

Document: EB 2022/135/R.22
Agenda: 12(b)
Date: 28 March 2022
Distribution: Public
Original: English

E



Progress Report on Implementation of IFAD's Regular Grants Policy

Note to Executive Board representatives

Focal points:

Technical questions:

Dominik Ziller
Vice-President of IFAD
Tel.: +39 06 5459 2518
e-mail: d.ziller@ifad.org

Ashwani K. Muthoo
Director
Quality Assurance Group
Tel.: +39 06 5459 2053
e-mail: a.muthoo@ifad.org

Dispatch of documentation:

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

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

For: Review

Contents

I.	Introduction	1
II.	Activities following policy approval	1
III.	Principles for streamlined design and approval processes	3
IV.	Principles for differentiating among priority areas and placing greater focus on country-level support	4
V.	Next steps	6

Annexes

- I. IFAD12 priority replenishment commitments to be addressed through financing from the regular grants programme
- II. 2021 grants under the global/regional and country-specific grant windows approved by the President

Progress Report on Implementation of IFAD's Regular Grants Policy

I. Introduction

1. At its 132nd session in April 2021, the IFAD Executive Board approved the new Regular Grants Policy.¹ The policy states that each year at its April session, Management will submit a progress report to the Board on the implementation of the policy. This is the first report submitted under this provision; it was prepared by the Quality Assurance Group (QAG) in collaboration with the interdepartmental grants procedures working group (WG).
2. The new grants policy became effective on 1 January 2022. No grant proposals have been submitted under the new policy as yet, and no grants have been funded under the Twelfth Replenishment of IFAD's Resources (IFAD12) regular grant envelope. This first report therefore focuses on the outreach and communication activities undertaken after the policy's approval, on progress towards the development of new implementing procedures, and on the principle of achieving "streamlined design and approval processes customized to specific situations" in line with the policy (sections II and III).
3. During the discussion of the IFAD12 priority replenishment commitments during its 134th session in December 2021, the Board asked Management to provide further information on how IFAD intends to differentiate among the five priority areas and promote greater focus among those priorities on country-level support. To limit the number of separate documents presented to the Board, this report illustrates the principles that will be followed to address the Board's concerns (section IV).
4. Finally, annex II lists the grants under the global/regional and country-specific grant windows approved by the President in 2021. The list was formerly submitted for information to the Board as a separate document and will henceforth be included in the annual progress report.
5. Beginning with the April session of the Board in 2023, as activities funded through the IFAD12 regular grant envelope unfold, the annual progress report will review operations in the previous year, using the indicators included in the policy's results framework as well. The report will provide information on the allocation of regular grant resources among the programme's strategic objectives (SOs), pathways and priority areas and on the results achieved and lessons learned.

II. Activities following policy approval

6. **Communication and outreach.** Following its approval, the new grants policy was widely circulated, posted on the IFAD intranet and in the online operations manual. QAG presented the key principles and changes introduced by the policy to regional workshops, corporate induction workshops, the Knowledge Management Coordination Group and the self-assessment workshop discussed in paragraph 13.
7. **Approval of the IFAD12 priority replenishment commitments.** The IFAD12 Priority Replenishment Commitments to be Addressed through Financing from the Regular Grants Programme was prepared and approved by the Board.² The approved IFAD12 priority commitment areas are presented in annex I. The principles for differentiating among priority areas and placing greater focus on country-level support are described in section IV. These principles will be further operationalized in the new procedures and allow the Board and Management to

¹ EB 2021/132/R.3.

² EB 2021/134/R.13.

make informed decisions on the prioritization of activities to be funded through regular grant resources.

