

Annex 5: The regular grants programme: strategic objectives, pathways and Priority Replenishment Commitments

1. For ease of reference, this Annex presents the Theory of Change, SOs and pathways of the regular grants programme that are established in the Regular Grants Policy.¹ It also presents the five priority replenishment commitments approved by the Board for the current replenishment cycle.² Finally, the annex describes the key principles that will be used to assess and prioritize grant proposals. The principles should inform the design of all new regular grant proposals; they are based on the indications provided in the first “Progress Report on Implementation of IFAD’s Regular Grants Policy”, submitted to the Board for review in April 2022.³
2. Activities funded through regular grants are an integral component of IFAD’s enhanced business model, complementing and stimulating other development instruments and playing a critical role in furthering the Fund’s mandate. Evaluations and reviews carried out in 2014-2019 have shown that, compared to other instruments, regular grants have some unique characteristics:
 - a. They provide support to strengthen the results of IFAD’s country programme delivery through the loan programme;
 - b. They allow IFAD to have an increased risk appetite to test and pilot innovative approaches;
 - c. They help IFAD to establish or strengthen partnerships beyond government agencies and leverage cofinancing opportunities;
 - d. They enable IFAD to provide a rapid response, particularly during crises, and to engage in situations beyond the availability and remit of the Fund’s performance-based allocation system (PBAS) resources;
 - e. They can promote non-lending activities (in particular policy engagement) identified through country strategies;
 - f. They can support IFAD’s participation in relevant global and regional initiatives, platforms and networks, and advocate for the needs of poor rural people while contributing to the formulation of global policies, knowledge, standards and other related aspects;
 - g. Through regular grants IFAD can tackle rural development beyond the country level, from a regional and global perspective, as they are the only tool for funding non-lending activities such as policy, South-South and Triangular Cooperation (SSTC) and knowledge-based initiatives at the regional and global level.
3. While the regular grants programme remains a highly relevant and strategic instrument with unique scope, the lessons learned and the evolution of IFAD’s business and operating models and financial architecture have called for the adoption of a new Policy to govern the programme. The new Policy capitalizes on lessons learned to ensure that the regular grants programme reflects IFAD’s vision for the future and commitment to expand and deepen its impact by 2030. The Policy defines a new Theory of Change for the regular grants programme; activities under the programme will focus on strengthening delivery and results for IFAD’s programme of loans and grants (PoLG), in particular through catalytic interventions linked to IFAD country programmes. Moreover, the Policy establishes new principles and mechanisms to attain an affordable programme, allocate resources where most

¹ EB 2021/132/R.3.

² [EB 2021/134/R.13.](#)

³ [EB 2022/135/R.22](#)

needed, and ensure a deeper integration of regular grants into IFAD's business model, with a focus on country-level support.

4. **Overall goal and strategic objectives of the regular grants programme.** The overall goal of the regular grants programme is to contribute to further IFAD's mandate of sustainable and inclusive rural transformation, and help achieve the Sustainable Development Goals.⁴ The programme has two mutually reinforcing strategic objectives (SOs):
 1. 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; and
 2. SO 2: foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level.
5. **Theory of change and pathways.** The theory of change (ToC) of the regular grants programme states that the programme will fund catalytic interventions with leveraging potential to unlock broader opportunities for IFAD's engagement through the programme of loans and grants (PoLG) and other programmes and instruments.⁵
6. Interventions under the regular grants programme will operate through the following three pathways:
 - a. ***Improving the policy and investment environment (in short, policy and investment pathway).*** At the country level, this will include analytical work supporting non-lending activities, including those identified in country strategies, and alignment with the United Nations Sustainable Development Cooperation Framework and the work of United Nations Country Teams. At the regional and global level, this pathway will include support to higher-level policies for inclusive and sustainable rural and food systems transformation, fostering an enabling environment for investing in smallholder agriculture.
 - b. ***Leveraging strategic and operational partners' expertise and resources to deepen the impact of IFAD's programme of work (partnership pathway).*** Partnerships supported by regular grants will seek to empower the most vulnerable while strengthening local food supply systems/chains and local economies to maximize sustainable results. Through this pathway, regular grants will also build the capacities of institutions and organizations in developing countries to improve ownership, efficiency and sustainability of IFAD-funded operations. IFAD will also leverage financial resources from relevant partners through regular grants under this pathway. Operational partnerships with development organizations that have a comparative advantage in emergency response can be established in situations of crisis or fragility, when rapid response is required. Complementing the efforts of partners such as the Rome-based agencies with IFAD's own expertise with smallholder farmers can enhance the impact of post-emergency and longer-term development interventions.
 - c. ***Improving the availability and uptake of relevant knowledge and innovation for enhanced impact and sustainability (knowledge pathway).*** Relevant knowledge will include innovative pro-poor research and technology, and will focus in particular on testing, piloting and adapting innovations targeting the poor, including for future scaling up by the concerned governments, through the IFAD programme of loans and grants (PoLG) or using resources from IFAD's development partners.

