President's report on a proposed grant under the global/regional grant window to the International Training Centre of the International Labour Organization for the holistic and digitalized knowledge management system for improving project procurement (BUILDPROC-II)

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 17.

Technical questions:

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For more information on BUILDPROC, please visit www.ifad-buildproc.org.

International Fund for Agricultural Development – www.ifad.org

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I. Background and compliance with the IFAD Regular Grants Policy

1. The project procurement function plays a critical role in the successful implementation of IFAD's global portfolio of projects. Inefficient management of this function can lead to substantial delays, low disbursement rates, substandard quality and high costs for consulting services, goods and construction works. Conversely, an effective project procurement function ensures smooth project operations, achieving value for money and increasing the likelihood of successful developmental outcomes and impacts in support of agricultural and rural development.

2. Public procurement is the critical link between funding and results that turns public funds into basic infrastructure and services essential for sustainable development and poverty reduction. Given the magnitude and importance of public procurement, over the past two decades international financial institutions have worked to strengthen the public procurement systems of their borrowers/recipients. With the BUILDPROC initiative, IFAD sustainably contributes to capacity-building in its borrower/recipient countries; this entails a strong public goods component, as the knowledge generated under this grant is relevant to national procurement systems and remains in the borrower/recipient country.

3. The BUILDPROC-II initiative aims to sustain and improve the progress made during the first phase of BUILDPROC (329 borrower/recipient staff fully certified across three modules,[1] 1,218 module participations to date), with an expanded focus on another critical group: project managers, who will be trained in a dedicated module (M5). In addition, by broadening the existing capacity-building programme, BUILDPROC's goal is to cultivate a pool of procurement practitioners employing a strategic mindset. This will involve the introduction of an advanced fourth certification programme centred on the "project procurement strategy for sustainable development" (M4). This approach aligns with recent strategies adopted by multilateral development banks and promotes greater strategic use of project procurement to stimulate local market and enterprise development, encourage community engagement and foster job and small business creation. The M4 certification programme will explore how IFAD-financed projects can integrate sustainability into their procurement strategy and operations, in particular by applying total cost of ownership in the evaluation of bids, along with other sustainability considerations at the various stages of the procurement cycle.

4. In addition, phase 2 seeks to improve access to knowledge, tools and documents for all project management unit (PMU) staff and the IFAD community. This will be facilitated by leveraging advanced technologies such as chatbots and artificial intelligence (AI), thereby ensuring superior knowledge management.

5. By raising the project procurement function to a strategic level and supporting it with improved workflows and IT systems such as the Online Project Procurement End-To-End System (IFAD OPEN), IFAD facilitates project management, especially in contexts of fragility, conflict and resilience-building. Rather than adhering to a rigidly legalistic or prescriptive procurement approach, BUILDPROC encourages a

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[1] A total of 180 hours of learning.

"fit-for-purpose" strategy. This strategy allows procurement officers, whether in China or Tonga, to analyse their unique contexts, markets, capacities and supply-chain realities to devise the most fit-for-purpose procurement approach.

6. As highlighted in the BUILDPROC-I concept note, the current off-the-shelf procurement certifications are inefficient in terms of cost. They are often overly specific, being tailored towards a single procurement framework such as the United Nations Handbook, as in the case of the Chartered Institute of Procurement and Supply and the United Nations Development Programme. This is where the importance of BUILDPROC becomes evident. The second phase of this initiative has the potential to create a path for the inclusion of robust procurement certification as part of the project activities funded with investment financing. Notably, the Asian Development Bank explicitly adopted phase 1 of BUILDPROC, while both the African Development Bank and the Inter-American Development Bank have expressed keen interest in the BUILDPROC initiative.

7. The proposed programme is in line with the goal and objectives of the IFAD Regular Grants Policy[2] and focuses particularly on the first strategic objective to leverage better impact on the ground for IFAD's programme of work. The BUILDPROC initiative directly addresses the main pain points of poor project management and weak procurement capacity identified in the Twelfth Replenishment of IFAD's Resources (IFAD12). At least 85 per cent of IFAD project funds go through the procurement process; thus, any improvement here translates into significant impacts on the ground. IFAD is simultaneously deploying IFAD OPEN, integrating procurement systems in one digital space. The adoption of online communication technologies and AI developments provide new solutions to capacity issues, facilitating information processing/finding. IFAD's project procurement capacity problems can be addressed through a holistic digitalized knowledge management system (KMS) in project procurement. PMU members tend to come and go, consistent with the nature of projects and the labour market. An integrated KMS mitigates the loss of institutional memory and experience associated with PMU staff turnover by creating a one-stop shop consolidating IFAD OPEN, BUILDPROC-I and an IFAD procurement documents library.

