed priorities within replenishment cycles. An IFAD12 midterm review is scheduled for presentation to the IFAD13 Consultation in February 2023, and will include a review of SSTC performance. Upon completion of IFAD12, an overall assessment of SSTC and results will be undertaken and a decision will be made on potential adjustments to be made to the strategy, in time for IFAD13.

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<sup>4</sup> See IFAD12 Report and resolution approved by the Governing Council in February 2021 (GC 44/L.6/Rev.1, para. 25).

# IFAD South-South and Triangular Cooperation Strategy 2022-2027<sup>5</sup>

## I. Context

1. **IFAD's comparative advantage.** IFAD, as the world's global fund for investment in food and agriculture, has a unique role to play in promoting and facilitating mutually beneficial exchange among developing countries to support more resilient and inclusive rural livelihoods. IFAD has a track record of over 40 years in achieving results and impact for the world's poorest and most vulnerable rural people. IFAD builds its strength and competence not only on its own operations, but also the knowledge and experience of its members. Promoting the exchange of best practices, lessons learned and conducive policies, especially among developing countries, is at the core of IFAD's approach to best serve the needs and demands of Member States in transforming their agriculture sectors, rural economies and food systems.
2. The steady rise of developing countries in terms of population size, economic output and political weight has contributed to an increase in the volume of South-South cooperation<sup>6</sup> and the role IFAD can play. Many former beneficiary countries of development assistance have established dedicated development cooperation agencies to ensure they too are able to support other developing countries.<sup>7</sup> South-South and Triangular Cooperation (SSTC) is also increasingly important in fragile contexts, for instance in the case of the adverse impact of the COVID-19 pandemic. For many developing countries, cooperating with and providing support to fellow developing countries, and sharing development experiences with them, is an expression of solidarity. This spirit of solidarity evidenced in the SSTC area is now more important than ever, not only in responding to the COVID-19 pandemic but also in building back better.
3. **Global architecture.** In recent years, SSTC has become more prominent as an instrument to promote sustainable development. The important role it plays has been recognized in major multilateral agreements such as the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, the Buenos Aires outcome document of the Second High-level United Nations Conference on South-South Cooperation (BAPA+40), and the 2017 Brasilia Declaration and Action Agenda on SSTC co-authored by IFAD and partner institutions. In 2021, the first-ever United Nations System-wide Strategy on South-South and Triangular Cooperation<sup>8</sup> was developed by the United Nations Office for South-South Cooperation with contributions from IFAD. Within the United Nations, the UN Reform and Quadrennial Comprehensive Policy Review 2020-2024 call for a strengthening of cooperation in science, technology and innovation, with strong United Nations engagement at the country level.

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<sup>5</sup> This strategy was developed based on a year-long consultation process. Following Executive Management Committee's guidance, the interdepartmental working group on SSTC guided the development of the strategy. Feedback from the three IFAD SSTC and Knowledge Centres was received. There were several rounds of consultations and comments. This final draft strategy includes inputs from all departments, in particular from Strategy and Knowledge Department and Programme Management Department.

<sup>6</sup> The United Nations High-level Committee on South-South Cooperation has defined SSTC broadly as "a process whereby two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how, [and through] regional and interregional collective actions, including partnerships involving governments, regional organizations, civil society, academia and the private sector, for their individual and/or mutual benefit within and across regions".

<sup>7</sup> According to a United Nations survey, 2017 saw 74 per cent of developing countries providing development cooperation, up from 63 per cent in 2015, with the United Nations system supporting South-South cooperation activities in 84 per cent of all developing countries over that period.

<sup>8</sup> United Nations System-wide Strategy: <https://www.unsouthsouth.org/wp-content/uploads/2021/04/United-Nations-system-wide-strategy-on-south-south-and-triangular-cooperation-for-sustainable-development-2020%E2%80%932024.pdf>.

4. **Partnerships are central to IFAD's SSTC agenda.** The Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) are close IFAD partners in this regard: at the country level, the three agencies are piloting a number of joint SSTC programmes.<sup>9</sup> To this end, the United Nations Rome-based agencies (RBA) joint roadmap on SSTC will be updated on the basis of this strategy to identify and map out future partnership opportunities. International financial institutions (IFIs) and multilateral development banks are also devoting increased attention to SSTC activities. The Islamic Development Bank (IsDB), for instance, has been collaborating with the Geneva-based South Centre to publish research on key policy development issues and support developing countries to effectively participate in international negotiating processes. IFAD and IsDB signed a memorandum of understanding in 2020 to strengthen collaboration between the two institutions, including on SSTC. Other regional development banks and the World Bank Group are also continuing to increase their SSTC investment, albeit with a limited focus on SSTC as an instrument to promote agriculture and rural development.
5. **IFAD's evolving business model.** The IFAD12 business model is intended to deliver a more comprehensive financial, policy-oriented and programmatic package, which involves consolidating IFAD's country-level programmatic approach while strengthening its ability to assemble and deploy finance and other support through expanded instruments, such as SSTC. The IFAD12 business model envisions positioning SSTC as an instrument to assist Member States in addressing food insecurity and rural poverty and transforming food systems. To this end, the provision of SSTC will be supported by two key principles. The first is proximity, aided by the further decentralization of staff from 32 per cent to up to 45 per cent to regional hubs and IFAD Country Offices. The second is the adaptive approach to "doing development", which emphasizes the ability to learn, respond and adapt. As a complementary approach to providing expertise and resources, SSTC creates a development pathway that strongly integrates learning.
6. **Alignment with IFAD policies.** SSTC is an important instrument, as are loans and grants, policy engagement, technical assistance and knowledge, to deliver on the objectives of all IFAD operational policies. For example, the IFAD Private Sector Engagement Strategy<sup>10</sup> proposes two main action areas to enhance private sector engagement, i.e. broadening partnerships and scaling up innovative solutions, both of which can leverage SSTC as an instrument. IFAD's new Partnership Framework<sup>11</sup> references SSTC as a critical dimension of partnerships. SSTC is aligned with the priority areas outlined in the new Regular Grants Policy.<sup>12</sup> It also offers a way to generate and transmit knowledge in accordance with the Knowledge Management Strategy. In line with the graduation policy, SSTC is recognized as a tool to ensure continued service and support to graduating members. SSTC can help embed innovation into IFAD processes and practices as outlined in the IFAD Innovation Strategy. It is also a key mechanism whereby information and communications technologies for development (ICT4D) knowledge from IFAD and other development partners can be captured and disseminated among developing countries. Appendix V provides additional examples of policies and their alignment with SSTC. In addition, the United Nations system-wide strategy serves as a key reference point for IFAD's SSTC activities.
7. **Why a new strategy.** As agreed under the IFAD12 Consultation,<sup>13</sup> five years after the Fund's first corporate approach for SSTC was developed, this new strategy will guide IFAD towards better integrated and more effective use of SSTC, building on

<sup>9</sup> For example, the Local Production of Fortified Cassava Flour in Bouenza Department in Congo project, financed through the China-IFAD SSTC Facility.

<sup>10</sup> <https://webapps.ifad.org/members/eb/127/docs/EB-2019-127-R-3.pdf>.

<sup>11</sup> EB 2019/127/R.4.

<sup>12</sup> EB 2021/132/R.3.

<sup>13</sup> See IFAD12 Report and resolution approved by the Fund's Governing Council in February 2021 (GC 44/L.6/Rev.1).

the positive changes already set in motion since 2016. The strategy builds on lessons learned since 2016 and will ensure that a strategic framework is in place to guide IFAD's engagement in SSTC. Crucially, as there has hitherto been no results framework in place, a key focus for this strategy is to provide for a robust monitoring and evaluation (M&E) framework to guide performance, facilitate adaptive learning and generate lessons related to SSTC as an instrument. As SSTC is not a thematic focus but an instrument of IFAD's country programme delivery, the use of SSTC as an instrument is driven by replenishment priorities.

## **II. South-South and Triangular Cooperation at IFAD**

### **A. Overview**

8. SSTC is anchored in the IFAD Strategic Framework 2016-2025<sup>14</sup> as an integral part of the Fund's business model and country programmes. IFAD uses SSTC as an instrument of development cooperation at multiple levels: integrating SSTC in country programmes and in project design and implementation; incorporating SSTC into both intraregional and interregional initiatives; promoting direct knowledge exchange; facilitating technology transfers and mobilizing expertise; and strengthening partnership-building and resource mobilization.
9. An internal stocktaking on SSTC within IFAD highlights that a large number of SSTC activities actually happen at the project level and are embedded in IFAD's programme of loans and grants (PoLG). As such, IFAD is able to leverage evidence generated by operations to: address countries' pressing challenges; strengthen capacities, policies and institutions for enhanced livelihoods; and design and transfer innovations to target specific country challenges, often building on earlier successes for new beneficiaries through the linking and sequencing of loans and grants. Appendix III provides an overview of the types of SSTC activities that IFAD undertakes and their reach.<sup>15</sup>
10. IFAD's corporate approach to SSTC developed in 2016<sup>16</sup> provided a framework focused on: (i) sharing relevant rural development solutions and knowledge, and promoting investments among developing countries; and (ii) establishing and supporting partnerships and other forms of collaboration for improved rural livelihoods. Four main achievements of IFAD's historical engagement in SSTC are highlighted in box 1 below, as documented in annual progress reports presented to the Executive Board since 2017.<sup>17</sup>

<sup>14</sup> See document EB 2015/116/R.4/Rev.1, para. 25. (As amended by document EB 2015/116/C.R.P.1/Rev.1.)

