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JLIFAD
Investing in rural people

President's report on a proposed grant under the global/regional grants window to the

International Training Centre of the International Labour Organization for

Capacity-building for Procurement in IFAD's Project Portfolio

Note to Executive Board representatives

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Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 19.

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I. Background and compliance with IFAD Policy for Grant Financing

1. Each year, developing countries spend an estimated US$820 billion on procurement-related transactions. In sub-Saharan countries, procurement makes up more than 50 per cent of government expenditure and 15 per cent of GDP. As developing countries commonly have scarce public resources and private investment, the efficient use of these resources is crucial. Public procurement is the channel through which public resources are administered to provide basic infrastructure and services (roads, electricity, water, health care, educational facilities) that are essential for sustainable development and the reduction of poverty. Given the magnitude and importance of public procurement, it presents a significant policy instrument for governments to improve public services, create fiscal space and jobs and stimulate private sector growth. Over the past two decades, donors and developing countries have begun to recognize the importance of procurement for development outcomes and incentivized public procurement reforms. Lack of transparency, corruption and inefficiency in procurement directly affects citizens. Losses to corruption are estimated in the billions of dollars every year (and are not confined to developing countries). A well-functioning public procurement system increases citizens' confidence in the government and the effectiveness of the private sector. Given the impact of sound practices in public procurement, IFAD is promoting sustainable capacity-building in its borrower/recipient countries to maximize development outcomes and impact.

2. Given the important role of procurement, international financial institutions (IFIs) have been strengthening the public procurement systems of their borrowers/recipients over the past two decades. Through the proposed grant, IFAD aims to build procurement capacity in its borrower/recipient countries in a sustainable manner. The grant has a strong public goods aspect as the knowledge generated under this grant remains in the borrower/recipient country.

3. There is a pressing need for action within IFAD's project portfolio as many operations suffer from weak capacity in public procurement. Non-transparent and inefficient procurement processes lead to delayed or partial delivery of development outcomes. IFAD's focus on rural economic transformation calls for targeted capacity-building for agricultural and rural development. The activities foreseen under this grant form a natural part of IFAD's action plan for quicker results and increased project-level efficiency for the Twelfth Replenishment of IFAD's Resources (IFAD12) cycle and directly support IFAD's contribution to the 2030 Agenda by speeding up delivery and deepening impact.[1]

4. The proposed programme is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015),[2] specifically the second objective of strengthening partners' institutional and policy capacity, and the fourth: generating and sharing knowledge for development impact. It also contributes to IFAD's corporate priorities improving disbursement performance, and promoting transparency and good governance of which procurement is a key determinant. Both the Annual Report on Results and Impact of IFAD Operations (ARRI) and portfolio self-assessments have

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[1] This report is informed by the current draft of the IFAD12 business model paper, available at: https://webapps.ifad.org/members/repl/12/2/R.
[2] See EB 2015/114/R.2/Rev.1.

consistently identified weaknesses in project procurement and emphasized the importance of well-organized and transparent project procurement for development outcomes. The Management response agrees with this assessment and "recognizes that strengthening the effectiveness and efficiency of project procurement processes is a major priority".[3] This commitment is reiterated in the IFAD12 business model paper and the activities under this grant will directly support the emerging priorities and commitments of IFAD12.

5.   Procurement is one of the three weakest performing areas on indicators for overall implementation performance. Procurement also has a strong and direct impact on the two lowest performing indicators "coherence between annual workplan and budget (AWP/B) and implementation" and "acceptable disbursement rate" as shown in the figure below.

