

Contribution Agreement
to the Trust Fund for the Adaptation for Smallholder Agriculture Programme (ASAP)

Between

the International Fund for Agricultural Development

and

the Flemish Department of Foreign Affairs

Whereas:

- a. The Flemish Department of Foreign Affairs and the International Fund for Agricultural Development – IFAD (hereinafter referred to as “the Parties”) share the objective to support small farmer households who live on marginal environments in some of the most vulnerable regions of the world to become more resilient to climate change entering into the map of climate finance;
- b. At its 105th session the Executive Board of IFAD adopted the Resolution establishing the Trust Fund for the Agriculture Smallholders Adaptation Programme (ASAP) - along with the approval of the document titled “Proposal for a trust fund for the Adaptation for Smallholder Agriculture Programme” (EB 2012/105/R.45, herein after referred to as “the Trust Fund Instrument” or Annex 1) that provides the rules on the management of the ASAP resources through the Trust Fund;
- c. The ASAP Trust Fund is the direct entry point for earmarked climate finance to smallholders through IFAD financed projects. IFAD is the Administrator of the Trust Fund;
- d. The above mentioned Resolution further states that the Trust is authorized, upon the approval of the President of IFAD in his capacity as President of the Administrator, to receive resources transferred pursuant to section III(c)(iii) of Governing Council resolution on the Ninth Replenishment of IFAD’s Resources; and from IFAD Member States, non-IFAD Member States, other entities and private individuals and other resources, in the form of grants for the general purposes of the Trust Fund or for specific projects or programmes supported by the Trust Fund;
- e. In pursuance to the Trust Fund Instrument, IFAD issued the Financial and Administration Framework of ASAP’s Trust Fund (Annex 2) which sets the rules to implement the provisions of the Trust Fund Instrument;

Now therefore, the Parties agree as follows:

1. In pursuance to paragraph 5(c) of the Trust Fund Instrument; and Article II, Section 2.03 (b) of the Financial and Administration Framework of the Trust Fund, the Flemish Department of Foreign Affairs undertakes to provide a direct contribution in the amount of two million euros to the Trust Fund.
2. Payment(s) will be made in accordance with Article II of the Financial and Administrative Framework, and in accordance with the following schedule:

The first instalment of 1,000,000.00 EUR shall be paid following the signature of the governmental decree and the underlying document;

The second instalment of 1,000,000.00 EUR shall be paid upon IFAD's request along with the documents specified under article 4c.
3. The contributions shall be credited by the Flemish Department of Foreign Affairs to IFAD to the following IFAD bank account:

Beneficiary name: IFAD – International Fund for Agricultural Development.
Beneficiary Bank name: Banca Popolare di Sondrio, Sondrio, Italy
SWIFT Code: POSOIT22
Beneficiary name: IFAD
Beneficiary IBAN No.: IBAN IT38W0569611000EDCEU0510880

4. The above contribution is made with the understanding that:
- a. As indicated in the document titled "Proposal for a trust fund for the Adaptation for Smallholder Agriculture Programme" (EB 2012/105/R.45), ASAP will be a window for IFAD to direct climate and environmental finance that will use IFAD's systems and partnerships to support smallholder farmers in building their resilience to climate change. ASAP funds will be used to integrate and mainstream climate change across IFAD financed programmes and projects to help these maximize their impact on building climate resilience;
 - b. The records and accounts of the Trust Fund shall be maintained separately by IFAD but shall be consolidated and audited with IFAD's financial statements on an annual basis. Any interest accrued from the investment of the resources of the Trust Fund shall be used solely to fund its activities;
 - c. As soon as practicable after the end of each financial year of IFAD (1 January - 31 December) and within 180 days, IFAD will furnish to the Flemish Department of Foreign Affairs a copy of: (i) a report on projects and programmes financed from the Trust Fund; and (ii) copy of IFAD's consolidated financial statements. Any additional report required by the Executive Board of IFAD on the assessment of such projects and programmes funded through ASAP will be made available to the Flemish Department of Foreign Affairs

IFAD will furnish to the Flemish Department of Foreign Affairs a final report on the use of all the resources managed by the Trust Fund, within six month after the accomplishment of the programme.
 - d. IFAD, in administering the Trust Fund will apply the same rules, including those on oversight, as in accordance with the Agreement Establishing IFAD and the Trust Fund Instrument, apply to the operation of the resources of the Fund.
 - e. The obligations assumed by the Trust Fund under ASAP shall survive the termination of ASAP to the extent necessary to permit the orderly conclusion of such activities entered into or such contracts or other commitments reasonably concluded by IFAD before the decision of termination is formally made. Upon liquidation of the Trust Fund, any balance remained uncommitted will be reimbursed to the donor or to IFAD regular resources in proportion to their respective contribution to the Trust Fund.
5. Any dispute, controversy or claim arising out of or relating to the execution, interpretation, application or performance of this Agreement, or any document or arrangement relating thereto, including its existence, validity or termination, shall be settled by final and binding arbitration in accordance with the Permanent Court of Arbitration, Arbitration Rules 2012
6. External communication about donor commitments will mention all Flemish funding. "Government of Flanders (Belgium)" is the appropriate way to describe funding of the Flemish Department of Foreign Affairs. Flanders is a non-member state.
7. The following addresses are specified for all official communications among IFAD and the Flemish Department of Foreign Affairs for the purpose of this Contribution Agreement:

For the Flemish Department of Foreign Affairs:
Boudewijnlaan 30 bus 80,
1000 Brussel
Belgium

For IFAD
Environment & Climate Change Division, and
Partnership and Resource Mobilization Office
International Fund for Agricultural Development
Via Paolo di Dono 44
Tel +39 06 54591

This agreement together with its Annex 1 and Annex 2, which forms an integral part thereof, constitute an agreement between Flemish Department of Foreign Affairs and IFAD after it has been signed in two (2) original copies in the English language by the authorized persons as follows.

Flemish Department of Foreign Affairs

Signed by :
Koen Verlaeckaert
Secretary-General

Place and date: Brussels, 15/10/14

IFAD

Signed by :
Kanayo F. Nwanze
President

Place and date: Rome, 03/10/2014

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Enabling poor rural people
to overcome poverty

Proposal for a trust fund for the Adaptation for Smallholder Agriculture Programme

Note to Executive Board representatives

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For: Approval

Contents

Abbreviations and acronyms	2
Recommendation for approval	1
I. Summary	1
II. Proposed ASAP trust fund	1
III. Background	2
A. The challenge	2
B. Adaptation for Smallholder Agriculture Programme	3
Annex Draft resolution	

Abbreviations and acronyms

ASAP	Adaptation for Smallholder Agriculture Programme
ENRM	environment and natural resource management
GEF	Global Environment Facility
RCES	regional climate and environment specialist
RIDE	Report on IFAD's Development Effectiveness
RIMS	Results and Impact Management System

Recommendation for approval

The Executive Board is invited to approve the resolution on the proposed trust fund for the Adaptation for Smallholder Agriculture Programme, as contained in the annex to this document.

Proposal for a trust fund for the Adaptation for Smallholder Agriculture Programme

I. Summary

1. Climate change is hitting smallholder farmers hard. It is changing the context for rural development, but currently available climate finance is not benefiting them nearly enough.
2. IFAD's new Adaptation for Smallholder Agriculture Programme (ASAP) is guided by a commitment to integrate climate change issues throughout IFAD's operations and programmes. This commitment has been driven by demands from the Fund's governing bodies. In concrete terms, the ASAP will be a new window through which IFAD may receive earmarked climate and environmental finance, which will use IFAD's systems and partnerships to support smallholder farmers in building their resilience to climate change. Implementation of the ASAP will make full use of existing IFAD systems, procedures and capacity.
3. A trust fund is now deemed advisable to manage contributions from interested donors and to make the ASAP operational. The proposed trust fund set out in the draft resolution (see annex) will receive, manage and disburse all contributions for the ASAP.

II. Proposed ASAP trust fund

4. The thirty-fifth session of the IFAD Governing Council held in February 2012 considered the report on the Ninth Replenishment of IFAD's Resources (IFAD9), which included the following relevant key commitments on the ASAP for IFAD9:

"Assist smallholder producers in benefiting from climate finance and other adaptation and mitigation incentives, including through the IFAD-managed Adaptation for Smallholder Agriculture Programme.

Ensure that complementary contributions to support the implementation of the Adaptation for Smallholder Agriculture Programme are employed for that purpose."¹
5. Further, in resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources, approved by the Governing Council on 22 February 2012, it was decided that:

"... without prejudice to the authority to decide on the use of complementary contributions for other purposes, during the replenishment period, the Fund shall accept complementary contributions to support its Adaptation for Smallholder Agriculture Programme."²
6. IFAD Management considers that a trust fund is now desirable to implement this decision effectively. The proposed trust fund set out in the draft resolution will

¹ Report of the Consultation on the Ninth Replenishment of IFAD's Resources (GC 35/L.4), pp. v-vi.

² GC 35/Resolutions, section III(c)(iii).

receive, manage and disburse all contributions for the ASAP and thus make the programme operational. The ASAP trust fund will ensure that:

- Complementary contributions to support the implementation of the programme are employed for that purpose;
 - Other earmarked climate and environmental finance contributions from a number of donors can be efficiently received by IFAD in one clearly defined and transparent account under a common programme and with harmonized financial reporting;
 - Incremental administrative expenditures directly incurred by IFAD in administering the trust fund and the expenditures directly incurred by IFAD in preparing and appraising projects and programmes for presentation to the Executive Board and, subsequently, in administering them shall be paid to IFAD from the resources of the trust fund;
 - In addition to complementary contributions, Member States and non-Member States of IFAD can contribute directly to the trust fund;
 - Financial reporting is transparent;
 - A clear entry point is available for IFAD to receive both complementary and non-complementary ASAP funding;
 - ASAP funds are allocated in accordance with the ASAP Results Framework in order to maximize ASAP impact on IFAD's core portfolio of programmes.
7. The Executive Board has the authority to establish the proposed ASAP trust fund by virtue of Governing Council resolution 77/2, as amended by resolution 86/XVIII, which authorizes the Executive Board to exercise all the powers of the Governing Council, with the exception of the powers that cannot be delegated as determined by article 6, section 2(c) of the Agreement Establishing IFAD and certain other powers reserved in the said resolution. Moreover, Governing Council resolution 134/XXVII delegates authority to decide on the establishment of such a trust fund.
 8. Once the ASAP trust fund is established, IFAD will transfer any funds received for that purpose to the trust fund as soon as practicable.

