



IFAD
INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board — Sixty-Sixth Session

Rome, 28-29 April 1999

RESULTS OF THE WORKSHOP ON
IFAD'S STRATEGIC FOCUS ON POVERTY

1. In April 1998 the President of IFAD approved the first phase of a programme of activities leading to the publication, in the year 2000, of IFAD's Rural Poverty Report, 2000. The objective of the exercise is to:

- focus on issues highlighting the critical nature of rural poverty alleviation within the global poverty scenario;
- develop a statement on the problem of rural poverty, indicating possible options for its solution;
- build a coalition of partners in development and, within that coalition, foster awareness on critical issues to be addressed by IFAD;
- create an awareness of IFAD and its activities, and
- develop a medium-term strategic focus for IFAD.

2. The concept paper for the first phase of the programme of activities is given as Annex I of the present document.

3. The first phase consisted of in-house/external consultations aimed at identifying major issues for further review, and included:

- preparation of an inputs paper as a contribution to the debate on issues and options for IFAD;
- preparation by external experts of an issues paper for presentation at a brainstorming workshop at IFAD; and
- identification of issues for further review, based on the recommendations of the workshop.



4. The second phase will be devoted to drawing up a proposal, for the approval of management and the Executive Board, to commit further resources to completing the task of focusing on IFAD's options and opportunities for supporting/undertaking activities related to rural poverty alleviation over the medium term.

Report on the First Phase

5. Professor M. Lipton of the Poverty Research Unit at the University of Sussex (United Kingdom) prepared an issues paper, in consultation with IFAD, for further discussion at the brainstorming workshop held at IFAD on 20-21 October 1998. A paper on IFAD's options, prepared by Professor S. R. Osmain of the University of Ulster (Northern Ireland), was made available to participants. (Copies of the two papers are available at the Documents Desk.)

6. The workshop was attended by external experts, academicians, representatives of the donor community and civil-society organizations, members of the Executive Board and staff of the Fund. Discussion centred on a number of key rural poverty issues, the nature and quality of data, and IFAD's options, in terms of its strategic focus, in the changing poverty scenario. The report of the workshop is attached as Annex II of the present document.

Follow-Up Action

7. A technical assistance (TA) grant of USD 630 000 to fund a programme of activities, i.e. studies and workshops, leading to the publication of IFAD's Rural Poverty Report, 2000 is being proposed to the present Session of the Executive Board.



ANNEX I

**HOPE TO HARVEST
IFAD'S STRATEGIC FOCUS ON RURAL POVERTY**

Introduction and Rationale: The Global Focus on Poverty

1. Since its establishment in 1978, IFAD has been one of the foremost protagonists of rural poverty alleviation. At the time of its creation, the Fund was the only multilateral institution with a clear mandate to work in rural poverty alleviation and combat hunger in rural areas — a mandate that it has fulfilled by providing a total of USD 5.6 billion for 489 projects in 111 countries.
2. IFAD has developed innovative strategies for alleviating rural hunger and poverty over the last 20 years and is the only international financial institution to have maintained its focus on improving the living conditions of the rural poor. Furthermore, its creative approaches and methodology have often been replicated/scaled up by other development institutions.
3. Through its projects and programmes, IFAD has developed a wealth of knowledge and resources pertaining to grass-roots development activities in rural areas and it is committed to developing, maintaining and sharing such knowledge with interested multilateral, national and local-level development institutions. Maintaining its position as a pre-eminent knowledge organization has become one of the Fund's major objectives over the medium term, as witnessed by its active participation in, and support for, the creation of knowledge networks for land tenure and credit.
4. In recent years, a number of multilateral agencies have focused more on poverty-alleviation activities. In May 1996, the World Bank placed the eradication of poverty at the centre of its country assistance strategy. It has also declared that the World Development Report 2000 will henceforth focus on poverty, analytical work and consultations. Lessons of operational experience drawn in the coming years will go a long way towards achieving this goal.
5. The United Nations Development Programme (UNDP) has also made poverty reduction one of the main objectives of its development efforts, as borne out by its participation in partnerships and efforts to coordinate activities to combat poverty. An entire division of the organization — the Social Development and Poverty Elimination Division — works exclusively on poverty alleviation issues. Interesting work, such as the introduction of the Human Poverty Index (1997 Human Development Report) to measure global poverty more accurately, are signs of UNDP's growing interest in this field of activity.
6. Members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) have pledged support to halving poverty by the year 2015 and achieving health and education for all. There has also been a call for greater collaboration among governments, the United Nations and international financial institutions to achieve those ambitious goals.
7. The efforts of IFAD and other organizations involved in alleviating poverty have brought a significant improvement in the living conditions of millions of people in the developing world. However, despite these efforts and the growing awareness of poverty and its effects on millions of people throughout the developing world, much remains to be done.



