

# a

## IFAD

### INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

#### Executive Board – Eightieth Session

Rome, 17-18 December 2003

### REPORT OF THE PANEL ON THE PERFORMANCE-BASED ALLOCATION SYSTEM

1. On 12 September 2003, it was agreed (by means of document EB 2003/79/C.R.P.3) to set up an informal performance-based allocation system (PBAS) panel of the Executive Board, to be agreed with Conveners. The panel would work with IFAD to review the descriptive text of Annex I to document EB 2003/79/R.2 (the guidelines for assessment of rural development-sector framework performance), to ensure that those guidelines are consistent with approved IFAD policies and IFAD's experience with the impact of different institutional and policy factors upon sustainable poverty reduction. It was also agreed that a report on progress would be provided to the Executive Board in December 2003, along with any possible recommendations for change.
2. The informal PBAS panel, consisting of the Executive Directors for Argentina, Cameroon, Canada, India, Italy, The Netherlands, Nigeria, the United States of America and Venezuela, met under the chairmanship of the Vice-President of IFAD on 10 November, on 8 and 12 December (partly in the form of a conference call), and on 16 December, to review Annex I to document EB 2003/79/R.2 ("The Structure and Operation of a Performance-Based Allocation System for IFAD").
3. The result of this process consists of the attached revised Annex I.

#### **Recommendation**

4. The Executive Board is invited to adopt the work of the informal PBAS panel as reflected in the attached revised Annex I. Upon approval, this revised Annex I will be integrated into document EB 2003/79/R.2/Rev.1, which was approved by the Board at its September 2003 Session.



**RURAL DEVELOPMENT-SECTOR FRAMEWORK: SALIENT FACTORS AND PRINCIPAL INDICATORS**

**I. INTRODUCTION**

1. Within the PBAS, country allocations would be significantly affected by assessments of country performance in establishing a policy and institutional framework conducive to sustained rural poverty reduction. The objective of the system is to respond to differences in performance and, therefore, it is the *relative* performance of countries that would shape allocations. In order for the system to operate uniformly and transparently these assessments would be based on clear and common criteria.

2. On the basis of existing policy papers, emerging international norms on best practices for sustainable rural development and existing practices within IFAD, the Fund has elaborated the following criteria as points of departure for detailed guidelines to IFAD staff in performing sectoral performance assessments. They would be reviewed on a regular basis to assess their relevance (including to the particular set of issues and best practices in each of IFAD's operating regions) and practical feasibility. The table below summarizes the areas of policy and institutional assessment that would be included in the rural development-sector framework 'box' of the Fund's PBAS.

3. Strengthening the capacity of the rural poor and their organizations is central to all efforts aimed at enabling the poor to overcome their poverty. Two indicators are considered: the policy and legal framework for rural organizations; and, dialogue between government and rural organizations. If the rural poor are able to organize themselves in groups that can represent their concerns, the rural poor are more likely to be empowered, more able to engage in equitable commercial relations with private-sector market intermediaries, and to access and benefit from available government services. They are also more likely to be able to hold public institutions accountable for the way in which they apply laws and regulations, for the expenditures they incur at the local level, and for the services they provide to the rural population. The extent to which the government supports the creation of the conditions under which the poor can develop their own rural organizations is considered an indicator of its commitment to good governance.

4. One of the most important factors leading to entrenched poverty is poor access to natural resources and technology; improving the equitable access of rural poor people to land, water for agriculture, and to agricultural research and extension services are thus identified as three principal indicators of the sector framework. Efforts to increase productivity can be effective only if they are linked to improved access to markets and financial services; indicators in this area relate to enabling conditions for rural financial service development, the investment climate for rural businesses and the government's policies relative to access to agricultural input and produce markets. Gender is a cross-cutting issue, considered under each of the three indicators relative to access to productive natural resources and technology; however, two other gender-specific indicators have also been included: access to education in rural areas, which is considered a critical pre-condition for the empowerment of women; and women's representation. Public resource management and accountability issues are considered under the headings of allocation and management of public resources for rural development, and accountability, transparency and corruption in rural areas. Accountability of local government and public employees is enhanced by decentralization of authority and responsibility for public functions, and by transparency in decision-making and disclosure of information. A high degree of accountability and transparency is likely to discourage corruption or the abuse of office for personal gain. The PBAS coverage of the concern with governance is described in annex 4.

