



**IFAD**  
**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**  
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**PROGRESS REPORT ON THE IFAD V: PLAN OF ACTION (2000-2002)**





## PROGRESS REPORT ON THE IFAD V: PLAN OF ACTION (2000-2002)

### I. INTRODUCTION

1. At its Twenty-Fourth Session in February 2001, the Governing Council approved document GC 24/L.3, Partnerships for Eradicating Rural Poverty – Report of the Consultation to Review the Adequacy of the Resources Available to IFAD 2000-2002. The document contained the IFAD V: Plan of Action outlining key Consultation recommendations for implementation by IFAD over that period. It required that implementation progress “...be reported periodically to the Executive Board starting in September 2000 and annually to the Governing Council”.

2. The present report serves to update the Executive Board on the implementation status of the plan. Highlights are summarized following the format and structure of the 2001 progress report (document EB 2001/74/R.27). More-detailed information is presented in tabular form in the annex.

### II. HIGHLIGHTS OF IMPLEMENTATION PROGRESS

3. The Consultation report acknowledged that IFAD’s main comparative advantage “...lies in identifying, testing and promoting more effective approaches to rural poverty eradication...”. Building on this comparative advantage, the Fund performs four major roles in catalysing and transferring resources (quoted from paragraph 12):

- “• **As an innovator** in the development of effective rural poverty-eradication instruments, models and know-how at the grass-roots level, IFAD seeks new and effective ways to address the constraints faced by its beneficiaries in a diversity of local contexts. In so doing, it consolidates, refines and enhances its ‘intellectual capital’.
- **As a knowledge institution**, IFAD builds on its role as an innovator through a process of mutual learning and lesson-sharing with other stakeholders active in this field.
- **As a catalyst**, IFAD extends the outreach of its poverty-eradication efforts through strategic partnerships with other donors, governments, non-governmental organizations (NGOs) and civil-society organizations working with the poor at the grass-roots level. Such partnerships build on cross-fertilization of ideas and approaches, taking into account the programmes and efforts of other donors. The Fund’s catalytic role also implies facilitating the replication and scaling up of national and local initiatives, as well as influencing policy and practices in favour of the poor.
- **As a leader** in effective, sustainable poverty-alleviation strategies, IFAD demonstrates its achievements qualitatively and quantitatively.”

4. Following on the progress made during 2000-2001, 2002 represents a year of mainstreaming and consolidation. In the following paragraphs, highlights of progress on the various, partly overlapping recommendations of the plan have been grouped into four ‘building blocks’: (i) policy and participation, (ii) performance and impact, (iii) innovation and knowledge management, and (iv) partnership-building. These elements are called building blocks because they are interdependent



and mutually reinforcing. They encompass the Fund's central business – rural poverty reduction through agricultural and rural development supported by loans and grants.

**Policy and Participation** (recommendations A(i) (ii) (iii) (iv), B(ii))

5. As part of efforts to operationalize the *Strategic Framework of IFAD 2002-2006*, in 2002 the Fund has continued its emphasis on influencing policies in favour of the poor and on promoting institutions that serve and represent the rural poor. With the objective of rendering policy-related work more systematic and better-monitored, an interdepartmental working group developed a conceptual framework for institutional analysis and policy dialogue. The group, established in 2000, had previously developed four thematic papers: institutional analysis and policy dialogue on agrarian reform, rural financial services, pro-poor technologies and decentralization. It had also produced 15 case studies focusing on instances in which IFAD – through its field operations – had successfully influenced policies and institutions in favour of the rural poor. Currently, the developing of tools to guide IFAD staff and consultants is well underway. The working group has initiated an internal 'mutual learning' programme and meets regularly to exchange staff experiences in institutional analysis and policy reform. Work done at the departmental level is integrated into activities at the divisional level. The Africa I Division in June 2002 and the Asia and the Pacific Division in September 2002 initiated a study and training exercise for staff in order to generate institutional assessment tools. The intention is to develop a 'living' sourcebook for policy dialogue and institutional transformation (provided that resources to continue this work through a thematic group and external consultancy can be mobilized).

