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STRATEGIC FRAMEWORK FOR IFAD
2002-2005

IFAD's Strategic Framework for 2002-2005 is attached for the information and comments of the Executive Board. The framework was written by a working group of IFAD staff members, drawing heavily on a consultative process with all staff members.



Enabling the rural poor to overcome their poverty

STRATEGIC FRAMEWORK FOR IFAD 2002-2005

IFAD's Mission

To enable the rural poor to overcome their poverty

Poverty reduction is not something that governments, development institutions or NGOs can do for the poor. They can forge partnerships and help promote the conditions in which the poor can use their own skills and talents to work their way out of poverty.

IFAD Rural Poverty Report 2001

A. The Rural Poor in a Changing World

1. One out of five for the world's inhabitants – 1.2 billion people – live in extreme poverty. Their poverty is not only a condition of low income and lack of assets. It is a condition of vulnerability, exclusion and powerlessness. It is about the erosion of their capability to be free from fear and hunger and have their voices heard. Poverty reduction is about enabling poor women and men to transform their lives and livelihoods.

2. After the 1995 World Summit for Social Development, the international community developed a broad consensus that all development actors should focus on reducing poverty. Five years later, at the Millennium Summit, governments committed themselves to reducing by half the proportion of people living in extreme poverty by 2015. This global commitment carries the promise of significantly greater resources and policy support for overall poverty reduction.

The United Nations Millennium Declaration

The development goals of the Millennium Summit signify a determination of developed and developing countries to, as the Millennium Declaration states, *create an environment – at the national and global levels alike – which is conducive to development and the elimination of poverty*. Among the most important of these goals is halving, between 1990 and 2015, the proportion of people whose incomes are less than one dollar per day, and the proportion of people who suffer from hunger. Monitoring progress in reaching these goals is the task of the entire United Nations system, with primary technical responsibility given to the World Bank and the Organisation for Economic Co-operation and Development.

3. While the importance of poverty reduction has now been overwhelmingly acknowledged, inadequate attention is being given to **rural** poverty reduction. Moreover, there appears to be insufficient appreciation of the contribution that the rural poor themselves can make to meeting the new development challenges. At the same time, some 900 million people – 75% of the world's poor – live in rural areas. Rural poverty must therefore be given priority if the Millennium Development Goals, particularly the one relating to poverty, are to be met.



4. According priority means taking on the challenges of a world that is rapidly transforming, and assuring that the rural poor are not left behind. Global interdependence, decentralization and rapid development of civil-society organizations present many opportunities, provided the rural poor can influence the institutions, policies and decisions that affect their lives. As things stand, the rural poor rarely choose or control the conditions under which they earn their livelihoods. And among the highly diversified poor rural populations, one significant group stands out: women. The majority of women still remain economically and politically marginalized, although their contributions to the resilience of rural households and their potential as agents of change have been acknowledged.

Addressing Gender Inequalities and Increasing Women's Capabilities: Preconditions for Achieving the Millennium Development Goals

Across the developing world, poor rural women have a primary (often prevalent) role in crop production and care of livestock. They engage in multiple economic activities that are critical to the livelihoods of poor rural households. They are responsible for providing for the food, water and fuel needs of their families. The quality of care that mothers give to children has a decisive influence on their prospects for healthy and productive lives. At the same time, women have significantly less access than men to knowledge, assets and services. They also have less influence and choice in the decisions (private and public) that have a bearing on their lives and those of their children. These enduring and sometimes widening inequalities affect the ability of women to carry out their critical roles, thus undermining global human and economic growth.

When presented with opportunities, poor rural women can become powerful agents of change in their communities. For example:

- ◆ Increasing girls' access to primary and secondary education is strongly correlated with reduced malnutrition and mortality.
- ◆ Women are dynamic organizers and participants in grass-roots organizations, and are effective at initiating and sustaining local self-help initiatives.
- ◆ When women have access to agricultural inputs and relevant knowledge, farm productivity gains are high.
- ◆ In many microfinance programmes around the world, women have a strong track record as prudent savers and borrowers, using income to the benefit of the entire household.

