

**Grant Design Document**

CAPEO: Capitalising on Earth Observation in support of IFAD operations

**Grant Design Document**

**Part 1**

**Summary**

|  |  |
| --- | --- |
| **Grant Sponsoring Division****SKD / PMI** | **Co-sponsoring Division(s)** |
| **Amount of the IFAD grant (US$):****US$ 1 200 000**  | **Cofinancing (US$)*** In cash:
* In kind:
* Total:
 |
| **Name of Technical Grant Manager****tbc** |
| **Project Title** CAPEO: Capitalising on Earth Observation in support of IFAD operations | **GRIPS ID** |
| **Main Strategic Objective (*please select one*) [[1]](#footnote-1)**[x]  SO1: Leverage better impact on the ground for IFAD’s programme of work, including through improvement of in-country capacity for greater sustainability of benefits [ ]  SO2: foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level | **Main pathway supported by the grant (*please select one*)**[ ] Policy and investments[ ]  Partnerships[x]  Knowledge |
| **Main Priority Area (*please select one*)**[ ]  PA1: Increased ambition on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people[ ]  PA 2: Strategic focus on fragility, conflict and building resilience[ ]  PA 3: Strategic partnerships to enhance impacts[x]  PA 4: Enhancing performance and efficiency[ ]  PA 5: Sustainability and scaling-up results |
| **Grant scope**Global/Regional xCountry-specific ☐ | **Region(s) or country/countries**All regions, with case studies in selected countries in ESA, APR and LAC regions. |
| **Recipient selection method:*** Competitive selection at OSC stage x
* Direct selection ☐
 |
| **Full legal name of Recipient:** |
| **Contact details of recipient (address, fax, email):** |
| **Name and title of authorized person who will sign grant agreement on behalf of the Recipient:** |
| **Legal Status of the Recipient:**[ ]  developing Member States[ ]  intergovernmental organizations (including UN agencies)[ ]  producers’ associations/organizations[ ]  civil society organizations[ ]  research and academic institutions[ ]  private sector |
| **List any previous IFAD grants received by the Recipient (for each grant, report the GRIPS number, amount of grant and date of approval):** **Closed grants:****Ongoing grants:** |
| **Special Provisions** (Any proposed exceptions to the General Provisions of the Grant Agreement. Include proposed wording to be included as paragraph 8 of the Agreement.) |
| **Implementation period (months)** |
| **Date of submission of the Grant Design Document for Desk Review** |

 **Part 2[[2]](#footnote-2)**

**Project Description**

**Executive Summary**

*(About 1 page)*

**t**

1. **Background and rationale for regular grants funding**

*(Suggested section length: approximately 3 pages)*

1. **Background, ownership and relevance**

*Describe the main development challenges that the grant intends to address. The section should show that the grant responds to well-identified corporate needs and priorities at the country, regional and/or global scale, as appropriate according to the scope and objectives of the grant.*

*Grant proposals with a focus on one or more specific countries should demonstrate that the grant is aligned with the sustainable rural development priorities of the countries in which activities will take place, and that the grant responds to concrete demands identified in the COSOP, country strategy note (CSN), relevant initiatives and programmes planned or being implemented in the target countries. Particularly for grants filed under Priority Area 2 (Strategic focus on fragility, conflict and building resilience), focus on the fragility/conflict situation in the target country/countries.*

*For grants with a regional focus, demonstrate alignment with relevant regional strategies and priorities (e.g. by referencing any available regional gap analyses, engagement strategies, recommendations from portfolio stocktakes and other regional strategic documents, or to specific needs identified in regional lending operations).*

*For global grants submitted under Priority Area 1 (mainstreaming and targeting) or Priority Area 4 (enhancing performance and efficiency), proposals should provide evidence that the grant responds to well-identified corporate needs for solutions and innovations to strengthen PoLG delivery and results within the selected priority area.*

*For grant proposals contributing primarily to SO2, highlight how the proposal responds to corporate needs and priorities for partnership and policy, for example with reference to one or more objectives of the IFAD Partnership Framework.*

1. **Contribution and alignment to the regular grants programme**

*Discuss the project’s alignment and expected contribution to the overall goal of the Regular Grants Policy and to the main SOs, pathways and Priority Areas selected for the grant. If relevant, also discuss the grant’s expected contribution to any other SOs, pathways and priority areas of the regular grants programme.*

