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Investing in rural people

President's Report on a Proposed Grant under the Global and Regional Grants Window to the Food and Agriculture Organization of the United Nations for Mainstreaming Ex-Ante Greenhouse Gas Accounting into Investments in Agriculture and their Economic and Financial Analysis

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 10.

President's Report on a Proposed Grant under the Global and Regional Grants Window to the Food and Agriculture Organization of the United Nations for Mainstreaming Ex-Ante Greenhouse Gas Accounting into Investments in Agriculture and their Economic and Financial Analysis

I. Background and compliance with IFAD Policy on Grant Financing

1. The grant-funded programme Mainstreaming Ex-Ante Greenhouse Gas (GHG) Accounting into Investments in Agriculture and their Economic and Financial Analysis was cleared by IFAD's Operational Strategy and Policy Guidance Committee in line with IFAD's Strategic Guidance for Grants 2018 Priority Area 3: Information technology and applications (thematic cluster 3: results measurement). The grant is being proposed to identify a suitable tool that would allow international financial institutions, multilateral financial institutions (MFIs) and ministries of agriculture in developing countries to integrate the GHG accounting into their agricultural development portfolios. Data suggest that the agriculture, forestry and other land-use (AFOLU) sector accounts for 24 per cent of global GHG emissions each year.¹ This was highlighted as the fourth key challenge by the Consultation on the Eleventh Replenishment of IFAD's Resources (IFAD11), which noted that "investment in mitigating and adapting to climate change and in preventing and reversing environmental degradation must be accelerated" and that "given the role of agriculture in greenhouse gas emissions, and its potential contribution to mitigation, attention must be paid to win-win approaches to adaptation that also mitigate emissions, while improving the livelihoods of rural poor people".² IFAD has committed to strengthening the tracking of its climate investments during IFAD11, specifically to move towards the more systematic use of a system that enables ex-ante estimation of the net impact of IFAD-financed projects on greenhouse gas emissions.
2. The proposed programme is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015).³ A GHG appraisal tool will drive IFAD's efforts to achieve 100 per cent climate mainstreaming and support IFAD's Strategic Framework 2016-2025, especially strategic objective 3: Strengthen the environmental sustainability and climate resilience of poor rural people's economic activities. It is also aligned with Operational Results Management System outcome indicator 3.2.1: Number of tons of greenhouse gas emissions (CO₂e) avoided and/or sequestered.

¹ <https://www.epa.gov/ghgemissions/global-greenhouse-gas-emissions-data>.

² See GC 41/L.3/Rev.1, paragraph 18.

³ See EB 2015/114/R.2/Rev.1.

II. The proposed programme

3. The overall goal of the programme is to generate widely shared capacity on GHG appraisal in order to: (i) support developing countries in formulating agricultural strategies that focus on low-carbon agriculture; (ii) develop a strategy and action plan to ensure the systematic accounting of GHG capture in the AFOLU sector so that developing countries can benefit from future revision of the GHG emissions trading system protocol and its impact on their nationally determined contributions (NDCs); (iii) make available a roster of GHG expert consultants; and (iv) link GHG appraisal results with economic and financial analysis at project formulation.

4. The grant will target two distinct groups. The direct target group will be composed of institutional partners including IFAD country project management units,⁴ representatives of ministries of agriculture and environment, experts from United Nations agencies, MFIs, NGOs and other IFAD partners. This group needs access to information and knowledge in order to strengthen their capacity on GHG accounting and integrating agricultural climate mitigation within policies and programmes. The second group, indirect beneficiaries, includes rural households and communities, who will benefit from the support provided by this grant. This includes the implementation of innovative climate-smart projects and policies on rural development to reduce poverty and improve food security and climate resilience among rural households and communities.

5. The programme will be implemented over 36 months through four components:

Component 1: Capacity-building of experts and officers of national and international partners on GHG accounting.

Activity: (i) Capacity-building of selected United Nations and financial institution staff on operating and interpreting results, and of project staff to become GHG expert consultants.

