

Document:	<u>EB 2009/97/R.35</u>
Agenda:	<u>12(b)</u>
Date:	<u>11 August 2009</u>
Distribution:	<u>Public</u>
Original:	<u>English</u>

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Enabling poor rural people  
to overcome poverty

**President's report on proposed grants  
under the global/regional grants  
window to non-CGIAR-supported  
international centres**

Executive Board — Ninety-seventh Session  
Rome, 14-15 September 2009

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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:

**Shantanu Mathur**

Grants Coordinator

telephone: +39 06 5459 2515

e-mail: [s.mathur@ifad.org](mailto:s.mathur@ifad.org)

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

**Deirdre McGrenra**

Governing Bodies Officer

telephone: +39 06 5459 2374

e-mail: [d.mcgrenra@ifad.org](mailto:d.mcgrenra@ifad.org)

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## **Abbreviations and acronyms**

APMAS	Asian Project Management Support Programme
AIT	Asian Institute of Technology
DM	Development Marketplace
DM2009	Development Marketplace 2009: Climate Adaptation
ENRAP	Knowledge Networking for Rural Development in Asia/Pacific Region
GEF	Global Environment Facility
IBRD	International Bank for Reconstruction and Development
KariaNet	Knowledge Access in Rural Inter-connected Areas Network
UNOPS	United Nations Office for Project Services

## **Recommendation for approval**

The Executive Board is invited to approve the recommendations as contained in paragraph 7.



## **President's report on proposed grants under the global/regional grants window to non-CGIAR-supported international centres**

I submit the following report and recommendation on a proposed grant for agricultural research and training to a non-Consultative Group on International Agricultural Research (CGIAR)-supported international centre in the amount of US\$1.1 million. In addition, I submit a recommendation to change the recipient of a grant that was approved by the Executive Board in December 2007.

### **Part I – Introduction**

1. This report recommends the provision of IFAD support to the research and training programme of the following non-CGIAR-supported international centre: the International Bank for Reconstruction and Development (IBRD).
2. The documents of the grants for approval by the Executive Board are contained in the annexes to this report:
  - (i) International Bank for Reconstruction and Development (IBRD): Development Marketplace 2009: Climate Adaptation (DM2009)
  - (ii) Asian Institute of Technology (AIT): Asian Project Management Support Programme
3. The objectives and content of these applied research programmes are in line with the evolving strategic objectives of IFAD and the policy and criteria of IFAD's grant programme.
4. The overarching strategic objectives that drive the IFAD Policy for Grant Financing, which was approved by the Executive Board in December 2003, are:
  - (a) Promoting pro-poor research on innovative approaches and technological options to enhance field-level impact; and/or
  - (b) Building pro-poor capacities of partner institutions, including community-based organizations and NGOs.
5. Deriving from these objectives and those of the IFAD Strategic Framework 2007-2010, the specific aims of IFAD's grant support relate to: (a) the Fund's target groups and their household food security strategies, with particular reference to groups in remote and marginalized agro-ecological areas; (b) technologies that build on traditional local/indigenous knowledge systems, are gender-responsive, and enhance and diversify the productive potential of resource-poor farming systems by improving on- and off-farm productivity and by addressing production bottlenecks; (c) access to productive assets (land and water, a broad range of rural financial services, labour and technology); (d) the sustainable and productive management of natural resources, including sustainable utilization and conservation of such resources; (e) a policy framework at both the local and the national level that provides the rural poor with a conducive incentive structure to improve their productivity and reduce their dependence on transfers; (f) access to transparent and competitive input/product markets and making these work for the poor primary producers involved in remunerative small and medium-sized enterprises and value chains; and (g) an institutional framework within which institutions – formal and informal, public- and private-sector, local and national alike – can provide services to the economically vulnerable, according to their comparative advantage. Within this framework, IFAD's grant financing supports commodity-based approaches for self-targeting among the rural poor. Finally, IFAD's grant programme fosters the establishment and strengthening of networks for pro-poor knowledge generation

and exchange, which in turn enhances the Fund's own capacity to establish long-term strategic linkages with its development partners and to multiply the effect of its grant-financed research and capacity-building programmes.

