

The China-IFAD South-South and Triangular Cooperation Facility

Implementation Guidelines

31 March 2018

I. Background

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

II. Goals and objectives

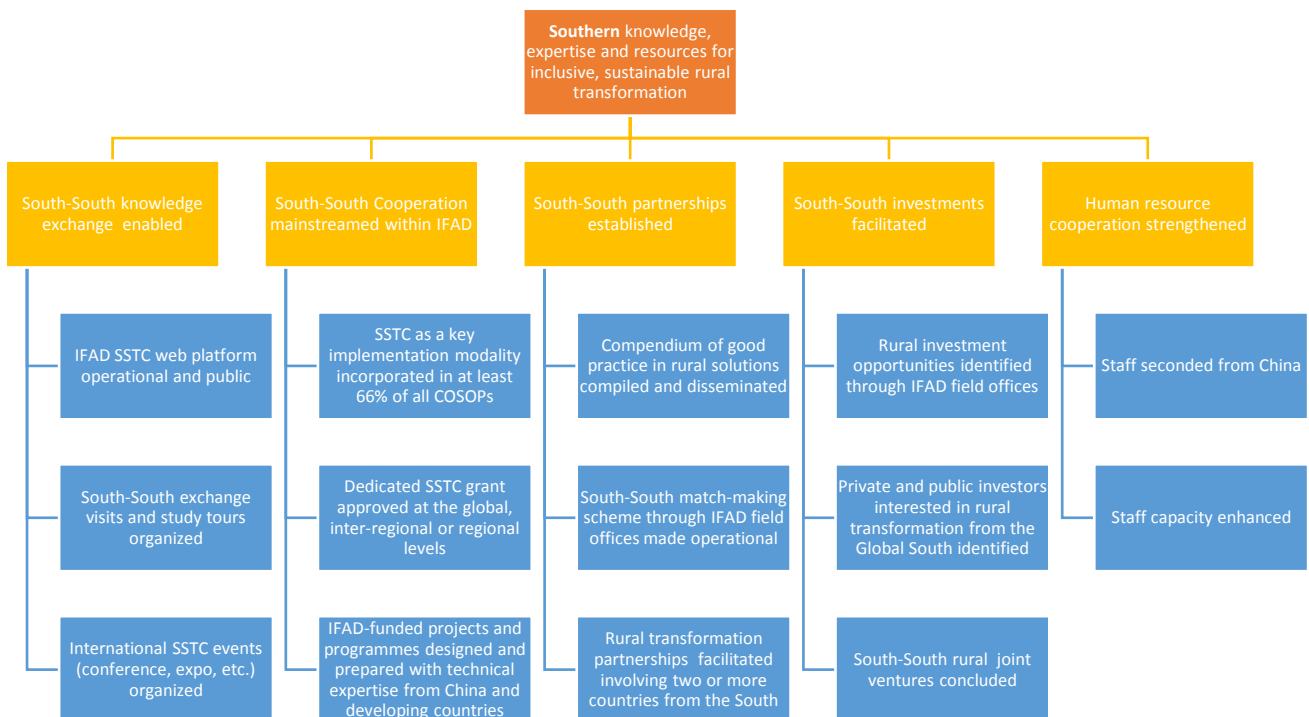
3. Within the broader context of the Agenda 2030 for Sustainable Development, the Facility will allow IFAD to further strengthen its engagement in SSTC as part of its holistic business model to promote sustainable and inclusive rural transformation.
4. The Facility will pursue the overarching goal of 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 will be devoted exclusively to smallholder agriculture and rural development, with specific attention to poverty reduction, fighting malnutrition and promoting rural youth employment in developing countries.
5. The Facility will complement IFAD's SSTC corporate activities undertaken in loan- and grant-funded projects and will build on the comparative advantage of providing loans and grants exclusively devoted to smallholder agriculture and rural development. In line with the orientations of the ongoing United Nations Reform process, opportunities for cooperation with FAO and other organizations will be actively explored, to ensure coordination and complementarity of action for achieving collective results on eliminating hunger, malnutrition and poverty.
6. The establishment and operationalization of the Facility is an IFAD11 commitment taken with Member States. The Facility will be an integral part of IFAD's organizational architecture and ensure that the activities financed under the Facility mutually reinforce the activities undertaken by IFAD through its own resources. As such, the priorities and activities of the Facility will be carefully coordinated with the activities of relevant IFAD divisions and departments pursuing SSTC. The IFAD Country Office in Beijing, now also SSTC and Knowledge Centre in the Asia and the Pacific

