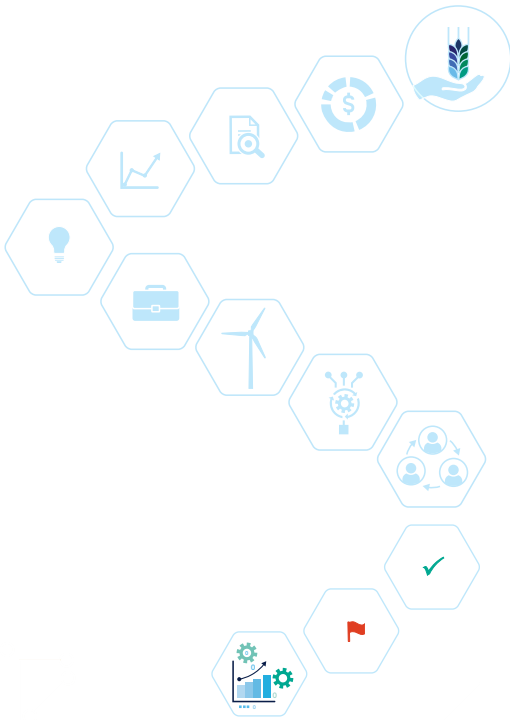


Project Procurement Annual Report 2023

OPERATIONAL POLICY AND RESULTS DIVISION (OPR)
PROGRAMME MANAGEMENT DEPARTMENT (PMD)







Project Procurement **Annual Report** **2023**

OPERATIONAL POLICY AND RESULTS DIVISION (OPR)
PROGRAMME MANAGEMENT DEPARTMENT (PMD)



Investing in rural people





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ABBREVIATIONS

AAFORD	Affordable Agricultural Financing for Resilient Rural Development
APR	Asia and the Pacific
BSTDB	Black Sea Trade and Development Bank
BUILDPROC	IFAD's Capacity Building Programme for Project Procurement
CD	Country Director
CDB	Caribbean Development Bank
CDIC	Community Development Investment Company
CEB	Council of Europe Development Bank
CMT	Contract Monitoring Tool
CSN	Country Strategy Note
CoP	Community of Practice
COSOP	Country Strategic Opportunities Programme
DVCDP	Dairy Value Chains Development Project
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
E-GP	Electronic Government Procurement
ESA	East and Southern Africa
HGDP	Hunan Green Development Project
HoP	Heads of Procurement in Multilateral Development Banks
IDB	Inter-American Development Bank
IPRM	Integrated Project Risk Matrix
IRFSP	Infrastructure and Rural Finance Support Programme
IsDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFI	International Financial Institution
ILO	International Labour Organization
ITCILO	International Training Centre of the ILO
KMS	Knowledge Management Strategy
LAC	Latin America and the Caribbean
LIFE-ND	The Livelihood Improvement Family Enterprises-Niger Delta
LMRP	Livestock Marketing and Resilience Programme
LtB	Loan to Borrower Agreement
MDB	Multilateral Development Bank
MOOC	Massive Open Online Course
NEN	Near East, North Africa, and Europe
NGO	Non-governmental organization
NOTUS	No-Objection Tracking Utility System
OPEN	Online Procurement End-to-End System
OPR	Operational Policy and Results Division
ORMS	Operational Risk Management Systems
OSC	Operations Strategic Committee
PEP	Procurement Exchange Platform



PF	Procedural Framework
PIM	Procurement Implementation Manual
PIU	Project Implementation Unit
PMD	Programme Management Department
PMU	Project Management Unit
PPA	Project Procurement Arrangement
PRIDE	Promoting Resilience in Desert Environments
PRM	Procurement Risk Matrix
PSF	Private Sector Forum
RCA	Rural Community Agent
RCTP	Rural Clustering and Transformation Project
ROOTS	Resilience of Organizations for Transformative Smallholder Agriculture
SAPZ	Special Agro-Industrial Processing Zones
SDG	Sustainable Development Goal
SECAP	Social, Environmental, and Climate Assessment Procedures
SIS	Supervision and Implementation Support
SL-AVPD	Agriculture Value Chain Project
SME	Small and Medium Size Enterprise
SMLP	Smallholder Market-let Project
SPO	Senior Procurement Officer
TCEP	Tree Crops Extension Project
UN	United Nations
UNGC	United Nations Global Compact
VfM	Value for Money
WB	World Bank
WCA	West and Central Africa



FOREWORD

The International Fund for Agricultural Development (IFAD) is an international financial institution and specialized agency of the United Nations dedicated to eradicating poverty and hunger in rural areas of developing countries, focusing on strategic investments to improve food security, family nutrition and boost incomes of the communities.

IFAD empowers smallholders to steer their development through its loan and grant programmes, policy engagement, and pro-poor partnerships across the policy spectrum, working with local people, governments, donors, and the private sector. Since 1978, we have provided US\$24.5 billion in grants and low-interest loans. Currently, IFAD develops 198 projects in more than 92 countries around the world.

IFAD is focused on playing a crucial role in the inclusive and sustainable transformation of rural areas. Its framework sets the strategic objectives of elevating the productive capacity of poor rural people, increasing their benefits from market participation, and strengthening the environmental sustainability and climate resilience of their economic activities.

The procurement of goods and services for projects financed by IFAD is carried out by the recipients of the loans and grants. These procurement activities in each country where IFAD operates are overseen by the Project Procurement Team to ensure they are conducted in a sound and efficient manner, and that the funding is used as intended. We work closely with our borrowers/recipients and local authorities to provide technical assistance as required, achieve value for money, sustainability, transparency, and accountability while supporting capacity building to strengthen national procurement systems.

In 2023, IFAD's Project Procurement Team has worked to consolidate revolutionizing procurement practices as the End-to-end OPEN system, invested in building borrower capacity and consolidating key agreements, procedures, and practices with MDBs and important partners to achieve a greater impact regarding the unique challenges the world is facing in the years to come.





ACKNOWLEDGEMENTS

The IFAD 2023 Project Procurement Annual Report was prepared under the leadership of Priscilla Torres Rossel, Chief, Project Procurement at IFAD and by the following members of the Project Procurement team:

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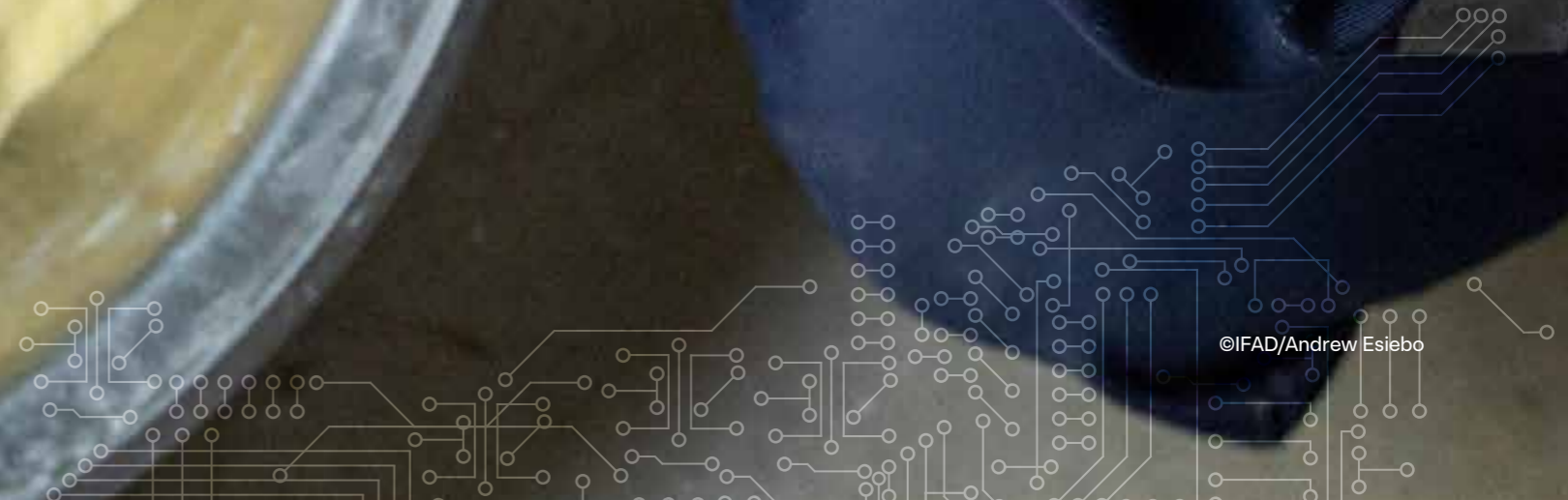
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I. EXECUTIVE SUMMARY





I. EXECUTIVE SUMMARY

This report, prepared by the IFAD Operational Policy and Results Division (OPR) Project Procurement Team, reviews the progress made in the project procurement function and provides the milestones and highlights from the work developed during 2023. It gives a strategic overview of IFAD's procurement statistics, the progress on the application of innovative e-procurement systems, the efforts in building the Borrower's procurement capacity, and the agreements with other financial institutions to address the challenges IFAD faces to help build a more resilient, fair and inclusive world.

In a remarkable accomplishment, during 2023 IFAD completed the roll-out of the End-to-End Procurement System (OPEN), our innovative system that integrates project procurement planning and monitoring systems in one IT solution, to all 165 IFAD-financed projects, revolutionizing procurement procedures by integrating intelligent tools that replace outdated manual methods, significantly enhancing efficiency and transparency.

As part of the strategy to fulfill IFAD's fiduciary responsibility and bolster the capabilities of IFAD operational staff and implementing partners, tools were revised for 2023. This included updates to templates such as Project Procurement Arrangements (PPA) and Procurement Risk Matrix (PRM), as well as the integration of SECAP into project design and implementation, among other enhancements.

In a collective effort to drive the global sustainable procurement transition, the Heads of Procurement (HoP) of the Multilateral Development Banks (MDB) – group IFAD joined in 2021-, released a Joint Statement on Sustainable Procurement Initiatives. The HoPs also expressed keen interest in the partnership IFAD is piloting to integrate the United Nations Global Compact (UNGC) principles into its project procurement framework, thus recognizing the important contribution IFAD has been making to achieve the Millennium Development Goals.

Also with the vision of uniting their capacities to eliminate hunger in the world and to make agriculture more sustainable, the European Investment Bank (EIB) and IFAD penned two cooperation agreements in low and middle-income countries worldwide, with a particular focus on Africa.

As project procurement plays a crucial role in the successful implementation of its global portfolio of projects, IFAD has continued working to strengthen capacity building in procurement for its Borrowers. Through 2023 we have extended BUILDPROC, our successful certification programme on project procurement, developed in partnership with the International Training Centre of the International Labour Organization (ITCILO), by developing the second phase, which aims to sustain and enhance the progress achieved to date, and to add focus on project managers, another crucial group. The initiative also incorporates the Community of Practice (CoP), a network of project procurement practitioners, and the development of a MOOC, targeting third-party actors engaged in project procurement activities.

During 2023, the five regions in which IFAD operates to eradicate hunger and poverty and achieve sustainable agriculture, faced various challenges primarily related to the weakness of local markets, deficiencies in local regulations, and the limited capacity of some countries to effectively manage procurement and contracts. The Procurement Team in each region addressed those challenges by utilizing diverse tools provided by IFAD for efficient and transparent procurement management, along with training resources and skill development programmes, as well as the expertise, creativity, and dedication of staff, borrowers, and consultants worldwide. In this Annual Report, we outline many of those challenges as we are convinced that this transparency will enhance our capabilities and drive us forward on our mission.



II. PROJECT PROCUREMENT REFORMS AND ACTIVITIES 2023





“By joining forces, we can eradicate hunger and poverty, and support millions of small-scale farmers to be more resilient to climate change. The partnership with the EIB will make a difference in the lives of millions of rural people and small-scale producers who are on the frontline of the global climate and economic crisis and remain essential to global food security by producing one-third of the world’s food,”

said **Alvaro Lario**,
President of IFAD.

“The EIB-IFAD strengthened partnership will allow both organizations to further increase the support to low- and middle-income countries outside Europe, with a specific focus on Africa. By sharing synergies and best practices, our organizations aim to improve food security and support small farmers around the globe in their efforts to adapt to the consequences of climate change and turn agriculture into a more resilient and sustainable business,”

said **Ambroise Fayolle**,
Vice President of the EIB.