⁴ The theory of change is presented in the IFAD Regular Grants Policy, paragraph 15 and Annex III.

⁵ IFAD Regular Grants Policy, paragraphs 16-17.

7. Each pathway corresponds to an action area/input in the regular grants programme's ToC. Interventions along these pathways will activate synergies between lending and non-lending instruments, lead to strong engagement beyond the country level, help unlock partnerships with potential for cofinancing, favour the use of knowledge to strengthen the quality of programmes and policies, and foster an enabling environment for policy and investment (the five outcomes of the regular grants programme).
8. The regular grants programme is expected to deliver the following impacts:
 - a. IFAD's mandate of sustainable and inclusive rural and food system transformation is advanced;
 - b. Results and impacts of activities funded by IFAD through different instruments are enhanced;
 - c. IFAD's commitment to broadening and deepening its impact by 2030 is supported;
 - d. IFAD's visibility and positioning are promoted.

Table 1
Theory of change of the regular grants programme⁶

ToC level	Key elements
Impacts	<p>IFAD's mandate of sustainable and inclusive rural and food system transformation is advanced</p> <p>Results and impacts of activities funded by IFAD through different instruments are enhanced</p> <p>IFAD's commitment to broadening and deepening its impact by 2030 is supported</p> <p>IFAD's visibility and positioning are promoted</p>
Outcomes	<p>Lending and non-lending instruments act in synergy</p> <p>IFAD's country/regional/global engagement is strengthened</p> <p>Partnerships are unlocked and cofinancing is boosted</p> <p>Knowledge is used to strengthen quality of programmes and policies</p> <p>Enabling environment for policy and investment is fostered</p>
Key outputs	<p>Innovation, research and technologies targeting the poor are piloted for scaling up through PoLG and other instruments</p> <p>Partnerships are initiated, including for crowding in resources under the private sector strategy</p> <p>Integrated packages of solution are available for countries in transition and countries in fragile situations</p> <p>Regional public good and regional activities in support of regional lending operations are funded</p> <p>Knowledge is shared and disseminated to the benefit of IFAD's lending and non-lending instruments</p>
Action areas and inputs	<p>Inclusive rural and food systems transformation policies (<i>policy and investment pathway</i>)</p> <p>Knowledge, evidence, innovation and research targeting the poor (<i>knowledge pathway</i>)</p> <p>Strategic and operational partnerships, including for rapid response to crises and fragility (<i>partnership pathway</i>)</p>
Challenges	<p>Attain an affordable programme</p> <p>Direct grant resources where they are most needed</p> <p>Provide mutual reinforcement among IFAD's instruments</p> <p>Capitalize on lessons learned</p>

⁶ Based on IFAD Regular Grants Policy, Annex III.