6. Projects have traditionally been the main platform for policy dialogue, and the Fund has increased its efforts to enhance the policy orientation of its projects and programmes. IFAD's strategic objectives for 2002-2006 include: strengthening the capacity of the rural poor and their organizations; improving equitable access to productive natural resources and technology; and increasing access to financial services and markets. Project-based dialogue continues to be reinforced through the country strategic opportunities paper (COSOP) process, which has become increasingly participatory and involves the in-country stakeholders. Steps have been taken to strengthen collaboration with other international financial institutions in the assessment of policy and institutional environments, notably in the context of developing poverty-reduction strategy papers (PRSPs). In this connection, IFAD's approach is to promote participation by the rural poor and their organizations in formulation and, in particular, implementation monitoring of poverty-reduction strategies.

7. International, regional and national forums are both a vehicle for IFAD to learn more about key development issues and a means of influencing key policy-makers at various levels. The Fund has striven to raise the level of input on poverty reduction and rural development in these forums. One such example is its collaboration with the Secretariat of the New Partnership for Africa's Development (NEPAD). Through the provision of technical and advisory assistance, IFAD plans to work with NEPAD to further refine the rural poverty focus of the NEPAD business plan. One important IFAD-specific vehicle is support for the participation of farmer associations and civil-society organizations in the NEPAD process.

8. In parallel with the development of the strategic framework in mid-2001, IFAD prepared draft regional strategies as the next tier of its corporate strategy. During the Twenty-Fifth Session of the Governing Council in February 2002, six simultaneous roundtables were organized to discuss the draft strategies. Subsequently, launch events (seminars, workshops, etc.) were organized in the regions with the participation of a wide range of regional stakeholders including governments, regional organizations, civil-society and farmers' organizations, NGOs, academia and research institutes, IFAD-financed projects and donor agencies. Such events have proved to be good opportunities for pursuing policy dialogue on key issues of relevance to poverty reduction.



**Performance and Impact** (recommendations A(iv), B(i) (iii) (v) (vi), D(ii))

9. The Fund has developed a new methodological framework for evaluation that includes impact assessment. Its objectives are to: (i) better measure and evaluate impact at project completion; (ii) produce a consolidated picture of the results, impact and performance of a group of completed projects evaluated during a given year; and (iii) synthesize learning from evaluations. The methodology consists of a set of common evaluation criteria, including agreed categories of impact indicators for rural poverty reduction. It implies a unified definition of rural poverty impact based on six domains of livelihood of the rural poor, overarching sustainability factors, innovation and scaling up. These are derived from IFAD's *Rural Poverty Report 2001* and the strategic framework. The Fund is now applying this framework in all project evaluations. The use of common evaluation criteria will help ensure that impact is systematically assessed and results are comparable across projects. The consolidated overview will be presented in annual reports on IFAD's impact and development effectiveness beginning in 2003.

10. To ensure impact, projects obviously have to be carefully designed around key objectives and indicators for impact achievement. A major endeavour has been the enforcement of the logical framework (logframe) approach, which started with staff training in IFAD some years ago and is now generally pursued at project level through instruments such as start-up seminars. As a next step, the unified project design document and the key file, developed in 2001 by the Working Group on Impact Achievement through the Project Cycle, have been applied in all new projects. The design document was conceived as a unified format for the project design process, with each phase of the design stage adding greater value to previous phases. The key file was intended as a set of synoptic tools for facilitating a common understanding of the project among all stakeholders; it has also been applied in the COSOP process. Emerging experience has revealed that the design document and key file have tended to enhance focus on, inter alia, targeting, analysis and development of institutions, and coordination and cooperation with partners during design and implementation.