ANNEX I

Sectoral Policy and Institutional Assessment Scoring

Cluster	Potential Indicator/Sub-Indicator
<b>A. Strengthening the capacity of the rural poor and their organizations</b>	
(i)	Policy and legal framework for rural organizations
(ii)	Dialogue between government and rural organizations
<b>B. Improving equitable access to productive natural resources and technology</b>	
(i)	Access to land
(ii)	Access to water for agriculture
(iii)	Access to agricultural research and extension services
<b>C. Increasing access to financial services and markets</b>	
(i)	Enabling conditions for rural financial services development
(ii)	Investment climate for rural businesses
(iii)	Access to agricultural input and produce markets
<b>D. Gender issues</b>	
(i)	Access to education in rural areas
(ii)	Representation
<b>E. Public resource management and accountability</b>	
(i)	Allocation and management of public resources for rural development
(ii)	Accountability, transparency and corruption in rural areas

5. The Sectoral Policy and Institutional Assessment assesses the quality of a country's **present** rural policy and institutional framework. "Quality" means how conducive that framework is to fostering rural poverty reduction and the effective use of rural development assistance. There are 12 items to be assessed, each with equal weight in the overall rating. They are grouped into five categories, as shown in the summary table above, although the distinctions between categories are not rigid. Each aspect of policy should be considered in light of its impact on economic growth and rural poverty reduction. Countries should be rated on their **current status** in relation to these guidelines. Countries must be assessed on the basis of their **currently observable policies**, and not on the amount of improvement since last year nor on intentions for future change, unless the latter are virtually in place. For criteria with multi-dimensions, a rating for each dimension should be provided in the write-up along with its justification. Factual indicators of economic outcomes should be used to inform judgments about the effectiveness of the relevant policies and institutions, and to foster comparisons among countries. Indicators will be identified to show where each country's outcomes appear to be significantly below relevant cross-country reference values. Additional guideposts will also be suggested to assist in answering particular questions.

The Ratings Scale goes from 6 (high) through 1 (low), as follows:

- 6 - Good for an extended period
- 5 - Good
- 4 - Moderately Satisfactory
- 3 - Moderately Unsatisfactory
- 2 - Unsatisfactory
- 1 - Unsatisfactory for an extended period

## ANNEX I

A “5” rating corresponds to a status that is good today. If this level has been sustained for three or more years, a “6” is warranted, signifying a proven commitment to and support for the policy. Similarly, a “2” rating represents a thoroughly unsatisfactory situation today. A “1” rating signifies that this low level has persisted for three or more years, and therefore that the resulting problems are likely to be more entrenched and intractable.

## II. DETAILED INDICATORS

### A. Strengthening the Capacity of the Rural Poor and their Organizations

#### (i) Policy and Legal Framework for Rural Organizations

*The principal indicator assesses the extent to which the government has put in place a policy and legal framework to enable the rural poor to organize into autonomous groups, associations or other forms of collective action, and to enable the free formation and operation of rural organisations (ROs). The secondary indicator is the extent of actual existence of effective Rural Organisations.*

#### Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government is pro-active in its political and legal support for the establishment of conditions conducive to the development of organizations of the rural poor. The process for registering a rural organization is quick and simple. The government does not interfere in the workings of the organizations. As a result, the rural population is well organized (through associations, unions, cooperatives, etc.) and these organizations represent well the economic needs of the rural poor.</b>
<i>Score 4</i>	<b>Government may make efforts to create the conditions conducive to the establishment of organizations of rural poor people and is supportive of efforts by NGOs and others to do so. However, more efforts could be made, as various segments of the rural population are still not able to organize or the existing organizations are still weak because of lack of access to opportunities for further capacity-building. The process for registering a rural organization is relatively simple but takes time and is not automatic. In certain areas or activities, there may be government interference in the autonomous workings of the organizations, but in general, organizations are well-established entities recognized by law and able to function with a high degree of independence.</b>
<i>Score 3</i>	<b>While the government may not be officially opposed to the existence of organizations of the rural poor, it makes no effort to create the conditions that facilitate their development. The process for registering a rural organization tends to be difficult (slow, bureaucratic and costly). Some rural organizations exist, but they are weak and represent only a minority of the rural population. This score could also be given in situations in which the registration process is easy and cheap, but government interference does not allow organizations to work independently.</b>
<i>Score 2</i>	<b>The government opposes efforts of the rural poor to organize or to strengthen their representation. As a result, there is very limited opportunity for the formation or operation of independent and accountable rural non-governmental organizations (NGOs), civil-society organizations (CSOs), farmers' associations, cooperatives, unions and the like. If rural groupings exist, they may have been formed by the government and exist only to play a passive role as recipients of government-provided services.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

