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Investing in rural people

Operational procedures for country strategies

Note to Executive Board representatives

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For: Information

Operational procedures for country strategies

I. Introduction

1. This note informs the Executive Board of initiatives that Management has undertaken to improve results-based country strategic opportunities programmes (COSOPs) and to provide representatives with an indicative business strategy for the delivery of IFAD services over a specific period to support the achievement of concrete development results by the country.

II. Background

2. As one of the key deliverables of IFAD's Action Plan for Improving its Development Effectiveness, in 2006 the Executive Board approved a revised framework for its country strategies.¹ The emphasis of this revised framework was on results, accountability and country ownership. The COSOP guidelines were updated in 2010 to capitalize on lessons learned from the first three years of implementation.
3. In 2015, following recommendations from an independent evaluation and lessons learned by IFAD, and informed by practices in other multilateral development banks, the Programme Management Department (PMD) reviewed its country strategy approach and developed revised operational procedures for country strategies, which were issued in December 2015. The new procedures were developed using a consultative and participatory approach that involved a working group of operational stakeholders across PMD. The key features of the revised procedures are presented below.

III. Key features of the revised operational procedures for COSOPs

4. A strategy for all countries with which IFAD maintains active engagement is imperative, be it in the form of a COSOP or a Country Strategy Note (CSN) (described below). The results of an analysis carried out in 2015 demonstrated that of the 102 countries participating in the performance-based allocation system (PBAS) for the period of the Tenth Replenishment of IFAD's Resources (2016-2018), almost half did not have a COSOP (either active or in the pipeline). This highlighted missed opportunities from both a strategic and an operational point of view. The COSOP represents a critical point of reflection and repositioning for IFAD and serves as an instrument through which IFAD can respond to changing contexts and situations. The new procedures seek to close this gap by requiring a country strategy for all countries in which IFAD operates.
5. COSOPs will continue to be prepared as standard practice. All countries in which IFAD is active, through either project or non-project activities or a combination of both, require a COSOP. If a Member State and IFAD are unable to define detailed objectives or develop a programme for the medium term, a country strategy note is prepared.
6. CSNs are prepared under the following conditions:
 - (a) Uncertainty about the scope of IFAD's engagement in the country;
 - (b) No medium-term development strategy to frame IFAD's support;
 - (c) Insufficient country knowledge as a result of a long period of limited or no engagement;

¹ See: EB 2006/88/R.4, Action plan deliverable, proposal for a revised framework for results-based country strategic opportunities programmes.

- (d) A period of uncertainty as a result of fragile situations or misalignment with political cycles; or
 - (e) A need to align the COSOP period with that of key government strategy documents.
7. In addition, subject to Management approval, CSNs may be prepared for countries with a PBAS allocation equal to or less than US\$5 million. CSNs are expected to be transitional in nature, and most country teams are expected to work towards developing full COSOPs.
 8. Duration, frequency and updates. COSOPs are initially prepared for a duration of up to six years and are, to the extent possible, aligned with country circumstances (e.g. national development strategies and election cycles). CSNs are expected to have a much shorter cycle: they are initially prepared for a duration of 24 months in view of the more volatile circumstances under which they are used.
 9. Focus on measurable outcomes that contribute to country goals. The new procedures provide a requirement for all COSOPs to clearly set out the results chain from IFAD activities supporting strategic objectives that contribute to the achievement of specific country development goals. COSOPs' strategic objectives are determined by the intersection of the country's own development goals and IFAD's comparative advantage. COSOPs are presented at a strategic level with emphasis on strategic objectives rather than activities. The COSOP is based on a theory of change that is summarized in the results measurement framework. This theory of change explains how ongoing and planned activities (project and non-project) contribute to achieving each strategic objective and how the latter relates to the country's development goals. CSNs do not require a results framework.
 10. Strategic objectives encapsulate a combination of achievable and measurable outcomes. While the text explains how individual outcomes may contribute to multiple strategic objectives, each outcome is placed under the strategic objective to which it contributes the most.
 11. An iterative design approach. The COSOP design process follows an iterative approach, including a thorough review of previous achievements and an analysis of current challenges and the policy context. The joint IFAD-country nature of COSOP design requires a process of dialogue with government and development partners in order to generate a common understanding of the strategic direction that the next COSOP will take. COSOPs are reviewed by the Country Programme Management Team (CPMT) and the Operational Strategy and Policy Guidance Committee (OSC) who provide guidance and ensure compliance with IFAD's mandate, strategic framework and applicable policies prior to Management approval and review by the Executive Board. The process for CSNs benefits from peer reviews prior to Management approval and disclosure on IFAD's website for information.
 12. Annual planning. In the first quarter of each year, regional plans for COSOPs and CSNs are approved by the Associate Vice-President, PMD. After approval, COSOPs (and attached project concept notes) and CSNs become part of the official pipeline of country activities.
 13. Indicative resources and initial pipeline. Both COSOPs and CSNs indicate the financial resources expected to be available from IFAD during the country strategy period. Whenever relevant, the size of the financial envelope is presented through low- and high-case scenarios. Grant resources, including for regional and global programmes of relevance to the country, are integrated as part of the country strategy. In the case of COSOPs only, at least one investment project or grant concept note is attached to the COSOP. Project concept notes are approved by the OSC together with the COSOP, and the OSC date is considered as the date of project concept note approval. If substantial changes are made to the project

