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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

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

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I. INTRODUCTION

1. The Governing Council, at its Twenty-Fourth Session in February 2001, 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. That document contained the IFAD V: Plan of Action (2000-2002), outlining key Consultation recommendations for its implementation and stating that progress would be reported periodically to the Executive Board starting in September 2000 and annually to the Governing Council.

2. The purpose of the present document is to report on implementation progress in 2003. The main text of the document provides a general overview, following the format and structure of the reports submitted to the Executive Board in 2001 and 2002, respectively (documents EB 2001/74/R.29 and EB 2002/77/R.31). The annex contains more detailed information in tabular form.

II. THE ROLE OF THE IFAD V PLAN OF ACTION IN IFAD'S MEDIUM-TERM CHANGE PROCESS

3. The 1999-2000 Consultation to Review the Adequacy of the Resources Available to IFAD took note of IFAD's 1995 vision, mission and values statements, and reconfirmed their pertinence to the current rural poverty reduction agenda. The Consultation re-endorsed the vision statement's affirmation of the need to: maintain the focus on rural poverty reduction, harness participation, ensure programme impact, sharpen innovation, broaden partnerships and deepen knowledge management. The Consultation felt that the implementation of this important rural poverty reduction agenda and strategy should be accelerated and rendered more deliberate and systematic. In addition, it felt that IFAD needed to pay greater and more explicit attention to the policy framework of the countries where it operates, in the interest of project effectiveness. The change agenda that emerged from this deliberation focused on working within IFAD's existing operational policy framework and processes, while enhancing the effectiveness of IFAD's work in the areas of: policy and participation, performance and impact achievement, innovation and knowledge management, and partnership-building.

4. A large number of initiatives have been undertaken (as described in section III and the annex) to deliver on this agenda and, although not complete, results are already evident. Planning for impact achievement is improved through the introduction of the Key File, with its logframe and institutional analysis matrix, and by more hands-on country portfolio monitoring. Although, at this stage, the Fund is not able to report on aggregated results of its entire portfolio, project implementation is demonstrating improved effectiveness; and, although sustainability must be improved, evaluations are reporting measurable impacts on people.

5. The country strategic opportunities papers (COSOPs) have graduated from being instruments to introduce projects into IFAD's project pipeline, to a process of dialogue with borrowing Member States (and with the Executive Board) to define IFAD's medium-term strategic framework of collaboration in the areas of investments for rural poverty reduction as well as – gradually – pro-poor sectoral policy development. With 88 country programmes supported by COSOPs, the Fund is now in a better position to declare its stance on in-country policy issues and strategic partnership opportunities, such as in the poverty reduction strategy papers (PRSPs). There is ample scope for improving the symbiosis between the COSOPs and PRSPs, and this would both improve the PRSPs and add value to COSOPs.

6. The knowledge management and innovation agenda is being founded on systemic evaluations and on the work of thematic groups and other knowledge-management initiatives in the areas of rural finance, natural resources management, gender mainstreaming, rural microenterprises and institutional transformation. The Fund has disseminated the resulting emerging knowledge, some of which has evolved into new operational policies, guidelines and source materials. The process for enhancing this knowledge base and for internalizing it will need to be reinforced.

7. Finally, the Fund has been able to strengthen its strategic partnerships with major multilateral institutions, thereby enhancing its own knowledge and effectiveness, and influencing that of our partners. Further opportunities for cofinancing have arisen as such organizations return to rural/agricultural development, partly as a result of IFAD's efforts in these areas. IFAD has also become formally involved in the Harmonization of Policies and Procedures with the other international financial institutions. It is therefore clear that significant progress has been made on a much longer path for durable change to increase the value-added of IFAD on the multilateral side of official development assistance.