**(ii) Dialogue between Government and Rural Organizations**

*The principal indicator assesses the existence of an institutional setup or forum for dialogue between the government and ROs , and whether the rural poor are able to enter into dialogue with government or to lobby government representatives and express their concerns and priorities with regard to issues crucial to their livelihoods. The secondary indicator assesses the consultative nature of the setup or forum, as reflected in the frequency of consultations, and the participatory nature of the process, in terms of total local representatives or spokespersons in the forum. It looks at whether the government is responsive to rural poor people, whether it takes into consideration their views in developing the policy, strategic and investment framework for the sector, and whether it provides a conducive environment for such exchange.*

Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>There are well-established political processes for rural organizations to enter into dialogue with government at all levels, and, through that dialogue, the views of these organizations are taken into account by the government and frequently acted upon. Rural organizations are able to lobby government; representatives of the rural sector are able to participate in relevant government bodies (both executive and advisory); and, there are opportunities for regular exchanges between government and representatives of the rural sector.</b>
<i>Score 4</i>	<b>There is a process for rural organizations to enter into dialogue with government or to lobby government and influence processes relative to policy-making and programme development; but the process is unstable (for example, it varies according to election cycle or changes in government), and the opportunities for engagement and influence by rural organizations can vary from year to year or from one state to another.</b>
<i>Score 3</i>	<b>There is no direct or transparent process for rural organizations to enter into dialogue with government: to the extent that there is opportunity for dialogue, it is occasional and formalistic, and the substantive influence of the organizations on the issues under discussion is limited or non-existent. Although organizations of the poor may be able to participate in local-level development committees, they are not able to play any role in national-level policy-making bodies. Opportunities for rural representation in government are very limited; there is a general bias against rural organizations and they have little political power.</b>
<i>Score 2</i>	<b>There is no process or opportunity for rural organizations to enter into dialogue with government. Rural organizations are not able to lobby government; representatives from the rural sector are not able to represent themselves in policy-making or developmental bodies; and there are no processes permitting regular exchanges between government and representatives of the rural sector.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

## B. Improving Equitable Access to Productive Natural Resources and Technology

### (i) Access to Land

*The principal indicator assesses the existence of an institutional, legal and market framework for secure land tenure. The secondary indicator assesses the procedure for land acquisition and accessibility to all, for both individually held and common property resources, and assesses whether the rural poor are able to benefit from these to have secure access to land,. This indicator also assesses the existence of legal/institutional framework or practical instruments to promote equal access of men and women to natural resources.*

#### Assessment Guidelines

	<i>Description</i>
<b>Score 6</b>	<b>Good for three years</b>
<b>Score 5</b>	<b>A range of land access mechanisms is available to rural poor households, including women, indigenous populations and other vulnerable groups, and their land access is generally secure. The law guarantees secure, equal and enforceable land rights to poor men and women. Where applicable, the majority of land holdings are titled and/or registered. Land markets (the free buying, selling and renting of private land) function effectively and are used by the rural poor. Government has a clear and equitable policy for the allocation and management of common property resources.</b>
<b>Score 4</b>	<b>A majority of rural poor households, including women, indigenous populations and other vulnerable groups, have access to land. This access is generally secure. Where appropriate, land titling and/or registration is common. Land markets the free buying, selling and renting of private land) function to some degree and are used by some rural poor men and women. Government is making concrete efforts to improve the management and allocation of common property resources.</b>
<b>Score 3</b>	<b>A majority of rural poor households have access to some land, though this access is often insecure. Frequently, vulnerable groups such as women and indigenous populations do not enjoy the same access to land as other poor groups. Where applicable, owned land is sometimes registered; leased and rented land is mainly unregistered and/or leases are out-of-date. Government policy on common property resources is vague, unclear and largely unimplemented.</b>
<b>Score 2</b>	<b>Rural poor households typically have either no access, or at best insecure access, to land. Their property rights are not formally recognized by law (or if they are, the laws are not applied), or are subject to easy termination or diminution; and they are unlikely to have a registered title for their land (where applicable). Formal land markets are inaccessible to the rural poor and informal markets are either absent or limited in scope. Equal rights for women and men are not a stated principle of the law and the law does not make illegal any customary action that deprives women of their rights. The majority of common property resources are open access.</b>
<b>Score 1</b>	<b>Unsatisfactory for three years</b>

