INTER-AMERICAN DEVELOPMENT BANK

MULTIDONOR AGROLAC2025 FUND

OPERATIONAL GUIDELINES

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Abbreviations

ESC  Eligibility and Strategic Committee
FIN  Finance Department
INE/RND  Environment, Rural Development Disaster Risk Management Division
INT  Integration and Trade Sector
LAC  Latin America and the Caribbean
MIF  Office of the Multilateral Investment Fund
ORP/GCM  Grants and Co-Financing Management Unit
ORP/PTR  Partnerships and Resource Mobilization Unit
PTL  Project Team Leader
QRR  Quality and Risk Review
RD  Research and Dissemination
SFD  Sector Framework Document
SW  Single Window
TC  Technical Cooperation
I. BACKGROUND AND OBJECTIVES

A. Background

1.1 The purpose of these Operational Guidelines (the “Guidelines”) is to provide information and guidance on the eligibility criteria, preparation of proposals, approval process and execution of individual non-reimbursable technical cooperation operations (“TC operations”) and investment grants, financed with resources from the Multidonor AgroLAC 2025 Fund (the “Fund”).

1.2 These guidelines are complementary to the Bank’s current policies and procedures applicable to non-reimbursable technical cooperation and investment grant operations and subject to the terms and conditions set forth in the New Framework for Technical Cooperation (GN-2469-2); Bank Policy on Technical Cooperation (GN-2470-2); Operational Guidelines for Technical Cooperation Products (GN-2629-1), and the Operational Guidelines for non-reimbursable Investment Operations (OP-219-3). These guidelines will be updated as needed to incorporate any lessons learned or in response to modifications to the Fund. Finally, these Guidelines complement the provisions and regulations set forth in document GN-2486-8 (Multidonor Food Price Crisis Response Trust Fund. Proposed Modifications).

B. Objectives; areas of intervention and general considerations

1.3 Objectives. The Fund will finance activities that focus on improving agricultural productivity and natural resources management as a means of enhancing food security.

1.4 The Fund is aligned with the IDB’s Sector Strategies: Institutions for Growth and Social Welfare (OP-1009), Support Competitive Global and Regional Integration (OP-1010) and Sustainable Infrastructure for Competitiveness and Inclusive Growth Strategy. In addition, the Fund is consistent with the following Sector Framework documents (SFDs): (1) Agricultural and Natural Resources Management (GN-2709); (2) Food Security (GN-2825), and (3) Integration and Trade (GN-2715-2).

1.5 Main areas of intervention. The Fund will finance national and regional non-reimbursable technical and investment operations for: (a) project design, studies and evaluations; (b) formulation / review of national strategies and policies; (c) training and other knowledge events, and (d) demonstration and pilot projects within the following three pillars:

i. Agricultural/Environmental Management.

ii. Increased Productivity through Sustainable Intensification.

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1 The multidonor AgroLAC 2025 Fund document is OP-108-3 (GN-2486-8).

2 A detailed description of the activities, expected outputs and immediate outcomes can be found in the Fund’s Results Matrix.
iii. Trade and Access to Markets.

1.6 **Fund Resource distribution.** No single country shall receive more than thirty percent (30%) of Fund’s resources in any three year period prior to the date a national proposal is being submitted to the Single Window. The approval of regional operations does not count toward the amount limit per country benefiting from said regional operation.

1.7 **Eligible expenses.** Eligible expenses will be those as provided in the Bank’s policies on Eligible Expenditures (GN-2331-5 and GN-2331-11). For specific type of expenses financed with Bank resources and counterpart funds, Bank Policy on Technical Cooperation (GN-2470-2) and Bank Procurement Policies should also be followed.

1.8 **Counterpart resources.** As provided in the Bank’s technical cooperation policy, the Executing Agency commits itself to partially finance the operation’s direct and indirect expenses in line with the Country’s Financing Parameters (CFP). The amount of resources and type of expenditures to be financed with those resources will be determined and agreed upon with the Bank during preparation of the operation.

II. **OPERATIONAL ELIGIBILITY CRITERIA**

A. **Eligible Countries**

2.1 All borrowing member countries of the Bank will be eligible to receive financing from the Fund. Regional initiatives in Bank borrowing member countries will also be eligible. Single country project proposals may focus on the national and/or subnational level.

