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PREVIEW OF THE PROGRAMME OF WORK AND BUDGET OF IFAD FOR 2001



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I. INTRODUCTION AND HIGHLIGHTS

A. Major Features of the Programme of Work and Budget for 2001

1. One of the main elements of IFAD's Programme of Work for 2001 will be the implementation of the IFAD V: Plan of Action (2000-2002) (Plan of Action) drawn up by the Consultation to Review the Adequacy of the Resources Available to IFAD (the Consultation), which will require the inclusion of incremental activities in the work of the Fund. As the Plan of Action is not expected to come under full implementation until 2002, additional budgetary support will be necessary over the next two years. Apart from the aforementioned incremental activities, the programme of work for 2001 will be maintained at the same level as that of 2000.
2. Upon completion of the ongoing detailed design phase, a separate presentation will be made to the Seventy-First Session of the Executive Board in December 2000 regarding resource requirements for second round of the Process Re-engineering Programme (PRP).
3. In the interests of rationalizing project expenditures and of greater flexibility in the use of resources, it is proposed that costs relating to project development, supervision and implementation should appear under one heading – the Project Development and Financing Facility (PDFF). To this end, resources would be reallocated to the PDFF from both the administrative budget and the technical assistance (TA) grant programme on a zero incremental cost basis, i.e. both the overall administrative budget and the grants would be reduced by the amount of the resources diverted to the Facility.

B. Emerging Challenges in Poverty Reduction

4. The challenges facing IFAD in terms of eliminating hunger and alleviating rural poverty remain as valid today as they were at the time of the Fund's creation in 1978. Global poverty fell at an unprecedented rate in the two decades following the 1974 World Food Conference. Since then, however, this rate of improvement has slowed down, especially in large parts of the developing world and especially in most of Africa. By the end of the 1990s, the development community had set itself a number of important targets for the next 15 years. For IFAD, the most important target is to bring about a 50% reduction in the number of poor and food-insecure people in the developing world before 2015. Significant changes in the global development scene, coupled with the spread of the market economy, globalization, the emergence of the private sector and the community of civil-society organizations, are the new forces which must be marshalled to meet the challenge of poverty alleviation in the coming years.
5. IFAD is aware of these emerging trends and challenges and has been preparing to meet them with greater effectiveness. In 1995, the Fund embarked on a far-reaching re-engineering exercise that led to the streamlining of the project development cycle and systematic introduction of participatory design and implementation methodologies. These reforms, along with rationalized budgets, led to a net reduction in administrative expenditure in the first year of the re-engineering exercise and a sustained zero growth in the administrative budget in the following years.
6. This achievement was accompanied by a net increase in operational activities, which resulted in a lower unit cost for project delivery. In addition to these efficiency gains, there has been an upward trend both in disbursements and in the number of loans approved. IFAD has also diversified its operations, from the provision of infrastructure to microfinance, to meet new and emerging challenges in poverty reduction.



II. THE CORPORATE STRATEGY – MOVING TOWARDS 2001

Reshaping IFAD to Meet Stakeholder Expectations and Emerging Challenges in a More Effective Manner

7. IFAD's corporate strategy, which was first formulated in 1997, is articulated along five strategic thrusts: enhancing beneficiary participation in project design and implementation; creating an effective portfolio management system that ensures desired field-level results; ensuring an effective IFAD presence and impact at the field level; developing knowledge networks on rural poverty; and increasing the efficiency and commitment of its staff.

8. As in 2000, IFAD's priority objectives in 2001 will be defined in terms of four basic perspectives: (a) its clients; (b) political and financial considerations; (c) internal business; and (d) innovation and learning. These objectives, set out in the form of a scorecard, provide a way of balancing priorities by major perspective. The scorecard that was presented in the document on the Programme of Work and Budget for 2000 (document EB 99/68/R.7) serves as a tool to manage the implementation of the Fund's corporate strategy and is still largely valid today.

9. Some of the most critical and challenging elements of IFAD's corporate strategy are derived from the Plan of Action:

- promotion of effective policy dialogue with Member Countries and donor agencies to support pro-poor policy and institutions;
- enhancement of IFAD's impact through improved impact assessment capacity;
- more effective management of knowledge and lessons emerging from operations; and
- strengthening partnership management to ensure that synergies are developed with the Fund's stakeholders and that the flow of funds for rural poverty alleviation is increased.

10. **Future opportunities.** The challenges and opportunities facing IFAD in the coming years relate to its ability to make a sustainable contribution to reducing poverty and its capacity to innovate through its projects and programmes. The Fund must work to assure that there is broad consensus on the centrality of rural poverty in overall poverty alleviation efforts; that the poor have a role as protagonists in the formulation and implementation of poverty-reducing programmes; and that a broad-based coalition is forged for that purpose among all sectors of society. The organization's Rural Poverty Study 2000-2001 will provide a platform for public debate and serve as a stimulus for the Fund to further sharpen and refine its regional and country strategies.

III. IFAD'S OPERATIONAL STRATEGY

A. Year 2001 – Meeting the Challenges of the Plan of Action

11. The year 2001 will be of crucial importance in the shaping of IFAD's future because it will coincide both with the implementation of the PRP and with the first full year of the period covered by the Fifth Replenishment (IFAD V). The PRP was designed to respond to stakeholder expectations and further strengthen the Fund's capacity to implement core elements of the Plan of Action. The PRP will also help sharpen the Fund's profile and emphasize its role as an innovator, a knowledge institution and a catalyst in promoting effective, sustainable poverty alleviation strategies.



12. The Fund's corporate scorecard for 2000 highlighted some of the most important areas for future investment. The corporate, departmental and divisional scorecards for 2001 will capture and reflect the core features of PRP and the objectives of the Plan of Action.

13. As in 2000, the corporate scorecard for 2001 will consist of some 14 objectives, with indicators for measuring achievement. The key elements of IFAD's operational strategies that will shape the lending and grant programmes for 2001 aim at:

- ensuring effective impact on poverty and bringing about a sustainable improvement in the livelihoods of beneficiaries;
- enhancing the Fund's capacity for policy dialogue and influencing rural development policies and institutions;
- increasing beneficiary and stakeholder participation;
- assessing performance to influence future lending programmes;
- promoting IFAD as a catalyst for innovation and as a knowledge organization;
- leveraging resources in middle-income countries;
- boosting the level of non-donor financing and cofinancing to 30% of the lending programme; and
- improving technical and financial cooperation with other donors.