**(ii) Access to Water for Agriculture**

*This principal indicator assesses whether the policy and institutional framework provides in a well defined manner for the rural poor, on the one hand, to have equitable user-rights over water resources for agriculture, and, on the other hand, to participate in the management of these resources.*

Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government is actively pursuing a clear and equitable strategy for water resources management that recognizes the imperatives of agricultural water use, as well as for participatory irrigation development and management through representative water users' institutions, and it actively supports farmer-managed schemes. An appropriate legal framework is in place governing the establishment, mandate and operations of representative agricultural water user institutions, and is being actively promoted and applied by government. Rural women's representation in such institutions is proportional to men's. A clear and equitable pricing system for agricultural water use by the rural poor is in place. The collection of fees is conducted in a fair and transparent manner.</b>
<i>Score 4</i>	<b>Government has a water resources management strategy that provides an integrated framework for equitable water resources allocation, and has made major efforts to improve the management and allocation of water resources for rural poverty reduction. It has designed and adopted clear and transparent policies for participatory irrigation development and management, and it supports farmer-managed systems. Representative agricultural water user institutions have been established, but not all function well owing to management or local governance problems. There is a high percentage of women representation in the institutions, although still proportionately less than men. An equitable pricing system exists for the supply of agricultural water to the rural poor that covers the costs of operation and maintenance.</b>
<i>Score 3</i>	<b>Government may have a water resources management strategy, but does not use it effectively to manage the allocation of water resources. Policy on participatory approaches to irrigation development and management, representative agricultural water institutions, and the equitable allocation of water resources is vague and non-transparent. Some water institutions exist – though women are under-represented in them; and while they may have legal recognition, they do not function effectively because of inappropriate regulation. A pricing system for the supply of agricultural water to the rural poor may exist, but it is either inequitable or inadequate to cover the costs of operation and maintenance.</b>
<i>Score 2</i>	<b>Government policy (or PRSP where it exists) does not highlight the need for an equitable allocation of water resources for agriculture. There is no policy on participatory irrigation development and management, and government does not support farmer-managed schemes. Water user associations (WUAs) and/or participatory catchment authorities either do not exist or – where they do – they do not have legal recognition. Furthermore, they do not adequately provide for representation of the rural poor in catchment planning, water allocation and management. A water resources management policy/strategy either does not exist or it does not adequately recognize the importance of agricultural water. There is no pricing policy for the supply of agricultural water to the rural poor. Women are particularly discriminated against in terms of access to irrigation water and are rarely represented in agricultural water user institutions.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

**(iii) Access to Agricultural Research and Extension Services**

*This principal indicator assesses to what extent the agricultural research and extension system is accessible to poor farmers, including women farmers, and is responsive to the needs and priorities of the poor farmers.*

Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government encourages the development of complementary pluralistic research and extension services, in which different non-governmental players have a significant role, both in service delivery and in contributing to policy development for research and extension. Local farmer organizations are involved in setting priorities for agricultural research and extension and the extension system is effective and is properly reaching out to poor farmers. Government has specific policies, strategies and mechanisms to ensure that women farmers have equal access to extension services (either public or private).</b>
<i>Score 4</i>	<b>Public agricultural research and extension have made major efforts to improve the participation of poor farmers in setting priorities and allocating funds, and government supports direct demand-led and pluralistic approaches (including for example the contracting out or privatization of some agricultural research and extension activities); and the extension system has been improved and is trying to extend its outreach to poor farmers. Government has some policies, strategies and mechanisms to ensure that women farmers have equal access to extension services (either public or private).</b>
<i>Score 3</i>	<b>The agricultural research and extension system is weak and does not address the needs of poor farmers. Although some efforts have been made to improve the participation of poor farmers in setting priorities and allocating funds for agricultural research and extension, it is far from being appropriate for the current needs of poor farmers. Furthermore, while government's stated policy is that women farmers should have equal access to extension services (either public or private), there are no strategies or mechanisms to ensure this.</b>
<i>Score 2</i>	<b>Extension services are the exclusive preserve of government, and poor farmers have no say in setting priorities or in controlling funds for agricultural research and extension; the agricultural research system is biased towards richer farmers' crops and does not work in the field of poor farmers. The agricultural extension system is not accountable to poor farmers, and poor farmers do not interact much with extension agents. Furthermore, government has no strategy, policy, or mechanisms, to address gender gaps in access to extension services (either public or private).</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