III. Background

A. The challenge

9. The climate challenge of the world's 500 million smallholder farms cannot be overlooked. Smallholders account for 60 per cent of global agriculture, manage vast areas of land and make up the largest share of the developing world's undernourished. As the most vulnerable and marginalized people in rural societies – many of them are women heads of household or indigenous peoples – smallholder farmers are especially exposed to climate change. They inhabit some of the most vulnerable and marginal landscapes, such as hillsides, deserts and floodplains. They often lack secure tenure and resource rights and rely directly on climate-affected natural resources for their livelihoods.
10. Responding to climate change requires major shifts in how rural development is practised. First, project and policy preparation needs to be based on deeper risk assessment and a better understanding of interconnections between people and the wider landscapes. Second, this can drive a major scaling up of "multiple-benefit" sustainable agricultural-intensification approaches – these can build climate resilience through managing competing land-use systems at the landscape level, while at the same time reducing poverty, enhancing biodiversity, increasing yields and reducing greenhouse gas emissions. Third, climate change is reshaping the architecture of public (and potentially private) international development finance,

requiring new efforts to enable agriculture, and smallholder farmers in particular, to become significant beneficiaries of climate finance.

B. Adaptation for Smallholder Agriculture Programme³

11. The ASAP is tailored to have maximum impact on IFAD's new project commitments of approximately US\$1 billion per year by changing the incentive structure for investing in climate resilience. In concrete terms, the ASAP trust fund will be a new window through which IFAD may receive financing, which will then be deployed using IFAD's systems and partnerships to support smallholder farmers in building resilience to climate change. ASAP funds will be used to integrate and mainstream climate change across IFAD's programmes through financing the adaptation component of selected IFAD-supported projects to help them maximize their impact in building climate resilience, and then sharing lessons learned across the whole of the Fund's portfolio.
12. IFAD has extensive experience in building more-resilient rural livelihoods – but the capacity to do a lot more. The ASAP aims to enable IFAD to help 8 million people living in poor smallholder farming communities become more resilient to climate change; introduce climate-resilient land management to 1,000,000 hectares of poor smallholder farms; double the share of environment and natural resource management (ENRM) projects in IFAD's new lending; avoid or sequester 80 million tons of emissions; and increase human capacity on adaptation and weather-related disaster preparedness in 1,200 communities. These aims are summarized in the following table.⁴

ASAP Results Framework – summary

Results hierarchy	10 key indicators	2020 target impact
Goal: Poor smallholder farmers are more resilient to climate change	1. Number of poor smallholder household members whose climate resilience has been increased because of the ASAP	8 million people
Purpose: Multiple-benefit adaptation approaches for poor smallholder farmers are scaled up	2. Percentage of new investments in ENRM in IFAD9 compared with IFAD8	Doubling share of ENRM investments in IFAD9 compared with IFAD8
	3. Leverage ratio of ASAP grants versus non-ASAP financing	1:4
	4. Percentage increase in number of on-farm plant species per smallholder farm supported	30 per cent increase
	5. Tons of emissions avoided and/or sequestered	80 million tons
Five ASAP outcomes		
1. Improved land management and climate-resilient agricultural practices and technologies	6. Increase in hectares of land managed under best practices	1,000,000 hectares
2. Increased availability of water and efficiency of water use for smallholder agricultural production and processing	7. Percentage change in water-use efficiency	30 per cent average increase
3. Increased human capacity for adaptation and weather-related disaster risk reduction at the local level	8. Number of community groups involved in ENRM formed or strengthened	1,200 communities
4. Rural infrastructure made climate-resilient	9. \$ value of new or existing rural infrastructure made climate-resilient	US\$80 million
5. Knowledge on climate-smart smallholder agriculture documented and disseminated	10. Number of international and country dialogues to which IFAD or IFAD-supported partners make an active contribution	40 dialogues

13. The ASAP aims to ensure that IFAD remains a cutting-edge development organization. A commitment to integrate climate change issues throughout IFAD's operations and programmes – and to help smallholder farmers access dedicated

³ A full ASAP concept note is available at www.ifad.org/climate/asap/index.htm.