9. **Priority areas for the regular grants programme.** The thematic focus of the regular grants programme is established at the beginning of each IFAD replenishment cycle. As stipulated in the Policy (paragraph 20), the priority replenishment commitments that could benefit from grant-funded activities will be presented for approval at the last Board session preceding the start of each replenishment cycle.⁷ The selected priority replenishment commitments will allow the Board and Management to make informed decisions on the prioritization of activities to be funded through regular grants resources.
10. **Priority areas selected for the IFAD12 replenishment cycle.** Consistently with the above provision, the following five priority commitment areas for the regular grants programme during IFAD12 were approved by the Board in December 2021:⁸
- (i) **Priority commitment area 1: Increased ambition on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people (IFAD12 replenishment commitment 1.1).** This priority area covers initiatives that will help better reflect mainstreaming and social inclusion priorities in IFAD-funded operations. Initiatives should focus on piloting innovative solutions with regard to nutrition, climate, gender, youth and biodiversity. Activities that favour the inclusion of indigenous peoples and persons with disabilities as priority target groups will also be considered.
 - (ii) **Priority commitment area 2: Strategic focus on fragility, conflict and building resilience (IFAD12 replenishment commitment 1.2).** This area covers initiatives that will help IFAD achieve more effective operations, leverage resources and strengthen collaborations in fragile, emergency and conflict-affected situations, together with activities that will support sustainable and inclusive development in Small Island Developing States.
 - (iii) **Priority commitment area 3: Strategic partnerships to enhance impact (IFAD12 replenishment commitment 1.4).** This area covers initiatives that will contribute to furthering the objectives of the IFAD Partnership Framework or more broadly support the partnerships pathway of the Regular Grants Policy (leveraging strategic and operational partners' expertise and resources to deepen the impact of IFAD's programme of work). Activities should focus on establishing or strengthening high-priority strategic regional and global partnerships and on supporting IFAD's global engagement with global platforms and alliances (for example, the African Green Revolution Forum, the Committee on World Food Security, the High-level Political Forum on Sustainable Development, the International Land Coalition and the United Nations Food Systems Coordination Hub, the United Nations Decade of Family Farming and others), knowledge institutions, producers' organizations, thematic networks, the private sector and other non-state actors. Initiatives in this area can also contribute to the implementation of the new IFAD South-South and Triangular Cooperation strategy.
 - (iv) **Priority commitment area 4: Enhancing performance and efficiency (IFAD12 replenishment commitment 2.1).** This area covers initiatives

⁷ Under the 2015 Policy for Grant Financing (EB 2015/114/R.2/Rev.1), the thematic focus of the regular grants programme was instead determined on an annual or three-year basis through a Strategic Guidance Note approved by the EMC.

⁸ Priority Replenishment Commitments to be Addressed through Financing from the Regular Grants Programme (EB 2021/134/R.13).

that will help IFAD maximize impacts and results through enhanced performance and efficiency in transformational country programmes by: (i) improving in-country capacities; and (ii) improving the availability and uptake of relevant knowledge and innovation targeting the poor, in line with IFAD's operating model and guidelines for innovation. Activities that focus on building the capacities of project management units with respect to monitoring and evaluation (M&E) and Social, Environmental and Climate Assessment Procedures (SECAP), and activities that will promote solutions based on information and communications technologies for development and digital agriculture approaches, will be prioritized.

(v) **Priority commitment area 5: Sustainability and scaling up results (IFAD12 replenishment commitment 2.2).** This area covers activities that will support IFAD's increased emphasis on policy engagement as a means of promoting systemic change for IFAD's target groups and that will help enhance the sustainability of IFAD's programme of work by improving the policy and investment environment for smallholder agriculture and rural development. In line with the policy pathway of the Regular Grants Policy, proposals in this priority commitment area should focus on global- and regional-level activities to support higher-level policies for inclusive and sustainable rural food systems transformation. They may also include analytical work in support of such activities.