6. The proposed grant to IBRD responds to strategic objectives (b), (d) and (g), inasmuch as they will identify, support and promote successful and sustainable innovative ideas/projects that:
  - (i) Enable indigenous peoples to adapt better to climate change;
  - (ii) Generate benefits through sustainable natural resource management measures, including biodiversity conservation actions;
  - (iii) Support actions that build on and address disaster risk management, while improving the resilience of communities to changes in climate.

## **Part II – Recommendation**

7. I recommend that the Executive Board approve the proposed grants in terms of the following resolutions:

RESOLVED: that the Fund, in order to finance, in part, Development Marketplace 2009: Climate Adaptation (DM2009), shall make a grant not exceeding one million and one hundred United States dollars (US\$1,100,000) to the International Bank for Reconstruction and Development (IBRD) for a four-year programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

FURTHER RESOLVED: that the recipient of the grant approved by the Executive Board at its ninety-second session in December 2007, in order to finance, in part, the Asian Project Management Support Programme, shall be changed from the United Nations Office for Project Services (UNOPS) to the Asian Institute of Technology (AIT).

Kanayo F. Nwanze  
President



# **International Bank for Reconstruction and Development (IBRD): Development Marketplace 2009: Climate Adaptation (DM2009)**

## **I. Background**

1. There is now a strong consensus that climate change presents an urgent challenge to the livelihoods of poor rural people in developing countries. Its effects – seen in the recently observed increase in extreme weather events, natural disasters and changes in disease patterns – are causing significant losses in agricultural and livestock production. The poorest countries and communities suffer the most because of their geographical location, low incomes, and low technological and institutional capacity, as well as their greater reliance on climate-sensitive sectors such as agriculture. Adaptation to climate change, defined as building the resilience of poor rural communities, is therefore a necessary component of development strategies for the rural sector in developing countries.
2. A significant portion of IFAD projects (roughly 70 per cent) are located in marginal or unfavourable agroecological environments such as arid and semi-arid areas, prone to drought; overused and degraded land, prone to erosion and declining fertility; and coastal areas, prone to flooding. IFAD projects have typically focused on increasing crop productivity, reducing the risk of production failure and promoting crop diversification. Climate change has become a major threat to the sustainability of such projects. To an increasing extent, results-based country strategic opportunities programmes make explicit reference to climate change when listing the factors affecting the agricultural sector and rural poverty in the country in question. The IFAD Strategic Framework 2007–2010 specifically identifies climate change and variability as a key factor affecting rural poverty.

## **II. Rationale and relevance to IFAD**

3. All three thematic areas of DM2009 strictly comply with IFAD's approach to climate change as outlined in the IFAD and Climate Change (REPL.VIII/4/R.10) paper discussed at the fourth session of the Consultation on the Eighth Replenishment of IFAD's Resources, which focuses exclusively on strengthening poor rural communities' long-term resilience. As sustainability of results is a core aim of the DM2009 programme, this has been assigned as one of the five criteria used to select the competition's winners.
4. In line with the main outcomes of discussions on IFAD's approach to climate change during the Consultation, the DM2009 presents a unique opportunity to pilot field experimentation and adaptive research to develop new technologies addressing the issue of climate change adaptation for marginal communities. It also provides IFAD with a useful instrument to leverage finance for adaptation activities in developing countries. Involvement in DM2009 will consolidate IFAD's partnership with the IBRD, the World Bank and local civil society organizations and provide enhanced scope for future cooperation on climate change.
5. In line with the IFAD Innovation Strategy, DM2009 provides a useful scouting tool for identifying, testing, adjusting and replicating innovative and experimental solutions that better support adaptation to climate change. Moreover, the scaling up component of the initiative will ultimately allow cost-effective replication and expansion of best practices. Finally, the knowledge management component of DM2009 will support dissemination of results through several networks, including IFAD-supported networks such as KariaNet, FIDAMERICA, FRIDAFRIQUE and ENRAP, thus providing learning and training opportunities for IFAD project staff.