ANNEX I

The Shifting Nature of Poverty: Redefining IFAD's Niche

8. Poverty is not static: its numerical and geographical concentrations shift constantly. International migration, domestic and international conflicts, drought, disease and economic hardship are among the many variables that affect it. The global reality of poverty is not clearly understood and thus there is a clear need to begin grasping its current evolution.

9. The time has come for the Fund to evaluate its experience to date and to make a study of the present nature of rural poverty, last attempted some eight years ago during the Punta Ala conference. The Fund's projects/programmes are now seen as breaking new ground and achieving important results while involving the rural poor. The successes and lessons learned through IFAD's operations represent a wealth of experience that should be analysed and applied during the course of formulating a renewed operational strategy for the institution.

10. Other multilateral/national institutions, non-governmental organizations (NGOs) and civil society in general have also achieved significant results in alleviating poverty. A number of initiatives have been taken with a view to reaching a better understanding of the problem and of the constraints on its alleviation/eradication. All too often, experience and knowledge is not shared among the larger development community, but there is a growing momentum towards forging closer partnerships and cooperation within the international development community. Recently, the World Bank formed a poverty reduction and economic management network with DAC/OECD, UNDP and the United Nations Children's Fund with the aim of sharing information and data regarding poverty reduction programmes.

11. IFAD is seen as a lead institution in tackling substantive issues relating to world poverty, with the added bonus of being the United Nations agency with the clearest focus on helping to improve the plight of the world's rural poor. As a recognized innovator, knowledge institution and focal point for poverty-alleviation programmes within the United Nations system, IFAD must actively promote research on poverty and link it to the work done by the development community at large.

Improving IFAD's Effectiveness: The Next Step

12. IFAD will need to improve its understanding of the dynamics of rural poverty and articulate its operational focus more effectively. Given the shortage of information on the global magnitude and nature of poverty, IFAD will need to review existing databases and literature if it wishes to draw up a consistent picture of both the state and the dynamics of poverty. This will involve taking stock of the large volume of information/knowledge that it has developed on the subject over the past 20 years and, even more importantly, integrating it with cutting-edge knowledge obtained from external sources through careful analysis and synthesis. A clear articulation of IFAD's position and longer-term strategy on rural poverty can only be made once this process has been completed.

13. Given the Fund's current workload, once the initial work has been completed by IFAD staff, the assistance of external academics and research centres will be sought to complete the task. This work will be carried out under the close supervision of IFAD to ensure close links and relevance to the Fund's operations.

ANNEX I

Current Issues and Future Focus

14. Many vital issues are being debated within the international development community today. The Fund's role as an international financial institution and its expertise in addressing rural poverty issues require it to play an active part in defining the context of development and poverty reduction activities into the next millennium. Some of the issues that might be included in the scope of the proposed study are as follows:

- root causes and nature of poverty (land rights, access to credit, governance and corruption), especially in terms of IFAD's project/programme experience;
- increasing globalization of the world economy and its effect on the rural poor;
- successes and failures of microcredit schemes;
- resource mobilization in an increasingly competitive international environment, where greater demands are placed on declining official development assistance (ODA);
- for institutions such as IFAD, possibilities for cooperating with the private sector and civil society;
- need for increased collaboration with other multilateral and national organizations to enhance efficiency, cost-effectiveness and development impact; and
- the question of sustainable development now that aid programmes are under increasing pressure to achieve more with less.

15. Defining IFAD's focus on global poverty would also constitute an important means of achieving one of the main goals of the institution's corporate vision — to establish the Fund as a knowledge organization.

16. With the development community's shift to activities focused on alleviating poverty, updated information on the composition and geographical concentration of rural poverty is required. As one of the leading institutions in the fight against hunger and poverty, IFAD's preparation of an in-depth study on the problem will help establish it as one of the most important centres for the distillation and dissemination of information on rural poverty. In this way, IFAD could:

- ensure closer linkages between the Fund's operational strategies and the contemporary reality of poverty;
- attract greater attention to the plight of the rural poor among development practitioners, academia, civil-society organizations and the public at large;
- strengthen its ties with other multilateral and national development institutions;
- bolster its image as one of the lead institutions committed to the cause of alleviating poverty and hunger; and
- heighten public awareness of the Fund and its activities.



