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## **Amendments to the Rural Resilience Programme trust fund instrument**

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**Useful references:** IFAD's Rural Resilience Programme: Amendments to the Instrument Establishing the Trust Fund for the IFAD Adaptation for Smallholder Agriculture Programme ([EB 2020/130/R.13](#)) and its addendum ([EB 2020/130/R.13/Add.1](#)); Rural Resilience Programme ([EB 2020/131\(R\)/INF.4](#)).

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# Amendments to the Rural Resilience Programme trust fund instrument

## I. Amendments

1. The purpose of this document is to amend the existing Rural Resilience Programme (2RP) trust fund instrument to simplify the language and introduce sufficient flexibility to allow for the creation of additional pillars in the future. The present document contains a proposal for the creation of a fourth pillar to allow for the receipt and administration of contributions to the Vision for Adapted Crops and Soils (VACS) initiative that are aligned with IFAD's mandate and linked to its programme of loans and grants (PoLG).
2. A summary description of the VACS initiative can be found in section II below. The amendments, which are set forth in annex I to this document, will be effective as of the date of the Executive Board's decision.
3. The Executive Board approved the creation of the trust fund for the 2RP in September 2020<sup>1</sup> to allow for the receipt and administration of contributions to the multi-donor 2RP trust fund to support the implementation of the 2RP. The 2RP was reconfigured by the Executive Board to allow for the hosting of multiple initiatives through a structure that can be readily scaled up. Creating a fourth pillar will require limited amendments to the existing 2RP.
4. The 2RP focuses on alleviating climate change drivers of food insecurity, irregular migration and land degradation. It equips small-scale producers, the landless poor and their communities with the resources they need to implement proactive, locally appropriate resilience strategies. Through the 2RP, IFAD seeks to approach resilience holistically, bringing together several key initiatives under a common coordinating framework.<sup>2</sup>
5. Currently, the 2RP has three pillars:
  - (i) The enhanced Adaptation for Smallholder Agriculture Programme (ASAP+);
  - (ii) The Sustainability, Stability and Security (3S) Initiative in Africa; and
  - (iii) The Green Climate Fund's umbrella programme for the Great Green Wall for the Sahara and the Sahel Initiative (GCF-GGWI)
6. The approval of the proposed amendments will allow for the swift finalization of discussions with potential donors within a clear framework.

## II. Summary of the VACS pillar

7. The VACS is an initiative that aims to promote food security by adapting crops and soils to climate change through both "above-ground" and "below-ground" approaches. Above ground, targeted investment in plant breeding aimed at producing nutritious crops can help develop varieties that will be more resilient under climate change conditions. Below ground, matching land use with its sustainable potential and improving soil management will build fertile, healthy soil. These combined efforts can lead to more productive and nutritious crops, greater resistance to extreme weather, less need for costly and scarce inputs such as fertilizer, and lower greenhouse gas emissions. Indicative examples of VACS activities are provided in annex II.
8. The VACS initiative is closely aligned with IFAD's focus on climate adaptation and building the resilience of small-scale producers and is therefore a good fit under the umbrella of IFAD's 2RP.

<sup>1</sup> See [EB 2020/130/R.13](#) and its [addendum](#).

<sup>2</sup> See [EB 2020/131\(R\)/INF.4](#) and <https://www.ifad.org/en/rural-resilience-programme>.

9. The VACS pillar would be effectively and appropriately positioned as a fourth 2RP pillar for the following reasons:
  - (i) 2RP results are captured both through programme-level results management, where aggregation around common indicators is possible, and through a Results Management Framework tailored to the specific focus of each pillar. This helps ensure, for example, that 100 per cent of ASAP+ funds are used for climate financing.
  - (ii) 2RP resources are programmed within the broader context of IFAD's country-level programme approach, which is driven by complementarity with IFAD's PoLG and by country demand. With the strong involvement of IFAD regional teams, 2RP investments reinforce the impact of PoLG-financed activities, either directly through the joint financing of single projects or indirectly as parallel financing in support of common development objectives.
10. The objective of the proposed VACS pillar of the 2RP is to support the phased implementation of VACS activities by serving as a sustainable multilateral platform for the mobilization of funding from a broad range of partners. The VACS financing will mainly be used to blend with and reinforce IFAD-funded activities in support of nutritious crop adaptation and soil health to foster a more resilient, food-secure future. Based on demand from IFAD Member States, it is envisaged that such grant funding will primarily be integrated into the design of new IFAD investment programmes aimed at incorporating or strengthening VACS activities. It could also be deployed for rapid VACS impact as additional or top-up funding for existing IFAD investments. Illustrative examples of possible VACS interventions benefiting IFAD-funded programmes are provided in annex II.
11. With the introduction of the VACS pillar, the Executive Board document EB 2020/131(R)/INF.4 will be revised accordingly.

