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Establishment of a Trust Fund for the African Agricultural Transformation Initiative

Note to Executive Board representatives

Focal points:

Technical questions:

Ronald Thomas Hartman
Director
Global Engagement, Partnership and Resource
Mobilization
Tel.: +39 06 5459 2610
e-mail: r.hartman@ifad.org

Lauren Phillips
Lead Adviser, Policy and Results
Operational Policy and Results Division
Tel.: +39 06 5459 2877
e-mail: l.phillips@ifad.org

Dispatch of documentation:

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

For: **Approval**

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Abbreviations and acronyms

AATI	African Agricultural Transformation Initiative
AGRA	Alliance for a Green Revolution for Africa
ATA	Agricultural Transformation Agency
B&MGF	Bill & Melinda Gates Foundation
FAO	Food and Agriculture Organization of the United Nations
SDG	Sustainable Development Goal

Executive summary

1. The African Agricultural Transformation Initiative (AATI) is a joint initiative among IFAD, the Bill & Melinda Gates Foundation (B&MGF), McKinsey & Company, and the Alliance for a Green Revolution in Africa (AGRA) (hereafter referred to as the Founding Partners). Agricultural transformation is at the core of IFAD's mandate and is critical to achieving the Sustainable Development Goals. AATI aims to address weaknesses in national delivery infrastructure that can hinder agricultural transformation efforts. Over five years, the initiative will establish national Agricultural Transformation Agencies (ATAs), initially in two countries, to coordinate policymaking and implementation along with monitoring and evaluation to drive agricultural transformation, with the support of an AATI coordination team. Countries will be selected based on need, potential for performance, government commitment, readiness for transformation, opportunities for learning and ability to manage their ATAs independently in the future.
2. Measured through a robust results measurement framework, the initiative has three overarching country-level outcomes:
 - (i) More inclusive, efficient, effective and impactful support provided to rural producers in flagship priority areas;
 - (ii) Improvement of institutional capacity and capability in government, in line with global indicators, including a stronger culture of evidence-based decision-making; and
 - (iii) Increased awareness and knowledge dissemination on successful models, tools and approaches to agriculture delivery across sub-Saharan Africa.
3. AATI will draw on the strengths of each of its Founding Partners. IFAD will host AATI and, along with B&MGF and AGRA, provide guidance and expertise through a multi-partner steering committee that will lead strategy and implementation. McKinsey & Company will provide in-kind support to implementation. AGRA will participate in the steering committee and support implementation at the central and national levels based on its unique expertise and relationships with governments. IFAD expects to achieve full-cost recovery by applying a management fee to all contributions to the initiative.
4. AATI will have a light and flexible governance structure. National ATAs will be independent of the AATI coordination unit and will be hosted by governments to increase ownership. These national agencies will receive strategic guidance and support from an advisory board. In addition to the coordination unit, the global AATI team is expected to include a steering committee and a council of advisers providing support and guidance.
5. The indicative budget for AATI is US\$23.4 million. A proposal has been submitted to B&MGF for grant financing of US\$10 million, while IFAD is requesting US\$2 million from its regular grants programme. These initial funds will finance support to the two pilot countries. Additional funds will be used to scale up these ATAs and expand the initiative to new countries. A joint resource mobilization strategy will be implemented to fill the financing gap.
6. The most prudent means to manage AATI is through a dedicated trust fund to be hosted by IFAD. Alongside parallel requests to utilize resources from IFAD's regular grants programme and enter into an agreement to receive funds from B&MGF, the Executive Board's approval is requested to establish this trust fund in anticipation of the first funds being received in September 2021, with activities beginning thereafter.

Recommendations for approval

The Executive Board is invited to approve the proposed instrument for the establishment of a trust fund for the African Agricultural Transformation Initiative.