11. Given the structure of IFAD operations, with comparatively little direct involvement of IFAD staff in implementation, it is absolutely crucial to internalize impact orientation in the management of IFAD-funded projects. To this end, the Fund developed and released *Managing for Impact in Rural Development – A Guide for Project M&E*, targeted primarily at project managers, monitoring and evaluation (M&E) officers and implementation partners of IFAD-supported projects. The guide is being customized for the Fund's different operating regions, and in line with IFAD's concept of development, its approach is that of using and building local, national and regional capacity for training and backstopping of project staff.

12. The cross-cutting concerns of environment, household food security (HFS) and gender continue to be mainstreamed in operations. All new projects are subject to an environmental screening and scoping exercise, as defined in the Fund's Administrative Procedures for Environmental Assessment (President's Bulletin No. 94/03). IFAD's commitment to environmental concerns is also exemplified by its partnership with the Global Environment Facility (GEF). The GEF Council, in recognition of the Fund's comparative advantage in community-based natural resource management, approved IFAD as a GEF executing agency in May 2001 under its Expanded Opportunities Programme. Land degradation, primarily desertification and deforestation, was approved by the Second GEF Assembly in Beijing, 16-18 October 2002, as a new focal area for GEF, and this is the main area of IFAD/GEF collaboration. Given the linkage between degradation of natural resources and the continuation of rural poverty, IFAD particularly welcomes this new opportunity for partnership. It represents an important step forward in enabling the rural poor to protect the resources upon which their livelihoods depend. The Fund has identified priority countries for collaboration with GEF in various geographic regions, and a number projects for GEF funding are at either concept or early design stage.



13. Gender and HFS concerns are receiving increased attention. With the aim of implementing the gender-related principles of the strategic framework, a workshop was held in June 2002 to lay the foundation for a multi-year action plan to mainstream gender in IFAD operations. The plan extends to 2006 and is expected to be approved by the end of 2002. It articulates specific actions for incorporating gender concerns into the project cycle, learning and innovation, policy dialogue and advocacy, and it identifies concrete indicators for monitoring progress. At the same time, special programmes are under implementation in all regions for strengthening the gender orientation of the Fund's country-level operations. The publication *Memory Checks for Programme and Project Design*, which is an aid to diagnosing and focusing on critical issues in HFS and gender, is used by all design missions. Other tools and approaches have been introduced, such as the rapid nutrition surveys for estimating project impact.

14. IFAD has continued its efforts in intensive implementation support and participation in supervision, especially when annual workplans and budgets are being developed. These efforts ensure that management and supervision of ongoing projects are focused squarely on the achievement and reporting of results. However, the furtherance of such efforts is hampered by insufficient field presence and resources for project supervision. At the same time, sharing of knowledge and experience among stakeholders is being promoted through specific initiatives, e.g. regional electronic networks, regional and/or subregional portfolio-review workshops and exchange visits to projects.

15. The portfolio-review process is being adapted to place more attention on measurable results and impact-related indicators. This has been facilitated by the introduction in 2001 of the country-portfolio issues sheet, which focuses specifically on monitoring and addressing country-level issues. A new format is currently under discussion for the project status report, which was adopted several years ago and is devoted to project-level implementation issues. The format will be finalized for introduction in 2003. The enhanced emphasis on impact assessment is also being reflected in project completion reports.

16. Promotion of an impact-oriented approach by IFAD and its implementation partners throughout the project cycle was aided by a technical assistance grant (TAG) approved by the Executive Board in May 2000. In this connection, the intensity and quality of project supervision must be addressed, as well as related costs. A comprehensive evaluation of supervision, including direct supervision, will begin early next year. Moreover, the issue of field presence will be pursued further on the basis of guidance from IFAD's governing bodies.