8. While significant progress has been made in implementing this change agenda, IFAD had reached the limits of what it could do within its existing policy framework. During the course of the 2002 Consultation on the Sixth Replenishment of IFAD's Resources, the standing change agenda received a qualitative and quantitative boost to its policy framework. The change agenda for impact achievement and performance management has been enhanced with a policy on ex ante performance-based allocations with a system for ex post measuring and reporting on results and impact. The policy initiative to enhance IFAD's presence in the field will strengthen the impact of its country programmes and increase its presence on the front line of in-country dialogue for policy change, underpinned by the Performance-Based Allocation System (PBAS). In order to catalyse IFAD's innovation role, part of the Fund's resources are being earmarked for innovation inception programmes that will be subsequently mainstreamed. The knowledge management agenda will be sustained and strengthened through the independent external evaluation and the establishment of the independent Office of Evaluation, as well as other initiatives such as PBAS, field presence and results assessment. Explicit strategies will also broaden IFAD's range of strategic partnerships to encompass the private sector and civil-society organizations.

9. The IFAD V Plan of Action called for separate reporting on changes implemented within existing processes. The change boosters of the IFAD VI Consultation now integrate progress reporting into substantive reporting on new initiatives. This report will be the last on the IFAD V Plan of Action.

III. HIGHLIGHTS OF IMPLEMENTATION PROGRESS

10. Thanks to the conceptual work undertaken and initial progress achieved over the last two years, implementation of the IFAD V: Plan of Action (2000-2002) gained momentum in 2003, and more importantly, contributed to operationalizing the *Strategic Framework for IFAD 2002-2006*. In the following paragraphs, highlights of progress under the different – and sometimes overlapping – recommendations have been grouped into four 'building blocks': (i) policy and participation; (ii) performance and impact; (iii) innovation and knowledge management; and (iv) partnership building. As in the two earlier reports, these elements are seen as building blocks because they are both interdependent and mutually reinforcing.

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

11. **Centrality of the COSOP to country operations.** The COSOP is the Fund's instrument for delineating the medium-term strategic framework for country operations, and creates the foundation on which a monitorable country-level programme may be implemented and new projects developed for pipeline entry. Due to its centrality to country operations, the COSOP also serves as the Fund's main instrument for pursuing the agenda on 'general policy objectives' at the country level. Since adoption of the Executive Board procedure for reviewing COSOPs in December 2002, the current new generation of COSOPs have all been developed in full consultation with country stakeholders and are closely linked to country-owned processes such as PRSPs. Such efforts have helped sharpen the focus of COSOPs on national and sectoral policy issues relevant to the success of the Fund's country operations.

12. Within the COSOP framework, projects serve as IFAD's main platform for engaging in dialogue with country stakeholders on pro-poor policy and institutional change. Building on its experience with institutional transformation over the past 25 years, in August 2003, IFAD produced the *Source Book on Pro-Poor Institutional and Organisational Analysis and Change*. The book sets out a structured conceptual approach and a number of methods and diagnostic tools targeted mainly at IFAD staff, consultants and project managers seeking to facilitate institution-building in the design and implementation of projects, and constitutes an important step in the development of training materials, tool kits, guidance notes and case studies for institutional analysis, policy reform and dialogue.

13. **Policy dialogue and advocacy beyond operations.** IFAD continues to explore ways of contributing to international development community dialogue on key development issues and means of influencing policy-makers at various levels. To that end, the Fund continues to participate in international and regional conferences and forums. For example, in 2003, IFAD actively engaged in events such as the 2003 World Congress of the World Agricultural Forum (held in St. Louis, United States, in May 2003); the German Agency for Technical Cooperation/IFAD Forum on Institutions, the Key to Development – Building Alliances to Empower the Rural Poor (Berlin, Germany, May 2003); the High-Level Segment of the United Nations Economic and Social Council (ECOSOC) on the theme 'Promoting an Integrated Approach to Rural Development in Developing Countries for Poverty Eradication and Sustainable Development' (Geneva, Switzerland, July 2003); the Sixth Session of the Conference of the Parties (COP) of the United Nations Convention to Combat Desertification (Havana, Cuba, September 2003); and the September 2003 meeting of the World Bank/International Monetary Fund Development Committee (Dubai, United Arab Emirates). The Fund is currently holding discussions with the Secretariat of the New Partnership for Africa's Development (NEPAD) with a view to drawing up a cooperation agreement that will include the provision of IFAD technical support to the NEPAD agriculture programme.