I. Background and rationale

1. Food systems' transformation is imperative for African countries to achieve the Sustainable Development Goals (SDGs) by 2030. Accelerated agriculture transformation is a primary means to achieve this, and also contributes to recovery from the COVID-19 pandemic by restoring agricultural production and access to exports. This approach could also contribute to reaching – or even surpassing – sub-Saharan Africa's projected real GDP growth forecast of 3.4 per cent for 2021 (from -1.9 per cent in 2020)¹, which is still far below the 10 per cent required to make progress on the SDGs.
2. Transforming food systems requires foundational changes in the institutions, infrastructure, regulations and markets that shape them. Recognizing this, many African countries have defined policies for food systems transformation, notably through accelerated agricultural transformation, into their national economic development plans. But the effectiveness of these policies is often hindered by: (i) gaps in governments' infrastructure; (ii) inadequate quality of delivery; (iii) demand-related factors such as lack of access, affordability and awareness; and (iv) data gaps. As a result, there is a strong case for investing in government delivery capacity to spur a sustainable food systems transformation in Africa, as part of a suite of tools to meet countries' objectives and the SDGs.
3. According to the World Governance Indicators, 12 of the top 20 lowest-ranked countries for government effectiveness are in Africa.² A recent report by the Food and Agriculture Organization of the United Nations (FAO) on government spending, based on 15 years of data from 13 countries in sub-Saharan Africa, found that one fifth of committed funds are never disbursed due to weak capacity. The report called for increasing government capacity in order to enhance the efficiency and effectiveness of government spending, guided by data and evidence, given the reduction in fiscal space resulting from COVID-19.³
4. Even before COVID-19, the 2019 Africa Agriculture Transformation Scorecard, which reports against commitments of the Comprehensive Africa Agriculture Development Programme (CAADP), showed that only four out of 49 African countries were on track to meet their commitments on enhancing agricultural investment, accompanied by evidence-led policy and planning.⁴
5. According to an analysis of historic agricultural transformations by the McKinsey Center for Agricultural Transformation, the most common issues faced by African governments in achieving transformational outcomes include stakeholder misalignment and a lack of capacity and transformational leadership.⁵ IFAD's own analysis has found that government effectiveness is an important driver of project performance. The Africa Agriculture Transformation Scorecard presents one possible means to increase government effectiveness and overcome the roadblocks described above, working in tandem with IFAD's programme of loans and grants.
6. Ethiopia and Morocco offer recent examples of how addressing these delivery

¹ International Monetary Fund, *Regional Economic Outlook, Statistical Appendix* (Washington, D.C., 2021).

² World Bank, *World Governance Indicators* (Washington, D.C., 2021).

³ FAO, *Public expenditure on food and agriculture in sub-Saharan Africa: Trends, challenges and priorities* (Rome, 2021).

⁴ 2019 African Agricultural Transformation Scorecard.

⁵ Boettiger et al., *Readiness for agricultural transformation* (2017).

issues can accelerate agricultural transformation. In Ethiopia, the formation of an Agricultural Transformation Agency (ATA) in 2010 catalysed a transformation that has seen 6 million people move out of poverty. A recent evaluation by FAO concluded that the ATA had helped to remove bottlenecks and improve links between producers, input markets and agricultural services – with direct positive impacts on national GDP and poverty reduction, and the creation of 11,000 jobs between 2013 and 2019.⁶ In addition, Morocco is one of the four countries in Africa to meet its CAADP commitments. A broader study on delivery units suggested that mechanisms like the ATA drive striking improvements in programmes and services.⁷

7. To respond to this need, the African Agricultural Transformation Initiative (AATI) was conceived as a partnership among IFAD, the Bill & Melinda Gates Foundation (B&MGF), McKinsey & Company, and the Alliance for a Green Revolution in Africa (AGRA). The initiative aims to establish national ATAs similar to the one in Ethiopia, but tailored to fit specific national needs, context and priorities. These units will be supported by a small AATI coordination unit, which will be hosted by IFAD. The initiative is focused in Africa given its increasingly acute food insecurity,⁸ strong conditions in many countries for a successful ATA and the continent's untapped potential for agricultural transformation to drive food systems transformation.
8. The justifications for the initiative can be grouped into four main areas:
9. **Contribution to IFAD's mandate.** Given their numbers, small-scale producers and rural poor people must be central to any attempts to drive sustainable and inclusive agricultural transformation. IFAD's unique mandate and expertise in this area, as well as its commitment to mainstreaming gender equality, climate adaptation, nutrition and youth participation, make it a natural anchor for AATI. IFAD will aim to ensure that it achieves its intended catalytic impacts, and that its benefits are inclusive of the most vulnerable and marginalized groups.
10. Serving as the AATI anchor would allow IFAD to leverage its partners' expertise and resources towards its mandate and the SDGs, while drawing lessons from the initiative to feed into its future work. A relatively small contribution from IFAD will be combined with a large grant from B&MGF, considerable in-kind staff support from McKinsey & Company, and the expertise and networks of AGRA. Anchoring AATI also provides an opportunity for IFAD to forge partnerships with emerging bilateral, multilateral, philanthropic and private sector partners.
11. AATI is also expected to create a more favourable operating environment for IFAD-financed projects in selected countries by improving capacities for project implementation, monitoring and evaluation (M&E), and government commitments to results-based management and evidenced-based policymaking. If successful and scaled up, it will also contribute to IFAD's target of deepening and doubling its impact by 2030. Considering the potential for linkages with IFAD projects and policy engagement, such synergies will be considered in the selection of target countries.
12. **Complementarity with the work of existing actors in this area.** Several actors and initiatives have within their mandate the provision of policy support and delivery advice, including the Tony Blair Institute, Delivery Associates and the International Food Policy Research Institute. IFAD is already working with all three of these organizations on similar initiatives. In addition, IFAD is aware of potential investments by the other Rome-based agencies in this space. However, there is a need for complementary support focused specifically on tools and approaches for sustainable agriculture and food systems, and that emphasizes building stable,

⁶ FAO, *Ten years of the Ethiopian Agricultural Transformation Agency: An FAO evaluation of the Agency's impact on agricultural growth and poverty reduction* (Rome, 2020).