#### **Innovation and Knowledge Management (recommendation B(iv))**

17. Innovation is a key to enhancing IFAD's catalytic role and impact. The Office of Evaluation and Studies carried out an Evaluation of IFAD's Capacity as a Promoter of Replicable Innovation (Executive Summary – document EC 2002/30/W.P.3) with financial support from the Swiss Agency for Development Cooperation and the Finnish International Development Agency. The evaluation was presented to the Executive Board in February 2002. Its main findings were that the following steps should be taken to further enhance IFAD's institutional capacity as a promoter of replicable innovation: (i) promote a common understanding of innovation and its processes at IFAD; (ii) ensure strategic commitment to innovation; (iii) create a pro-innovation human resource policy and incentive framework; (iv) improve management of the 'innovation chain' from testing and adaptation through replication and scaling up to marketing, as well as strengthening IFAD's ability to perform in this chain; and (v) enhance the culture and leadership role within IFAD to strengthen its innovative capacity. The agreement at completion point document is about to be finalized.

18. Based on an evaluation of the IFAD/NGO Extended Cooperation Programme (ECP) undertaken in late 2000, an agreement at completion point was finalized. It recommended, inter alia, that a strategy for IFAD cooperation with NGOs be prepared. An evaluation of the TAG programme



was also completed, with the findings presented to the Executive Board in September 2002. These evaluations constitute part of the ongoing work towards developing a paper on overall grants policy and strategy, scheduled for presentation to the Board in 2003.

19. In the area of knowledge management and dissemination, considerable efforts have been made in presenting the Fund's *Rural Poverty Report 2001: The Challenge of Ending Rural Poverty*. The report, together with the regional poverty assessments prepared by the divisions of the Programme Management Department, have been presented at numerous international seminars and meetings. At the same time, IFAD maintains a *Rural Poverty Knowledgebase* on its website, providing links to its knowledge/information databases on the rural poverty report, project M&E, gender and HFS, and livestock and rangelands.

20. Project development teams (PDTs) and thematic groups remain the main operational vehicles for pursuing the objectives of innovation and knowledge management. As part of its efforts to implement the strategic framework, the Programme Management Department has reviewed their experiences and has concluded that better integration and a reinvigoration of the two approaches would enhance the efficiency and effectiveness of learning and innovation.

#### **Partnership-Building** (recommendations A(ii), B(vii), C(i))

21. Strategic partnerships have been pursued in a variety of forms, ranging from project to country and international levels. These include exchange visits and interactions among projects in diverse countries and regions, annual consultations with major multilateral and bilateral partners, pursuit of cofinancing, promotion of regional collaboration through regional TAGs and support for multi-donor regional hubs and/or centres. In a number of countries, IFAD has taken part – in line with resource availability – in multi-stakeholder partnerships, including the United Nations Development Assistance Framework (UNDAF) and PRSPs.

22. There has been ongoing dialogue with international financial institutions, both as cofinanciers and as cooperating institutions (CIs) in IFAD-financed projects. With the World Bank-IFAD Rural Partnership Initiative of 2001, in particular, collaboration with the World Bank has entered a new stage. Joint activities are underway, ranging from project cofinancing through support for the PRSP process to launching of thematic studies and global advocacy for rural development. Continued efforts are being made to promote collaboration with the other Rome-based food agencies through enhanced information-sharing on programme development, joint programming of projects, and use of national staff on a cost-sharing basis.

23. The potential for partnership has also been explored with other actors, including governments, NGOs, bilateral and multilateral agencies, and the private sector. For instance, in the context of its lending operations, the Fund is exploring innovative ways of leveraging other resources for poverty reduction, such as the use of remittances in El Salvador. In another case, IFAD and the Arab Authority for Agricultural Investment and Development have reached a memorandum of understanding on the financing of agro-processing operations led by the private sector and built on IFAD-supported projects. This partnership has resulted in cofinancing for microenterprise development in Gaza and the West Bank. Moreover, a new initiative is being formulated in Lebanon and another identified in Morocco.

### **III. NEXT STEPS**

24. Implementation of the IFAD V: Plan of Action is an important vehicle for operationalizing the *Strategic Framework for IFAD 2002-2006*, which was endorsed by the Executive Board in December



2001 and by the Governing Council in February 2002. While the time frame for the plan of action is limited, many of the initiatives are long-term IFAD efforts in fulfilling its mandate of rural poverty reduction, as well as in ensuring the Fund's contribution to realization of the Millennium Development Goals. These initiatives will continue in 2003 and beyond within the context of the strategic framework. The Fund has already started work on action requirements emanating from the Consultation on the Sixth Replenishment of IFAD's Resources, in particular the development of a performance-based allocation system.