⁴ The ASAP Results Framework will be refined as knowledge on monitoring and evaluation of adaptation is developed through the ASAP and other programmes.

climate and environment finance – is driven by demand from both IFAD's partner smallholder farming communities and its Governors and Executive Board Representatives:

- (a) The IFAD9 report highlighted the importance of climate change as an issue for smallholder farmers (paragraph 19), and called on IFAD to help smallholder producers benefit from climate finance and other adaptation and mitigation incentives, including through the ASAP.
 - (b) An outcome indicator for IFAD's Environment and Natural Resource Management Policy (EB 2011/102/R.9) is "Untapped potential fully explored to leverage climate finance and fast-track funding commitments for ENRM for poor rural people". Paragraph 55 of the policy states that "In addition to its core resources, IFAD will continue to leverage its traditional supplementary funding sources and seek new ones to bolster systematic integration of ENRM. ... IFAD faces a major opportunity to help poor rural people benefit from increasing international public and private finance earmarked for ... environmental objectives – in particular related to climate change. ... IFAD will continue to leverage resources from international funds, such as GEF [Global Environment Facility] and the Adaptation Fund. In addition, as requested by the Board of Directors during the Eighth Replenishment of IFAD's Resources, while maintaining its focus on its mandate and comparative advantage, IFAD will seek to complement its core resources by being open to additional funding that would enable it to scale up its engagement in climate change issues and to meet the additional costs that climate-related challenges impose on investments in development."
 - (c) One of the four main objectives of IFAD's 2010 Climate Change Strategy (EB 2010/99/R.2) is that additional funding be secured to assist in the systematic integration of climate risks and opportunities in the overall IFAD portfolio.
 - (d) The IFAD8 report called for IFAD to "complement its core resources by being open to additional funding that would enable it to scale up its engagement in climate change issues..."⁵
 - (e) More generally, Governing Council resolutions on IFAD8⁶ and IFAD9 encourage the Executive Board and the President to examine opportunities to supplement IFAD's resources by using the Fund's power to perform financial and technical services, including administration of resources and acting as trustee, that are consistent with the objective and functions of IFAD, and expressly provide that operations involved in the performance of such services shall not be paid from IFAD's regular administrative resources.
14. Being an integral part of IFAD financing, the ASAP will make full use of existing IFAD systems, procedures and capacity, including approval by the Executive Board. The review process for ASAP-supported projects will use the Fund's existing project review and approval systems. IFAD has most of the capacity it needs to implement this programme on a large scale. It set up a new Environment and Climate Division in 2010, creating regional climate and environment specialist staff positions for each regional division in 2011. The incremental administrative expenditures directly incurred by IFAD in administering the trust fund and the expenditures directly incurred by IFAD in preparing and appraising projects and programmes for presentation to the Executive Board and, subsequently, in administering them shall be paid to IFAD from the resources of the trust fund.
15. A range of quantitative criteria will be used to guide merit-based project selection, which will be done on a case-by-case basis to optimize the incentive impact of the

⁵ Report of the Consultation on the Eighth Replenishment of IFAD's Resources (GC 32/L.5), paragraph 69.

⁶ GC32/Resolution-154-XXXII/Rev.1.

ASAP both within IFAD and among partner governments. Ex ante estimates of potential project contributions towards the 10 key indicators of the ASAP Results Framework (see table above) will be used to guide identification of potential cofinancing opportunities from the IFAD portfolio and pipeline.

16. An important element of the ASAP will be knowledge management, including through intensive monitoring and evaluation. This will involve: (i) more-intensive efforts to share emerging lessons on building climate-resilient smallholder agriculture at the project level and internationally; (ii) greater efforts to measure multiple-benefit adaptation impact, including through interim outcome surveys and some randomized control trials; and (iii) a five-year independent evaluation and review. Reporting on the ASAP will make full use of existing internal systems, such as the Results and Impact Management System (RIMS), the Report on IFAD's Development Effectiveness (RIDE) and annual portfolio reviews. The ASAP Results Framework will serve as an overall aggregation of the impact of the programme.

Draft resolution ___/___

Establishment of a trust fund for the IFAD Adaptation for Smallholder Agriculture Programme

The Executive Board,

At its 105th session on 3-4 April 2012,

Considering section III(c)(iii) of Governing Council resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources concerning the use of complementary contributions to support the Fund's Adaptation for Smallholder Agriculture Programme (ASAP), and

Further considering section X of the same resolution, which provides that "During the replenishment period, the Executive Board and the President are encouraged to take necessary measures to strengthen the Fund's catalytic role in raising the proportion of national and international funding directed at improving the well-being and self-reliance of rural poor people, and to supplement the resources of the Fund by using the Fund's power to perform financial and technical services, including the administration of resources and acting as trustee, that are consistent with the objective and functions of the Fund. Operations involved in the performance of such financial services shall not be on the account of the Fund,"

Decides that:

1. An IFAD ASAP trust fund ("Trust Fund") shall be established, constituted of the funds that shall from time to time be contributed in accordance with the provisions of this resolution, and any other assets and receipts of the Trust.
2. The Fund shall be the Administrator of the Trust Fund and in this capacity shall hold and administer in trust such funds, assets and receipts. Decisions and other actions taken by the Fund as Administrator shall be identified as taken in that capacity.
3. The operations and transactions of the Trust Fund shall be conducted through an operations sub-account and an administration sub-account. The resources of the Trust shall be held separately in each sub-account.
4. The unit of account of the Trust Fund shall be the special drawing right of the International Monetary Fund. The Trust may use as currency of payment any freely convertible currency.
5. The Trust Fund shall be authorized to receive, upon the approval of the President in his/her capacity as President of the Administrator, the following resources in the form of grants for the general purposes of the Trust Fund or for specific projects or programmes supported by the Trust Fund:
 - (a) Funds hereby transferred pursuant to section III(c)(iii) of Governing Council resolution 166/XXXV on the Ninth Replenishment of IFAD's Resources;
 - (b) Contributions made in a freely convertible currency directly by Member States of the Fund;
 - (c) Contributions made in a freely convertible currency by non-Member States of the Fund, other entities and private individuals; and
 - (d) Other resources.

Except as otherwise decided in this resolution, all such resources shall be held in the Trust Fund.

6. The resources of the Trust Fund shall be used exclusively by the Administrator for the purpose of financing, in the form of grants, components of the IFAD-financed

- core portfolio of projects and programmes to increase the resilience of small farmers to climate change in the following five key ASAP outcome areas:
- (i) improved land management and climate-resilient agricultural practices and technologies; (ii) increased availability of water and efficiency of water use for smallholder agricultural production and processing; (iii) increased human capacity for adaptation and weather-related disaster risk reduction at local and national levels; (iv) rural infrastructure made climate-resilient; and (v) knowledge of climate-smart smallholder agriculture documented and disseminated.
7. Subject to the provisions of this resolution, in administering the Trust Fund, the Fund shall apply the same rules applicable to the operation of the resources of the Fund, in accordance with the Agreement Establishing IFAD.
 8. The Fund in its capacity as Administrator, acting through its President, is authorized:
 - (a) To make all arrangements, including establishment of accounts in the name of the Fund as trustee, with such depositories of the Fund as the trustee deems necessary; and
 - (b) To take all other administrative measures that the trustee deems necessary to implement the provisions of this resolution.
 9. In the light of the Agreement Establishing IFAD and the Lending Policies and Criteria of the Fund, ex ante estimates of potential project contributions towards the 10 key indicators from the ASAP Results Framework shall be taken into account when assessing potential ASAP contributions to Fund-financed projects and programmes: (i) number of poor smallholder household members whose climate resilience has been increased because of the ASAP; (ii) size of the overall resulting investment; (iii) project leverage ratio of ASAP versus non-ASAP financing; (iv) tons of emissions avoided and/or sequestered; (v) increase in number of on-farm plant species per smallholder farmer supported; (vi) increase in hectares of land managed under best practices; (vii) percentage change in water-use efficiency per ton/hectare in the project area; (viii) number of community groups involved in ENRM formed or strengthened; (ix) value of new or existing rural infrastructure made climate-resilient; and (x) number of international and country dialogues to which the project would make an active contribution.
 10. The privileges and immunities accorded to the Fund shall apply to the property, assets, archives, income, operations and transactions of the Trust. In this context, the Fund, through the President, may enter into such agreements and arrangements as may be required to ensure the said privileges and immunities and achievement of the purposes of the Trust Fund.
 11. The Fund shall maintain separate records and accounts to identify the resources of the Trust Fund, the commitments and the reimbursement of expenditures to be financed out of the Trust Fund, and the receipts and disbursements of funds in the Trust Fund.
 12. The President shall, as soon as practicable after the end of each financial year of the Fund, furnish to the Executive Board: (i) a report on projects and programmes financed from the Trust Fund; and (ii) as part of its annual financial statement, a financial statement for the Trust Fund.
 13. The incremental administrative expenditures directly incurred by the Fund in administering the Trust Fund and the expenditures directly incurred by the Fund in preparing and appraising projects and programmes for presentation to the Executive Board and, subsequently, in administering them shall be paid to the Fund from the resources of the Trust Fund. Resources for this purpose shall be held in the administration sub-account. They shall be used exclusively to cover the costs to IFAD of implementing the ASAP.

14. Upon liquidation of the Trust Fund, all amounts remaining shall be transferred to the Fund.
15. The Fund shall not be liable for acts or obligations of the Trust Fund, solely by reason of its capacity as Administrator.

Annex 2

**Financial and Administration Framework of the Trust Fund for
IFAD Adaptation for Smallholder Agriculture Programme (ASAP)**

At its 105th session (3-4 April 2012) the IFAD Executive Board adopted the Resolution of "Establishment of a trust fund for the IFAD Adaptation for Smallholder Agriculture Programme" (hereinafter referred to as the "Trust Fund Instrument"), which provides rules inter alia on the management of the resources for ASAP through the ASAP Trust Fund. IFAD, in its capacity as Administrator of the Trust Fund and acting through its President, is authorized to take all administrative measures that are deemed necessary to implement the provisions of the Resolution (paragraph 8(b)), in light of which this Framework with detailed implementing rules is hereby adopted.