14. During the Twenty-Fifth Anniversary Session of the Governing Council in February 2003, interactive panel discussions were held on the theme *Achieving the Millennium Development Goals by Enabling the Rural Poor to Overcome their Poverty*, following the format first introduced at the council session of February 2002. These discussions were complemented by round tables on: Promoting Market Access for the Rural Poor in Order to Achieve the Millennium Development Goals; Transforming Rural Institutions in Order to Reach the Millennium Development Goals; Indigenous People and Sustainable Development; and Women as Agents of Change.

15. **Field presence.** The Fund's ability to effectively engage in policy dialogue with in-country stakeholders is very much linked to the issue of its field presence. During the consultations on the Fifth and the Sixth Replenishments of IFAD's resources, it was requested that a thorough review be made of this issue and options identified for enhancing IFAD's in-country presence and capacity. Based on the findings of desk studies and workshops, a proposal on IFAD's field presence and in-

country capacity was submitted to the Seventy-Ninth Session of the Executive Board in September 2003 (document EB 2003/79/R.3). The Board authorized IFAD to draw up, for consideration at its Eightieth Session in December 2003, guidelines and criteria for the selection of countries and instruments to enhance its in-country presence and capacity, on the basis of which it is proposed to launch a three-year pilot programme covering up to 15 initiatives.

16. **Participation.** IFAD strives to ensure the greatest stakeholder (especially beneficiary) participation in project design and implementation. While traditional approaches have continued to be used (e.g. participatory rural appraisal, stakeholder workshops, needs assessments, etc.), new ways have been tested through a number of projects funded under the IFAD/NGO Extended Cooperation Programme (ECP). Moreover, in order to learn from experience, *participation* was one of the three main themes of the 17 project completion reports completed in 2002. As noted in the Progress Report on the Project Portfolio submitted to the Seventy-Eighth Session of the Executive Board in April 2003 (document EB 2003/78/R.16), participation as a strategic principle is a given throughout the portfolio and has generally produced positive results in terms of impact and sustainability. Project experience illustrates the importance of promoting this approach throughout the project cycle and at all levels of implementation. In particular, the active involvement of beneficiaries in planning and managing project activities has permitted investments to respond to the expressed needs of the target group and thus to have an enhanced and sustained positive impact on their socio-economic situation.

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

17. **Portfolio performance.** Action has been taken in 2003 to assess project and portfolio performance. At the portfolio review level, the format of the project status report (PSR) has been refined so as to better capture and analyse project-level implementation issues. The PSR complements the country portfolio issues sheet (CPIS) introduced in 2001 as a management tool for monitoring and addressing country-level project portfolio issues. Increasingly, both the PSR and the CPIS analyse country and project activities in relation to the IFAD V: Plan of Action (2000-2002) and the objectives set by the *Strategic Framework for IFAD 2002-2006*. Moreover, Project Audit Guidelines were approved by the Executive Board in April 2003 (see document EB 2003/78/R.15/Rev.1) to help borrowers carry out project audits – a critical aspect of portfolio management. The Fund's Procurement Guidelines are also under review, and will be submitted to the Board for consideration in due course.

18. **Performance-Based Allocation System (PBAS).** The Fund has developed a proposal on the structure and operation of the PBAS as called for in document GC 26/L.4, Enabling the Rural Poor to Overcome Their Poverty: Report of the Consultation on the Sixth Replenishment of IFAD Resources (2004-2006), adopted by the Governing Council at its Twenty-Fifth Anniversary Session in February 2003. The proposal was developed by staff in consultation with Member States, including the Informal Panel of Members specified by the Governing Council, and approved by the Executive Board at its Seventy-Ninth Session in September 2003. The system is expected to contribute to further systematization of IFAD's activities by promoting the development of national and local conditions for sustained rural poverty eradication.

19. **Results and Impact Measurement System (RIMS).** In response to requests by Member States at the Consultation on the Sixth Replenishment of IFAD's Resources, work is under way on the development of the RIMS, which will enable the Fund to systematically and comprehensively monitor and report on the results and impact of its country operations.