<sup>15</sup> SSTC activities under grants are mostly field visits and events, such as conferences/workshops. Policy engagement is also an important element in some grants, mainly at the country level based on knowledge-sharing and peer-to-peer learning. SSTC initiatives funded through loan-financed projects are usually better linked to programmatic and strategic interventions, geared toward the fulfilment of country programme objectives.

<sup>16</sup> EB 2016/119/R.6.

<sup>17</sup> See appendix I for the main drivers of success in IFAD's SSTC approach.



Box 1

**Highlights of corporate achievements**

- 1. Mainstreaming of SSTC in IFAD's operations:**  
SSTC activities have increased through their inclusion in projects and programmes. Specific SSTC guidelines have also been included in the new Operational Procedures and Guidelines for Country Strategies. To date, during IFAD11, 22 projects are currently under implementation with a clear SSTC component, 51 SSTC partnerships have been established and more than US\$10 million in South-South investments have been promoted. Furthermore, over 30 knowledge sharing and capacity-building activities were held on the topics of sustainable agriculture, rural finance, water management and market access. IFAD also supported a series of exchange visits between low-income countries (LICs) to promote gender equality and women's engagement.
- 2. Broadening of SSTC-related partnerships:**  
A corporate approach enhanced IFAD's SSTC collaboration and partnership with the other RBAs, other United Nations entities and Member States. In addition to the work that IFAD has carried out with Brazil and the Alliance for a Green Revolution in Africa, the US\$10 million China-IFAD SSTC Facility established in 2018 is currently financing 17 projects in all five regions where IFAD operates, investing in diverse thematic areas such as agricultural productivity enhancement, value chain development, agri-business-to-business linkages, rural youth empowerment, climate change adaptation, and COVID-19 response and recovery.
- 3. Promotion of knowledge exchange on IFAD's mainstreaming themes:**  
IFAD participated in events to promote its best practices and partnerships with other organizations. Knowledge sharing and scaling up are two important elements of IFAD's work. The Rural Solutions Portal, for example, is a tool through which IFAD and its partners share solutions on gender, youth, climate change and nutrition, and promote uptake and replication of good practices in their investment portfolio. The Rural Solutions Portal has had over 10,000 visits and 34,000 page views, with a substantial increase in user sessions since January 2019; it currently hosts 96 solutions.
- 4. Strengthening of IFAD's institutional architecture for SSTC:**  
As part of IFAD's organizational reform and restructuring, on 1 July 2019 two divisions were merged into the new Global Engagement, Partnership and Resource Mobilization Division. In addition, three regional SSTC and Knowledge Management Centres were established in Brazil (Brasília), China (Beijing), and Ethiopia (Addis Ababa) – to increase the Fund's engagement in and support for SSTC in the respective regions.

**B. Lessons learned**

11. Eight main lessons can be drawn from the implementation of the 2016 corporate approach to SSTC<sup>18</sup> (see appendix II for further details), although the absence of a robust M&E framework has made it challenging to report concrete results and report on performance. This new SSTC Strategy will need to address this gap moving forward.
12. **First, there is a need to diversify funding sources.** While available data is insufficient to assess the extent to which financial resources invested in SSTC by IFAD have been adequate, initial resource mobilization expectations have not materialized. An informal review of SSTC funding flows globally reveals that only a small number of Member States provide financing to multilateral institutions to support SSTC. Rather, funding for SSTC in many Member States is provided on a bilateral basis. Accordingly, the following lessons can be drawn on IFAD's current financial architecture for SSTC:
  - (i) Broad-based Member State supplementary funding for SSTC has not materialized;
  - (ii) Managing SSTC activities through small grants, as is being done for the China-IFAD SSTC Facility, carries a high administrative transaction cost;
  - (iii) There is a need to diversify financial instruments for SSTC to tailor them to specific needs and donor requirements; and

<sup>18</sup> Since 2016, there have been multiple assessments of IFAD's approach to SSTC including: (i) a comprehensive stocktaking of IFAD's portfolio for SSTC in 2017; (ii) annual progress reports; (iii) a self-assessment of IFAD's implementation of the current SSTC approach in 2019; (iv) a position paper on IFAD's strategic positioning for SSTC and proposed way forward in 2019; and (v) dedicated progress reports on the SSTC Facility. WFP has also recently conducted an extensive review of its 2015 SSTC policy, which includes a number of relevant inputs for IFAD.

- (iv) There is a need to build broader-based support and additional funding for IFAD's SSTC agenda.
13. **Second, IFAD needs to continue investing in strengthening cross-departmental cooperation for SSTC.**<sup>19</sup> The establishment of an interdepartmental working group on SSTC has helped share information, agree on priorities and identify opportunities for cooperation and coordination. However, there are opportunities for improvement, including ensuring that the working group has regular structured meetings, and well defined terms of reference and governance and reporting structures. Furthermore, the working group should ensure close collaboration with other IFAD working groups, such as those on knowledge management and ICT4D.
  14. **Third, SSTC roles and responsibilities need revision within the context of IFAD's decentralization.** The three SSTC and Knowledge Centres, Regional Hubs, Country Offices and the SSTC team at IFAD headquarters are the main actors supporting IFAD's SSTC agenda. As IFAD proceeds with Decentralization 2.0, the role of these centres needs to evolve to maximize their contribution to strengthening SSTC. Additionally, the role of the SSTC and knowledge centres vis-à-vis the establishment of new regional offices requires clarification.
  15. **Fourth, there is a need to ensure that IFAD staff are enabled and incentivized to invest in expanding SSTC.** In implementing the 2016 corporate approach to SSTC, it was found that the time investment required to engage in SSTC was often initially underestimated. Ensuring that adequate resources and incentives are in place to facilitate the preparation of country strategic opportunities programmes (COSOPs), design of investment programmes and implementation of regional SSTC activities is critical to ensure the continued development of the SSTC instrument at IFAD.
  16. **Fifth, SSTC activities need to be better embedded in the design and implementation of projects and country programmes.** While COSOPs now include an SSTC narrative, the integration of SSTC in project design is not always systematic. Three main issues have been identified. First, the human and financial resource implications for action and results are generally not articulated. Second, the mutually reinforcing synergies of SSTC activities with other non-lending activities within COSOPs, such as knowledge management and policy dialogue, are not explicitly pursued. And third, there is currently no specific indicator to assess the contribution of SSTC activities to country programme objectives, and SSTC is not included in project design and supervision processes and templates.
  17. **Sixth, there are opportunities to strengthen IFAD's approach to systematically capturing, analysing and learning from SSTC.** The lack of an institutional M&E framework for SSTC within IFAD has reduced capacity to assess performance and draw lessons learned. The methodology, long under development by the RBAs, will need to be fully integrated with the Fund's M&E systems. Further, the ongoing development of a corporate database and dashboard on SSTC will help improve IFAD's capacity to analyse such activities and create efficiencies in assessments and reporting to Management, Executive Board, the United Nations system and others.
  18. **Seventh, the need for different types of development cooperation support evolves as countries move forward in their development pathways.** According to a recent Overseas Development Institute study,<sup>20</sup> most developing countries across income groups have a strong and growing preference for assistance in the form of grants and highly concessional loans for agriculture and rural development. LICs and lower-middle-income countries, in particular, value

<sup>19</sup> See appendix VI for highlights from the SSTC and Knowledge Centres.

<sup>20</sup> <https://cdn.odi.org/media/documents/odi-financingruraldev-report-final.pdf>.

concessional finance more than technical assistance and policy dialogue. According to these recent studies, UMICs increasingly show more of a preference for technical assistance and policy advice than countries in the other two income groups. With the approval of IFAD's graduation policy, which places greater emphasis on SSTC as an instrument to support engagement with UMICs, there is a need to assess demand and develop models that specifically respond to demand from IFAD's UMIC Member States.

19. **Lastly, there are opportunities to engage further with the other RBAs, IFIs and the private sector on SSTC.** As IFAD adapts its SSTC agenda to be more country-driven and decentralized, it should pursue stronger SSTC partnerships with the other RBAs at both the country and global levels, with IFIs (e.g. IsDB under the reverse linkage methodology) and the private sector (e.g. leveraging IFAD's Private Sector Financing Programme).