ARTICLE I

Project Preparation, Appraisal, Monitoring and Evaluation

SECTION 1.01

(a) Project preparation and appraisal shall be undertaken in accordance with the following IFAD guidelines:

- a. Guidelines on Formulating a Logical Framework;
- b. IFAD Guidelines for Project Design Report (January 2011);
- c. PPMS Reference Manual (May 2012);
- d. Quality Assurance: Guidelines for QA Function and Process; and
- e. Quality Enhancement for Project Design: Guidelines for Internal Project Review.

(b) Monitoring and measurement of results shall be undertaken in accordance with the following IFAD guidelines:

- a. Project Procurement Guidelines;
- b. Results and impact management system (RIMS);
- c. IFAD Guidelines on Project Audits (for Borrowers' Use);
- d. IFAD Operational Procedures for Project and Programme Audits (for use by IFAD and Cooperating Institutions);
- e. World Development Indicators: Quick Guide;
- f. Guidelines for Project Completion; and
- g. Guidelines for Supervision and Implementation Support of Projects and Programmes Funded from IFAD Loans and Grants.

(c) Evaluation shall be undertaken in accordance with the IFAD Evaluation Policy.

(d) Travel costs incurred in carrying out the above activities shall not be financed with resources held in the ASAP Trust Fund.

SECTION 1.02 ASAP Result Framework – Summary

The full description of ASAP is referenced in EB 2012/105/R.45, attached hereto as Annex 1.

SECTION 1.03 Results Hierarchy	SECTION 1.04 10 Key Indicators	SECTION 1.05 2020 Target Impact
Goal: Poor smallholder farmers are more resilient to climate change	1. # of poor smallholder household members whose climate resilience has been increased because of ASAP - disaggregated by sex	8 million people including 4 million women and girls
Purpose: Multiple-benefit adaptation approaches for poor smallholder farmers are scaled up	2. % of new investments in ENRM in IFAD 9th Replenishment compared to IFAD 8th Replenishment	Doubling share of ENRM investments in IFAD 9 compared to IFAD 8
	3. Leverage ratio of ASAP grants versus non-ASAP financing	1:4
	4. % increase in number of non-invasive on-farm plant species on smallholder farms	30 % increase
	5. # of tonnes of GHG emissions (CO ₂ e) avoided and/or sequestered	80 million tonnes
5 ASAP Outcomes		
1. Improved land management and gender-sensitive climate resilient agricultural practices and technologies	6. # increase in hectares of land managed under climate resilient practices	1,000,000 hectares
2. Increased availability of water and efficiency of water use for smallholder agriculture production and processing	7. % change in water use efficiency by men and women	30 % average increase
3. Increased human capacity to manage short- and long-term climate risks and reduce losses from weather-related disasters	8. # of community groups including women's groups involved in ENRM and/or DRR formed or strengthened	1,200 community groups including especially disadvantaged men and women
4. Rural infrastructure made climate-resilient	9. \$ value of new or existing rural infrastructure made climate-resilient	\$ 80 million
5. Knowledge on Climate Smart Smallholder Agriculture documented and disseminated	10. # of international and country dialogues where IFAD or IFAD-supported partners make an active contribution	40 dialogues including in specific areas such as gender and marginalized groups

ARTICLE II

Contributions, Commitment and Deposit of Funds

SECTION 2.01 To the extent necessary the IFAD Corporate Handbook shall inform the contributions stream envisaged by paragraph 5(a) of the Trust Fund Instrument,

SECTION 2.02 The Contributions foreseen by paragraphs 5(b), (c), and (d) of the Trust Fund Instrument shall be approved by the President.

SECTION 2.03

- a. Member States making complementary contributions to support the ASAP under Section III(b)(iv) of Governing Council Resolution 166/XXXV(2012) on the Ninth Replenishment of IFAD's resources shall deposit with the Fund an instrument of contribution as required by Section IV(a) of the aforementioned resolution, essentially in the format of an Instrument of Complementary Contribution to IFAD9 for ASAP as provided in Annex 2.
- b. A contribution agreement between the Trust Fund and the contributor shall be concluded in each case of direct contributions to the Trust Fund under paragraph 5(c) of the Trust Fund Instrument.

ARTICLE III

Management and Governance

SECTION 3.01 *Management.* ASAP shall be managed according to its agreed purposes, eligibility criteria and administration modalities. The management framework for ASAP shall be based on IFAD's existing management and quality control systems. IFAD's Programme Management Department (PMD) shall lead programme implementation within IFAD. The PMD focal point for overall project management shall be IFAD's new Environment and Climate Division (ECD), which shall support internal coordination and external knowledge sharing.

SECTION 3.02 *Selection of financing operations* shall be fully integrated into IFAD's existing project cycle but with additional technical and supervisory support provided by ECD.

