
Financing Procedures for IFAD Regular Grants

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Useful references: IFAD Regular Grants Policy, [EB 2021/132/R.3](#); IFAD12 Priority Replenishment Commitments to be Addressed through Financing from the Regular Grants Programme, [EB 2021/134/R.13](#).

Action: The Executive Board is invited to take note of the update presented on the revised Financing Procedures for IFAD Regular Grants.

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Financing Procedures for IFAD Regular Grants

I. Introduction

1. At its 132nd session in April 2021, the IFAD Executive Board approved the new Regular Grants Policy.¹ The policy entered into effect in January 2022 and introduced several changes to the objectives, allocation mechanisms, guiding principles and management of the regular grants programme. The 2021 policy stipulated that implementing procedures would be prepared and would “include, inter alia, streamlined design and approval processes customized to specific situations, and indications for operationalizing the criteria for allocating resources through the programme”.
2. The revised Financing Procedures for IFAD Regular Grants were developed by an interdepartmental working group coordinated by the Quality Assurance Group and approved by Management. In the spirit of reducing the volume of documents being circulated to the Board, Management will share the procedures bilaterally should any Board member request a copy.
3. These financing procedures supersede the Grant Financing Procedures approved by the Executive Management Committee (EMC) on 19 December 2018. They apply to all grants financed by the Fund’s own resources allocated to the regular grants programme. They are designed to provide IFAD staff involved in the design and management of regular grants with a single point of reference. The procedures cover all stages of the grant lifecycle (design, implementation and completion). They include updated templates and guidance notes as annexes. Due to their detailed nature, these are not provided in this document but are readily available on request.

II. Key changes

4. The revised financing procedures operationalize the key principles and strategic directions established in the policy. They take into consideration: (i) the five priority replenishment commitments to be addressed through the regular grants programme, approved by the Board in December 2021 (EB 2021/134/R.13); (ii) the additional indications on the prioritization of proposals and linkages to country-level programmes and activities provided in the first progress report on the implementation of IFAD’s Regular Grants Policy, submitted to the Board for review in April 2022 (EB 2022/135/R.22); and (iii) the revised terms of reference of IFAD’s Operational Strategy and Policy Guidance Committee (OSC). The main changes introduced by the new procedures are summarized in the following paragraphs.
5. **Streamlined presentation, with detailed coverage of implementation and completion.** The 2018 procedures only briefly covered implementation and completion. In addition, the relevant information was dispersed across various documents owned by different units/divisions. In the new procedures, all procedural aspects are incorporated into one document for more effective management of the regular grants programme.
6. **Updated design documents, scorecard and policy results framework.** The grant concept note, grant design document and contribution design document have been updated to reflect the key principles of the Regular Grant Policy, the regular grants programme’s theory of change and the selected priority areas. All grant proposals will be reviewed using a specific scorecard. The scorecard will enable the transparent and rigorous comparative assessment of all aspects of grant proposals, including their alignment and contribution to the strategic objectives and priority

¹ EB 2021/132/R.3.

areas of the regular grants programme; evidence of country ownership and focus on country-level support; synergies and linkages with other IFAD initiatives and programmes; and the value added of regular grants financing. Therefore, the scorecard will help the OSC prioritize resource allocation, differentiate among the five priority areas and place greater emphasis on country-level support in line with the key principles established in the policy. Quality-at-entry ratings will be assigned at the OSC and desk review stages and will be reported through the policy results framework and in the annual progress report to the Board.

7. **Mechanisms to strengthen linkages to IFAD's portfolio and leverage impacts on the ground.** Within a given replenishment cycle, the bulk of resources will be allocated to activities focused on the achievement of strategic objective 1 (SO1) of the Regular Grants Policy ("leverage better impact on the ground for IFAD's programme of work, including through improvement of in-country capacity for greater sustainability of benefits"). To enhance linkages to IFAD country programmes and operations, grant proposals with a focus on one or more countries should demonstrate that the grant responds to concrete demand identified in the country strategic opportunities programme or country strategy note, or to relevant initiatives and programmes/operations planned or being implemented in the target countries. Grant proposals should present clear evidence of collaboration with country teams at design and provide valid mechanisms for their involvement during implementation. Grant proposals should include realistic strategies, supported by adequate budgets and resources, for supervision and for funding knowledge-sharing opportunities with IFAD operations.
8. The breakdown of the resources allocated or committed to each SO and priority area will be included in each OSC cover memorandum, monitored through the policy's results framework, and included in the stand-alone progress report submitted yearly to the Board. This will permit the Board and Management to regularly assess whether the grants resource allocation is consistent with the policy, and to identify any needed corrective actions in a timely manner.
9. **Recipient selection and due diligence at the OSC stage.** All grant recipients should be identified and undergo due diligence before presentation to the OSC. Recipients will be selected through either competitive selection (the standard option) or direct selection (under the circumstances allowed by the policy and subject to approval by the OSC Chair). This will reduce transaction costs for the competitive selection evaluation team, help increase the diversity of grant recipients and allow the OSC to take informed decisions on pipeline entry.
10. **Cofinancing and recipient contributions.** The cofinancing mobilized by the regular grants programme will be monitored and regularly reported through the policy's results framework. Mechanisms are in place to prioritize proposals that are able to mobilize cofinancing from external partners and recipient contributions. For private sector recipients, the contribution must be at least 25 per cent of the IFAD grant amount. For other recipients, it is recommended that the contribution be at least 20 per cent of the IFAD grant amount.
11. **Streamlined processes.** A streamlined Track 2 process has been introduced. The Track 2 process is reserved for a small number of high-priority initiatives such as those supporting the global policy processes selected by the EMC or those delivering on IFAD's Rome-based agency commitments to specific committees or initiatives.
12. **Discontinuation of pre-allocations for micro-grants.** In light of the reduced resources available and in line with the policy's provision that all proposals will be competitively assessed for their suitability for funding, departmental pre-allocations for micro-grants will no longer be available. All grant proposals will be considered by the OSC.

13. **Yearly portfolio stocktake.** A dedicated stocktake of the regular grants portfolio will be organized in the first quarter of each year. The stocktake will review the performance of the grant portfolio based on grant status reports and other relevant completion documents and will systematize knowledge and learning from the design and review of grants during the previous year.

III. Next steps

14. The financing procedures were finalized and issued in November 2022. Outreach and training activities will be organized for IFAD staff at headquarters and in the field. A call for proposals will be launched for an OSC on regular grants to be held in mid-December. Thereafter, three OSCs on regular grants are planned during 2023 (indicatively in February, June and October).