IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board – Eighty-eighth Session
Rome, 13-14 September 2006

ACTION PLAN DELIVERABLE

PROPOSAL FOR A REVISED APPROVAL FORMAT FOR PROJECTS

REPORT AND RECOMMENDATION OF THE PRESIDENT FOR PROJECTS

For: Approval
Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session.

Nigel Brett
Country Programme Manager
tel.: +39-06-5459-2516
e-mail: n.brett@ifad.org

Queries regarding the dispatch of documentation for this session should be addressed to:

Deirdre McGrenra
Governing Bodies Officer
tel.: +39-06-5459-2374
e-mail: d.mcgrenra@ifad.org
TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS iii
RECOMMENDATION FOR APPROVAL iv
EXECUTIVE SUMMARY v
I. INTRODUCTION 1
II. BACKGROUND ON THE RRP PAPER 1
III. PROJECT APPROVAL PRACTICES AT OTHER INTERNATIONAL FINANCIAL INSTITUTIONS 2
IV. COMMENTS FROM EXECUTIVE BOARD DIRECTORS 3
V. RATIONALE FOR UPDATING THE RRP 4
VI. PROPOSED CHANGES TO THE RRP 4
VII. COST IMPLICATIONS 5
VIII. IMPACT ON DEVELOPMENT EFFECTIVENESS 5
IX. RECOMMENDATION 6

ANNEX

I. ANNOTATED TABLE OF CONTENTS FOR UPDATED RRP 7
ABBREVIATIONS AND ACRONYMS

COSOP    country strategic opportunities programme
IEE      Independent External Evaluation
IFI      international financial institution
PDD      project design document
RIMS     Results and Impact Management System
RRP      report and recommendation of the President
RECOMMENDATION FOR APPROVAL

The Executive Board is invited to approve the recommendation on the proposed revised report and recommendation of the President, in accordance with paragraph 29 herein and as defined in the annex.
EXECUTIVE SUMMARY

1. One of the key IFAD Action Plan deliverables for 2006 is an updated format of the Report and Recommendation of the President (RRP), the document used for presenting projects to the Executive Board for consideration.

2. It was agreed at the December 2005 session of the Executive Board that an updated format for the RRP would be submitted to the Board for consideration in September 2006 and that, if approved, all RRPs submitted to the Board in December 2006 would observe the new format.

3. In order to prepare this key Action Plan deliverable, a number of initiatives were undertaken. Firstly, IFAD Member State expectations were compiled by analysing the Board’s reviews of RRPs over the past five years. Secondly, a comparative analysis of donor approaches was conducted to enable IFAD to learn from and build upon international best practice in project documentation for governing bodies. Finally, extensive in-house consultations were carried out.

4. Drawing on the conclusions reached in these reviews, two recommendations have been formulated for the Board’s consideration. Firstly, it is proposed that the RRP be shortened from the current maximum of 13 pages to 5 pages, with the paper focusing strictly on the key institutional issues associated with the proposed project. Secondly, it is proposed that Executive Board Directors be granted confidential electronic access to the main appraisal report and key files of the project design document. This would enable Directors to assess the operational and organizational aspects of proposals in greater depth.

5. The shorter RRP would focus on demonstrating to the Board that the funding proposal meets IFAD’s established lending policies and criteria, complies with broader IFAD and national policies and priorities, observes standard IFAD procedures, does not expose the Fund to reputational or other risks or allow misappropriation, lies within the implementation capacity of the borrower, and generates sustainable benefits. Greater use would be made of cross references to existing standard procedures, country strategic opportunities programme (COSOP) papers, and partnership agreements already approved by IFAD management. An outline of the proposed new RRP format is annexed to this paper.

6. RRPs would continue to be distributed in all four official IFAD languages at least four weeks before the respective Board session. The main appraisal report and key files of project design documents would be posted on the restricted IFAD website as soon as they were cleared by the Assistant President, Programme Management Department, with access limited to Executive Board Directors.