⁷ Jen Gold, *Tracking Delivery: Global trends and warning signs in delivery units* (2017).

⁸ FAO and WFP, *Hunger hotspots: FAO-WFP Early Warnings on acute food insecurity* (Rome, March–July 2021).

longer-term government capacity as well as cross-ministerial coordination to promote policy-based planning. The involvement of AGRA along with IFAD will ensure complementarity and minimize overlap and fragmentation of efforts. As a key player in the field of government capacity-building, AGRA offers its strong perspective on additional support that the AATI can provide.

13. **Lessons from past experience.** Both B&MGF and McKinsey & Company were involved in the establishment of the Ethiopian and Moroccan ATAs, and bring extensive knowledge of how to transfer these benefits. IFAD has also learned lessons on supporting delivery units and mainstreaming results-based management at the country level through grants. These lessons and those shared by other partners suggest that there are six criteria for a successful delivery unit: (i) strong and highly visible political backing; (ii) a precisely defined mandate; (iii) close geographical proximity to a political sponsor; (iv) an effective hiring strategy, organizational structure and leadership model; (v) cross-government ownership of the delivery unit's results agenda; and (vi) effective strategies for assessing effectiveness and making required adjustments.⁹ In addition, IFAD brings its knowledge on rural and agricultural transformation along with tools for providing targeted support to improve the lives of poor and marginalized rural people.

II. Details of the African Agricultural Transformation Initiative

A. Objectives and activities

14. The objective of the AATI is to build, and help to coordinate, effective and sustainable delivery mechanisms that can implement policies to facilitate agricultural transformation and prioritize food systems transformation, inclusion and sustainability. This five-year initiative will involve establishing national ATAs, initially in two pilot countries, with support from the AATI coordination unit. This unit will work with national ATAs to identify priority areas for inclusive and sustainable agricultural transformation, and assist them in designing policies and projects in these priority areas.¹⁰ Examples of potential priority areas identified by IFAD include access to improved seeds, irrigation systems, post-harvest technologies, agribusiness development and climate-smart agriculture.
15. Countries will be selected for the initiative based on their needs and potential for performance. The governments of selected countries will be required to demonstrate adequate commitment and readiness for transformation. Selection will be informed by quantitative indicators including the Africa Agriculture Transformation Scorecard, IFAD's rural sector performance assessment and other metrics of their potential for inclusive food systems transformation impacts. Selection will also consider local presence of the Founding Partners, political will, ongoing initiatives, existing institutional capacity, government staffing, incentives and other players active in the space. To ensure sustainability, selected countries will need to be deemed capable of eventually taking full ownership of the initiative as indicated in part by a willingness to provide increasing cofinancing as the initiative progresses. Since the first two countries will effectively constitute the pilot, the Founding Partners will discuss the extent to which a variety of countries should be selected in order to generate a range of insights while also achieving results that will spur demand to scale up the initiative.^{11,12}

⁹ Institute for Government, *Tracking delivery: Global trends and warning signs in delivery units* (London, 2017).

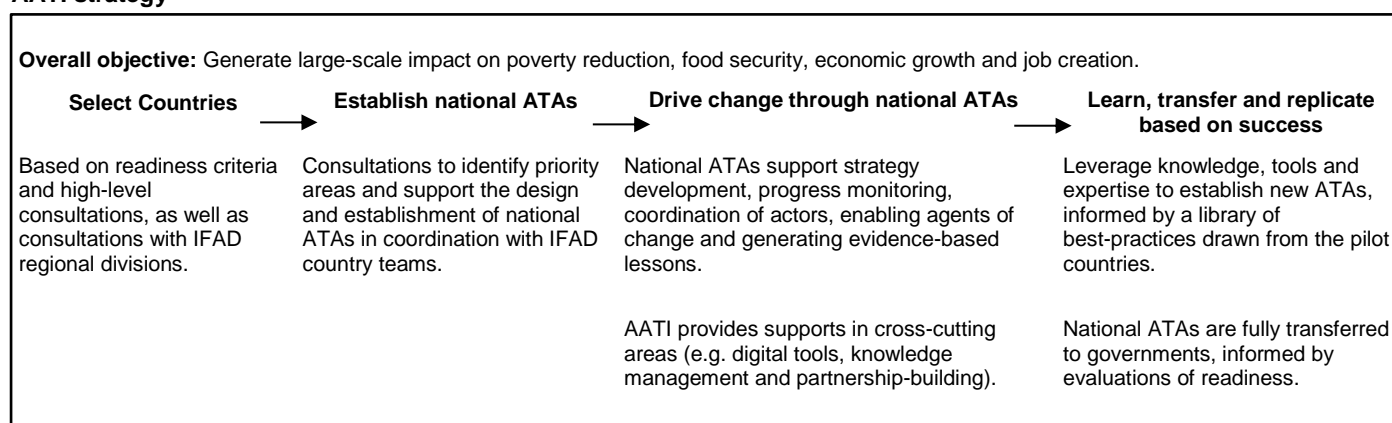
¹⁰ Identification of priority areas will likely be informed by the outcomes of discussions held at the Food Systems Summit.