A. COFINANCING AGREEMENT WITH EIB

As a fundamental step to strengthen their capacities to eradicate hunger and turn agriculture into a more sustainable business facing climate change, in May 2023, the European Investment Bank (EIB) and the International Fund for Agricultural Development (IFAD) penned two agreements to further strengthen their cooperation in low and middle-income countries worldwide, with a particular focus on Africa. EIB Vice-President Ambroise Fayolle and IFAD President Alvaro Lario signed the agreements in Rome.

As part of the first agreement, the EIB agrees to €350 million loan to IFAD to strengthen food security, reduce poverty, and strengthen resilience to climate change in rural areas. The second agreement establishes a Procedural Framework that will enable a streamlined procurement process for jointly financed projects.

The agreement signed for €350 million is the second finance contract under the Framework agreement for the €500 million package announced in November 2022. This EIB financing, in line with the EU's Global Gateway

strategy, will strengthen IFAD's response to help small-scale farmers adapt to climate change and cope with the ongoing global food crisis linked to high food, fertilizer, and fuel prices. In addition to improving food security, the deal will strengthen small-scale farmers' resilience to climate change and preserve natural resources, safeguarding the environment. The initial tranche of €150 million was disbursed in March 2023.

The signature of the Procedural Framework will further strengthen synergies by facilitating project implementation and procurement monitoring for jointly financed public sector projects in shared countries of operation. This agreement supports the growing trend of cooperation and mutual reliance, drawing upon previously established frameworks with other Multilateral Development Banks (MDBs) to provide clear, consistent, and resource-efficient procurement structures.

These agreements fall within the EIB's and IFAD's strategy to strengthen relations and increase cooperation with EU Member States, development finance institutions, civil society, and many other partners with common goals.



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B. PROCEDURAL FRAMEWORK SIGNED BY WORLD BANK AND IFAD

As a testament to the mutual trust established between the two institutions and the seeking to set up clear, consistent, and efficient procurement approaches, foster significant synergies between the cofinanciers, and substantially streamline project preparation and implementation for borrowing entities, IFAD and the World Bank (WB) signed a Procurement Framework Agreement, agreeing on mutual reliance on each other's project procurement frameworks and setting out efficient mechanisms for collaboration between the cofinanciers. The announcement was made in September by Enzo de Laurentiis, Chief Procurement Officer of the WB, and Priscilla Torres Rossel, Chief Project Procurement of IFAD.

The agreement applies to public sector projects jointly co-financed by IFAD and the WB and delegates procurement-related tasks to the party designated as the Lead CoFinancier. It ensures that both parties' fiduciary requirements are complied with in jointly co-funded projects with the lead financier carrying out day-to-day procurement supervision and approvals on behalf of both financiers.

It is also a continuation of the close cooperation on a technical level between the two institutions that began with a full review of IFAD's all-new standard bidding documents and procurement policies by the WB during IFAD's application for membership to the MDB's Heads of Procurement working group in 2020.

The adherence to shared procurement practices also signals the commitment of IFAD and the WB to enhance their cooperative efforts and deliver impactful development projects in the shared countries of operation.



Sierra Leone - Rural Finance and Community Improvement Programme (RFCIP)
©IFAD/ David Paqui

C. BUILDPROC PHASE 2

BUILDPROC is the most important capacity building programme in project procurement for agricultural and rural development, with an innovative approach based on IFI environmental and social safeguards and procurement best practices that are not focused on a specific donor framework. It lies at the core of IFAD's efforts to build procurement management capacity for its borrowers. This certification programme is the result of a partnership between IFAD and the International Training Centre of the International Labour Organization (ITCILO).

With BUILDPROC, we aim to offer a relevant certification to procurement officers working for agricultural and rural development, uplift procurement skills to internationally accepted standards, strengthen national capacity in procurement to achieve better outcomes and results and improve project efficiency and effectiveness through a transparent and optimized project procurement function.

Launched in 2021, BUILDPROC is built around a three-tier certification programme that leads to a graduation diploma. The evaluation of the three certification programmes has been excellent (95%). The completion rate was also high (92%), and the performance of participants has been very good (86%).

Continuing with the project deployment, in February 2023 the BUILDPROC Community of Practice (CoP), aimed at those who have completed the certification, was activated and published. The CoP represents a unique opportunity to facilitate peer-to-peer learning, share career development opportunities, ask questions or discuss topics of common interest in a forum, access documents and tools, and provide feedback through monitoring and evaluation of the BUILDPROC project, among others.

Likewise, to address the needs of operators who are not part of the direct target groups (project procurement officers) but can play a monitoring role in procurement and project activities, in March 2023 a Massive Open Online Course (MOOC) was developed and launched online in English and French, and subsequently in Spanish and Arabic.

Regarding sustainability, 2023 has been a key year in terms of the organization and deployment of the M3 in a hybrid format, enabling the CoP to reach its targets and establish a BUILDPROC knowledge management space, thereby ensuring long-term sustainability.

In February 2023, the concept note for the grant proposal for BUILDPROC Phase 2 was approved by the Operational Strategy and Policy Guidance Committee, after the full design package for BUILD PROC Phase II was successfully submitted in August. This ambitious Phase, which will expand the outreach of the programme to provide valuable training and certification to professionals involved in project procurement around the world, features two new modules, Module 4, which focuses on sustainable procurement, innovation, and e-procurement, and Module 5, specifically targeted toward project directors (approximately 75 will be trained).

The second phase will train all IFAD's projects (IFAD12 and IFAD13) until 2025 and will provide an internationally recognized certification in public procurement. Another key motivation for this phase is to ensure the sustainability of IFAD's large investment into procurement capacity building beyond the duration of grant-financed training. It is planned to introduce a fee structure after phase 2 to maintain the active operation of the KMS and the diploma and certification programmes.

As a testament to the BUILDPROC project's growing influence and impact, and a recognition of the importance of creating a project procurement management certification programme customized to IFIs realities, in 2022 the Asian Development Bank adopted the BUILDPROC and started adapting it to its own context to train and certify the project staff of its borrowers and recipients.



D. THE NEW PROJECT PROCUREMENT MANUAL FOR IFAD STAFF AND CONSULTANTS

In line with IFAD's vision of innovating to be more efficient and obtain better results, the New Project Procurement Manual for staff and consultants was released in February. It includes several innovations recommended by the Business Process Reengineering (BPR). It applies to all project designs, supervision missions and project procurement operations.

Some of the main innovations of the new Manual include the use of a new Procurement Risk Matrix (PRM) based on the OECD's and MDBs' MAPS framework (www.maps-initiative.org); the introduction of the Project Procurement Strategy for all major contracts during the project lifecycle and the full alignment with the IFAD OPEN system.

After the introduction of the New Manual, the OPR project Procurement Team supported the design team for the Rwanda Dairy Development Project - Phase 2 (RDDP 2), to ensure that the new practices and arrangements are included, providing an example for upcoming designs.



Jordan - Small Ruminants Investment and Graduating Households in Transition Project (SIGHT)

©IFAD/Roger Anis

E. THE PROCUREMENT REVIEW COMMITTEE

To strengthen its fiduciary obligation towards its member states and cofinanciers to use their public funding for its intended purpose and to adopt the best practices of the MDBs, IFAD has established a Procurement Review Committee (PRC) that has the mandate to review high-value contract awards (e.g. above five million for Works, specified in the Procurement Manual) and thereby provide assurances to the Country Directors (CD), avoiding undue pressure on the CD's review. It will begin operation in 2024.

The PRC will also review any procurement case that is referred/escalated to the Committee by the CD/SPO regardless of its monetary value and any procurement case referred to the Committee by the Office of Audit and Oversight. Moreover, the authority to issue amendments to the Project Procurement Manual, Handbook and related operational policies has now been defined, providing with a more efficient framework for a fast adaptation of the IFAD Project Procurement policies.



Vietnam – Project for Adaption to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces (AMD)
© IFAD/ Nguyen Hoang Sanh

F. UN GLOBAL COMPACT PARTNERSHIP

As part of IFAD's strategy to use procurement to expand the impacts of its projects, during 2023 the Project Procurement Team has been holding bilateral discussions on the technical level with the UN Global Compact (UNGC), a multi-stakeholder leadership initiative that seeks to align business operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. With more than 16,000 corporate signatories in over 145 countries, the UNGC is the world's largest voluntary corporate responsibility initiative.

On September 2023, the President of IFAD Alvaro Lario attended the Private Sector Forum (PSF) of the UNGC in New York, which gathers global leaders during the week of the UN General Assembly to discuss sustainable development, climate change, and human rights with the private sector. The President addressed the major steps that IFAD and UNGC have made together to establish an unprecedented partnership.

In practice, bidders have to demonstrate that they are participants or recent applicants to the UNGC when competing for IFAD-financed contracts. As participants, the firms commit themselves to work towards the SDGs in their own operations and to report on their progress on an annual basis. Membership in the UNGC comes with access to a large network of fellow companies, the associated knowledge exchange and networking plus a strong framework to meet the environmental and social requirements of the International Financial Institutions.

This cooperation, the first between an International Financial Institution (IFI) and the UNGC, was kicked off on the operational level in December at Dar es Salaam, United Republic of Tanzania. Marsha Macatta-Yambi, Executive Director of UNGC Tanzania, and Priscilla Torres, Chief Project Procurement of IFAD, jointly presented the upcoming pilot project that will grant a small preference in the evaluation of public procurement bids to firms participating in the UNGC.

The outcomes of this initiative are expected to be seen from 2024 onwards during the project implementation and will be shared with the Multilateral Development Banks and International Financial Institutions.

With this initiative, IFAD has taken the lead among the IFIs in operationalising the cooperation with UNGC.



Jordan – Rural Economic Growth and Employment Project (REGEP)
©IFAD/Roger Anis



G. JOINT STATEMENT ON SUSTAINABLE PROCUREMENT INITIATIVES BY THE HEADS OF PROCUREMENT AT MDBs

Since 2021, IFAD has been a member of the Heads of Procurement Group (HoP) of the Multilateral Development Banks (MDB). This forum constitutes a fundamental platform for harmonizing procurement policies and procedures to facilitate cooperation between MDBs, IFIs, and key partners.

In 2022, during their annual meeting hosted at IFAD Headquarters, the HoP established a Working Group on Sustainable Public Procurement (SPP), to foster sustainability in national public procurement systems and project operations. The SPP is a strategic framework to integrate economic, social, environmental, and institutional governance objectives throughout the procurement cycle, driving transformation in climate action, environmental performance, diversity, gender equality, inclusivity, and innovation.

This year, during the annual conference hosted by the Asian Development Bank in September in Manila, Philippines, the Multilateral Development Banks' Heads of Procurement signed a Joint Statement declaring their shared commitment to integrating sustainable procurement into their development operations and to working with partner countries to implement national-level reforms to mainstream sustainability into domestic procurement activity.

The Statement was endorsed by ADB, AfDB, AIIB, BSTDB, CDB, CEB, EBRD, EIB, IDB, IFAD, IsDB and the World Bank.

This constitutes a significant move as global public procurement accounts for over US\$13 trillion annually, around 15% of global GDP.

The HoPs have identified key priorities for the Working Group:

- **Awareness Building, Outreach & Partnership**
 - Coordinate sustainable procurement approaches with various stakeholders.
 - Share knowledge and support integration in country frameworks and project procurement.
- **Common Approach**
 - Integrate sustainability into procurement policies and practices.
 - Encourage sustainability in bidding documents and contracts.
- **Training/Resource & Tools Development**
 - Enhance capacity building and incorporate tools into procurement operations.
- **Monitoring and Communicating Impact**
 - Develop common approaches for monitoring progress and impact.
 - Enhance public communication about efforts to mainstream sustainable procurement.

From IFAD's perspective, this collaborative effort underlines its commitment to global Sustainable Development Goals (SDGs) and its dedication to promoting inclusive, resource-efficient, and environmentally friendly practices.

During the annual meeting, the HoPs of the MDBs also expressed keen interest in the partnership IFAD is piloting to integrate the UNGC principles into its project procurement framework.