SECTION 3.03 *Governance.* The President shall submit to the Executive Board for consideration and approval financing component for ASAP, in the form of grants, of IFAD's financed core portfolio of projects and programmes. The proportion of the Trust Fund's resources to be committed in any financial year for financing operations shall be decided from time to time by the Executive Board in the same way and at the same time as it decides on the commitment of its regular resources.

SECTION 3.04 Until 31 December 2013, an internal working group composed of the Associate Vice President, PMD, Chief Financial Officer (CFO), Director and Deputy Director, Partnership & Resource Mobilization Office (PRM), Director, ECD, Director, Office of the President and Vice President (OPV) and the General Counsel shall serve as the reference group for all matters concerning the ASAP. The President shall make a determination on the composition of the group for the period thereafter no later than 30 November 2013.

SECTION 3.05 For the purpose of enhancing coordination and knowledge enhancement, ECD and PRM shall be authorized to consult with relevant representatives of interested Member States, whether individually, or collectively.

ARTICLE IV

Administration of Funds

SECTION 4.01 The operations and transactions of the Trust Fund shall be conducted through an operations sub-account and an administration sub-account. The resources of the Trust Fund shall be held separately in each sub-account.

- a. The operations sub-account: Credit of the Grant Account opened in the name of grant recipients pursuant to Section 4.01 of the General Conditions for Agricultural

Financing shall be charged to the operations sub-account. The IFAD Financing Administration Manual shall apply to the withdrawals from the Grant Account.

- b. The administration sub-account: Charges by the Administrator for the incremental expenditures directly incurred by IFAD in administering the Trust Fund and the expenditures directly incurred by the Fund in preparing, appraising and administering projects and associated knowledge management on climate change, excluding travel costs, shall be paid to IFAD from the administration sub-account. The resources of the administration sub-account shall be composed by 7.5% of all resources envisaged by paragraph 5 of the Annex (Draft resolution) to the Trust Fund Instrument. As part of the IFAD annual budgetary process, the President shall prepare for consideration by the Executive Board the incremental expenditures of IFAD that will be charged to the Trust Fund on the basis of the projected operational plans and disbursements covering the corresponding period.

SECTION 4.02 The ASAP records and accounts shall be maintained in accordance with IFAD's accounting and reporting procedures. The Trust Fund may use any freely convertible currency as currency of payment.

SECTION 4.03 The Trust Fund accounts shall be audited on an annual basis by IFAD's external auditors as part of IFAD's consolidated financial statements. Additional details on expenditure related to ASAP may be provided.

SECTION 4.04 IFAD shall exercise the same care in the discharge of its functions for the administration and management of ASAP as it exercises with respect to its own operations, and shall have no further responsibility to the Contributors in respect thereof. IFAD may invest and reinvest the funds provided under ASAP pending their disbursement, according to IFAD investment policy.

SECTION 4.05 Upon the closing or termination of each activity financed under ASAP with the funds received from the Contributors, IFAD shall promptly credit to Trust Fund accounts any unused balance remaining on the closure of such activity.

SECTION 4.06 Promissory notes or similar obligations in respect of complementary contributions to the Ninth Replenishment of IFAD's Resources that are designated to support the ASAP shall be encashed in accordance with Section VII(e) of Governing Council Resolution 166/XXXV (2012). Promissory notes or similar obligations arising from direct contributions to the Trust Fund under paragraph 5(c) of the Annex (Draft resolution) to the Trust Fund Instrument shall be encashed in accordance with the terms of the relevant contribution agreement.

ARTICLE V

Reporting

SECTION 5.01 Complementary contributions to support the ASAP shall be reported to the Executive Board and to the Governing Council in accordance with Section XI of Governing Council Resolution 166/XXXV(2012). Direct contributions to the Trust Fund under paragraph 5(c) of the Trust Fund Instrument shall be encashed in accordance with the terms of the relevant contribution agreement shall be reported in accordance with paragraph 12 of the Trust Fund Instrument (EB 2012/105/R.45).

SECTION 5.02 Reporting on the projects and programmes financed with the resources of the Trust Fund and on financial administration shall be undertaken in accordance with paragraph 12 of the Annex (Draft resolution) to the Trust Fund Instrument. Since the ASAP Trust Fund is an "operation" pursuant to Article 7.3 of the Agreement Establishing IFAD (in the same way as the loans and grants mentioned in Article 7.2 of the same Article) the audited financial statement required by Article 6.11 of the Agreement (and Section 12 of the By-Laws) shall cover these operations.