¹¹ The longlist of potential countries under assessment includes Benin, Burkina Faso, Ghana, Kenya, Madagascar, Malawi, Nigeria, Rwanda, Senegal, Sudan and United Republic of Tanzania. Conversations with partners and governments are ongoing in four specific countries.

¹² Potential areas of synergy include: (i) crop, climate and animal health public delivery services; (ii) rural infrastructure; and (iii) rural financial inclusion programmes to leverage IFAD investments.

16. The national ATAs are intended to become the main drivers of their countries' food systems transformation, coordinating policy, implementation and M&E on flagship priorities, and leading the implementation of selected activities and policies. National ATAs will therefore be accountable to their governments for decisions on how the transformation will proceed. Each ATA will be adapted to the country's specific political, institutional, and socio-economic context. National ATAs will contribute to improving regional and national policy and resourcing by facilitating government implementation of identified and approved reforms.
17. Strengthening ties to the private sector will be a critical function of national ATAs, either through mechanisms to boost the involvement and buy-in of private sector stakeholders in national agriculture transformation or through supporting the private sector as a priority area. National ATAs may set up roundtables for private sector partnership to establish joint incentives and unified efforts around flagship priorities, or build investment funnels to boost support from the private sector for flagship priorities. A flagship priority may include supporting small and medium-sized agribusinesses to accelerate business development and market access (e.g. by offering business advice, coaching and help with access to finance).
18. The small AATI coordination team will assist in developing and coordinating activities, supporting national ATAs and scaling up to ensure that design principles are replicated and best practices shared. Over time, a library of successful approaches and tools will be created for application in diverse country contexts. The coordination team will also ensure that IFAD's vision of inclusive and sustainable transformation is kept at the forefront of AATI approaches. Finally, it will be tasked with determining when national ATAs can be fully transferred to their host governments.
19. Establishing a single coordination unit creates cost efficiencies by avoiding duplication of efforts by national ATAs. In addition to providing support and coordination in collaboration with governments, the AATI coordination team will act as a knowledge broker. The unit will drive resource mobilization for AATI and may also seek to bring in new partners.
20. The AATI team will offer a menu of models to: (i) support planning and strategy development; (ii) improve government institutions' implementation capacity; and (iii) improve the efficiency of policy and programme implementation. This includes sector-wide diagnostics, leadership capability-building and implementation support. Given the different levels of maturity of policy and implementation infrastructure in different countries, governments may require different combinations of support. The coordination unit will seek to utilize lessons learned regarding successful support mechanisms and activities in other countries, with a strong focus on knowledge management.
21. Figure 1 outlines the step-by-step strategy of AATI and the complementary roles of national ATAs and the AATI coordination team.

Figure 1
AATI strategy



B. Theory of change

22. Through the activities outlined above, the AATI is expected to improve the capacity of governments to identify flagship priorities for spurring inclusive, sustainable agricultural transformation, and implementing policies to address these priorities. The improvements in support provided by governments to rural people are expected to enhance the productive capacity of rural producers, including small-scale farmers and vulnerable and marginalized groups, leading to higher incomes, greater resilience to shocks and stressors, and lower poverty. The initiative also aims to enhance national sector-wide outreach to indirect beneficiaries in each country, encompassing as many actors as possible within the food system. The impact pathways of AATI at the country level are outlined in figure 2.