*With reference to the overall goal of the Regular Grant Policy (“contribute to further IFAD’s mandate of sustainable and inclusive rural transformation, and help achieve the Sustainable Development Goals”), explain how the grant intends to contribute to IFAD’s broader strategic objectives, and which SDGs it will support.*

1. **Value added of regular grants financing**

*Explain the value added of financing the initiative through regular grant financing, as compared to other instruments available to IFAD. Clarify how overlaps and duplication with other initiative funded under the IFAD12 business model will be avoided.*

1. **Lessons learned**

*This section provides a summary of the main lessons from previous IFAD's country, regional and global grants and other relevant operations, as well as those from similar grant/projects financed by other development partners. Explain how the lessons have influenced and informed the design.*

1. **Project description**

*(Suggested section length: approximately 7 pages)*

1. **Goal and objectives**

*Define the project’s overall goal and development objectives.*

1. **Target country(ies) and target group**

*When relevant, identify the countries in which the grant will be implemented, why and how they were selected. In case the countries have not yet been selected, explain the rationale for postponing the decision to the implementation stage, and clearly define the criteria / mechanisms that will be used to select the target countries. Describe the targeting strategy, the direct and indirect target group and estimated outreach (disaggregated by women, youth and other vulnerable groups, if applicable). The targeting strategy should be consistent with IFAD’s mandate, targeting policy and mainstreaming objectives.*

1. **Components, outcomes and activities**

*This section describes in detail the components, sub-components, and activities that will be financed under the grant. It should be aligned with the Logframe and the Theory of Change. For each component, describe the component’s activities, outputs and the expected outcomes / benefits for the target group; who will be responsible for producing key outputs and activities (e.g., recipient, sub-recipients, implementing partners); who are the direct and indirect beneficiaries of the component, sub-components and activities.*

1. **Theory of Change**

*This section presents the Theory of Change (ToC). The ToC describes the causal relationships that will be established between the proposed intervention and the aspired development outcomes, to explain why the proposed activities are proposed as a solution to the development callenges described in Section 1. The section will provide the descriptive narrative of the result chain, articulating how the different components and sub-components fit together to achieve the intended impacts. The narrative should present the assumptions behind the pathways from inputs and outputs to outcomes and impacts. The section can include a visual representation of the Theory of Change. The Theory of Change should be consistent with the Logframe.*

1. **Linkages and synergies with investment projects, country programmes and other initiatives funded by IFAD**

*Describe how the grant will will work in synergy with other IFAD investment projects and with other initiatives funded under the IFAD12 business model, under the framework of IFAD’s country programmes. Clearly identify the specific projects / operations that the grant will support, and describe the catalytic effects through which the grant is expect to contribute to country-level results and programme delivery within the framework of IFAD’s country programmes as established in the COSOP/CSN. Explain how the relevant IFAD Country / Regional teams were involved during design, and how linkages and exanges will be maintained and strengthened during implementation, supported by adequate resources. This section should be filled for all proposals, although it will be particularly relevant for grants contributing to SO1.*

1. **Partnerships and policy**

*This section should be filled for all grants, but is particularly relevant for grants supporting SO2 and Priority Areas 3 and 5. The section should explain how the grant will initiate or strengthen partnerships, and describe they key partnerships supported by the grant. It is expected that, in pursuing partnerships, regular grants will give particular attention to collaboration with Rome-Based agencies.*

*Clarify how the grant will concretely contribute to the successful implementation of the IFAD Partnership Framework, with specificng reference to one or more of the Framework’s six objectives. If relevant, and mandatorily for grant to private sector recipients, explain how the grant will contribute to the implementation of the IFAD Private Sector Engagement Strategy 2019-2024.*

*If relevant, and particularly for grants operating through the Policy pathway and filed under Priority Area 5, discuss the grants’ policy objectives and policy engagement strategy. Explain how the grant will support IFAD’s increased emphasis on policy engagement as a means of promoting systemic change for IFAD’s target groups, and how it will help enhance the sustainability of IFAD’s programme of work by improving the policy and investment environment for smallholder agriculture and rural development.*

*Discuss how the grant will support the policy objectives and priorities identified in the COSOPs/CSNs of the target countries, in alignment with the United Nations Sustainable Development Cooperation Framework and with the work of United Nations Country Teams. For grants with a regional/global scope, explain how the grant will support higher-level policies for inclusive and sustainable rural and food systems transformation at the appropriate level.*