6. The IFAD policy reference group on climate change recommends that IFAD build upon its extensive experience and success in targeting and engaging with rural communities, including indigenous peoples and ethnic minorities. The role of indigenous peoples is extremely well recognized within the DM2009: one of its three focus areas is entitled "resilience of indigenous peoples communities to climate risks".
7. IFAD's increasing focus on climate change adaptation in recent years is visible in its support to improved agricultural techniques and technologies, promotion of community-based natural resource management, strengthening of coping mechanisms and risk-preparedness to mitigate disaster impact, and diversification of livelihoods to reduce risk. As a consequence, IFAD's experience will be an integral part of the broad-based assessment and jury process that selects the grant winners based on five criteria (innovation, objective and measurable results, project design, organizational capacity, and sustainability of impact). The selection process will, in turn, provide a good opportunity for IFAD to broaden its knowledge in this area.

### **III. The proposed programme**

8. The overall goal of the programme is to research, develop and promote innovations that enable rural poor people to adapt to climate change. Its objective is to identify, support and promote successful and sustainable innovative ideas/projects that:
  - (i) enable indigenous peoples to improve their adaptation to climate change;
  - (ii) generate benefits through sustainable natural resource management measures including biodiversity conservation actions; and (iii) support actions that build on and address disaster risk management, while improving resilience of communities to changes in climate. Continued focus on knowledge building and sharing is an essential element of the programme and will be sustained throughout programme implementation.
9. The programme will have a four-year duration and will comprise three main components:
  - The grant competition, DM2009: Innovations for Climate Change Adaptation;
  - Implementation of grant-winning projects;
  - Knowledge management of innovative approaches to climate adaptation.
10. The proposed IFAD grant will contribute to the World Bank-administered Development Marketplace initiative, which is a competitive grant programme. The 2009 competition was announced on 23 March 2009 and all eligible organizations were invited to submit innovative ideas/proposals on the climate adaptation theme. The proposals are eligible for between US\$50,000 and US\$200,000 in grant funding over two years, and must focus on one of the three subthemes described below.
11. The resilience of indigenous peoples communities to climate risks subtheme promotes the development of traditional knowledge-based practices to increase indigenous peoples' resilience to climate threats, along with innovative adaptation plans and communication strategies to accelerate their learning and knowledge sharing on climate change adaptation.
12. The climate risk management with multiple benefits subtheme promotes innovative, community-based, low-cost strategies to spread climate risk management beyond the local level (e.g. trade and value-chain improvements, microfinance), with a preference for strategies that target vulnerable groups such as women, children and the elderly. It also aims at supporting proposals that use innovative means to educate communities on climate risks, and forge innovative partnerships to build the adaptive capacity of vulnerable communities.

13. The climate adaptation and disaster risk management subtheme seeks proposals that develop innovative arrangements beyond the local level, such as social safety nets or microinsurance, to diffuse climate-related disaster risks faced by poor and vulnerable people. Similarly, proposals are encouraged that feature innovative, low-cost approaches for rendering housing and local infrastructure resistant to climate-related disasters, and ways to raise the capacity of local communities to access and use multi-hazard risk information.
14. In total, 1,755 proposals were received before the deadline of 18 May 2009. Of these, 347 semi-finalist projects were selected in a process involving over 150 assessors inside and outside the World Bank. During the period June-July 2009, 100 projects will be selected from among the semi-finalists by over 50 assessors from inside and outside the World Bank (including IFAD experts from such divisions as the Technical Advisory Division, Asia and the Pacific Division, Policy Division and the Global Environment and Climate Change Unit). The 100 finalists are invited to submit a full, more detailed proposal in English and attend the Marketplace Event at the World Bank headquarters in November 2009 in Washington, D.C. There, an independent jury comprising senior World Bank staff, IFAD and Global Environment Facility (GEF) representatives, other donors and leading figures in development (from academia, civil society, foundations, government, other donor institutions and the private sector) will select 25-30 winners.
15. The DM team will assign a project adviser per group of 25-30 awarded projects in order to support the projects in finalizing their results-focused implementation milestones. Grant payments will be made in tranches to each project. Projects will pursue scheduled milestones during its two-year implementation period (March 2010-March 2012).
16. All projects will have a specific stakeholder communications strategy and evaluation and implementation plan to allow dissemination of good practices and facilitate replication, expansion and scaling up of successful experiences. The Marketplace Event in November 2009 will also hold knowledge exchange activities that provide the finalists with opportunities to learn and share best practices.
17. Knowledge sharing among participants will be complemented by the dissemination of project information and results through the DM website, IFAD's Rural Poverty Portal and, in particular, by linking to regional knowledge networks such as KariaNet, FIDAMERICA, FIDAFRIQUE/IFADAFRICA and ENRAP. The DM programme will convey success stories and lessons learned to the World Bank, IFAD, GEF and other partners to promote the cross-fertilization of promising ideas and the mainstreaming of successful innovations into the operations and initiatives of these organizations.