### **III. IFAD's SSTC Strategy for IFAD12**

20. The vision for this new strategy is to strengthen SSTC as an instrument for promoting sustainable and inclusive food systems transformation and the recovery, rebuilding and resilience of rural livelihoods. The overall goal of the strategy is, in response to demand from Member States, to further IFAD's mandate of inclusive rural transformation by addressing challenges related to food insecurity, rural poverty, climate shocks and fragility in support of the SDGs. This is a significant addition to IFAD's expanded toolkit for country programmes and strengthens the potential results and impact of the PoLG.
21. The new strategy adds value by providing an overall framework to better structure the way in which IFAD captures and packages innovation and knowledge, leveraging SSTC as an instrument to support Member States in their development pathway. The strategy deliberately builds in flexibility for country teams and leverages IFAD's increased decentralization and strengthened regional structure to facilitate regional exchanges.
22. Building on the lessons learned from IFAD's previous engagement in SSTC, this vision and goal will be achieved by making use of the organization's increasing presence on the ground, broad existing partnerships and role as a specialized development fund, and by further institutionalizing and mainstreaming SSTC within the IFAD12 business model to support sustainable food system transformation. As in the past, IFAD's depth of engagement in SSTC will be scalable based on the level of additional financial resources mobilized and allocated.

#### **A. Theory of change**

23. In line with the IFAD Strategic Framework and the IFAD12 business model, the theory of change that underpins this new SSTC Strategy is based on the assumption that creating an enabling environment and providing more structured and targeted support for SSTC will enable IFAD to respond to increased demand for SSTC from Member States and thereby contribute to doubling and deepening its impact. By focusing on strengthening IFAD's facilitative role in enhancing development cooperation between Member States through better leveraging SSTC as a country programme instrument, IFAD will more actively promote the exchange of knowledge, technologies and solutions addressing rural poverty and rural transformation.
24. The theory of change envisions a stronger role for IFAD as an innovator and knowledge broker considering that SSTC is an integral part of a comprehensive country-level approach promoting the four mainstreaming themes. A stronger focus on SSTC will help IFAD build partnerships, pursue policy engagement and generate innovation and knowledge related to the mainstreaming themes and priorities.

25. Partnerships are critical to generating and sharing knowledge, innovation and policy engagement. They also help create pathways for scaling up and improving coordination at country level. In so doing, partnerships contribute to achieving the SDGs, including through key mechanisms such as SSTC.
26. The theory of change also recognizes that many UMICs still face challenges in tackling significant pockets of rural poverty, and continued IFAD support and engagement is therefore critical. In recognition of UMICs' unique development pathway, an enhanced focus on SSTC as a key instrument to support UMICs in accessing, disseminating and exchanging knowledge and expertise is prioritized.
27. Finally, the theory of change acknowledges that for SSTC to become a more prominent and mainstream development instrument, IFAD needs to invest in strengthening staff capacity and incentives; and a more systematic approach to mobilizing financial resources from diverse sources to fund it. It also recognizes the need to more systematically generate, distil and disseminate knowledge and innovations emerging from the PoLG to support development cooperation between Member States.<sup>21</sup>
28. **Strategic objectives (SOs).** The two SSTC objectives outlined below are intended to support the Fund in achieving its broader strategic objectives:<sup>22</sup>
- (i) **SSTC SO1:** Systematically identify and disseminate knowledge and innovations at the country programme and project level; and
  - (ii) **SSTC SO2:** Support enhanced policy engagement to build rural poor people's productive capacity, market access and resilience.
29. These strategic objectives build on those of the 2016 SSTC approach in two ways. The first objective focuses on generating and sharing knowledge and innovations between developing countries; the second frames SSTC as a way to promote an enabling policy environment and institutional capacities for sustainable food system transformation.
30. **Guiding principles.** The strategy is underpinned by a number of key principles:
- (i) **Country ownership:** SSTC interventions are driven by country demand and managed by developing countries, with a particular focus on mutually beneficial exchanges among countries;
  - (ii) **Alignment:** SSTC support will be linked to IFAD's mainstreaming themes (gender, youth, nutrition and climate change); and to the priority areas of resilience, fragility and employment;
  - (iii) **Potential for scaling up:** IFAD's SSTC support should be linked to opportunities identified in COSOPs and linked to activities that can be subsequently scaled up;
  - (iv) **Results orientation:** The beneficiaries of SSTC projects and programmes should be clearly defined, and their impact measurable; and
  - (v) **Context specificity:** The instruments to carry out SSTC activities should be tailored to the specific country context, types of cooperation and project objectives.
31. Activities will be implemented in three broad action areas, aligned with three pillars of IFAD's country programme approach: (i) policy engagement; (ii) partnerships;

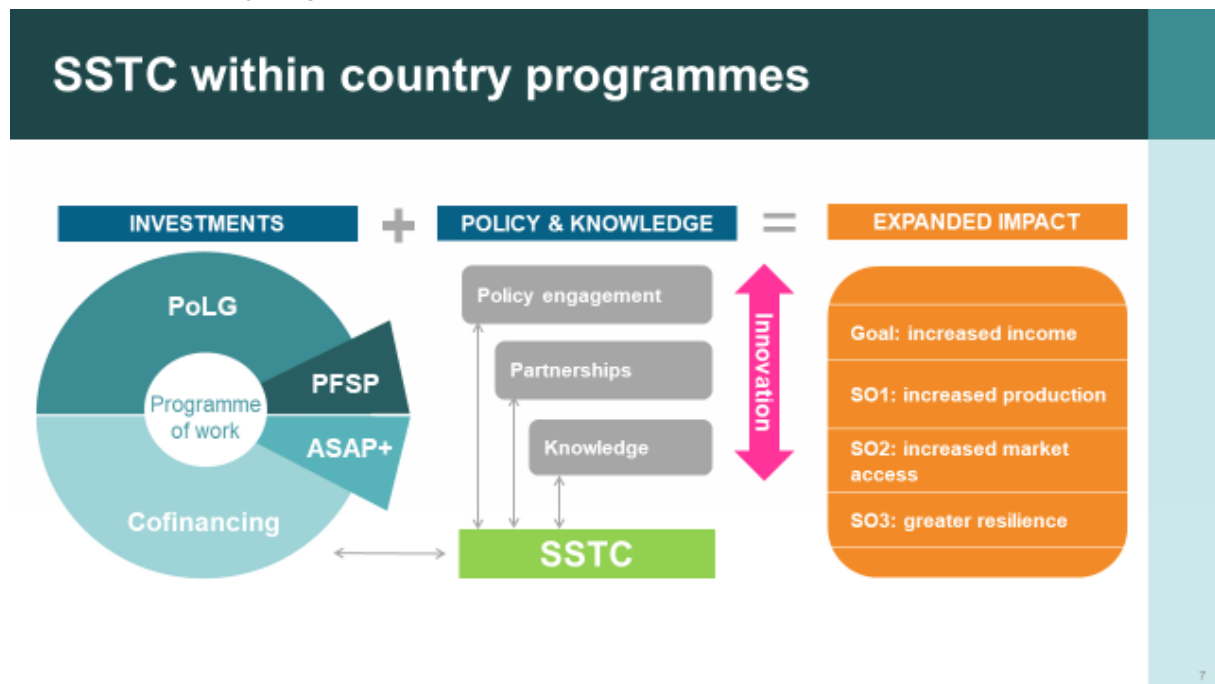
<sup>21</sup> This is in line with IFAD Knowledge Management Strategy and the related Action Plan:

[https://www.ifad.org/documents/38711624/39417933/km\\_e.pdf/43599c5a-9a6c-4ff7-9299-e992aa4b9d24?t=1565366873000](https://www.ifad.org/documents/38711624/39417933/km_e.pdf/43599c5a-9a6c-4ff7-9299-e992aa4b9d24?t=1565366873000).

<sup>22</sup> The IFAD Strategic Framework 2016-2025 has three strategic objectives: (i) increase poor rural people's productive capacities; (ii) increase poor rural people's benefits from market participation; and (iii) strengthen the environmental sustainability and climate resilience of poor rural people's economic activities.

and (iii) knowledge. SSTC is an instrument to pursue three main components of IFAD's activities, with innovation as a cross-cutting dimension.