ANNEX I

Organization and Outcome of the Study

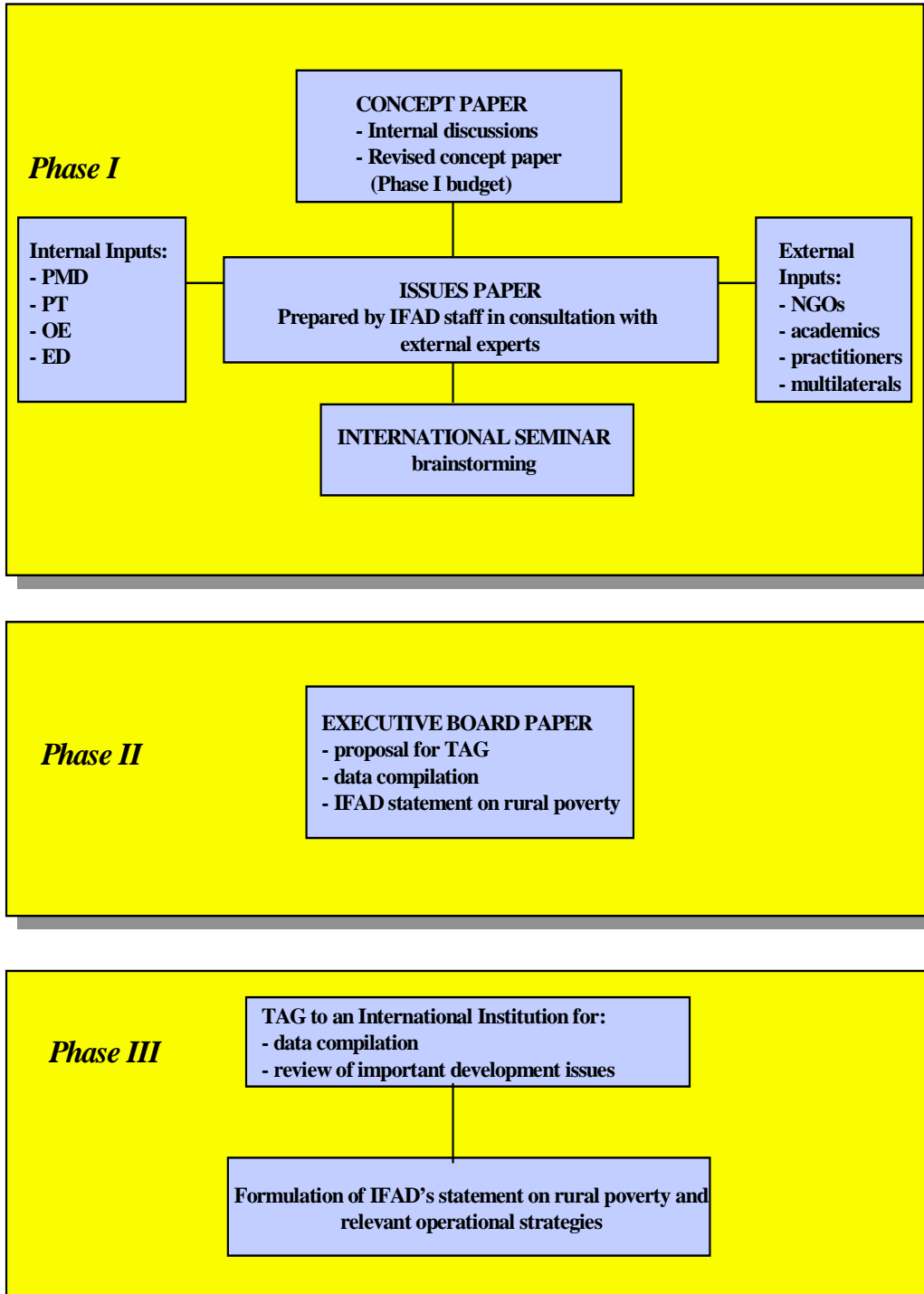
15. The development of the mentioned study will also include organizing an international brainstorming workshop and the publication of both research results and IFAD's statement on rural poverty.