Unless efforts and resources to address gender inequalities by increasing the resilience of poor rural women are significantly scaled up, little progress will be made towards achieving the Millennium Development Goals of reducing poverty and hunger worldwide.

5. Other aspects of global transformation threaten to reverse the gains that millions of poor people have made in some parts of the world over the last 25 years. Rising out of poverty is no guarantee against falling back into poverty. Civil strife and war, natural calamities, financial crises, rapid population growth, migration and ever-increasing pressure on natural resources disproportionately increase the insecurity and instability of the rural poor.

6. Poor rural people contribute greatly to the economic growth of their countries. Their enterprises and households collectively account for much of the land, water and labour engaged in agricultural production. They have a wealth of traditional technical and organizational knowledge. They play a critical role in managing and conserving the world's natural resources, including its bio-diversity. They are hard-working people who are ready to seize opportunities to improve their lives and secure a better future for their children. The challenge is to enable them to overcome the material, institutional and policy obstacles that prevent them from seizing such opportunities. And for the majority, this means overcoming obstacles where they actually live and in what they do to make a living now.

7. The tragic events of 11 September 2001 have left in their wake a new sense of vulnerability across the world, but vulnerability has always defined the lives of the rural poor. To many of these people – smallholders, landless wage labourers and sharecroppers, small entrepreneurs, nomadic



pastoralists, artisanal fishermen and women, indigenous peoples, ethnic minorities and members of scheduled castes – vulnerability is a ‘silent emergency’ that is intimately linked to weak local governance. It is experienced as an inability to influence decisions affecting their lives, negotiate better terms of trade and barter, stop corruption and make governmental and non-governmental organizations (NGOs) accountable to them. It is also about not being able to escape violence or earn enough to meet their basic needs. Powerlessness is clearly an effect of poverty. It is also one of its most important causes.

8. Poverty reduction – and indeed peace, stability and sustainable economic growth – can only be achieved by modifying the unequal power relations that contribute to generating poverty, and by making a conscious effort to enable historically excluded people to exercise their full potential. By funding the types of development and poverty reduction initiatives needed to change the structures that generate vulnerability and inequality, IFAD can help the rural poor to become the driving force of their own development. The Fund needs to assume a catalytic role – expanding its concerns beyond the immediate impact of ‘its’ projects and influencing the direction and content of national and international poverty reduction efforts. This will involve *enabling the enablers*: increasing the collective capability of governments, the private sector, civil society and development institutions to put the rural poor at the centre of their efforts.

B. IFAD’s Strengths

9. Since it was created in 1978, IFAD has focused exclusively on rural poverty alleviation, working with poor rural populations in developing countries to eliminate poverty, hunger and malnutrition; raise productivity and incomes; and improve the quality of their lives. The Fund has designed and implemented projects in very different natural, socio-economic and cultural environments. Many IFAD-supported programmes have been in remote areas, and have targeted some of the poorest and most deprived segments of the rural population. IFAD has recognized that vulnerable groups can and do contribute to economic growth. These groups have shown that they can join the mainstream of social and economic development, provided the causes of their poverty are understood and enabling conditions are created.

10. In addition, its local-level operations in 114 countries keep IFAD in continuous and direct contact with the rural poor. Their perceptions of their own opportunities and constraints form the backbone of IFAD’s knowledge base. This diversity of people and contexts has led to the accumulation of a valuable body of experience and knowledge. It has also required IFAD to maintain a highly flexible and participatory approach in responding to the *specificities* of rural development around the world.

11. To build broad local ownership of the programmes it sponsors, IFAD works in partnership with others – borrowing-country governments, poor rural people and their organizations, and other donor agencies. Its focus on local development has given it a role in bridging the gap between multilateral and bilateral donors on the one side, and civil society represented by NGOs and community-based organizations (CBOs) on the other.