### **III. Financing**

12. The 2RP consolidates multiple sources of financing, loans and grants, which are treated by IFAD as supplementary funds, and channels these resources into building the resilience of small-scale producers and their communities. It also enhances IFAD's ability to efficiently broaden its donor and partnership base.
13. VACS resources will be used to finance VACS-related interventions, which will mainly be blended with IFAD-funded investment programmes focusing on newly designed IFAD projects for leveraging IFAD's extensive experience and impact and for scaling up such interventions in existing IFAD-funded projects. All activities funded with VACS resources will be aligned with country strategic opportunities programmes and country strategy notes – which are jointly developed by IFAD and the government – to ensure programmatic alignment at the country level and with country demand. Access to resources will be based on eligibility criteria, complementarity with the IFAD portfolio, the need to ensure the financial sustainability of the programme and the best use of the resources that have been mobilized.
14. In all cases, resources will be aligned with country strategies and policy objectives. In most cases, they will be blended with IFAD-funded investment programmes. The activities funded by VACS resources will be implemented by IFAD partner governments and, in some cases, by non-state and other actors, such as international and national research institutions, farmers' organizations, Rome-based agencies and private sector entities.
15. To support administrative efficiency and access, allocations per project will be made with a view to optimizing value for money and minimizing transaction costs, both for IFAD and for the recipients. In order to streamline decision-making on allocations and implementation efficiency, high-level VACS eligibility criteria will be

utilized, and procedures will be put in place to permit the necessary flexibility during project implementation in line with IFAD operational policies and procedures.

16. The United States has expressed its intention to play a key role in mobilizing VACS resources, leveraging the strong relationships and networks of key officials and experts, and complementing IFAD's own efforts.

#### **IV. Governance**

17. A priority of IFAD Member States has been to ensure that decision-making authority over individual 2RP projects remains within the purview of IFAD's President as delegated by the Executive Board. For example, as with the 2RP, when VACS funding is used to cofinance IFAD investment projects, the project documentation presented to the Executive Board would include as appropriate the details of the VACS financing and activities.
18. IFAD Management is responsible for the oversight of the 2RP and the administration of the trust fund in accordance with the rules and procedures applicable to supplementary funds and to the operation of the resources of IFAD, in accordance with the Agreement Establishing IFAD.
19. A small advisory committee will be established to provide high-level guidance to IFAD on the strategic direction of the VACS along with a few key outcome indicators. The advisory committee will also provide guidance to IFAD Management regarding joint knowledge products and global outreach.
20. IFAD Management will be responsible for oversight and decision-making related to VACS-specific investments and all projects and programmes. Ultimately, the day-to-day management of the VACS pillar will be more formally undertaken by a programme coordination unit within IFAD. While formal, detailed arrangements for this unit are still being finalized, a preliminary assessment suggests that a mix of technical and fiduciary staff will be required on a full-time or part-time basis. The staffing of the programme coordination unit will be carried out by IFAD Management.

#### **V. Recommendation**

21. The Executive Board is invited to approve the proposed amendments to the instrument establishing the trust fund for the Rural Resilience Programme, as contained in annex I hereto, for application to the receipt, administration and use of all resources to be contributed by donors to the trust fund as from the adoption of such amendments, for the purposes of the Rural Resilience Programme.