Figure 1  
SSTC in IFAD country programmes

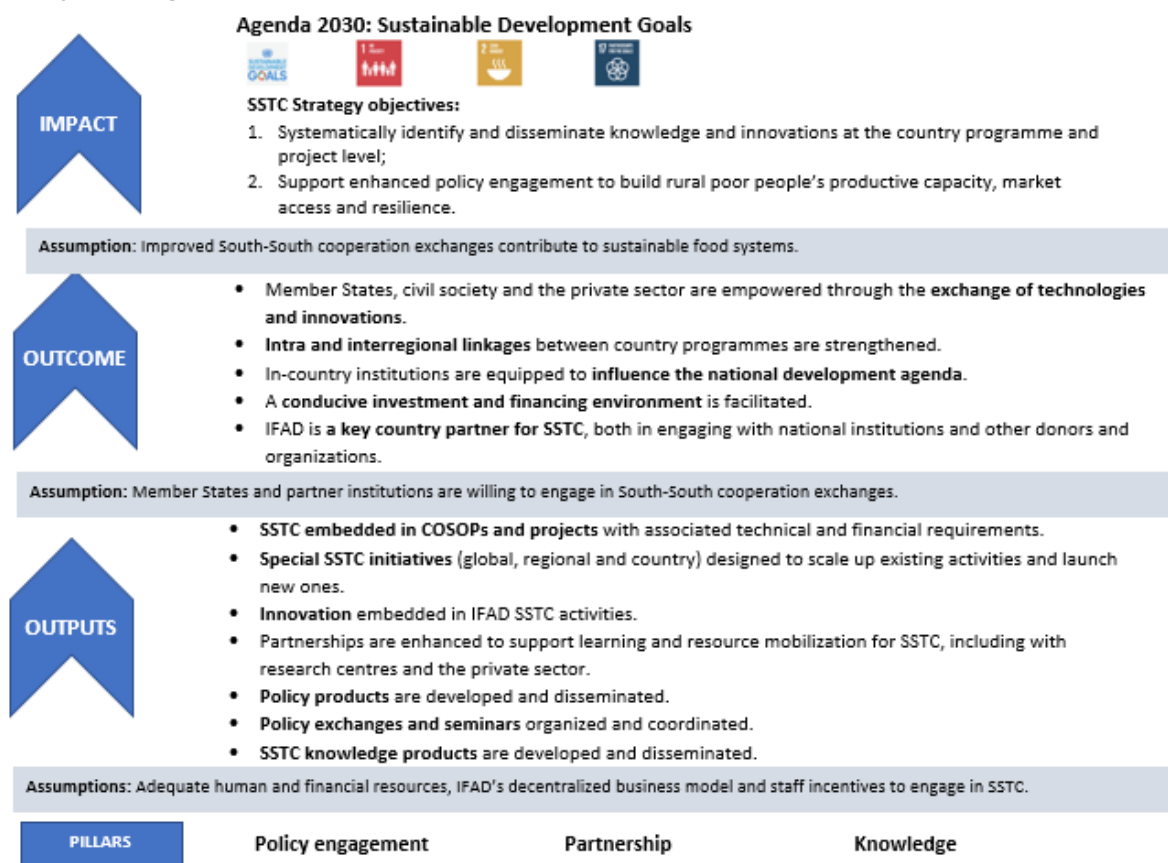


32. There is strong coherence across the activities, outputs and outcomes of the SSTC Strategy and action plan. More specifically:
- Activities under **policy engagement** are clearly linked with the outputs: "policy exchanges and seminars organized and coordinated", "policy products are developed and disseminated", "special SSTC initiatives (global, regional and country) designed to scale up existing activities and launch new ones" and "SSTC embedded in COSOPs and projects with associated technical and financial requirements". These outputs in turn will contribute to the outcomes: "a conducive investment and financing environment is facilitated"; and "in-country institutions equipped to influence the national development agenda".
  - Activities under **partnerships** are clearly linked with the output: "partnerships are enhanced to support learning and resource mobilization for SSTC, including with research centres and the private sector". This output in turn contributes to the outcomes: "IFAD is a key country partner for SSTC, both in engaging with national institutions and other donors and organizations"; and "intra and interregional linkages between country programmes are strengthened".
  - Activities under **knowledge** are clearly linked with the outputs: "SSTC knowledge products are developed and disseminated"; "SSTC embedded in COSOPs and projects with associated technical and financial requirements"; "special SSTC initiatives (global, regional and country) designed to scale up existing activities and launch new ones"; and "innovation embedded in IFAD SSTC activities". These outputs in turn will contribute to the outcome: "Member States, civil society and the private sector are empowered through the exchange of technologies and innovations".
33. Across the three pillars, attention will be paid to the four mainstreaming themes of climate, gender, nutrition and youth; and to innovation. Within the framework of country programmes, IFAD will liaise with partners to organize field visits and capacity strengthening at project level to share experience and learn good practices

in rural agricultural development, focusing on climate change resilience in particular (e.g. demonstration training on greenhouse technologies and agriculture service extension services), as well as the other core themes. In addition, IFAD will organize special initiatives to promote innovation in these four areas.

34. IFAD’s knowledge management and SSTC workstreams will join efforts to better identify, assemble and disseminate knowledge from internal and external sources, to promote stronger development results for poor rural people, and greater impact towards the 2030 Agenda.
35. Success in translating these activities into the desired outputs assumes that adequate human and financial resources are available, that IFAD further decentralizes its SSTC activities, and that staff are incentivized to engage in SSTC activities. For the outputs to lead to the expected outcomes, it is assumed that Member States are willing to engage in South-South cooperation exchanges; and that these exchanges have a positive impact on IFAD’s development outcomes, focusing on improving the livelihoods of small-scale producers in developing countries.
36. Success will also largely depend on IFAD’s ability to expand and deepen effective partnerships. At the country level, as outlined in the United Nations system-wide strategy for SSTC, IFAD can draw from common country analyses (CCAs) and United Nations Sustainable Development Cooperation Frameworks to identify gaps and opportunities for SSTC, in close coordination with United Nations Country Teams and resident coordinators. CCAs can serve as a key entry point to identify: (i) the overall implementation bottlenecks and capacity gaps; (ii) national, subnational and institutional capacities and coordination mechanisms, including the adoption of new technologies and data systems; and (iii) emerging challenges, critical gaps and potential partnerships.

Figure 2  
Theory of change



## IV. Implementing the strategy

37. To deliver on the strategic objectives, during the implementation of the strategy, focus will be placed on: (i) securing appropriate and diversified financing; (ii) enhancing IFAD's institutional architecture for SSTC; (iii) risk monitoring and management; and (iv) establishing a robust M&E framework. Guidance will be developed on how to most effectively engage in SSTC, including steps to ensure opportunities for SSTC are identified, assessed, prioritized in a timely manner and that progress on implementation is monitored and communicated.

### A. Financing

38. This strategy recognizes that to be a more effective instrument for IFAD country programmes and to increase IFAD's impact, additional financial sources to mainstream SSTC will be required. IFAD's engagement in SSTC also needs to be scalable as resources become available. A more diversified approach to funding SSTC is envisaged to provide IFAD with more flexibility to capture knowledge, innovation and best practices and facilitate exchanges between Member States.
39. A primary driver of SSTC is its demand-driven nature from both a supply and demand perspective. As in the past, to respond to Member State demand, the scale and breadth of IFAD's engagement in SSTC will be driven by the mobilization of additional supplementary funds, such as the China-IFAD SSTC Facility.
40. To ensure the sustainability of IFAD's SSTC agenda, and taking into account the differentiated demands and needs around SSTC, it is important therefore both to mobilize more supplementary resources for SSTC and to further diversify the avenues available to finance SSTC activities. Efforts will be made to strengthen each of the existing funding streams for SSTC, in particular focusing on:
- (i) Supplementary funds agreements and facilities: IFAD will explore opportunities to attract a broader set of donors across the public and private sectors to implement SSTC activities on their behalf. IFAD will conduct an assessment of the demand for a new multi-donor financing facility dedicated to SSTC to be financed by interested Member States and/or partner organizations.
  - (ii) IFAD's own resources: To the extent possible within resource constraints, SSTC will be provisioned in IFAD's annual programmes of work. With full recognition of the limited available envelope for regular grants in IFAD12, opportunities to obtain funding from IFAD's regular grants programme will be sought, in line with the guidelines and priority areas set out in the IFAD Regular Grants Policy; and
  - (iii) The SSTC component of COSOPs:<sup>23</sup> COSOPs should clearly indicate the financial and technical resource requirements for the planned SSTC activities; and outline potential funding sources to cover these requirements, including potential cofinancing from international and/or domestic partners, and opportunities to tap into existing trust funds.

### B. Structure, roles and responsibilities

41. In line with the new proposed approach, SSTC will be consistently and systematically planned, implemented, monitored and evaluated, with a view to scaling up impact. The roles and responsibilities for SSTC will need to be revisited, taking into account organizational changes related to Decentralization 2.0.

<sup>23</sup> During the period 1996-2016, 41 per cent of IFAD-supported SSTC initiatives were funded by loans; 49 per cent by grants (global and regional) and the remainder by country grants and other sources. Source: IFAD 2017 stocktaking report: [https://www.oecd.org/dac/dac-global-relations/South-South%20and%20Triangular%20Cooperation%20\(SSTC\)%20-%20Highlights%20from%20IFAD's%20Portfolio.pdf](https://www.oecd.org/dac/dac-global-relations/South-South%20and%20Triangular%20Cooperation%20(SSTC)%20-%20Highlights%20from%20IFAD's%20Portfolio.pdf).

