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Progress Report on Implementation of IFAD's Regular Grants Policy

Addendum

Management's Response to Member States' Comments

Executive Board — 135th Session
Rome, 25–27 April 2022

For: Information

Comments from United Kingdom	Management response
<p>We support the paper’s emphasis on the need to streamline design and approval processes.</p> <p>We recognise that the new grants policy became effective on 1 January 2022 and that no grant proposals have been submitted under the new policy yet. Unfortunately, the paper does not yet provide clarification on procedures to be followed ‘for better prioritisation’. We look forward to an update on when these will be shared.</p>	<p>Management appreciates the United Kingdom’s support for more streamlined design and approval processes.</p> <p>An internal interdepartmental working group is currently working on developing enhanced procedures covering the full life cycle of regular grants (including implementation, supervision and completion), to support the strengthened oversight function introduced by the new Regular Grants Policy.</p> <p>It is expected that the new implementing procedures will be submitted for approval to IFAD Management in June 2022, and that they will be shared with the Board for information in Q3/Q4 2022.</p>
<p>The paper notes that it aims to set out “how IFAD intends to differentiate among the five priority areas and promote greater focus among those priorities on country-level support”. However, paragraphs 22–26 set out very basic principles that we consider to be minimal requirements. All IFAD work at country level needs to be linked to IFAD’s COSOP or CSN and therefore country programmes. The objective should be to support the delivery of those programmes and so grants clearly need to be integrated – not just demonstrate “evidence of collaboration with country teams at design... and valid mechanisms for their involvement during implementation”. (para. 25)</p> <p>Prioritisation should require that these minimal requirements are met and, with such scarce grant resources, we do not agree with para 27 that notes that “grant proposals that do not fully meet the requirements ... may be considered for approval on an exceptional basis”.</p>	<p>Management remains fully committed to ensuring that the new procedures operationalize the policy’s key principle that the regular grants programme should have a “catalytic approach and linkages to national and regional priorities” by supporting the delivery of other initiatives and programmes that form part of IFAD’s new business model and strategic direction. As stated in the policy, country strategic opportunities programmes (COSOPs) and country strategy notes (CSNs) will play a key role in identifying entry points for funding through grants (paragraph 22) and to activate synergies.</p> <p>The principles for promoting greater focus on country-level support in paragraphs 22-26 of the progress report will be further articulated in the operational procedures and in the guidance materials that will be made available to sponsoring divisions.</p> <p>Lessons learned show that the involvement of country teams at design and implementation can help build tangible linkages between regular grants and country-level activities during and beyond the grant life cycle. The new procedures will facilitate such involvement, to complement the other actions foreseen to enhance the regular grants programme’s focus on country-level support.</p> <p>With regard to the comment on paragraph 27, Management agrees that the principles set out in paragraphs 22–26 should be mandatorily met by all grants that intend to contribute to strategic objective (SO) 1 of the policy, namely “leverage better impact on the ground for IFAD’s programme of work”. Therefore, for grants proposals that intend to contribute to SO1 and are submitted under priority</p>

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	<p>commitment areas 1, 2 and 4, the new procedures will not include any reference to the possibility that “proposals that do not fully meet the requirements... may be considered for approval on an exceptional basis” (paragraph 27).</p> <p>However, Management believes that grants contributing to SO2 (i.e. “foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level”) require a differentiated approach, with possible global scope, due to the nature of this SO. Moreover, the policy’s theory of change is based on synergic actions along three pathways (policies and investment, partnerships, and knowledge) that jointly contribute to the policy’s overall goal and strategic objectives.</p> <p>For grants contributing to SO2, the country-level scope of COSOPs and CSNs may not always offer the most appropriate entry points. However, the progress report refers to alternative but similarly strict criteria for assessing the proposals’ strategic and operational alignment with one or more of the six objectives of the IFAD Partnership Framework (paragraphs 30–32).</p> <p>The above principles will be integrated in the policy’s results framework and in reporting activities.</p>
<p>We welcome confirmation that the majority of funds will support grants that contribute to “better impact on the ground for IFAD’s programme of work”. We would also welcome an indication of the target percentage of funds available to support country programmes (60/70%?).</p> <p>It would be helpful to set out the numbers: grants available for IFAD12 in the latest financial scenario; amounts already earmarked over the three-year period (such as for the CFS, where the current grant runs until 2023); the US\$10 million amount proposed for the new initiative for short- term livelihoods and</p>	<p>Management reiterates its commitment to regularly report to the Board, through the yearly progress report, on the allocation of regular grants funds to the different SOs, pathways and priority commitment areas of the policy. This reporting will allow the Board and Management to assess the adherence to the policy’s principle that the majority of resources are allocated to SO1.</p> <p>Management believes it is important to observe how the implementation of the new policy unfolds during the first year and to establish a baseline, before considering whether setting specific target percentages of funds available for each SO is the most useful way to implement the principles established in the policy.</p> <p>For the IFAD12 period, an allocation of US\$75 million has been agreed for the regular grants programme (as per GC 44/L.6/Rev.1 and revised replenishment assumptions in EB 2021/133/R.13). As stated in the Priority Replenishment Commitments paper, the available resources will be evenly allocated across the three years of the cycle,</p>