8. **Interdepartmental grants procedures working group.** Under the overall direction of the Vice-President, an interdepartmental WG has been tasked with developing the new implementing procedures for the Regular Grants Policy. The WG includes representatives from all IFAD departments and is coordinated by QAG. The WG meets weekly; additional dedicated meetings are held on specific aspects of the procedures (e.g. streamlining, systems integration, partner selection process).
9. To guide the development of the new procedures, the WG is collecting and analysing data and lessons from the regular grants programme; the analysis will also facilitate the development of baseline indicators for the policy's results framework, where possible. QAG prepared an initial analysis of the processing times for different types of grants under IFAD11 and shared it with the WG to identify bottlenecks at different stages of the design and approval process. The analysis shows that, while it took about 200 days, on average, to bring a grant from the Operational Strategy and Policy Guidance Committee (OSC) to approval under IFAD11, the time involved varied significantly, and 25 per cent of the grants took 300 days or more.³ There are opportunities to streamline the different steps in the process, since delays may occur at different stages after OSC involvement (quality assurance review, final desk review, approval and agreement).
10. The WG discussed the findings and recommendations of the progress report on the IFAD Partnership Framework to assess their implications for the new grant procedures. The report shows that IFAD's role as a knowledge broker has been strengthened through grants and strong knowledge partnerships, contributing to country programme achievements, a better enabling environment and stronger partner capabilities. However, IFAD should be more strategic in its global and policy partnership engagement, and the new grant procedures offer an opportunity for better prioritization.
11. To strengthen the grants programme's contribution to IFAD's partnership objectives and enhance its strategic role in fostering the Fund's contribution to shaping the global agenda for poverty eradication, the Global Engagement, Partnership and Resource Mobilization Division (GPR) and QAG will conduct an in-depth analysis of the partnership indicators included in the supervision reports of ongoing grants and of the partner survey results, with a focus on regular grant recipients. To further improve the assessment of partnerships during grant design and supervision, the categories used to classify partners and partnership objectives in the grant procedures and templates will be fully aligned with those of the partnership framework.
12. The WG is mapping the numerous systems and workflows currently used to manage the regular grants programme. This mapping will enable better identification of the needs of different users of grant-related systems (sponsoring divisions, grant managers, units involved in grant review and portfolio oversight, grant focal points, country teams, potential partners, communities of practice, etc.) and assess options for systems integration (e.g. the Quality Assurance Archiving System, the Operational Results Management System and the IFAD electronic records management system).
13. **Self-assessment workshop on regular grant procedures.** The process leading to the development of the new procedures is collaborative and based on extensive in-house consultations. In collaboration with the WG, QAG held a self-assessment workshop on the regular grant procedures to benefit from the knowledge of

³ These results apply only to grants processed under standard procedures, since they were not affected by the revisions to the regular grants envelope in 2020. For grants affected by the 2020 reallocation, processing times were considerably longer.

colleagues in IFAD, particularly those with experience in grant design and implementation. The workshop produced a rich group discussion on what is working well and what can be improved in the regular grant procedures to help ensure that the regular grants programme can effectively contribute to IFAD's mandate of sustainable and inclusive rural transformation under the IFAD12 business model. The underlying question for the workshop was: how can the new procedures help design and implement grants that deliver results and impacts in synergy with other initiatives and programmes under the IFAD12 business model?

14. The workshop was opened by the Vice-President, who offered introductory remarks on the overall direction and strategic value of the IFAD regular grants programme, and was attended by 125 colleagues from headquarters and IFAD country offices. The key issues and good practices identified in the workshop and the suggestions made were discussed in WG sessions and will contribute to the formulation of operational indications for the development of the new procedures.
15. **Application of the policy's broad principles.** While the new policy became effective on 1 January 2022, it stipulates that "during the transition period immediately following approval of the policy, its broad principles will be applied" (paragraph 31). Consequently, the policy's key principles (e.g. prioritization of activities, value addition, catalytic approach, value for money) and the strategic evolution of the regular grants programme have informed the review and assessment of grant proposals submitted since April 2021 under the IFAD11 envelope. The policy's principles (such as country eligibility and linkages to national and regional priorities) have also been used to assess non-lending strategies in country strategic opportunities programmes (COSOPs) and loan-funded project reviews. Finally, the policy's principles have been invoked by QAG, the Financial Management Services Division and the Office of the General Counsel to decide or advise on exceptional cases concerning, for example, grant extensions or modifications.

III. Principles for streamlined design and approval processes

16. As discussed, grant processing times vary considerably, and this has a negative impact on the programme. Greater predictability in the time taken to bring a grant from concept to the first disbursement is critical to foster linkages and synchronicity with country programmes and help leverage cofinancing from potential partners who operate on medium-term planning cycles. The WG is therefore developing mechanisms to streamline the grant design and approval process while closely adhering to the principles established in the grants policy.
17. Lengthy grant processing is, at least in part, linked to the complexity of the current procedures. To help avoid past difficulties and delays, the WG will develop procedures that are easier to navigate, organize regular outreach and training activities, and provide comprehensive information and support on grant design as part of IFAD's online Operations Manual and through its Operations Academy.
18. A track system (similar to the three-track system used for loan-funded operations) may be introduced for grants in lieu of the current system of several different workflows and exceptions for different types of grants. The grant track would be decided by the OSC Chair, based on inputs from QAG and the Operational Policy and Results Division on criteria, which may include relevance and strategic value, size, risks (as defined in the grants policy's risk management framework), cofinancing level, partnership objective and proposed selection method, as well as the nature and capacity of the implementing partner, if already identified (e.g. all grants to private sector partners will be processed under track 1). For each track, different workflows and documentation requirements will be defined for the steps following OSC endorsement of pipeline entry.

