



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
Executive Board — Sixty-Fifth Session

Rome, 2 - 3 December 1998

PLANNED POLICY PAPERS

1. After reviewing the document entitled “The Formulation of Operational Policies” (EB 96/57/R.31), at its Fifty-Seventh Session in April 1996, the Executive Board endorsed a systematic process for the formulation of policies to guide the development of IFAD’s loan- and grant-funded field operations. In arriving at this decision, the Executive Board responded both to Articles 3 and 53 of its Lending Policies and Criteria that call on the Fund to review the Lending Policies and Criteria at a future date, in the light of actual experience; and to the call of the Rapid External Assessment to the effect that “if multiplier effects are to be achieved ..., the creation of policy ... must not depend on ... happenstance”.
2. Following that Executive Board decision, the Fund has developed policy papers on the following operational issues: “Project Implementation Periods and Loan Closing”; “IFAD’s Policy Framework for Managing Partnerships With Countries in Arrears, together with the framework for “IFAD’s Participation in the Debt Initiative for the Heavily-Indebted Poor Countries”; “IFAD’s Framework for Bridging Post-Crisis Recovery and Long-Term Development; “The Flexible Lending Mechanism”; and “IFAD’s Strategy and Policy for its Technical Assistance Grants (TAG) Programme”. With the exception of the latter (which is still under review), all those policy papers have been endorsed at various sessions of the Executive Board.
3. The process for preparing and endorsing the various policy papers, as described in document EB96/57/R.31, has been enriched by informal seminars that have been held with Executive Board Directors prior to the formal Board sessions at which the papers have been discussed. This has enabled the Fund to share the initial formulation of policies with members of the Executive Board, and thus to improve upon the policies as drawn up and enhance the quality of debate thereon. This process will be continued.
4. For 1999, it is planned to involve the Executive Board in the process of articulating the following elements of IFAD’s evolving policy framework:
 - (a) **Country Strategy Work, Managing Strategic Partnerships and Cofinancing.** The aim of the Fund is to respond more systematically to the need for its operations to be increasingly strategic, build stronger alliances and mobilize more financial resources for its



fight against rural poverty. The paper will describe the instruments and processes used by IFAD to develop country strategy frameworks; the system of establishing and maintaining strategic partnerships at country level; and efforts to mobilize cofinancing in various forms for specific IFAD-funded projects, including a description of past efforts and results, constraints and challenges encountered, implications for the Fund, and the way forward.

(b) **IFAD's Approach to Rural Financial Services.** IFAD advocates financial services (especially Member-based) as a key tool for the sustainable eradication of rural poverty, in conjunction with other market-based non-financial services for farming concerns and other microenterprises. Together with a wide range of strategic allies, the Fund has made a significant contribution to the development of new and gender-responsive institutional paradigms in rapidly evolving financial sectors in all regions of the world; and, as such, it has been associated with developing a number of leading models of rural finance. The purpose of the paper will be to take stock of IFAD's (and others') experience with a range of rural finance models in different financial sector environments; and to identify the elements and conditions for sustainable success and replication, and the risks of failure. The paper will position its analysis at the micro, institutional and macro levels and identify the way forward for IFAD and its partners.

5. At earlier sessions, the Executive Board has suggested that other important operational policy issues be addressed in specific policy papers (e.g., good governance, recurrent costs and local costs). Those topics will be pursued in future years following more in-depth discussions with Executive Board members regarding the nature and the scope of the papers.

6. The Executive Board is requested to take note of the policy papers planned for 1999 and to provide further guidance regarding the direction of such policy frameworks.