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<p>resilience protection to enhance IFAD’s capacity in response to the global impacts of the war in Ukraine. This summary overview would help to set out resources available for the five areas over the next three years and how they should be prioritised.</p>	<p>with an indicative envelope of about US\$25 million to be committed each year during the IFAD12 period (EB 2021/134/R.13, paragraph 16).</p> <p>No resources have been earmarked from the US\$75 million IFAD12 regular grants allocation, since no Operational Strategy and Policy Guidance Committee (OSC) has yet been held on regular grants to decide on pipeline entry for proposals to be funded by the IFAD12 allocation.</p> <p>With regard to the CFS contribution, Management would like to clarify that the US\$500,000 contribution grant to the CFS only covers 2021. This was done to avoid frontloading IFAD11 regular grant resources for IFAD’s engagement with the CFS during the first two years of IFAD12. In addition, the grant name is erroneously reported in table 1, annex II of the progress report. It should instead read “IFAD contribution to the Committee on World Food Security (CFS) for a 1-year period: 2021”.</p> <p>Although operations funded by the Crisis Response Initiative would be administered as grants and not as loans, no commitment has been made to date to finance the initiative from the IFAD12 regular grants envelope.</p>
<p>Paragraph 10 highlights that “IFAD should be more strategic in its global and policy partnership engagement, and the new grant procedures offer an opportunity for better prioritization.” Beyond the “in-depth analysis of the partnership indicators included in the supervision reports” we would welcome more information, in due course, on the streamlining of IFAD’s strategic focus and how it will then align its grants with that.</p>	<p>The policy establishes several principles to ensure that the regular grants programme is aligned to IFAD’s strategic focus (catalytic approach, value addition, prioritization of activities). The procedures will further operationalize these principles.</p> <p>The alignment of individual grant proposals to IFAD’s strategic focus and priorities will be assessed during the review, quality assurance and approval process and will facilitate prioritization of competing proposals. The draft scorecard annexed to the policy already includes a dedicated indicator and rating.</p> <p>With regard to the strategic partnership dimension, the interdepartmental working group noted above is defining the mechanisms for building greater strategic and operational alignment between the regular grants programme and the IFAD Partnership Framework throughout the grant life cycle. Further details on the underlying mechanisms and advancement towards greater alignment will be provided in the new procedures and next progress report.</p>

Comments from Ireland	Management response
<p>Ireland welcomes the Progress Report on the Implementation of the Regular Grants Policy. Grants make a crucial contribution to IFAD's effectiveness, giving it the flexibility to respond to additional costs of working with the most marginalised people and developing partnerships and capacity in challenging environments. We strongly welcome the intention to open grants up to grassroots organisations and strategies to make grassroots organisations aware of the opportunities available.</p> <p>We were pleased to read that grants have strengthened IFAD's performance as a knowledge broker and in supporting partner capabilities. We endorse the focus on shaping the global agenda and need for IFAD to be more strategic in its global and policy partnership engagement – engaging with a wider range of partners.</p> <p>With the impacts of the pandemic, increasing debt distress, and now the spillover effects of the war in Ukraine, the demand for, and hence pressure on, grant resources is even greater. We therefore welcome the focus on strategic issues in paragraphs 10 and 11 and the conclusion that "the new grant procedures offer an opportunity for better prioritization."</p>	<p>Management appreciates Ireland's acknowledgement of the importance to facilitate the engagement of grass-roots organizations and the diversification of the partnerships activated by the regular grants programme.</p> <p>Enhancing the mechanisms for the strategic prioritization of the regular grants programme in light of reduced resources is a key focus of the new procedures.</p>
<p>As IFAD now develops the operational procedures, we would like to reiterate comments made at the Executive Board in April (EB -2021-132) on the value of explicit and</p>	<p>The need to establish clear and explicit linkages between the theory of change, the scorecard and the results framework is well noted. The linkages between these three elements are already embedded in the policy, which includes three annexes</p>