11. The priority commitment areas cover all the aspects of the ToC, so that the individual initiatives funded under the various priority areas will jointly contribute to achieving the impacts of the regular grants programme. Table 2 indicatively maps the priority areas against the pathways/inputs, outcomes and SOs of the regular grants programme's ToC. While initiatives under each priority commitment area can contribute to more than one outcome or SO, Table 2 on the following page indicates those to which each one is more likely to contribute.
12. Table 2 is not meant to be prescriptive. For example, grants under PCA3 ("strategic partnerships") may help build partnerships with farmers' organizations or indigenous people organizations, which may in turn help enhance leveraging the impact of IFAD's operations and contribute to SO1.

Prioritization of proposals and key principles from the Grants Policy

13. The Regular Grants Policy establishes several key principles to ensure that the available regular grants resources are allocated where they are most needed, and are directed towards activities with the greatest potential to enhance the broader impact of IFAD's operations. All activities financed from regular grants resources will have to demonstrate alignment with the regular grants programme's Strategic Objectives (SOs), pathways and priority replenishment commitments, and make a concrete contribution towards their achievement.
14. The SOs and pathways of the regular grants programme are established in the Regular Grants Policy. The priority replenishment commitments are established at the beginning of each IFAD replenishment cycle and are approved by the Board; they define the thematic focus of the regular grants programme.⁹

⁹ Under the 2015 Policy for Grant Financing (EB 2015/114/R.2/Rev.1), the thematic focus of the regular grants programme was instead determined on an annual or three-year basis through a Strategic Guidance Note approved by the EMC.

Table 2

Indicative linkages between the priority commitment areas (PCAs) and the theory of change

	<i>Linkages to ToC pathways /inputs</i>	<i>Linkages to ToC outcomes</i>	<i>SO1: Leveraging impact</i>	<i>SO2: Policy/ investment environment</i>
PCA1: Mainstreaming and targeting	Knowledge, evidence and innovation	Knowledge is used to strengthen the quality of programmes and policies Lending and non-lending instruments act in synergy	Primary objective	
PCA2: Fragility, conflict and resilience	Knowledge, evidence and innovation	Knowledge is used to strengthen the quality of programmes and policies Lending and non-lending instruments act in synergy	Primary objective	
PCA3: Strategic partnerships	Strategic and operational partnerships	Partnerships are unlocked and cofinancing is boosted IFAD's country/regional/global engagement is strengthened		Primary objective
PCA4: Performance and efficiency	Knowledge, evidence and innovation	Knowledge is used to strengthen the quality of programmes and policies Lending and non-lending instruments act in synergy	Primary objective	
PCA5: Sustainability and scaling up results	Policy and investment environment	Enabling environment for policy and investment is fostered IFAD's country/regional/global engagement is strengthened		Primary objective

15. Within any given replenishment cycle, the majority of resources available will be allocated to activities focused on the achievement of 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"). Therefore, a higher share of resources will be allocated to initiatives under the priority commitment areas contributing primarily to SO1 as shown in Table 2, and to initiatives under other priority commitment areas when it is clear that these initiatives will substantially contribute to SO1. The allocation of resources across SOs and priority areas will be regularly monitored and reported upon, as described in paragraphs 26-27.
16. It is important to clarify that the Theory of Change, SOs and pathways refer to the regular grants programme as a whole. Therefore, it is not expected that each grant proposal will necessarily contribute to both SOs, operate along all the three pathways, or address all the five priority areas. However, individual proposals will have to indicate to which SOs, pathways and priority areas they intend to contribute.
17. In line with what is stipulated in the Policy, individual grant proposals will not be approved on a first-come-first-served basis but will be assessed by IFAD's rigorous, arm's length quality assurance processes to determine their suitability for funding. At the OSC stage and Desk Review stage, proposals will be assessed and rated using the Scorecard presented in Annex 1.
18. The prioritization of proposal will consider the key principles established in the Policy. It will also consider the additional principles highlighted in the first Progress Report on the Regular Grants Policy presented to the Board in April 2022 ([EB 2022/135/R.22](#)), which sets out the mechanisms to establish greater focus on country-level support and to differentiate between priority areas (in line with the commitment to allocate the majority of resources to activities supporting SO1). The key principles for the assessment and prioritization of proposals are summarized

below and should inform the design of all new grant proposals. These principles and mechanisms are reflected in the updated templates for Grant Concept Notes and Grant Design Documents, in the Scorecard used for reviewing and rating proposals at the OSC and Desk Review stages, and in the Policy's Results Management Framework.