12. Extensive partnerships and global engagement enable IFAD to strengthen its catalytic role. Through careful monitoring and evaluation of the impact of its projects, the Fund identifies successful innovations and analyses opportunities and constraints. It then disseminates knowledge and ‘lessons learned’ through its network for possible replication and cross-regional fertilization.

13. IFAD’s flexible programme approach and longer-term lending framework enhance its ability to assist governments in pro-poor policy and institutional development. These processes require a long time frame to see the changes through to their conclusion.



C. IFAD's Strategic Objectives

14. IFAD's Strategic Framework is conceived as part of the broad global commitment to achieving the Millennium Development Goals. IFAD will continue to work towards *enabling the rural poor to overcome their poverty* – as perceived by the poor themselves – by fostering social development, gender equity, income-generation, improved nutritional status, environmental sustainability and good governance. Concretely, this implies: developing and strengthening the organizations of the poor to confront the issues **they** define as critical; increasing access to knowledge so that poor people can grasp opportunities and overcome obstacles; expanding the influence that the poor exert over public policy and institutions; and enhancing their bargaining power in the marketplace. All IFAD's strategic choices (as reflected in regional, country and thematic strategies; loan and grant activities; involvement in Poverty Reduction Strategy Papers; policy dialogue; and choice of development partners) will be made with these principles in mind.

15. Because the reasons for rural poverty are complex, proposed solutions need to be multifaceted and adapted to local contexts, taking gender, social and political issues into account. The rural poor need to have greater access to a variety of assets – human, social, natural, infrastructural, technological and financial – if they are to take control of their daily lives. They need to have influence over the major decisions affecting their well-being. They also need to be less vulnerable to external shocks that threaten their already weak asset base (such as HIV/AIDS, conflict and natural disasters). IFAD will concentrate its investments, knowledge management efforts, policy dialogue and advocacy on the attainment of three strategic objectives: strengthening the capacity of the rural poor and their organizations; improving equitable access to productive natural resources and technology; and increasing access to financial assets and markets. Attention to the differing opportunities and constraints of women and men, and to sources of vulnerability and ways to increase resilience, will be overarching concerns.

The Centrality of Assets for Rural Poverty Reduction

IFAD's *Rural Poverty Report 2001* states that increasing access to assets is crucial for broad-based growth and poverty reduction. Assets take many forms – human and social (education, health, organizations), natural (land, water and forests), technological (farm production, processing and marketing methods), infrastructural (roads, communications, health and education facilities, housing) and financial (crop sales and off-farm revenue, investment and working capital, 'savings' in the form of livestock and stored commodities). There is strong complementarity among asset categories. For example, building social capital by strengthening farmers' groups and improving road and communications networks can enhance the financial asset base. Secure land use rights can allow farmers to invest in technology, leading to higher farm productivity and incomes. They may then invest in improved health and nutrition status and their children's education.

Strengthening the Capacity of the Rural Poor and their Organizations

16. First and foremost, the poor need to be provided the chance to build individual and collective capabilities to gain access to economic opportunities and basic social services and infrastructure. Lack of strong social organization makes it difficult for the poor to exploit potential opportunities within their communities and to develop links with external partners. Therefore, enhancing the human and social capital base of the rural poor will also enable them to interact with those wielding power on a more equitable and informed basis, and thus negotiate more effectively on issues that affect their well-being. IFAD works with many different types of poor people's organizations (e.g. traditional village and sub-village work groups, small self-help groups, water users' associations and farmer cooperatives). Building their capacities requires time. However, capacity-building is critical for effective poverty alleviation: in its absence, investments in social and economic infrastructure will invariably fail to deliver sustainable benefits.



Improving Equitable Access to Productive Natural Resources and Technology

17. One of the most important factors leading to entrenched poverty is access to natural resources such as land, water and forests. Their inequitable distribution is often derived from long-standing historical and cultural practices. Moreover, the rural poor lack decision-making powers over their use. Increasingly, land reform and tenure systems, water rights and access by rural communities to forests and other common property resources are sources of social conflict. Reducing such tensions and improving planning for sustainable and equitable resource use are key challenges throughout the developing world.