Figure 2

AATI theory of change (based on a single country)

Inputs	Outputs	Outcomes	Impacts
National ATA is established, or existing unit is strengthened, with support from AATI coordination unit.	Flagship priorities identified along with strategies and projects to address them based on evidence and analytics.	More inclusive, efficient, effective and impactful support provided to rural producers in flagship priority areas.	Increased (and more climate-smart) productive capacity of rural producers as a result of national policies and programmes, contributing to a more modern, efficient, market-based agricultural sector.
National ATA staff are provided with capacity-building and backstopping support on leadership, strategy, generation and use of evidence and analytics, progress monitoring, stakeholder management and communications.	Increased coordination among – and support to – actors including the private sector around flagship priorities. Identification and capacity-building of change agents by national ATA. Crowding-in investments in flagship priorities from the private sector and others.	Improved institutional capacity within the government, including a stronger culture of evidence-based decision-making.	Higher incomes, climate resilience, overall resilience and empowerment, reduced poverty and job creation.
Cross-Cutting: awareness and knowledge dissemination on successful models, tools and approaches, including a library of successful approaches in different contexts captured and integrated by the AATI coordination unit.			

23. **Sustainability.** Support from the AATI coordination unit will eventually cease, leading to complete ownership of the national ATA by each government. Additional coordination and knowledge management will be provided by an institution in Africa, which will be selected based on an evaluation by the AATI coordination unit to determine suitability and readiness. As a result of knowledge management and communications of results achieved, demand for national ATAs is expected to increase in other countries in Africa and beyond, leading to an expansion of national ATAs, informed by insights on what works best in each context.

C. Implementation arrangements, governance and timeline

24. AATI will draw upon the complementary capacities, resources and expertise of its four Founding Partners. IFAD will host the AATI and assign one member of Management to participate in steering committee meetings to be held four or five times per year. IFAD will also seek to provide resources through its regular grants programme (as outlined in the parallel request presented for Executive Board approval). By applying a management fee, IFAD expects to achieve full-cost recovery. Staffing for the AATI coordination unit and national ATAs will be made possible by the financing from the trust fund and a mix of domestic and international cofinancing.
25. B&MGF is expected to: provide approximately US\$10 million in funding; contribute expertise gained from supporting previous successful delivery unit infrastructure initiatives (including the Ethiopian ATA); and play a key role in resource-mobilization efforts, drawing on its past experience, resources, and influence within the development community. McKinsey & Company will provide in-kind implementation support, drawing upon its experience in: setting up delivery units (for example, in Morocco); building digital tools and performing diagnostics; forging private sector partnerships; building leadership capacity; and facilitating knowledge exchange. It will draw upon its strength as an efficient private sector organization with strong capacity and experience gained through its Center for Agricultural Transformation. Finally, AGRA is expected to facilitate AATI implementation and resource mobilization thanks to its strong relationships with governments, deep policy and political economics expertise, and ability to navigate

complex political landscapes and processes. It will play a key role in identifying and analysing potential countries and policies to support. As a key actor in the area of delivery units, AGRA's involvement will be critical to integrating AATI into existing initiatives and leveraging previous lessons learned.

26. AATI will develop a light and flexible governance mechanism that promotes agile decision-making, partners' active involvement operations and clear lines of reporting and accountability. While the governance of national ATAs will be independent of the AATI team in order to ensure national ownership, an advisory board will provide strategic guidance, offering advice on overall direction, involving relevant stakeholders and proposing national-level partnerships.¹³
27. In addition, the steering committee will play an important role in AATI governance, supported by a council of advisers, which will provide the steering committee with advice on strategic issues. The steering committee will be comprised of representatives of Founding Partner organizations, and will constitute the AATI's overall decision-making body. The council of advisers, which will include local stakeholders, representatives of Africa-focused institutions (such as the African Development Bank) and acknowledged experts from national and local governments, will offer first-hand advice and local knowledge to support the translation of AATI's strategic vision into local contexts.
28. The roles of the Founding Partners are likely to differ for each national ATA based on the flagship priority areas and activities identified for each.
29. The establishment of AATI and national ATAs will include three phases, with resource mobilization efforts and partnership-building continuing throughout:
 - (i) **Phase 1 (9 months)** – Country planning for the pilot: The AATI will be established and the coordination team will be recruited. The AATI coordination unit will engage within countries to assess and prioritize readiness, and select priority countries. The team will then work with two to four selected priority countries to analyse current delivery infrastructure, design national ATAs and identify activities to support when funding is available.
 - (ii) **Phase 2 (30 months)** – Delivery in two selected countries: National ATAs will be established and strengthened. Beyond the two countries receiving strong consorted AATI support, light-touch support may be offered to other prioritized efforts.
 - (iii) **Phase 3 (24 months)** – Further scaling up: With support from the coordination unit, AATI will consolidate lessons learned and develop knowledge and capacity for eventual transfer to national governments and scale up the ATA model beyond the pilot countries.