20. **Methodological Framework for Project Evaluation.** The Methodological Framework for Project Evaluation was developed in 2001 and applied on a pilot basis in ten project evaluations undertaken by the Office of Evaluation and Studies (now Office of Evaluation) in 2002. The consolidated results of these evaluations provided the basis for the Annual Report on the Results and

Impact of IFAD Operations. The first such report was submitted to the Thirty-Fourth Session of the Evaluation Committee (document EC 2003/34/W.P.2) and the Seventy-Ninth Session of the Executive Board in September 2003 (EB 2003/79/R.5).

21. **Managing for Impact in Rural Development – A Guide for Project M&E** (monitoring and evaluation). The guide, which was finalized in 2002, was published in English and translated into the three other official languages of IFAD. Work is well under way on the customization/regionalization of the guide in IFAD's operating regions, with activities ranging from the training of country partners and project staff, to training of trainers and translation of the guide into other languages within the respective regions.

22. **Cross-cutting concerns.** IFAD strives to ensure the incorporation of cross-cutting concerns into the project cycle. For example, environmental assessment is a standard procedure for project formulation, and a thematic group on natural resource management (NRM) has been set up to examine key NRM issues such as water governance, empowerment of communities to gain access to natural resources, etc. As one of the executing agencies of the Global Environment Facility (GEF), IFAD has stepped up its mainstreaming of GEF cofunding opportunities in field operations. The IFAD/GEF partnership, especially as far as GEF's focal areas of biodiversity and land degradation are concerned, will be instrumental in fostering a closer link between tackling global environmental issues and rural poverty eradication.

23. IFAD always attaches great importance to the questions of **gender** and **household food security**. As a first step towards operationalizing the gender aspects of the *Strategic Framework for IFAD 2002-2006*, a plan of action was drawn up in 2002 following a participatory process. The plan, entitled *Mainstreaming A Gender Perspective in IFAD's Operations*, aims to systemize and scale up ongoing efforts to mainstream a gender perspective in the different aspects of IFAD's operations and establishes a common framework for developing region- and country-specific strategies. Implementation started in 2003 and will be reviewed in 2005. Meanwhile, the Fund's *Memory Checks for Programme and Project Design* continue to be used by all design missions for the purpose of diagnosing and focusing on crucial issues related to household food security and gender.

24. Due to its significant social and economic impact on the rural poor, **HIV/AIDS** has increasingly become a cross-cutting concern for IFAD. In some regions (e.g. Eastern and Southern Africa), IFAD is exploring workable operational models for reducing people's vulnerability to HIV/AIDS within the context of its country operations. At the same time, work is under way on developing an operational policy framework and financing mechanism for **post-conflict** countries.

Innovation and Knowledge Management (recommendation B(iv))

25. **Innovation.** IFAD has always accorded importance to innovation when developing its projects and programmes, so as to enhance its catalytic role and impact. Every effort has been made to assess and learn from replicable innovations through initiatives such as a thematic evaluation of local knowledge and innovations in IFAD projects in Asia and a review of innovative approaches in Peru. As part of the follow-up to the recommendations of the Evaluation of IFAD's Capacity as a Promoter of Replicable Innovation (document EC 2002/30/W.P.3), the Fund is currently developing a programme framework to strengthen its role as a promoter of replicable innovations and to finance pilot innovations.

26. **Learning and knowledge management.** Learning is an important instrument for ensuring both better-quality project design and policy dialogue and advocacy. The Fund's thematic groups on rural financial services, rural enterprise, livestock and rangeland management, policy and institutions, and NRM have made a significant contribution to ensuring that experience gained and lessons from the field are analysed, disseminated and captured in the form of operational policies and strategies, and

have been particularly useful in the development of the Fund's policies on rural finance and rural enterprise.

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

27. **International financial institutions (IFIs).** IFAD works to forge partnerships with other development partners with a view to helping poor rural people to overcome their poverty. The forms of such partnerships are, of necessity, varied at both country and international levels. Dialogue with IFIs continues to be an area of major attention for IFAD, which focuses not only on cofinancing opportunities and cooperating institution arrangements but also on harmonization and global advocacy for rural poverty eradication. In this respect, two noticeable examples are the World Bank-IFAD Rural Partnership Initiative, and the Fund's partnerships with the Inter-American Development Bank and other donors for the purpose of eradicating rural poverty in the Latin America and the Caribbean region.