1. **Implementation and supervision arrangements**

 *(Suggested section length: approximately 3 pages)*

1. **Rationale for recipient selection and recipients’ capacities**

*Describe the methods and criteria that were used to select the recipient competitively. If competitive selection was not pursued, mention the rationale for proposing direct selection and the corresponding OSC Chair decision. Describe the recipient's experience, technical qualifications and implementation capacity. Explain how, in the presence of relevant gaps, recipient’s capacities will be strengthened. If the recipient is a for-profit private sector entity, explain the rationale for proposing a grant to the private sector. Cover the points above also for any sub-recipients already identified.*

1. **Implementation procedures and project management**

*Describe the modalities for implementation. The section should cover the key institutions responsible for project implementation, including sub-recipients if applicable.[[3]](#footnote-3) The section should describe the key implementation agreements, with a focus on the key role of each implementing partner, the relationships among them, and the structures for the grant management and oversight.*

1. **Implementation period and workplan**

*Clearly define the grant’s implementation period and briefly describe the workplan. Include a table showing the indicative timing and sequencing of key activities.*

1. **Planning, Monitoring and evaluation, and reporting**

*The section should outline the grants’ planning, monitoring and evaluation (M&E), learning and reporting systems, clearly articulating how the different activities will be harmonized to support decision-making, adaptation and reporting during implementation. The section should expline how the Annual Work Plan and Budget (AWPB) will be prepared, and related approval mechanisms. It should also describe the key processes, systems and responsibilities for M&E, including generation of data and monitoring of the outcomes and output indicators included in the Logframe. Briefly outline roles, responsibilities and resources for M&E.*

1. **Supervision arrangements**

*Explain the activities and mechanisms for grant supervision, with clear indications of the expected timelines and key outputs. Describe how supervision costs will be covered, and if the recipient will contribute to such costs. Explain the role that will be played by any Cosponsoring Divisions, including their contribution to the resources / costs needed for supervision.*

1. **Risks and mitigation measures**

*Provide a brief summary of the main risks identified and mitigation measures proposed, based on the detailed analysis presented in the Integrated Risk Matrix (Annex 2).*

1. **Knowledge management, innovation, scaling up and sustainability**

*(Suggested section length: approximately 3 pages)*

1. **Innovation**

*Describe the key innovations and innovative approaches that the grant will develop, pilot or promote, and discuss why they can be considered innovative give the grants’ scope and implementation context. Explain how the grants’ innovation strategy is aligned with IFAD’s approach to innovation and consistent with IFAD’s definition of innovation. Regular grants are expected to prioritize innovative solutions based on information and communications technologies for development and digital agriculture approaches, and on piloting innovative solutions with regard to nutrition, climate, gender, youth and biodiversity.*

1. **Knowledge management and learning**

*Present the key elements of the grants’ Knowledge Management strategy and discuss its alignment and contribution to IFAD’s Knowledge Management Strategy and Action Plan. Explain how lessons learned, good practices and innovations generated by the grant will be systematically collected and used to inform decision-making during implementation and to contribute to the achievement of the grants’ objectives, including its partnership and policy objectives. Describe the main knowledge products to be developed and disseminated, and the audiences targeted. Provide concrete indications on responsibilities and resources for the implemenetation of the grants’ KM strategy.*

1. **Scaling up/uptake and sustainability of grant results**

*Discuss the prospects for scaling up the results achieved by the project after it is completed, including through the uptake of the innovations / results generated by the grant through the IFAD PoLG. Explain how the sustainability of activities and benefits would be ensured after completion, to ensure that long terms impacts are reached. Provide some indications on the grants’ exit strategy, and explain how the grants’ sustainability and exit strategy, and the underlying assumptions, will be validated and revised, as needed, during implementation.*

1. **Communication and visibility plan**

*Describe how strategic communication approaches will be used to increase familiarity with IFAD among target audiences, increase awareness of the results achieved through IFAD’s investment, and mitigate any reputational risks. Explain how IFAD’s visibility will be ensured.*

**Part 4**

**Costs, Financing and Fiduciary Aspects**

1. **Costs and financing**

*(Suggested section length: approximately 2 pages)*

***Please consult******Annex 3, Guidance on eligible expenditure under grant financing and other costing aspects***

1. **Financing plan**

*Describe the project’s financing plan, including any co-financing to be provided by the Recipient and/or any other project party or co-financier, specifying whether cash or in-kind (cost tables to show project costs by financiers)*

1. **Project costs**

*Brief description of proposed project costs by component and by expenditure category. Provide the expected cost per beneficiary.*

Table 1

**Costs by component and financier**

(Thousands of [currency])

|  |  |  |  |
| --- | --- | --- | --- |
| *Components* | *IFAD* | *[Name of cofinancier]* | *Total* |
|
| 1. [insert component 1]
 |  |  |  |
| 1. [insert component 2]
 |  |  |  |
| 1. [insert component 3]
 |  |  |  |
| 1. [insert component 4]
 |  |  |  |
| **Total** |  |  |  |

Figures to be rounded to thousands.

