

The China-IFAD South-South and Triangular Cooperation Facility

Implementation Guidelines

May 2020

I. Background

1. The Ministry of Finance of the People's Republic of China (MOF PRC) and the International Fund for Agricultural Development (IFAD) signed a supplementary funds agreement for the establishment of a China-IFAD South-South and Triangular Cooperation (SSTC) Facility (the "Facility") on 12 February 2018.
2. The purpose of this document is to provide operational details to guide the work undertaken by the Facility. To this end, it outlines objective, priorities and key activities, governance and staffing, project selection process, implementation, reporting and evaluation requirements, as well as other related details for the operationalization of the Facility.

II. Objective and priorities

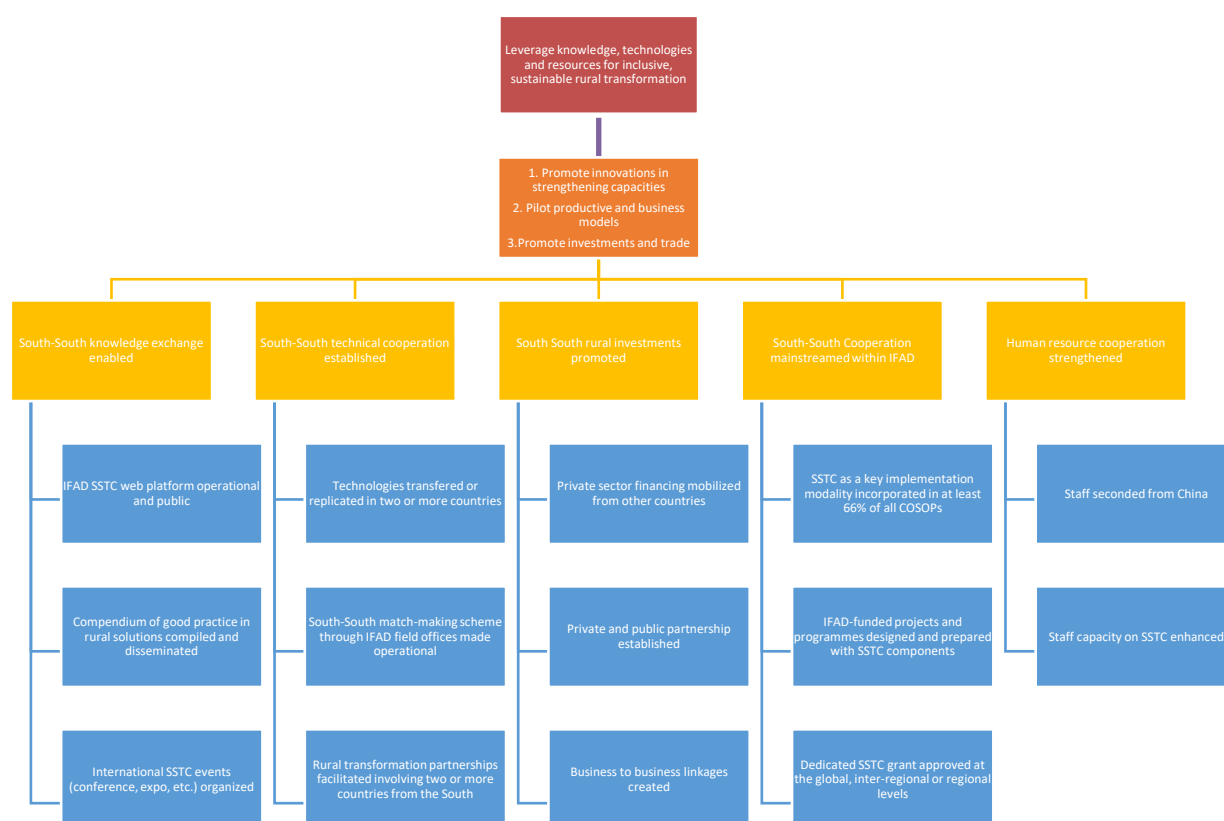
3. Within the broader context of the Agenda 2030 for Sustainable Development, the Facility will allow IFAD to further strengthen its engagement in SSTC as part of its holistic business model to promote sustainable and inclusive rural transformation.
4. The Facility will pursue the overarching **objective** of mobilizing knowledge, technologies and resources from the Global South to accelerate rural poverty alleviation, enhance rural productivity, and advance rural transformation.
5. The Facility will be devoted to the following **strategic priorities** to: (1) promote innovations in strengthening the productive, managerial, financial and marketing capacities of rural people; (2) pilot inclusive productive and business models which generate higher income in agricultural and non-agricultural rural activities; and (3) promote investments and trade between developing countries.
6. The Facility will complement IFAD's SSTC activities¹ undertaken in loan- and grant-funded projects and will build on IFAD's comparative advantage of providing loans and grants exclusively devoted to smallholder agriculture and rural development.
7. The establishment and operationalization of the Facility is an IFAD11 commitment taken with Member States. The Facility is an integral part of IFAD's organizational architecture and ensures that the projects and activities it finances mutually reinforce the activities undertaken by IFAD