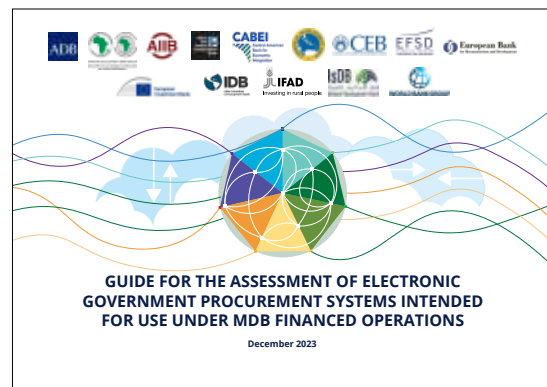


H. ASSESSMENT TOOL FOR ELECTRONIC GOVERNMENT PROCUREMENT

To foster the core principles of procurement, drive innovation through the use of technology and information solutions, promote good governance of procurement, reduce fraud and corruption, and strengthen public financial management and accountability, during the 2022 meeting, the HoP group also agreed to establish a second working group for the development of an Assessment Tool for Electronic Government Procurement (E-GP).

Throughout 2023, this group generated a Guide for the Assessment of Electronic Government Procurement Systems for use under MDB-financed operations. The Guide has been prepared to provide a structured and uniform approach to the review of e-GP systems that are intended to procure goods, works, or services contracts under MDB-financed operations. The primary focus of such assessments is to ascertain the minimum MDB requirements for an e-GP system.

The introduction of an e-GP system will contribute to the establishment and maintenance of a sound financial management cycle, including planning, budget execution, payments, audit, asset registration, etc. It will also elevate the procurement function to a strategic level and add to the increasing efforts of the countries to digitalise government services.





III. OPEN



OPEN



A. REVOLUTIONIZING PROCUREMENT: MISSION ACCOMPLISHED

IFAD has a fiduciary obligation to oversee the borrower/recipient's procurement activities in each country where we operate to ensure that funds are used as intended, in a sound and efficient manner, to achieve a successful implementation of projects. Through the Online Procurement End-to-End System (OPEN), an innovative project procurement reporting system, IFAD provides a single interface system that supports borrowers with procurement planning and obtaining IFAD's No Objections in a streamlined and efficient manner, and allows IFAD to deliver more quick, precise, and powerful reports on development projects to donors and co-financers.

In 2023, IFAD remarkably accomplished deploying OPEN across all regions to over 160 projects, which represents a significant milestone for the organization and heralds a transformative era in IFAD's approach to project procurement.

The widespread adoption of OPEN – developed completely in-house by ICT in close collaboration with OPR and PMD teams- has revolutionized procurement procedures by integrating intelligent tools that replace outdated manual processes, significantly enhancing efficiency. Its user-friendly interface simplifies workflows and promotes collaboration among stakeholders. Beyond its efficiency enhancements, OPEN stands as a beacon for transparency, offering superior oversight and driving improved outcomes. Its endorsement by the World Bank signifies a significant collaborative achievement, fueling impactful global development initiatives and paving the way for continual enhancements set to continue in its subsequent phases.

With OPEN, we stand united in our commitment to harness the power of procurement for the greater good.



Peru – Rural Poor Stimulus Facility (RPSF) AGRIdigitalización
©IFAD/Giancarlo Shibayama/Factstory

B. ROLL-OUT IN THE FIVE REGIONS

During 2023, OPEN gradually unveiled its potential across the five regions.

The journey commenced in Lima, Peru, in February 2023, with the launch for the Latin America and the Caribbean (LAC) region.

In March, during a ten-day event in Dakar, Senegal, over 150 participants from 30 countries and 60 projects attended the launch of OPEN for the West and Central Africa region (WCA) and the non-Anglophone projects in the East and Southern Africa region (ESA). Positive feedback at the event emphasized the system's user-friendliness and its potential to enhance collaboration between IFAD and projects on procurement matters.

The Asia and the Pacific Division (APR) region experienced a gradual roll-out of OPEN throughout the year, with back-to-back strategy meetings that brought the procurement team to each country because of the long absence of personnel during the COVID-19 pandemic. The first event took place in Nepal, with the participation of the Bhutan portfolio as well, followed by projects from Sri Lanka, Maldives, India, and Pakistan. OPEN's debut in Beijing in April 2023 marked a crucial step in its global journey. The workshop, the first in-person capacity building exercise in China since the pandemic, drew project staff from four provinces to participate in three ongoing projects.

Also in April, all IFAD-financed operations saw the OPEN system go live during an event in Nairobi, Kenya, for countries of the ESA region. Sara Mbago-Bhunu, Regional Director of ESA, underscored OPEN's importance in ensuring successful project implementation by safeguarding against inefficiencies and poor procurement planning.

In May, OPEN was unveiled in the Near East, North Africa, and Europe (NEN) region. The city of Marrakech set the stage for an unforgettable three-day workshop where professionals from 11 projects across six countries converged to explore the remarkable potential of OPEN. A second workshop was held in July, at IFAD Headquarters in Rome, for NEN's non-Arabic and French-speaking projects.

Meanwhile, a procurement training workshop in August officially launched OPEN in the Mekong sub-region in Siem Reap, Cambodia, involving representatives from IFAD-funded projects in Cambodia, Laos, and Vietnam.

Dr. Engr Abiodun Sanni, National Coordinator of the LIFE-ND project in Nigeria, emphasized, "OPEN brings to bear efficiency and effectiveness in project implementation, considering the fact that procurement is a major project driver".

Nathaniel Iyalla, the procurement specialist for the same project, highlighted, "Preparing a procurement plan for the project is one of my key responsibilities. I can state with confidence that doing so in OPEN is now simpler and more precise", speaking to the practical advantages OPEN introduces.

Carla Sousa, a seasoned procurement specialist involved in multiple projects in Angola, encapsulated this impact by expressing, "From a 'business' perspective, this feels like a direct investment into 'IFAD's clients'". Sousa's analogy with business terminology illustrates the positive outcomes resulting from investing in OPEN, reinforcing the collective benefits that extend to all stakeholders.

Future plans include additional training sessions for IFAD staff, consultants and IFAD-financed projects. In Phase II of the development, we aim to achieve end-to-end visibility from planning to contract deliverables, by integrating the Contract Monitoring Tool and by developing a Project Procurement Complaints module, where projects can record received complaints enhancing IFAD's oversight in this area.

This transformative journey, from its in-house development to widespread implementation across regions, underscores OPEN's pivotal role in reshaping IFAD's procurement landscape. As we forge ahead, embracing collaboration, transparency, and enhanced efficiencies, OPEN stands as a beacon of progress and a cornerstone in IFAD's continued pursuit of impactful development initiatives worldwide.



“Great workshop! It really met my expectations. The system is user-friendly, and we had the chance to learn from our colleagues from other projects.”

—**Fadi Ibrahim**,
procurement officer from RELAP project,
Palestine.

“Formation très intéressante! L'équipe était au top. A l'écoute de tous les participants pour répondre aux questions et pour prendre en compte les remarques”.

—**PGIRE Project**,
Djibouti.

OPEN in a nutshell:



Single interface system from planning to acceptance of contract deliverables



Procurement planning integrated with the No Objection Workflows (Roadmaps)



End-to-End processing will streamline workflows and automate processes



Reporting and monitoring tools will support portfolio management by using data and evidence to make decisions.



IV. IFAD IN THE WORLD: THE FIVE REGIONS





A. ASIA AND THE PACIFIC

Asia and the Pacific (APR) is a region of contrasts regarding the development of rural agriculture. While some economies have seen dramatic growth, others still face major challenges. APR remains home to two-thirds of the world's poorest people. As income inequality widens, poverty is becoming a more rural and acute phenomenon. Vulnerability to climate change, natural disasters and a gradual degradation of the productive resource base are growing problems.

With our projects facing these challenges, the team placed special emphasis on Supervision Missions and Technical Support to achieve stronger implementation and greater development impact. The execution of a new template to align the review of procurement indicators, the participation of a procurement consultant in each SIS mission, and the discussion of results to address gaps and risks, were essential to systematize and refine the supervision of procurement tasks. Projects were supported by procurement consultants, online workshops were delivered to strengthen capacities, part of the staff was trained in BUILDPROC, and a specific pool of experts was assigned to support high-value/high-risk project procurement, associated with SECAP and sustainability requirements.

Regarding Project Procurement Arrangement Letters (PPA), a realignment of risks was made based on MAPS methodology. A risk assessment was conducted for each project in the region and thresholds were set accordingly. Full transition to the new PPA has been ensured for active projects, following the new IFAD Procurement Policy.

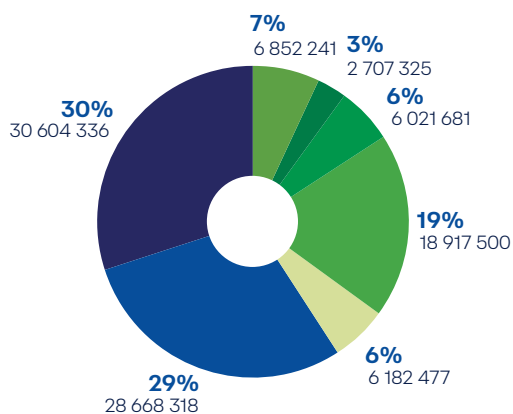
As of December 2023, the total value of active contracts is 828,610,505.09 US\$. In addition, concerning only the contracts under implementation, as of December 2023, there are 1796 with a total amount of 182,433,062.83 US\$.

During 2023, the APR region signed 4172 contracts worth 99,953,877 US\$.

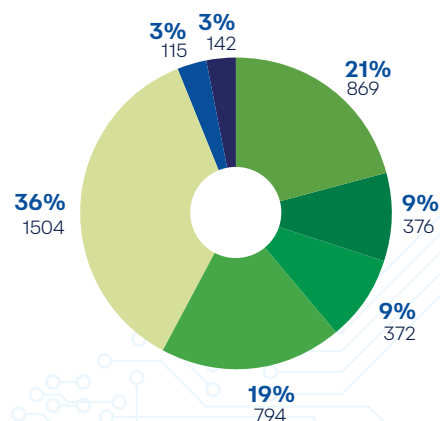


PIRAS – Savo Island, Pokilo village
©Barbara Gravelli

Graphs 1 and 2 – Asia and the Pacific Region (APR) Contract and contract amounts signed in 2023 by category.



Contract Amounts Signed in 2023 by Category



Number of Contracts Signed in 2023 by Category

● GOODS ● GRANTS ● IMPLEMENTING PARTNERS ● SERVICE CONSULTANCIE ● SERVICE NON-CONSULTANCIES ● INVESTMENT AGREEMENTS ● WORKS



Achievements

During 2023, the APR region was able to close a new Country Strategic Opportunity Programme (COSOP) with the Philippines, ensuring a positive impact on poverty. A Country Strategic Note (CSN) was signed with Sri Lanka, and eleven Design missions were delivered representing a great challenge for the year ahead. To enhance social, environmental, and climate resilience through its projects and programmes, the SECAP procedure was included and supported in all design processes in 2023.

Indeed, one of the main achievements was characterized by the rollout and operationalization of the End-to-End Online Procurement System (OPEN) in 100% of APR projects, 40 in total. Because of the long absence in countries due to

the Covid-19 pandemic, the APR procurement team, under the leadership of the SPO, adopted a back-to-back workshop strategy, holding in-person workshops in each country, alternated subsequently to online refresher sessions, with the participation of more than 300 PMU staff across the portfolio.

In 2023, a total of 51 Project staff underwent training as part of the BUILDPROC Programme. Among them, 36 completed all modules (M1, M2, M3), with 11 already attaining the Diploma from the first batch, while a second batch remains in progress. Despite encountering language barriers, which present notable challenges in the APR region, staff from all APR projects actively engaged in the BUILDPROC programme.



Vietnam - Project for Adaption to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces (AMD)

© IFAD/ Nguyen Hoang Sanh

Challenges and solutions

In projects entailing substantial disbursement or problematic projects, our approach encompassed employing evidence-based management via procurement systems and data analysis tools (CMT, NOTUS, OPEN), facilitating continuous monitoring of data to inform decision-making processes, and conducting monthly analyses for dissemination to Country Directors (CDs) and country teams. Also, monthly follow-ups with Project Management Units (PMUs) to ensure that system updates align coherently with contract implementation.

Despite taking these measures, an analysis of the main recommendations from mission reports revealed persistent issues in the most remote regions where significant capacity weaknesses exist. These challenges, such as continuous staff turnover, inadequate technical capacity among procurement officers, and contract implementation delays due to remote locations, cannot be resolved during supervision missions. Additionally, resource constraints prevent the procurement team from consistently providing technical support.