7. The expected benefits of this reformulation include cost-efficiency gains from rationalized Executive Board documentation and greater transparency and information-sharing as a result of the availability of the related appraisal reports on IFAD’s restricted website.
ACTION PLAN DELIVERABLE

PROPOSAL FOR A REVISED APPROVAL FORMAT FOR PROJECTS

REPORT AND RECOMMENDATION OF THE PRESIDENT FOR PROJECTS

1. INTRODUCTION

1. The overarching goal of IFAD’s Action Plan for Improving its Development Effectiveness is to make IFAD more effective in reducing rural poverty. The Action Plan targets three dimensions of development effectiveness – relevance, effectiveness and efficiency of IFAD’s rural poverty programmes – and is built around three action areas: strategic planning and guidance, a new operating model, and knowledge management and innovation, each with a set of agreed deliverables.

2. One of the key deliverables for 2006 is a revised project approval format. The current format is referred to as the Report and Recommendation of the President (RRP) and is prepared for all IFAD projects financed by loans or grants. It was agreed that a revised format would be submitted to the September 2006 session of the Executive Board for consideration and that, if approved, all projects and grants submitted to the Board in December 2006 would observe the new format.

3. To guide the RRP updating process, a number of initiatives were undertaken. Firstly, the recommendations of the Independent External Evaluation of IFAD and management’s response were reviewed. Secondly, IFAD Member State expectations were compiled by analysing the Board’s reviews of RRPs over the past five years. Thirdly, a comparative analysis of approaches of other international financial institutions was conducted to enable IFAD to learn and build upon current international best practice on governing body documentation. Finally, extensive in-house consultations were carried out.

4. The paper is structured as follows. It starts by reviewing the background to the current RRP and then summarizes international donor best practice in the area of project documentation for governing bodies. This is followed by a summary of comments made by Executive Board Directors, and the rationale for updating the RRP. The following sections discuss proposals to revise the current format, cost implications, the impact on development effectiveness, and two key recommendations for Board consideration in September 2006. The annex contains the key Action Plan deliverable: the annotated table of contents of the new RRP.

5. There is considerable complementarity among the key Action Plan deliverables, some of which are being produced in parallel. For instance, this proposal for the updated RRP format is being presented to the Board in conjunction with the proposed new format for a results-based country strategic opportunities programme (COSOP); and the proposal for the updated IFAD strategic framework will be presented to the Board in December. The vertical alignment of the RRP with the COSOP, IFAD’s regional strategies and the new strategic framework will be ensured during the preparation of each new project.

II. BACKGROUND ON THE RRP PAPER

6. The RRP is the document that IFAD management submits to the Executive Board to request project approval. The standard format and contents of the RRP were established in 1997. The length of the main text is limited to 12 pages, plus any appendices. The report opens with a single-page brief
devoted exclusively to defining the target group and how it will be reached by, and benefit from, the proposed operation. The main body covers the following:

(a) economic background on the borrowing Member State, social context of the proposed operation, other IFAD activities in the country, and rationale for the proposed IFAD intervention;
(b) the project area and target group; project objectives and scope; components;
(c) project costs and financing plan; procurement, disbursement, accounting and audit procedures;
(d) organization and management arrangements;
(e) economic justification; risks; environmental impact;
(f) innovative features;
(g) legal instruments and authority;
(h) President’s recommendation to the Executive Board;
(i) annex: summary of important supplementary assurances included in the negotiated loan/financing agreement; and
(j) mandatory information on implementation: organization chart, logical framework, proposed monitoring and evaluation arrangements.

7. The RRP and its appendices are drafted in English. These are then edited, and the main text translated. The RRP is distributed to Executive Board Directors in all four official IFAD languages: Arabic, English, French and Spanish. In accordance with Rule 6 of the Rules and Procedures of the Executive Board, final documents must be distributed to Executive Board Directors not less than four weeks before the Board is scheduled to meet. Furthermore, not more than two RRPs on projects are to be included in the last dispatch – four weeks prior to the beginning of the session.