## **Establishment of a trust fund for the IFAD Rural Resilience Programme**

### **The Executive Board,**

At its 105<sup>th</sup>, 119<sup>th</sup>, 130<sup>th</sup> and 139<sup>th</sup> sessions, held on 3-4 April 2012, 14-15 December 2016, 8-11 September 2020 and 12-13 September 2023, respectively;

**Considering** section III(c)(iii) of Governing Council resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources concerning the use of complementary contributions to support the Fund's Adaptation for Smallholder Agriculture Programme (ASAP); and

**Further considering** section X of the same resolution, which provides that "During the replenishment period, the Executive Board and the President are encouraged to take necessary measures to strengthen the Fund's catalytic role in raising the proportion of national and international funding directed at improving the well-being and self-reliance of rural poor people, and to supplement the resources of the Fund by using the Fund's power to perform financial and technical services, including the administration of resources and acting as trustee, that are consistent with the objective and functions of the Fund. Operations involved in the performance of such financial services shall not be on the account of the Fund,"

**Further considering** the establishment of the Rural Resilience Programme and its dedicated funding needs,

### **Decides that:**

1. An IFAD Rural Resilience Programme (2RP) trust fund (Trust Fund) shall be established, constituted of the funds that shall from time to time be contributed in accordance with the provisions of this resolution, and any other assets and receipts of the Trust Fund.
2. The Fund shall be the Administrator of the Trust Fund and in this capacity shall hold and administer in trust such funds, assets and receipts. Decisions and other actions taken by the Fund as Administrator shall be identified as taken in that capacity.
3. The resources of the Trust Fund shall be held separately from IFAD's resources.
4. The Trust Fund's reporting currency shall be the United States dollar. Loans and grants should be denominated in a currency in accordance with IFAD's policies and procedures. The Trust Fund may use as currency of payment any freely convertible currency.
5. The Trust Fund shall be authorized to receive, upon the approval of the President in his/her capacity as President of the Administrator, the following resources in the form of loans and grants for the general purposes of the Trust Fund or for specific projects or programmes supported by the Trust Fund:
  - (i) Funds transferred from its own resources pursuant to Governing Council resolutions;
  - (ii) Contributions made in a freely convertible currency directly by Member States of the Fund;
  - (iii) Contributions made in a freely convertible currency by non-Member States of the Fund and other non-state actors, including multilateral organizations, private philanthropic individuals and foundations; and
  - (iv) Other resources.

Except as otherwise decided in this resolution, all such resources shall be held in the Trust Fund.

6. The resources of the Trust Fund shall be used exclusively by the Administrator for the purpose of financing, in the form of loans and grants, activities aligned with IFAD's mandate and strategic objectives, while ensuring the financial sustainability of the Trust Fund.
7. Subject to the provisions of this resolution, in administering the Trust Fund, the Fund shall apply the same rules applicable to the operation of the resources of the Fund, in accordance with the Agreement Establishing IFAD.
8. The Fund in its capacity as Administrator, acting through its President, is authorized:
  - (i) To make all arrangements, including establishment of segregated accounts in the name of the Fund as Administrator, to administer funds for activities under the various pillars of the Trust Fund, with such depositories of the Fund as the Administrator deems necessary; and
  - (ii) To take all other administrative and financial risk mitigating measures that the Administrator deems necessary to implement the provisions of this resolution.
9. In light of the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing, the allocation of resources for the trust fund will take into account:
  - (i) project contributions towards the achievement of countries' commitments under the International Climate Change Agenda; (ii) needs and opportunities identified through the application of the Social, Environmental and Climate Assessment Procedures; and (iii) other needs and opportunities related to strengthening the resilience of rural communities.
10. The privileges and immunities accorded to the Fund shall apply to the property, assets, archives, income, operations and transactions of the Trust Fund. In this context, the Fund, through the President, may enter into such agreements and arrangements as may be required to ensure the said privileges and immunities and achievement of the purposes of the Trust Fund.
11. The Fund shall maintain separate records and accounts to identify the resources of the Trust Fund, the commitments and the reimbursement of expenditures to be financed out of the Trust Fund, and the receipts and disbursements of funds in the Trust Fund.
12. The President shall, as soon as practicable after the end of each financial year of the Fund, furnish to the Executive Board: (i) a report on projects and programmes financed from the Trust Fund; and (ii) as part of its annual financial statement, a financial statement for the Trust Fund.
13. The expenditures directly incurred by the Fund in administering the Trust Fund and the expenditures directly incurred by the Fund in preparing and appraising projects and programmes for presentation to the Executive Board and, subsequently, in administering them shall be paid to the Fund from the resources of the Trust Fund. Resources for this purpose shall be held in the administration sub-account. They shall be used exclusively to cover the costs to IFAD of implementing the Trust Fund. Indirect expenditures incurred by the Fund shall be covered by management fees deducted from the resources of the Trust Fund, consistent with IFAD policies and procedures, and based on tranches of financing received that are linked to the expected implementation of activities.
14. Upon liquidation of the Trust Fund, all amounts remaining shall be transferred to the Fund.
15. The Fund shall not be liable for acts or obligations of the Trust Fund, solely by reason of its capacity as Administrator.