¹ <https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-6.pdf>

through its own resources. As such, the priorities and activities of the Facility will be carefully coordinated with the activities of relevant IFAD divisions and departments pursuing SSTC.

8. In line with the orientation of the ongoing United Nations Reform process, opportunities for cooperation with other UN organizations and IFIs will be actively explored, to ensure coordination and complementarity of action for achieving collective results on eliminating hunger, malnutrition and poverty.
9. Figure 1 below provides a visual illustration of the Facility's overarching objective and maps it with the five main priorities and key activities that will be undertaken.

Figure 1. The China-IFAD SSTC Facility: Objective, Priorities and Activities



10. The Facility will finance the following types of activities:

- (i) **Enabling South-South knowledge exchange** through the establishment of a dedicated Rural Solutions Portal; organization of

knowledge-sharing events, such as conferences or expositions, to showcase innovations, technologies, methodologies, financing schemes and policies, and to promote their uptake in other development contexts; capacity building and experience exchange involving experts from China and other developing countries.

- (ii) ***Establishing South-South technical cooperation*** through partnership building with existing learning centers, centers of excellence, academics or other institutions working in the field of SSTC; match-making schemes identified and made operational; and provision of technical assistance by China and other developing countries.
- (iii) ***Promoting South-South rural investments*** through the identification of rural investment opportunities in the Global South; creation of business-to-business links, promotion of twinning activities and private-public partnership across developing countries; and facilitating resource mobilization from the private sector in China and other developing countries.
- (iv) ***Mainstreaming SSTC in IFAD operations*** through fielding SSTC experts in COSOP development missions and during programme/project design and implementation, to formulate SSTC components; and supporting the design and preparation of selected IFAD-funded projects and programmes through the involvement of experts from China and developing countries.
- (v) ***Strengthening human resource cooperation*** through the secondment of staff from China to IFAD and other related activities.

III. Funding and duration of the Facility

11. The funding of the Facility amounts to US\$10 million, received in RMB equivalent, from the Government of China. Such financing has been disbursed in two instalments, as follows:
 - US\$5 million, equivalent RMB, in 2018; and
 - US\$5 million, equivalent RMB, in 2019.
12. The allocation of funds will be in line with the priorities of the Facility and subject to the final approval of MOF PRC. The funds will be disbursed and administered in accordance with the provisions of IFAD's financial rules and regulations on grants.
13. The Facility became effective on 31 March 2018 and shall remain in force and effect until 31 December 2021.

IV. Governance and staffing

14. The Facility is housed in the Global Engagement, Partnership and Resource Mobilization Division (GPR) within the External Relations and Governance Department (ERG). The work of the Facility is guided by an **Advisory Panel** (AP), which reviews the Strategic Guidance Note of the Facility (the scope and extent of which is further explained in chapter V below), suggests future priorities, recommends project proposals to be financed through the Facility for approval by MOF PRC, and monitors periodically the implementation of SSTC activities undertaken by the Facility.
15. The AP consists of representatives nominated by MOF PRC and IFAD and includes:
 - a. From IFAD: The Associate Vice-Presidents (AVPs) of the Programme Management Department (PMD) and ERG; and the Director GPR;
 - b. From MOF PRC: The Deputy Director-General and the Director, Department of International Economics and Financial Cooperation; and the Deputy Permanent Representative and Counsellor of the Permanent Representation of PRC to the United Nations Agencies in Rome.
16. The AP meets twice a year in its ordinary sessions. Additional meetings – in person or virtually – may be requested and organized if required and agreed upon by the members of the AP. Under the overall direction of Director GPR, the Head of the South-South and Triangular Cooperation & Global Engagement (SSTC & GE) Unit in GPR is the Secretary of the AP and the Facility Manager.
17. **Location and staffing.** The **Facility Secretariat** is hosted in the SSTC & GE Unit in GPR. The Facility has one Facility Manager, two Professional Officers and one Administrative Assistant, hired by IFAD in line with the HR Implementing Procedures and financed by IFAD. In addition, China will second one or more staff for the Facility, which will be financed through the funds provided under the supplementary funds agreement.