Regarding ineligible expenditures, quarterly meetings were held to enhance financial and procurement capabilities with PMUs, alongside country-specific online workshops involving implementing partners. A tailored action plan for each project to address its ineligibility was developed, and all contracts above the thresholds received IFAD prior review in line with the new PPA provisions. Monitoring of project audit observations to address any identified issues promptly was made, as well as addressing any allegations of prohibitive practices to maintain integrity and transparency within procurement processes.

Tailored clinics were arranged for projects dealing with IFAD systems and intricate procurement matters, and the utilization of IFAD Standard Bidding Documents and the updated IFAD Procurement Handbook was encouraged to support projects facing high risks or operating within weak national systems.

Future outlook

One of the primary objectives will be to enhance quality and mitigate risks as we progress, utilizing data from OPEN. This will involve providing guidance, coaching, and actively monitoring its integration into the procurement activities of the projects.

One of the most challenging projects is the Hunan Green Development Project (HGDP) in China, a transformative enterprise-led model, with two interconnected points of support. Firstly, it aims to assist smallholders in improving the quality of raw material production, productivity, and incomes sustainably, to ensure high-quality products are available on the market while increasing resilience to climate risks. Secondly, it focuses on supporting enterprises by providing basic infrastructure facilities, improving quality standards, and increasing access to capital to promote value chains, enhance low-carbon processing and marketing capacity, and meet growing demands for premium products.

The County Government will direct its support towards developing selected value chains. This will involve investing in making plantations more inclusive and climate-smart and establishing agro-enterprise parks to reduce emissions. Funding will come from the Community Development Investment Company (CDIC), with additional financing from the private sector. Strengthening these value chains will create leadership opportunities for women, and additionally, youth in rural areas will be drawn to these value chains due to their high value and employment prospects.

This project's operational strategy will involve submitting business proposals after the design phase. IFAD will finance portions of these proposals, and procurement will be decentralized. A unique aspect and challenge of this project is its funding through subsidies and equity investments, involving stakeholders such as smallholders, cooperatives, and SMEs (whether private or state-owned) in both the production and processing aspects of the value chain. This approach aims to maximize engagement and benefits for smallholders. Additionally, strict socio-environmental safeguards will be enforced.





B. EAST AND SOUTHERN AFRICA

The East and Southern Africa (ESA) region displays remarkably diverse levels of economic growth as home to some of the world's fastest-growing economies and to some of the poorest. Over 65% of its population depends on farming, and in recent years, there has been a decline in agricultural production triggered by drought and climate change. Nevertheless, some economies are evolving and providing opportunities, especially for private investment and the middle class. Sustainable rural transformation is developing at different levels of progress.

At IFAD, when shaping projects we are choosing a variety of strategies tailored to each set of local circumstances, identifying core problems and providing blended solutions, including better agricultural technologies, finance, empowerment of women and young people, natural resource management, and adaptation to climate change.

In terms of procurement, we assisted the ESA projects to achieve their goals by raising their performance in an accountable and transparent manner. In 2023, we did so by enhancing our capacity building programme, through which we trained all personnel involved in procurement, both on projects and on IFAD's side.

As of December 2023, there are 6595 active contracts in the region, with a total value of 871,214,071.26 US\$, and a competitive selection percentage on the procurement contracts of 92,3%.

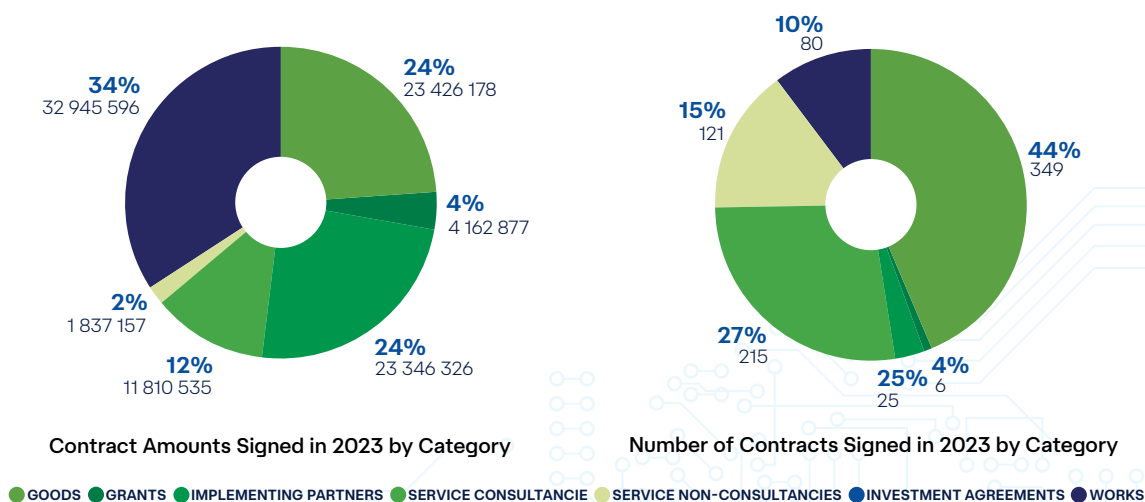
During 2023, the ESA region signed 796 contracts worth 97,528,668 US\$.



Malawi - Transforming Agriculture Through Diversification and Entrepreneurship Programme (TRADE)

©IFAD/Kondwani Jere

Graphs 3 and 4 – East and Southern Africa (ESA)
Contracts and contract amounts signed in 2023 by category.



Achievements

Regarding the BUILDPROC programme, we supported the procurement specialists of the ESA projects through it for them to raise their performance, and we plan to continue the support by enrolling additional 41 members from Project staff for the 2024 edition.

On 27 April 2023, we officially launched and trained 27 projects in the End-to-End Procurement System (OPEN). By January 2024, we achieved our target to have all 35 ESA projects enrolled in the system, continuing our support and day-to-day assistance as new functionalities are released.

To be able to customise our support to the different projects across the region, in 2023 the SPO traveled to most of the ESA countries to be on the ground, hear about the different needs and challenges and be able to assist as required from the different contexts.

The team was able to establish a community with procurement consultants supporting the ESA region continuously, where – under the guidance of the SPO – 12 specialists share their

experiences, challenges faced, and solutions adopted, and harmonize their approach to the oversight function to make sure the support provided by the ESA Procurement Team is consistent and relevant to each project. Also, we worked on the CMT to ensure data from all the ESA projects is available and accurate, to be able to monitor their performance and follow up on weak areas. To this end, we provided regular training to 40 projects (including closing ones) to make sure the information in the system was complete and up to date.

One of the significant challenges encountered by the region this year is the Smallholder Market-led Project (SMLP) in Eswatini. The SMLP, a six-year endeavour leveraging confirmed market access to bolster smallholder production for household nutrition and surplus produce sales, encountered substantial procurement issues. Consequently, a specialised three-day training programme was arranged to enhance the Procurement Unit's capabilities in procurement planning and the management of tenders and contracts, thus achieving improved outcomes.



Challenges and solutions

The ESA procurement team has recognised recurring issues and hurdles spanning various portfolios throughout the region. In response, tailored assistance and resolutions have been devised and delivered, either through capacity building initiatives or via individualised consultations targeting specific challenges. This support encompasses several key strategies as design missions, where collaborative brainstorming sessions were conducted, alongside procurement consultants to pinpoint primary challenges encountered during the design phase and establish a standardized approach.

A standard procurement template for Completion Missions was developed, in response to the absence of a suitable template for consultant use. And addressing issues arising from mission overlap and consultants' participation, a regional mission plan has been formulated. This plan enables us to promptly identify consultants possessing the requisite expertise for each distinct mission, ensuring efficient and effective project execution.

Future outlook

The strategy for 2024 entails sustaining capacity building efforts and delivering bespoke support initiatives. This will include conducting training sessions on the latest functionalities of the OPEN System upon their release. Additionally, monthly meetings will be convened with procurement consultants to uphold a uniform approach and address any challenges encountered during missions.

Furthermore, regular "Procurement Talks" will be held, facilitating discussions between Country Directors (CDs) and country teams to tackle procurement issues comprehensively. These meetings will offer an opportunity to delve into specific procurement-related topics and provide necessary assistance where required.



Agricultural Livelihoods Window (KCEP-CRAL)
©IFAD/Isaiah Muthui





C. LATIN AMERICA AND THE CARIBBEAN

In Latin America and the Caribbean (LAC) region, significant economic progress has been achieved, yet profound inequalities persist. The most vulnerable groups include women, indigenous peoples, and individuals of African descent. Approximately 15 million people rely on agriculture, cultivating a diverse range of crops, while others inhabit vast forested areas. However, traditional agricultural practices are adapting in response to economic shifts and impacts of climate change.

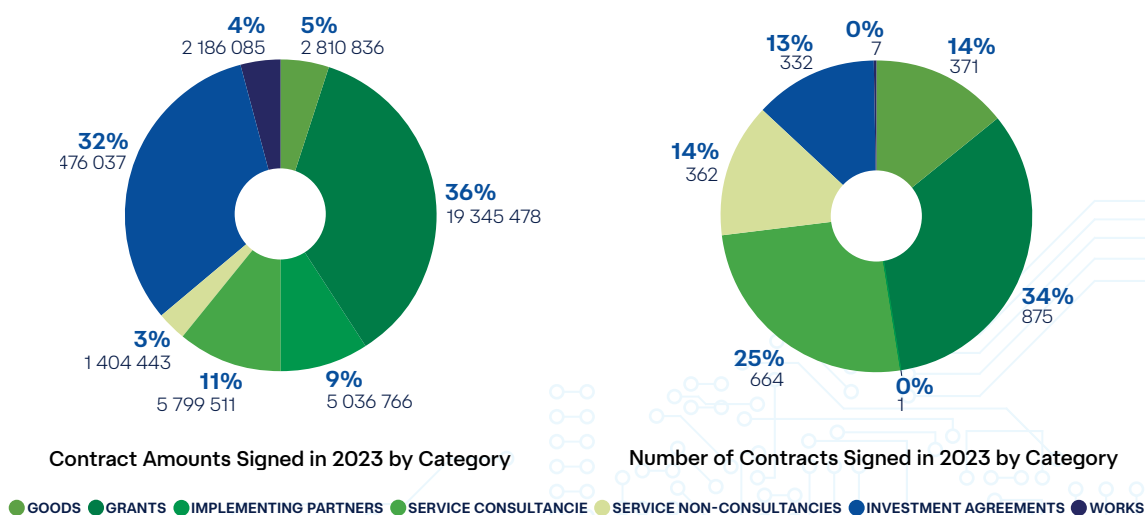
This context makes procurement challenges in the LAC region very diverse, with countries with a great number of suppliers versus countries with limited supplier markets, and stable economies versus inflation-stricken economies. Consequently, the LAC procurement works following a flexible approach and providing constant support to improve procurement and contract management. In 2023, the LAC Procurement Team has focused on helping the projects implement their plans following procurement principles and on building local capacity. Proactivity and a close follow-up of projects have been key to the success of the region. LAC is promoting the use of national procurement systems when possible (58% of projects are using national systems fully or partially).

The total value of active contracts in LAC is 113,400,000 US\$ and the total number of contracts signed in 2023 is 2612, with a total value of 54,059,155 US\$. Out of these 1293 (92%) were competitively selected. The majority of contracts are consultancy, followed by goods, non-consulting services, and finally, works.



Colombia - Puentes/Rural for Young People
©IFAD/Luis Bernardo Cano

Graphs 5 and 6 - Latin America and the Caribbean (LAC)
Contracts and contract amounts signed in 2023 by category.



Achievements

LAC was the first region to launch officially OPEN in February 2023, in Lima. The training was a success with 51 participants from 23 projects and 16 countries. This launch has been completed with various additional trainings provided to individual projects and a refresher training organised in December 2023 for all projects. The LAC procurement team has been a driving force in how grants are managed in the system to reflect the diversity of this investment. 100% of LAC projects are now in OPEN, in line with the PMD target.

Concerning capacity building, 18 project procurement officers completed the three modules of BUILDPROC, 23 completed modules 1 and 2 of the second edition, and 31 completed the 1 and 2 modules of the third edition. In addition, multiple training sessions were provided by the Procurement team, one-to-one sessions on OPEN, CMT, and NOTUS, on the IFAD framework, and startup workshops. During 2023, six projects were designed following the new guidelines in Bolivia, Brazil, Honduras, and Peru.