## C. Increasing Access to Financial Services and Markets

### (i) Enabling Conditions for Rural Financial Services Development

*This principal indicator assesses to what extent the policy, legal and institutional framework supports the development of a commercially-based, market-driven rural finance sector, that is efficient, equitable and accessible to low-income populations in rural areas.*

#### Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government development plans (including PRSPs) fully recognize the importance of a well-functioning rural finance subsector, including private-sector operators, that is very accessible to the rural poor. Rural finance services are provided mainly by private sector operators. An appropriate legal framework is in place to promote and regulate rural savings and credit cooperatives, MFIs and other community-based operators. Effective inspection and supervision arrangements covering rural non-bank financial operators are becoming operational. Government is continuously taking steps to modernize and simplify such legal procedures and practices that constrain and complicate the rural operations of both bank and non-bank financial institutions.</b>
<i>Score 4</i>	<b>Development plans recognize the important role of financial services in the rural development process and provide appropriate and practical policy direction to improve the environment for rural finance activities and access for the rural poor. The government is steadily reducing its direct participation in rural finance operations, with the goal of rural finance services being provided mainly by private sector operators. The government, central bank and stakeholders representing rural finance operators actively cooperate to establish a relevant and encouraging legal framework for semi-formal and informal rural finance operations covering both savings and credit activities. The central bank is developing its own capacity to regulate and supervise the larger non-bank financial institutions and to support the establishment of alternative regulatory arrangements for smaller local financial service providers.</b>
<i>Score 3</i>	<b>Government development plans make general supportive comments on the importance of rural finance and access for the rural poor – or more often, of agricultural credit; but these are not operationalized into practical policies and guidelines. Financial-sector liberalization has advanced, but the government still stresses a significant role for publicly owned rural banks and credit schemes. The role of member-owned and locally based financial institutions’ savings and credit operations is increasingly acknowledged as an essential element of a sustainable and relevant rural finance system accessible to the poor, but an appropriate legal framework for their registration, regulation and supervision is missing.</b>
<i>Score 2</i>	<b>The role of rural finance (including but not restricted to credit) and access for the rural poor is not adequately recognized in government policies (including PRSPs) that aim at rural development. Government has made no effort to liberalize and commercialise the rural financial market. Government support to rural finance is based mainly on subsidized credit. The crucial role of cooperatives, microfinance institutions (MFIs) and community-based service providers (including self-help groups) in rural financial intermediation reaching the poor is ignored.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

**(ii) Investment Climate for Rural Businesses**

*This principal indicator assesses whether government has adopted an appropriate policy, legal and regulatory framework to support the emergence and development of an efficient private rural business sector: whether the procedure for establishing private agri-businesses is simple, fast and transparent; and whether the agri-business sub-sector operates efficiently.*

Assessment Guidelines

	<i>Description</i>
<b>Score 6</b>	<b>Good for three years</b>
<b>Score 5</b>	<b>Government has made major efforts to encourage private traders to open a business, to support the development of SMEs, or to encourage the development of liberalised and private-sector-led markets. The procedures for registering a SME or private trading business are fast, simple and transparent, and it is not necessary to bribe government officials in order to register a business. The laws and regulations necessary for the proper and efficient development of liberalised and private-sector-led markets have been adopted and most are properly enforced.</b>
<b>Score 4</b>	<b>Government is making efforts to encourage private traders to open a business, support the development of SMEs, or encourage the development of liberalised and private-sector-led markets, but more needs to be done, as increasingly liberalised and private-sector-led markets are still not well developed and the procedures for registering a SME or private trading business are not very quick, simple or transparent. People applying to register a business occasionally have to bribe government officials. Most of the laws and regulations necessary for the proper and efficient development of liberalised and private-sector-led markets have been adopted, but some are not properly enforced and commercial courts are slow and bureaucratic.</b>
<b>Score 3</b>	<b>Government efforts to encourage private traders to open a business, to support the development of SMEs, or to encourage the development of liberalised and private-sector-led markets, are weak. The procedures for registering a SME or private trading business are slow, complicated and costly. People applying to register a business often have to bribe government officials. Many of the laws and regulations necessary for the development of liberalised and private-sector-led markets do not exist, and where they do exist they are often not applied.</b>
<b>Score 2</b>	<b>The policy and institutional framework effectively discourages the emergence of rural private businesses with legal status. In particular, the procedures for registering a small or medium-size enterprise (SME) or private trading business are extremely slow, bureaucratic and costly. Applications for registering a business are frequently turned down, and people are forced to bribe government officials to ensure that their business is registered. Many of the laws and regulations necessary for the development of liberalised and private-sector-led markets are not in place.</b>
<b>Score 1</b>	<b>Unsatisfactory for three years</b>