#### **IV. Expected outputs and benefits**

18. The grant support is expected to result in the following:
  - 25-30 innovative projects on climate change adaptation (5-7 of which will be financed by the proposed IFAD grant) are selected through a worldwide competition and receive grants in the range of US\$50,000 to US\$200,000.
  - Competition finalists are provided with capacity-building and technical assistance by experts and senior specialists from the World Bank, IFAD and other experts from development organizations and academia.
  - Knowledge exchange activities are set up involving knowledge-sharing sessions during the Marketplace Event, a DM online platform and other dissemination activities related to IFAD's regional networks (KariaNet, FIDAMERICA, FIDAFRIQUE/IFADAFRICA and ENRAP).

- The learning and knowledge base for innovative successful approaches and mechanisms to address the climate adaptation challenge facing poor rural people in developing countries.

## **V. Implementation arrangements**

19. The Global Development Marketplace initiative is administered by the World Bank. The DM grant competition and the award process are implemented by the World Bank Institute (DM team) in collaboration with other (funding and non-funding) partners, such as the GEF, IFAD, other development agencies, and intergovernmental or civil society organizations. The recipient of this IFAD grant will be the International Bank for Reconstruction and Development, as an institution of the World Bank Group, and the grant funds will be transferred to the IBRD account.
20. Monitoring is undertaken jointly by the DM Team in Washington, D.C., which handles administrative matters and a World Bank sector specialist, typically based in the field, who serves as a project supervisor.<sup>1</sup>
21. The supervisor maintains regular contact with the grantee and conducts at least one site visit during the two-year implementation period. Grantees, in consultation with their supervisor, develop 2-3 outcome indicators that measure overall project performance, and 3-5 output indicators that serve as milestones to trigger payment every six months. Grantees report on performance in achieving milestones outlined in the withdrawal schedule and submit an interim budget report semi-annually. In addition, a progress report will be submitted by each project every six months, to briefly review progress in implementation and identify any major constraints preventing timely and successful implementation of all activities. A mid-term review will be undertaken after the first year of implementation to allow revision or adaptation of the workplan to emerging needs or opportunities.
22. Self-evaluation is required at the project level. As a precursor to this activity, a project evaluation plan is reviewed by the World Bank. Subject to availability of staff, technical assistance will be provided by IFAD during the evaluation plan review process. Final project reports are one of the last deliverables. In addition, the DM also conducts an external evaluation of the portfolio of projects 12-18 months after the projects close. The possibility of IFAD participating in such evaluation missions will be further explored.

## **VI. Indicative programme costs and financing**

23. IFAD will provide grant funding of US\$1.1 million. The IFAD funds will be cofinanced by US\$2 million from the GEF and US\$1.9 million from the IBRD. The DM programme expects to mobilize an additional US\$1.5 million from other sources. Programme costs will therefore total approximately US\$6.5 million.
24. Most of the IFAD grant funding will be used to finance 5-7 winning projects (90 per cent); the remainder will be used for monitoring and evaluation, knowledge management and overall administration of the DM (10 per cent). All activities related to the DM grant selection process and pre-implementation technical assistance for projects will be covered solely by World Bank funds.
25. Within the overall budget of US\$6.5 million, US\$5.1 million (or nearly 80 per cent of total budget resources) will be used for the direct benefit of grant recipients and their communities (US\$4 million on grants and US\$1.1 million on project capacity-building, monitoring and evaluation [M&E], and knowledge management), whereas

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<sup>1</sup> To the extent that IFAD is able to engage human resources, IFAD staff could provide technical assistance and/or take on a mentoring role for projects during implementation. However, to maintain the proper fiduciary oversight required by the grant agreement with the IBRD, project supervision will be the sole responsibility of the IBRD. To the extent possible, the IBRD will inform IFAD country programme managers of the timing of upcoming supervision missions for projects funded by IFAD.