B. **Eligible Executing Agencies**

2.2 Legally established entities in Bank’s member countries may receive and administer the resources from the Fund. These Executing Agencies are: (i) borrowing member countries, including national and sub-national institutions with legal capacity to enter into agreements with the Bank; (ii) regional and sub-regional agencies established by same countries; (iii) private companies eligible to receive loans from the Bank; (iv) not-for-profit institutions, including civil society associations. In addition, the Bank may, in exceptional cases, be the executing agency for technical cooperation operations classified as “operational support” or “client support” technical cooperation, provided that the requirements and criteria set forth in documents GN-2470-2 and OP-619-1 (GN-2629-1) have been fulfilled. Individual operations to be executed by the Bank will only finance consulting services.³

³ See GN-2470-2, paragraph 2.23 and Appendix 10 of OP-619-1 (GN-2629-1).
C. Eligible Activities

2.3 The following is a list of indicative initiatives that may be financed by the Fund, provided that they contribute to the main outcome statements of the Fund (Access to Markets; Productivity of Farmers, and Agricultural / Environmental Sector Management). The expected outputs, outcomes and related indicators of the scope of activities described below can be found in the Fund’s Results Matrix.

1. Trade and Access to Markets

   i. Initiatives that will support and strengthen farmers’ ability to participate in regional and global markets.

   ii. Initiatives that will support governments in implementing changes to current trade policies and practices and promote agricultural trade.

   iii. Initiatives that will increase engagement of private sector firms to enhance access to regional and global markets.

2. Increased Productivity through Sustainable Intensification

   i. Initiatives that will strengthen farmers’ ability to increase their agricultural production in an environmentally sustainable manner.

   ii. Initiatives that will strengthen governments’, private sector, and academic institutions ability to provide agricultural services.

3. Agricultural / Environmental Management

   i. Initiatives that will strengthen the capacity of local and national governments to develop and implement sustainable agricultural plans and policies that emphasize the promotion of public goods.

   ii. Initiatives that will facilitate or generate access to good practices on land use planning for the public and private sector, including farmers, in LAC.

D. Private / Public Sector Operations

2.4 Resources from the Fund will be used for the financing of individual technical cooperation and investment grants operations by the IDB and the Inter-American Investment Corporation (IIC). IIC may utilize resources from the Fund for projects subject to an agreement to be entered into between the IDB and the IIC which will ensure compliance with the terms and conditions of the Multidonor AgroLAC 2025 Fund.⁴

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⁴ The IIC use of the Fund will encompass its consolidated role in respect of non-sovereign guaranteed operations as approved by the Boards of Governors of the IDB and IIC on March 30, 2015 (Resolutions AG-9/15 and CII/AG-2/15). IIC’s updated policies and procedures will govern the IIC’s use of such funds.
III. PROCESSING AND APPROVAL PROCEDURES

A. Preparation of Proposals: General considerations

3.1 Proposed operations could be originated (requested) by both public and private sector entities, and the Bank. Individual operations originated by public sector entities (National or sub-national) will require a non-objection letter from the corresponding official national liaison with the Bank. In the case of regional and sub-regional organizations composed by entities or organizations from the Bank borrowing member countries, the non-objection letter should be obtained by the official national liaison with the Bank from the countries who would benefit from the individual operation.

3.2 TC proposals will be prepared in accordance with Bank policies and procedures for non-reimbursable technical cooperation operations and non-reimbursable investment financing.

B. Fund Allocation

3.3 Prior to Fund resource allocation, the project proposal (TC Abstract) will have to be submitted to the AgroLAC Eligibility and Strategic Committee (“the Committee”). The role of the Committee will be to ensure that the proposal is coherent with the: (i) Bank’s sector strategy; (ii) defined programmatic priorities for the beneficiary country, and (iii) defined activities, output and outcome statements of the Fund. Committee members may provide additional technical comments on the TC Abstract. All comments provided by the Committee members will have to be addressed by the project team at the TC Documents stage. The Committee will be chaired by ORP/GCM and include the Managers of INE and INT, the Country Representative, Regional Manager and Sector Manager or Division Chief, as applicable, and the Legal Department.

3.4 Committee members will have five (5) business days to provide comments. At the end of the ESC review period, ORP/GCM will prepare the minutes that shall entail the comments provided by Committee members; describe the characteristics of the project proposal that determine its compliance or non-compliance with the Fund’s operational and technical eligibility criteria, and provide any other additional recommendations or comments for the project team. The minutes shall be signed by ORP/GCM’s Unit Chief.