Figure 1
Percentage of projects rated moderately satisfactory or better on indicators for overall implementation performance[4]
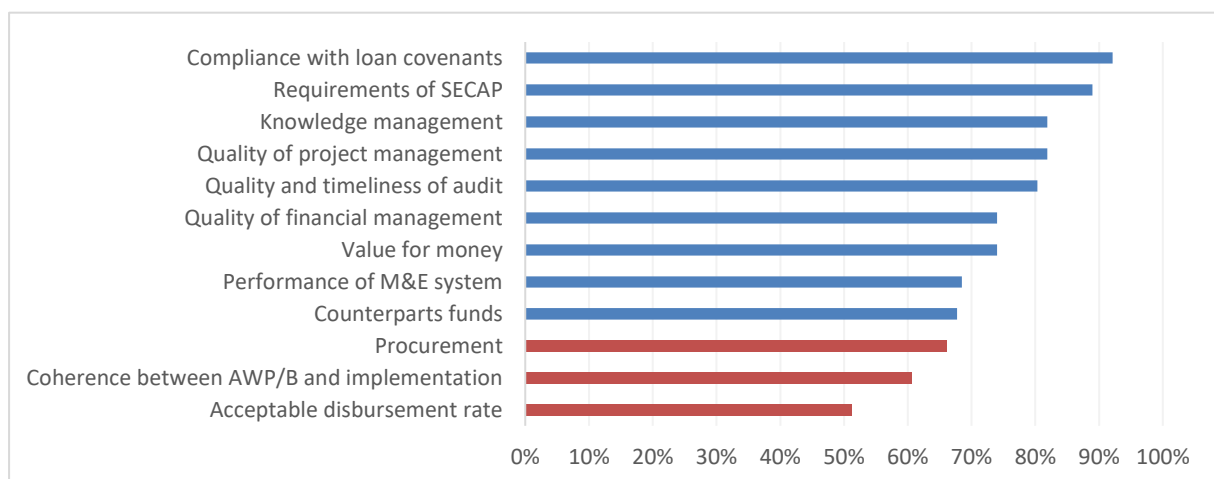
SECAP = Social, Environmental and Climate Assessment Procedures, M&E = monitoring and evaluation.

6.   The recipient was identified through competitive selection at the grant design stage in line with the Grant Policy and the Grant Financing Procedures. A widely advertised, open prequalification[5] was conducted to reduce the risk of a bidder lacking the technical competence or resources to deliver the necessary services. Organizations that passed the technical requirements were shortlisted and invited to submit a proposal. The proposals were evaluated by a team of experts in procurement, training and financial management that unanimously recommended the International Training Centre of the International Labour Organization (ITCILO) as the recipient.

7.   ITCILO has over 50 years' experience in running training, learning and capacity development services for governments, employers' organizations, workers' organizations, and other national and international, public and private partners in support of decent work and sustainable development. In the area of procurement management, the ITCILO's Sustainable Development Programme has been a leader for more than 25 years in the development of competency-based training programmes, in collaboration with the World Bank, the Organisation for Economic Co-operation and Development, the European Commission and other international

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[3] Response of IFAD Management to the 2017 ARRI: https://webapps.ifad.org/members/repl/11/03/docs/EB-2017-121-R-9-Add-1.pdf.
[4] Source: Operational Results Management System – 28/04/2020. Only projects that had ratings available on all indicators were included in the dataset (127 projects).
[5] The request for expressions of interest was advertised on the United Nations Development Business, United Nations Global Marketplace and IFAD websites.

and national government institutions. ITCILO also offers several training courses on rural and local development.

II. The proposed programme

8. The overall goal of the programme is to increase capacity in public procurement based on international best practice in order to achieve transparent, efficient and value-for-money-driven procurement processes in IFAD projects that contribute to better project implementation, disbursement and development outcomes. The objectives are to reduce the procurement risk assessment of IFAD projects by one level; increase the number of projects completed on time by 30 per cent in the year after completion of the grant-funded training activities (Y3+1); and reduce the number of successful appeals against IFAD-funded procurement by 30 per cent in the second year after completion of the training activities (Y3+2). This grant targets all countries with active (185) or prospective projects (55) at the time of the grant design. Each IFAD project will be covered by the training activities and those with the most urgent need for support will be targeted first.