19. **Value addition.** In light of limited resources, the programme will fund interventions where regular grant financing has a clear added value compared to other instruments, as well as activities for which innovative approaches are required. Regular grants will have to complement other programmes and initiatives and help pursue opportunities under the three pathways (policy, partnership and knowledge), thus serving to broaden and deepen IFAD's overall impact. Regular grants will not be used to finance any activity that could be funded through IFAD's administrative budget.
20. **Catalytic approach.** Activities funded by the programme will mutually reinforce other IFAD development instruments. Given the inherently limited size of the regular grants envelope, and of the individual proposals funded by the programme, all projects will have to be catalytic and supportive of other initiatives and programmes that form part of IFAD's new business model and strategic direction. In this sense, grant-funded projects will aim to act as key enablers of IFAD's programmes, policies, strategies and initiatives. The synergies are extended to include all the programmes at IFAD's disposal, including those to be implemented in the transition towards IFAD12 and beyond like the Rural Resilience Programme and non-sovereign operations (NSOs) with the private sector. Regular grants could also support IFAD's engagement in Small Island Developing States (SIDS) and regional activities, including support to regional policy dialogue, which is essential to the success of IFAD's regional lending operations.
21. The catalytic effect of regular grants will be felt not only through the mobilization of additional financing, but also through the piloting of initiatives for larger-scale replication or for regional uptake. Continued attention will be paid to the integration of mainstreaming themes, which are the focus of a dedicated Priority Commitment Area (Priority Area 1, "Increased ambitions on mainstreaming and other priority issues, and enhanced targeting of the most vulnerable rural people").
22. **Focus on country-level support.** In order to foster linkages with country programme delivery through the loan programme and other instrument at IFAD's disposal, COSOPs and Country Strategy Notes (CSN) will play a key role in identifying entry points for funding through grants. Therefore, grant proposals with a focus on one or more specific countries should demonstrate that the grant responds to concrete demands identified in the COSOP, country strategy note (CSN), relevant initiatives and programmes/operations planned or being implemented in the target countries.
23. For grants with a regional focus, proposals should 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). Proposals should also identify concrete linkages to demands indicated in COSOP and CSN non-lending strategies and other operations in the target region.
24. For global grants submitted under priority areas 1 (mainstreaming and targeting) and 4 (enhancing performance and efficiency), proposals should provide evidence that the grant responds to well-identified corporate needs for solutions and innovations to strengthen the delivery and results of the programme of loans and grants within the selected priority area. Indications on corporate priorities and needs will be collected through the regular corporate, regional and thematic stocktakes and reviews, and will be reflected in the following calls for grants proposals.