C. From Eligibility to Approval

3.5 Once the eligibility of the project has been declared by the ESC, the PTL and the rest of the team shall prepare the TC Document which will be submitted to a Quality and Risk Review (QRR) to be chaired by the PTL’s organizational unit. At this stage, the project proposal will have to provide a Results Matrix that

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5 The current eligibility and strategic review procedure (ESC) is being revised in the context of the OC Action Plan. Any modifications to the functioning of the ESCs will be incorporated to these guidelines.
establishes a clear affinity between the project’s activities, expected results and the areas of intervention of the Fund and its indicators.

3.6 After the QRR, the PTL shall prepare the TC package for final approval and submit it to GCM for the certification of funds, following the Banks Operation Processing Manual PR-501 (Approval of Non-Reimbursable Operations). All TC projects will be approved in accordance with the current levels of delegation of authority within the Bank (document GN-2752-4).

D. TC Implementation and reporting

3.7 The implementation and supervision of TCs will be carried out in accordance with the Bank’s applicable policies.

i. Procurement Policies:

a. For recipient-executed operations: Policy for the selection and contracting of consultants (GN-2350-9) and Policy for the procurement of goods and works (GN-2349-9) and Bank procurement operational guidelines for TCs and future updates will be followed.

b. For Bank-executed TCs: Follow project (GN-2350-9) or corporate procurement (GN-2303-20) policies, depending on the nature of the TC. BDA/ACP shall be contacted regarding inquiries related to the application of these policies. The contracting of individual consultants follows the manual for Complementary Workforce (AM-650).

ii. Cancellation of Operations will be governed by the Bank’s current applicable policies.

3.8 The PTL is responsible for timely reporting on advances in the execution of project activities, accomplishment of milestones and interim or final outputs. In addition the PTL is to provide information as to the accomplishment of the expected immediate outcomes. To that effect, the PTL will have to use the applicable Bank Monitoring and Reporting platform.

IV. FUND ADMINISTRATION, MONITORING, REPORTING AND EVALUATION

A. General Fund Management and Coordination

4.1 Overall Fund management will be the responsibility of ORP/GCM in coordination with ORP/PTR, FIN, INE, INT, and MIF. This includes: (i) maintain donor relationships; (ii) ensure compliance of project proposals with Fund eligibility criteria; (iii) conduct portfolio monitoring; and (iv) ensure annual reporting of Fund activities and accomplishments to the donor community in accordance with the terms and conditions agreed with between the Bank and the Donors.

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6 Upon effectiveness of the Policy for the Selection and Contracting of Consulting Firms for Bank-executed Operational Work (GN-2765-1), the procurement methods and procedures established therein shall be applied to the selection of consulting firms.
4.2 All projects development objectives will be measured against the projects’ and Fund’s results matrix. Monitoring of advances in project execution and accomplishment of milestones and/or interim or final outputs include: (i) review of percentage of total project amount disbursed and committed by semester, (ii) number or percentage of expected outputs completed and available at the end of each calendar year, and (iii) resources leveraged by project proposal (Bank loans, partnerships etc.).

B. Technical Management and Reporting

4.3 The Fund’s technical management will be the responsibility of INE/RND and INT. These sector departments are responsible for the technical review and quality of project proposals submitted to the different stages of the Bank’s approval process.

C. Partner Visibility

4.4 Building awareness and visibility of AgroLAC 2025 – highlighting its importance to advancing sustainable agricultural productivity in Latin America and the Caribbean and drawing attention to the activities of its partners and collaborators – is a critical activity of the platform.

4.5 Accordingly, communications and awareness-raising activities’ as well as specific actions related to knowledge sharing and fund review tasks (e.g. update to Results Matrix) will be financed through an administrative TC (ADM) whose total amount shall not exceed 3% of total Fund contributions for a period of two years. This ADM TC will be dedicated to support activities in targeted communications to key audiences, as well as outreach to relevant media, an online presence and an effort to remain active and visible through social media channels. Having these activities supported throughout the year with a dedicated communications budget will ensure they are carried out with the consistency needed to maximize their impact.

D. Fund Evaluation

4.6 The efficiency and effectiveness of the use of Fund resources will be evaluated by external evaluators. The Annual Donors Meeting Minutes will establish the date and/or periodicity for such an evaluation.