US\$1.4 million (a little over 20 per cent of total budget resources) will be spent on the costs of holding the grant competition and supervising the projects.

**Summary of budget and financing plan**

(In thousands of United States dollars)

<i>Type of expenditure</i>	<i>IFAD</i>	<i>Cofinancing</i>
Project grants	1 000	3 000
M&E and knowledge dissemination (standard trust fund administration fee applied)	100	2 400
<b>Total</b>	<b>1 100</b>	<b>5 400</b>

## Results-based logical framework

	<b>Objectives hierarchy</b>	<b>Objectively verifiable indicators</b>	<b>Means of verification</b>	<b>Assumptions</b>
<b>Goal</b>	To research, develop and promote innovations that enable the rural poor to adapt to climate change.	25-30 innovative solutions (of which 5-7 funded by the present grant) supported, implemented, sustained and widely promoted to improve rural poor people's resilience to climate change.	-Project proposals -Project evaluations and DM completion reports.	
<b>Objectives</b>	To identify, support and promote successful and sustainable innovative ideas/projects that: <ul style="list-style-type: none"> <li>- enable indigenous peoples to improve their adaptation to climate change, or</li> <li>- provide collateral benefits through sustainable natural resource management measures, including biodiversity conservation actions, or</li> <li>- support actions that build on and address disaster risk management, while improving resiliency of communities to changes in climate.</li> </ul>	-Number of projects funded (by theme) -Beneficiaries' communities or groups that improve their climate risk management or resiliency. -Number of successfully implemented and sustainable projects that achieved their objectives.	-DM completion reports -Project completion reports based in part on small group discussions with the winners and/or the communities in which the project is implemented.	Since these projects have to be implemented on the ground, there is a risk that the area might have unusual climatic conditions and thus the idea would not be fully tested. A provision is being considered to allow project implementation to extend up to 6 months beyond the planned two-year of implementation period.
<b>Outputs</b>	1. 25-30 innovative projects on climate change adaptation (5-7 of which will be financed from the proposed IFAD grant) 2. Capacity-building and technical assistance for competition finalists 3. Knowledge exchange activities 4. Knowledge base for innovative successful approaches and mechanisms to address the climate change adaptation challenge.	-Number of project selected for funding -Proper fiduciary oversight of use of grant funds during project implementation -Provision of technical advice to projects -Number of projects with M&E plans and stakeholder communication strategies approved by Bank project supervisor before second grant disbursement -Number of case studies on successful approaches to address the climate change adaptation challenge	-DM progress reports -Project reports -Project case studies	
<b>Key Activities</b>	<p><b>Output 1</b></p> <ul style="list-style-type: none"> <li>-Open call for proposals launched, intake of 1,500 or more proposals</li> <li>-Assessment process that selects 100 finalists</li> <li>-Marketplace event, where the 100 finalists compete for grants, held at World Bank headquarters</li> <li>-Monitoring and supervision of the projects.</li> </ul> <p><b>Output 2</b></p> <ul style="list-style-type: none"> <li>-Technical assistance for proposal-writing made available to finalists</li> <li>-Networking opportunities, training in M&amp;E and communication strategies provided and knowledge exchange sessions held</li> </ul> <p><b>Output 3</b></p> <ul style="list-style-type: none"> <li>-Creation of an online platform for knowledge exchange</li> <li>-Dissemination of results and findings to partners in IFAD regional network</li> </ul> <p><b>Output 4</b></p> <ul style="list-style-type: none"> <li>-Independent evaluation of the funded projects 18 months after project closure</li> <li>-Promotion of successful cases of climate change adaptation among partners</li> </ul>	<ul style="list-style-type: none"> <li>-Call for proposals launched and publicized</li> <li>-Number of proposals submitted, eligible and among the 100 finalists identified for technical assistance;</li> <li>-Marketplace Event held and number of organizations and/or people attending;</li> <li>-Number and titles of the knowledge exchange events;</li> <li>-Training events provided for skill-building, projects management and developing business models/plans;</li> <li>-DM-ARD-related web platform enhanced to allow competition winners to access/share knowledge;</li> <li>-Public events/outreach on winning projects;</li> <li>-M&amp;E indicators used for World Bank projects;</li> <li>-Number of organizations and other interested parties receiving information disseminated on project implementation and results.</li> </ul>	<ul style="list-style-type: none"> <li>-The Development Marketplace Event agenda including the list of participants and resource people</li> <li>-The way in which the agenda and the meeting was organized</li> <li>-Feedback/evaluation forms</li> <li>-DM progress reports.</li> </ul>	In addition, DM mitigates the grant recipient's organizational risk by requiring grant recipients to be legally registered organizations. In addition, before announcing finalists, DM circulates the list to World Bank country offices to obtain feedback on whether a group poses a particular risk or has poor financial standing.