Region, will be appropriately involved in the activities of the Facility. It will, *inter alia*, play a key role in reviewing the project proposals submitted for funding by the Facility, and will also facilitate dialogue between IFAD and China. The Director of Asia and the Pacific Liaison Office (APL) in the Office of Partnership and Resource Mobilization (PRM) will oversee and coordinate the process of formalizing the agreements to be signed with China.

III. Use of the funds

7. Figure 1 below provides a visual illustration of the Facility’s overarching objective and maps it with the five main priorities and key activities that will be undertaken.

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



8. **The Facility’s five main mutually reinforcing priorities** will be the following:

- (i) *Facilitating South-South knowledge exchange* in areas under IFAD’s mandate through the establishment of a dedicated Rural Solutions Portal (under construction), the organization of SSTC exchange visits

and study tours for capacity-building, and the holding of periodic SSTC knowledge-sharing events, such as conferences or expositions, in cooperation with the Rome-based Agencies (RBAs) and others;

- (ii) *Embedding SSTC in operations* to ensure that not less than 66 per cent of all Country Strategic Opportunities Programmes (COSOPs) incorporate SSTC as a distinct development cooperation modality. This will include, for example, fielding SSTC experts in COSOP development missions and during programme implementation;
- (iii) *Establishing operational SSTC partnerships* between IFAD Member States and with the private sector in China and other developing countries;
- (iv) *Promoting rural South-South investments* through the identification of rural investment opportunities in the Global South, such as private-public partnerships and business-to-business links across developing countries; and
- (v) *Strengthening human resource cooperation*. This would include secondment of staff from China to IFAD, including Junior Professional Officers, and other related activities.

9. **Eligible activities.** The Facility will finance the following types of activities:

A. *Facilitating South-South knowledge exchange:*

- Sharing of rural development solutions from China and other developing countries through IFAD's Rural Solutions Portal, showcasing innovations, technologies, methodologies, financing schemes, and policies and promoting their uptake in other development contexts;
- Organization of exchange visits and study tours, involving a diverse range of stakeholders from developing countries, such as representatives of farmers' organizations and community-based organizations, project staff, scientists, government officials, parliamentarians, and others;
- Partnership-building with existing regional learning centres and centres of excellence established by other institutions and international organizations (such as the World Food Programme's centres of excellence);
- Organization of and participation in international seminars, workshops and conferences focusing on SSTC (such as the United Nations Office for South-South Cooperation's Global South-South Expo, the United Nations Day on South-South Cooperation, the Investing in Africa Forum, the China-IFAD SSTC Workshop, the Second High-level United

Nations Conference on South-South Cooperation – BAPA+40, and others.) In this regard, the Facility will finance travel for participants from developing countries and IFAD staff working as part of the organizational unit in GEM managing the Facility; and

- Establishing operational SSTC partnerships among IFAD Member States through exchange of knowledge and expertise.

B. Promoting rural South-South investments:

- Promotion of private-public partnerships initiatives;
- Creation of business-to-business links across developing countries and promotion of twinning activities;
- Support to partnerships with development country governments, the RBAs, international financial institutions and United Nations agencies to promote co-financing of IFAD-supported operations; and
- Establishing operational SSTC partnerships among IFAD Member States by facilitating resource mobilization from the private sector in China and other developing countries.