- As an initial step, IFAD will prepare a preliminary issues paper in cooperation with leading development practitioners and academicians. The paper will pinpoint issues of global interest in the field of rural poverty alleviation, while maintaining a high degree of relevance to IFAD's operations.
- The issues paper will be used for a brainstorming workshop bringing together Members of the Executive Board, high-level academicians and practitioners, and IFAD staff and management. The paper will be finalized on the basis of detailed discussions at the workshop.
- A TA grant will be provided to an institution or NGO that will be responsible for further research and review of current literature and lessons learned on rural poverty, working within the guidelines set out in the issues paper.
- The finalized paper will be used in preparing IFAD's statement on rural poverty. Subsequently, the paper should be presented during the course of a well-publicized media event aimed at drawing attention to the plight of the world's rural poor and to IFAD's role and accomplishments in the fight against rural poverty.
- The study will be published and salient portions will be made available through IFAD's web site (and possibly also through a dedicated web site).
- A series of regional seminars will be organized to present IFAD's position on rural poverty and its longer-term strategy for combating poverty and hunger, the objective being to publicize the study and heighten awareness of IFAD's role in this field of activity.



ANNEX I

Flow Chart of Activities





ANNEX I

Proposed Timeline for the Development of the Poverty Study

ACTION	DATE
1. Contacts with development practitioners and academicians to define scope of the study	Mid-March 1998
2. Preparation of an issues paper by IFAD staff in conjunction with external academicians and development practitioners	May 1998
3. Brainstorming workshop at IFAD or at another host institution with a select group of participants (academicians and development practitioners) on the preliminary issues paper	June 1998
4. Present TA grant to a research institution to carry out relevant socio-economic research on rural poverty worldwide	June 1998
5. Finalize and present draft paper to the Executive Board	September 1998
6. Hold a retreat with Executive Board Directors on the issues paper	September 1998
7. Present revised paper and preliminary research results to select group of academicians and development practitioners	December 1998
8. Presentation of interim report and data set during the course of a seminar	April 1999
9. Seminar on IFAD's focus and position on rural poverty	June 1999
10. Finalization of the data and statement	July 1999
11. Printing	September 1999
12. Presentation to Executive Board and Governing Council. Half-day workshop during Governing Council	December 1999 January 2000
13. Regional workshops on IFAD's Rural Poverty Report, 2000	Throughout 2000



ANNEX II

**REPORT OF THE BRAINSTORMING WORKSHOP ON
IFAD'S STRATEGIC FOCUS ON POVERTY**

**ORGANIZED BY THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT
AND THE POVERTY RESEARCH UNIT OF THE UNIVERSITY OF SUSSEX**

ROME, 20-21 OCTOBER 1998

1. Two papers formed the basis of discussion during the brainstorming workshop: The Changing Face of Rural Poverty — International Development Assistance and IFAD's Role: The Issues, prepared by the Poverty Research Unit of the University of Sussex (PRUS); and the Fund's inputs paper IFAD's Strategic Focus on Rural Poverty Eradication: Experience and Issues. The PRUS paper raised issues on the definition, scale, location and nature of rural poverty. It also identified major trends and challenges facing poverty eradication interventions; assessed progress during the last decade; surveyed initiatives by IFAD and other organizations; reviewed the information base; and assessed IFAD's future niche.

2. The participants included persons from a wide variety of backgrounds — academia, donor agencies, policy makers — and the discussions were organized into six sessions that broadly adhered to the different sections of the paper. After a brief review of the opening session, the present report summarizes the main points discussed during the workshop.

3. In his opening statement, the President of IFAD stated that poverty alleviation had always been the central focus of the institution's work and only recently had it become the main objective of most multilateral/bilateral donors. However, despite having been a forerunner in developing instruments to reach the poorest, IFAD will need to sharpen its tools to meet the emerging challenges of the global slowdown in poverty reduction accompanied by a drop in food yield growth and in ODA.

4. Professor M. Lipton gave a broad overview of the issues that had been addressed in the background paper and which, he hoped, would form the basis of discussions during the workshop. These were:

- What do we know about poverty?
- What are the challenges ahead?
- What have the donors done, and what does IFAD want to do?
- What are the ways forward for IFAD?

5. Prior to moving on to the main issues, there was a discussion on whether growth was good for poverty, on the impact of structural adjustment policies (aimed at reviving growth) on poverty and on the reliability of poverty data. While there is considerable recent evidence to suggest that economic growth is a friend of the poor:

- it is not always helpful to them, except when involves labour-intensive production;
- even when growth is helpful, it doesn't help **all** the poor; and



ANNEX II

- some manifestations of poverty are not linked to income growth, e.g. health and nutrition, since better nutrition and drops in infant mortality rates have often continued despite poor economic growth.

