

China-IFAD South-South and Triangular Cooperation Facility

2018-2019 Strategic Guidance Note

19 February 2018

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Annex 1 – Supplementary Funds Agreement

Annex 2 – Implementation Guidelines

Annex 3 – Project proposal template

Annex 4 – Results measurement framework of the China-IFAD SSTC Facility for the 2018-2019 biennium

I. Background

1. The China-IFAD South-South and Triangular Cooperation (SSTC) Facility was established in February 2018 and became effective on 31 March 2018. It will remain operational until 31 December 2021.
2. According to the provisions contained in the Facility's Supplementary Funds Agreement (Annex 1) and the related Implementation Guidelines (Annex 2), the Facility is hosted by the Global Engagement and Multilateral Relations Division (GEM) within the External Relations and Governance Department (ERG).
3. In line with the Supplementary Funds Agreement and Implementation Guidelines, at the beginning of each year, a Strategic Guidance Note shall be prepared in order to articulate the annual strategic priorities of the Facility (e.g., thematic areas and regional/country priorities for funding).
4. The Strategic Guidance Note will serve as the basis for the development and submission of project proposals to be funded by the Facility. As per Implementation Guidelines, (para 19), a call for proposals will be issued to provide more details in terms of requirements and guidance to the applicants. This is the first Strategic Guidance Note of the Facility since its establishment, covering the period from June 2018 to December 2019.

II. Guiding principles

5. **Objective.** The Facility pursues the overarching goal of mobilizing knowledge, expertise and resources from the Global South to accelerate rural poverty alleviation, enhance rural productivity, advance rural transformation and promote investments between developing countries. The Facility is devoted exclusively to smallholder agriculture and rural development, with specific attention to poverty reduction, fighting malnutrition and promoting rural youth employment in developing countries.
6. **Complementarity with IFAD operations and strategies.** The projects financed by the Facility will complement IFAD's SSTC corporate activities undertaken in loan- and grant-funded projects, and will build on the Fund's comparative advantage of providing loans and grants exclusively devoted to smallholder agriculture and rural development.
7. Within the overall context of the Agenda 2030 and the SDGs, the proposed activities must be fully aligned with IFAD's Strategic Framework 2016-2025¹, the SSTC Corporate Strategy², and the Report of the Consultation

¹ <https://maintenance.ifad.org/documents/10180/edb9b9d4-664e-42dc-a31e-db096e6a71b5>.

² Document EB 2016/119/R.6, see <https://webapps.ifad.org/members/eb/119/docs/EB-2016-119-R-6.pdf>.

on the Eleventh Replenishment of IFAD's Resources³, which call for the mainstreaming of SSTC activities into IFAD's operations – in particular by ensuring that at least 66 per cent of new COSOPs developed by IFAD between 2019-2021 include a coherent SSTC approach.

8. The objectives of the projects financed by the Facility will be achieved, inter-alia, by financing of thematic programmes; provision of technical assistance; organization of international, regional or country-level conferences, workshops and related events; and provision of advisory and consultancy services.
9. **Efficient allocation of resources.** Opportunities for cooperation with the Rome-based Agencies (RBAs) will be actively promoted, to ensure coordination and complementarity in the common quest for eliminating hunger and reducing malnutrition and poverty. In particular, synergies with the FAO-China South-South Cooperation Trust Fund will be given high priority.
10. Synergies with existing IFAD-funded and other agriculture and rural development projects, in particular those financed by other international financial institutions (e.g. World Bank, Asian Development Bank, New Development Bank of the BRICS, Asian Infrastructure Investment Bank, and others), will be favourably considered.
11. Project proposals should, to the extent possible, include provisions for mobilizing experts from China, through the participation of Chinese institutions, technicians or business entities.

III. Priority areas for 2018-2019

12. The Facility will finance activities within the following five mutually-reinforcing priorities:
 - Facilitating South-South knowledge exchange;
 - Embedding SSTC in IFAD operations;
 - Establishing operational SSTC partnerships between IFAD Member States;
 - Promoting rural South-South investments; and
 - Strengthening human resource cooperation⁴.
13. Outcomes and results emerging from the implementation of the proposals will be documented and shared in form of knowledge products and through the Rural Solutions Portal.

³ Document IFAD11/4/R.2/Rev.1, see <https://webapps.ifad.org/members/repl/11/04/docs/IFAD11-4-R-2-Rev-1.pdf>.

