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President's report

Proposed grant under the global/regional window to HELVETAS Swiss Intercooperation for the

Strengthening of Borrowers' Capacity on Environmental, Social and Climate Best Practices (SUSTAIN) Project

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 contained in paragraph 23.

President's report on a proposed grant under the global/regional window to HELVETAS Swiss Intercooperation for the Strengthening of Borrowers' Capacity on Environmental, Social and Climate Best Practices (SUSTAIN) Project

I. Background and compliance with IFAD Policy for Grant Financing

1. There is growing recognition that inadequate integration of environmental, social and climate (ESC) provisions in rural development programs and projects can: (i) have adverse impacts on the environment and people's lives; (ii) create reputational, litigation and/or financial risks for development partners; and (iii) jeopardize achievement of the Sustainable Development Goals (SDGs).
2. SUSTAIN's theory of change¹ addresses the underlying barriers to borrowers' transformation toward adopting ESC best practices. SUSTAIN has been designed to deliver ESC training and establish communities of practice (CoPs) to bolster borrowers' ESC frameworks and procedures, optimize risk management and integrate mainstreaming priorities fundamental to delivering on their rural development objectives. Capacity-building will target project management units (PMU), key national staff, senior officials, ESC regulatory bodies, consultants, contractors and non-sovereign private sector operations (NSO)² involved in IFAD-funded projects in low-income countries (LICs) and lower-middle-income countries (LMICs), including fragile countries in three specified regions: East and Southern Africa, West and Central Africa and Asia and the Pacific.
3. The specific target countries and PMUs will be selected during the inception phase, in consultation with IFAD.³ The seven training modules, web-based toolkits and lessons generated from the CoPs will be tailored to meet the needs of the different target groups and made available to all IFAD projects and other development practitioners. This three-year project will transform current ESC practices in the three IFAD regions beyond the life of this grant.
4. The main risk of the grant lies in the expected systemic shift and its sustainability, which have been addressed by the six conditions of system change and multiple mitigating measures.⁴ Regarding sustainability, the training materials, course recordings and other knowledge products will be uploaded to the website and be available beyond the life of the grant. The inclusion of national and regional consultants and civil society organizations opens up business opportunities for service providers. With strong support from IFAD country offices and project PMUs, fee-based course delivery will be promoted as good practice early in the project.

¹ Attachment I in the grant design document (GDD) provides a detailed representation of the theory of change.

² The criteria for selecting NSOs and contractors will consider future/ongoing engagement in IFAD-supported projects. Training recipients will be the officers responsible for ESC in the respective NSOs.

³ Countries and PMUs will be prioritized on the basis of: fragility; low-rated ESC performance; national capacity to assess and effectively manage ESC risks and impacts; sector risk; ESC sensitivity; willingness and commitment of PMUs to participate in SUSTAIN.

⁴ See Framework for Transformative Change (figure 1 in the GDD).

Thus, by the end of year 3, the project will have the potential to become financially independent with long-lasting and self-sustained CoPs.

5. An important aspect of this project in longer-term sustainability will be coaching/mentoring services. The results of the midterm review will be a sound basis for concretely demonstrating the value of SUSTAIN to governments, partners and internally in IFAD. Moreover, it is expected that training will be embedded in the budgets of new IFAD-supported loans and NSO projects so that PMUs/NSOs/contractors and other target groups can benefit from e-learning modules and web-based toolkits and knowledge after grant completion, thus increasing its outreach, efficiency and sustainability.
6. SUSTAIN's exit strategy will ensure that borrowers' capacity and partnerships are strengthened and trainers trained to ensure that ESC issues are embedded in agricultural and rural transformation interventions. It will also ensure that cross-regional learning and South-South and Triangular Cooperation between national environmental, agricultural and other relevant agencies will continue. The training of trainers (ToT) and consultants' roster will ensure a team of certified national/regional ESC experts to support policy dialogue, project preparation and implementation.
7. SUSTAIN is aligned with the goal and objectives of the IFAD Policy for Grant Financing (2015),⁵ particularly its second objective "strengthen partners' institutional and policy capacities" and fourth objective "generate and share knowledge for development impact". The project is in line with IFAD's strategic objective 3⁶ of strengthening the environmental sustainability and climate resilience of poor rural people's economic activities. SUSTAIN supports the Eleventh Replenishment of IFAD's Resources (IFAD11) pillars through: (i) the improvement of country programme delivery, and (ii) partnerships, capacity-building and knowledge management in ESC aspects, thereby honouring IFAD11 commitments to targeting the poorest of the poor and advancing mainstreaming priorities.⁷ SUSTAIN contributes to IFAD's corporate priorities of "improving performance" and "promoting transparency and good governance" which are key determinants of ESC sustainability. IFAD's Annual Report on Results and Impact of IFAD Operations and portfolio self-assessments have consistently prioritized management of ESC risks as an area that needs improvement and that will strengthen borrowers' capacity. These priorities are reiterated in the IFAD12 Business Model, and the activities under this grant are aligned with it as follows:
 - SUSTAIN contributes to positioning IFAD to better promote equitable, socially inclusive and environmentally sustainable rural transformation through its loan projects in LICs and LMICs.
 - SUSTAIN contributes to the strengthening of borrowers' capacity to deliver and make a greater contribution to the 2030 Agenda, which also largely depends on having supportive human resources and enhanced risk management strategies.
 - SUSTAIN is the first capacity-building project of its kind for ESC mainstreaming and risk management in agriculture and rural development. It will ensure an innovative approach to professionalizing ESC in rural development and developing a cadre of certified ESC staff in LICs and LMICs, including fragile countries within these two country classifications.