6. In proportional terms, growth has reduced **extreme** poverty more than it has reduced the **moderate** variety.

7. The main conclusion that emerged was that, while poverty had declined mainly as a result of labour-intensive agricultural growth, one could not rely solely on economic growth. Special measures were needed to reduce the adverse impact that an initial period of growth might have on the poorest before they could begin to benefit from it.

8. On the whole, if implemented properly, structural adjustment policies are not considered harmful to the poor. Indeed such measures may help reduce poverty — albeit only marginally, and only for persons living close to the poverty line. Extremely poor people may be unable to take advantage of the opportunities created by structural adjustment. Such measures create the right incentives for improved allocation of resources, leading to growth and reduced poverty, and need to be aligned with country and group specificity. The absence or paucity of markets is an impediment to reducing poverty and markets must exist if structural adjustment policies are to be effective. Otherwise, entrepreneurs will be unwilling to engage in potentially profitable activities. This problem will need to be tackled on a priority basis.

9. It was also generally agreed that the availability of data on poverty had increased in terms of quality, quantity and source. However, knowledge on the reality of poverty in rural areas remains limited.

10. The main discussion points have been classified into two broad categories: physical and institutional.

Physical

11. **Improving agricultural productivity.** The general picture showed a slowdown in the production of food staples. The spread of incremental productivity from reliably watered zones to other 'green revolution areas' had been disappointingly slow. Despite an overall slowdown (except in western Asia and parts of North Africa) in population growth, the number of persons in the developing countries seeking work was still growing very quickly. Unless food yields increased in such a way as to raise the demand for labour, those people were unlikely to find ways of making a living.

12. Of late, IFAD and many other donor agencies have been focusing on the rural non-farm sector, partly through microenterprise credit. This type of intervention will have more of a multiplier impact once agricultural growth takes off and people have extra money to spend on items produced by the rural non-farm sector.

13. One of the main issues discussed at the workshop was how IFAD should tackle the problem of slow or falling yield growth for main food staples. Where was the extra farm output to come from? What should be IFAD's role on the agricultural technology improvement, implementation, application and research-generation scene?



ANNEX II

14. **Biotechnology.** The issues paper stressed that thanks to biotechnology, increased yields of tropical food staples would lead to the creation of more jobs and allow people to afford the food they needed to eat. The question was whether biotechnology was going to make it possible — as nothing else could — for the poor of the world to have enough to eat. Much of the current research in biotechnology was not designed for the purpose of improving yields or increasing resistance to drought, which is what the poor of the world need, but was mainly focused on reducing labour costs. The possibilities for biotechnology in the developing world were immense, but unless they were fulfilled the risk to food availability, and particularly to rural area employment, were very serious and could undermine much of IFAD's work. A central issue of discussion was how the role of biotechnology should be shifted away from the priorities of the rich (herbicide-resistant Soya bean) to those of the poor (high-yielding, drought and pest-resistant food staples).

15. Concern was expressed that, before IFAD jumped onto the biotechnology bandwagon, it ought to ascertain whether or not there was potential for maximizing the impact of existing technologies. While acknowledging that biotechnology was important, many speakers felt that IFAD should first of all exhaust (by further extension) the potential of existing technology. Moreover (a) biotechnology suggested a new farming system which would require institutions; and (b) given IFAD's limitations, it might be worthwhile to concentrate on its areas of expertise instead of venturing into untested spheres. An important related point was whether the genetic bank of the Consultative Group on International Agricultural Research could be used by developing countries as a negotiating tool with major companies. Organizations like IFAD could help in this respect if cooperated with other multilateral organizations and developing country governments to develop a joint negotiating strategy.

16. **Improving agricultural sustainability in the drylands.** Participants stressed the need for IFAD to sharpen its focus on rainfed areas where poverty is not only persistent but on the increase. The drylands, which constitute IFAD's focus area, are experiencing ever greater water stress. The process of urban/industrial development — in itself highly desirable — exacerbates water stress. Much water is lost while being transferred to urban areas and used in industry, particularly mining. In sub-Saharan Africa, not even 3% of farm lands are irrigated, whereas in South and East Asia the corresponding figure is in excess of 30%. It is unlikely that sub-Saharan Africa will solve its food, employment and poverty problems without major irrigation projects. It would be useful to have a projection of agricultural growth in areas or regions that do not have large-scale irrigation. In South Africa, more than 60% of all commercially-used water goes to irrigation, and most of it is recycled into the water system. How could agriculture get more of it back into the water system and how could that water be used by small and poor farmers rather than being monopolized by large-scale farmers with privileged access to irrigation?