Component 2: Quantify the carbon mitigation co-benefits of ongoing development investment projects.

Activities: (i) scale up GHG appraisal of AFOLU investments and increase awareness within United Nations agencies and other MFIs; (ii) map and prioritize regions with projects to appraise carbon balance; (iii) employ mid-term reports as tools to assess the distinction between a project design reports and actual project outcomes; and (iv) use preliminary assessment to prioritize and improve the efficiency of project analysis.

Component 3: Systematically integrate climate resilience appraisal into new projects.

Activities: (i) integrate GHG accounting into the design of project supported by United Nations agencies (including IFAD) and MFIs; (ii) evaluate project options during the design phase to determine which option would result in the highest mitigation potential, taking into consideration the needs of smallholder farmers; and (iii) develop a methodology to include input data requirements for GHG accounting in project design and implementation.

Component 4: Identify ways to capitalize on lessons learned through initial GHG accounting in order to promote widespread GHG appraisals moving forward.

Activities: (i) incorporate carbon-mitigation activities into project design decision making; (ii) share knowledge and GHG appraisals in 15 countries; (iii) prioritize

⁴ The target countries are: Angola, Argentina, Brazil, Burkina Faso, Côte d'Ivoire, Egypt, Haiti, India, Indonesia, Madagascar, Mexico, Mozambique, Tajikistan, Turkey and Viet Nam. As part of the preparatory work for this programme, stakeholders in all 15 countries will be consulted in order to identify modalities of engagement and partners to be targeted.

climate mitigation in project implementation and monitoring; and (iv) strengthen and expand GHG appraisal capabilities in developing countries.

III. Expected outcomes/outputs

6. The programme is expected to have the following outcomes/outputs: Activities in each of the four components can be refined following the start of the programme.

Component 1: Capacity-building of experts and officers of national and international partners on GHG accounting.

Outcome 1: The capacity of partners on climate-resilient agriculture and GHG accounting is enhanced.

Output: The training toolkit is widely disseminated, making a distinct contribution to GHG accounting in agricultural development projects and policies at the country level.

Component 2: Quantify the carbon mitigation co-benefits of ongoing development investment projects.

Outcome 2: Improved reliable estimation of CO₂e mitigated in IFAD projects.

Output: A compilation of GHG analysis in climate mitigation and adaptation projects is made available, contributing to improved GHG accounting methodologies.

Component 3: Systematically integrate climate resilience appraisal into new projects.

Outcome 3: Business model and investment development projects systematically incorporate GHG appraisal information.

Output: A methodological guideline on the integration of GHG accounting within business models and project cycles is made available.

Component 4: Identify ways to capitalize on lessons learned through initial GHG accounting in order to promote widespread GHG appraisals moving forward.

Outcome 4: Increased awareness of the prioritization of agriculture climate-mitigation potential at the project, programme, policy and global levels.

Output: Guidance made available for reporting GHG emissions reduction within NDCs and on promoting low-carbon emission investments and agricultural policies.

IV. Implementation arrangements

7. The grant was awarded to the Food and Agriculture Organization of the United Nations (FAO) through a competitive selection process. It will be implemented by the FAO Ex-Ante Carbon-balance Tool (EX-ACT) team. Based in FAO's Agricultural Development Economics Division, EX-ACT is part of the Economic and Policy Innovations for Climate-Smart Agriculture team and is supervised by the team leader. The EX-ACT team will lead programme implementation and reporting, linking with IFAD country project management units and staff of other ongoing development projects. Reports will be shared with IFAD's Environment, Climate, Gender and Social Inclusion Division and county programme managers in selected countries. IFAD Country Offices will be closely involved throughout programme implementation and will meet regularly to discuss progress and financial tracking of the grant. Ministries of agriculture and environment will bring expertise on the different agriculture and climate change policies implemented within their respective countries. The EX-ACT team will follow up with representatives of ministries, MFIs and NGOs to ensure the sustainability of their acquired knowledge of GHG accounting, and will provide technical support if necessary. MFIs will bring expertise related to their business models and projects.

8. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

9. The proposed budget for a period of 36 months is US\$1,538,000. Of this total, IFAD will finance US\$1,080,000 and FAO will provide US\$458,000 in-kind.

Table 1:
Costs by component and financier
(United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>FAO (in-kind)</i>	<i>Total</i>
Component 1: Build capacity for GHG appraisal among experts and national/international partners	354 060	167 000	495 210
Component 2: Quantify the carbon mitigation co-benefits of projects	351 860	109 000	465 010
Component 3: Systematically integrate climate-mitigation appraisal within projects	156 430	91 000	258 280
Component 4: Identify ways to capitalize on lessons learned through initial GHG accounting in policy implementation and NDCs	146 650	91 000	248 500
Subtotal	1 009 000	458 000	1 467 000
Overhead	71 000	-	71 000
Total	1 080 000	458 000	1 538 000

Table 2:
Costs by expenditure category and financier
(United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>FAO (in-kind)</i>	<i>Total</i>
1. Salaries and allowances	245 000	353 000	598 000
2. Operating costs	87 000	-	87 000
3. Consultancies	329 000	68 000	397 000
4. Travel and allowances	162 000	9 000	171 000
5. Equipment and materials	11 000	-	11 000
6. Workshops	18 000	-	18 000
7. Training	157 000	28 000	185 000
Management fees/overhead	71 000	-	71 000
Total	1 080 000	458 000	1 538 000

VI. Recommendation

10. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, Mainstreaming Ex-Ante Greenhouse Gas Accounting into Investments in Agriculture and their Economic and Financial Analysis, shall provide a grant of one million and eighty thousand United States dollars (US\$1,080,000) to the Food and Agriculture Organization of the United Nations for a 36-month period upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo
President

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Decreased GHG emissions of investments in rural agriculture	<ul style="list-style-type: none"> Aggregated budgets of pro-poor rural development projects integrating GHG accounting in the countries covered by the project 	<ul style="list-style-type: none"> Project M&E Project progress report IFAD/FAO supervision reports EX-ACT team records 	
Objectives	Strengthened capacities to design and monitor GHG mitigation in agricultural development projects	<ul style="list-style-type: none"> N. of beneficiaries that have reported increased knowledge on GHG accounting At least 15 developing countries receiving technical support on GHG accounting N. of initiatives (i.e. IFAD projects) that have adopted EX-ACT tool in their design phase 	<ul style="list-style-type: none"> Records of training from the EX-ACT masters and team Records of request for country support from IFAD and FAO Record of projects from IFAD and FAO 	<ul style="list-style-type: none"> Countries buy-in and willingness to change behaviour and engage in low-carbon emissions agricultural investments Countries have sufficient capacity to implement GHG accounting Existence of adequate Institutional coordination and framework
Outcome1	<p>The capacity of partners on climate resilient agriculture and GHG accounting is enhanced</p> <p>Output: The training toolkit is institutionalized making a distinct contribution to the GHG accounting into agricultural development projects and policies at country level</p>	<ul style="list-style-type: none"> Up to 100 EX-ACT master with enhanced capacity on GHG accounting Up to 450 experts trained with the e-learning 15 countries with enhanced capacity on GHG accounting 	<ul style="list-style-type: none"> Training records Mission reports Pre- and post-training evaluation reports e-learning portal records certified trained participants 	<ul style="list-style-type: none"> Trained experts of ministries, UN/MFIs/IFIs and at international level are available in the pilot countries EX-ACT team and the different partner institutions have established good communications channels EX-ACT master have all the materials training under hand The e-learning platform is well advertised
Key Activities by component	<p>1.1 Identify partners</p> <p>1.2 Assess the trainings needs</p> <p>1.3 Conduct a series of ToTs (possibly in the IFAD regional hub) and webinars</p> <p>1.4 Update the existing e-learning module on GHG appraisal in English, Spanish and French</p>	<ul style="list-style-type: none"> 6 capacity building training provided Up to 450 participants trained through the e-learning Up to 100 participants attending the capacity building training 	<ul style="list-style-type: none"> Records from EX-ACT team trainers and the e-learning platform 	<ul style="list-style-type: none"> Training needs and key participants within each institution are identified Effective commitment and interest from the participants to facilitate the implementation of the initiative
Outcome 2	<p>Improved reliable estimation on tCO₂-e mitigated in IFAD projects</p> <p>Output: A compilation of GHG analysis of climate mitigation/adaptation projects is made available, contributing to improve GHG accounting methodologies</p>	<ul style="list-style-type: none"> Up to 75 projects and value chains analysed Report per analysed project is available 	<ul style="list-style-type: none"> Project M&E Project progress report 	<ul style="list-style-type: none"> Availability of project information on activities data for GHG emissions estimation Availability of relevant information from project partners. Availability of qualitative and quantitative information from project surveys