9. The target group consists of key staff responsible of managing procurement processes in IFAD-funded projects (direct target group), staff working in procurement on other IFI projects and representatives of rural communities (indirect target group). At least 200 key staff from IFAD projects will be fully certified after completing training modules 1-3 and a total of 714 places will be offered across all modules. At least 100 participants from other IFIs are expected to be trained and approximately 900 indirectly targeted individuals will be reached via a massive open online course (MOOC).

10. In addition to the training offered with modules 1-3, the grant proposal includes the development of a diploma in public procurement for agricultural and rural development. This is the first such procurement qualification to be developed under an IFAD initiative. This innovative qualification will be offered by ITCILO for the duration of the grant and beyond, and supplements modules 1-3 as well as other IFAD-funded capacity-building initiatives. In order to qualify for the diploma, participants need to enrol in a fourth module as part of the grant (either an IFAD course such as the Programme in Rural Monitoring and Evaluation or financial management, or a course run by ITCILO) and submit a capstone project that is inspired by actual work-related issues.

11. The grant proposal includes concrete measures to effectively incorporate a gender and youth focus. Procurement is a very male-dominated profession, therefore the programme will seek to ensure that women account for 30 per cent of the course participants and will make efforts to: (i) reserve seats for younger procurement practitioners where possible; (ii) identify a pool of young participants with high potential and provide them with additional support in progressing through all the course modules to the diploma certification stage; and/or (iii) pay particular attention in the third-party monitoring activities to ensure inclusion of youth and women's organizations and young and/or female leaders. Furthermore, the training modules proposed will include lectures and case studies on (i) sustainable procurement, incorporating topics such as job creation for youth and women as well as promoting environmentally sustainable and climate-smart procurement options; and (ii) projects and programmes in agricultural and rural development (ARD) that emphasize gender and youth aspects.

12. The programme will be implemented over three years and will have the following components: (i) capacity-building strategy and development of the procurement curriculum (in all IFAD official languages); (ii) capacity-building delivery to key procurement staff, and scaling up to involve IFIs; (iii) capacity-building delivery to third parties; and (iv) learning and sustainability.

III. Expected outcomes/outputs

13. The programme is expected to have the following outcomes: (i) improved skill base of key procurement staff and other parties involved in procurement in IFI-funded projects to achieve certification of project procurement teams; and (ii) increased transparency of investment projects promoting smallholder agriculture.

14. The expected outputs include: (i) IFAD project staff have recourse to a public knowledge base on procurement; (ii) IFAD project staff join a community of procurement practice for continuous learning; (iii) IFAD project staff progressively build their capacities and competencies to an advanced level, including certification; (iv) organizational knowledge and capacity is increased in borrower/recipient countries; (v) ARD stakeholders at the local level have increased capacity and competence to monitor procurement; (vi) access to procurement guidance and support is increased in IFAD projects; and (vii) IFIs, their staff and beneficiaries capitalize on and contribute to project sustainability.

IV. Implementation arrangements

15. The proposed grant recipient, ITCILO, will be responsible for programme implementation over a period of 36 months. ITCILO will oversee and manage all programme activities and will be responsible for the financial management of the grant. Implementation progress will be supervised by the lead procurement adviser (Operational Policy and Results Division) and senior procurement officers from the regional divisions.

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

V. Indicative programme costs and financing

17. The total programme cost is US$3,327,000 of which IFAD will contribute US$3,000,000 as a grant. ITCILO will provide an in-kind contribution of US$327,000 representing 11 per cent of the total value. ITCILO has extensive experience in working with other IFIs and will engage other IFIs working in ARD to explore possible cofinancing for the training activities. Due to its unique focus, the grant has the potential to leverage additional resources to scale up results.