D. Results measurement

30. A results measurement framework for AATI has been developed (see annex I). As outlined in the framework, AATI aims to achieve country-level institutional strengthening in line with IFAD's mandate and the outcomes outlined in the initiative's theory of change.
31. The national ATAs and the AATI coordination team will keep track of the core indicators needed to achieve the targeted outcomes and report progress against these indicators annually. In addition, the AATI coordination team will conduct evaluations and stakeholder assessments to monitor the initiative's contributions to the SDGs – especially SDG 1 (No Poverty) and SDG 2 (Zero Hunger).

¹³ Advisory board members will include the AATI Executive Director, national ATA leads, representatives of national-level partners (e.g. IFAD country directors), national government and beneficiary representatives, and private-sector actors.

32. In addition to these reports, IFAD will provide annual updates to the Executive Board for information, detailing the progress of AATI towards its objectives and the status of the trust fund.

E. Financing and budget summary

33. The total costs of AATI are estimated at US\$23.4 million over five years (starting in 2021). A proposal has been submitted to B&MGF for grant financing of US\$10 million, while IFAD is requesting (through a parallel Executive Board document) US\$2 million from IFAD's regular grants programme. Establishing and supporting local delivery infrastructure in a typical country is estimated to require approximately US\$2.5 million per year. This indicates that initial funding from B&MGF and IFAD would be enough to establish and transfer ownership of national ATAs in two countries, while additional funds would be used to scale up activities in the two pilot countries or to extend support to new countries.
34. Most of the costs of AATI relate to programme management among different stakeholders to ensure smooth delivery of flagship priority projects. It is estimated that the main cost drivers will be linked to:
- (i) The funding of personnel and capacity-building (85 per cent);
 - (ii) Travel and capital equipment expenses (10 per cent); and
 - (iii) Other direct costs, including office space and recruitment costs (5 per cent).
35. To ensure AATI's long-term sustainability and scale up the initiative, discussions are ongoing with several potential donors as part of a joint resource mobilization strategy by the Founding Partners. Formal efforts to mobilize additional resources will commence once the AATI is established; these efforts will be a key responsibility of the AATI coordination team and steering committee. The AATI coordination team will focus its outreach on bilateral actors and foundations showing an interest and track record in supporting national capacity-building in Africa. The team will coordinate all outreach efforts and leverage its network to engage new partners. For locally focused donors, national ATAs will drive long-term partnership-building, with continuous support from the AATI team, as needed.

III. Potential risks and mitigation measures

36. **The selected countries lack appropriate readiness or ability to sustain ATAs in the long term.** This risk will be mitigated through a robust process of country selection involving IFAD regional divisions and country directors to ensure buy-in, the sharing of lessons learned and synergies with IFAD's programme of loans and grants.
37. **AATI contributes to further fragmentation of country-level development support.** It is important that AATI complements existing activities and responds to the need for strategy formulation coupled with strong local delivery mechanisms in the agricultural sector. To mitigate this risk, partnerships with organizations such as the African Development Bank, FAO and the African Union Development Agency will be explored.
38. **Delivery approaches and results are not sustainable.** A four-fold mitigation plan has been devised in which: (i) funded positions are time-bound and roles and responsibilities are transferred to governments and local actors; (ii) a strong focus is placed on capacity-building within national institutions to promote ownership, (iii) the need for continued support is assessed at least every three years to ensure that interventions are aligned with requirements; and (iv) an increasing share of the budget for ATAs comes from national governments over time.
39. **Changes in political leadership undermine the sustainability of AATI's impact.** National ATAs will establish mechanisms for creating consensus across

institutions and individuals in order to mitigate the inevitable risks posed by changes in government staff and priorities.

40. **Governments' attention and commitment are diverted away from agricultural transformation due to COVID-19.** It will be important during AATI's establishment and implementation to sensitize government partners on the importance of supporting agriculture and food systems in building back better from the COVID-19 pandemic. Indeed, the two issues should be considered together rather than competing for attention.
41. **Due diligence and reputational risk.** McKinsey & Company has expressed interest in a memorandum of understanding (or other agreement) with IFAD (individually or as Administrator of the AATI Trust Fund). IFAD has undertaken risk monitoring and due diligence, with the resulting residual risk rating for McKinsey & Company set at medium. Key mitigating factors for IFAD's reputational risk include: (i) the signature of any agreement by IFAD will be with McKinsey & Company's Nairobi country office; (ii) McKinsey & Company's role will be as a supporting partner and contributor of in-kind (and not cash) support; and (iii) IFAD will play an active role in ensuring open communication among all stakeholders – especially B&MGF – on reputational risk. This continued dialogue will ensure that any reputational risk is quickly identified and a suitable mitigation strategy is implemented.