In terms of procurement, there were noteworthy achievements. The Pro-semiarid project in Bahia, Brazil, trained and provided technical support to the Community Associations, where young community members assisted in administrative, financial, and fiscal tasks, enhancing procurement and accountability processes. The impact included improved bid success rates, compliance with national standards in bidding documents, updated financial data, timely investment tracking, and maintenance of fiscal regularity. Hiring community youth as Rural Community Agents (RCA) facilitated communication, fostered ownership of knowledge, and sparked interest among peers. Their work garnered attention from entities providing technical support and local companies hiring skilled labour from the project.

In the Procamelidos project in Bolivia and the Avanzar Rural project in Peru, the successful execution of Business and Community Plans has led to strengthened capacities among Small Producers' Organizations (OPP) and communities. These include skills in administrative and business management, as well as the establishment of Procurement Committees within the OPP, ensuring transparency and fair competition. Additionally, support networks involving municipalities and regional governments helped define requirements, while identifying local talents for technical services further enhanced project outcomes. Commercial agreements with suppliers contributed to project sustainability.

In the Nicavida project, in Nicaragua, Business Plans representatives appointed the Ministry to manage their administrative, procurement, and financial resources. Procurement needs were consolidated at the territorial level, allowing for a single call to optimize economies of scale. Achievements included improved traceability in procurement management, cost savings through grouping similar goods, and utilization of the government procurement portal. The model addressed design flaws, centralized goods placement, and streamlined administrative processes, catering specifically to non-formal groups lacking financial management capacity.



Bolivia - Integral Strengthening Programme for the Camelid Value Chain in the Bolivian High Plateau (Pro-Camélidos)

©IFAD/Carlos Sanchez

Challenges and solutions

In procurement capacity, we encountered high turnover rates and faced challenges in recruiting procurement personnel. Addressing differences between national and IFAD frameworks has proven challenging in certain countries, but these obstacles were mitigated through diligent follow-up and training provided by assigned procurement consultants. It is worth noting the critical role of consultants' proactivity in anticipating and preventing issues. As certain projects do not record all grants in the CMT, often due to insufficient human resources, the LAC team has been emphasizing the significance of doing it to ensure a comprehensive overview of procurement activities. Integrating it into OPEN would facilitate this process.

The Caribbean region has been a challenge in terms of suppliers. When the goods or qualifications were not available locally, the project's procurement officer widened the market to the region, and the size of activities or qualification criteria was adjusted to facilitate SME access and promote local sourcing.

To retain staff in challenging economic environments, offering competitive remuneration and fostering new talent through capacity development initiatives are crucial. Engaging local NGOs or using force accounts contracts have aided in dispersed works activities. Regarding contract execution, effective Contract Management Plans (CPM) with heightened supervision have ensured successful contract execution, particularly with force accounts contracts.

The constraints on implementation due to security issues were managed by involving the government (implementing partner), particularly for field visits. In cases where team movement is restricted for security reasons, a simplified procurement procedure is employed, with bid submissions conducted via email.

Price variability demanded updates to business plans, the identification of reliable supply sources offering better VfM, and assurance in the delivery of goods, works, and services, particularly in remote locations. PMUs need to assist communities in expediting the approval of business plans to limit inflation impact, and in developing strategies to ensure advantageous procurement and contracting.

Future outlook

To enhance transparency and VfM in grants-related procurement, we will continue training the beneficiaries, improve the quality of grants manuals, foster the creation of Procurement Committees, public opening and peer control. Alternatively, when applicable, designate a Ministry or PMU as a Delegate to manage the administrative, procurement, and financial resources of beneficiaries.

Packaging procurement needs allow to take advantage of economies of scale. To achieve this, it is important to convince the stakeholders that standardization of specifications and joint calling between plans in a territory has benefits for meeting transportation and logistics costs and making claims.

As per the Brazil case, the hiring of the Rural Community Agents should be prioritized in the initial stage of Project implementation. To avoid the discontinuity of this work with the departure of young people for other initiatives, the Project will motivate and monitor the training of new young people as part of its sustainability strategy.

Capacity building efforts will target Procurement, OPEN, and the CMT, focusing on aligning beneficiary practices with best procurement principles and ensuring the PMU's Procurement team is fully trained and staffed. Strengthening the LAC Procurement team will involve promoting knowledge sharing and fostering collaboration among consultants. Amidst a year marked by numerous designs, efforts will be directed toward delivering high-quality procurement outcomes. For design and supervision missions, specific procurement timelines will be communicated to country teams to underscore the complexity and significance of our activities.



©IFAD/Factstory





D. NEAR EAST, NORTH AFRICA AND EUROPE

The Near East, North Africa and Europe (NEN) is a diverse region facing several challenges including conflict, fragility, migration, climate change, natural disasters, and water scarcity. These issues are compounded by rising inflation and high unemployment rates. Poverty is on the rise, disrupting rural development, food systems, raising food and nutrition insecurity, and affecting especially rural communities and smallholders.

Despite the complexity of these challenges, NEN successfully executed 35 missions in 19 countries in 2023. Regarding procurement performance, during the last three years, NEN has maintained a rating equal to or above moderately satisfactory (4) during the project performance. Most projects align with IFAD procurement guidelines, ensuring transparency throughout their processes.

Recognizing the diverse nature of the region, NEN adopts a tailored approach to address the unique challenges presented by each country. Regarding the PMU capacity limitations in several projects, NEN has actively encouraged the use of IFAD CMT and OPEN, as well as streamlining procurement processes to enhance efficiency. A significant accomplishment for the region is the complete implementation of OPEN in all the projects, in alignment with the OPR objective.

A total of 26 projects have been executed by the PMUs, under the guidance and through online/in-person training provided by OPR and NEN SPO.

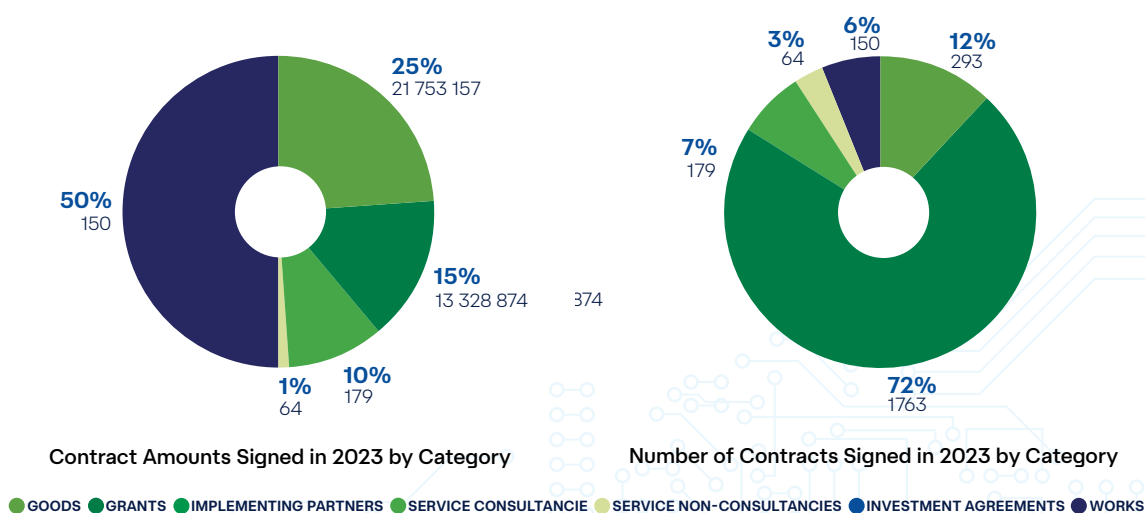
As of December 2023, the region counts 732 active contracts with a total value of 126,195,814 US\$. During 2023, 2449 contracts were signed worth 90,315,813 US\$. Regarding the competitive selection percentage for procurement contracts, there are 622 Competitive Contracts (85%) against 110 Non-Competitive (15%). Out of the 110, only 14 (2%) are post review.



Jordan – Rural Economic Growth and Employment Project (REGEP)

©IFAD/Roger Anis

**Graphs 7 and 8 – Near East, North Africa and Europe (NEN)
Contracts and contract amounts signed in 2023 by category.**



Achievements

Among the most important achievements of 2023, the NEN region completed four projects. The Infrastructure and Rural Finance Support Programme (IRFSP) in Armenia, started in 2015. Despite challenges posed by COVID-19, the project maintained transparency in its processes. Notable strengths included no procurement complaints, timely submission of plans, and a dedicated and certified senior procurement specialist within the PMU. The Dairy Value Chains Development Project (DVCDP) in Uzbekistan was completed with no complaints from bidders as to the fairness of bidding documents or contract awards. 80% of the total contracts were awarded through competitive and restricted bidding, and only 4% under direct contracting. In Tunisia, the Agropastoral Value Chains Project in the Governorate of Médenine (PRODEFIL) witnessed remarkable improvements; all contracts achieved a satisfactory (5) rating at completion. Likewise, the Rural Clustering and Transformation Project (RCTP), in Montenegro attained a satisfactory (5) rating at completion, without major issues during the project life.

In addition, five project designs were completed in compliance with IFAD guidelines, encompassing the procurement strategy, PRMs, and PIM. The Procurement Assessment was conducted for Uzbekistan's Dairy Value Chains Development Project II (DVCDPII), the Inclusive Smallholder Agriculture Development in the North-West mountains of Tunisia (DINAMO), the Rural Livelihoods Resilience Programme (RLRP) in Somalia, the Agriculture Growth and Rural Innovation in Moldova (AGRI-M), the Climate-Resilient On-Farm Water Management in the Nile Valley (CROWN) project in Egypt, and Integrated Rural Development Project of the Mountain Areas in the Oriental Region, in Morocco.

In the countries still facing challenges in standards and transparency of bidding documents, implementing IFAD Project Procurement Guidelines was crucial to improve transparency, mitigate and reduce risks, enhance the advertisement of bids, and ensure efficient monitoring through the submission of Procurement Plans via OPEN and the development of quarterly reports to be sent to IFAD.

Regarding Project Start-up support, workshops were held in Tajikistan (CASP+), Egypt (STAR), and Somalia (A2R2), delivering a presentation on IFAD procurement guidelines, ethics, and procedures to ensure their understanding and compliance during project implementation. In addition, technical guidance was offered for developing the project's Procurement Plan (PP).

Moreover, two workshops were held to provide training on IFAD Guidelines and the OPEN System. The workshop in Marrakesh, during May 2023, was attended by 35 project staff from the MENA region – including Djibouti, Egypt, Jordan, Morocco, the Palestinian Territory, and Tunisia. While the one held in Rome, in July 2023, counted 23 project staff from the ECA region – including Bosnia and Herzegovina, Georgia, Kyrgyzstan, Moldova, Montenegro, Tajikistan, and Turkey. Additionally, two online training sessions were conducted for project staff in Iraq, Uzbekistan, and Tajikistan.

Regarding BUILDPROC, two training editions were successfully delivered, with 40 participants. The first edition, held in 2021-2022, catered to Arabic and English-speaking countries. The second edition, held in 2022-2023, focused on French-speaking countries.



Jordan – Rural Economic Growth and Employment Project (REGEP)
©IFAD/Roger Anis

Challenges and solutions

In certain projects, lack of PMU capacity led to challenges in planning, and inconsistencies in requirements and implementation across the procurement cycle. These were addressed by providing intensive training and technical support per IFAD guidelines.

In instances where projects integrated procurement functions with other areas such as finance or administration, significant inefficiencies were observed. Regarding this, the appointment of a dedicated Procurement Officer within the PMU was deemed necessary, following the recommendation in the design report.

While significant strides have been made in reforming local procurement systems across most NEN countries, there persists a risk in applying national standards. To mitigate it, activities will adhere to IFAD Guidelines until the full operational and review of the Public Procurement Law. In cases of conflict with government regulations, IFAD Guidelines will precede to ensure project continuity and adherence to international standards.

The Livestock Marketing and Resilience Programme (LMRP) in Sudan is a challenging case. Despite low procurement ratings (3.33, unsatisfactory), since 2018, the project's completion report acknowledged progress, leading to moderately satisfactory (4). LMRP's procurement drawback stemmed from the multi-layered structure, involving seven procuring entities: the Government's Central CCU, the project-level PMU, and five State Level SIUs. This complexity was overcome through training and support provided to the SIUs, who handled most of the procurements. Decentralizing procurement decisions at community and State levels ultimately yielded positive results. Analytic tools like CMT and OBI were also employed. Additionally, ongoing technical assistance was provided to the project, with NEN SPO attending critical missions.