28. **United Nations system.** Fully committed as it is to strengthening its partnerships with the other Rome-based agencies, IFAD holds regular meetings with the managements of the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP). Every effort is being made to expand the scope of operational cooperation with FAO and WFP, e.g. joint programming of projects, collaboration on in-country processes, IFAD's use of FAO technical expertise for project development, etc. Moreover, subject to the availability of resources, IFAD engages in activities relating to the United Nations Development Assistance Framework in selected countries.

29. **Other partners (governments, bilateral/multilateral agencies, non-governmental organizations (NGOs), community-based organizations (CBOs) and the private sector).** Another area of major focus in IFAD's partnerships with the development community is its collaboration with partners such as governments, bilateral/multilateral agencies, NGOs, CBOs and the private sector. These partnerships are pursued along different lines. For instance, the Fund engages in dialogue with borrowing governments and other in-country stakeholders on pro-poor policy and institutional change, and in a number of countries IFAD has actively participated in and contributed to the country-owned PRSP process. Collaboration with bilateral and other multilateral agencies ranges from the cofinancing of country operations to initiatives aimed at addressing cross-cutting concerns (e.g. gender, HIV/AIDS, ensuring sustainable livelihoods, participation). NGO, CBO and private-sector service providers are important partners for the Fund, especially in implementing IFAD-financed projects and activities under the IFAD/NGO ECP. The Fund's policy on partnerships with the private sector is currently under preparation.

30. Next year will mark the start of the period covered by the Sixth Replenishment of IFAD's resources (IFAD VI). Many ongoing initiatives will need to be incorporated into the implementation of the IFAD VI policy agenda. Without doubt, continuation of these long-term efforts will enhance the Fund's capacity for, and effectiveness in, fulfilling its mandate to eradicate rural poverty and contribute to the attainment of the MDGs.

**IFAD V: PLAN OF ACTION (2000-2002)
IMPLEMENTATION STATUS – OCTOBER 2003**

Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/ Implementation
<p>A. General Policy Objectives</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>	<ul style="list-style-type: none"> Secretariat to produce a prototype COSOP reflecting the relevant recommendations of the Consultation, especially A(i), (iii), (iv), (v) and C(ii). 	December 2000	<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 the United Nations Development Assistance Framework (UNDAF) and the Comprehensive Development Framework (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"> Seminars in September 2000 and December 2000 reviewed a prototype COSOP (Yemen) and endorsed structure of COSOP. Interim procedure for the review of COSOPs and projects adopted by the Executive Board in April 2001, for use during the one-year trial period April 2001-April 2002. Five COSOPs reviewed during the trial. Seminar in September 2002 reviewed experience of trial period and developed consensus on COSOP scope and use, ownership, content requirements, Board review procedure, and disclosure. Formal procedure was adopted by the Board in December 2002, following presentation of document 'Procedure for the Review of Country Strategic Opportunities Papers (COSOPs) by the Executive Board.' All new COSOPs are developed in full consultation with country stakeholders, and are linked with country-owned processes, e.g. PRSPs, as clearly specified in the COSOPs. 	<ul style="list-style-type: none"> Apply Board-approved format and requirements to all new COSOPs – <i>ongoing</i>
<p>(ii) Adopt an approach that harmonizes with the 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"> Take steps to participate in UNDAF and the pilot CDF, within the framework of national priorities and policies, in selected countries. 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. 	<p>Ongoing approach</p> <p>Ongoing approach</p>		<ul style="list-style-type: none"> Participation in UNDAF – <i>ongoing</i> approach (e.g. Benin, China, Ghana, Jordan, Mongolia, Morocco, Syria, Tunisia, Viet Nam). 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>. World Bank-IFAD Rural Partnership Initiative launched in 2001, laying the groundwork for joint activities. A new partnership was established with the Italian Government and the Inter-American Development Bank for rural poverty eradication. 	<ul style="list-style-type: none"> Build staff capacity for policy dialogue. Mobilize and secure supplementary funding of PSR-related activities.