IV. Request to establish a dedicated trust fund hosted by IFAD

42. The most prudent way to manage the AATI is through a dedicated multi-partner trust fund, with IFAD acting as trustee following existing precedent. The justification for establishing a trust fund is based on the fact that:
 - (i) Contributions from existing and new partners can be easily transferred into one location for smooth implementation of AATI;
 - (ii) Full-cost recovery can be achieved through the application of a management fee;
 - (iii) Unlike multi-partner facilities (the main alternative), as a separate legal entity, a trust fund creates boundaries for assets and liabilities; and
 - (iv) Also unlike multi-partner facilities, it is possible to conduct an independent external audit of a trust fund, thus allowing for accountability and independent reporting to donors.
43. As a natural anchor for the AATI, it has been recommended that IFAD act as trustee for the trust fund based on its capacity, experience as a trusted partner of African governments and its neutrality as a United Nations agency and international financial institution.
44. The AATI Trust Fund would be established in anticipation of the first funds being received in early September 2021, and activities beginning thereafter. The proposal for the establishment of a multi-donor trust fund is being submitted to the Executive Board for approval, and is included in annex II. The Executive Board has the authority to establish the proposed trust fund by virtue of Governing Council resolution 77/2, as amended by resolution 86/XVIII, which authorizes the Executive Board to exercise most of the powers of the Governing Council, as determined by article 6, section 2(c) of the Agreement Establishing IFAD. Moreover, Governing Council resolution 134/XXVII delegates authority to the Executive Board to decide on the establishment of such a trust fund.
45. The proposed AATI Trust Fund will seek and accept contributions, and funding transferred from IFAD's own resources, following Executive Board approval, from

non-Member States and other non-state actors, including multilateral organizations; philanthropic individuals and foundations; and any other interested entities. Through the trust fund, IFAD will manage contributions according to contributors' preferences. Such administered funds are kept distinct from all other resources held by IFAD.

46. In line with IFAD's standard policies for supplementary (grant) contributions, an 8 per cent indirect cost rate will be applied, part of which will be used to cover the costs of managing the trust fund (including preparation of financial statements).

Results measurement framework

Primary outcome	Secondary outcome	Output
1. More inclusive, efficient, effective and impactful support provided to rural producers in flagship priority areas	Inclusive and actionable agriculture transformation strategy (including strategic pillars)	Well-developed actionable plan for rural development ¹⁴
		Strong representation/influence from rural organizations during strategy development
		Prioritization of flagships for thematic areas and clear linkage to strategic pillars
		Key sector-wide diagnostics implemented and supported
	Flagship-oriented delivery infrastructure	Set-up of effective delivery unit infrastructure for flagships
		Per cent of flagships with own budget, cost planning and resource mobilization plan
	Improved flagship coordination and alignment (including funding from responsible partners, especially the private sector)	Clearly set up and adhered to cadence (e.g. meeting participants and intervals)
		Per cent of flagship priorities with clear escalation plans
		Per cent of flagship priorities with identified accountable sponsors
		Per cent of secured funding (as % of total cost) from private and public sector players
	Progress against flagship delivery implementation plan	Per cent of activities of each flagship implemented in time
		Per cent of flagship priorities with cost expenditures as planned
		Level of support of the AATI for pre-agreed flagship on track
	Increased digital, data and analytics use and support for delivery and implementation of flagships	Per cent of flagship priorities with delivery and implementation enabled by use of digital tools

¹⁴ Including cost estimates and measurable, time-bound targets. These metrics are based on the 2017 Readiness Framework Indicators developed by the B&MGF and the McKinsey Center for Agricultural Transformation.

Primary outcome	Secondary outcome	Output
2. Improvement of institutional capacity and capability in government, in line with global indicators, including stronger culture of evidence-based decision-making	Improved and successfully implemented M&E capacity within the agriculture sector	Supervision/evaluation reports completed for flagship
		Data dashboards are set up, updated and used
		M&E frameworks are set up, resourced (by number of full-time equivalent needed) and followed
	Increased digital capabilities and use of tools	Relevant digital tools (e.g. dashboards) owned by ATAs
		Data systems updated and run by ATA staff
		Established feedback loop to inform future policymaking (e.g. for analysis outputs, information, learning)
	Institutionalized leadership capability-building	Day-to-day coaching delivered to ATA teams
		Optional: Core leaders identified and set on long-run leadership development journey
	Efficient delivery structures and decentralized decision-making on flagship priorities	Roles and responsibilities clearly defined between ATAs, ministries and local authorities
		Number of layers of decision-making/escalation
		Framework and process for conflict resolution in place
	Improved policy implementation and progress against overarching development goals	Improvement in Enabling the Business of Agriculture (EBA) score (EBA indicators will be selected based on flagship priorities in respective countries)
	Increased generation and use of data-driven tools to inform prioritization and policymaking	Per cent of decisions made with or supported by the use of digital tools