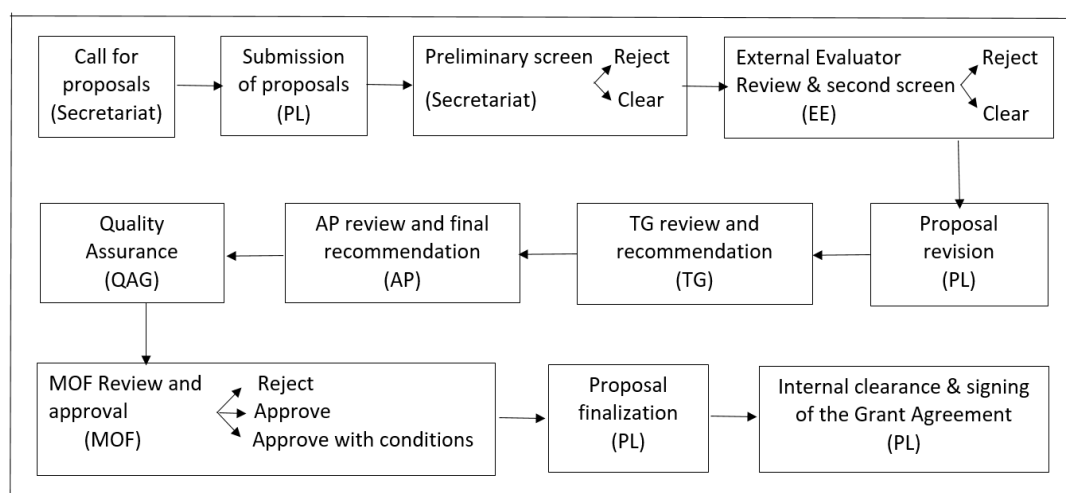
V. Projects selection process

18. The **Strategic Guidance Note** (SGN) will be developed by the Facility Secretariat in consultation with MOF PRC, and be reviewed by the AP. The SGN illustrates the priority areas of the Facility (e.g. thematic areas and regional/country priorities) and guiding principles for project proposals, eligible recipients, project selection process, as well as other related requirements. The SGN will serve as the basis for the development and submission of project proposals.

19. The Secretariat issues an official **call for proposals**, after receiving concurrence from MOF PRC, using the IFAD Intranet and/or other appropriate communication channels. The call for proposals specifies, among other requirements, the mandatory documents and timeline for submission of proposals. A template for the project proposal will be included in the call for proposals.
20. Proposals may be submitted by any division in IFAD, including GPR. Regional Divisions are encouraged to solicit proposals from developing countries, making sure they meet the eligibility criteria set in the call for proposals. Each proposal shall identify a Project Leader (or 'sponsor'), from the staff of the relevant division(s) in IFAD.
21. Immediately after the deadline for proposals, the Secretariat does the preliminary screening to ensure compliance in terms of the completeness of submitted documentation, eligibility of the applicants/recipients, conformity with the principles of the Facility and the requirements of the call for proposals. Those that fail to meet these requirements will be rejected. (about 10 working days).
22. The Secretariat submits the result of the preliminary screening, together with a summary of all proposals received, to the AP for its information, and sends the qualified proposals to **External Evaluators** for their review using the evaluation criteria and evaluation sheet developed by the Secretariat. The External Evaluators perform the second screening and provide comments on the top-rated proposals (the number or percentage of the proposals to be decided in due course) for further improvement (about 10 working days). The Secretariat then sends the remarks and comments of the External Evaluators to the Project Leaders for revision and re-submission (about 10 working days).
23. The Secretariat then convenes a **Technical Group**, which includes one representative each from the SSTC & GE Unit in GPR, the 3 SSTC and Knowledge Centres, and two representatives from SKD. The members of the Technical Group carry out an individual review of the revised proposals and provide their recommendations of proposals for approval to the Secretariat (about 10 working days).
24. The Secretariat consolidates the recommendations and submits the recommended proposals to the AP. The AP reviews the recommendation and provides its endorsement or suggests changes to the recommendation. (about 5 working days)
25. IFAD's Quality Assurance Group (QAG) then performs the quality at entry review of the proposals recommended by the AP, and shares its review and comments with the Secretariat. The Secretariat thereafter submits the final

recommended proposals, together with QAG's review, to MOF PRC for their final decision. (about 5 working days)

26. MOF PRC confirms its decision on the proposals (whether they are approved, rejected or approved with conditions) within 30 days of receiving the recommendation. If necessary, MOF PRC may request a longer period before communicating a decision.
27. Figure 2 below provides a visual illustration of the Facility's project selection process.