18. Where pressure on land and water is great, natural resource degradation has reached alarming levels. This is a major problem for the rural poor, who often live in environmentally fragile zones. Many poor farmers face a choice between restoring the fertility of their small family plots and common property resources or migrating to the cities. Appropriate technologies to improve farm productivity by boosting returns to land and labour are essential if the former choice is to be a viable option. As solutions are often context-specific, technologies need to be developed and validated working together with the rural poor – something that is still quite rare. Full appreciation needs to be given to the existing risk-management strategies of small farmers. These often differ for men and women farmers, requiring gender-differentiated approaches.

Increasing Access to Financial Assets and Markets

19. In their efforts to raise agricultural productivity or to diversify incomes, the poor often need investment and working capital. Yet rural financial markets remain underdeveloped. Because the amounts involved are small and the poor lack collateral, banks are usually not interested in lending to them. Assistance needs to focus on developing professional and responsive rural finance institutions, with a strong emphasis not just on providing credit but also on encouraging savings.

20. Efforts to increase agricultural productivity can only be effective if they are linked to an appreciation of market potential. Too many agricultural investments have failed because they only concentrated on increasing production while neglecting development of market links. Integrated approaches along the full continuum of production, processing and marketing are needed to raise rural incomes and significantly contribute to economic growth and poverty alleviation. Transport infrastructure is also critical for developing links to the outside world. Diversifying income sources, either by producing and marketing non-traditional crops or by exploiting off-farm opportunities more fully, is also necessary. Income diversification reduces the risks posed by rapidly changing market conditions and can help even out seasonal fluctuations in income and consumption.

D. Enhancing IFAD's Catalytic Impact

21. IFAD's mission is to achieve the greatest possible impact in enabling the rural poor to overcome their poverty. The Fund will seek to maximize the direct impact of its programmes by focusing on critical poverty bottlenecks and broadening the catalytic effects of its activities. This will involve: harnessing knowledge and disseminating it to a broad spectrum of national and international partners; supporting the development of national partnerships among the poor, governments, the private sector and civil society; building regional and international coalitions; and helping to establish institutional and policy frameworks in support of the poor.



Field Impact

22. IFAD will continue to rely on country programmes as its main vehicle for improving the lives of the poor and learning lessons about what works and what does not work in fighting poverty.

23. As in the past, all investment programmes will focus on building individual and community-level capabilities. To do so, they need to maximize the participation of poor women and men and other stakeholders in the planning, implementation and monitoring of activities. This will ensure that design and implementation decisions are based on the needs and perceptions of the poor themselves. It will also enable the poor to develop the tools they need to bring about change and to sustain that change once external assistance has ended.

24. More precise targeting will be required to ensure that the rural poor benefit fully from IFAD-assisted activities. During implementation, IFAD will be more systematic in measuring differential impacts (by gender and socio-economic group), making mid-course corrections if necessary. It will also monitor the target group's progress towards sustainability and self-reliance.

25. Effective implementation mechanisms also need to be put in place so that projects are viewed less as ways of generating pre-conceived outputs, and more as frameworks for achieving impact and fostering innovation. This will involve an explicit emphasis on communication and mutual learning between stakeholders and relevant external networks in the search for better ways to address problems faced by the rural poor.

26. Increasingly, projects need to make effective links to the policy level, using knowledge generated in a more catalytic manner. IFAD's goal is to enable the rural poor and their organizations to influence institutions (including policies, laws and regulations) of relevance to rural poverty alleviation. As progress is made, IFAD's advocacy work will become less a matter of direct dialogue between IFAD staff and government officials than an outcome of its support to the capacity-building of poor people's organizations. However, IFAD also has a clear role to play in serving as an advocate for the rural poor in national policy fora until such time as their capacity is sufficiently increased to be able to promote their own interests.