8. The recipient (the International Training Centre of the International Labour Organization [ITCILO]) was identified through competitive selection for BUILDPROC-I and direct selection for BUILDPROC-II (as this grant builds on BUILDPROC-I). The direct selection was approved by the Operational Strategy and Policy Guidance Committee on 28 February 2023. ITCILO has over 50 years of experience in training, learning and capacity development services for governments, employers' organizations, workers' organizations and other national, international, public and private partners in support of decent work and sustainable development. In the area of procurement management training, the ITCILO Sustainable Development Programme has been a leader in the development of competency-based procurement management training programmes for more than 25 years, in collaboration with the World Bank, the Organisation for Economic Co-operation and Development, the European Commission, the Asian Development Bank and other international and national government institutions. ITCILO also offers several training courses on rural and local development.

II. The proposed programme

9. The overall goal of the programme is to foster global project efficiency and impact through a holistic KMS, enhancing the project procurement function and promoting sustainable development, value for money and transparency in IFAD projects.

10. The objectives under BUILDPROC-II are to extend and consolidate the capacity development programme developed under phase 1, disseminate knowledge and

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[2] See EB 2021/132/R.3.

cultivate strategic use of procurement in agricultural and rural development. BUILDPROC should eventually become a permanent fixture in IFAD loans and projects, as there is a constant need for procurement capacity-building due to the nature and location of IFAD projects. This second phase bridges the gap until that time and serves to build borrower appetite for this rigorous certification programme.

11. The target groups are:

- **Direct target group 1:** This group consists of 800 ministry procurement staff members working directly in IFAD's agriculture and rural development (ARD) projects. The group includes evaluation committee members and additional staff from ministries/public agencies, such as procurement committee members involved in the review and approval of procurement documents, vote controllers and project procurement officers, as well as heads of procuring entities who prepare and sign solicitation documents, evaluation reports and contracts and execute day-to-day project procurement operations.

- **Direct target group 2:** This group is composed of 75 project directors, coordinators and managers from ministries or PMUs. These individuals make decisions related to procurement and the Social, Environmental and Climate Assessment Procedures (SECAP) in IFAD-funded projects.

- **Indirect target group:** A minimum of 5,000 PMU staff, project stakeholders and rural community members reached through communication activities. Beneficiaries of the project's outcomes and users of the project's products make up this group. Their involvement and needs are critical in a procurement cycle. This group also includes officials working in other ARD development projects.

12. The programme will be implemented from April 2024 to December 2026 and will have the following components:

- **Component 1: Expansion of the BUILDPROC-I capacity-building programme curriculum**

- **Component 2: Implementation of BUILDPROC-II certification and diploma programmes**

- **Component 3: Curation of content for a digital IFAD project procurement library**

- **Component 4: Delivery of procurement knowledge to IFAD's network of PMUs, benefiting communities and other relevant actors**

- **Component 5: Knowledge management system and sustainability**

- **Component 6: Programme management**

III. Expected outcomes/outputs

13. The programme is expected to have the following outcomes:

- Component 1 - **Expected outcome**: Enhancement of BUILDPROC curricula for procurement officers and project managers through two advanced certification programmes, leading to optimized procurement strategies.

- Component 2 - **Expected outcome**: Strengthened procurement skills of project procurement officers through comprehensive certification programmes and capstone projects, improving procurement practices through training delivery.

- Component 3 - **Expected outcome**: Improved access to IFAD procurement resources through a comprehensive, digitalized procurement library providing up-to-date procedures, processes and documents.

- Component 4 - **Expected outcome**: Wider dissemination of procurement knowledge to IFAD's network of PMUs and related communities and beneficiaries, improving procurement outputs, project development outcomes and community involvement.

- Component 5 - **Expected outcome**: The deployment of a trilingual KMS streamlines project and procurement processes by centralizing resources and integrating various components, resulting in greater efficiency within and beyond the BUILDPROC project

- Component 6 - **Expected outcome**: Efficient and effective grant management, leveraging the successes and valuable lessons learned from phase 1.

IV. Implementation arrangements

14. Leveraging the success of BUILDPROC-I, the ITCILO is planning to use its previous experience, existing resources and staff for phase 2. Given its wealth of experience in implementing large-scale capacity-building projects globally, ITCILO will also benefit from its broad network of ILO offices and access to specialized procurement networks and experts.