⁴ For additional details on the Facility overarching priorities and the eligible activities, please see the Implementation Guidelines, paras 7-9 (available in Annex 2).

14. The results measurement framework (available in annex 4) will guide the progress monitoring of project proposal implementation during the period of this Strategic Guidance Note, as well as the assessment of outcomes and impact at completion, providing measurable indicators, targets and means of verification.

IV. Eligibility and selection process

15. **Eligible recipients.** All IFAD divisions will be eligible to present project proposals to be funded through the Facility, following the template available in Annex 3. Each project will have a project sponsor (or "team leader") from an IFAD division, and the sponsor will be closely involved in the implementation of the projects. In this regard, the three IFAD SSTC and Knowledge Centres are particularly encouraged to submit proposals.
16. Institutions and organizations from developing Member States will be eligible for funding, especially those in fragile and conflict-affected states and situations, Least Developed Countries and Small Island Developing States. Institutions selected should be broadly working in the agriculture and rural sectors, involved in rural transformation activities. They shall be considered as partners of strategic relevance in light of IFAD's mandate and shall submit their proposals with the endorsement of the IFAD project sponsor. Multilateral, inter-governmental and United Nations organizations at the country level will also be eligible for funding, provided that they present their project proposal(s) in partnership with at least one institution or organization in a developing country. In particular, the Facility will consider the following institutions/organizations for funding:
 - Multilateral, inter-governmental organizations and United Nations institutions;
 - Governmental organizations, such as departments and secretariats of ministries in developing countries;
 - Non-governmental organizations and community-based organizations, including cooperatives and farmers' organizations;
 - Research institutions, universities and academia; and
 - Private sector organizations and private business entities.
17. IFAD divisions are responsible for identifying any partner organization in developing countries and submitting the proposals for funding. Divisions may also submit proposals where organizations may pool their resources into a consortium – each within the context of their mission and specific value-added – to reach the expected results of the project. Project proposals can be sponsored by more than one IFAD division.
18. **Counterpart funding.** Co-financing from organizations submitting project proposals is not mandatory, but will be favourably considered. Applications

shall indicate any expected co-financing, as well as the source(s), including in-kind contributions.

19. **Duration of projects.** Project proposals to be financed by the Facility will have a duration of maximum two years. Once funding and individual project proposal approval have been given by the MOF, the projects are to be processed following IFAD's standard policies, procedures and guidelines as follows:
 - i. If the grant recipient is an external institution/organization, the entry into force date shall be the date the Grant Agreement is signed by both Parties; disbursement of the funds will be subject to IFAD Grant Procedures and guidelines;
 - ii. If the grant recipient is an IFAD division, the entry into force date is the date on which all the internal clearances for release of the funds have been obtained; disbursement of the funds will be subject to the clearance of the Accounting, Legal and the Partnership and Resource Mobilization divisions; and/or any other designated divisions of the Fund.
20. Other provisions on the process for submission of proposals are outlined in the Implementation Guidelines (Annex 2), paras 18-23, and will be detailed in the call for proposals that will be issued.

V. Funding allocation, schedule for the calls for proposals and financial thresholds

21. **Funding.** The total funding of the Facility amounts to US\$10 million, to be spent during the entire implementation period of the Facility (2018-2021). Such financing will be made available from China to IFAD in two instalments, as follows:
 - US\$5 million in 2018; and
 - US\$5 million in 2019.
22. The funding for project proposals will be made available in four tranches amounting to US\$2.5 million each. Within the period of this strategic guidance note (2018-2019), three tranches will be made available, for a total amount of US\$7.5 million, as per schedule of the calls for proposals below.
23. **Calls for proposals.** Given that the applications for funding consideration by the Facility are submitted to GEM in two batches annually (see para 20 of the Implementation Guidelines), and because this first implementation year starts in June 2018, the processing schedule for the official call for proposals for the 2018-2019 biennium will be the following:

	Announcement date	Due date for applications
First call for proposals	18 June 2018	14 September 2018
Second call for proposals	1 February 2019	5 May 2019
Third call for proposals	16 September 2019	15 November 2019

24. **Thresholds.** Within the period of this Strategic Guidance Note, the amount of project proposals must range between US\$300,000 and US\$500,000.

VI. Reporting requirements

25. Each recipient will be required to provide to GEM a project completion report summarizing the achievements and the breakdown of the utilization of the funds, within three months of completion of the project.
26. The template of the project completion report will be issued to all recipients in due course.