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implementation
	<ul style="list-style-type: none"> Assist recipient countries in the design of poverty-reduction strategy papers, when requested by the country concerned. See also actions related to C(i) and B(v). 			<ul style="list-style-type: none"> IFAD is actively engaged in the IFI harmonization exercise (e.g. the Forum held on 24-25 February 2003 in Rome and follow-ups). IFAD uses participation in major international development conferences/forums as a means of engaging in policy dialogue (e.g. International Conference on Financing for Development, World Summit on Sustainable Development, ECOSOC, COP 6, etc.). Participation in PRSPs – ongoing <i>approach</i> (e.g. Albania, Armenia, Benin, Bosnia and Herzegovina, Burkina Faso, Cambodia, Cameroon, Mauritania, the Republic of Moldova, Mongolia, Mozambique, Rwanda, Tanzania (United Republic of), Viet Nam, Yemen). Participation in PRSP and other country-owned processes (if any) is reported in the COSOP. The field presence proposal was submitted to and approved by the Board in September 2003; in December 2003 the Board will review guidelines and criteria and an implementation plan for the three-year pilot programme. 	
(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"> Enhance the allocation of resources towards local capacity-building aimed at fostering the participation of the people and their associations. 	April 2001 onward	(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"> 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>. 	- Further deepen beneficiary involvement during implementation, e.g. beneficiary assessment of progress on annual work programme and budget implementation, of project management performance.

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IMPLEMENTATION STATUS – OCTOBER 2003**

Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/ Implementation
	<ul style="list-style-type: none"> • 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. • 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. 	<p>Ongoing approach</p> <p>Ongoing approach</p>		<ul style="list-style-type: none"> • 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 IFAD/NGO ECP-supported activities (e.g. new activities funded under this programme) – <i>ongoing approach</i>. • Participatory approaches to agricultural research are being developed, e.g. in technical assistance (TA) grants for the International Institute of Tropical Agriculture's Applied and Adaptive Research on Cowpea in Semi-Arid Zones of West Africa and rice research undertaken by the West Africa Rice Development Association with participating countries in West Africa, including IFAD project staff in those countries. • Assessment of institutional framework introduced into COSOPs, project logframe and key file tables – <i>ongoing approach</i>. • The topic of 'participation' was studied as one of the main themes in the 17 Project Completion Reports (PCRs) completed in 2002, with the objective of learning from experience (ref. Progress Report on the Project Portfolio, reviewed by the Board in April 2003). 	
(iv) Give appropriate weight to borrowers' implementation performance in determining resource allocations (paragraph 56).	<ul style="list-style-type: none"> • Refine the present methodology and set of common indicators used to assess project and portfolio performance. 	September 2001	(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"> • PSR continues to be used as the instrument for analysing <i>project-level</i> implementation issues. New format introduced in 2003. • CPISs introduced in 2001 as a management tool for monitoring and addressing <i>country-level</i> project portfolio issues. • The PSR and portfolio report format have been modified in order to reflect gender action plan and the forthcoming PBAS requirements. • PCR used as a means of assessing performance (see also B(iii) below). • The proposal on performance-based allocation, contained in The Structure and Operation of a Performance-Based Allocation 	- Monitor and refine the instruments for portfolio review – <i>ongoing</i> .