The PRIDE (Promoting Resilience in Desert Environments) project in Egypt was getting off to a slow start, with most of the PIU staff recently joining donor-funded projects. Procurement was sluggish and fragmented, but under extensive training funded by IFAD; efficiency, VfM, and competition were improved. Moreover, the staff

remarkably advanced in procurement practices, paying attention to details. When a potential collusion incident was detected, the procurement staff immediately canceled the process and investigated the matter efficiently.

In Moldova, notwithstanding the obstacles posed by turnover among procurement staff, the PIU successfully recruited qualified personnel, who underwent rigorous IFAD capacity building initiatives. This further underscores a commendable organizational learning and knowledge retention level despite staff turnover. The PIU's commitment to procurement excellence is evident even in basic acts of due diligence.

Future outlook

The NEN procurement team is committed to ensuring optimal project performance, conducting a continuous gap analysis to ensure all procurement activities align with business requirements and objectives. Also, to foster innovation and bring new perspectives, NEN and OPR are building a diverse pool of consultants with regional language fluency (French and Arabic). Additionally, a dedicated procurement officer is being appointed within each PMU, to increase project procurement capacity, as recommended by the design report.

Furthermore, NEN is promoting, providing continuous guidance, and facilitating the use of OPEN and CMT to enhance efficiency and transparency in contract management. Concerning procurement processes, efforts are underway to mitigate coordination challenges among participating agencies, streamline the formulation of technical specifications, and bolster PMUs' proficiency in executing procurement procedures per IFAD regulations, all aimed at enhancing project performance holistically.



E. WEST AND CENTRAL AFRICA

The West and Central Africa (WCA) region has made impressive gains in recent decades but still has a long way to go regarding rural transformation. There are several factors resulting in the fragile environments that currently exist in many WCA countries, which have an immediate impact on the ability to carry out efficiently IFAD-financed procurement. Among the most important factors are the weak and sometimes non-existent local markets for contracting goods and works and consulting services, and the limited capacity in some countries to carry out procurement and to effectively manage and administer contracts.

Based on the above and in a bid to work around the various challenges, the procurement support team in WCA came up with a strategy to provide comprehensive assistance to key stakeholders, including project management units in various countries, while also ensuring effective oversight of regional procurement expenditures.

More than 48 % of signed contracts were done using the international or national shopping category. The majority of contracts in the WCA portfolio are from Nigeria.

WCA is actively empowering the national procurement system across all our projects, firmly believing that the investment contributed to the region's growth and significantly strengthened the procurement in the region. The BUILDPROC initiative has had a positive impact on procurement quality in the region, alongside providing valuable training on various systems and procedures within public procurement.

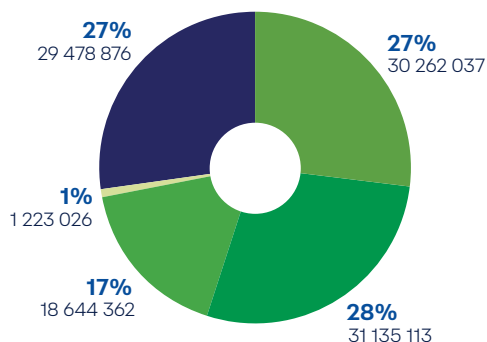
As of December 2023, the total value of active contracts in WCA is 140,292,438 US\$ and the total number of contracts signed is 1,596. Out of this amount, the competitive selection percentage on the procurement contracts was 82.5%, the majority of which are goods followed by services.



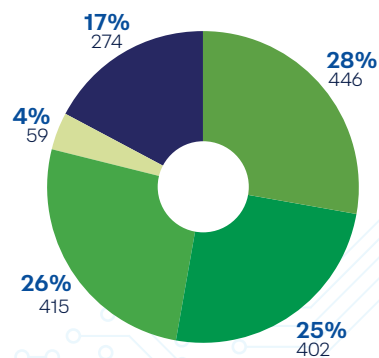
Cabo Verde - Rural Socio-economic Opportunities Programme (POSER)

©IFAD/POSER/Sergio Da Luz

**Graphs 9 and 10 - West and Central Africa (WCA)
Contracts and contract amounts signed in 2023 by category.**



Contract Amounts Signed in 2023 by Category



Number of Contracts Signed in 2023 by Category

● GOODS ● GRANTS ● IMPLEMENTING PARTNERS ● SERVICE CONSULTANCIE ● SERVICE NON-CONSULTANCIES ● INVESTMENT AGREEMENTS ● WORKS



Achievements

In 2023, the WCA Project Procurement Team was able to reach the targets of its main three pillars: Innovation, Performance Evaluation, and Capacity Building.

The End-to-End Procurement System (OPEN) was introduced to WCA project staff during the Regional Procurement Workshop in Abidjan in November 2022, and was officially launched to all eligible Projects in WCA at a regional workshop in Dakar, Senegal, in March 2023. Every project eligible for the OPEN System now has the new Project Procurement Arrangement Letter (PPA), a former letter to the borrower, and the implementation of the revamped procurement manual including new procurement risk assessments.

WCA succeeded in reaching all PMD objectives including the number of contracts awarded non-competitively, updating of contracts in Contract Monitoring Tools, and ensuring that 100% of supervision includes an accredited procurement consultant. WCA is pleased to announce that 100% of its 46 eligible projects have been live in OPEN, the highest number of projects from all the regions in IFAD. Meeting all the PMD targets was a result of strong teamwork and collaboration between PMU staff, procurement consultant, WCA Procurement Support Unit, and overall support and guidance from OPR.

As part of its efforts to build capacity, enhance project staff skills, and provide the necessary policies and tools needed for effective project implementation, in October 2023, WCA held its Annual Procurement Workshop for staff of IFAD-funded projects in the region, in Yaoundé, Cameroon. Among the highlights of the event was the launching of the Procurement Exchange Platform (PEP), an online platform for networking and sharing knowledge as well as information and ideas among procurement practitioners and relevant stakeholders – the new IFAD procurement footprint system.

Regarding BUILDPROC, over 130 participants (Modules 1 and 2) were enrolled with approximately 71 participants certified for completing Modules 1, 2 and 3. More than 51 various procurement training sessions benefiting over 300 participants were conducted in 2023 in alignment with the training plan. These sessions ranged from training on IFAD Policies and guidelines to one-to-one sessions on OPEN, CMT, and NOTUS, to refresher training and the onboarding of new employees. Support was provided for various startup workshops for new projects such as the Affordable Agricultural Financing for Resilient rural Development (AAFORD) project in Ghana and Special Agro-Industrial Processing Zones (SAPZ) in Nigeria.



Sierra Leone – Rural Finance and Community Improvement Programme (RFCIP)
©IFAD/Fatmata Jalloh



Nigeria – Livelihood Improvement Family Enterprises, Niger Delta (LIFE-ND)
©IFAD/Andrew Esiebo

Challenges and solutions

The WCA region faces governance risks and challenges, with some countries lacking institutional capacity and legislative frameworks for robust public procurement and relying on external consultants to handle complex procurements.

In addition, the COVID-19 pandemic has put significant pressure on resource disbursement speed. Limited government procurement processes hinder IFAD's reliance on them, while foreign bidders may show disinterest due to unfavourable laws, market size, or beneficiary remoteness.

Recent coup d'états in countries like Gabon, Niger, and Burkina Faso have affected public procurement institutions and staff turnover, posing challenges to project implementation. The WCA Procurement support team established a strategy by hiring country procurement consultants, aiding procurement activities and supervision missions. Despite internal and external challenges, the team's setup and strategies facilitated procurement oversight and contributed to meeting targets in WCA countries.

During the Tree Crops Extension Project I (TCEP I), in Liberia, it was brought to the attention of IFAD that the National Cocoa Seed Garden was being threatened or jeopardized due to intensive drought caused by climate change.

Given the urgency, IFAD approved the request for emergency interventions such as the excavation of wells, the creation of water pools, and extensive hand watering. These measures aim to sustain the vitality of the flora and alleviate the effects of water scarcity, thereby addressing the current drought crisis in the garden. This interim solution is crucial to safeguarding the seed garden until a more permanent and reliable water source, namely the borehole digging project, can be initiated later in the year under the auspices of the project.

The expenditure for the emergency intervention was approximately 9,500 US\$. Although this sum may seem modest in monetary terms, its contribution to alleviating the impact of drought

stress on the garden, particularly regarding plant mortality rates, is substantial. This outcome is expected to have a beneficial effect on the project's goal of commencing hybrid cocoa seed production in 2025.

Future outlook

The WCA procurement team expects a productive 2024, emphasizing the commitment to sustained effort. The team eagerly anticipates the integration of the Contract Monitoring Tool (CMT) into OPEN, along with a strong emphasis on stakeholder engagement and the consolidation of progress made in 2023 through digital platforms such as OPEN and PEP. WCA pledges to further promote the utilization of these channels while also providing ongoing training and capacity building initiatives for the region to maintain momentum.

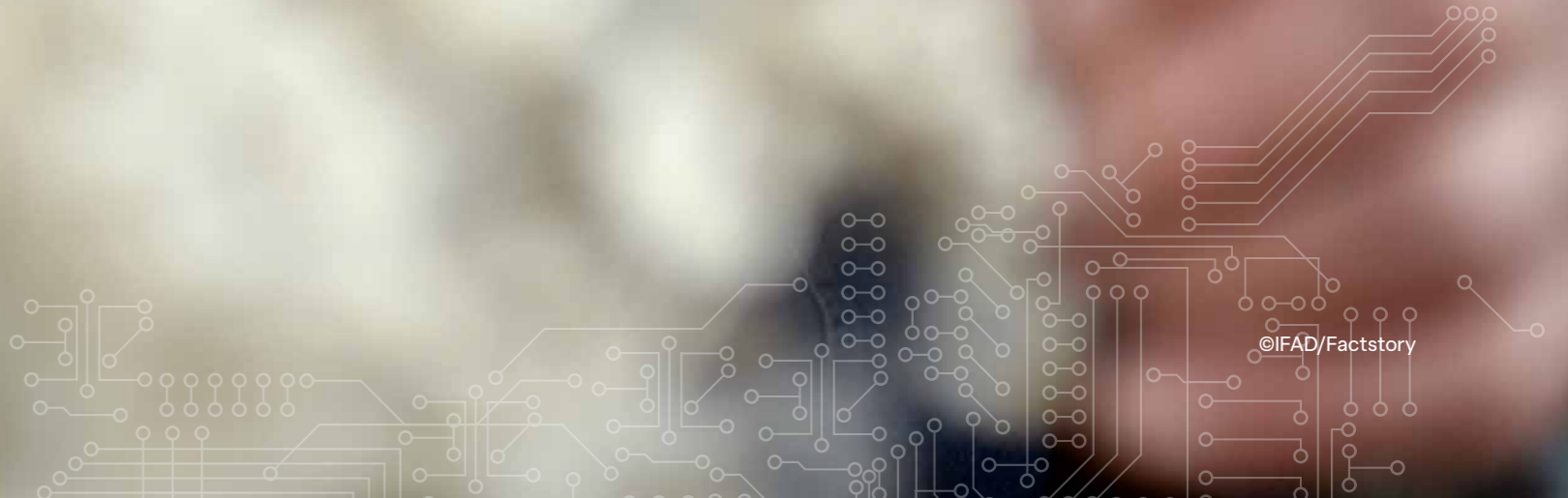
Drawing upon extensive training initiatives undertaken, alongside the present pace of implementation and the proficient utilization of IFAD's online platforms (OPEN and CMT), it is anticipated that significant enhancements in project procurement will be observed in 2024, notably within initiatives such as the Agriculture Value Chain Project (SL-AVDP) in Sierra Leone and the Resilience of Organizations for Transformative Smallholder Agriculture (ROOTS) in The Gambia.