15. The project team, based in Turin, will consist of regular staff, who will dedicate part of their time to the project. In addition to the regular and programme staff, three project-based staff will be hired specifically for components 1 and 2. External collaborators, including consultants, instructional designers, online coaches and trainers, will also be engaged to support all components. Furthermore, the Information and Communication Technologies Services Department will provide in-kind contributions of their staff time to innovations under components 3 to 5. This expanded team will maximize the use of ITCILO in-house expertise and ensure timely, high-quality delivery of outputs.

16. There are no deviations from the standard financial reporting and audit procedures. As a United Nations agency, ITCILO relies on the internal auditor of the International Labour Organization.

V. Indicative programme costs and financing

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

Components	IFAD	ITCILO	Total
1. Expansion of BUILDPROC-I capacity-building programme curriculum	208 367	-	208 367
2. Implementation of BUILDPROC-II certification and diploma programmes	1 506 110	90 211	1 596 321
3. Curation of content for a digital IFAD project procurement library	76 268	18 859	95 127
4. Delivery of procurement knowledge to IFAD's network of PMUs, benefiting communities and other relevant actors	49 263	16 765	66 028
5. Knowledge management system and sustainability	258 044	78 692	336 736
Total components 1–5	**2 098 052**	**204 527**	**2 302 579**
6. Programme management	211 948	94 038	305 986
7. Overhead	184 800	-	184 800
Total	**2 494 800**	**298 565**	**2 793 365**

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

Expenditure category	IFAD	ITCILO	Total
1. Consultancies	443 760	-	443 760
2. Salaries and related allowances	1 275 105	298 565	1 573 670
3. Training	591 135	-	591 135
4. Overhead	184 800	-	184 800
Total	**2 494 800**	**298 565**	**2 793 365**

VI. Recommendation

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

> RESOLVED: that, in order to partially finance the holistic and digitalized knowledge management system for improving project procurement (BUILDPROC-II), the Fund shall provide a grant of two million, four hundred and ninety-four thousand, eight hundred United States dollars (US$2,494,800) to the International Training Centre of the International Labour Organization upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Alvaro Lario
President

Results-based logical framework

Results hierarchy		Indicators			Means of verification			Assumptions
		Indicator	Baseline	End target	Source	Freq.	Respons.	
Goal	To foster global project efficiency and impact through a holistic Knowledge Management System (KMS), enhancing the project procurement function and promoting sustainable development.							
Development objective	To extend and consolidate the BUILDPROC-I capacity development programme, broadening capacity-building efforts, dissemination of knowledge and cultivating a strategic pool of procurement practitioners in agricultural and rural development.	Existence of a financing mechanism to sustain BUILDPROC Number of active procurement practitioners in IFAD funded project who completed the diploma programmes	No existent TBD in inception phase (estimated at 75)	Existent 150	IFAD financing agreement template BUILDPROC LMS	Once. Year 3 Annual	IFAD ITCILO	IFAD integrate BUIDLPROC in financing operations
Outcomes **Component 1: Expansion of BUILDPROC-I capacity-building programme.**	Enhancement of BUILDPROC curricula for procurement officers and project managers through two advanced certification programmes, leading to optimized procurement strategies.	Project procurement performance (time and cost)	TBD in the inception phase	TBD in the inception phase	Data from IFAD-OPEN	Annual	ITCILO and IFAD	Staff turnover in IFAD funded project PMUs does not increase
Outputs **Component 1**	Output 1.1: Learning track for project procurement officers completed (M1, M2, M3, Diploma, M4) - M4 certification programme is developed and integrated into BUILDPROC-II. Output 1.2: Learning track for project directors, coordinators and managers (M1+M5) created- M5 certification programme is developed, combined with M1, and integrated into BUILDPROC-II as a learning track for project managers.	Existence of four certification programmes in four languages available online Existence of a learning track for project manager	3/4 exist	4 exist	Annual report, year 1	Once	ITCILO	
Outcomes **Component 2: Implementatio**	Strengthened procurement skills of project procurement officers through comprehensive certification	Improvement of procurement practices	Qualitative data, baseline to be	Qualitative data to be collected	Project Evaluation	Once. year 3	ITCILO	IFAD-OPEN data is available tom explore and measure