Among these important objectives, in 2001, the Fund will focus particularly on the following main strategic directions.

14. **Policy analysis and dialogue.** With its limited resources, IFAD will be able to have a major impact on rural poverty only if it 'leverages' the resources of other stakeholders operating in rural areas of the developing world. The policy dialogue process is an important means to that end. IFAD's effective engagement in such dialogue involves relating its development vision in the rural areas to broader sectoral and macro-issues. This will necessitate resumption of the sectoral and broad poverty-process analysis, carving out – on a country basis – areas of policy specialization and true policy value-added, and selective learning from other institutions.

15. The Plan of Action calls on IFAD to scale up its profile in policy and institutional analysis and dialogue. It implicitly recognizes that, throughout the project cycle, the Fund performs such tasks when undertaking country strategy formulation; project design; supervision and implementation support (ensuring compliance with the supplementary assurances included in the loan agreements); and project evaluation and portfolio review work. Such policy and institutional development work generally focuses on what is needed to ensure project success and impact. In addition, unlike other international financial institutions (IFIs), IFAD has rarely adopted an *ex ante* conditionality approach to policy/institutional reform. Wherever it has been successful in policy/institutional development, the Fund has usually worked at the local level with 'conditionality-at-exit': policy and institutional change as a result of the programme involved and as an outcome of dialogue. This approach will remain the cornerstone of IFAD's work on policy and institutional development.



16. In order to ensure the sustainability of local-level policy and institutional change promoted by the Fund's operations, however, a favourable national policy environment must support such change. To that end, IFAD will need to enhance its partnerships with others in appropriate multi-stakeholder coordination fora. Achievements at the local level may indeed influence the broader policy and institutional framework. The benefits of any such effort could lead to replicating local achievements at the national level and to influencing the policy and institutional development agenda of projects supported by other donors.

17. Although the benefits of policy dialogue are directed to the rural poor, IFAD itself would not benefit tangibly from such dialogue (in terms of reduced project development costs or increased cofinancing). It must carry additional costs to support the quantitative and qualitative enhancement of its policy and institutional development role.

18. **Enhancing IFAD's impact.** In 2001, work in this area will involve further normative work on the Fund's approach to the Logframe methodology and impact analysis and focus on working with cooperating institutions and borrowers to raise the quality of impact monitoring and reporting in the implementation of the projects and programmes it supports. The Fund intends to develop an improved methodological framework for impact assessment and to make consistent use of that instrument in evaluating its projects.

19. Impact enhancement refers to the entire process of ensuring that IFAD-assisted projects achieve their stated development objectives by applying corrective action and capturing and systematically reporting on project outcome. The process is very pro-active in that it provides a major input to the circulation and re-use of knowledge. In support of relevant sections of the Plan of Action, an internal working group has been established to elaborate the analytical tools required to design, implement and report on project impact. This has necessitated a fresh look at the project cycle in terms of its possible further streamlining, partly with a view to releasing resources to cover the extra work foreseen under the Plan of Action. The deliberations of the working group will provide inputs for the work of PRP.

20. The logical framework method will provide the backbone of the new approach to the project cycle, clearly linking design with project implementation. This will facilitate communication within both IFAD and among IFAD and borrowing countries during the project cycle.

21. The Fund's new orientation – application of the logical framework method, management by objectives and allied participatory approaches (participatory rural appraisal (PRA) and monitoring and evaluation (M&E) and the like) – will of necessity engage those who are actually involved in implementing IFAD-assisted projects. IFAD's two-pronged strategy aims to ensure application of the logical framework both to new projects and to the ongoing project portfolio. In the case of new projects, it is planned to hold expanded start-up workshops where the design of the projects and associated logical frameworks are discussed with the concerned stakeholders. Key performance and project impact indicators will be discussed in a consultative manner so that those implementing the projects can claim ownership of the whole process. Similarly, such workshops will discuss the M&E function – in the context of a wider management information system – and IFAD's reporting requirements on project implementation performance and expected impact, as defined in the hierarchy of objectives in the logical framework.

22. The preparation of project completion reports (PCRs) based on a set of newly developed guidelines that provide for the 'ex post fitting' of a logical framework constitutes another means of capturing and reporting on project impact. In the past, PCRs mainly consisted in extended supervision reports on the physical and financial achievements of projects. The new format, which has been tested in 2000, includes a number of non-quantitative indicators of development such as capacity building, decentralization, gender mainstreaming, civil-society participation in project activities, replication and replicability of all or part of project activities, forging of partnerships during project implementation,



environmental aspects, impact on sectoral and sub-sectoral policies and procedures, and an assessment of project sustainability. The preparation of PCRs will involve the inclusion of additional inputs for several years to come, until such time as borrowing countries become familiar with the new approach. In 2001, the new format will be used to prepare PCRs on about 75% of the projects scheduled to close during the course of the year.

23. **Knowledge management.** One of the pre-conditions for effective engagement in ‘up-stream’ project development and policy dialogue is better management of what IFAD and others have learned about critical determinants of rural poverty – and what works to promote real improvement. This must be pursued further within a framework of drawing in relevant knowledge from other sources and supported by an explicit and targeted communications strategy to ensure that knowledge is directed to those who can use it effectively.

24. The 1994 Rapid External Assessment of IFAD called on the organization to build up its institutional identity as a knowledge organization on rural poverty alleviation. Recognizing the importance of this call the Fund launched a number of initiatives, one of which was the creation of the Evaluation Knowledge System (EKSYST). IFAD’s evaluations have increasingly focused on lessons learned. Lessons are stored in an electronic knowledge network, where the information can be managed and shared both in-house and with other development agencies and partners.

25. In 1999-2000, IFAD launched an initiative aimed at building up and managing its operational knowledge on a thematic basis so as to ensure that knowledge management crosses the boundaries of functional units. Thematic working groups were established in the areas of (a) rural finance; (b) community-based natural resources management (rangelands); (c) diagnostic tools; (d) promotion of microenterprises in rural areas; and (e) small-scale, farmer-managed irrigated agriculture. The aim is to produce a variety of knowledge outputs (web page content, brochures, multimedia tools, publications, etc.) and to organize workshops and seminars for the generation and dissemination of knowledge products. Work is currently under way in these areas, but there is evidence that time constraints will prevent fuller involvement of Country Portfolio Managers in the work of the thematic groups. In addition, IFAD will need to establish other instruments, such as ‘communities of practice’ for knowledge generation.