19. Regular grants enable IFAD to provide a rapid response in emergencies beyond the availability and remit of the performance-based allocation system and the Borrowed Resource Access Mechanism; this role is recognized under priority commitment area 2. Grants in response to emergencies would be classified under track 3 and processed with a leaner workflow to ensure rapid response, while still ensuring fiduciary assurance.
20. To shorten the time between OSC review and agreement, following OSC review, greater emphasis will be placed on implementation readiness, regardless of track. Clearer guidelines and guidance will be provided on annual workplans and budgets, institutional arrangements, assessment of partners' capacities and other relevant aspects.

IV. Principles for differentiating among priority areas and placing greater focus on country-level support

21. When discussing the IFAD12 priority replenishment commitments for the grants programme at its 134th session, the Board asked Management to provide further information on how IFAD intends to differentiate among the five priority areas and place greater focus among those priorities on country-level support. This section indicates additional principles that, within the broader framework of the policy and selected priority areas, will guide the selection of proposals and the allocation of regular grant resources. These principles will be further operationalized in the new procedures and the policy's results framework and will be reflected in the final version of the scorecard that will be used to competitively assess grant proposals during the quality assurance process.
22. **Placing greater focus on country-level support.** To foster concrete linkages with country programmes, grant proposals with a focus on one or more countries should demonstrate that the grant responds to specific demands identified in the COSOP, country strategy note (CSN), relevant initiatives and programmes planned or being implemented in the target countries.
23. For grants with a regional focus, proposals should demonstrate alignment with relevant regional strategies and priorities (e.g. by referencing any available regional gap analyses, engagement strategies, portfolio stocktaking and other strategic documents, or to specific needs identified in regional lending operations). Proposals should also identify concrete linkages to demands indicated in COSOP and CSN non-lending strategies and other operations in the target region.
24. For global grants submitted under priority areas 1 (mainstreaming and targeting) and 4 (enhancing performance and efficiency), proposals should provide evidence that the grant responds to well-identified corporate needs for solutions and innovations to strengthen the delivery and results of the programme of loans and grants within the selected priority area.
25. Effective synergies and integration with country programmes require stronger engagement with country teams throughout the design and implementation process. Grant proposals should present clear evidence of collaboration with country teams at design and should include valid mechanisms for their involvement during implementation.
26. The limited availability of budgets and resources for grant supervision and implementation support may hinder knowledge generation and systematization, and prevent the regular sharing of lessons and innovations generated by grants with country teams and project/programme management units. Grant proposals should include realistic strategies, supported by adequate budgets and resources, for supervision, implementation support and to fund opportunities for knowledge-sharing with IFAD operations. Grant proposals will be more positively assessed

when a portion of partners' cofinancing is made available for supervision and implementation support.