**(iii) Access to Agricultural Input and Produce Markets**

*This principal indicator assesses whether the policy, legal and institutional framework supports the development and liberalisation of commercially-based agricultural markets for inputs and produce, that operate in a liberalised and private sector led, functionally efficient and equitable manner, and that are accessible to small farmers.*

Assessment Guidelines

	<i>Description</i>
<b>Score 6</b>	<b>Good for three years</b>
<b>Score 5</b>	<b>Government has substantially liberalized markets and removed rural market distorting policies and practices. Agricultural input and produce markets operate basically free of government control, and there is a wide diversity of capable market service providers. Government has a major programme to develop and rehabilitate market access roads, as well as a well-defined and adequately financed programme to support the capacity of poor rural producers to access markets more easily and on more equitable terms.</b>
<b>Score 4</b>	<b>Government has made significant efforts to liberalize markets and reduce rural market distorting policies and practices . Markets are now mainly commercially based or in private-sector hands. Government is investing in the development and rehabilitation of market access roads, and it is making some efforts (directly or indirectly) to support the capacity of poor rural producers to access markets more easily and on more equitable terms.</b>
<b>Score 3</b>	<b>Government has made efforts to commercialise agricultural inputs and produce markets and trading systems, but to a limited extent. The private sector plays a role in them, but the government also intervenes with rural market distorting policies and practices. Government is not investing sufficiently (relative to its capacity to do so) in constructing and rehabilitating market access roads, and it is doing little or nothing to support the capacity of poor rural producers to access markets more easily and on more equitable terms.</b>
<b>Score 2</b>	<b>Government has not made efforts to liberalize agricultural markets and remove rural market distorting policies and practices. It monopolizes most or all agricultural input and produce markets, often at fixed prices. Government’s roads programme places little emphasis on the construction and rehabilitation of market access roads, and its policies do not seek to promote the emergence of private-sector-led markets.</b>
<b>Score 1</b>	<b>Unsatisfactory for three years</b>

## D. Gender Issues

Gender considerations are cross-cutting issues that concern most of the indicators, especially those related to access to productive natural resources and technology as well as education and training.

### (i) Access to Education in Rural Areas

*This principal indicator assesses the extent to which the country has created laws, policies, institutions, practical instruments and practices that promote equal access for boys and girls to education in rural areas.*

#### Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government has a specific policy, and accompanying strategies, mechanisms and incentives, to ensure that boys and girls participate equally in both primary and secondary education. It campaigns actively for the education of girls. Primary and secondary school enrolment of boys and girls is equal.</b>
<i>Score 4</i>	<b>Government has a specific policy, and some accompanying strategies, mechanisms and incentives, to promote equal participation by boys and girls in both primary and secondary education. It has undertaken some information campaigns on the importance of girls' education. The female-to-male ratio of net primary school enrolment is between 90% and 100%, but the female to male ratio for secondary school enrolment is less than 70%.</b>
<i>Score 3</i>	<b>The government has a stated policy in favour of gender-equal access to education in rural areas, but few strategies, mechanisms and incentives to ensure implementation of that policy. Public campaigning on girls' education is either non-existent or sporadic. The female-to-male ratio of net primary school enrolment is over 70% but less than 90%.</b>
<i>Score 2</i>	<b>Government has no policy to address the issue of gender-equal access to education in rural areas. There are no strategies, mechanisms and incentives to ensure that boys and girls participate equally in primary and secondary education. Nor is there any public campaign on the education of the girl child. The female-to-male ratio of net primary school enrolment is less than 70%<sup>1</sup>.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

<sup>1</sup> This indicator is published annually in the United Nations Development Programme's Human Development Report.