Nigeria - Livelihood Improvement Family Enterprises, Niger Delta (LIFE-ND)
©IFAD/Andrew Esiebo



V. PROCUREMENT AND SUPPLIER DATA



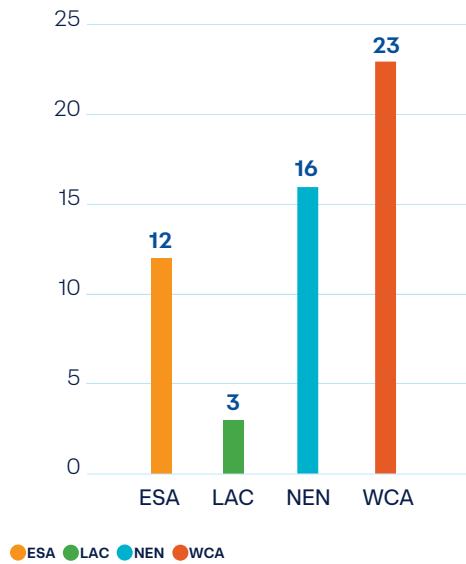


A. UNITED NATIONS DEVELOPMENT BUSINESS

To achieve the Best Value for Money, Project Procurement encourages publishing tenders to find the greatest number of bidders as possible. IFAD does not only publish the bidding documents of the projects it finances on IFAD’s Project Procurement website (<https://www.ifad.org/en/project-procurement>), but in the case of high-value International Competitive Bidding, also on the United Nations Development Business website (UNDB -<https://devbusiness.un.org>).

During 2023, 54 United Nations Development Business Notices were published by IFAD projects.

Graph 11 – United Nations Development business notices published by IFAD Projects by region in 2023



Kenya – Upper Tana Catchment Natural Resource
©IFAD/Translieu/Samuel Nyaberi

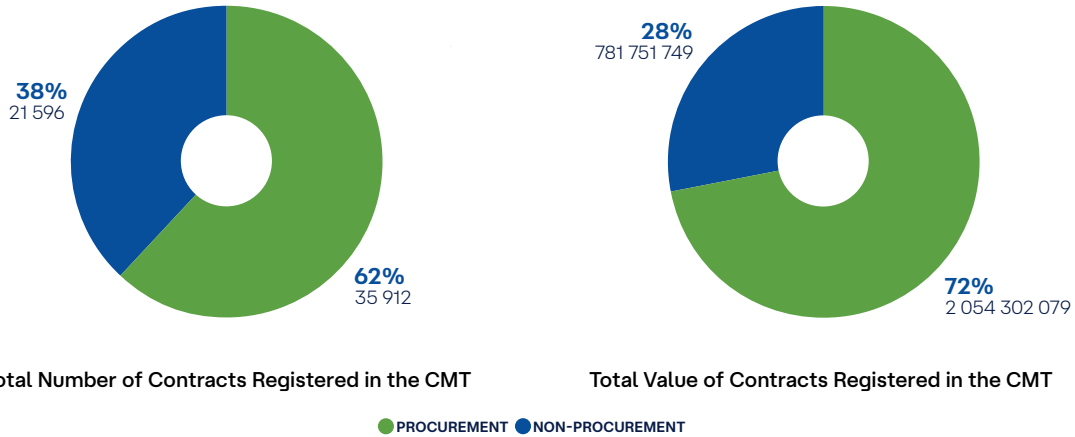
V. PROCUREMENT AND SUPPLIER DATA



B. CONTRACTS

The Contract Monitoring Tool (CMT) introduced in 2020, has gained widespread adoption among all IFAD-financed projects. This fundamental tool strengthens and facilitates IFAD's fiduciary responsibility in the projects and finances, by providing enhanced data visibility and tracking of contract data, as illustrated in the graphs below.

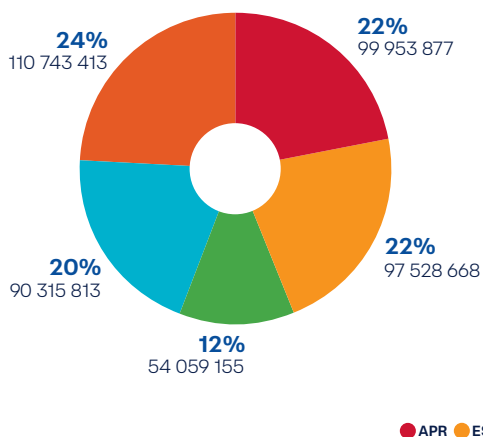
Graphs 12 and 13 – Total number of contracts and total value of contracts registered on the CMT.



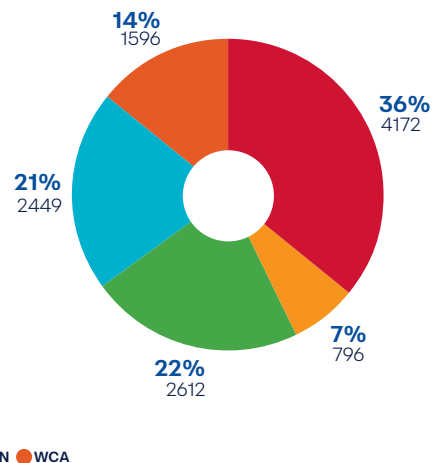
Procurement includes: Contracts for works; goods; consultancy services and non-consultancy services
 Non-Procurement includes Contracts for grants; investment agreements and contracts for implementing partners

By the end of 2023, IFAD-financed projects registered 11,629 contracts worth more than 452,600,926 US\$.

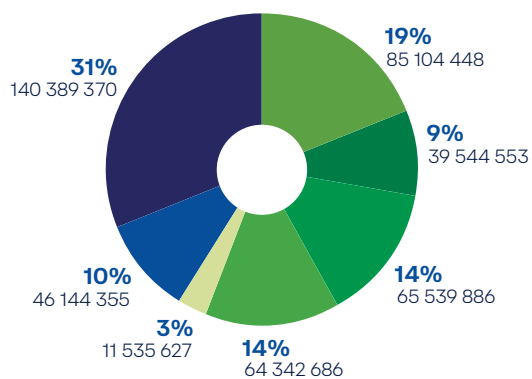
Graph 14 – Contract Amounts (US\$) by region in 2023



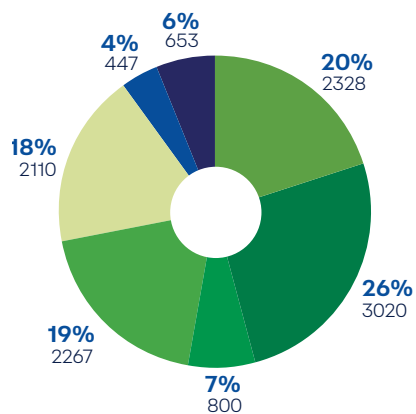
Graph 15 – Number of contracts signed by region in 2023



Graph 16 – IFAD Contract amounts signed by category in 2023



Graph 17- IFAD number of contracts signed by category in 2023



● GOODS ● GRANTS ● IMPLEMENTING PARTNERS ● SERVICE CONSULTANCIE ● SERVICE NON-CONSULTANCIES ● INVESTMENT AGREEMENTS ● WORKS



Colombia – Puentes/Rural for Young People
©IFAD/Luis Bernardo Cano

V. PROCUREMENT AND SUPPLIER DATA



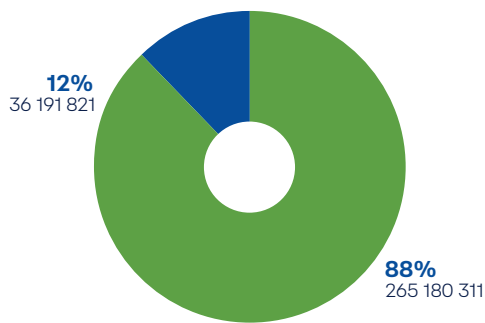
C. PROCUREMENT METHODS

The IFAD Procurement team oversees procurement activities in each project we finance to ensure efficiency. Our framework prioritises suitability, choice, quality, and value in public spending. This involves strengthening national procurement systems and advocating for transparent and accountable public expenditure, thereby enabling successful and timely project implementation.

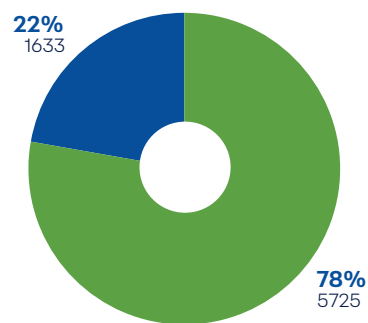
To achieve these goals, different procurement methods apply to each category for goods, works, and non-consulting services, while selection methods apply to consulting services, and are divided into two distinct categories: competitive methods and non-competitive methods.

Non-competitive methods, such as Direct Contracting and Force Account, necessitate a comprehensive justification, including reasons for selecting direct contracting over competitive procurement and recommending specific suppliers, which must be submitted to IFAD to obtain approval. Competitive procurement methods are favoured over non-competitive ones as they enable the adoption of “best value for money” practices. International Competitive Bidding (ICB) is the most competitive and transparent method and is therefore preferred whenever feasible.

Graph 18 – Contract amounts for competitive vs non-competitive contract awards

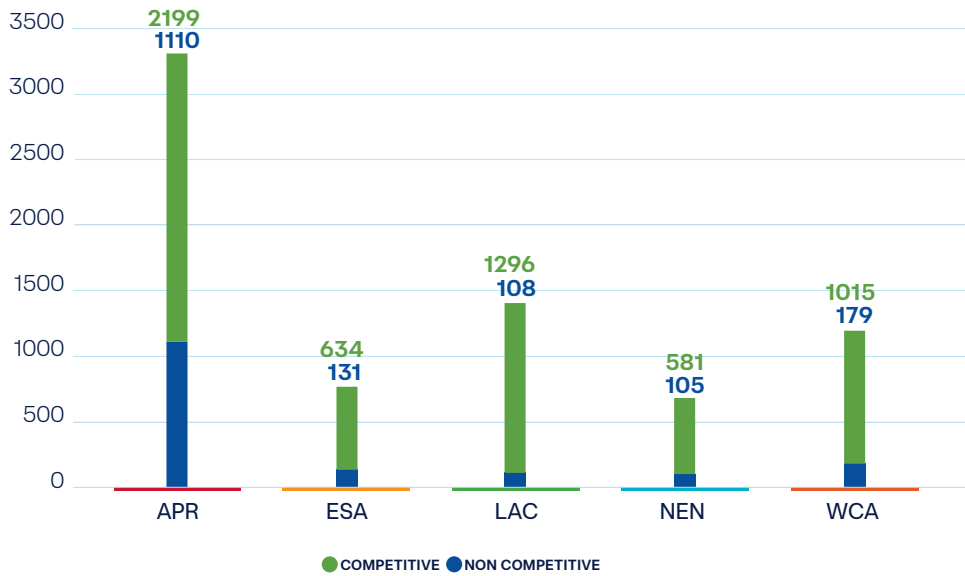
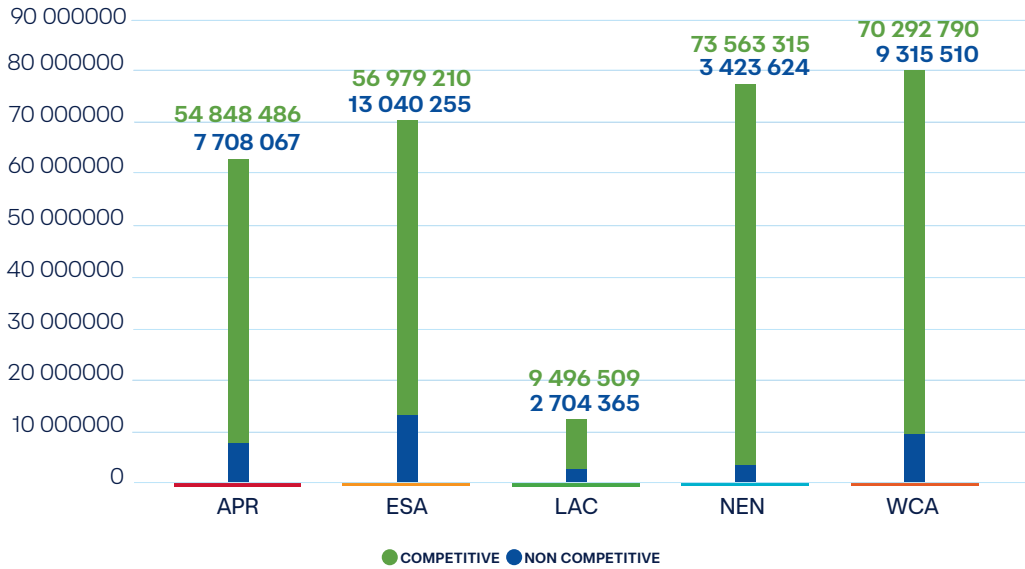