## Indicative examples of possible VACS activities closely aligned with IFAD-funded investment programmes

1. The VACS financing will mainly be used to blend with and reinforce IFAD's core portfolio, particularly PoLG activities, in support of the adaptation of nutritious crops and the enhancement of soil health to foster a more resilient, food-secure future. Such funding will primarily be woven into newly designed IFAD projects aimed at strengthening VACS activities. It could also be deployed for rapid VACS impact as additional or top-up funding for existing IFAD investments.
2. The VACS activities will advance an integrated approach to building capacity to maximize the return on investments based on four key land use and management decisions: (i) where to plant, based on sustainable land potential; (ii) what to plant; (iii) what management system to use; and (iv) how to apply the management system during a given year.
3. By way of illustration, the following are some of the possible types of VACS activities that could be carried out in close alignment with IFAD's PoLG:
  - **Rapidly strengthening crop adaptation and soil health interventions in existing IFAD projects.** These activities could include the swift expansion of the scope of existing VACS-relevant work being carried out under current investments to significantly increase the number of small-scale producers across Africa that could benefit from it. One example would be the expansion of training programmes for plant breeders and local seed guardians and producers. The African Plant Breeding Academy has trained over 150 African plant breeders in cutting-edge plant breeding technology with a specific focus on underutilized crops. IFAD has worked together with CGIAR partners and national agricultural research systems to pilot participatory and evolutionary plant breeding techniques for climate adaptation, resilience and nutrition. Expanding these experiences could accelerate progress in this direction and promote the development of partnerships with farmers' organizations as a means of furthering the local dissemination of such techniques.
  - **Identifying and investing in plant breeding programmes at the local level focusing on crops such as those on the nutritious crops list compiled by the VACS initiative and reviewed by the Food and Agriculture Organization of the United Nations.** These activities could include implementation of the initial steps involved in identifying and conserving local genetic diversity and promoting the participatory process required in order to develop locally adapted species. Breeding could be accelerated by employing technology upgrades and different breeding techniques while ensuring community-based farmer participation. This might include ex situ / in situ identification and conservation of relevant local genetic material in combination with participatory plant breeding and soil quality improvement measures to support crops on the VACS nutritious crops list.
  - **Investing in supply chains to deliver nutritious varieties to farmers and consumers.** VACS investments in seed systems could deliver improved seeds to farmers, expand the supply of such seeds, strengthen local seed systems and improve extension systems for providing training to farmers concerning new crops and varieties and on-farm and farmer-to-farmer management of plant genetic resources. Funding could also support marketing and demand-side interventions, including processing, consumer and market research, and promotion of new nutritious varieties. Opportunities for the development of direct partnerships with farmers' organizations working in these areas could be explored, as could opportunities for working with such organizations to promote local markets for very local species.

- **Developing and increasing the use of knowledge systems that provide the best available knowledge and information inputs for key land use and management decisions.** At the farm level, this could include systems for addressing the scale limitations of soil maps and other geospatial information by incorporating farmers' knowledge and observations. This would allow small-scale farmers to realize the benefits of the precision agriculture and soil conservation techniques necessary to improve crop production and soil health throughout their farms. At the regional and national levels, support could be provided for knowledge systems that allow policymakers to back up land use decisions with an understanding of the long-term impacts of those decisions on agricultural productivity.