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

Components	IFAD	ITCILO	Total
1. Capacity-building strategy and development of the procurement curriculum	251	64	315
2. Capacity-building delivery to key procurement staff, and scaling up to involve IFIs	2 072	84	2 156
3. Capacity-building delivery to third parties	116		116
4. Learning and sustainability	158		158
Subtotal	**2 597**	**148**	**2 745**
Programme management costs	181	179	360
Overheads	222		222
Total	**3 000**	**327**	**3 327**

Table 2
Costs by expenditure category and financier[6]
(Thousands of United States dollars)

Expenditure category	IFAD	ITCILO	Total
1. Salaries	983	260	1 243
2. Travel and allowances	279	-	279
3. Consultancies	269	-	269
4. Training	1 247	67	1 314
Overheads	222		222
Total	**3 000**	**327**	**3 327**

18. **COVID-19 contingency planning**. The training is envisaged to start in 2021. It may be necessary to deliver all parts of the training fully online given the evolving pandemic. In order to cover this scenario, ITCILO has provided a detailed financial breakdown of the cost of such transition, which would entail additional efforts in curriculum adaptation and translation but would result in net savings due to the absence of travel costs. It would also be possible to recommence the face-to-face delivery at any point during implementation. Given the dynamic situation, the delivery plan will be adjusted depending on the worldwide COVID-19 situation. Any potential savings and engagement of new activities will be subject to IFAD's approval.

VI. Recommendation

19. 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, Capacity-building for Procurement in IFAD's Project Portfolio, shall provide a grant of three million United States dollars (US$3,000,000) to ITCILO for a period of three years upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Houngbo
President

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[6] Salaries correspond to the expenditures for ITCILO professional and administrative staff; travel and allowances include travel costs and daily subsistence allowance for trainers; consultancies consist of translation services and trainer fees; training includes the expenditures for participants' travel, board and accommodation, as well as training facilities and materials.

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	Greater development impact and results through efficient use of public funds, institutional strengthening, corporate governance and capacity-building in public procurement systems	IFAD11 "Impact at Scale" is facilitated by enhanced performance across VFM indicators in the Results Measurement Framework starting Y3.	IFAD Reports	
Objectives	− Enhanced performance in public procurement and improved procurement outcomes. − Greater development impact and transparency for investment of projects focusing on ARD. − Decreased overall fiduciary risk of the IFAD portfolio. − Upgraded skills or bridged skills' gap of those directly or indirectly involved in procurement as they perform their tasks more effectively and efficiently through tailored training.	− Numbers of successful appeals in IFAD-funded procurement is reduced by 30% in the year following the project(Y3+1); 40% in the second year following the project (Y3+2). − Supervision ratings of procurement improve on average by 0.5 points (out of 6) during Y3, 0.75 points during Y3+1 and 1 point by Y3+2. − Procurement risk assessment is reduced by one level in Y3+1 on average across IFAD's portfolio. − At least 200 Beneficiary staff certified by Y3; 250 by Y3+1; and 300 by Y3+2. − At least 30% of certified Beneficiary persons are females. − At least 30 ITP participants to modules that are not IFAD-sponsored by the end of Y3. − At least 25 trainers trained by the end of Y3.	IFAD projects' procurement review reports IFAD MTE and FE reports COSOP/CSN/PCN/PRM starting 2022 Project Reports and project portal Project Reports and project portal	The targets assume no negative interference by exogenous factors " " The numbers assume successful sustainability of the project
Outputs and Outcomes	*OUTCOMES* − Improved skill-base of key procurement staff and other parties involved in procurement in IFI-funded projects to achieve certification of project procurement teams. − Increased transparency of investment projects promoting smallholder agriculture.	*OUTCOMES* − At least 1 procurement staff of each Borrower/Recipient Entity is certified in procurement within the three years. − 100% of procurement notices using International Competitive Bidding are advertised in the IFAD website through UNDB and 100% of the resulting contract awards are uploaded.	Project progress reports, Procurement Review (during Supervision mission), documented on the BUILD PROC website IFAD project procurement website	Risk mitigation measures succeed in motivating participation in Certification and Diplomas The targets assume no negative interference by exogenous factors