**(ii) Representation**

*This principal indicator assesses whether the country has created laws, policies, institutions and practices that support the empowerment of women, that promote an enabling environment for women’s representation in rural organizations (e.g. farmers’ associations, WUAs, cooperatives), that recognise the same rights to men and women in decision-making within their respective rural organisations, that secure equal right to representation of men and women in local decision-making, and that eliminate de jure or de facto barriers to women’s entry (e.g. requirements to own land, literacy requirements, membership fees, etc.).*

Assessment Guidelines

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Legislation allows women to vote and be elected. Government has policies, institutional mechanisms to address existing gender gaps in local decision-making and campaigns actively to promote it. Rural organizations are non-discriminatory and have mechanisms in place to support rural women’s participation. Women participate broadly in rural organizations and often have leadership positions within them.</b>
<i>Score 4</i>	<b>Legislation allows women to vote and be elected. Government has some policies and institutional mechanisms to address existing gender gaps in local decision-making, but public awareness-building on women’s representation is limited. Rural organizations are non-discriminatory and some attempts have been made to remove barriers of entry for women. Women participate broadly in rural organizations.</b>
<i>Score 3</i>	<b>Legislation allows women to vote and be elected. Government has adopted some policies to address existing gender gaps in the representation of men and women in local decision-making, but it does not have a strong strategy, and there is no institutional framework or enforcement mechanism to address this gender gap. The statutes of rural organizations may not <i>de jure</i> discriminate against rural women’s representation, but barriers of entry limit women’s representation. While government may not be officially opposed to encouraging rural women’s representation, it makes no effort to encourage their representation.</b>
<i>Score 2</i>	<b>Legislation does not allow women to vote or be elected. Government has no policy, institutional framework or information campaign to address existing gender gaps in the representation of men and women in local decision-making. Women are either <i>de jure</i> or <i>de facto</i> excluded from rural organizations. Women’s representation in rural organizations is minimal, and most rural organizations are made up of men or are represented by men. Government does not support women’s representation in rural organizations.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>

## E. Public Resource Management and Accountability

### (i) Allocation and Management of Public Resources for Rural Development

*The principal indicator assesses whether government: (a) gives adequate emphasis to the development of the agricultural and rural sector in its planning and budgeting; and has in place well defined policies, strategies and investment programmes that put appropriate emphasis on rural poverty reduction and that are consistent with each other; (b) has in place effective and transparent financial management systems to ensure that expenditures are efficient and consistent with the approved budget, and to provide for timely, transparent and accurate financial reporting and auditing; and (c) transparently allocates and makes available adequate proportions of the sectoral budget to the different levels of government (national, state, provincial, district and below, as relevant.). This assessment takes into account the structure of government (federal or other).*

#### Assessment Guidelines

	<i>Description</i>
<b>Score 6</b>	<b>Good for three years</b>
<b>Score 5</b>	<b>The national development plan (or PRSP) and budget document emphasize the important role that the agricultural and rural development sector must play in poverty reduction and economic growth; sector policy/policies are consistent with that analysis and advocate an appropriate approach for reducing rural poverty and promoting broad-based growth. Budgetary allocations to the sector are transparent, adequate and consistent with the policy framework. The funds allocated are promptly made available to the relevant ministries and agencies, and they reach the lower levels of government. Financial management is satisfactory and financial and/or audit reports are prepared regularly and on time.</b>
<b>Score 4</b>	<b>The national development plan (or PRSP) and budget document emphasizes the important role that the agricultural and rural development sector must play in poverty reduction and economic growth. However, the sector policy/policies and the budgetary allocations are not always consistent with that analysis. The provision of funds to ministries and agencies may be subject to delays, but once available, they do reach the lower levels. Financial management is broadly adequate, although the preparation of financial and/or audit reports may be delayed.</b>
<b>Score 3</b>	<b>The national development plan (or PRSP) and budget document give some emphasis to agriculture and rural development; but the sectoral policy/policies do not provide a strong basis for reducing rural poverty and promoting broad-based growth. Budgetary allocations to the sector are inadequate, and the funds actually provided to the ministries and agencies do not conform to the allocations, or are subject to significant delays. Even if the allocations envisage an adequate proportion of resources going to the lower levels of government, not all the resources reach these levels. Financial management is weak and financial and audit reports are prepared late.</b>
<b>Score 2</b>	<b>The national development plan (or PRSP, where there is one) and budget document give little emphasis to agriculture and rural development; and the sector policy/policies are not appropriate as a basis for reducing rural poverty and promoting broad-based growth. Government budgetary allocations to the sector are insufficient; the funds actually provided to the relevant ministries and agencies are significantly less than the allocations and they are made available too late to be used effectively. The allocations are heavily centralized at the upper levels of government (national/state, rather than district/local), and the few resources allocated to the lower levels do not reach there. Government's financial management is very weak, and its financial reports are of low quality and are prepared irregularly and late, resulting in substantial delays in the preparation of audit reports.</b>
<b>Score 1</b>	<b>Unsatisfactory for three years</b>