Annex III proposes a number of changes to the distribution of roles and responsibilities as they relate to SSTC.

### **C. Risks and mitigation measures**

42. Given the nature of development cooperation and the SSTC activities foreseen, in line with IFAD's enterprise risk management framework, a number of potential risks and mitigation measures have been identified (see annex II).

### **D. Monitoring and evaluation and learning**

43. A comprehensive monitoring and learning system, mirroring the theory of change, will be put in place to monitor, assess and report on the results of this strategy. This will include a mix of quantitative and qualitative approaches to measure success. The results measurement framework (RMF) (see annex I) contains initial outcome and output indicators and targets, in many cases drawing on indicators already used by IFAD in corporate results measurement systems, lessons learned, client surveys, COSOP completion reviews and others.
44. To further strengthen IFAD's ability to monitor results, SSTC will need to be better integrated into project design and supervision processes and templates. As in the case of policy engagement, partnerships and knowledge management, a rating system could be developed to assess the strategy's contribution to country programme objectives through COSOP results reviews and COSOP completion reviews.
45. Moreover, as mentioned, in collaboration with the other RBAs, IFAD is developing a methodology for the qualitative and quantitative assessment of SSTC and its contribution to development results in agriculture, rural development, food security and nutrition. It will be used by IFAD and others to monitor, assess and report on SSTC results and to identify lessons learned and good practices. Having such a methodology in place will allow IFAD to provide empirical reporting on the results of SSTC in promoting sustainable and inclusive rural transformation.
46. Complementing the two will be an SSTC corporate dashboard that is currently being developed. The dashboard will gather key information on SSTC activities and related financing, integrated with existing information systems to ensure data quality and minimize the workload of focal points (i.e. staff in regional offices). This instrument will also facilitate the application of M&E methods and processes to assess and report on the contribution of SSTC to development results, including using some of the relevant indicators<sup>24</sup> in the corporate RMF.
47. The lessons learned, case studies and data obtained through the above measurement and tracking systems will be converted into knowledge products and shared through different channels, including the Rural Solutions Portal, in order to increase IFAD's visibility and to better position it within the global SSTC arena.

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<sup>24</sup> For example: number of innovations produced and shared; number of technologies exchanged; number of policy dialogues engaged; number of capacity-building activities developed; number of match-making opportunities established; number of new solutions developed and adopted; number of partnerships established; etc.



## IFAD SSTC Strategy results measurement framework (RMF)<sup>25</sup>

Table 1

<i>Code</i>	<i>Indicator</i>	<i>Source</i>	<i>Baseline</i>	<i>IFAD12 target (end-2024)</i>
<b>Level I – outcomes</b>				
1.1	Overall quality of SSTC in COSOPs (ratings of 4 or above) (percentage)	Quality assurance ratings	New indicator	TBD
1.2	SSTC's contribution to country programme objectives	COSOP results review and COSOP completion review	New indicator	TBD
1.3	SSTC knowledge exchange and cross learning (ratings 3 and above) (percentage)	Client survey	TBC	TBC
<b>Level II – outputs</b>				
2.1	Policy briefs integrating experiences from two or multiple developing countries, prepared and disseminated	Annual SSTC progress reports	New indicator	TBD
2.2	New development solutions designed and developed for or through SSTC	Rural Solutions Portal Project reports Biennial client survey	15	30
2.3	New development solutions promoted	Project reports	New indicator	TBD
2.4	New partnership agreements related to SSTC	Annual SSTC progress reports	2	4
2.5	IFAD staff trained in SSTC-related capacities (percentage)	Annual SSTC progress reports	New indicator	TBD
2.6	COSOPs integrating new SSTC initiatives	Quality assurance ratings	New indicator	10

<sup>25</sup> As this is the first comprehensive RMF for an IFAD SSTC Strategy, containing outcome and output indicators, most indicators are new and do not include baseline figures.

Table 2  
Definitions and data sources for RMF indicators

<i>Code</i>	<i>Indicator</i>	<i>Source</i>	<i>Definition</i>
<b>Level I – outcomes</b>			
1.1	Overall quality of SSTC in COSOPs (ratings of 4 or above) (percentage)	Quality assurance ratings	A summary rating provided during the quality assurance process across several dimensions, including an assessment of the extent to which the SSTC Strategy: (i) is tailored to the country context; (ii) contributes to COSOP's strategic objectives, in synergy with other lending and non-lending activities; and (iii) is based on a clear identification of needs, opportunities, partnerships, areas, resources and monitoring mechanisms. The ratings are reported on a 12-month average basis.
1.2	SSTC's contribution to country programme objectives	COSOP results review and COSOP completion review	A summary rating provided during the COSOP results review and completion review processes across several dimensions, including an assessment of the extent to which the implementation of the SSTC Strategy has resulted in opportunities, partnerships and investments contributing to achieving the country programme objectives.
1.3	SSTC knowledge exchange and cross learning (ratings 3 and above) (percentage)	Client survey	Percentage of respondents giving a rating of 3 or above to whether IFAD is effective in leveraging SSTC to exchange knowledge and promote cross-learning across projects.
<b>Level II – outputs</b>			
2.1	Policy briefs integrating experiences from two or multiple developing countries, prepared and disseminated	Annual SSTC progress reports	Number of policy briefs integrating experiences from two or multiple developing countries in the last 12 months.
2.2	New development solutions designed and developed for or through SSTC	Rural Solutions Portal Project reports	Number of new development solutions emerging from expertise gained through IFAD's country programmes, including SSTC activities, designed and developed in the last 12 months.
2.3	New development solutions promoted	Project reports	Number of new development solutions promoted by IFAD through online platforms or at events, in the last 12 months.
2.4	New partnership agreements related to SSTC	Annual SSTC progress reports	Number of new partnership agreements signed related to SSTC in the last 12 months.
2.5	IFAD staff trained in SSTC-related capacities (percentage)	Annual SSTC progress reports	Share of IFAD staff trained in SSTC-related capacities.
2.6	COSOPs integrating new SSTC initiatives	Quality assurance ratings	Number of COSOPs developed integrating new SSTC initiatives.

## Risks and mitigation measures

1. Given the nature of development cooperation and the SSTC activities foreseen, in line with IFAD's Enterprise Risk Management Framework, a number of potential risks and mitigation measures have been identified
2. **Strategic risks.** These may occur in the absence of sufficient institutional prioritization and alignment with IFAD's mission. The main mitigation strategy will be to leverage the existing corporate oversight functions for SSTC activities being funded as components of IFAD's investment projects, through regional grants, or through supplementary funds. Further, with regard to the latter, IFAD's new Resource Mobilization Committee will ensure strategic prioritization of proposals as a prerequisite to their entry into pipeline.
3. **Operational risks.** These may result from a lack of effectiveness of SSTC activities and a failure to deliver results on the ground. Such risks will be mitigated by enhancing synergies with IFAD's PoLG and other non-lending activities, avoiding ad-hoc and scattered activities and increasing selectivity and prioritization.
4. **Fiduciary risks.** They relate to the failure to carry out project activities in accordance with IFAD's financial regulations and to funding not being used for the intended purpose, or with scant regard for economy, efficiency and effectiveness. This risk will be mitigated through application of IFAD's financial management and procurement procedures including external audit as well as upfront due diligence before grants are awarded; and by following IFAD's procedures for project implementation.
5. **Reputational risks.** These may result from: (i) partnerships and collaborative relationships, such as funders and private sector partners, not engaged appropriately in resource mobilization and project development; and (ii) failures of various kinds involving the recipients of IFAD-funded SSTC activities. These will be mitigated by applying internal due diligence process for private partners; and by following IFAD's rules and regulations for financing and project implementation.
6. **Legal risks** will be offset by ensuring appropriate legal protection in the development and negotiation of the legal instruments that will govern initiatives related to SSTC.