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implementation
	<ul style="list-style-type: none"> Develop a three-year rolling programme as a flexible framework reflecting, <i>inter alia</i>, the above-mentioned indicators. 	December 2001		<p>System for IFAD, was approved by the Board in September 2003.</p> <ul style="list-style-type: none"> The Project Audit Guidelines were adopted by the Board in April 2003 to help borrowers carry out project audits – a critical aspect of portfolio management. The Fund's Procurement Guidelines are currently under review and will be submitted to the Board for consideration in due course. The Loan and Grant Administration Manual has been updated, formally approved and made available to stakeholders. <ul style="list-style-type: none"> Three-year rolling programmes developed for all regions. 	
<p>B. Objectives Relating to Specific Approaches and Impact</p> <p>(i) Improve the effectiveness of the Fund's approach to the task of poverty alleviation through an intensified search for new and innovative solutions in key areas. These include the environment (with an expansion of efforts in dry zones and fragile ecosystems, where intrinsic poverty and food insecurity combine with environmental degradation); household food security; grass-roots organizations and capacity-building; rural financial services; and gender (paragraphs 12, 27-31, 35-36, 38, 44).</p>	<ul style="list-style-type: none"> Enhance project development resources and efforts to ensure full incorporation of cross-cutting concerns, such as environment, household food security and gender, into design and the supervision of implementation (see also B(vi)). 	Annual reporting	<p>(a) Increase in number of projects reflecting new approaches to major problems in key areas.</p> <p>(b) Evidence in project results of sustainable improvements in the livelihoods of beneficiaries.</p>	<ul style="list-style-type: none"> Cross-cutting concerns (environment, household food security (HFS) and gender) continued to be mainstreamed in operations through, for example, implementation of specific guidelines and procedures. Examples are environmental screening and scoping note, HFS and gender memory checks, application of anthropometric measures of malnutrition and gender-disaggregated indicators, etc. – <i>ongoing approach</i>. <p>Household food security and gender:</p> <ul style="list-style-type: none"> A three-day Regional Workshop on Rural Development, Gender and Participation was held in April 2002. This created awareness about IFAD's gender programme and stimulated learning among participating projects. A two-day workshop on Gender Equity and the Empowerment of Rural Women – Operationalizing IFAD's Strategic Framework, was held in June 2002. The workshop laid the foundations for establishing the <i>Mainstreaming A Gender Perspective in IFAD's Operations – Plan of Action 2003-2006</i>, which was reported to the Board in April 2003. Regional divisions developed modalities for 	

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/ Implementation
				<p>implementing specific actions for gender mainstreaming.</p> <ul style="list-style-type: none"> • Collaboration with the National Institute for Agricultural Research, Niger, and local partners on benchmark assessments of project-level indicators for the MDGs, with the participation of two projects in Côte d'Ivoire and Guinea. • Special programmes (funded with contributions from the Governments of Germany, Italy, Japan and Norway and through IFAD-financed TA grants) under implementation in all regions for strengthening the gender orientation of IFAD's country-level activities. • An updated subsection of the IFAD website on HFS and nutrition now features practical tools for field surveys (in Arabic, English, French and Spanish). • Training workshops on gender and sustainable livelihood approaches are being organized for project staff (e.g. Benin, Ghana, Senegal, etc.) <p>Environment:</p> <ul style="list-style-type: none"> • Collaboration with GEF further strengthened since IFAD became a GEF executing agency in May 2001. Mainstreaming of GEF cofunding opportunities ongoing, with ten joint projects at the concept or early design stages. • IFAD participated in GEF-sponsored forums, including the High-Level Panel on Land Degradation and Food Security. • A joint IFAD/GEF familiarization workshop was held in April 2002. • IFAD-United Nations organized a side event at the GEF Assembly (China, October 2002) focusing on land degradation. • Environmental assessment grants were committed for projects in The Comoros, Kenya, The Sudan, Syria and Tunisia. • Ongoing collaboration with the Global Mechanism to support the Challenge Programme on Desertification, Drought, Poverty and Agriculture of the Consultative Group on International Agricultural Research. 	