27. Since grants are a flexible instrument and may respond to different, often context-specific objectives, grant proposals that do not fully meet the requirements spelled out in paragraphs 22–26 may be considered for approval on an exceptional basis with strong justification.
28. **Mechanism to differentiate among the five priority areas and prioritize allocations.** In response to the Board's questions as to how Management would prioritize resource allocations, Management confirmed that, in line with the Regular Grants Policy, the majority of funds will support grants that contribute to the policy's SO1 ("leverage better impact on the ground for IFAD's programme of work"). The following paragraphs provide further indications on how allocations among the different SOs and priority areas will be prioritized and monitored under the new procedures.
29. Grant concept notes will have to indicate the SOs, pathways and priority areas to which they intend to contribute and provide a justification for this. The classification by SO, pathway and priority area will permit fine-grained monitoring of the number of grants and share of resources allocated to each SO, pathway and priority area. A breakdown of the number of grants and share of resources allocated or committed to each SO, pathway, and priority area will be included in each grants OSC cover memo. This will help the OSC Chair make informed decisions about new grant proposals.
30. At the OSC and quality assurance stages, additional information on the coherence and potential contribution to one or more objectives of the IFAD Partnership Framework will be required for grant proposals that contribute primarily to SO2 of the Regular Grants Policy ("foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level").⁴ Comments on the grant partnership and policy engagement dimensions will be provided by GPR during the review process. This will help assess proposals on the basis of their alignment and contribution to the partnership framework and make it possible to identify synergies with other activities and avoid duplication.
31. At the OSC stage, the process will assess the consistency between the grant partnership and policy objectives, and the proposed partner selection method. For example, competitive selection through restricted calls to organizations with adequate global outreach, capacities and mandates could be more appropriate for grant proposals whose objective is policy engagement at the global/regional level.
32. As noted in the progress report on the IFAD Partnership Framework, regular grants allow IFAD to engage with a wide range of partners, including non-state actors, which are critical members of IFAD's target group. The grants programme is particularly valuable for building the capacity of regional partner organizations, especially farmers' organizations. However, grass-roots organizations and potential partners from developing countries often cannot compete on a level playing field with large, more structured organizations with dedicated resources for grant proposal writing. Competitive selection at the OSC stage will be the preferred method for small grants of over US\$100,000 in IFAD resources. The design documents that bidding partners must prepare for competitive selection at the OSC stage are less complex and significantly shorter than those needed for competitive selection at the quality assurance stage. This mechanism will help IFAD engage with

⁴ These include grant proposals primarily supporting the "partnership" and "policy" pathways of the new grants policy, and grant proposals submitted under priority areas 3 ("strategic partnerships to enhance impact") and 5 ("sustainability and scaling up results") with a focus on policy engagement to promote systemic change and enhance the sustainability of IFAD's programme of work.

partners who lack the capacity and resources to invest in the preparation of complex grant design documents without IFAD support and will help reduce IFAD's transaction costs in the processing of small grants.

V. Next steps

33. After Management's approval of the new procedures, outreach and training activities will be organized, and a call for proposals for the first round of regular grants under IFAD12 will be issued. To give adequate advance notice to sponsoring divisions, the first IFAD12 regular grants OSC is expected to be conducted in the third quarter of 2022.

IFAD12 priority replenishment commitments to be addressed through financing from the regular grants programme

1. The five IFAD12 priority replenishment commitments that could benefit from activities funded by the regular grants programme during the IFAD12 period (2022–2024), as approved by the Board,⁵ are reported below. These priority commitments will allow the Board and Management to make informed decisions on the prioritization of activities to be funded through regular grant resources, based on the additional indications provided in this paper.
 - (i) **Priority commitment area 1: Increased ambition on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people (IFAD12 replenishment commitment 1.1).** This area covers initiatives that will help better reflect mainstreaming and social inclusion priorities in IFAD-funded operations. Initiatives should focus on piloting innovative solutions with regard to nutrition, climate, gender, youth and biodiversity. Activities that favour the inclusion of indigenous peoples and persons with disabilities as priority target groups will also be considered.
 - (ii) **Priority commitment area 2: Strategic focus on fragility, conflict and building resilience (IFAD12 replenishment commitment 1.2).** This area covers initiatives that will help IFAD achieve more effective operations, leverage resources and strengthen collaborations in fragile, emergency and conflict-affected situations, together with activities that will support sustainable and inclusive development in Small Island Developing States.
 - (iii) **Priority commitment area 3: Strategic partnerships to enhance impact (IFAD12 replenishment commitment 1.4).** This area covers initiatives that will contribute to furthering the objectives of the IFAD Partnership Framework or more broadly support the partnerships pathway of the Regular Grants Policy (leveraging strategic and operational partners' expertise and resources to deepen the impact of IFAD's programme of work). Activities should focus on establishing or strengthening high-priority strategic regional and global partnerships and on supporting IFAD's global engagement with global platforms and alliances (such as the African Green Revolution Forum, the Committee on World Food Security, the High-level Political Forum on Sustainable Development, the International Land Coalition and follow-up on the United Nations Food Systems Summit, the United Nations Decade of Family Farming and other initiatives), knowledge institutions, producers' organizations, thematic networks, the private sector and other non-state actors. Initiatives in this area can also contribute to the implementation of the new IFAD South-South and Triangular Cooperation Strategy.
 - (iv) **Priority commitment area 4: Enhancing performance and efficiency (IFAD12 replenishment commitment 2.1).** This area covers initiatives that will help IFAD maximize impacts and results through enhanced performance and efficiency in transformational country programmes by:
 - (i) improving in-country capacities; and
 - (ii) improving the availability and uptake of relevant knowledge and innovation targeting the poor, in line with IFAD's operating model and guidelines for innovation. Activities that focus on building the capacities of project management units with respect to monitoring and evaluation (M&E) and Social, Environmental and Climate Assessment Procedures and activities that will promote solutions based on

⁵ [EB/2021/134/R.13](#).

information and communications technologies for development and digital agriculture approaches will be prioritized.