Ref.: IMF Revised Code of Good Practices on Fiscal Transparency: <http://www.imf.org/external/np/fad/trans/code.htm>

**(ii) Accountability, Transparency and Corruption in Rural Areas**

*This principal indicator assesses the provisions for the decentralisation of the management of public finances for rural areas and the extent to which processes are put in place for accountability, transparency in decision-making and disclosure of information at the local level: (a) for government (both the executive, e.g. the ministry of agriculture, and the legislative, e.g. the district council) to be held accountable to rural poor people for its use of funds and the results of its actions; and (b) for public employees and elected officials to be required to account for the use of resources, administrative decisions and results obtained.*

**Assessment Guidelines**

	<i>Description</i>
<i>Score 6</i>	<b>Good for three years</b>
<i>Score 5</i>	<b>Government has fully decentralized administrative and fiscal authority to the local level, with the institutional reforms and safeguards necessary to enhance transparency and accountability and to eliminate local corruption. Local-level rural development services are adequately staffed and funded according to local priorities. Locally elected representatives are responsive and accountable to their electorate. Local development activities are planned with the active participation of rural poor people, the resources budgeted for those activities are used exclusively for the activities, and the benefits from the activities accrue to rural poor people. Rural poor people do not have to bribe government officials, and officials who demand or accept bribes are systematically sanctioned.</b>
<i>Score 4</i>	<b>Government has done much to decentralize administrative and fiscal authority to the local level, in combination with the institutional reforms and safeguards necessary to enhance transparency and accountability and to eliminate local corruption. However, some key sectors may be still dominated by central decision-making. Local-level rural development services are staffed and funded according to local as well as central priorities. Locally elected representatives are often responsive and relatively accountable to their electorate, but some representatives may be less responsive than others. Local development activities are planned with some participation by rural poor people, but the resources budgeted for those activities are not always used for these activities, and the benefits from the activities may not always accrue to rural poor people. Rural poor people rarely have to bribe government officials, either in order to access services or to seek fair application of laws, and officials who demand or accept bribes are not always sanctioned.</b>
<i>Score 3</i>	<b>Government has a policy of decentralizing limited administrative authority to the local level, but this is not accompanied by fiscal decentralization or the institutional reforms and safeguards necessary to enhance transparency and accountability and to eliminate local corruption. Local-level rural development services are staffed and funded according to centrally determined priorities. Locally elected government officials are rarely responsive and accountable to their electorate. Local development activities are planned with little participation by rural poor people, some of the resources budgeted for those activities may be diverted for private gain by public officials, and the benefits from the activities accrue almost exclusively to local elites. Rural poor people often have to bribe government officials in order to access services or to seek fair application of laws. Officials are rarely sanctioned for receiving bribes.</b>
<i>Score 2</i>	<b>Government has no effective policy for decentralizing administrative or fiscal authority. Local-level rural development services are inadequately staffed and funded. Local elections have not been held or have been held in a manner that offers little or no democratic choice to voters, and the elected officials are unresponsive and unaccountable to their electorate. Overall, rural poor people perceive local government as a barrier to their progress. They do not participate in the planning or implementation of local development activities, and the resources budgeted for those activities are often diverted for private gain by public officials or local elites. Rural poor people are systematically obliged to bribe government officials in order to access services or to seek fair application of laws. Officials are not sanctioned for receiving bribes.</b>
<i>Score 1</i>	<b>Unsatisfactory for three years</b>