SECTION 5.03 The results regarding the development effectiveness of ASAP component of IFAD's operations shall be an integral part of the annual Report on IFAD's Development

Effectiveness (RIDE) and of the report submitted to the Consultation on the 10th Replenishment of IFAD's Resources for the purpose of the mid-term review of the 9th Replenishment of IFAD's Resources in accordance with Section XIII of Governing Council Resolution 166/XXXV(2012). This will include a significant section on Climate Change and ASAP, with details on activities, projects and a results table

SECTION 5.04 IFAD, subject to the Policy on the Disclosure of Documents (EB 2010/100/R.3/Rev.1) and the relevant financing agreement with the recipient, shall make available to all interested parties the following technical and financial reports:

- a. reports related to ASAP co-financed programmes such as project/programme proposals, feasibility studies, supervision mission Aide Memoire, evaluation reports, and mid-term review report when and if available; and
- b. project specific financial statements and audits of accounts from ASAP-related project implementation parties to be kept in accordance with the IFAD General Conditions for Agricultural Development Financing, including Article IX – "Financial Reporting and Information", under which detailed financial records (including separate accounting and reporting of capital expenditures) shall be appropriately maintained.

SECTION 5.05 IFAD shall undertake experimental designs to better assess the impact of ASAP interventions to add to the body of knowledge on adaptation and smallholder agriculture. IFAD, through PMD and the Strategy and Knowledge Management Department (SKM), will work with interested parties on undertaking these experimental designs and impact evaluation under ASAP. In accordance with IFAD Policy on the Disclosure of Documents, all ASAP-related evaluation reports and documentation submitted to the Evaluation Committee shall be made available to the general public on IFAD's corporate website. In addition, IFAD will conduct an independent external five-year evaluation of the ASAP.

ARTICLE VI

Anticorruption, Transparency and Publicity

SECTION 6.01 *Corruption.* The overall responsibility for the management of the Trust Fund lies with IFAD. The use of the resources available through the Trust Fund and the management of such funds shall comply with the Financial Regulations of IFAD and all other applicable internal rules and regulations. The provision of ASAP grants are subject to the Anti-Corruption Policy adopted by the IFAD Executive Board. IFAD shall apply a zero-tolerance policy where it has determined, through an investigation performed by IFAD, the borrower or another competent entity, that fraudulent, corrupt, collusive or coercive actions have occurred in projects financed through its loans and grants, including ASAP grants, and it shall enforce a range of sanctions in accordance with the provisions of applicable IFAD rules, regulations and other legal instruments. "Zero tolerance" means that IFAD shall pursue all allegations falling under the scope of this policy and that appropriate sanctions shall be applied where the allegations are substantiated.

SECTION 6.02 No offer, gift or payment, consideration or benefit of any kind, which constitutes an illegal or corrupt practice, shall be made to anyone, either directly or indirectly, as an inducement or reward for the award of ASAP grants or the execution of projects and programmes financed thereby. No representatives from IFAD Member States nor from the ASAP Contributor community or from IFAD's staff and consultants shall be admitted to any share or part of the Trust Fund resources or to any benefit to arise therefrom.

SECTION 6.03 *Transparency.* In accordance with IFAD's decision to join the International Aid Transparency Initiative (IATI) all information on ASAP-related spending and activities will be made publicly available and accessible worldwide.

SECTION 6.04 *Publicity.* Contribution agreements can be published in IFAD and Contributors' websites.

SECTION 6.05 *Outreach.* IFAD will acknowledge in line with its multilateral and autonomous character Contributors' support in communications with the public or third parties about ASAP. IFAD also decides to collaborate with interested Contributors on other

awareness raising activities where feasible and appropriate to profile the partnership and the results it is delivering. Information about contributions to the Trust Fund is regularly submitted to IFAD Governing Bodies, and thus is available to the general public in accordance with IFAD Policy on the Disclosure of Documents.

SECTION 6.06 The sources and amount of financing to the ASAP will be acknowledged and highlighted in a dedicated website along with other related documentation on the ASAP and information about partnership building between IFAD and its Membership through the ASAP. Provided that the multilateral and autonomous character of the Fund and the replenishment resources is not compromised, recipients and the wider public will be made fully aware of the special efforts made by ASAP Contributors.

ARTICLE VII

Interpretation

This framework is subordinate to and shall be interpreted and applied in accordance with the (1) the Agreement Establishing IFAD, (2) the Lending Policies and Criteria, (3) the Financial Regulations, (4) the IFAD9 Resolution (166/XXXV, 2012), and the ASAP Trust Fund Instrument.

ARTICLE VIII

Communications

All written communications required or permitted by this Framework shall be directed to the following addresses:

For Member States:

Unless otherwise indicated, the entity designated as the official channel of communication under Section 2.1 of the By-Laws for the Conduct of the Business of IFAD.

For Contributors to the Trust Fund:

As specified in the Contribution Agreement.

For IFAD

Environment & Climate Change Division, and

Partnership and Resource Mobilization Office

International Fund for Agricultural Development

Via Paolo di Dono 44

Annex 3 ASAP Multi Donor Trust Fund Account Details

Bank Name:	Banca Popolare di Sondrio
Bank Postal Address:	Sondrio, Italy
Name of Account:	IFAD
Bank Account Number:	
Sort Code:	
Currency of Bank Account:	€
IBAN number: [required for bank accounts within Europe]	IBAN IT38W0569611000EDCEU0510880
SWIFT number:	POSOIT22
ABA or BIC Number: [BIC required for bank accounts within Europe]	
Intermediary bank details:	