- (v) **Priority commitment area 5: Sustainability and scaling up results (IFAD12 replenishment commitment 2.2).** This area covers activities that will support IFAD's increased emphasis on policy engagement as a means of promoting systemic change for IFAD's target groups and that will help enhance the sustainability of IFAD's programme of work by improving the policy and investment environment for smallholder agriculture and rural development. In line with the policy pathway of the Regular Grants Policy, proposals in this priority commitment area should focus on global- and regional-level activities to support higher-level policies for inclusive and sustainable rural food systems transformation. They may also include analytical work in support of such activities.

2021 grants under the global/regional and country-specific grant windows approved by the President

1. At its ninety-eighth session in December 2009, the Executive Board authorized the President of IFAD to approve grants not exceeding the equivalent of US\$500,000 on its behalf, with the exception of grant financing to the for-profit private sector, and to report annually to the Executive Board on the use of such authority. The report was formerly submitted as a separate document at the Board's April session.
2. The new grants policy mandates that an annual progress report on the implementation of the policy be submitted annually to the Board at the April session. To reduce the number of separate reports on the grants programme submitted to the Board, the list of grants approved by the President of IFAD will henceforth be included as an annex to the annual progress report.
3. A description of the grants approved under this agreement from 1 January 2021 to 31 December 2021 is attached. These grants are listed by relevant division, and a description of the activities supported is provided. The grants were subject to the criteria and approval process spelled out in the IFAD Policy for Grant Financing, approved in April 2015⁶ and to application of the broad principles of the new Regular Grants Policy during the transition period immediately following the policy's approval in April 2021.

Table 1

2021 grants under the global/regional and country-specific grant windows approved by the President

<i>Lead originating department/division/unit</i>	<i>Grant title</i>	<i>Benefiting institution/country</i>	<i>Amount (United States dollars)</i>	<i>Scope of the grant</i>
Communications Division	Training for developing countries' journalists	Thomson Reuters Foundation	100 000	The goal of this grant-funded project is for food systems-related knowledge to be broadly shared through the amplified voices of poor rural women and men – with a specific focus on bringing related challenges to the attention of policy and decision makers and influencers.
East and Southern Africa Division	African Green Revolution Forum 2021	Alliance for a Green Revolution in Africa	100 000	The goal of this grant is to develop a broad African accountability platform, involving stakeholders from the entire agricultural value chain to discuss policy and practice and harness initiatives and partnerships devoted to ensuring food security, reducing poverty and spurring profitable, inclusive and sustainable agricultural growth that will improve the lives of African smallholder farmers.
Global Engagement, Partnership and Resource Mobilization Division	IFAD contribution to the Committee on World Food Security (CFS) for a three-year period – 2021-2023	Food and Agriculture Organization of the United Nations	500 000	IFAD supports the CFS in its aim to eliminate hunger and malnutrition through improved global policy convergence/coherence, which will lead to strengthened action at the national and regional level. All activities in the Multi-Year Programme of Work (in which IFAD actively participated and contributed to) are designed, planned and implemented to promote: resilience of livelihoods; attention to the people most affected by food insecurity and malnutrition; an inclusive and participatory multisectoral approach; evidence-based decision-making; environmental, economic and social sustainability; gender equality, women's and girls' rights and women's empowerment in the context of food security and nutrition.
Operational Policy and Results Division	2021 contribution to support IFAD's membership in the International Aid Transparency Initiative (IATI)	United Nations Office for Project Services	33 000 ⁷	Provide support to the IATI and its transparency commitments pursuant to the 2008 Accra Agenda for Action by making information about aid spending easier to access, use and understand.

⁶ EB 2015/114/R.2/Rev.1.

⁷ From the Programme Management Department allocation for microgrants, pursuant to Strategic Guidance Note for IFAD Grants 2019-2021.