25. Effective synergies and integration with country programmes require stronger engagement with country teams throughout the design and implementation process. Grant proposals should present clear evidence of collaboration with country teams at design and should include valid mechanisms for their involvement during implementation. Grant proposals should include realistic strategies, supported by adequate budgets and resources, for supervision and to fund opportunities for knowledge-sharing with IFAD operations. Grant proposals will be more positively assessed when a portion of recipient's cofinancing is made available for supervision and implementation support.
26. **Mechanisms to prioritize resource allocation to grants supporting SO1.** To help the OSC Chair make informed decisions on new grants proposals, a table reporting the breakdown of the resources already allocated and committed to each SO, pathway and priority commitment area will be included in each regular grants OSC Cover Memo. Grant Concept Notes and Grant Design Documents will have to indicate the SOs, pathways and priority areas to which they intend to contribute and provide a justification for this.¹⁰ During the review process (at the OSC or Desk Review stage), sponsoring divisions may be requested to provide additional information and clarifications on the proposed classification as grants supporting a specific SO. In particular, grants that intend to contribute to SO1 will have to demonstrate full alignment with the principles for focus on country-level supported discussed above.
27. The classification of grants by SO, pathway and priority area will permit a fine-grained monitoring of the number of grants and share of resources allocated to each SO, pathway and priority area. This information will be systematized, presented and discussed during a dedicated corporate grant portfolio stocktake at the beginning of each year. Moreover, the breakdown of the resources allocated or committed to each SO and Priority Area will be monitored through dedicated indicators in the Policy's Results Framework, and included as part of the stand-alone progress report submitted yearly to the Board. This will permit the Board and Management to regularly assess whether the grants resource allocation is consistent with the Policy, and to timely identify any needs for corrective actions.
28. **Grants contributing to SO2.** Grants contributing to SO2 ("foster a more conducive policy and investment environment for smallholder agriculture and rural development, including at the regional and global level") require to some extent a different approach, due to the nature of this SO and to the possible global scope of the partnerships and policy objectives that this SO supports. Therefore, the country-level focus of COSOPs and CSNs may not always offer the most appropriate entry points. However, alternative but similarly strict criteria are established for assessing the proposals' strategic and operational alignment with one or more of the six objectives of the IFAD Partnership Framework.
29. At the OSC and Desk Review stages, additional information on the coherence and potential contribution to one or more objectives of the IFAD Partnership Framework will be required for grant proposals that contribute primarily to SO2. As shown in Table 2, these are expected to include grants proposals primarily supporting the "Partnership" and the "Policy" pathway of the new Policy, and grants proposals submitted under Priority Area 3 ("strategic partnerships to enhance impact") and 5 ("sustainability and scaling up results", with a focus on policy engagement to promote systemic change and enhance the sustainability of IFAD's programme of work).
30. For these proposals, the Concept Note and the Grant Design Document should include additional information on: (i) which objectives of the IFAD Partnership

¹⁰ A grant proposal may support more than one SO, pathway and Priority Commitment Area. In such cases, the proposal will have to indicate which is the primary SO, pathway and Priority Area supported by the grant.

Framework the grant intends to support, including the leveraging of financial resources;¹¹ (ii) how the grants' partnership objectives are expected to have an impact at the country or regional level, or contribute to IFAD's corporate approach to global policy engagement; (iii) the advantage of supporting the selected partnership objectives through regular grants, as compared to other resources and instruments.

31. For grant proposals intending to support SO2, comments on the grants partnership and policy engagement dimensions will be provided by GPR during the review process at the OSC and Desk Review stage. This will help better assess the proposals' alignment and contribution to the Partnership Framework, and will permit to identify synergies with other activities and avoid duplications.
32. **Interdivisional collaboration.** Evidence of effective interdepartmental and interdivisional collaboration for the design of grant proposals, as well as during grant supervision and implementation, is expected and will be positively assessed for the prioritization of grant proposals. This is particularly relevant for grants contributing to SO1 with a country-specific or regional scope, where close interaction with IFAD operations in the target countries is expected; as well as for grants contributing to global objectives under SO2, which are expected to prioritise technical collaboration and alignment with broader corporate strategies and agendas (e.g., IFAD mainstreaming agenda, partnership framework, policy agenda etc.).
33. The respective roles and responsibilities of the sponsoring and co-sponsoring divisions, as well as their contribution in terms of resources for supervision, knowledge and follow-up activities, should be indicated in the Concept Note and further specified in the Grant Design Document. Evidence of concrete involvement of the co-sponsoring divisions with shared responsibilities, and the effectiveness of the proposed interdivisional collaboration mechanisms, will be positively assessed for the prioritization of proposals.

¹¹ The Partnership Framework objectives include: (i) influencing policy and development agendas; (ii) leveraging financial resources; (iii) enabling coordinated country-led development processes; (iv) knowledge generation and innovation; (v) strengthening private sector engagement; and (vi) enhancing visibility.