25. Increased efforts are needed in building staff capacity for policy dialogue and institutional analysis. Regarding enhanced policy dialogue and partnerships in the field, there is a need to look into the possibility of adopting instruments such as the Project Development and Implementation Partnership (PDIP). This refers to an expanded form of project development team that includes in-country resource persons in a partnership towards enhanced impact. Field presence has been identified as a key to enhancing impact; it needs to be pursued as a longer-term issue. Finally, the challenge of human and financial resource constraints will need to be addressed through the Strategic Change Programme and through the strategic planning and budget process.



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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implications
<p><b>A. General Policy Objectives</b></p> <p>(i) Ensure that COSOPs bring out the national and sectoral policy issues relevant to programme success, with conclusions on project proposals reflecting such analysis (paragraphs 20, 23-26).</p> <hr/> <p>(ii) Adopt an approach that harmonizes with the Comprehensive Development Framework (CDF) and UNDAF, bearing in mind IFAD's specific mandate, and ensure that the national policy and institutional environment in prospective recipient countries is taken fully into account in deciding the level and form of assistance (paragraphs 19, 23-24).</p>	<ul style="list-style-type: none"> <li>Secretariat to produce a prototype COSOP reflecting the relevant recommendations of the Consultation, especially A(i), (iii), (iv), (v) and C(ii).</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Take steps to participate in UNDAF and the pilot CDF, within the framework of national priorities and policies, in selected countries.</li> <li>Strengthen linkages in this process with the World Bank and other international financial institutions (IFIs) to ensure dialogue and collaboration in assessment of national policies and institutional environments and their implications.</li> <li>Assist recipient countries in the design of poverty-reduction strategy papers, when requested by the country concerned.</li> <li>See also actions related to C(i) and B(v).</li> </ul>	<p>December 2000</p> <hr/> <p>Ongoing approach</p> <hr/> <p>Ongoing approach</p>	<p>(a) More comprehensive analysis of enabling policy environment to improve prospects of programme and project success.</p> <p>(b) Over the next three years, gradual achievement of effective linkage between COSOPs and programming with UNDAF and CDF (in selected countries).</p> <p>(c) Complementary to this, increasing impact on poverty through participation in the design of poverty-reduction strategies with recipient countries.</p>	<ul style="list-style-type: none"> <li>Seminars in 09/2000 and 12/2000 reviewed a prototype COSOP (Yemen) and endorsed structure of COSOP.</li> <li>Interim procedure for the review of COSOPs and projects adopted by the Executive Board in 04/2001, for use during the one-year trial period 04/2001-04/2002.</li> <li>Five COSOPs reviewed during the trial.</li> <li>Seminar in 09/2002 reviewed experience of trial period and developed consensus on COSOP scope and use, ownership, content requirements, Board review procedure, and disclosure.</li> <li>Paper on definitive procedure for Board review of COSOPs and projects scheduled for consideration by Board in 12/2002.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Participation in UNDAF – <i>ongoing approach</i> (e.g. China, Mongolia, Syria, Tunisia, Viet Nam).</li> <li>Partnerships with the World Bank and other IFIs continue to be strengthened, with special focus on policy dialogue/ advocacy in the context of, for example, PRSP and NEPAD – <i>ongoing approach</i>.</li> <li>World Bank-IFAD Rural Partnership Initiative begun in 2001, laying the groundwork for joint activities.</li> <li>Participation in PRSPs – <i>ongoing approach</i> (e.g. Armenia, Benin, Burkina Faso, Cambodia, Cameroon, Kenya, Madagascar, Mauritania, Moldova, Mongolia, Rwanda, Tanzania; Viet Nam).</li> </ul>	<ul style="list-style-type: none"> <li>Apply format and new requirements to all new COSOPs – ongoing.</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Build staff capacity for policy dialogue.</li> <li>Mobilize and secure supplementary funding of PRS-related activities.</li> <li>Address issue of field presence.</li> </ul>