8. While the RRP format has remained constant, the IFAD project design documents that precede the RRP have evolved considerably over the past ten years. In 1995, a re-engineering task force devised a modified project cycle intended to improve linkages between design and implementation, enhance borrower ownership and beneficiary participation, and streamline loan processing procedures. In 2000, a working group on impact achievement recommended means to increase lending flexibility, boost institutional learning and expand the role of IFAD staff in implementation support. In 2001, the Programme Management Department produced guidelines for a standard project design document (PDD) that would evolve by being progressively updated through the stages of loan inception, formulation and appraisal.

9. The PDD guidelines were revised in mid-2003 and now cover a main text, a standard list of annexes and appendices, and a key file consisting of a logical framework and a series of tables that summarize the most relevant supporting data. Working papers customarily constitute a second volume. The PDD main text runs from 30 to 80 pages and is usually supported by several hundred pages of annexes, appendices, key files and working papers. This size for the PDD is usually justified by design teams on the grounds that considerable detail is needed to guide national implementation teams. The PDD, key file and working papers cover virtually all the topics indicated above in the contents list of the RRP, albeit obviously in more detail and, at times, repeating some passages and tables.

III. PROJECT APPROVAL PRACTICES AT OTHER INTERNATIONAL FINANCIAL INSTITUTIONS

10. Before suggesting how the standard proposal for IFAD project approval might be amended, it is worth examining the practices of IFAD’s partner international financial institutions (IFIs) with a specific eye to understanding how they submit appraised projects for governing body approval.
11. The World Bank has an iterative system for project design and appraisal equivalent to the PDD. The content of the World Bank’s final project appraisal document is similar to the PDD but total length is limited to only 15 pages plus a supporting logical framework and short annexes. Considerable space is given to sustainability and potential reputational risks relating to population displacement, tribal peoples, ecologically fragile areas, cultural sites, etc. The appraisal document is submitted directly to the Board with a one-page cover memorandum. There is no rewriting of the appraisal document for Board presentation, unlike practice at IFAD with the RRP.

12. At the Asian Development Bank, the Board is presented with a report and recommendation of the President that is essentially the appraisal report. An opening loan and programme summary of roughly four pages presents, very succinctly, details of the proposed loan, sectoral themes covered, components and costs, implementation arrangements, procurement procedures, benefits, risks, safeguards, environmental classification and consultancy/implementation assistance needed.

13. At the Inter-American Development Bank, loan proposal documents similar to an appraisal report are submitted to the Board, together with an executive summary. Although comparable to the Asian Development Bank summaries, this gives more space to risks, special contractual clauses needed in the loan agreement, any exceptions to Bank policy, and procurement procedures. Electronic links to additional sources of information may be given.

14. The African Development Bank submits rather more conventional appraisal documents to its Board. However, here again, there is an opening sheet summarizing the key financial features of the loan, followed by an executive summary profiling all aspects of the project.

15. Noteworthy differences vis-à-vis the RRP in place at IFAD are that: (i) documents submitted to other IFI governing bodies are the unmodified output of the appraisal phase, not special rewrites; (ii) apart from the World Bank document, all are prefaced by a general summary of the proposal — not just a statement about the target group (as at IFAD); and (iii) to varying degrees, they focus more on the higher-level corporate concerns of a potential lender — lending conditions, compliance with policies, reputational risks, safeguards against misapplication of resources and the like. These might be termed the “institutional” interests of the financing institution. They contrast with the more “operational” matters that dominate the current format of the IFAD RRP.

IV. COMMENTS FROM EXECUTIVE BOARD DIRECTORS

16. IFAD Executive Board discussions on projects over the past five years reveal considerable diversity in the sort of information that Directors feel they need, and by inference do not always find, in RRP s. While it is the intention at Board sessions to focus on project proposals in the light of their relevance to IFAD’s broader development strategies and policies, a review of statements made shows that comments and queries on technical or operational aspects of designs often come forward.