26. IFAD is also taking steps to capture knowledge within geographical areas. Examples of regional knowledge management initiatives, built on the exploitation of information and communications technologies, are given below:

- **Western and Central Africa (Africa I).** An important means of knowledge dissemination will be the Regional Network in West and Central Africa (FIDAFRIQUE) initiative.
- **Eastern and Southern Africa (Africa II).** IFAD has undertaken a limited number of regional knowledge management activities in areas of concern to smallholders (gender analysis, review of irrigation water management and of credit, and a regional poverty assessment).
- **Asia and the Pacific.** Through the Electronic Networking for Rural Asia/Pacific Projects (ENRAP) system, IFAD is stepping up its activities in the generation and management of knowledge, with special emphasis on the electronic networking of IFAD projects for knowledge and information sharing; documentation and sharing of innovative participatory processes in project design, implementation and evaluation among IFAD projects and non-governmental organizations (NGOs); and the scouting for and dissemination of indigenous knowledge in regenerative agriculture, forestry and agro-forestry in upland and mountainous areas of the region.



- **Latin America and the Caribbean.** Through participating projects, the Internet-based System of Information Exchange for IFAD Programmes throughout Latin America (FIDAMERICA) has proved to be a valuable instrument for disseminating information on procedures, methodologies, benefits, etc., in areas such as financing systems; rural economically-viable organizations; women-led rural activities; desertification and poverty; and technical assistance provided by private firms.
- **Near East and North Africa.** IFAD is intensifying activities in the establishment and use of knowledge networks in strategic areas, focusing on dryland and marginal rainfed zones; rural finance and microenterprise development; participatory irrigation management; and gender mainstreaming.

27. **Better management of partnerships.** Strategic partnerships are more than just a means of pursuing project and programme cofinancing. They involve working closely with the rural poor and civil-society organizations to identify the concrete challenges facing the poor and find viable responses thereto; with governments to bring about broad-based long-term change based on mutual commitment; with like-minded donors to promote pro-poor policy and institutional change (and investing in bringing about such change); and with other knowledge centres to identify and solve crucial policy, institutional and operational issues. Such partnerships also involve exchanges of knowledge, technical skills and institutional capacity, and matching the comparative advantages of IFAD with those of current and potential partners. This includes participating in the Comprehensive Development Framework (CDF) and the United Nations Development Assistance Framework (UNDAF) and in Poverty Reduction Strategy Processes (PRSPs) in selected countries.

28. The forging of partnership is as important for the ongoing project portfolio as it is for new projects because of weak or over-stretched government institutional capacity for project implementation and the need to accelerate that process by encouraging more participatory modes of operation. There are also situations where the withdrawal of government services and pursuit of decentralization policies call for more active involvement on the part of civil-society farmer organizations and the local community. In such cases, supervision and follow-up missions act as catalysts to facilitate the transfer of responsibilities to a wider community. The challenge for IFAD is to develop and maintain partnerships in a more systematic manner, and to strengthen them at the country level despite the absence of direct in-country representation and the episodic nature of work on new programme development.

B. Resource Strategy

29. Allocations of IFAD's resources over the coming years will be influenced by two factors: (a) the actual size of the Fifth Replenishment in terms of core resources; and (b) requirements for the enhanced Heavily-Indebted Poor Countries Debt Initiative (HIPC DI) and the availability of additional resources for that purpose:

- The upper and lower targets for the Fifth Replenishment were set at USD 569 million and USD 460 million, respectively. Both the final amount achieved and clarification as to whether any contributions are complementary (i.e. earmarked for specific purposes) as opposed to core resources (can be used for regular operations unconditionally) are important issues for resource planning; and
- IFAD's participation in the enhanced HIPC DI was approved by the Twenty-Third Session of the Governing Council in February 2000. Estimates of the amounts involved are still tentative and subject to constant revision. However, the latest estimates suggest that IFAD's share of debt relief will amount to approximately USD 336 million in nominal terms (or USD 260 million at 2000 prices). The Fund has committed about USD 25 million under the



original HIPC DI and the additional USD 311 million would need to be committed over the four-year period 2000-2003. Resource requirements are expected to increase annually by USD 20-30 million over the next few years as more and more country programmes are approved by the Executive Board.

30. Prudence demands that IFAD assume the most conservative scenario in the case that (a) IFAD should finance HIPC DI participation from existing funds; and (b) core resources under the Fifth Replenishment should fail to exceed USD 460 million. Future commitments may have to be reduced from the current annual level of USD 450 million in 1996 prices (equivalent to approximately USD 490 million in 2001 prices) to enable IFAD to meet its obligations while maintaining relatively prudent and sound financial management.

31. In summary, to finance its participation in the enhanced HIPC DI, the Fund's options – applied singly or in combination – are to:

- lower the current commitment level (lending and/or grants); or
- raise additional donor contributions for HIPC DI; or
- revise the drawdown policy and earmark the incremental income thus generated for the IFAD/HIPC Trust Fund.

32. The Advance Commitment Authority, as adopted by IFAD, is a stopgap solution used to maintain commitments constant during a temporary resource gap, provided resources become available in due course to regularize the situation.

C. Human Resources Management Strategy

33. The human resources strategy for 2001 will continue to focus on the development and implementation of requirements relating to the streamlining of personnel support processes to enhance their effectiveness, in conjunction with the PRP. Achievements to date in 2000 include the publication of the Human Resources Handbook; a more streamlined vacancy management process; and the automated leave management system. In view of the challenges encompassed in its corporate strategy for 2001, IFAD will place particular emphasis on assisting managers to identify, recruit and retain the best available staff, thus increasing IFAD's internal knowledge base. A review will also be made of personnel processes so as to apply outsourcing, decentralization or streamlining, and increase the effectiveness of internal operations where any overlap or duplication of effort still exists.

34. **Additional human resources required to comply with the Plan of Action.** If IFAD is to respond to the challenges of the Plan of Action, priority should be accorded to freeing up time for staff to take on the additional responsibilities involved and to setting up a programme of skill development. That would make it possible to link the management of programme operations to policies and institutional analysis and advocacy; and compensate for the lack of direct country representation through partnerships with other, like-minded institutions and by means of more strategically planned country visits.

35. **Staff development and training.** IFAD has long recognized the need for staff to continually develop their work performance and acquire the requisite skills and knowledge to both perform other tasks and support new organizational directions (as determined by stakeholder needs). With the refinements that were made to the corporate scorecard in 2000, introduction of the Plan of Action and identification by the PRP of new competencies required by staff, IFAD will continue to give high priority to training and development.