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(iii) Ensure, in collaboration with the relevant government agencies, the fullest participation by prospective beneficiaries and other stakeholders in project design and implementation (paragraphs 23 and 24).	<ul style="list-style-type: none"> <li>Enhance the allocation of resources towards local capacity-building aimed at fostering the participation of the people and their associations.</li> <li>Increase the exchange of experiences with other agencies and stakeholders including local communities in order to enhance knowledge of various approaches to effective participation of beneficiaries in project design and implementation.</li> <li>Assess the conduciveness of institutional frameworks to participation and take into account the outcome of such assessment in project design, implementation, supervision and dialogue with governments.</li> </ul>	<p>April 2001 onward</p> <p>Ongoing approach</p> <p>Ongoing approach</p>	(a) Increase in the extent of beneficiary and stakeholder participation, with projects that are better managed and that respond better to beneficiary and stakeholder needs and sense of ownership.	<ul style="list-style-type: none"> <li>Recommendation pursued via support for beneficiary participation in design/ implementation/monitoring of all new projects (e.g. participatory rural appraisals, stakeholder and beneficiary consultation workshops, needs assessment, representation of beneficiaries in project bodies, etc.); promotion of grass-roots organizations to influence service delivery; support for improved market linkage, etc. – <i>ongoing approach</i>.</li> <li>Experiences and methodologies of participatory processes further exchanged or tested through organization of multi-stakeholder seminars at country and regional levels [<i>note</i>: cross-reference to B(ii)], and implementation of ECP-supported activities (e.g. a number of new ECP-funded NGO activities in all geographic regions) – <i>ongoing approach</i>.</li> <li>Assessment of institutional framework introduced into COSOPs, project logframes and key file tables – <i>ongoing approach</i>.</li> </ul>	<ul style="list-style-type: none"> <li>Further deepen beneficiary involvement during implementation, e.g. beneficiary assessment of progress on AWP/B implementation, of project management performance.</li> </ul>
(iv) Give appropriate weight to borrowers' implementation performance in determining resource allocations (paragraph 56).	<ul style="list-style-type: none"> <li>Refine the present methodology and set of common indicators used to assess project and portfolio performance.</li> <li>Develop a three-year rolling programme as a flexible framework reflecting, <i>inter alia</i>, the above-mentioned indicators.</li> </ul>	<p>September 2001</p> <p>December 2001</p>	(a) Decisions on future allocations determined increasingly by performance assessment of portfolio, taking into account opportunities to address institutional weaknesses.	<ul style="list-style-type: none"> <li>Project status report continued to be used as the instrument for analysing <i>project-level</i> implementation issues. New format under discussion – to be introduced in 2003.</li> <li>Country portfolio-issues sheet introduced in 2001 as a new management tool for monitoring and addressing <i>country-level</i> project portfolio issues.</li> <li>Project completion report (PCR) used as a tool for assessing performance (see also B(iii) below).</li> <li>The issue of performance-based resource allocation under discussion by the Sixth Replenishment Consultation.</li> <li>Three-year rolling programmes developed for all regions.</li> </ul>	<ul style="list-style-type: none"> <li>Monitor and improve instruments for portfolio review – ongoing.</li> <li>Include monitoring of performance in 'financial' aspects (e.g. procurement pace, counterpart funding, financial reporting, audit).</li> </ul>