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	OUTPUTS − IFAD Borrower staff have recourse to a public knowledge base on procurement − IFAD Borrower staff join a community of procurement practice for continuous learning − IFAD Borrower staff progressively build their capacities and competencies to advanced levels including certification − IFAD Borrowers' organizational knowledge and capacity is increased − ARD stakeholders at the local level have increased capacity and competence to monitor procurement − Access to procurement guidance and support is increased in IFAD projects − IFI's, their staff and Beneficiaries capitalize on and contribute to project sustainability	*OUTPUTS* − The knowledge repository is populated online in year 1 and updated at least twice per year − The online CoP has at least 200 registrations from IFAD Borrower staff − At least 200 and 30 staff receive full modules Certification and Diplomas respectively; at least 50% of CoP registered members actively contribute to the CoP − The total number of procurement noncompliance is progressively reduced (20% in Y2; 30% in Y3) − At least one ARD third party is engaged in C3 per country; At least 75 participants are trained within project period − Access to knowledge repository as measured by number of clicks increases (500 Y2; 1,000 Y3) − At least one IFI commits to on-board the initiative starting Y3	Progress Reports and Portal Progress Reports and CoP platform statistics Progress Report and CoP platform statistics IFAD mission reports (monitoring, support, evaluation, etc.) Progress Reports Knowledge Repository platform statistics Course registrations and Minutes of Meeting	n/a Beneficiary/Recipient entities encourage and motivate staff to join CoP Beneficiary/Recipient entities encourage and motivate staff to be certified and contribute to CoP The targets assume no negative interference by exogenous factors Selected ARD TP's support the project by nominating staff and motivating and empowering them n/a IFI interest and will to on-board may be threatened by own plans
Key Activities by Component	*COMPONENT 1* − IFAD's priority areas and regions are agreed − Borrower staff needs and competencies are collected and analyzed − Third party organizations and participants are identified − A fit-for-purpose capacity-building strategy is developed along with certification scheme − Courses are developed, in a fit-for-purpose manner at various levels	*COMPONENT 1* − Completed within 3 months from commencement − Needs Analysis is approved within 6 months from commencement − One TP is identified in each country within 6 months − Strategy is completed and receives IFAD's approval within 9 months from commencement − Courses matrix and full elaboration is approved by IFAD within Y1 − Platform is online in month 6 and generates access, user, course, etc. data	Project Progress Reports BUILD PROC Platform and its statistics Course Calendar Course Evaluation Reports Minutes of Meeting IFAD deliverable approvals	

Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
– BUILD PROC online platform is developed and populated with a wealthy knowledge repository			
COMPONENT 2 – Certification process and Diplomas are designed and publicized – Courses are rolled out and continuously updated – Certifications and Diplomas are rolled-out and granted to eligible participants	_COMPONENT 2_ – After approval by IFAD in Y1, immediate publication on portal – At least 4 courses are publicized per region starting Y1 (Q4) – At the end of Y3 at least 630 module participations certified (approx.: 208 M1, 222 M2, and 200 M3)		
COMPONENT 3 – Third party courses are developed in a fit-for-purpose manner – Third party courses are rolled out and continuously updated	_COMPONENT 3_ – Course full elaboration is approved by IFAD within Y1 – At least 1 TP course is rolled out per region (total 5, 15 participants each)		
COMPONENT 4 – Lessons and synergies with PRiME, AVANTI and FM Cap. Building are established – BUILD PROC online platform is accessible and continuously updated – Alliances with other ARD IFI's are planned and negotiated – On-boarding of other IFI and Gov sponsored participants commences	_COMPONENT 4_ – Starting Y2, at least one online link and one course link with each initiative is established – 2 major updates per year; 500 visitors Y2 and 1,000 Y3. – At least 3 IFI's are approached for negotiations – At least 1 IFI officially supports the initiative by Y3 and starts delegating trainees		