17. Overall, however, there appeared to be broad agreement among Executive Board Directors on the following points: (i) ensure that the proposed operation is coherent with the borrower’s poverty reduction strategy paper, loan absorptive capacity and performance-based allocation system (PBAS) criteria; (ii) consider sector-wide approaches, flexible lending arrangements and coordination with other donors; (iii) analyse risks and formulate exit strategies; and (iv) keep sight of strategic IFAD issues such as targeting, participation, meeting basic human needs, promoting institutional simplicity, marketing and linkages with the private sector. There was also consensus on the need to promote innovation and safeguard against corruption. These concerns echo many of the major “institutional” concerns that are prominent in presentations to the boards of other IFIs.
V. RATIONALE FOR UPDATING THE RRP

18. The Independent External Evaluation (IEE) of IFAD recommended that the approval of project documents should no longer be dealt with at Executive Board sessions but instead be delegated to the President. However, IFAD management believes it is important to continue to engage the Board in project approval, and to focus on improving and streamlining the process. In its response to the IEE, management assumed a commitment to develop a new project approval format that seeks Executive Board approval of a project’s objectives, funding level and results framework. Board members at IFAD’s partner IFIs have access to more information on proposed projects than IFAD’s Board members do, while at the same time focusing much more on key “institutional” information rather than the technical and operational details of projects. At present, IFAD management considers the PDD to be confidential to IFAD staff and the respective borrowing Member State; it is not currently made available to Executive Board Directors either in hard copy or electronically. Finally, there are potential cost savings to be achieved by reducing the duplication of information in the PDD, the COSOP and the General Conditions for Agricultural Development Financing, thus reducing the cost of RRP preparation.

19. To assist decision-making by Directors in the limited time available at Board meetings, a higher-level presentation of project proposals is considered necessary, combined with electronic access to the main text of the PDD. This revised approach would focus the Board on key institutional/reputational issues while reducing the duplication of work and enhancing access to information and transparency.

VI. PROPOSED CHANGES TO THE RRP

20. It is proposed that the future shape of the RRP focus on the main concerns and responsibilities of an IFI executive board. Current practice at other IFIs shows that such concerns tend towards “institutional” aspects of proposed projects, as opposed to technical/operational details.

21. The future RRP is intended to be fully consistent with the new results-based COSOP. The RRP will summarize how IFAD intends to finance the achievement of COSOP objectives. The project objectives stated in the RRP will be fully in line with the strategic objectives of the COSOP. Similarly, the RRP logical framework will be aligned with the COSOP results management framework.

22. The updated RRP is based on the premise that the operational and technical details of a project will not usually be discussed by the Board. In this regard, IFAD will continue to draw on the knowledge management systems and best practices of Member States’ development agencies to improve project operations. The principal means of communication on technical and operational issues will be through: (i) working-level contacts at the country level between IFAD country programme managers and the donor community during the project design and implementation process; and (ii) the current practice of e-mail exchanges directly between Executive Board Directors and IFAD operations staff prior to the Board session.

23. The main purpose of the updated RRP would be to reassure Directors that project proposals thus generated follow established lending policies and criteria, comply with broader IFAD and national policies and priorities, observe standard IFAD procedures, do not expose the Fund to reputational or other risks or allow misappropriation, lie within the implementation capacity of the borrower, and generate sustainable benefits.

24. Board submissions would, to a greater extent than at present, be underpinned by references to IFAD standard procedures, policy statements, COSOPs and partnership agreements that have been previously approved by the Board or, in some cases, by IFAD management. On more operational
issues, reference could be made, if appropriate, to IFAD’s knowledge management system and the lessons of past lending experience, including, where relevant, experience crystallized in IFAD Learning Notes.

25. The RRP text would be succinct (see annotated table of contents in the annex). It would be assembled mainly by copying text from the executive summary of the appraisal version of the PDD. In this regard, a future review of the PDD guidelines, currently under consideration, should reshape the present project summary to take account of the need, eventually, to have an executive summary that can be recycled in this way. The RRP text would focus on assuring Directors that pre-agreed requirements and criteria had been met. Reference would be made throughout the RRP text to relevant sections of the appraisal version of the PDD, pointing Directors to the operational and technical details of the project design.