⁵ See EB 2015/114/R.2/Rev.1.

⁶ IFAD Strategic Framework 2016-2025: Enabling inclusive and sustainable rural transformation.

⁷ SUSTAIN also aligns with IFAD's Framework for Implementing Transformational Approaches to Mainstreaming Themes: Environment and Climate, Gender, Nutrition and Youth (2019).

8. The recipient was identified through competitive selection at the GDD stage. The key principles of inclusiveness, impartiality, transparency and rigor have been strictly followed throughout the process.
9. HELVETAS⁸ is a global non-profit organization that promotes equitable access to resources, services and income. Clients range from multilateral and bilateral agencies and research organizations to government, NGOs and international financial institutions (IFIs).

II. The proposed project

10. The overall goal⁹ of the project is to position IFAD to better promote equitable, socially inclusive and environmentally sustainable rural transformation in targeted countries and beyond. The objectives are to: (i) strengthen the ability of borrowers to meet ESC standards and commensurately manage the reputational and financial risks of the IFAD-supported portfolio; (ii) bridge the skills gaps of direct and indirect target groups involved in ESC mainstreaming and compliance; and (iii) share knowledge about the value and purpose of ESC mainstreaming and compliance to promote behavioural change.
11. The project will develop a cadre of certified ESC staff that includes 400 direct target groups (PMUs; senior government officials assigned to project oversight; national staff from ministries of agriculture, environment and other relevant sectors; and ESC regulatory bodies) and 200 indirect target groups (accredited ESC consultants, contractors and NSOs).
12. SUSTAIN will have the following four components:
 - (i) **Development of a capacity-building programme on ESC requirements** – through criteria to identify the initial priority countries/projects,¹⁰ building on the Social, Environmental and Climate Assessment Procedures (SECAP) e-learning and refining the knowledge management and communication plan;
 - (ii) **Delivery of capacity-building**¹¹ – through a blend of live and virtual sessions, e-learning modules, online tests, expanded use of integrated assessment, mapping/monitoring, and technological tools/techniques through a ToT approach;
 - (iii) **Knowledge management and communities of practice**¹² – policy dialogue among borrowers on best practices, knowledge sharing on sound procurement and NSO operations, establishment of CoPs and social media platforms and joint training with IFIs and United Nations agencies;
 - (iv) **Project management** – related to the management, administration, monitoring¹³ and reporting of SUSTAIN's outcomes/outputs.

⁸ HELVETAS works in three interlinked thematic areas: water, food, and climate; voice, inclusion, and cohesion; and skills, jobs, and income.

⁹ The long-term vision of SUSTAIN is for ESC capacity-building to become increasingly demand-driven across all IFAD regions.

¹⁰ In one IFAD region before advancing to two additional regions.

¹¹ Training recipients from NSOs and contractors will be the officers responsible for ESC and will be engaged through joint training events with other partners. Customized training modules, business planning networks and links to access institutional resources for NSOs will be made available.

¹² Annex II in the GDD provides a detailed representation of the Knowledge Management Plan Framework.

¹³ HELVETAS will put in place live and automated systems to track learning and the progress of SUSTAIN.