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	<ul style="list-style-type: none"> <li>Prepare knowledge-management operational guidelines that facilitate documentation of innovations and sharing of lessons learned.</li> </ul>	April 2002		<ul style="list-style-type: none"> <li>The four thematic groups established in 2000 remain operational. Outputs: (a) environmental assessment process (as part of diagnostic tools) reviewed by group; (b) knowledgebase (website) on rangeland management established and maintained; (c) policy paper on rural microenterprises drafted and under review internally; (d) policy paper on rural finance approved by the Executive Board in 05/2000, and operational guidelines (decision tools) developed and scheduled for presentation to the Board in 12/2002.</li> <li>Gender Task Force formed, and knowledgebase on Gender and HFS established and maintained on IFAD website.</li> <li>Three regional electronic networks supported and operational (ENRAP in Asia, FIDAMERICA, FIDAFRIQUE) to facilitate exchange of experience among partners and cross-institutional learning.</li> </ul>	
(v) Direct its programme of assistance to middle-income countries, in which there are clear opportunities for innovative projects and for leveraging institutional and policy reorientation in favour of the rural poor, together with mobilization of more domestic resources (paragraphs 59-61).	<ul style="list-style-type: none"> <li>Identify and focus on opportunities for innovative projects and leveraging potential in middle-income countries through COSOPs and project documents. Success to be monitored through the evaluation process.</li> </ul>	Ongoing approach	(a) Over the 2000-2002 period, IFAD's programme in middle-income countries concentrated on innovative approaches and on greater leverage, both in resources and policy development.	<ul style="list-style-type: none"> <li>Reorientation of assistance to middle-income countries continued through COSOP and inception processes, with increased efforts in leverage of domestic resources and policy development.</li> </ul>	



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(vi) Use grant resources to further the core objectives of the Fund, in particular promoting innovative policy and initiatives, institutional solutions, technological improvements and knowledge sharing (paragraphs 64-66).	<ul style="list-style-type: none"> <li>• Articulate a grant policy and strategy to sharpen the focus of grant resource utilization.</li> <li>(a) Develop a programme development and implementation facility (PDIF) for presentation to the Executive Board.</li> <li>(b) Present a general policy and strategy for grants to the Executive Board.</li> <li>• Report on progress triennially.</li> </ul>	<p>September 2000</p> <p>In consultation with the Board</p>	(a) Refined policy agreed on use of grant resources to further the core objectives of the Fund.	<ul style="list-style-type: none"> <li>• Seminar on PDIF concept (now the programme development financing facility (PDFF)) held in 09/2000. PDFF framework presented to Board in 12/2000 and approved for 2001.</li> <li>• Operational guidelines on PDFF finalized.</li> <li>• Internal task force established, led by Vice-President, to develop paper on the overall TAG policy and strategy, scheduled for presentation to the Board in 04/2003.</li> <li>• Design is underway of a supplementary fund to support capacity-building to strengthen IFAD's role as a promoter of replicable innovations and to finance pilot innovations in consultation with prospective donors.</li> </ul>	<p>- Develop grant policy/strategy paper for consideration by the Board – ongoing.</p>
(vii) Explore the scope for increasing the financing available from non-donor resources.	<ul style="list-style-type: none"> <li>• Use current-year income flexibility for commitment purposes.</li> <li>• Analyse the scope (benefits, costs and risks) for increasing the volume of non-donor resources, including loan charges, interest rates and investment income.</li> <li>• Present Board papers.</li> </ul>	<p>December 2000</p> <p>April 2001</p>	(a) Agreed approach to possible new ways of increasing non-donor finance.	<ul style="list-style-type: none"> <li>• 100% drawdown policy approved by the Executive Board in 12/2000.</li> <li>• Paper on Market-Based Project Cofinancing presented to Board in 09/2000. Cofinancing framework approved by Board in 12/2000.</li> <li>• Policy paper on financing from non-donor resources approved by the Governing Council in 02/2001.</li> </ul>	<p>- Analyse the scope (benefits, costs and risks) for increasing the volume of non-donor resources, including loan charges, interest rates and investment incomes.</p>