Components: Specify the components as per section 2(c) of the project description in Part 3 of this Grant Design Document

Cofinanciers: Specify sources of cofinancing. If other financing sources amount to less than 5 per cent of total, these may be grouped together in this column; otherwise insert new column. The narrative section should in any case provide full details.

Table 2

**Costs by expenditure category and financier**

(Thousands of [currency])

|  |  |  |  |
| --- | --- | --- | --- |
| *Expenditure category* | *IFAD* | *[Name of cofinancier]* | *Total* |
|
| 1. [insert expenditure category 1]
 |  |  |  |
| 1. [insert expenditure category 2]
 |  |  |  |
| 1. [insert expenditure category 3]
 |  |  |  |
| 1. [insert expenditure category 4]
 |  |  |  |
| **Total** |  |  |  |

Figures to be rounded to thousands.

Cofinanciers: Specify sources of cofinancing. If other financing sources amount to less than 5 per cent of total, these may be grouped together in this column; otherwise insert new column. The narrative section should in any case provide full details.

1. **Fiduciary aspects**

*(Suggested section length: approximately 2 pages)*

***See Appendix 1 for detailed guidance on how to complete this section***

1. **Procurement procedures for goods, services and human resources**
2. **Financial management and accounting arrangements**
3. **Audit arrangements**
4. **Disbursement arrangements**

**Annex 1: Logical Framework**

| **Results hyerarchy** | **Indicators** | **Means of verification** | **Assumptions** |
| --- | --- | --- | --- |
|  | **Name** | **Baseline** | **End target** | **Source** | **Freq.** | **Respons.** |  |
| **Goal** |  |  |  |  |  |  |  |
| **Development objective** |  |  |  |  |  |  |  |
| **Outcomes****Component 1** |  |  |  |  |  |  |  |
| **Outputs****Component 1** |  |  |  |  |  |  |  |
| **Outcomes****Component 2** |  |  |  |  |  |  |  |
| **Outputs****Component 2** |  |  |  |  |  |  |  |
| *[Add more rows if needed]* |  |  |  |  |  |  |  |

**Annex 2: Integrated Risk Matrix**

***(See description below)***

|  |  |  |
| --- | --- | --- |
| **Risk Categories** | **Inherent** | **Residual** |
| **Country Context, Sector strategies and policies** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Environment and Climate Context**  |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Project Scope** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Institutional Capacity for Implementation & Sustainability** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Procurement** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Financial Management** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Environment, Social and Climate Impact** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |
| **Target group / Stakeholders** |  |  |
| Risk(s):  |  |  |
| Mitigations:  |  |  |