C. Capacity-building activities for policy makers, development practitioners, project staff, non-governmental organizations, representatives of farmers' organizations and community-based organizations, and others from developing countries:

- Exchange visits and participation in workshops, training and other activities; and
- Facilitation of the participation of the above-mentioned stakeholders in country-level, regional and global events and workshops.

D. Strengthening of IFAD's corporate activities:

- Exploring opportunities for China and other developing countries to partner with IFAD in the development processes of COSOPs through:
 - Provision of technical assistance by China and other developing countries;
 - Exploring of funding/investment opportunities;
 - Capacity-building and knowledge exchange on specific topics involving experts from China and other developing countries.
- Collaborating with IFAD's regional divisions, as well as the Knowledge and SSTC subregional hubs, to ensure technical cooperation between China and other developing countries, and participation in IFAD-supported projects (i.e. organization of SSTC missions to priority

countries of the Chinese development cooperation, involvement of Chinese experts in IFAD-funded projects, etc.); and

- Supporting the design and preparation of selected IFAD-funded projects and programmes through the involvement of experts from China and developing countries.

E. Increasing cooperation on human resources:

- Seconding staff from China to IFAD, including Junior Professional Officers.

IV. Funding and duration of the Facility

10. The funding of the Facility amounts to US\$10 million, to be received in RMB equivalent, from the Government of China. Such financing will be disbursed in two instalments, as follows:
 - US\$5 million, equivalent RMB, in 2018; and
 - US\$5 million, equivalent RMB, in 2019.
11. Once received, the allocation of funds will be coordinated internally by GEM, in line with the priorities of the Facility and subject to the final approval of MOF PRC. The funds will be disbursed within the provisions of IFAD's financial rules and regulations.
12. The Facility will become effective on 31 March 2018 and shall remain in force and effect until 31 December 2021. Other provisions on funding and duration are regulated by the supplementary funds agreement.

V. Governance and staffing

13. The Facility will be housed in the Global Engagement and Multilateral Relations Division (GEM) within the External Relations and Governance Department (ERG). The work of the Facility will be supported by an Advisory Panel (AP), which reviews the annual Strategic Guidance Note of the Facility (the scope and extent of which is further explained in chapter VI below), monitors periodically the implementation of SSTC activities undertaken by the Facility, and suggests future priorities. The AP reviews individual project proposals to be financed through the Facility and recommends their approval for consideration by MOF PRC.
14. The AP consists of representatives nominated by MOF PRC and IFAD and includes:

- a. **From IFAD:** The Associate Vice-Presidents (AVPs) of the Programme Management Department (PMD) and ERG; the Director GEM, the SSTC Facility Manager, the Director of APL in PRM, and the IFAD Country Director for China, who is also responsible for the SSTC and Knowledge Centre in China;
 - b. **From MOF PRC:** The Deputy Director-General, Department of International Economics and Financial Cooperation; the Director, International Financial Institution Division IV from the same department in the MOF PRC; and the Deputy Permanent Representative and Counsellor of the Permanent Representation of PRC to the United Nations Agencies in Rome.
15. The AP meets twice a year in its ordinary sessions. Additional meetings – in person or virtually – may be requested and organized if required and agreed upon by the members of the AP. Under the overall direction of Director GEM, the SSTC Facility Manager is the Secretary of the AP.
16. **Location and staffing.** As mentioned above, the Facility will be part of the SSTC Unit in GEM. The SSTC Coordinator of the SSTC Unit will also be the Manager of the Facility, working under the supervision of the Director, GEM. In addition, the Facility will have two Professional Officers (one responsible for the Facility’s work related to Knowledge, the other for Partnerships and Investment Promotion) and one Administrative Assistant, hired by IFAD in line with HR Implementing Procedures and financed by IFAD. In addition, China will second one or more staff for the Facility, which will be financed through the funds provided under the supplementary funds agreement.
17. **Champion(s).** Given the cross-departmental functions in promoting SSTC, the AVP PMD and AVP ERG will be jointly designated as the IFAD champions. MOF PRC will also nominate a Director-General or Deputy Director-General level official as their champion.