III. Expected outcomes/outputs

13. Expected outcomes/outputs are:
- (i) Strengthened borrower ESC institutional frameworks and implementation capacities that embrace and enforce international good practices;
 - (ii) Improved ESC skills of direct and indirect target groups to create a conducive enabling environment for effective ESC-sensitive project preparation and implementation; and
 - (iii) Enhanced partnerships and knowledge sharing between and within regions, targeting peer and South-South learning, to nurture environmental and social sustainability.
14. Key outputs are:
- Three regional gap analyses and training needs assessments conducted, covering target countries;
 - Seven tailored e-learning modules developed in Arabic, English, French and Portuguese;
 - Up to 400 government staff from PMUs, key sector ministries and ESC regulatory bodies, trained, coached and IFAD-certified;¹⁴
 - Up to 200 consultants, contractors and NSOs trained, coached and IFAD-certified;
 - Online platform to share web-based toolkit (learning modules and knowledge products);
 - Skills built in three integrated GIS, mapping and monitoring technologies to help design and implement projects in three regions;
 - ESC consultants' roster created in each participating country;
 - E-learning modules, web toolkit and lessons learned translated and made accessible to participants from the two non-participating regions;
 - One formal and two informal regional networks or CoPs¹⁵ are up and running;
 - Three intraregional learning visits conducted;
 - One strategy paper highlighting ESC provisions and actions for borrowers developed; and
 - Three joint learning events conducted with multilateral financial institutions and the United Nations network on ESC safeguards.

IV. Implementation arrangements

15. HELVETAS will act as sole contractor with IFAD, be responsible for the overall technical, financial and fiduciary management of the project and communication with stakeholders, and submit quarterly progress reports and a final completion report to IFAD. HELVETAS will provide its services in accordance with the GDD through several international experts with relevant knowledge of the sector and experience working with and understanding IFAD implementing contexts.
16. HELVETAS will bring technical experts specializing in ESC safeguards, education/adult training, knowledge management and sharing, and gender. For

¹⁴ Courses (in-person and virtual) will be conducted by HELVETAS and certified by IFAD. Certificate awarding procedures will be defined in the first stage of grant implementation.

¹⁵ This is a promising innovative feature for scaling up by partners. It will also reduce potential reputational and litigation risks.

specific expertise (e.g. GIS), HELVETAS will, in addition to its own advisors, hire outside expertise.

17. HELVETAS will lead all three technical components and adapt the approach and methodology as necessary, in close collaboration with IFAD country projects and identified regional and national service providers. The 3-year project is expected to start in the first quarter of 2022.¹⁶ To ensure smooth coordination, a core team of representatives from HELVETAS will be created. Supported by IFAD's Operational Policy and Results Division (OPR), a pool of experts drawn from HELVETAS and its networks of associates and partners will be mobilized to form an advisory board.
18. The core team will provide project management and conceptual guidance and will serve as co-author of the customized ESC/SECAP training modules, provide ToT training and coach training providers. HELVETAS field experts will steer knowledge processes, produce knowledge publications and facilitate knowledge engagement more broadly.
19. IFAD will oversee implementation of grant activities in the regions and will be involved in supervision.
20. A project steering committee will provide oversight and guidance to the core team.
21. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative project costs and financing

22. The total project cost is US\$2,248,000. Of this amount, IFAD will contribute US\$2,000,000 in the form of a grant, and HELVETAS (US\$97,000 in kind), along with IFIs (US\$23,000) and income from course fees (US\$128,000), will provide a contribution of US\$248,000, representing 11 per cent of the total value. HELVETAS has experience working with other IFIs, and jointly with IFAD will approach and explore cofinancing opportunities with other IFIs working in the three target regions. SUSTAIN's unique focus has the potential to leverage additional resources for scaling up the envisaged results.

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

<i>Components</i>	<i>IFAD</i>	<i>HELVETAS, IFIs and workshop participants</i>	<i>Total</i>
1. Component 1: Development of a capacity-building programme on ESC requirements	479		479
2. Component 2: Delivery of capacity-building	747	225	972
3. Component 3: Knowledge management and CoPs	507	23	530
4. Component 4: Project management	119		119
Overhead 8%	148		148
Total	2 000	248	2 248

¹⁶ Given the evolving COVID-19 pandemic, it may be necessary to deliver all parts of the training fully online. This would entail additional efforts in curriculum adaptation and translation and adjustment of the implementation schedule (see section 3 of GDD for workplan) depending on the country-specific COVID-19 situation.