1. **Integrated Risk Matrix.** At the Desk Review stage, the Integrated Risk Matrix should be filled, and a rating for inherent and residual risk should be assigned to all the relevant categories. The Integrated Risk Matrix clearly identifies risks to achieving the grant’s objectives and explains how they will be managed. The Integrated Risk Matrix is mandatory for all grant Concept Notes, Grant Design Documents and Contribution Design Documents.
2. **Risk rating** is an indicator that denotes the level of risk based on the assessment of identified risks. In line with IFAD’s Enterprise Risk Management approach, a four-level rating scale is used to assess and report project risks in IPRMs. The four risk levels are High, Substantial, Moderate, and Low, based on the likelihood of a risk occurring and its expected impact on the achievement of project objectives in the event it were to occur. The risk ratings, justification and mitigation measuers will be assessed at the Desk Review stage, taking into account the OSC’s recommendations and decisions.
3. **When a risk category is not relevant given the nature of the grants’ activities** (as could, for example, be the case for “environment, social and climate impact” risks for a global capacity-building grants only supporting immaterial activities), leave the rating empty and add “Not applicable” in the Risks cell, providing a brief explanation on why the risk category / subcategory does not apply or is not relevant for the project.
4. **Risk categories**. Risks are analysed and aggregated at the level of the Programme Delivery Level-2 Risk Subdomains defined in the Enterprise Risk Taxonomy.[[4]](#footnote-4) A brief description of each risk category, and a list of the sub-categories considered under each category, are provided below. For detailed definitions and guidance, please refer to the IFAD’s Enterprise Risk Management Policy and to the Project Design Guidelines, Annex XII - Programme Delivery Risk and IPRMs.[[5]](#footnote-5)
5. **Country context.** The risks to the achievement of project development objectives stemming from a country’s context. Sub-dimensions: political commitment; governance; macroeconomic; fragility and security. *To be analysed with respect to the country/countries in which activities will take place. For grants implemented in multiple countries, the overall rating for inherent / residual risk should reflect the potential impact on the achievement of the grant’s development objective in the event of potential risks occurring in the highest-risk country/countries, and on the expected effectiveness of the proposed mitigation measures.*
6. **Sector strategies and policies**. The risks to the achievement of project development objective(s) stemming from a country’s sector-level strategies and polices. Sub-dimensions: policy alignment; policy development and implementation. *To be analysed with respect to sector-level strategies in the implementation country/countries that are relevant to the operation and to its theory of change*. *In case of multiple countries, the overall risk ratings should be evaluated as described for the “country context” category.*
7. **Environment and climate context**. The risk that existing or possible future environmental or climate conditions may significantly undermine project implementation and the achievement of project development objectives. Sub-categories: project vulnerability to environmental conditions; project vulnerability to climate change impacts.
8. **Project scope**. The risks to the achievement of project development objective(s) stemming from factors related to the scope of the project. Sub-categories: project relevance; technical soundness.
9. **Institutional capacity for implementation and sustainability**. The risk that the project executing agency, implementing partners and service providers lack the capacity to effectively and efficiently implement and sustain the activities supported by the project. Sub-categories: implementation arrangements; M&E arrangements. *To be assessed with relation to the grant recipient, any sub-recipients, and any other key implementing partners.*
10. **Project financial management**. The risk that project activities are not carried out in accordance with the provisions of IFAD’s financial regulations and that funding is not used for the intended purpose with due regard for economy, efficiency and effectiveness. Sub-categories: organization and staffing; budgeting; funds flow/disbursement arrangements; internal controls; accounting and financial reporting; external audit. *To be assessed with relation to the recipient and any sub-recipient*
11. **Procurement.** The risk that project procurement activities including the procurement of goods, works and services financed from the resources of the Fund, are not carried out in accordance with the provisions of the Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines. Sub-categories: legal and regulatory framework; accountability and transparency; capability in procurement; procurement processes.
12. **Environment, social, and climate impact**. The risk that the project may cause significant environmental or social harm or increased vulnerability to climate change impacts of temporary, cumulative, irreversible or unprecedented nature, affecting the immediate project target area and/or areas beyond it. Sub-categories: biodiversity conservation; resource efficiency and pollution prevention; cultural heritage; indigenous people; community health and safety; labour and working conditions; physical and economic resettlement; greenhouse gas emissions; vulnerability of target populations and ecosystems to climate variability and hazard.
13. **Target group/stakeholders.** The risk that the project is negatively affected because relevant stakeholders are not appropriately identified, consulted or engaged during the project’s lifecycle, and/or that grievances redress processes are ineffective. Sub-categories: stakeholder engagement / coordination; stakeholder grievances.

**Annex 3: Knowledge management (KM) and communication strategy**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Project objectives** | **Specific Objectives for KM and Communications** | **Activities** | **Target audience and dissemination plan** | **Indicators** | **Budget** |
| Include links to the objectives of the project, to highlight how KM and Communications activities will contribute to achieving project results. | Define specific Objective(s) for KM and Communications, to be reviewed annually in the context of the GSR.  | Outline proposed activities and timeline, linked to the 3 dimensions of KM and Communications presented above.  | Define target audiences and dissemination plan for documentation, events and other knowledge products. | Include indicators and monitoring methods, to be reflected in the project M&E system. | Define a budget for the KM activities, to be also included in the project AWPB. |

**Annex 4: Detailed activity-based budget**

A detailed activity-based budget in line with components and activities described in Part 3.2(c) is to be prepared in Excel format and submitted as a separate attachment to the Grant Design Document.

The budget should detail, for each activity, unit, unit cost and quantity, and the related expenditure category.