VI. Selection of projects and activities

18. At the beginning of each year, an annual Strategic Guidance Note is prepared and reviewed by the AP. The Note illustrates the annual strategic priorities of the Facility (e.g. thematic areas and regional/country priorities), developed by GEM in cooperation with concerned IFAD divisions and departments – in particular the IFAD SSTC and Knowledge Centre in Beijing – complementing SSTC activities undertaken through IFAD loan- and grant-funded activities. The Strategic Guidance Note will serve as the basis for the development and submission of project proposals.
19. Applications for funding consideration by the Facility are submitted to GEM in two batches annually. GEM announces the batch processing schedule

internally in IFAD and issues an official call for proposals using the IFAD Intranet and/or other appropriate communication channels. The call for proposal specifies eligible beneficiaries of funding (e.g. organizations/institutions in developing countries, IFAD divisions, etc.), the thematic focus, the timeline for the submission, and the maximum amount (in US dollars) of each proposal. GEM will develop a template in due course for the proposal concept notes, to be included in the first call for proposals.

20. Applications can be submitted by any division in IFAD including GEM. Regional Divisions will be encouraged to solicit proposals from developing countries, making sure they meet the eligibility criteria set in the call for proposal. Each proposal shall identify a Project Leader (or 'sponsor'), from the staff of the relevant division(s) in IFAD. Due dates for applications will be:
 - a. By mid-March; and
 - b. By mid-November.
21. Once the proposals are sent, they are forwarded for information to MOF PRC. GEM then convenes a working group, which includes the Director GEM and/or his representative, the China Country Director, the Director of APL in PRM, and a representative from PMD and SKD. The working group ensures compliance with guidelines and eligibility criteria of the Facility (about 10 working days after the deadline set for the reception of the applications). In case the working group makes comments, the Project Leader revises the concept paper, and incorporates any comment, as appropriate (about 10 working days).
22. GEM submits the final proposals to AP. The AP reviews the proposals to be submitted to MOF PRC. GEM thereafter and upon the advice of the AP submits the list of proposals to MOF PRC for their final decision. MOF PRC confirms its decisions on proposals (whether they are approved or rejected) within 30 days of submission of the proposals. If necessary, should the project need more information and coordination, MOF PRC may request a longer period before communicating a decision.
23. After funding approval by MOF PRC, the projects are to be processed following IFAD's standard policies, procedures and guidelines. If a project is not processed and approved within five months from the date of approval for funding by MOF PRC, the fund allocation for the project is returned to the Facility, unless sufficient justification for the delay can be provided. In case of a delay, a memo requesting extension needs to be submitted by the Project Leader to the AP, which approves or rejects the extension request, in consultation with MOF PRC.

VII. Implementation, monitoring and evaluation

24. Project implementation, supervision and monitoring are conducted by the concerned divisions and departments following IFAD's standard policies, procedures and guidelines, including consultancy services, procurement, financial management and reporting, anticorruption and governance. Concerned divisions and departments will provide GEM with annual progress reports and additional updates (as needed) on project implementation. Should the project need major changes in scope or duration of funding arrangements, an official memo shall be sent from the concerned division/department to GEM, which requests the final approval to MOF PRC. At the end of each year, and on the basis of the individual annual progress reports on project implementation, GEM will produce a single, consolidated annual progress report of activities and budget utilization.
25. In line with IFAD's supplementary funds procedures, the Facility will be subject to a yearly audit as part of IFAD's Consolidated Financial Statements. In addition, a financial report (i.e. donor statement) will be prepared and submitted by IFAD's Accounting and Controller's Division within 180 days from year end closing.
26. A review of the Facility may be requested by MOF PRC or by IFAD. The cost of such review shall be paid from available resources of the Facility.

VIII. Communication and visibility of the Facility

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