## Structure, roles and responsibilities

1. In line with the new proposed approach whereby SSTC will be consistently and systematically planned, implemented, monitored and evaluated, with a view to scaling up impact, the roles and responsibilities for SSTC will need to be revisited, taking into account organizational changes related to Decentralization 2.0. To this end, a number of changes to the distribution of roles and responsibilities as they relate to SSTC are outlined below:
  - (i) **The interdepartmental working group on SSTC:** The working group will continue to be the main coordination mechanism bringing the various departments and divisions together to coordinate and implement the SSTC agenda. In view of past experience, the working group will be restructured with clear terms of reference to ensure that all relevant parts of IFAD are effectively involved and able to contribute to the mainstreaming of SSTC. Its main purpose will be to provide oversight for the implementation of the strategy. Furthermore, the working group will closely engage with other IFAD working groups, such as those on knowledge management and ICT4D.
  - (ii) **Programme Management Department and Strategy and Knowledge Department:** Both departments will play a stronger role in the design and implementation of SSTC projects linked to country strategies, and in the collection and management of knowledge generated for and through SSTC as a country programme instrument. The stronger focus on innovation and knowledge necessitates strengthening the approach to identifying SSTC opportunities and supporting Member States pursuing development cooperation.
  - (iii) **SSTC and Knowledge Centres and new regional offices:** The three SSTC and Knowledge Centres are expected to be harmonized within IFAD's new Decentralization 2.0 structure. It is therefore envisioned that IFAD's new regional offices will assume a coordination and leadership responsibility for the implementation of SSTC activities on the ground, building on the existing knowledge and expertise of the SSTC and knowledge centres. In line with efforts to increase the share of decentralized staff, the regional offices will likely include staff from various departments. As such, the current staffing of the SSTC and knowledge centres could act as focal points to support coordination of SSTC-related efforts, providing support for the design and implementation of projects and initiatives and supporting the collection of best practices and lessons learned.
  - (iv) **External Relations and Governance Department (ERG):** ERG will continue to coordinate corporate SSTC activities and as such, will contribute to the priority-setting and implementation processes. In addition, it will be responsible for the newly formed internal Resource Mobilization Committee, which oversees all resource mobilization efforts and decisions within IFAD, including, if so decided, the creation of new facilities such as the China-IFAD Facility or a multi-donor umbrella funding facility.
  - (v) **Senior Management.** A member of Senior Management will be designated as a champion for SSTC to raise awareness, both externally and internally, about the importance and impact of SSTC activities on the ground, and to build political support for the agenda.

## **Appendix I – Drivers of success**

Five drivers of success in IFAD's approach to SSTC have been identified, and are represented below.

### **1. Addressing the pressing issues of today:**

In terms of thematic areas of focus, climate change adaptation, resilience and environmental sustainability are priorities for both IFAD and its member states. Value chain development, market access for smallholder agribusiness, and cooperative development are topics of strategic importance for IFAD and, as such, areas of great attention for SSTC.

### **2. Strengthening capacities, institutions and policies for enhanced livelihoods:**

A number of IFAD-funded SSTC activities have focussed on informing policies through the facilitation of high-level policy platforms and events, including policy workshops and seminars, learning tours, and bilateral and multilateral exchanges. SSTC has also proven to be a useful policy instrument to promote and support technical cooperation among countries through implementation of regional policy frameworks, agreements and treaties.

### **3. Transferring innovations and building on earlier successes:**

One of the strengths of IFAD's SSTC operations is that they are mostly embedded in a medium- to long-term grant cycle at the country and regional levels, allowing the use of proven technical expertise and building on earlier successes. In the grant cycle, lessons learned provide critical information for successful integration of SSTC activities, since it seeks to maximize the development impact of IFAD country programmes by providing concrete solutions to specific issues encountered in investment projects.

### **4. Selecting strong partners and building partnerships:**

In grant-funded activities, the capacity of partner organizations is a critical success factor for SSTC activities. Hence the selection process for partners is guided by longer-term cooperation and trust between IFAD and its partners. Fostering long-term partnerships is therefore an effective way of building grantees' own capacities to fulfil their mandates as SSTC facilitators.

### **5. Drawing on emerging expertise within regions to provide solutions:**

Developing countries can share good practices and solutions that are highly relevant and adaptable to local economic and social conditions. As formal and informal peer linkages are built and strengthened between countries, trust and confidence also increase, laying the foundations for fruitful longer-term cooperation.

## Appendix II – Lessons learned

The summary lessons refer to: (i) the institutional set-up to strengthen synergies and provide incentives within IFAD’s increasingly decentralized operating model; (ii) the integration of SSTC within design processes; (iii) the systems for monitoring, assessment and reporting on SSTC; (iv) the funding support mechanisms and instruments for SSTC delivery; and (v) partnership engagement.

Lesson	Description
1. There are opportunities to strengthen and diversify funding of SSTC.	<p data-bbox="844 410 1675 432"><i>Broad based Member States supplementary funding toward SSTC has not materialized.</i></p> <p data-bbox="844 451 2022 624">The assumption that SSTC is a pivotal resource mobilization mechanism has not materialized. A bilateral China-IFAD SSTC Facility was established in 2018 but the envisioned evolution to a multi-donor funding support mechanism did not occur. Most Member Countries are not widely prone to providing financial resources to a third party to fund South-South cooperation. Analysis of SSTC flows shows that there is a narrow number of countries prepared to fund multilateral agencies to support SSTC activities rather than financing their own bilateral SSTC. Moving forward, IFAD could enhance external resource mobilization opportunities for SSTC through a stronger track record of SSTC engagement; leveraging increased decentralization to strengthen SSTC partnerships and linkages with operations.</p> <p data-bbox="844 643 1888 687"><i>Managing SSTC activities through small grants, as is being done for the China-IFAD SSTC Facility, has a high administrative transaction cost.</i></p> <p data-bbox="844 707 2022 828">The China-IFAD SSTC Facility is the first facility within IFAD dedicated to SSTC. It has adopted a small-grant implementation approach and as such has incurred significant administration and supervision costs for IFAD in managing projects approved for funding, where no resources for such activities have been included in the cost breakdown of the projects funded through the Facility. In addition, some grants funded through the Facility were not clearly linked to an IFAD investment, thus providing limited potential for scale.</p>

	<p><i>There is a need to diversify financial instruments for SSTC, to cater for specific needs and donor requirements.</i></p> <p>IFAD's experience to date points to a demand for diversified modalities of funding SSTC, i.e. some partners prefer bilateral agreements; others wish to earmark their contributions to specific themes and/or countries/regions (thematic pooled funding); others wish to contribute to pooled or combined funding mechanisms at the country level; while others see benefits in contributing to Multi-donor Umbrella Facilities where funding is pooled from various donors to achieve common objectives. Diversifying financial instruments helps cater to these requirements, while striking a balance between having dedicated financial resources for SSTC, which is key to foster innovations and deepen IFAD's work on SSTC (a supplementary funds agreement; a dedicated grant and/or Facility/Trust Fund) and integrating SSTC within IFAD's country programmes .</p>
2. IFAD needs to continue investing in strengthening cross-departmental cooperation for SSTC	<p>Since 2016, IFAD has put in place the required organizational architecture to facilitate internal coordination. The establishment of an Interdepartmental Working Group on SSTC (IWGS) has helped share information, agree on priorities and identify opportunities for cooperation and coordination. It has enabled, for example, the sharing of lessons and identification of priorities for strengthening the positioning of SSTC within IFAD COSOPs and investment programmes. It has also facilitated the sharing and exchange of knowledge on SSTC opportunities and enables learning from the three SSTC and Knowledge Hubs to be shared across the organization. Further, it has facilitated the participation of staff from the Programme Management Department (PMD) in global SSTC events, and the provision of valuable support by PMD and the Strategy and Knowledge Department (SKD) in feeding the Rural Solutions Portal (RSP). However, there are opportunities for improvement, including ensuring that the IWGS has structured and regular meetings, a documented Terms of Reference, and its governance and reporting structures are explicitly defined.</p>
3. The distribution of roles and responsibilities related to SSTC needs revision within the context of IFAD's decentralization	<p>The three SSTC and Knowledge Centres, regional hubs, country offices and the SSTC team within IFAD headquarters are the main actors supporting IFAD's SSTC agenda. The role of the latter relates to resource mobilization; engagement in global processes; support to the integration of SSTC in country strategies and projects; development of internal knowledge management platforms; and monitoring and evaluation of SSTC. The SSTC and Knowledge Centres are expected to complement these functions and to bridge the gap between the corporate, country and regional levels. Since 2018, they have contributed to the SSTC agenda in close collaboration with other regional hubs. However, the SSTC and Knowledge Centres do not have formal Terms of Reference thus creating some challenges in terms of coordination and accountability and reducing their effectiveness as field level proponents of SSTC. As IFAD proceeds with Decentralization 2.0, the role of these Centres needs to be revisited as part of IFAD's new decentralized structure to determine how their contribution to strengthening SSTC can be maximized. Additionally, the role of the SSTC and Knowledge Centres vis-à-vis the establishment of new Regional Offices (ROs) requires clarification.</p>
4. There is a need to ensure that IFAD staff are enabled and incentivized to invest in expanding SSTC	<p>Facilitating partnerships and engaging in SSTC often requires considerable investment of time and effort, from both IFAD staff and partner perspectives. In implementing the 2016 Approach, it was found that the time investment required to engage in SSTC was often initially underestimated. Ensuring that adequate resources and incentives are in place to facilitate the preparation of COSOPs, design of investment programmes and implementation of regional SSTC activities is critical to ensure the continued development of the SSTC instrument at IFAD.</p>
5. SSTC activities need to be better embedded in the design and implementation of projects and country programmes.	<p>There are opportunities to strategically enhance the mainstreaming of SSTC into the Fund's country programmes and projects at an earlier stage of design, through promoting a common understanding of SSTC at the country level and better engaging IFAD country teams in SSTC activities, and then throughout implementation. While COSOPs now include an SSTC narrative, the integration of SSTC in project design is not always systematic. Three main issues have been identified. Firstly, even if COSOPs include a coherent strategy for SSTC, the human and financial resource implications for action and results are generally not articulated. Secondly, the mutually reinforcing synergies of SSTC activities with other non-lending activities within COSOPs, such as knowledge management and policy dialogue are not explicitly pursued. And, thirdly, IFAD currently lacks a specific indicator to</p>