**Annex 5: Financial Management Self-Assessment Questionnaire (FMAQ)**

To be filled in using the [Financial Management Self-Assessment Questionnaire (FMAQ) Template](https://xdesk.ifad.org/sites/fmd/LoansAndGrants/_layouts/15/WopiFrame.aspx?sourcedoc=/sites/fmd/LoansAndGrants/Cluster%20Corner/FMD_Grants/Revision%20of%20Grant%20Procedures/8.%20Templates/FMAQ_Template%20(abridged).docx&action=default).

**Appendix 1: Guidelines to complete Part 4 Section 2: *Fiduciary Aspects***

1. Procurement procedures for goods, services and human resources

The proposed recipient should specify whether procurement financed by the Grant shall be carried out in accordance with [IFAD Procurement Guidelines] or [the provisions of the Recipient's procurement regulations] [or] [other][[6]](#footnote-6). Please select as appropriate and provide details.

In all cases where procurement worth more than USD 200,000 (or equivalent) is covered under the Project budget, the Recipient shall be required to submit a Procurement Plan, together with the Grant Design Document.

1. Financial management and accounting arrangements

**Financial Management Assessment**

The proposed recipient should provide an overview of financial management and accounting arrangements in line with the information provided in the Financial Management Assessment Questionnaire (FMAQ)[[7]](#footnote-7), to be attached to the Grant Design Document itself, if required.

**Audited financial statements**

Together with a duly filled FMAQ, the proposed grant recipient must also submit its two most recent institutional audited financial statements (AFS), for IFAD's review.

The submission of AFS and FMAQ is waived in the case of:

* Grant proposals below USD 200,000 (or equivalent);
* Grants to UN agencies and MDBs/IFIs;

**Sub-recipients**

If sub-recipients are expected to implement grant activities and directly manage grant funds, describe how the proposed grant recipient will ensure that grant resources are fully accounted for. This description should include an overview of the recipient’s process for monitoring sub-recipients, how financial reports will include the transactions, and confirm that the recipient's independent auditors will be granted access to the sub-recipient's project-related accounts and documentation.

If sub-recipients are expected to receive resources of USD 500,000 or more, the submission of the FMAQ for the sub-recipient, and the sub-recipient's two most recent institutional AFS is also required.

The Recipient will be required to maintain separate financial records in respect of the Grant and to prepare financial statements in accordance with international accounting standards or other accounting standards acceptable to IFAD, as agreed with IFAD in advance, and in line with the IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects[[8]](#footnote-8). The Recipient will also be required to submit interim certified Statements of Expenditure (SOEs), signed by an Authorized Signatory on a semi-annual basis, within forty-five (45) days of the end of the six-month period. A final certified SOE for the totality of eligible expenditures incurred by the Project must be submitted by Grant Closing Date, segregating winding-up expenditures approved by the IFAD Grant Technical Manager, and incurred between the Project Completion Date and the Grant Closing Date. SOEs must disclose the sources and uses of funds spent to finance the Grant activities, specifying whether the expenditures were funded in cash or by contributions in kind. SOEs must consolidate expenditure incurred by the Recipient and sub-recipients,if any. Income generated from advance withdrawals of the Grant, if any, are to be disclosed in the SOEs and audit reports submitted to IFAD. SOEs submitted to IFAD must be in the currency of the Grant Agreement.

1. Audit arrangements

The proposed recipient should provide an overview of their audit function (both internal and external) in line with the information provided in the FMAQ, if required. The Recipient is required to submit its annual audited financial statements to IFAD, prepared in accordance with international auditing standards (or other auditing standards deemed acceptable by IFAD). The Recipient must ensure that the entire Project Implementation Period is covered by audit in accordance with the [IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects](https://www.ifad.org/documents/38711624/39421009/IFAD%2BHandbook%2Bfor%2BFinancial%2BReporting%2Band%2BAuditing%2Bof%2BIFAD-Financed%2BProjects/133b165d-15c7-4f79-8217-aef95b79dd67). It is highly advisable for the proposed recipient to refer to this Handbook for further guidance on IFAD's audit and reporting requirements.

**IFAD grant financing below or equal to USD 200,000 (or equivalent)**

If the total amount of the Grant is below or equal to USD 200,000 (or equivalent), the Recipient may instead submit to the Fund a Statement of Responsibility on the SOEs presented to IFAD. The institutional audited financial statements and the Statement of Responsibility on the SOEs must be submitted to IFAD within six months of the end of the Recipient’s Fiscal Year. A final Statement of Responsibility on the final SOE must be submitted to IFAD by the Grant Closing Date.