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<p><b>C. Complementarity and Replication Objectives</b></p> <p>(i) Forge more strategic partnerships and expand the Fund's collaboration and cofinancing with other donors. COSOPs should provide the framework for such cooperation. The objectives are to improve mutual learning and lesson-sharing; share institutional capacity; and strengthen the potential for replication and expansion of best practices in poverty alleviation (paragraphs 14-16, 25).</p>	<ul style="list-style-type: none"> <li>• Analyse current extent of strategic partnerships and, in quantitative terms, volume and proportion of cofinancing with other donors.</li> <li>• Develop more technical and financial cooperation with multilateral and bilateral donors.</li> <li>• Expand cofinancing to cover at least 30% of IFAD annual commitment level.</li> <li>• Increase the volume of funds leveraged through national and/or external resources for poverty reduction.</li> <li>• Develop a strategy for increased partnership with the private sector at the project level and present a paper to the Board.</li> <li>• Ensure that the contents of COSOPs and President's Reports and Recommendations reflect the above.</li> <li>• See also A(i).</li> </ul>	<p>April 2001 and annual reports thereafter</p> <p>April 2001</p> <p>As of April 2001 onwards</p>	<p>(a) IFAD's efforts at increasing cofinancing reach at least 30% of its annual lending programme, with an increased and measurable volume of further resources, national or external, leveraged for poverty reduction.</p> <p>(b) Significant improvement in both quantity and quality of technical and financial cooperation with other donors shown in programming, henceforth leading to more sustainable, expandable and replicable poverty alleviation.</p>	<ul style="list-style-type: none"> <li>• Survey on strategic partnerships for operations conducted, with findings reported to the Board via progress report on the project portfolio.</li> <li>• Cofinancing opportunities reviewed at COSOP stage and explored at early design stages – <i>ongoing approach</i>.</li> <li>• Dialogue with IFIs both as cofinanciers and as CIs – <i>ongoing approach</i>.</li> <li>• Innovative ways of leveraging other resources for poverty reduction, e.g. remittances (El Salvador).</li> </ul> <p>Partnerships with private sector reflected in COSOPs and President's Reports – <i>ongoing approach</i>.</p>	<p>- Regarding CIs, review and revise umbrella agreements, letters of appointment and performance review of CIs in loan administration and supervision.</p>



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IMPLEMENTATION PROGRESS – OCTOBER 2002**

Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implications
<p><b>D. Objectives Relating to Use of Resources</b></p> <p>(i) Consider the distribution of annual lending by region, including demands from new countries and post-crisis recovery situations (paragraphs 52, 62-63).</p> <p>-----</p> <p>(ii) Concentrate its resources in poor countries and ensure that their share, on highly concessional terms, should be no less than 67% (paragraph 54).</p> <p>-----</p> <p>(iii) Draw up criteria to determine the circumstances under which loans on highly concessional terms might go to other countries, with a proposed ceiling on the proportion of such funds (para 54).</p>	<ul style="list-style-type: none"> <li>• Review regional allocations and present a paper to the Board.</li> </ul> <p>-----</p> <ul style="list-style-type: none"> <li>• Analyse the current distribution of resources.</li> <li>• Adjust future distribution as necessary to ensure that the annual programme of work and budget meets the 67% target for poor countries (as approved through the Lending Policies and Criteria in 1994).</li> <li>• Produce annual reports.</li> </ul> <p>-----</p> <ul style="list-style-type: none"> <li>• Establish clear criteria, including a proposed ceiling, bearing in mind IFAD's resource availability.</li> <li>• Present a paper to the Executive Board.</li> </ul>	<p>April</p> <p>2001</p> <p>and</p> <p>annual</p> <p>reports</p> <p>thereafter</p>	<p>(a) Agreed distribution of lending programme by region.</p> <p>(b) Continued focus on poor countries ensured.</p> <p>(c) Criteria and ceiling for highly concessional loans to other countries agreed, including role of the Board in approving such exceptional cases.</p>	<p>-----</p> <ul style="list-style-type: none"> <li>• Target met and surpassed, i.e. share of lending on highly concessional terms recorded as 85% for 2000, 82.8 for 2001, and estimated as over 80% for 2002.</li> </ul> <p>-----</p>	<p>- Analyse impact of trends on future resource levels.</p>