D. Process Re-Engineering Programme

36. At its Twenty-Third Session in February 2000, the Governing Council approved a capital expenditure budget to finance a programme of process re-engineering of all IFAD's operations. The overall objective of the PRP is to further enhance IFAD's impact as a knowledge organization and in cost-effectively addressing rural poverty. The PRP, which will help develop operational structures in IFAD that reflect major efficiency gains in its work processes, is expected to be completed within the five-year time frame envisaged. A separate document will be presented to the Seventy-First Session of the Executive Board outlining the overall business 'architecture' and timetable to be followed, together with a list of activities to be initiated during the course of 2001.

IV. PREVIEW OF THE PROGRAMME OF WORK FOR 2001

A. Proposed Lending Programme for 2001 – Choices Resulting from IFAD's Participation in the Enhanced HIPC DI

Projected Level

37. The Programme of Work for 2000 was approved at the level of SDR 345.3 million (equivalent to USD 482.2 million). Within that programme of work, the lending programme was set at SDR 319.4 million (USD 446.0 million) for 30 projects and the TA grant programme at SDR 25.9 million (USD 36.2 million).

38. In United States dollar terms, the expectation is that the Programme of Work for 2001 will be maintained at the same real level as in 2000. Using an estimated projected inflation factor of 2%, the 2001 lending programme is projected at about USD 454.9 million for approximately 28-30 projects. On a comparable basis, the 2001 grant programme is expected to be in the region of approximately USD 36.2 million. However, as indicated in paragraphs 3 and 43, it is proposed to reallocate some project development cycle-related costs to the PDFF. The latter will be made up of a combination of allocations that previously appeared under the administrative budget and the TA grant programme.

39. The above scenario is based on the assumption that the extra resources needed for IFAD to participate in the enhanced HIPC DI will be available. Alternative options have been provided under paragraph 31.

Regional Allocations

40. At its Sixty-Sixth Session in April 1999, the Executive Board established a nine-member Ad Hoc Committee on Regional Allocations to review the benchmark shares of annual lending by region. The Consultation reviewed an interim report by the chairman of the committee, noting that its recommendations were broadly in line with the allocations originally approved by the Executive Board. The final report of the committee (document EB 99/67/R.10) was submitted for the consideration of the Sixty-Seventh Session of the Executive Board, which decided to revert to the matter once the Governing Council had approved the Report of the Consultation. The recommended regional allocations for 2000 are: 36.77%, Africa; 31.01%, Asia and the Pacific; 17.03%, Latin America and the Caribbean; and 15.19%, Near East and North Africa. Current projections indicate that, in 2000, lending to Africa will remain slightly above the recommended allocation to the region, thus making up in part for the 1997 shortfall. A final decision on regional allocations will be taken at the Seventy-First Session of the Executive Board (December 2000), when minor adjustments in the regional shares may be decided upon.



41. The annex to the present document provides information on regional operating strategies for 2001 and highlights region-specific implications of the Plan of Action.

B. Issues Affecting the 2001 Grant Programme

42. **PDFF proposal.** Several years of zero real growth budgeting have greatly enhanced IFAD's cost efficiency. Further efficiency gains will be possible by improved planning and use of budgetary resource allocations. The basic principle recommended for consideration by the Executive Board (following up on discussions in the Sixty-Ninth Session) consists in the creation of a 'financing facility' to support the entire project development process. This will require a highly decentralized system of resource planning and use, well-defined accountability and an accurate control and assessment system. The main benefits of such an approach consist in clear accountability of the manager involved with regard to the use of resources and a shift in focus towards the value created with the resources used – the end result.

43. Pending the possible expected application of the cost-centre approach to the entire range of IFAD activities as a result of the re-engineering exercise, it is recommended that the same principle be applied to the project development cycle in 2001. The implications of switching to a financing facility with a cost-centre approach to fund the entire multi-year project cycle are as follows:

- all separately identifiable project development-related costs under the administrative budget and TA grant programme would be brought together under one heading for programme development on a zero-sum operation basis (i.e. the administrative budget and the grants would be reduced by the same amount);
- a third category of resource use would be created over and above the reduced administrative budget and programme of work (loans and grants): the PDFF;
- a new set of financial and administrative regulations, rules, procedures and guidelines would be developed for the PDFF; and
- IFAD would develop the prerequisite decentralized planning and accountability system, and implement an accurate assessment system for control purposes.

44. Depending on the Board's reaction to the proposed policy change, the Fund proposes to develop a detailed proposal for consideration by the Board at its Seventy-First Session in December 2000 and by the Governing Council at its Twenty-Fourth Session in February 2001. The main objective is to ensure that, from 2001 onwards, programme development is financed along the lines of this approach.

45. **Partnerships with NGOs** are receiving increasing support under IFAD's grant programme through mechanisms such as the Popular Coalition to Eradicate Hunger and Poverty, the Global Mechanism of the United Nations Convention to Combat Desertification and, most importantly, the IFAD/NGO Extended Cooperation Programme (ECP). The major objectives of such partnerships are in line both with IFAD's corporate strategic directions and with the Plan of Action, and concentrate on: maximizing the impact of IFAD's operations; innovation; policy and institutional analysis and dialogue; generation and validation of knowledge; and advocacy. During the course of 2000, IFAD has finalized an evaluation of the ECP, which confirmed its relevance to IFAD's vision and strategies for the year 2000 and beyond. As recommended in the report of the evaluation, the ECP will continue to play a prominent role in IFAD's overall collaboration and partnerships with NGOs and other civil-society organizations. Special attention will be given to maximizing the ECP's potential and role in supporting activities at the frontiers of grass-roots development and in testing innovative ideas and techniques that are useful to the conceptual and practical development of IFAD's approaches,



strategies and methodologies. Similarly, concerted efforts will be made to maximize the programme's strategic learning potential in a number of areas of interest to IFAD. These range, *inter alia*, from participatory approaches, institutional development, grass-roots capacity building and gender issues to technology adaptation and transfer, credit and savings and market linkages. The effectiveness of the ECP will be further enhanced through the streamlining and simplification of selection criteria for NGOs, the mapping out of transparent processes of supervision and reporting, and capture and dissemination of experiences and lessons learned. The latter will contribute to IFAD's role as a knowledge institution on poverty and to identifying and implementing solutions to the problem.

46. **Agricultural research and training grants.** The Fund's policy and strategic directions with regard to research and training grants continue to evolve through an iterative process involving formal and informal interactions with the Executive Board. Over the last two years, the Board has reviewed this aspect of the Fund's grant programme on three separate occasions.