26. Under this new system, it would be essential for Executive Board Directors to have electronic access to the appraisal version of the PDD and the associated key files. This supplementary information would be accessed in its original language. The appraisal version of the PDD would be posted on the IFAD website, with access restricted to Executive Board Directors, immediately after the version was cleared by the Assistant President, Programme Management Department, approximately two and a half months before the respective Board session.

VII. COST IMPLICATIONS

27. Adopting a shortened format for the RRP will yield tangible cost savings. With fewer pages that need editing, subediting, typing, translation, revision and proofreading, the approximate cost saving in consultancy services is US$3,600 per document. In addition, there would be a significant reduction in the time spent by IFAD staff in preparing and processing each document. In terms of document preparation and clearance, there would be a reduction in the time taken by country programme managers to write the RRP and a reduction in the time taken by department directors, loan officers, lawyers, the Governing Bodies Officer and the Assistant President, Programme Management Department, to clear each document. In addition, there would be a reduction in the time taken by Language Services to ensure quality control as part of the document finalization process once final clearance has been given, with the expected resulting increase in quality of documentation presented to the Board. The exact total time saving for IFAD staff is difficult to calculate precisely but is estimated at approximately three person-days per document.

VIII. IMPACT ON DEVELOPMENT EFFECTIVENESS

28. It is anticipated that the proposed new format for the RRP will lead to the following key improvements in the relevance, effectiveness and efficiency of IFAD country programmes:

(a) The IEE report and the latest annual report on the results and impact of IFAD operations (ARRI) both confirm that IFAD has performed well in terms of relevance. With regard to the IEE and ARRI definition of relevance, the new RRP is expected to contribute to maintaining this good performance through its inclusion of the following features: (i) a subsection on the target group with reference to the key file on the target group; (ii) reference to alignment with relevant IFAD policies and strategies; (iii) reference to alignment with associated COSOPs and regional strategies; and (iv) reference to alignment of project objectives with national poverty reduction strategies and priorities.

(b) The IEE and ARRI reports define effectiveness as the extent to which project objectives are achieved or are expected to be achieved. In this regard, the RRP will place strong emphasis on results. It would include a logical framework, aligned to the COSOP results management framework. Projects would continue the current practice of reporting

5
annually on results in line with IFAD’s Results and Impact Management System (RIMS). Three important additional features of this definition of effectiveness are targeting, sustainability and innovation. It is anticipated that the new RRP format will lead to improvements in effectiveness through its inclusion of specific subsections on targeting, sustainability and innovation.

(c) Finally, in relation to efficiency, which is defined by the IEE and ARRI reports as a measure of how economically inputs are converted to outputs, the new RPP format will include reference to the key data from any calculations of financial viability or economic internal rates of return for the project in question. Furthermore, during project design, efforts would be made to ensure that unit costs are competitive in relation to market rates. Full details of these efficiency calculations will remain a requirement in the appraisal version of the PDD.

IX. RECOMMENDATION

29. It is recommended that the Executive Board approve the proposed revised report and recommendation to the President, as presented in the annex, and that Executive Board Directors be provided with electronic access to the main text and key files of the appraisal version of the PDD on IFAD’s restricted website following clearance by the Assistant President, Programme Management Department.
ANNOTATED TABLE OF CONTENTS FOR UPDATED RRP

1. The length of the RRP will be shortened from the current 12 pages (plus annexes and appendices, addendum and supplementary assurances) to 5 pages (plus appendices, addendum and supplementary assurances). This reduction is facilitated by the fact that the RRP will be complemented by a more detailed results-based COSOP; it will not duplicate the General Conditions for Agricultural Development Financing; and the appraisal version of the PDD and key files will be available to Executive Board Directors electronically in their original language.

2. The RRP will communicate key figures or features of the proposed project (loan and/or grant). A suggested **maximum** number of lines of text per topic is shown in brackets. The main text of the RRP will, as at present, be available in all four official IFAD languages.