# Asian Institute of Technology (AIT): Asian Project Management Support Programme

## I. Background

1. The Executive Board approved a grant of US\$1.4 million to finance the Asian Project Management Support Programme (APMAS) in December 2007. The programme is aimed at improving the development effectiveness and efficiency of pro-poor rural development programmes in the Asia and the Pacific region. Its short-term objective is to enhance the management capabilities of rural development projects and programmes in the region. This will be achieved by (i) building project management capacity; (ii) strengthening the policy environment; and (iii) improving the capacity of service providers.

### Summary of budget and financing plan (In United States dollars)

<i>Category</i>	<i>Allocation</i>
Workshops, seminars	93 000
Training, mentoring, other capacity-building activities	558 000
Service contracts	48 500
Programme management and administrative costs	560 500
<b>Subtotal</b>	<b>1 260 000</b>
Overheads	140 000
<b>Total</b>	<b>1 400 000</b>

2. At the time of approval, the Asia and the Pacific Regional Office of the United Nations Office for Project Services (UNOPS) was identified as the grant recipient and executing agency. At the time of programme design, UNOPS was the main cooperating institution for IFAD-funded investment projects and programmes in the Asia and the Pacific region, which was considered an advantage for the management of the APMAS programme.
3. However, IFAD moved to direct supervision of most of its projects and programmes in 2008. In view of this change in circumstances, UNOPS requested a sharp increase in its grant management fee, which was previously set at 10 per cent. The subsequent negotiations between the two institutions ended in withdrawal by UNOPS of its intent to be the grant recipient. UNOPS's role was solely to administer the grant, not to provide training and substantial technical inputs. Therefore, the choice of UNOPS was not a substantive or essential part of the programme.
4. IFAD has identified the Asian Institute of Technology (AIT) as the new grant recipient and executing agency of the APMAS. This institution was included in the original institutional analysis during the grant design and was ranked fourth. Recent review of the institutional analysis revealed that the institution has substantive capability and, more importantly, plenty of experience in implementing capacity-building programmes in the region. It is therefore recommended that the Executive Board consider a change in grant recipient to AIT.

## II. Rationale

### Proposed new executing agency

5. AIT – a non-profit institute – specializes in graduate education; the promotion, advancement, evaluation and dissemination of learning by instruction and by publications; study and research in engineering, science, management, social

sciences and related fields; the awarding of certificates, diplomas and degrees; and engagement in projects of instruction, study and research on a regional basis. AIT is governed by its International Board of Trustees. AIT has adequate financial resources. Its mission is "to develop highly qualified and committed professionals who will play a leading role in the sustainable development of the region and its integration into the global economy". AIT has the mandate of promoting sustainable development in the context of climate change in the Asia and Pacific region and beyond. In addition, AIT has satellite centres and branches in the countries targeted by APMAS. AIT also issues recognition certificates to its training and programme participants.

**Other amendments**

6. The programme's objectives, strategy and approaches remain relevant and unchanged.