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<p>clear linkages between the Theory of Change, the scorecard, and the Results Management Framework so that the mainstreaming themes are clearly incorporated. The procedures also need to recognise that results may not be delivered within the lifetime of the grants. Grants have a critical role in delivering and leveraging finance in situations with very few alternative resources. Coherent and transparent expectations and metrics will help the Board and management to choose between competing priorities.</p>	<p>dedicated, respectively, to the theory of change (annex III), the scorecard (annex IV) and the indicative results framework (annex V).</p> <p>The elements presented in the policy are also guiding the development of the procedures, which will further strengthen coherence and linkages between these three elements since they cover all stages of the grant life cycle, starting from design and prioritization (through the revised and expanded version of the scorecard), to monitoring effectiveness and efficiency during implementation and at completion, to reporting.</p> <p>Management wishes to highlight that the results framework, already in its indicative form, integrates data and ratings collected through the scorecard (indicators for the expected result "relevance and alignment with the Regular Grants Policy") and through the different reports produced during implementation and at completion (indicators for the expected result "implementation effectiveness"). The ability to deliver and leverage finance will be monitored through the results framework indicators related to disbursement ratios and cofinancing, which will be disaggregated according to different country contexts in portfolio analyses and reports, including the yearly progress reports submitted to the Board. The scorecard and results framework are being refined through a better definition of guiding questions and definitions for the individual indicators, so that they can better reflect the elements identified at different levels of the theory of change.</p> <p>Continued attention will be paid to the integration of mainstreaming themes, which are the focus of a dedicated priority commitment area (area 1, "Increased ambition on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people").</p>

Comments from Japan	Management response
<p>Japan welcomes the progress of implementation of the updated regular grant policy with broader participation from a number of divisions. Japan notes that the implementation procedures for Regular Grants Policy are still under consideration, which was supposed to be presented as a part of this present document according to the discussion paper presented to the last Board session (EB 2021/134/R.13). Japan believes that transparency and accountability are critical elements highlighted in the new Regular Grant Policy and expects that regular grant programmes in IFAD12 cycle are processed and put in place without delay.</p>	<p>Management concurs with the need to start processing a grants proposal for the IFAD12 cycle as soon as possible. It is expected that the new procedures covering the design, approval, implementation, monitoring and reporting of regular grants will be approved by Management by the end of June 2022 and that the first regular grants OSC for IFAD12 will be held soon thereafter.</p>
<p>The Board discussed intensely how to prioritise among proposed regular grant programmes given limited regular grant resources. In this vain, we would like to point out that the scorecard would be an important factor to select most effective programmes in a fair and transparent manner. Thus, we would like to expect that the scorecard will be provided to stakeholders including the Board members.</p>	<p>Management appreciates Japan’s emphasis on the effectiveness of the scorecard as the key instrument to drive the transparent and rigorous scoring and prioritization of grant proposals. At the OSC stage, the scorecard will be compiled for each submitted grant proposal with inputs from relevant divisions. The scorecard is an integral component of the grants procedures and will be shared with the Board for information together with the rest of the procedures.</p>
<p>We expect a next progress report with concrete results of the implementation of regular grant programmes both new ones in IFAD12 and ones in IFAD11.</p>	<p>Management agrees with the inclusion, in the next progress report (due in April 2023), of data and analyses covering all the new grants approved under the IFAD12 cycle, and a synthesis of data and results from the grants approved during IFAD11.</p>

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