3. In adapting the text from the executive summary of the appraisal version of the PDD, the RRP will reassure the Board that the project proposal conforms with existing IFAD policies, objectives, procedures or concerns. Reference will be made to the project key files wherever possible.

1. **MAIN DEVELOPMENT OPPORTUNITY ADDRESSED BY THE PROJECT** (approximately 5 lines)

4. This section will describe the main development opportunity addressed by the project; in other words, what development challenge will the project have achieved by the time it closes? (Reference: logical framework, key file tables, and the COSOP results matrix)

II. **PROPOSED FINANCING** (approximately 30 lines)

5. This section will discuss key loan/grant information and comprises the following subsections:

   - **Terms and conditions**: currency and amount, interest rate, grace period, drawdown and repayment period; any provisions for flexible lending mechanism.

   - **Relationship of loan/grant characteristics to the IFAD performance-based allocation system (PBAS)**: discussion of how the loan/grant amount relates to the PBAS calculation.

   - **Relationship between loan/grant and national medium-term expenditure framework criteria**: if appropriate.

   - **Relationship between loan/grant and national sector-wide approaches or other joint funding instruments**: if appropriate.

   - **Country debt burden and absorptive capacity of the state**: total country indebtedness, the state’s absorptive capacity, issues relating to the Debt Initiative for Heavily Indebted Poor Countries, past borrowing by the government, disbursement and repayment records.

   - **Flow of funds**: channelling arrangements for project funds.

   - **Supervision arrangements**: arrangements made for supervision, and how supervision will be managed during project implementation.
• Exceptions to IFAD General Conditions for Agricultural Development Financing and operational policies: This would include reference to any proposed deviations from standard IFAD procurement, disbursement, accounting, auditing, monitoring and evaluation, and RIMS policies that the Board should be aware of, such as: (i) use of alternative procurement procedures (e.g. those of another IFI or of the borrower); and (ii) waiver of IFAD preference requirements; etc.

• Governance: measures proposed to limit the opportunities for corruption during project implementation.

III. TARGET GROUP AND PARTICIPATION (approximately 20 lines)

6. This section has three subsections:

• Target group: Confirm total number of expected direct beneficiaries of project interventions. List main categories of the target group based on rural poverty, ethnicity, gender, age, etc., and their principal needs. Refer to IFAD targeting policy paper.

• Targeting approach: Describe the targeting strategy of the project; for example, whether the project is adopting wealth ranking, landholding classifications, area-based approaches, self-targeting interventions, etc. Refer to IFAD targeting policy paper.

• Participation: Describe exactly how the beneficiaries will participate in the project (similar to final paragraph in project brief of current RRP).

IV. DEVELOPMENT OBJECTIVES (approximately 15 lines)

7. This section has three subsections:

• Key project objectives: List the project objectives with reference to the logical framework.

• Policy and institutional objectives: With reference to column 5 of the COSOP results management framework, outline the key policy and institutional changes that are expected to be brought about by the project.

• IFAD policy and strategy alignment: Explain how the project objectives align with the IFAD Strategic Framework, regional strategy, COSOP and other key IFAD operational policies and strategies.

V. HARMONIZATION AND ALIGNMENT (approximately 15 lines)

8. This section has two subsections:

• Alignment with national priorities: Demonstrate how the project objectives align with specific sections of the national poverty reduction strategy (or its equivalent) and policies, and use national systems.

• Harmonization with development partners: Describe IFAD’s complementary positioning with respect to other donors working in the same sector. Describe the actions taken to ensure harmonization of the project with the activities of development partners in the country (participation in donor group for the sector concerned, joint sector reviews,
etc.). List any donor projects that are formally or informally linked to the proposed project, and explain the linkages.

VI. COMPONENTS AND EXPENDITURE CATEGORIES (approximately 10 lines)

9. This section has two subsections:

- **Main components:** List the main components.