47. In April 1998, after reviewing the report 'IFAD's Policy and Strategy for Grant Financing' (document EB 98/63/R.11, Annexes I, II and III), the Board expressed strong support for IFAD's investments in agricultural research. That support was further reiterated at the informal seminar held with Board Members in September 1998. The Fund's overall policy for grant financing of research and training has been reiterated along the lines endorsed in April and September 1998, and has focused mainly on: (a) securing greater attention to food crops, livestock and commodities produced by the rural poor; (b) developing a better understanding of smallholder farming systems (social, economic, institutional and bio-physical circumstances) in order to improve the development, adaptability and adoptability of sustainable agricultural technologies; (c) making greater and more relevant efforts to develop technologies for fragile eco-systems, including dry zones; and (d) advancing environmentally sustainable and cost-effective means of addressing major pests and diseases affecting smallholder farming systems.

48. Pursuant to these broad policy directions, increasing attention is given to agricultural research programmes that seek to establish close links with IFAD's investment projects, which are increasingly located in marginal areas and in environments for which sustainable agricultural technologies are not easily available. Such links are sought through a two-pronged approach: (a) supporting the future loan portfolio through the development of appropriate technologies, mainly in the context of 'tailoring' available prototypes to suit the circumstances of potential IFAD-typical beneficiaries of loan projects; and (b) financing adaptive research that addresses identified technology constraints directly affecting the production systems of beneficiaries of ongoing IFAD projects. This is often achieved by locating field research elements of IFAD grant-financed agricultural research in the project areas of the Fund's current or potential loan operations, thereby involving its target groups in participatory technology development.

49. Finally, as reported to the Board in May 2000, IFAD has undertaken a systematic evaluation of IFAD-financed research programmes and their impact on rural poverty. A sequential approach was used for the task, starting with the development of an appropriate framework and methodology for assessing the impact of specific research programmes on the rural poor. A report concerned with the sharpening of analytical concerns and development of tools (based on a critical review of available data) was completed and discussed with IFAD in May 2000. New methodology for assessing the impact of rural poverty-alleviating interventions is being used in a series of 16 case studies on research led by the Consultative Group on International Agricultural Research (CGIAR). IFAD was the first major donor to contribute to the Rural Poverty Impact Evaluation Initiative through the Impact Assessment and Evaluation Group of the CGIAR, followed by other co-sponsors, including the Department for International Development of the United Kingdom and the United Nations Development Programme. Another series of case studies on the impact of the CGIAR system is being undertaken under the guidance of the International Food Policy Research Institute. The results are expected to be available in June 2001.



V. MAJOR ISSUES AFFECTING THE BUDGET

A. Projected Level

50. While it was originally planned on a zero real growth basis, IFAD's administrative budget for 2001 should take account of increased resources required for the implementation of the Plan of Action. In addition, as approved by the Twenty-Third Session of the Governing Council (document GC 23/L.6), expenditure relating to amounts to be appropriated for the PRP from the Capital Expenditure Budget will be amortized and charged to IFAD's administrative budget. In accordance with international accounting standards, some costs may have to be amortized fully in the year in which they are incurred. Costs that can be identified as creating assets may be capitalized and amortized over a longer period, depending on the useful life of the asset.

51. The two-fold impact of amortization and of the proposed additional resources required to comply with the Plan of Action and cope with the re-engineering exercise are likely to create a bell-shaped curve in the level of IFAD's budgets over the next few years. It is hoped that donors can provide separate supplementary contributions to reduce the amount of additional budgetary resources required, and the Secretariat would welcome donor support in this area. Following its seven-year commitment to expenditure containment and zero real growth, the management of the Fund believes it will be necessary to ensure that quality improvements and changes occur in its core business processes to help implement the organization's overall strategy.

52. As may be noted, the previous re-engineering exercise resulted in real budgetary savings between 1993 and 1996 and in the absorption of new activities (without the need for extra resources) since 1997. Based on that experience, it is expected that with the completion of the Plan of Action activities in 2002 and the PRP by 2005, significant qualitative improvements will have been made within IFAD and that it will be possible to redeploy any savings and/or efficiencies within the organization to achieve its priority needs.

B. One-Time Costs

53. As in previous years, one-time costs will be identified separately. For 2001, the following are expected to be incurred:

- costs relating the new IFAD premises (adjacent to the present IFAD headquarters), which are presently being refurbished to meet IFAD's requirements and should be ready for occupancy by April 2001. As a result of the move, IFAD will require further resources not reimbursable by the Host Government to make the premises fully operational. It is currently estimated that some USD 823 000 will be needed to set up the new building, including security equipment/services, landscaping, cleaning, labour, small hardware/electrical supplies, fittings and to upgrade management information systems such as the central local area network (LAN) switches, patch cords for data and telephone networks, switches for cabling closets and cordless systems; and
- funds to cover staff separation and placement issues. In view of the Fund's changing human resources priorities, it is inevitable that staff redeployment and separation will occasionally become necessary.



C. Supervision Costs

54. **Payments to cooperating institutions.** Preliminary estimates of IFAD's 2001 portfolio of projects incurring administration and supervision costs show that the number of Full Project Equivalents will be higher than that budgeted for in 2000. While this projection is subject to adjustment, the upward trend may be attributed to various factors:

- greater numbers of projects approved since 1986. Since 1993, more than 25 projects have been approved each year; and
- redefinition of a number of projects' implementation periods within the context of the new framework for defining such periods and extensions of closing dates (see document EB 97/61/R.10), which became effective on 1 January 1999.

55. With regard to projects administered by the World Bank, IFAD will continue to pay the same increased charges for nine projects (see document EB 98/65/INF.3). Following submission of that document to the Executive Board, two projects were kept with the World Bank after satisfactory negotiations had been completed with that organization. In 1999-2000, three additional projects were entrusted to the World Bank for loan administration and supervision, on the understanding that the charges levied to IFAD would not be higher than the average costs that IFAD pays to other major IFIs (e.g. the United Nations Office for Project Services, Asian Development Bank).

56. **Direct supervision.** With the adoption of Resolution 102/XX of 21 February 1997, the Twentieth Session of the Governing Council authorized IFAD to directly supervise a limited number of its projects. All the 15 projects involved have now been approved by the Executive Board (the last one in December 1999); 11 are effective; and the remaining four are expected to become effective before the end of 2000. That being the case, budgetary resources will be required to cover the administration and supervision of all 15 projects. In 2001, special attention will be paid to capturing the impact of these projects at the field level.