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>HELVETAS, IFIs and workshop participants</i>	<i>Total</i>
1. Consultancies	492		492
2. Salaries and allowances	687	97	784
3. Travel and allowances	444	13	457
4. Workshop expenses	136	138	274
5. Goods, services and inputs	42		42
6. Operating costs	51		51
Overhead 8%	148		148
Total	2 000	248	2 248

VI. Recommendation

23. 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, the Strengthening of Borrowers' Capacity on Environmental, Social and Climate Best Practices (SUSTAIN) Project, shall provide a grant of two million United States dollars (US\$2,000,000) to HELVETAS Swiss Intercooperation for a period of three years and 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

Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Impact	Equitable, socially inclusive and environmentally sustainable rural transformation in LICs and LMICs (including fragile countries) by strengthening Borrower frameworks and capacities	ESC compliance	Outcome survey with PMUs and IFAD	
Outcome 1	Strengthened Borrowers' ESC institutional frame conditions and implementation capacities which embrace and enforce international good practices	Up to 50 national agricultural ministries from 3 regions engage in capacity strengthening for ESC Commitments and financial contributions to ensure staff can participate in trainings (f2f and online)	MoU and letters of commitment Resources made available Number of staff sent	Target groups agree to participate in SUSTAIN due to the ESC challenges they face which impact the sustainability of expected outcomes of projects and programs
Output 1.1	A communication and engagement strategy has been developed to ensure interest of targeted direct and indirect groups in each region	A strategy is available for each region Ministries contacted through IFAD's PMU (letter, presentations, training offer) Regional stakeholder assessment available	Reports of Inception Workshops List of countries contacted and responses Overall content of the training adapted to each region is available in relevant languages	IFAD Regional and Country offices provide guidance and references to type A, B, C projects in need of ESC capacity building
Output 1.2	Maximum commitments and individual solutions for Ministries willing to participate in trainings ensured	Agreement of participants from each country Financial contributions from the ministry and/or IFIs to ensure participation of at least 2 staff	Available resources (travel, accommodation, and fees) Number of staff sent	COVID 19 allows engagement and communication
Outcome 2	Improved ESC skills of direct and indirect target groups to establish a conducive and enabled environment for effective ESC sensitive project preparation and implementation	1 Training of Training event, 6 face-to-face Cluster Trainings and 7 online trainings have been implemented for a total of 400 government staff from PMUs, key sector ministries and ESC regulatory bodies in the 3 regions.	Quarterly progress reports M&E system: lists of participants, self-assessment, content of training modules, final evaluation of training; IFAD certificates handed out to successful participants	Country level systems allow and foster application of gained knowledge and skills.
Output 2.1	ToT training in each region successfully implemented and regional ESC champions identified	Trainer guidance developed in 2 languages One training of trainer event per region implemented with at least 30 participants Validated and adapted training modules available in relevant languages	M&E system: lists of participants, self-assessment, content of training modules, final evaluation of training; IFAD certificates handed out to successful participants	Careful and appropriate selection of training participants at all levels assuring target groups who attend the ESC training are involved in ESC

		At least 5 champions per region identified	Program, training modules and Guidelines for Trainers available List of persons and MoU signed with champions	
Output 2.2	3 face-to-face cluster trainings in each region implemented	Clusters in each region identified Training content customized and promoted Stakeholder assessments and involvement done 3 training events per region implemented with at least 25 participants each from up to 20 countries	Program and training modules available M&E system: lists of participants, self-assessment, content of training modules, final evaluation of training; IFAD certificates handed out to successful participants	IFAD country offices and borrowers provide adequate support to the assessment team
Output 2.3	Online training for each region implemented for interested persons that could not attend the face-to-face trainings, covering remaining countries	Training content customized, adapted to distance learning and promoted At least 3 courses with approx. 30 persons each implemented in relevant languages	Program and training modules available M&E system: lists of participants, self-assessment, content of training modules, final evaluation of training; IFAD certificates handed out to successful participants	Willingness to form and enlist multi-stakeholder country teams addressing ESC mainstreaming in a holistic fashion.
Outcome 3	Enhanced partnerships and knowledge sharing within and between regions, targeting peer and South-South learning, to nurture environmental and social sustainability			Political will to accept ESC practices, based on international standards
Output 3.1	Service providers, experts and trainers are committed in each region (Regional ESC Teams)	Up to 200 consultants, contractors and NSOs trained and IFAD- certified Roster for consultants	Roster with capacity statements and contact information	
Output 3.2	Online platform is set up and facilitated in 2-4 languages for ESC interested persons in the region and at global level	SUSTAIN Learning Platform established to provide access to relevant ESC mainstreaming resources, Knowledge Products, thematic discussions and peer learning ensured	Visits and contributions to website (Google Analytics), Followers on social media, Subscribers to newsbriefs/newsletters KM products and ESC links	SUSTAIN website will fill a gap in provision of ESC content
Output 3.3	Two Communities of Practice created and facilitated	CoP nurture learning relationships amongst direct and indirect target groups (CoPs), share ESC-related knowledge, provide peer support around policies and operations and sensitize other stakeholders	Membership and levels of activity in CoPs Evolution of self-facilitation of CoPs Knowledge products produced by CoP members	Borrowers and indirect target groups see a benefit in mutual exchange and learning Continuity of CoP membership is maintained.