Graph 19 – Number of contracts for competitive vs non-competitive contract awards



● COMPETITIVE ● NON COMPETITIVE

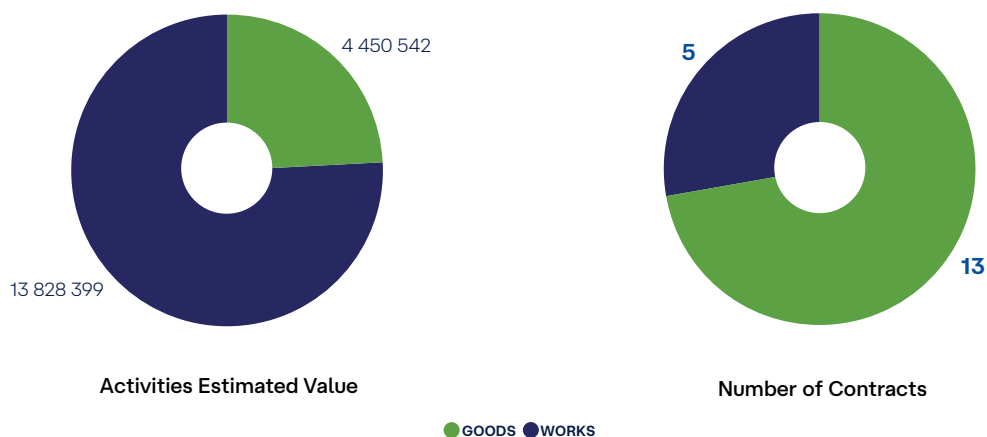
Graphs 20 and 21 – Competitive vs non-competitive contract awards by Regional Division



D. DOMESTIC PREFERENCE

Under exceptional circumstances and with prior agreement by IFAD, the borrower/recipient may apply a margin of domestic preference when conducting international competitive bidding procurement for goods and works. In 2023, IFAD-financed projects planned for 18 procurement activities with domestic preference in 10 Countries (Burundi, Cambodia, Egypt, Eritrea, Ethiopia, Iraq, Kenya, Madagascar, Tanzania, Uzbekistan), for a total estimated amount of US\$ 18,718,534.21. Of those activities, 13 were procurements of goods and 5 were procurements of civil works. However, as of the end of the year, no activity had been completed and no contract had been signed yet.

Graphs 22 and 23 – Planned Procurement using domestic preference activities estimated value and number of contracts



E. OVERALL SUPPLIER ANALYSIS

In accordance with its fiduciary responsibility and principles of fair competition, IFAD advocates for the projects it finances globally not to be confined to a single region, but rather to attract diverse suppliers from around the world, as evidenced in the graph presented below.

Table 1 – Contracts signed in 2023 by suppliers' country

SUM NUMBER OF CONTRACTS

Country	Number of Contracts Signed in 2023 from Supplier Country
Indonesia	1384
Türkiye	1214
Philippines	1063
Nepal	796
Bolivia ((Plurinational State of)	579
Brazil	542
Georgia	530
Peru	417
Nigeria	388
Mauritania	340
Argentina	307
El Salvador	286
China	207
Grenada	202
Maldives	195
Senegal	176
Kenya	152
Bosnia and Herzegovina	142
Madagascar	136
Burundi	129
Sri Lanka	129
Mali	124
Bangladesh	114
Moldova, Republic of	113
Malawi	82
India	78
Sudan	77
Tunisia	77
Mozambique	74
Cambodia	68
Bhutan	63
Djibouti	62
Benin	60
Honduras	60
Democratic Republic of the Congo	52
Tajikistan	52



Country	Number of Contracts Signed in 2023 from Supplier Country
Jordan	49
Nicaragua	49
Côte d'Ivoire	48
Uganda	48
Viet Nam	47
Niger	44
Paraguay	44
Cameroon	43
Ghana	42
Burkina Faso	39
Palestinian Territory	39
Egypt	37
Ecuador	34
Guinea-Bissau	34
Rwanda	33
Sao Tome and Principe	29
Chad	28
Dominican Republic	27
Ethiopia	24
Liberia	24
Angola	23
Belize	22
Cabo Verde	22
Kyrgyzstan	22
Central African Republic	21
Pakistan	20
Zimbabwe	20
Lao People's Democratic Republic	18
Haiti	17
Cuba	16
Eswatini	16
Eritrea	15
Morocco	15
Gabon	13
Gambia (The)	12
Lesotho	12
Sierra Leone	12
Somalia	10
Guinea	9
South Sudan	9
Tanzania, United Republic of	9
Papua New Guinea	8
France	5
Montenegro	4

Country	Number of Contracts Signed in 2023 from Supplier Country
Algeria	3
Mauritius	3
Mongolia	3
Portugal	3
Iraq	2
Japan	2
South Africa	2
Spain	2
Togo	2
United States	2
Zambia	2
Afghanistan	1
Austria	1
Belgium	1
Congo	1
Croatia	1
Germany	1
Democratic People's Republic of Korea	1
Kuwait	1
Malaysia	1
Mexico	1
Netherlands (Kingdom of the)	1
Panama	1
Serbia	1
Thailand	1
United Arab Emirates	1
United Kingdom	1
Uzbekistan	1
Grand Total	11625



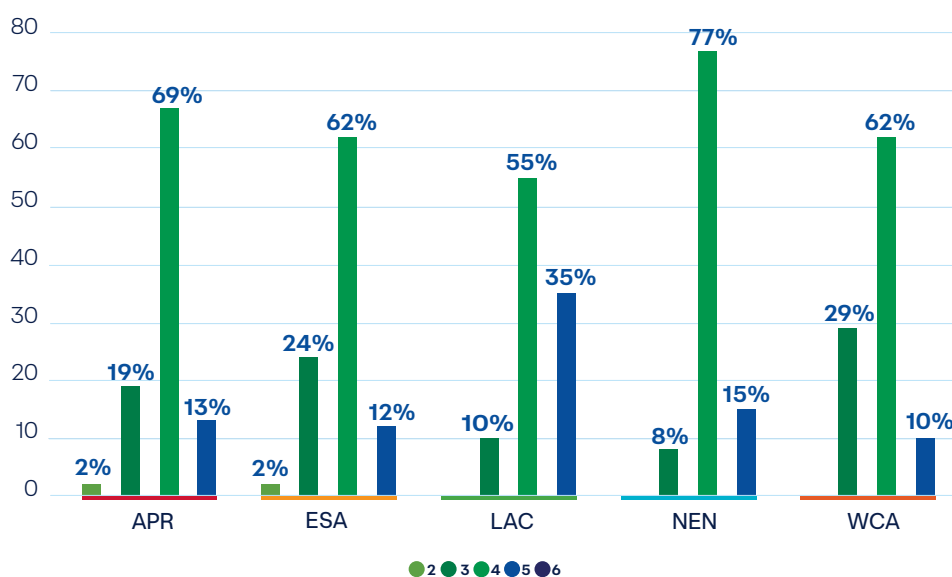
F. OVERVIEW OF PROJECT PROCUREMENT PERFORMANCE RATINGS

At least every twelve months, IFAD requires a comprehensive supervision mission for financial management, procurement, and overall project management. This is aimed at ensuring that project procurement processes conform to national laws and regulations and are consistent with IFAD's Procurement Guidelines.

Procurement reviews follow a risk-based approach informed by procurement risk assessments conducted during the project design stage in previous procurement reviews. Project procurement reviews are either undertaken as part of prior or post review or during supervision reviews. If the security situation within the country precludes IFAD personnel from travelling to the project area, provisions for remote supervision as an alternative will be established.

Throughout these missions, the Project Procurement Team provides procurement guidance and evaluates the project's procurement capabilities. Following the assessment, the project's performance is evaluated, and the team offers comprehensive procurement recommendations for the project. The graph below displays the project procurement performance ratings for the five IFAD Regional Divisions, as of Q4 2023.

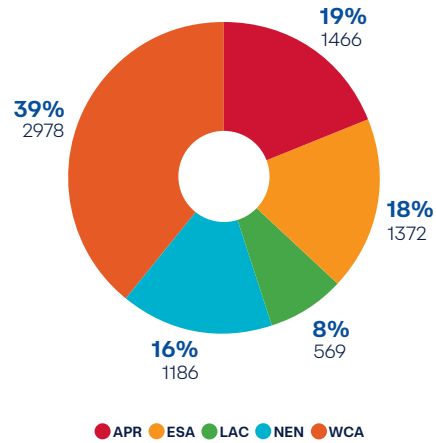
Graph 24- Project procurement performance ratings Q4 2023



G. OVERVIEW OF NO OBJECTIONS ISSUED IN 2023

Since 2018, NOTUS has been utilised as a tool for procurement dossiers and non-objection processes. Starting in 2023, with the roll-out of OPEN in all IFAD projects worldwide, a portion of non-objections were reported in NOTUS, and another portion in OPEN, which will eventually replace NOTUS. Below, we present the total provided by both tools, broken down by regions.

Graph 25 – No-Objections issued by IFAD in 2023 reported in NOTUS and OPEN



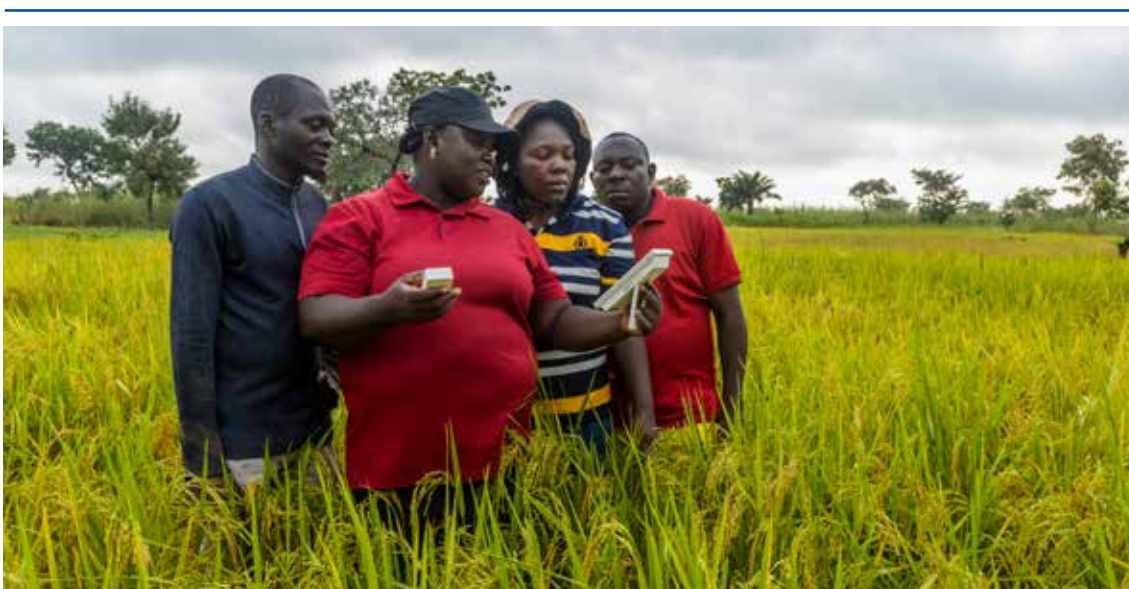
Kenya – Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window (KCEP-CRAL)
©IFAD/Isaiah Muthui



EXAMPLE PROJECTS



Angola – The Artisanal Fisheries and Aquaculture Project (AFAP)
©IFAD/António Penelas



Nigeria – Value Chain Development Programme (VCDP)

©IFAD/Andrew Esiebo





Mauritania – Rural Poor Stimulus Facility (RPSF)
©IFAD/Andrew Esiebo



Jordan – Small Ruminants Investment and Graduating Households in Transition Project (SIGHT)
©IFAD/Roger Anis



Brazil – Rural Micro Enterprise Promotion Programme (FO4LA)
©IFAD/Ueslei Marcelino



Vietnam – Project for Adaption to Climate Change in the Mekong Delta in Ben Tre and Tra Vinh Provinces (AMD)
© IFAD/ Nguyen Hoang Sanh



Uganda – Small and Medium Agribusiness Development Fund (SMADF)

©IFAD/Jjumba Martin












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