- **Expenditure categories:** List the main expenditure categories and financing percentages for each category.

VII. MANAGEMENT; IMPLEMENTATION RESPONSIBILITIES; AND PARTNERSHIPS (approximately 40 lines)

10. This section has five subsections:

- **Key implementing partners:** List the key implementation partner institutions of the project (refer to key file tables), including the public sector (ministries, departments), civil society (NGOs, community-based organizations, farmer organizations, etc.), and the private sector.

- **Implementation responsibilities:** Provide thumbnail sketches of main implementation responsibilities for each of the implementing partners. Summarize the management structure of the project. Refer to project organization chart in PDD.

- **Role of technical assistance:** Provide details of the extent to which the project would rely on technical assistance during implementation (either provided for in the project costs, or externally by IFAD or by other donors).

- **Status of key implementation agreements:** List the key partnership agreements that are required for implementation (e.g. subsidiary loan agreements, memoranda of understanding, etc.); indicate any remaining steps required and estimate the time needed to reach finalization of partnership agreements.

- **Key financing partners and amounts committed:** Provide the total project cost. List all the project financiers (including any cofinancing from donors) and the amounts committed by each. Detail any pending commitments for cofinancing.

VIII. BENEFITS; ECONOMIC AND FINANCIAL JUSTIFICATION (approximately 10 lines)

11. This section has two subsections:

- **Main categories of benefits generated:** List the main categories of benefits to be generated, quoting key numbers if appropriate.

- **Economic and financial viability:** Summarize key findings of the project financial analysis and the project economic analysis, including key data from these analyses (e.g. economic internal rate of return). For microfinance projects, it would be sufficient to provide details of the financial viability of likely investments by beneficiaries.
IX. KNOWLEDGE MANAGEMENT; INNOVATION; AND SCALING UP (approximately 15 lines)

12. This section has three subsections:

- **Knowledge management arrangements:** With reference to the knowledge management objectives stated in the COSOP, summarize the arrangements for the generation and transfer of knowledge emerging from project implementation.

- **Development innovations that the project will promote:** With reference to the innovation objectives stated in the COSOP, summarize innovations that the project would promote or introduce.

- **Scaling-up approach:** Describe the approach to ensure scaling up of the project approach at project closure.

X. MAIN RISKS (approximately 10 lines)

13. This section will have two or more subsections:

- **Main risks and mitigation measures:** This subsection would be structured on the basis of the type of major risks identified, such as: weak borrower commitment to the development proposed; reputational risks due to IFAD support for controversial themes; technical risks associated with the design; risks associated with weak implementation capacity; and risks associated with the fragility of partnership arrangements. Mitigation measures would be listed for each of the major risks identified.

- **Environmental classification:** A compulsory subsection on environmental risk would be included, summarizing the findings of IFAD’s environmental assessment process and listing the mitigation measures required during implementation.

XI. SUSTAINABILITY (approximately 10 lines)

14. This section will describe the arrangements for post-project sustainability. For example, it will provide an estimate of the recurrent costs needed to maintain project operations after project closure. In addition, it will comment on how and by whom this funding will be provided or taken over in order to ensure sustainability of beneficiary participation, community involvement and support services.

XII. LEGAL INSTRUMENTS AND AUTHORITY

15. **Legal instruments and authority:** These paragraphs will remain as per current practice in the RRP.

XIII. RECOMMENDATION

16. **Recommendation(s) of the President:** This paragraph will remain as per current practice in the RRP.
Annex

- **Supplementary assurances**: Summary of key supplementary assurances resulting from loan negotiations – this section will remain as per current practice in the RRP.

Appendices

- **Appendix I**: Key policy papers, strategic plans, guidelines, knowledge management and other internal or external documents taken into account, or considered relevant to, the project proposal – 1 page maximum.

- **Appendix II**: Logical framework – 1 page maximum.

Additional information

- **Addendum**: Summary of changes resulting from loan negotiations. This document will remain as per current practice in the RRP and the information provided therein will subsequently be included in the revised RRP.