D. Proposed Format and Other Changes

57. It is proposed to introduce a new funding area, the PDFF, for costs relating to separately identifiable project cycle development expenditures. This new funding area is similar to the 'Services to Member States' allocation previously used by IFAD.

58. Apart from the foregoing, other changes that may be introduced in 2001 are as follows:

- presentation of expenditure by activity rather than by type of expense: this would serve to capture the process cost-information requirements resulting from re-engineering and/or those that may be required based on appropriate accounting principles for the presentation of expenditure;
- mainstreaming of gender equality into budget processes within the United Nations system; and
- updates or amendments of policies, e.g. IFAD's Lending Policies and Criteria and Financial Regulations, as may be necessary to implement the PDFF.

59. In all cases, the December 2000 presentation of the Programme of Work and Budget for 2001 will include details of all proposed changes for subsequent approval by the Governing Council.

REGIONAL LENDING STRATEGIES

Western and Central Africa (Africa I)

1. **Socio-economic trends.** The region will need to meet a number of challenges in order to promote agricultural and economic growth, rural development and poverty alleviation. Conducive institutional environments and governance mechanisms need to be promoted to increase the effectiveness of investments in poverty alleviation. Only through more widespread empowerment of rural populations and grass-roots organizations can the formidable and interrelated challenges of building human capital, boosting food production and productivity, and market development be met.

2. **Opportunities for IFAD.** In its investment orientation and pursuit of development objectives in Western and Central Africa, in 2001 the Africa I Division will continue to place highest priority on initiatives in the following technical areas: (a) improvement of food security, with particular emphasis on the needs of women and youth; (b) developing rural financial services that reach isolated populations without previous access to financial markets and are well integrated into the national financial sector framework; (c) capacity building in support of decentralized decision-making processes for participatory rural development; and (d) natural resources management and the environment, with emphasis on supporting anti-desertification initiatives. To achieve these objectives, the Division will continue to stress the importance of gender-differentiated target group participation in defining project objectives and priority activities; maximizing the use of local knowledge and experience; and pursuing a strategic orientation to the Fund's investments through strengthened collaboration with governments, civil society and other donors to ensure that project interventions fit closely within the context of overall economic and sectoral development strategies for individual countries.

3. **Operating strategic directions.** Major strategic operating directions for the Africa I Division in 2001 include continuation of the directions pursued in 2000: ensuring effective IFAD presence at the field level through maintenance of full lending levels; support to programmes driven by beneficiary participation; monitoring of project progress through the portfolio management system; and development of human resources through professional and support staff training. To respond to the objectives laid out in the Plan of Action, a number of new thrusts are being added for 2001:

- **Knowledge management.** The Division will pursue a number of initiatives in this area. The TA grant programme for 2001 will emphasize implementation to ensure that knowledge generated finds its way into selected projects in the loan portfolio, and that synergy is created between countries and between the loans and grants programmes. TA grants for which the knowledge management function is especially relevant include Regional Environmental Information Management (REIMP) for The Congo, FIDAFRIQUE, the grant to the International Institute of Tropical Agriculture (IITA) for yams and cowpeas, to the West Africa Rice Development Association (WARDA) for rice, and to the West African Economic and Monetary Union/Permanent Interstate Committee for Drought Control in the Sahel.
- **Policy initiatives.** Within the context of the lending programme, the Division will engage in ongoing policy dialogue and identify new policy initiatives for which IFAD input is relevant. Such dialogue, conducted in partnership with governments, civil society and like-minded donors, will involve the development of appropriate legal and regulatory frameworks for microfinance; concrete measures to increase the pro-poor nature of decentralization; and appropriate institutional frameworks for empowering farmers' organizations in the technology development and dissemination process. A key element in



facilitating these processes will be the establishment of a multi-donor hub in the region, similar to those already operating in Latin America and Southern Africa.

- **Impact assessment.** IFAD will pursue a number of initiatives in 2001 with a view to improving impact assessment in its ongoing projects and programmes. Special priority will be placed on strengthening M&E in directly supervised and Flexible Lending Mechanism projects. To capitalize on previous and ongoing investments, impact assessment will receive special attention in at least three ongoing TA grants (the Agricultural Management Training Programme for Africa, WARDA (rice) and IITA (cowpeas)).
- **Partnerships** entered into in previous years will continue (annual consultations with major multilateral and bilateral partners, pursuit of cofinancing, active participation in the Common Country Assessment/UNDAF process in selected countries, promotion of sub-regional collaboration between various stakeholders through agricultural research TA grants). IFAD support to a regional hub will be an important mechanism for strengthening collaboration at the programme and policy levels. Within the context of HIPC DI, IFAD will also actively participate in at least one PRSP exercise.

Eastern and Southern Africa (Africa II)

4. **Socio-economic trends.** The overall socio-economic context of the region is extremely mixed. On the one hand, the continuing drought in Ethiopia and northern Kenya has underlined the continued vulnerability and precariousness of ecologically marginal agricultural systems; agitation around land reform in Zimbabwe has exposed structural tensions in rural society in Southern Africa; and political tensions continue to contribute to poverty and instability in Angola and part of the Great Lakes region. On the other hand, two basic themes of transformation in civil society and the economy are both becoming clearer and are consolidating themselves: political decentralization/democratization, and the centrality of market relations in the rural economy. The principal challenges are to contribute to reduction of marginal area vulnerability, facilitate recovery in post-crisis situations, contribute to solution of tensions around access to basic resources, and provide the means by which the rural poor establish a strong and viable position in processes of decentralization and market development.

5. **Opportunities for IFAD.** Over the last three years, IFAD has acquired a much more clearly independent profile with governments in the region a profile it has developed **with** governments in projects and programmes giving significant levels of support for national initiatives. In this context, IFAD has emerged as a materially significant supporter of activities focused on the **economic and social empowerment of the rural poor**. The emergent significance of IFAD in the region provides an opportunity to make a positive and substantial contribution to current and incipient debate on key policies and institutions in an absolutely vital area, that of effective linkage to the aspirations and conditions of the rural poor. In order to grasp this opportunity, IFAD needs to be able to: identify principal policy and institutional constraints; point to proven experience in addressing the new issues that are arising in the context of major regional changes; join with stakeholders in identifying priority investments and policies for effective change in the environment of poverty alleviation; and commit resources to creating coalitions of investors for the implementation of change.