Results hierarchy		Indicators			Means of verification			Assumptions
		Indicator	Baseline	End target	Source	Freq.	Respons.	
n of BUILDPROC-II certification and diploma programmes.	programmes and Capstone projects, improving procurement practices.		reconstructed through recall	through the project evaluation				improvements in procurement practices
Outputs Component 2	Output 2.1 Two additional iterations of the M1-M2-M3 certification programmes are held annually in 2024 and 2025, benefitting 250 participants each iteration. Output 2.2: The advanced Module 4 is offered to 400 participants who had successfully completed the M1-M2-M3 certifications, further enhancing their qualifications, and to create the pool of highly specialized procurement officers. Output 2.3: The new Module 5 is exclusively delivered to 75[3] IFAD project directors, coordinators, and managers who first had successfully completed Module 1, offering a specialized learning track and forum for project managers on project procurement. Output 2.4: The diploma scheme is reinforced through the submission of 150 new Capstone projects, showcasing the acquired skills and knowledge of participants.	Number of participants who obtain their certification, meaning that they have applied the knowledge to their work environment through the assignments.	0 for M1, M2 and M3 0 for M4 0 for M1/M5 0 for diploma	250 400 75 150	BUIDPROC LMS	Six-monthly	ITCILO	Participants remain motivated to complete four programmes Project managers make themselves available for completing their learning track
Outcomes Component 3: Curation of content for a digital IFAD Project Procurement Library.	Improved accessibility to IFAD procurement resources through a comprehensive, digitalized procurement library providing up-to-date procedures, processes and documents.	Monthly User access Resource usage	0 0	85% of PMUs access and use the digital library				Project staff, particularly project managers and procurement officers are more and more digital
Outputs Component 3	Output 3.1: current situation analysed and platform architecture designed and implemented. Output 3.2: Updated and digitalized Procurement Handbook available	Report with conclusions and architecture Existence of updated and digitized handbook	0 0	1 1	Report validated by IFAD	Year 1 Year 3	ITCILO ITCILO	ITCILO capacity to innovate continue through ICTS and ODPS programmes

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[3] See footnote n. 3

Results hierarchy		Indicators			Means of verification			Assumptions
		Indicator	**Baseline**	**End target**	**Source**	**Freq.**	**Respons.**	
		Users satisfaction survey	N/A	75% users satisfied	Internal Website for handbook Internal Website for handbook	Annual	ITCILO	
Outcomes **Component 4:** **Delivery of procurement knowledge to IFAD's network of PMUs, benefiting communities and other relevant actors.**	Wider dissemination of procurement knowledge to IFAD's PMUs network and related communities, improving procurement outcomes and community involvement.	Improvement of community engagement	Qualitative data, baseline to be reconstructed through recalls	Qualitative data to be collected through the project evaluation	Project Evaluation	Once. year 3	ITCILO	Communities and beneficiaries, engaging in IFAD funded projects, procurement and SECAP related activities are more and more digital
Outputs **Component 4**	Output 4.1: Engaging, concise multimedia products are designed, created, and disseminated, aiming to reach an audience of 5,000 stakeholders.	Outreach indicators; see section on KM and Communications for details.	0	5000	Different digital platforms used for outreach	Monthly	ITCILO	Communities and project beneficiaries are ready to engaged with BUILDPROC
Outcomes **Component 5:** **Knowledge Management System and Sustainability**	The deployment of a trilingual Knowledge Management System (KMS) streamlines project and procurement processes by centralizing resources and integrating various components, resulting in enhanced efficiency within and beyond the BUILDPROC project.	Knowledge retention: Number of key queries/learnings, best practices, or other knowledge pieces captured and reused from the KMS, indicating improved knowledge retention and learning.	Qualitative data	Qualitative data	KMS platform data	Year 3	ITCILO, data driven and knowledge management specialist	AI technology enables an important leap in terms of AI-Powered chatbot for knowledge management Project staff, particularly project managers and procurement officers are more and more digital
Outputs **Component 5**	Output 5.1: a trilingual Knowledge Management System (KMS) for project procurement is deployed, offering centralized access to procurement resources and facilitating efficient processes.	KMS Usage: Number of unique users and frequency of their interactions with the KMS, indicating its adoption rate.	0	500	KMS platform	Monthly, once deployed	ITCILO	ITCILO capacity to innovate continue through ICTS and ODPS programmes
Component 6: **Project management**	Efficient and effective grant management achieved, leveraging the successes and valuable lessons learned from phase 1.	Participants satisfaction rates in courses Course completion rates Project delivery rate		4.5 / 5 90% 100%	Project monitoring	Continuously	ITCILO	

Results hierarchy		Indicators			Means of verification			Assumptions
		Indicator	Baseline	End target	Source	Freq.	Respons.	
Outputs **Component 6**	Output 6.1: An evidence-based and agile project management approach is used. The approach is characterised by its agility, efficiency, transparency, and fiduciary robustness.							