**IFAD grant financing above USD 200,000 (or equivalent)**

If the total amount of the Grant is more than USD 200,000 (or equivalent), on an annual basis, the Recipient must provide a separate Audit Opinion on SOEs presented to IFAD, which may be either annexed to the institutional audited financial statements or submitted separately. Both the institutional audited financial statements and the Audit Opinion on the SOEs must be submitted to IFAD within six months of the end of the Recipient’s Fiscal Year. A project-specific Audit Opinion on the final SOE must be submitted to IFAD by Grant Closing Date.

**Project implementation period below or equal to eighteen months**

In case the Project Implementation Period is less than or equal to eighteen months, a single Audit Opinion on the final SOE covering the entire period may be submitted by Grant Closing Date.

1. Disbursement arrangements

The recipient applying for the grant should provide an overview of flow of fund arrangements, in line with the information provided in the FMAQ, if required.

**Sub-recipients**

If sub-recipients are expected to implement grant activities and directly manage grant funds, the proposal should include a description of how funds will flow to the sub-recipient(s).

**CGIAR centres**

With regard to CGIAR centres, the proposed grant recipient should confirm whether activities fall within a CGIAR Research Programme (CRP, Window 3). In that case, funds will be disbursed through the World Bank, net of the Cost Sharing Percentage (CSP) fee.

Disbursements for grants are normally based on a revolving fund mechanism, which will be defined in the Grant Agreement, either in the General Provisions or as a Special Provision. The first disbursement will consist of an advance based on a percentage of expenditure forecast in the first approved annual workplan and budget (AWPB). For the second and following disbursements, in addition to the AWPB, the Recipient is required to submit a SOE covering the use of at least 75% of the immediately preceding instalment (and 100% of previous instalments, if any).

1. Please only select only one main SO, one main pathway, and one main priority area. The grant’s expected contribution to other SOs, pathways and priority areas can be discussed in the section on “Contribution and alignment to the Regular Grants Policy”. [↑](#footnote-ref-1)
2. Maximum 20 pages total for Part 2 and Part 3, excluding the Executive Summary.The suggested number of pages for each section is an indicative guide to ensure adequate balance in the information provided in each section. [↑](#footnote-ref-2)
3. If sub-recipients are expected to implement grant activities and directly manage grant funds, the grant design document must: (i) Provide a clear justification for the use of sub-recipients, including clarifying the reason for incurring two (or more) sets of management fees. In any case, the total overheads cannot exceed a threshold of 8% of project direct costs; (ii) Define the amount of the grant funds to be directly managed by the sub-recipient(s) – it is advisable that a specific budget is provided in Part 4.1; and (iii) Describe how the proposed grant recipient will ensure that grant resources are used in accordance with the provisions of the financing agreement and fully accounted for. This description should include an overview of the recipient’s process for assessing and monitoring sub-recipients, how the financial reports will include the transactions, and confirm that the recipient's independent auditors will be granted access to the sub-recipient's project-related accounts and documentation. Details on sub-recipients' financial reporting and audit should be provided in the section on fiduciary aspects in Part 4.2 (b) and (c) [↑](#footnote-ref-3)
4. Enterprise Risk Management Policy, EB 2021/133/R.7, Annex I. [↑](#footnote-ref-4)
5. Available in the Online Operations Manual at <https://xdesk.ifad.org/sites/opsmanual/Manual%20Library/Investment%20Projects/Design/Guidelines%20and%20Procedures/Programme%20Delivery%20Risk%20and%20IPRMs.pdf> [↑](#footnote-ref-5)
6. If deemed acceptable by IFAD, the Parties may agree upon alternative procurement arrangements. [↑](#footnote-ref-6)
7. See: [Financial Management Self-Assessment Questionnaire (FMAQ) Template](https://xdesk.ifad.org/sites/fmd/LoansAndGrants/_layouts/15/WopiFrame.aspx?sourcedoc=/sites/fmd/LoansAndGrants/Cluster%20Corner/FMD_Grants/Revision%20of%20Grant%20Procedures/8.%20Templates/FMAQ_Template%20(abridged).docx&action=default) [↑](#footnote-ref-7)
8. Available at: <https://www.ifad.org/en/document-detail/asset/39641638> [↑](#footnote-ref-8)