Primary outcome	Secondary outcome	Output
3. Increased awareness and knowledge dissemination of successful models, tools and approaches to agriculture delivery across sub-Saharan Africa	AATI prominent on the international agriculture agenda	AATI topics presented at international events (e.g. number of conferences, roundtables, events attended/led)
		AATI contributes to formal knowledge exchange (e.g. number of papers published)
	Unlocked financing for AATI (including coordination unit and ATAs)	Share (per cent of total budget) received by non-founding partners
	Sharing of AATI findings and lessons learned across the region to facilitate replication	Diversity of stakeholders present in peer-exchange networks
		Relevant and varied knowledge- and learning-exchange sessions hosted for governments' staff
		Library of successful and actionable delivery-support models

Proposed instrument for the establishment of a multi-donor trust fund for implementation of the African Agricultural Transformation Initiative

The Executive Board,

Recalling the relevant provisions of the Agreement Establishing IFAD, in particular Article 2 and Article 7;

Recalling the relevant provisions of the Policies and Criteria for IFAD Financing;

Recalling further Governing Council resolution 134/XXVII, which delegates authority to the Executive Board to decide on the establishment of a trust fund;

Noting Section VIII paragraph 30 of Governing Council resolution 219/XLIV on the Twelfth Replenishment of IFAD's Resources, 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 funded by resources of the Fund."

Having considered document EB 2021/VBC/7;

Decides that:

1. An African Agricultural Transformation Initiative trust fund (the "AATI 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 AATI Trust Fund.
2. The Fund shall be the Administrator of the AATI 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. Subject to the provisions of this resolution, in administering the AATI 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, the Policies and Criteria for IFAD Financing, and the relevant rules, policies and procedures applicable to this Trust Fund.
4. The resources of the AATI Trust Fund shall be held in a separate account.
5. The AATI Trust Fund's reporting currency shall be the United States dollars. Proceeds from or to the AATI Trust Fund shall be denominated in a freely convertible currency in accordance with IFAD's policies and procedures.
6. The AATI Trust Fund shall be authorized to receive, upon approval of the President in his/her capacity as President of the Administrator, the following resources for the activities on the AATI as outlined in this document:

- (i) Funds transferred by IFAD from its own resources following approval of the Executive Board;
 - (ii) Contributions made in a freely convertible currency directly by Member States;
 - (iii) Contributions made in a freely convertible currency directly by non-Member States and other non-state actors, including multilateral organizations, philanthropic individuals and foundations, and other entities;¹⁵
 - (iv) Net earnings from investment of any resources held in the AATI Trust Fund pending the use of these resources for AATI activities; and
 - (v) Other resources.
7. Except as otherwise decided in this resolution, all such resources shall be held in the AATI Trust Fund.
8. The resources of the AATI Trust Fund shall be used exclusively by the Administrator for AATI activities to be implemented in any IFAD Member State.
9. Any disbursement shall be subject to the availability of the resources of the AATI Trust Fund.
10. The Fund in its capacity as Administrator, acting through its President, is authorized to:
 - (i) Make all arrangements, including establishment of accounts in the name of the Fund as Administrator, with such depositories of the Fund as the Administrator deems necessary; and
 - (ii) Take all other administrative measures that the Administrator deems necessary to implement the provisions of this resolution.
11. The privileges and immunities accorded to the Fund shall apply to the property, assets, archives, income, operations and transactions of the AATI Trust Fund. In this context, the Fund, through the President, may enter into such agreements and arrangements as may be required to ensure and preserve the said privileges and immunities, and achieve the purposes of the AATI Trust Fund as outlined in this document.
12. The Fund shall maintain separate records and accounts to identify the resources and operations of the AATI Trust Fund. The AATI Trust Fund accounts will be maintained in accordance with international financial reporting standards and audited by IFAD's external auditors.
13. 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 the activities financed from the AATI Trust Fund; and (ii) an audited financial statement for the AATI Trust Fund.
14. The incremental administrative expenditures directly incurred by the Fund in administering the AATI Trust Fund shall be paid to the Fund from the resources of the AATI Trust Fund. Resources for this purpose shall be held in the administration the AATI Trust Fund.
15. Upon liquidation of the AATI Trust Fund, all amounts remaining outstanding will be transferred on prorated basis to the donor.
16. The Fund shall not be liable for acts or obligations of the AATI Trust Fund solely by reason of its capacity as Administrator.

¹⁵ This would exclude contributors imposing policies and procedures different from those adopted by the Fund.