	<p>assess the contribution of SSTC activities to country programme objectives (i.e. at the COSOP results review and COSOP completion review stage); and SSTC is not currently integrated in project design and supervision processes and templates.</p>
<p>6. There are opportunities to strengthen IFAD's approach to systematically capturing, analysing and learning from SSTC</p>	<p>There is currently no systematic approach to monitor, assess and report on the results of SSTC activities, or to identify lessons learned and good practices. As mentioned above, there is an opportunity to introduce mechanisms to measure the contribution of SSTC to the achievement of programme objectives. The Monitoring and Evaluation methodology under development by the Rome-based agencies will need to be fully integrated in the Fund's monitoring and evaluation systems. Further, the ongoing development of a corporate database and dashboard on SSTC will help improve IFAD's capacity to analyze its SSTC activities and create efficiencies in assessments and reporting to the Management, Executive Board, the UN and others. In line with IFAD's Knowledge Management Strategy, there is also a need to more systematically generate, distil and disseminate knowledge and innovations emerging from IFAD's PoLG.</p>
<p>7. The need for different types of development cooperation support evolves as countries move forward in their development pathways</p>	<p>According to a recent ODI study, most developing countries across income groups have a strong and growing preference for assistance received as grants and highly concessional loans for agriculture and rural development. LICs and LMICs, in particular, value concessional finance more than technical assistance and policy dialogue. There is a more pronounced preference for technical assistance and policy advice from UMICs than from countries in the other two income groups.</p>
<p>8. There are opportunities to engage further with International Financial Institutions and the private sector on SSTC</p>	<p>Partnerships are important for mobilizing and deploying resources, expertise, knowledge and innovation for SSTC. As IFAD adapts its SSTC agenda to be more country-driven and decentralized, it should pursue stronger SSTC partnerships with International Financial Institutions (e.g. IsDB through their reverse linkage methodology) and the private sector (e.g. leveraging IFAD's Private Sector Financing Programme).</p>



## Appendix III - Regional overview of SSTC activities

	<i>Asia and the Pacific Division</i>	<i>East and Southern Africa Division</i>	<i>Latin America and the Caribbean Division</i>	<i>Near East, North Africa and Europe Division</i>	<i>West and Central Africa Division</i>
Thematic areas of focus of the SSTC activities implemented	Sustainable agricultural and rural development; inclusive rural finance; climate change resilience; value chain development; e-commerce; advisory services; and public-private-producer partnerships.	Natural resource management; water harvesting and pressurized irrigation; marketing techniques; capacity-building for farmers' associations; private sector investments; youth; knowledge management; livestock; access to markets; access to technology; post-harvest and processing; agribusiness; rural finance and policy; and M&E.	Water management; dryland agriculture; agroecology; agroforestry; livestock/small ruminants; rural youth; innovation; climate-smart agriculture; entrepreneurship; access to land; indigenous peoples; M&E; cooperativism etc.	Sustainable green economy and green investments; partnership mobilizations; water irrigation management; livestock breeding; and capacity-building and knowledge-sharing.	Youth entrepreneurship; innovative technologies; and commercialization .
Number of projects with SSTC components or activities	All projects envisage SSTC activities, embedded in certain project components as appropriate	8 ongoing; 2 approved	14 (the majority of LAC loans benefited from SSTC activities and exchanges supported by regional grants)	5	1
Number of SSTC activities implemented	14	6	27	10	3
Number of beneficiaries reached/trained with the SSTC activities implemented	155	1 416	465	>2 000	604 people in total
Number of SSTC policy dialogues convened	6	2	2	2	1
Number of SSTC knowledge-sharing and capacity-building workshops held	4	8	14	4	3
Number of South-South technical cooperation initiatives facilitated	1	3	9	6	n/a
Amount (in United States dollars) of South-South investments promoted	N/A	US\$6 650 000	N/A	>US\$6 million	About US\$100 000
Number of partnerships established for advancing SSTC	4	19	21	6	1
Number of SSTC regional/subregional or interregional events/initiatives supported	3	4	16	7	2

## Examples of SSTC Projects

1. **United Republic of Tanzania: The Agriculture and Fisheries Development Programme** identifies opportunities for the implementation of SSTC activities in the seed production industry, through situational analyses in Botswana, China, India, Kenya, South Africa and Zimbabwe. It looks to improve marketing of products, the performance of cultivators and policy design.
2. **Sao Tome and Principe: The Commercialization, Agricultural Production and Nutrition Project** includes several SSTC activities in support of nutrition, pepper and cocoa, with opportunities for technical assistance and knowledge exchanges with Ghana, Cameroun and Liberia.
3. **Regional Grant – NEN: The Agricultural Development: Atlas Mountains Rural Development Project** aims at fostering technical cooperation between Morocco and three sub-Saharan African countries, namely Côte d'Ivoire, Madagascar and the United Republic of Tanzania, which have not benefited from earlier SSTC exchanges with Morocco. The project connects with key partners in ongoing IFAD projects in the three countries, with the aim of scaling up good practices from the successful experience of the Green Morocco Plan. In addition, to increase the use of SSTC as a tool to support IFAD's mainstreaming areas, NEN will aim at selecting SSTC as its preferred implementation modality to deliver on IFAD's rural youth employment agenda.

## Appendix IV – Overview of projects under the China-IFAD SSTC Facility

No.	Project title	Project implementation location	Approved Value (US\$)
1	Inclusive agriculture and agro-industrial value chain development as an enabler of poverty reduction in Bangladesh	Bangladesh	\$ 500 000
2	South-South Cooperation for Scaling up Climate Resilient Value Chain Initiatives (SSCVC)	Vietnam, China, Laos, and Cambodia	\$ 500 000
3	Promoting Water Conservation and Irrigation Water Use Efficiency in Ethiopia	Ethiopia and Kenya	\$ 499 905
4	Rural Youth Innovation Award	LAC	\$ 450 000
5	South-South Cooperation In Green Economy For Agricultural Development And Enhanced Food Security (SSGE-ADFS)	Algeria, Hungary, Kyrgyzstan, Morocco, Sudan, Tunisia, Turkey, and Uzbekistan	\$ 459 000
6	South–South Triangular Cooperation for the Inter–Africa Bamboo Smallholder Farmers Livelihood Development Programme	Cameroon, Ghana, Ethiopia and Madagascar	\$ 500 000
7	Strengthening the Rural Solutions Portal and IFAD's IT tracking systems to increase the uptake of rural development solutions	IFAD	\$ 400 000
8	Strengthening business-to-business linkages and investment opportunities through IFAD's SSTC and Knowledge Centres	IFAD	\$ 250 000
9	Effective South-South Cooperation in Agriculture to Unleash Transformative Power of Agriculture Sector for Inclusive Development in Pakistan	Pakistan	\$ 500 000
10	Local production of fortified cassava flour in Bouenza department in the Republic of Congo	Republic of the Congo	\$ 492 438
11	Small scale dryers for post-harvest management enterprises in Africa	Ghana, Kenya, Tanzania	\$ 500 000
12	Promoting Sustainable Cage Aquaculture in West Africa (ProSCAWA)	Ghana and Nigeria	\$ 500 000
13	Learning from SSTC in project design for better results and greater sustainability	IFAD	\$ 250 000
14	Supporting the recovery of priority food crop value chains from the effects of COVID-19 to strengthen community resilience, markets and trade development in Tanzania	Tanzania	\$ 489,417
15	STARLIT: Strengthening Agricultural Resilience through Learning and Innovation	Rwanda and Kenya	\$483,470
16	Supporting local solutions towards a more resilient food system in Cuba	Cuba, China and Central America	\$481,098
17	Promoting Inclusive, Resilient and Sustainable Livelihood Opportunities in Rural Mountainous Areas through Upgrading Cashgora Value Chains	Tajikistan and Afghanistan	\$446,440