*PL: Project leader
 EE: External evaluator
 TG: Technical group

28. After funding approval is communicated to the Secretariat by MOF PRC, the approved proposals together with the comments and remarks from the Technical Group, AP and MOF PRC are shared with the Project Leaders for finalization. The projects are then to be processed according to IFAD's standard policies, procedures and guidelines as follows:
 - i. If the grant recipient is an external institution/organization, the grant will entry into force when the Grant Agreement is signed by IFAD and the grant recipient, after all required internal clearance processes have been completed.
 - ii. If the grant recipient is a private sector entity, a different internal review process is required which includes an ad hoc due diligence process and the final approval by IFAD Executive Board. The entry into force date is when the Grant Agreement is signed by IFAD and the grant recipient, following the above-mentioned approval.

- iii. If the grant recipient is an IFAD division, the entry into force date is the date on which Director GPR signs the Decision Memo for use of funds after all the internal clearances for release of the funds have been obtained.
29. If a project is not processed and if it does not enter into effect within five months from the date of approval for funding by MOF PRC, the funds allocated for the project will be returned to the Facility, unless sufficient justification for the delay can be provided. In case of a delay, a memo requesting extension shall be submitted by the Sponsoring Division through the Secretariat to the AP for no-objection.

VI. Project Implementation, reporting and evaluation

30. The guiding principles and relevant provisions of IFAD's grants policy² will be applied by the Facility Secretariat and to the projects funded through the Facility.
31. Project implementation, monitoring and reporting shall be conducted by the recipients, with the support of the sponsoring divisions, following IFAD's standard policies, procedures and guidelines, including consultancy services, procurement, financial management and reporting, anticorruption and governance. Project supervision shall be under the responsibilities of the project leaders and the sponsoring divisions, in alignment with the requirements and provisions of IFAD's grants policy.
32. Project leaders shall provide the Secretariat with annual progress reports and additional updates (as needed) on project implementation. Should the project need major changes in project scope, budget allocation, or duration of implementation, an official memo shall be sent from the concerned division to the AP through the Secretariat, which requests the final approval by MOF PRC.
33. At the end of each year, and on the basis of individual annual progress reports on project implementation, the Secretariat will produce a single, consolidated annual progress report of activities and budget utilization, and submit it to the AP for its review.
34. In line with IFAD's supplementary funds procedures, the Facility will be subject to a yearly audit as part of IFAD's Consolidated Financial Statements. In addition, a financial report (i.e. donor statement) will be prepared and submitted by IFAD's Accounting and Controller's Division within 180 days from year-end closing.

² <https://xdesk.ifad.org/sites/opsmanual/Operations%20Manual/GRANTS-DESIGN/Grant%20Policy-min.pdf>

35. The results measurement framework set out in the Annex will guide the monitoring of progress during the operationalization of the Facility, as well as the assessment of outcomes and impact at completion.
36. Outcomes and results emerging from the implementation of the projects will be documented and shared in form of knowledge products and through the Rural Solutions Portal.
37. A review of the Facility may be requested by MOF PRC or by IFAD. The cost of such review shall be paid from available resources of the Facility.

VII. Communication and visibility of the Facility

38. The Secretariat will coordinate the visibility and awareness-raising activities for the Facility, in cooperation with IFAD's Communications Division.
Activities may include:
 - a. Updates to be posted on the IFAD website;
 - b. Production of publications, leaflets, brochures;
 - c. Coverage of activities financed by the Facility on local and international media, including through press releases and communiqués; and
 - d. Organization of events and other related dissemination activities on the Facility and its projects.
39. All knowledge/communication products and activities financed through the Facility shall clearly indicate that such products or activities received funds from the Facility, and the MOF PRC logo and IFAD logo shall be displayed in all related materials.