6. A key element in IFAD's role in poverty alleviation in the region is the development and implementation of its lending programme. The significance of this programme is extremely diverse, encompassing: direct impact on rural poverty; the basis of lessons learned for the development of larger programmes and policies; a mechanism for mobilizing resources of other agencies and directing them to key areas; and a credential for entry into serious policy and institutional dialogue. In 2001, focus areas will be developing effective rural finance systems accessible and useful to the rural poor; responsive and useful rural technology and information systems; rural market organizations allowing



the poor to capture more of their own value-added; and systems of local planning and resource allocation reflecting the priorities of the IFAD target group.

7. **Operating strategic directions.** The lending programme is the major, albeit not exclusive, tool at the disposal of the Division. The principal strategic directions and instruments to be pursued are the following:

- **Improved impact analysis.** In 2001, work in this area will involve further normative work on IFAD's approach to the Logframe and impact analysis, but will principally focus upon work with cooperating institutions and borrowers to raise the level of impact analysis and reporting in the implementation of IFAD-supported projects and programmes. It will also require yet further allocations of staff time and travel for IFAD implementation support.
- **Improved knowledge management.** In 2001, IFAD's work in this area must be pursued further – within a framework of drawing in relevant knowledge from other sources, as well as within an explicit and targeted communications strategy directed to those who can effectively use it. Not least among the considerations for the networking/dissemination strategy is orientation to the organizations of the poor and civil-society organizations.
- **More effective and visible engagement in policy dialogue.** IFAD has something unique to offer the dialogue on policy and institutional change for poverty reduction, given its day-to-day experience in dealing with how national policies and institutions actually 'work' in the lives of the poor. This will require carving out – on a country basis – areas of policy specialization and true policy value-added. It will also require effective management of representation (direct and indirect) in policy fora and in the everyday processes of policy development at the institutional level.
- **Deeper and more programmatic partnerships.** IFAD's performance of a stronger leadership role in concrete and relevant approaches to the social and economic empowerment of the rural poor in the region will depend ultimately upon the extent to which it can draw from and contribute to others in stable and far-reaching multi-stakeholder partnerships. These include partnerships with the rural poor and civil-society organizations in identifying the concrete challenges faced by the rural poor and viable responses to them, and with knowledge centres in identifying (and solving) crucial policy, institutional and operational issues.

Asia and the Pacific

8. **Socio-economic trends.** The economies of Asia that were hit by the Asian financial crisis are continuing to recover, with positive rates of economic growth projected for 2000 and 2001. However, the poverty levels in those countries will be higher than the pre-crisis level. Among the rural poor in Asia, the populations that have been hardest hit by the process of marginalization are those living in the uplands and mountains, including the indigenous and other marginalized populations. The process of marginalization has led to social exclusion, rapid environmental degradation and political instability, which is giving rise to violence in countries such as north-east India, Indonesia, Nepal and The Philippines. Increasing feminization of agriculture has adversely affected the education of girl children, leading to recycling of rural poverty. The remoteness and diversity of such areas places a premium upon decentralized, participatory and iterative approaches to programme development and execution in order to achieve the necessary sensitivity to local conditions.

9. **Opportunities for IFAD.** Past experience has shown that improved gender relations have a very significant impact on the rural poor. Gender mainstreaming and the empowerment of women to become agents of change will provide an opportunity to promote strategic interventions in favour of



the rural poor. Since the poorest of the poor live in marginal and upland areas of Asia, there is a need to reorient the development strategy and priorities to focus on such areas. Greater efforts will be made to enhance the resilience of poor rural households to withstand external economic shocks. For this, emphasis will be placed on regenerative farming and forestry systems; rural finance for on- and off-farm activities; and on improving rural infrastructure. Likewise, increased support will be provided for local capacity building to strengthen local institutions, promote decentralization and enable rural communities to improve their livelihoods.

10. **Operating strategic directions.** To better respond to the major thrusts of the Plan of Action, the following specific activities will receive stronger focus:

- **Knowledge management.** IFAD will pursue a number of initiatives that were launched earlier. It will strengthen its activities in the generation and management of knowledge through the TA grant programme, with special emphasis on electronic networking of IFAD projects for knowledge and information sharing; documentation and sharing of innovative participatory processes in project design, implementation and evaluation among IFAD projects and NGOs; and scouting for and dissemination of indigenous knowledge in regenerative agriculture, forestry and agro-forestry in upland and mountainous areas of the region.
- **Policy initiatives and impact assessment.** IFAD has undertaken many initiatives to influence policy, using country programmes of assistance as major triggers. The results generated through better knowledge and improved documentation on project impact will be used in a more systematic manner. The reality check workshop approach has been introduced to enhance participation of major stakeholders in the development of country strategies. This methodology will be strengthened and become a normal feature for the preparation of Country Strategic Opportunities Papers (COSOPs). Special attention will be paid to specific features, such as decentralization and capacity building for local and grass-roots institutions, introduction of regenerative farming and forestry systems as major tools for poverty alleviation in marginal and upland areas, and capacity building for rural finance institutions for on- and off-farm activities.
- **Partnerships.** Strategic partnerships have been initiated and will be nurtured further to improve the influence of IFAD initiatives. The search for new partnerships and innovative approaches in establishing partnerships will become a common feature during project design. Attention will be given to consolidating existing partnerships with NGOs to promote learning from each other. More active collaboration with the World Bank and United Nations system in the development of the CDF and UNDAF will be promoted. However, time and staff constraints may be limiting factors.

Latin America and the Caribbean Region

11. **Socio-economic trends.** Political and economic instability, particularly in the Andean countries, will be carried over to 2001, generating a difficult and complex setting for rural development and poverty-alleviation efforts. Within the region, political uncertainties arising from election campaigns in several countries and unresolved differences between executive and legislative branches of government in others could affect economic policies, social investments and investor confidence.

12. In the Central-American sub-region, Honduras and Nicaragua will continue their reconstruction efforts, with modest economic recovery, while Costa Rica and El Salvador will maintain their economic development pace. The eastern Caribbean countries will continue their agricultural sector



reforms to compensate for lost external trade income from banana exports. Tourism will continue to play an important role in the economy, while the agricultural sector will remain depressed.

13. **Opportunities for IFAD.** Renewed awareness on the part of the international financial community with regard to the need for poverty alleviation and rural development in the region has opened up new, active and systematic dialogue opportunities with the Inter-American Development Bank and the World Bank. This process is also being shared with multilateral and bilateral development institutions such as the Food and Agriculture Organization of the United Nations, the Economic Commission for Latin America and the Caribbean, the Inter-American Institute for Cooperation on Agriculture and the German Agency for Technical Cooperation, as well as with national and regional NGOs involved in rural development. While common policy grounds have been identified, such partnerships should continue to be strengthened so as to arrive at a common vision and to agree on institutional policies and actions.