concepts following their approval with the COSOP, resubmission to OSC is required. In the case of grant concept notes, these are indicative and are reviewed separately in line with the grant policy and procedures.

14. Re-evaluation and reinforcement of regular self-assessment of progress. Regular assessments of the COSOP, as recommended in the previous procedures, were predominantly not undertaken. The new operational procedures require COSOP results reviews (CRRs) at midterm to assess progress on results, lessons learned and to make mid-course corrections if required. CRRs provide a key instrument for the continuous process of monitoring and learning from implementation, and are mainstreamed into corporate approval processes to support the review of proposals such as extension of the COSOP's validity or early revisions to the strategy.
15. Every three years (or at midterm, depending on the COSOP duration), the country team engages with stakeholders in the country to undertake a CRR. During these reviews, a short self-assessment report summarizing implementation progress and confirmation of continued relevance of the strategy is prepared. As the six-year strategy may be adjusted during the course of implementation, CRRs offer an opportunity to reflect changes in country demand and priorities, with resulting adjustments to the strategy and results framework. When CRRs reflect significant changes in the overall context and country priorities that require a major change in IFAD support, a new COSOP may be warranted. CSNs do not require CRRs.
16. Flexibility and simplicity to determine both efficiency and effectiveness. COSOPs may be extended for periods of up to three years as many times as required, or superseded by a new COSOP or CSN. CSNs may be extended for periods of one year at a time. This flexibility ensures that efforts on the COSOP exercise are only exerted when needed, i.e. if a CRR reveals significant changes in the overall context and country priorities that require major changes in IFAD support.
17. Assessment of results at completion. At COSOP completion, a COSOP completion review (CCR) is prepared by the CPMT within six months of COSOP completion. CCRs are self-evaluations of the achievement of COSOP strategic objectives and IFAD performance in achieving them, serving as both learning and accountability tools for the country team. Results are primarily assessed against indicators contained in the COSOP results measurement framework. CCRs are also intended to extract practical lessons from the implementation of a previous COSOP that can be incorporated into new programme design. CCRs also capture lessons that not only are relevant to IFAD's programmes in the country, but will also help build IFAD's overall knowledge base and inform the design of strategies worldwide. CCRs follow standard evaluation methodology for country programmes, as agreed with the Independent Office of Evaluation of IFAD (IOE). This includes evaluating overall COSOP performance, including project and non-project activities. CSNs do not require a completion review.
18. Learning from independent evaluation. IOE undertakes country strategy and programme evaluations (CSPEs) in selected countries. The main aim of such evaluations is to assess the results of IFAD's strategy and operations, and to generate findings and recommendations to inform subsequent COSOPs. The selection of countries for CSPEs is in accordance with the criteria contained in the IOE selectivity framework, including ensuring geographic balance across all IFAD regions. When COSOP completion reviews are available, IOE does not require Management to conduct a separate self-assessment exercise as an input to the CSPEs, which under normal circumstances would be required in line with the IFAD Evaluation Policy.

IV. Conclusion

19. IFAD has implemented the new operational procedures in 2016, with substantially positive results and feedback from the OSC and the Executive Board on the quality of COSOPs. While the volume of country strategy documents has increased, the benefits of the new products (the CSN, CRR and the CCR) have been recognized.
20. The full COSOP operational procedures are available and downloadable on the IFAD website at: www.ifad.org/what/operating_model/tags/cosop/1965483.