## Appendix V – Alignment with IFAD strategies and policies

IFAD Strategies and Policies	Key Objectives	Relevance of SSTC
Private Sector Engagement Strategy 2019-2024	<ol style="list-style-type: none"> <li>Mobilize private funding into rural MSMEs and small-scale agriculture and to expand markets; and</li> <li>Increase income job opportunities for IFAD's target groups. In turn, SSTC can be an instrument to scale up innovative solutions that are generated from IFAD's non-sovereign operations.</li> </ol>	<ul style="list-style-type: none"> <li>Build <b>stronger partnerships</b> across developing countries involving the private sector;</li> <li>Generate and share <b>innovative solutions</b> / best practices from IFAD's sovereign and non-sovereign portfolio to promote sustainable food systems transformation, including through private sector investments in small-scale agriculture.</li> </ul>
Partnership Framework	<ol style="list-style-type: none"> <li>To provide an integrated approach to: prioritizing and strengthening partnerships within IFAD business processes; and monitoring and reporting on partnership results.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC as a key <b>instrument for IFAD's catalytic partnerships</b>.</li> <li>SSTC to help <b>pursue partnerships</b> in line with the six identified <b>partnering objectives</b> (e.g. influencing policy and developing agenda leveraging financial resources etc.) and three <b>partnering outcomes</b>.</li> </ul>
Regular Grants Policy	<ol style="list-style-type: none"> <li>Overall strategic objectives for IFAD's regular grants programme are to: (i) Leverage better impact on the ground for IFAD's programme of work, including through improvement of in-country capacity for greater sustainability of benefits; and (ii) Foster a more conducive policy and investment environment for smallholder agriculture and rural development.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC leverages <b>strategic and operational partners' expertise and resources</b> to deepen the impact of IFAD's programme of work; and improve the availability of relevant knowledge and innovation by facilitating exchange among member states.</li> </ul>
Knowledge Management Strategy	<ol style="list-style-type: none"> <li>Help IFAD to leverage the best available and most relevant knowledge, based on both evidence and practice, from its own work, with partners and from other external sources.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC can help generate new solutions, technologies, resources and innovation and transmit this information among member states.</li> </ul>
Graduation Policy	<ol style="list-style-type: none"> <li>Provides a framework and process for countries' trajectory once they reach the Graduation Discussion Income.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC recognizes that many UMICs still face challenges in tackling significant pockets of rural poverty and therefore continued IFAD support and engagement is critical. In recognition of UMICs' unique development pathway, an enhanced focus on SSTC as a key instrument to support UMICs accessing, disseminating and exchange knowledge and expertise is prioritized.</li> </ul>
Report of the Consultation on the Twelfth Replenishment	<ol style="list-style-type: none"> <li>Double and deepen impact by 2030.</li> <li>Consolidate IFAD's country-level programme approach focusing on transformational country programmes.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC Strategy's Theory of Change structured around the IFAD12 Business Model. Objective is to double and deepen impact by 2030.</li> </ul>
IFAD Innovation Strategy	<ol style="list-style-type: none"> <li>Ensure that innovation is systematically and effectively mainstreamed in IFAD processes and in its practice in country programmes. Its purpose is to enhance IFAD's capacity to work with partners to find and promote new and better ways to enable the rural poor to overcome poverty.</li> </ol>	<ul style="list-style-type: none"> <li>SSTC helps distil innovations from IFAD's PoLG and disseminate them among member states. IFAD pursues partnerships where innovation is a core component.</li> </ul>
IFAD Action Plan – Rural Youth	<ol style="list-style-type: none"> <li>Sets out the framework and guides youth-sensitivity agriculture and rural development investments at IFAD: (i) describes youth and its context-based challenges and opportunities in the project design analysis; (ii) informs a targeting strategy; and (iii) allocates resources to deliver activities targeting youth.</li> </ol>	<ul style="list-style-type: none"> <li>Contribute to country programme delivery, implementation capacity, evidence-based knowledge management and strategic communications, policy engagement on the topic of youth, through leveraging the expertise of developing countries and promoting their dissemination.</li> </ul>

IFAD Action Plan Nutrition 2019-2025	1. Sets out the framework to guide IFAD's actions to accelerate mainstreaming of nutrition into its investments. It has been developed in a highly participatory and consultative manner, involving IFAD staff (at headquarters and IFAD country offices/hubs), as well as key partners and IFAD Executive Board representatives.	<ul style="list-style-type: none"> <li>• Improve learning and exchange on the topic of nutrition. Help promote innovation in this area. Support mainstreaming.</li> </ul>
IFAD Strategy and Action Plan on Environment and Climate Change 2019-2025	1. The strategy's purpose is to guide IFAD in addressing environment and climate change across all its policies, strategies and operations	<ul style="list-style-type: none"> <li>• Improve learning and exchange on the topic of climate change. Help promote innovation in this area. Support mainstreaming.</li> </ul>
IFAD's operational framework for scaling up results	1. Provide more structured and consistent guidance to IFAD country teams on how to systematically mainstream scaling up into operations. It provides staff with a broad overview on how to think through scaling up in particular contexts.	<ul style="list-style-type: none"> <li>• SSTC promotes innovation which is a core constituent of scaling up.</li> </ul>

## Appendix VI – Highlights from IFAD’s SSTC and Knowledge Centres

### Addis Ababa:

- **Development of IFAD’s SSTC pipeline:** The Centre has supported various country teams with the development of project proposals for the China-IFAD SSTC Facility, and the development of specific SSTC initiatives involving the private sector (GPR).
- **Strategic guidance and analysis:** The Centre has supported country teams across Africa to incorporate an SSTC and KM sections in COSOPs, CSNs and new projects since 2019. In addition, the Hub Director and SSTC Officer have engaged in IFAD’s inter departmental SSTC working group, feeding into IFAD’s strategic guidance for the SSTC and Knowledge Hubs and overall IFAD’s SSTC activities.
- **Engagement in SSTC projects:** Examples include: (i) engagement with implementing partners to identify replicable rural development solutions (through the grant project “Leveraging South-South and Triangular Cooperation to share rural development solutions for private sector engagement”); and (ii) supporting implementation missions (“Inter-Africa Bamboo Smallholder Farmers Livelihood Development Programme”).
- **Knowledge brokering:** The centre piloted the “SSTC KM Brokering Desk” as a tool that can respond to emerging demands for knowledge and expertise to address acute knowledge bottlenecks of practitioners in the IFAD portfolio, referring them to relevant knowledge resources to address knowledge challenges. So far, the desk has established an IFAD “Dgroup” for knowledge and information sharing among staff from IFAD and IFAD-funded programmes.
- **Partnership building:** Collaboration between stakeholders from Ethiopia and Kenya for water use efficiency and policy engagement for natural resources’ management: In response to Ethiopia’s request, the Centre developed the SSTC project “Promoting Water Conservation and Irrigation Water Use Efficiency in Ethiopia”, supported by the China-IFAD SSTC Facility. Effective since May 2019, the project promotes efficient water use in agriculture in the IFAD-funded Participatory Small-scale Irrigation Development Programme II.

### Brasilia:

- Preparation of a **regional strategy on SSTC and KM**.
- Creation of an **SSTC and KM Thematic Group**.
- Incorporation of an SSTC and KM section in all **COSOPs, CSNs and all new projects since 2019**.
- Organization and dissemination of **15 regional virtual events**, finalization and launch of **10 publications and studies** on areas such as extension services and marketing in the context of the COVID-19 pandemic, rural connectivity, agriculture insurance and rural gender transformation.
- Launch of the **LAC Knowledge Platform**, currently hosting over 110 publications (studies, researches, reports, good practices, systematizations, etc.) and approximately 100 news items on events, announcements and stories from IFAD and partners.
- Launch of the **newsletter “Knowledge and South-South Cooperation for Rural Development** in Latin America and the Caribbean” a Spanish bimonthly with more than 1.700 internal and external recipients.
- In collaboration with FAO, the Brazilian Cooperation Agency (ABC); and the Brazilian Agricultural Research Corporation (EMBRAPA); production of a **best practices publication** for countries from the Central America Dry Corridor.
- In response to Mexico’s request, establishment of a **technical exchange on agroforestry and agro-ecology between Mexico and Brazil**.
- Online seminar focusing on M&E and effective exit strategies for IFAD projects.

### Beijing:

- Support to the organization of **SSTC events, fairs and exchange visits in APR**, such as the **December 2019 seminar “Pakistan-China Experience Sharing on Building Climate Resilience & Sustainable Reforestation”** organized in Islamabad.
- Active engagement in the **China UNCTs SSTC working group**; including in the joint working plan under the new UNSDCF.
- Organisation of **online webinars** aimed at south-south knowledge exchanges; such as between the IFAD SPRAD project and the Government of Eswatini on digitalized pig traceability system.
- Fostering of strong relationships with Chinese government counterparts to enhance IFAD’s SSTC agenda. For example, in March 2021, facilitated a web-based inter-organisational dialogue between IFAD APR offices and the China Foreign Economic Cooperation Centre (FECC) to identify for mutually relevant areas for expanded future collaboration.
- Communication and promotion of IFAD’s SSTC agenda in China through IFAD’s Chinese social media page (Weibo), blogs on IFAD.org, and OpEds in major Chinese news outlets such as China Daily.