17. In the past, agricultural transformation in sub-Saharan Africa has been frustrated by problems associated with weaknesses in design and implementation. Discussion turned to how the focus should be shifted to investing in new sources of productivity growth. This would involve reducing transportation costs; promoting technological innovations that enhance supply responsiveness; supporting the development of agricultural schemes that exploit comparative advantages; and facilitating entry of the private sector into input supply and output marketing/distribution.

18. **Demographic transition.** Here, the issue has to do with the growth of rural employment/labour supply and family size, and enabling the child/woman ratio to be reduced voluntarily. As a general rule, the poorest groups in the rural areas of developing countries have three times as many children, including under 15 years of age, per woman as the richest groups and is probably the main cause of misery among poor women in the developing countries. These women have to have large numbers of children to insure themselves against high infant mortality and poor



ANNEX II

education for children, and against the risk that some of the children will not be able to support the household. A demographic trap underlies and undermines much of the very valuable work on gender-sensitive projects undertaken by donor agencies.

Institutional

19. **Land reform** is being revived in a new guise known as ‘consensual’, ‘market-friendly’ or even ‘market-assisted’. This consists of providing incentives or pressures to stimulate wealthy rural people to put land on the market so that, with a certain amount of state action or assistance, the land can be transferred directly to the poor rather than through a state agency with all the problems that implies.

20. While it was agreed that land reform was a complex issue, there was consensus that it should receive greater attention from IFAD. The Fund needs to enhance its capacity to study and understand the problem, but this can be achieved only through networking with other organizations. Such a network has already been established between IFAD, World Bank and the Food and Agriculture Organization of the United Nations, and work is proceeding on analysing the cases of Brazil, Colombia and South Africa. However, market-assisted land reform should not be seen as the be-all and the end-all. Many other solutions may be invented or innovated and IFAD should steps to increase its knowledge base on the subject, in collaboration with other institutions.

21. **Targeting.** The main points raised in this context were: Where should IFAD target its resources to? Should IFAD reach the poorest strata (lowest quintile) of the population? How effectively can it remain true to its charter? There was general agreement that it was difficult to provide microfinance to the poorest 20% of populations as very often they could not afford to take the risk of embarking on any kind of business venture until they were in a better financial position. IFAD is very concerned to reach the poorest of the poor, but it is difficult to do so productively and yet remain financially sustainable. This is particularly important for the Fund since 30% of its resources are meant to be used as microenterprise credit. However, IFAD does not always use microcredit to finance microenterprises: it also finances small-scale farmers and land-poor people.

22. IFAD staff participating at the workshop were unanimous in stating that the poorest of the poor were the Fund’s target group if and to the extent it had the instruments to reach them — in other words, if there was a potential for income generation. It has been demonstrated that the poor have a potential and that IFAD has the means of increasing their incomes in a sustainable way.

23. **Building partnerships and institutions to fight poverty.** Strategic partnerships should be forged with other agencies and civil-society organizations to ensure that poverty eradication interventions reach the poor and make a sustainable improvement in their lives. This is necessary because, even as poverty eradication is being given greater priority, ODA is falling. International donors will be required to increase their effectiveness and to do even more for less. They will also have to take full advantage of the complimentary and synergy between the different partner agencies and ensure that their agendas are responsive to emerging challenges.

24. It will be necessary to achieve a level of harmonization and coordination among partner agencies. Coalition building is not only necessary for IFAD but also for civil-society organizations and NGOs. While influencing national policies, pursuing their own objectives and raising funds, NGOs often miss the opportunity of increasing their leverage by failing to collaborate with others who claim to do the same thing, namely, reorient government policies towards the poor.



ANNEX II

25. An important point here is the private sector's involvement in agricultural development. Private-sector capital flows now dwarf ODA to developing countries. In view of this, what can the public sector do to 'take advantage' of private investment resources? What can be done to attract private investment? Quite clearly, there is a need to review the role of the private sector, ascertain it will link up with target groups' institutions, and assess how can IFAD deal with the problem of equity. The involvement of the private sector may result in a redefinition of IFAD's clients.

26. It will be necessary also to ensure the full and active participation of the poor in any poverty-alleviation interventions and of the institutions that represent them. It was widely agreed that institution-building at the local level should be a priority area for IFAD. Such institutions should encourage people's participation in the planning and allocation of resources at the local level as well as in the design of IFAD's projects. Since the Fund's strength lies in its cooperation with local institutions, its interventions should encourage the strengthening local institution capacity.

**ANNEX II**
List of Participants

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