27. Country-level operations and partnerships are conceived as an interrelated process of ensuring the sustainable impact of IFAD-supported activities and enabling the rural poor to exert greater control in setting the policy agenda. Activities will simultaneously address asset, institutional and policy obstacles to sustained poverty reduction, and will typically involve coalitions of concerned stakeholders. As its interventions are at the community level and managed by borrowing governments, IFAD is well placed to facilitate policy dialogue between grass-roots organizations and national-level decision-makers. Facilitating such processes requires time and flexibility.

IFAD's Catalytic Role in the International Community

28. Enabling the poor to overcome their poverty will be achieved more rapidly if they enjoy a supportive regional and global environment. At present, the rural poor cannot exercise a direct or decisive influence at this level. IFAD must therefore advocate on their behalf.

29. Advocacy will take two forms. The first will be to develop and share knowledge generated from country programme experience; the second, to seek to influence regional and international policies that shape rural development options – for example, the level and destination of international development assistance. Advocacy to influence policy will focus on issues identified as critical in the course of working with poor rural people in the field. Local and community-based responses to poverty will work better in a more supportive global context.



E. The Way Ahead

30. The Strategic Framework for 2002-2005 reflects a degree of continuity for IFAD. It builds on the previous Strategic Framework for the period 1997-2001, the Action Plan 2000-2002, the *Rural Poverty Report 2001*, existing regional strategies, and the output of several internal IFAD working groups and task forces. Yet it also implies change. The Strategic Framework will increase demands on the Fund. These demands will have to be addressed by reviewing internal systems, procedures, structures and human resources to reorient them so that they can implement the new strategy effectively. In a changing and more challenging world, there is a strong need for IFAD to enhance staff skills, particularly in strategic management, policy analysis, communication and negotiations. IFAD must strive to ensure that appropriate financial and human resources are at hand. The Sixth Replenishment of IFAD Resources will be crucial for this.

31. IFAD's success in achieving the objectives contained in this document largely depends on strengthening partnerships with country-level institutions, especially those providing direct assistance to the rural poor and their organizations at the investment and policy levels. IFAD should provide increased human and financial resources for these essential activities.

32. IFAD needs to strengthen its ability to be an innovative and flexible institution. In recent years, it has developed effective methodologies, products, solutions and capabilities to address poverty alleviation. IFAD now has to become more systematic in identifying, validating and scaling up innovation. It also has to sharpen its focus, concentrating the bulk of its efforts on creating conditions for local development, increased and more equitable access to natural assets and technology, the generation of rural income, and agricultural growth.

33. Capturing information from country operations and disseminating it to broader audiences is where IFAD needs to direct most of its knowledge management efforts. Learning from the poor – and especially from their technical and organizational knowledge – and adapting their successful experiences at the project level must be part of these efforts. There is also much to be learned from NGOs, CBOs and other donors on how to work better with the poor. Examples include participatory planning tools, monitoring and evaluation approaches, targeting methods, and good practices in the thematic areas covered in the strategic objectives enumerated above.

34. IFAD will also need to put in place systems for monitoring its progress in enhancing field impact and for playing a greater catalytic role in the international community. The Fund has already initiated a number of actions to increase project focus on impact achievement, improve performance of project monitoring systems and use evaluation exercises more fully as learning and partnership-building processes. These efforts need to continue and to be expanded.

35. Ultimately, it is the rural poor who will have to be the main actors in improving their lives. This Strategic Framework provides IFAD with a set of guiding principles of engagement with poor rural people and other partners for achieving sustainable poverty reduction. The challenge that lies ahead will be for IFAD to work with its partners to create conditions under which the poor are more fully able to empower themselves.

The Critical Index of Success

- ◆ Poor men and women improve aspects of their lives that they themselves consider the most important.
- ◆ The rural poor use improved livelihood strategies, gain increased access to productive assets and greater influence and control over policies that affect them.
- ◆ IFAD, together with borrowers and partners, establishes and strengthens enabling conditions for effective poverty alleviation.
- ◆ IFAD improves its internal operations and processes in the areas of investment and policy interventions, and enhances its capacity to be a 'learning organization' that promotes and encourages innovation.