Key Activities by component	<p>2.1 Conduct GHG analysis of 40 on-going and planned projects</p> <p>2.2. Conduct analysis of climate mitigation and resilience of up to 20 pro-poor value chain</p> <p>Activity 2.3 Comparison of GHG appraisals for 15 completed projects at various stages of the project cycle</p>	<ul style="list-style-type: none"> Up to 95 projects, value chain and monitoring performed provided The report on GHG appraisal in IFAD portfolio is available and disseminated 	<ul style="list-style-type: none"> Records from the EX-ACT team 	<ul style="list-style-type: none"> Sufficient number of projects at their different stage of development Sufficiently quantitative and qualitative data
Outcome 3	<p>Business model and investment development projects have systematically incorporated GHG appraisal information</p> <p>Output: A methodological guideline on the integration of GHG accounting within business model and project cycle is made available</p>	<ul style="list-style-type: none"> The methodological guideline on GHG accounting within agricultural investment development projects is available and disseminated 	<ul style="list-style-type: none"> Project M&E Project progress report 	<ul style="list-style-type: none"> All the projects are analysed Report are adequately published and disseminated Effective means of communication and advertising
Key Activities by component	<p>3.1 Define sets of data inputs required during design mission for GHG accounting</p> <p>3.2 Develop a strategy and action plan for systematic inclusion of GHG accounting into agricultural projects in business model</p>	<ul style="list-style-type: none"> The methodological guideline on GHG accounting within agricultural investment development projects is available 	<ul style="list-style-type: none"> Project M&E Project progress report 	<ul style="list-style-type: none"> Sufficient n. of projects have been analysed, covering a wide range of investment type and widespread geographical scale
Outcome 4	<p>Raised awareness of the prioritization of agriculture climate mitigation potential at project, programme, policy and global level</p> <p>Output: Guidance to report GHG emissions reduction within NDCs and report on promoting low carbon emission investments and policy within agriculture are made available</p>	<ul style="list-style-type: none"> The report on promoting low carbon agriculture within policy is ready The methodological guidelines on integrating GHG performances of public and private investment portfolios in NDCs is ready and disseminated The network is functional 	<ul style="list-style-type: none"> Project M&E Project progress report 	<ul style="list-style-type: none"> Sufficient n. of projects have been analysed, covering a wide range of investment type and widespread geographical scale Report are adequately published and disseminated Good communication and knowledge sharing with trained participants on agriculture and climate policy within their countries
Key activities by component	<p>4.1 Capitalize and upgrade use of GHG accounting, climate issues and impact on biodiversity in policy implementation and monitoring</p> <p>4.2 Integrate GHG performances of public and private investment portfolio in NDCs</p> <p>4.3 Develop a network for GHG appraisal users in all-new co-financing projects</p>	<ul style="list-style-type: none"> The report on promoting low carbon agriculture within policy is ready The methodological guidelines on integrating GHG performances of public and private investment portfolios in NDCs is ready The network is well established and communicated in FAO and IFAD 	<ul style="list-style-type: none"> Project M&E Project progress report Number of press releases, newsletters, brief, communication materials released 	<ul style="list-style-type: none"> Effective means of communication and advertising of published materials