14. In the lending and TA grant programme to be proposed for 2001, the Fund will give high priority to the consolidation of strategic areas associated with the current situation in the region, while maintaining medium-term strategic goals:

- linking rural alleviation initiatives to incipient decentralization efforts that strengthen the capacity of local communities to take decisions and manage resources in an autonomous manner;
- improving the competitive capacity of small-scale poor rural producers;
- strengthening the capacity of grass-roots organizations to deliver development services to the rural poor;
- promoting and reinforcing non-agricultural income-generating activities; and
- improving in-depth gender analysis and training.

15. **Operating strategic directions.** In 2001, the Division intends to highlight the following strategic objectives:

- **Improved policy dialogue.** In many countries where IFAD is active, there is an urgent need to adopt a more pro-active agricultural and rural development policy in combination with macroeconomic policies. IFAD's experience in demand-driven approaches to rural development programmes, where the poor themselves identify and own the solutions adopted, will be shared in the processes of policy definition to ensure better linkages between poverty reduction initiatives and rural development programmes.
- **Enhanced implementation support.** Several innovative initiatives have been taken in IFAD projects in the region. However, these experiences have not been structured and have often been implemented in a dispersed fashion. Efforts will be made to better capture successful ways and means of reducing poverty in a sustainable manner, and to feed the results of such analysis into the design and implementation of new and ongoing projects.
- **Improved knowledge management.** The Regional Poverty Assessments provided IFAD with a valid basis to invest financial and human resources for sharing what it has learned from others and from its experiences of the processes that determine rural poverty. These assessments have also provided examples of 'best practices' that demonstrate successful mechanisms and instruments for change. FIDAMERICA, the Internet-based network on rural development, will continue to play a key role in the efforts IFAD is making to ensure



that knowledge and expertise is oriented and used both by grass-roots organizations and the rural poor.

- **Partnerships.** IFAD will continue to seek new modalities for dealing with rural poverty. Its investments in a better strategic approach through improvements in COSOPs and other related strategies will be complemented by increased efforts in networking and better linkages with IFIs, donors, NGOs, the rural poor and civil-society organizations. This implies participation in the CDF, UNDAF and PRSP in selected countries of the region.

Near East and North Africa

16. **Socio-economic trends.** The traditional countries of the Near East and North Africa continue to show good growth rates. Although problematic situations remain, there are signs of increasing inter-regional trade within the Mediterranean, and a general trend towards more decentralized development and natural resources management approaches. Overall, poor rural families in the Balkans, Eastern Europe and countries of the Commonwealth of Independent States (CIS) continue to suffer from weak institutions and minimal services in most sectors. A disturbing trend in countries of the former Soviet Union has been the economic slowdown in Russia, by far the largest market for the former Soviet Union products from such countries, resulting in a negative impact on the economy and export earnings of countries in the region. This has triggered protectionist policies with regard to agricultural production that have increased difficulties for smallholders throughout the region and given rise to increased regional tensions.

17. **Opportunities for IFAD.** Efforts will continue to focus on seeking opportunities to overcome natural resources constraints. Project themes will include: (a) improved access to land, water, capital and information; and (b) decentralization of responsibility and authority for natural resources management. As in the past, projects will focus on soil and water-related constraints in rainfed areas, with a clear emphasis on community management of common natural resources. Investments in rural financial services will become an increasingly important theme in IFAD projects.

18. Beneficiary linkages will form the basis of IFAD's lending programme in the Balkans, Eastern Europe and CIS countries, with interventions designed to enhance sustainable delivery of rural financial services, raise the level of available capital and enhance capacities in private financial institutions. Integrated development efforts, whereby targeted investment and capacity-building support is provided to crucial sectors (irrigation system rehabilitation and operation and maintenance, strengthened extension services) will also be continued. The region is beginning to witness a trend in terms of its second and third generation projects, which are moving beyond support to primary production and food security interventions to address, on a more systematic basis, marketing, institutional capacities and enhanced post-project sustainability.

19. **Operating strategic directions.** The proposed lending programme for 2001 will continue to focus on the following strategic development options defined in the COSOPs: irrigation (Armenia), natural resources management (Algeria), rural financial services (Armenia, Bosnia and Herzegovina and Lebanon) and community-based participatory rangeland and livestock development (Turkey). Furthermore, the following priorities will be emphasized:

- **Policy dialogue.** At the COSOP stage the primary vehicle for promoting policy dialogue IFAD will extend its first round of COSOPs for Jordan, The Sudan and Syria. These COSOPs will be shared with the Executive Board. As per the regional operating strategy, policy dialogue will focus on: (a) operationalization of the decentralization process in The Sudan; (b) development of a pro-poor rural finance system through the reform of Jordan's agricultural system; and (c) empowerment of the rural poor through participatory project design and implementation in Syria.



- **Impact assessment.** Implementation support for ongoing projects will be directed to enhance and report on impact. Innovative and cost-effective approaches for participatory impact assessment will be tested through streamlined M&E systems at the project level, and the carrying out of thematic surveys for the measurement of a few, but credible, indicators. Specific impact-related studies will be commissioned for five projects, one per country portfolio manager, to gain a better appreciation of the effectiveness of strategic interventions.
- **Partnerships.** With donors, partnerships include cofinancing and knowledge sharing in investment projects and TA grants for agricultural research. IFAD will strive to enhance its leadership role in order to increase the cofinancing of IFAD-initiated projects and agricultural research TA grants in the region by the Arab Fund for Economic and Social Development, the OPEC Fund and the Islamic Development Bank. A partnership arrangement will be concluded with the Arab Authority for Agricultural Investment and Development as a new cofinancing partner. IFAD will develop a pro-poor agricultural research and technology transfer strategy for TA grants as a vehicle for influencing a pro-poor regional research agenda.
- **Knowledge management.** For better engagement in policy dialogue and partnership, the Division intends to intensify its activities in the **establishment and use of knowledge networks** in the strategic areas of dryland and marginal rainfed areas, rural finance and microenterprise development, participatory irrigation management and gender mainstreaming. The TA grant programme will be IFAD's main vehicle for achieving this goal by taking a more active role in the design and implementation of TA grants and their linkages to both IFAD-financed projects and national programmes.