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implementation
	<ul style="list-style-type: none"> As part of the annual portfolio review, conduct analysis, based on IFAD experience and that of other donors, of major development problems and constraints in key areas and of ways in which their alleviation might be approached through IFAD interventions. 	As of September 2000		<ul style="list-style-type: none"> The Progress Report on the Project Portfolio submitted to Board in April 2003 reviewed experience under the Fund's completed projects in important areas of concern, such as targeting, participation, monitoring and evaluation (M&E), sustainability and capacity building. It also reported on the establishment of the gender action plan. 	
(ii) Build on the Fund's comparative advantage by enhancing its policy dialogue and analysis in relevant areas and by sharpening its focus on areas that can act as catalysts for wider application (paragraphs 12-13).	<ul style="list-style-type: none"> Undertake measures to strengthen IFAD's capacity in <i>policy analysis</i> including: <ul style="list-style-type: none"> (a) Redeployment and staff training; (b) Enhancement of resources for project development and implementation assistance; (c) Preparation of staff guidelines for policy analysis related to areas of IFAD's comparative advantage as reflected in paragraph 20 of the Consultation report; and (d) Development of partnerships and networking with relevant institutions. Benefiting from improved policy analysis, formulate ways to strengthen <i>policy dialogue</i> in relevant areas with other donors and recipient government authorities, including through the actions described in A(i), A(iii); B(iv) and C(i). 	December 2000 to 2002	<p>(a) IFAD's role as a catalyst and knowledge centre enhanced and increasingly exploited by stakeholders and others involved in development.</p> <p>(b) Rural development policies improved through IFAD's influence; and in countries where IFAD operates, a policy environment beneficial to the rural poor emerging or further developed.</p> <p>(c) IFAD's capacity in policy dialogue and project design improved.</p>	<ul style="list-style-type: none"> Working Group (WG) on Institutional Analysis and Policy Dialogue established. WG carried out 15 case studies of successful IFAD interventions under the lending and TA grant programmes. WG completed four thematic papers on decentralization, financial services, agrarian reform and pro-poor technology. WG prepared and presented proposal on conceptual framework for institutional analysis and policy dialogue. The <i>Source Book on Pro-Poor Institutional and Organisational Analysis and Change</i> was issued in August 2003. Action-oriented institutional analysis guidelines and training modules are being developed by some divisions of the Programme Management Department (PD) (e.g. the Western and Central Africa Division). Following the format first introduced in February 2002, an interactive dialogue was held during the Twenty-Fifth Anniversary Session of the Governing Council in February 2003, on the theme: Achieving the Millennium Development Goals by Enabling the Rural Poor to Overcome their Poverty During the above session, four round tables were organized, respectively, on: <ul style="list-style-type: none"> (a) promoting market access; (b) transforming rural institutions; (c) indigenous peoples and sustainable development; and (d) women as agents of change. 	<ul style="list-style-type: none"> Mainstream the proposals contained in the <i>Source Book on Pro-Poor Institutional and Organisational Analysis and Change</i>. Train staff – ongoing
(iii) Improve impact assessment (paragraph 13).	<ul style="list-style-type: none"> Articulate linkages with global development targets. 		(a) With new and improved practices agreed and in place,	<ul style="list-style-type: none"> In 2001, IFAD developed a new methodological framework for evaluation that 	<ul style="list-style-type: none"> Develop operational

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/ Implementation
(iv) Document innovative features in a standard format, and devise and implement a strategy for knowledge management and sharing lessons with other stakeholders (paragraphs 12-13, 75-76).	<ul style="list-style-type: none"> Identify best practices and develop tools and guidelines for an effective M&E system at the project level. 	April 2001		<ul style="list-style-type: none"> <i>Managing for Impact in Rural Development – A Guide for Project M&E</i>, published in 2002, was developed in consultation with more than 30 ongoing projects in 16 countries and with the active involvement of IFAD and staff and consultants of the United Nations Office for Project Services (UNOPS). It is mainly targeted at IFAD’s country portfolio managers, M&E officers, managers and implementation partners of IFAD-supported projects. The M&E Guide was published in English, translated into the three other official languages of IFAD and distributed to all PD divisions, partners at the country level and other development actors. In 2002, OE initiated the customization/regionalization process for the M&E Guide in the Western and Central Africa and Asia and the Pacific regions. This included, <i>inter alia</i>, the training of country-level partners, IFAD and UNOPS staff and consultants, training of trainers, translation of the guide into other languages within the region, etc. The customization efforts were expanded to the Near East and North Africa (NENA) and Eastern and Southern Africa regions in 2003. New guidelines for the PCR (first introduced in 2000 with strengthened emphasis on impact assessment) adopted for 50% of completed projects in 2000, 75% in 2001 and 100% in 2002. 	<ul style="list-style-type: none"> Apply the M&E guide in operations – <i>ongoing</i>.
	<ul style="list-style-type: none"> Develop methodology and evaluate IFAD’s capacity as a promoter of replicable innovations in rural poverty reduction, in cooperation with other partners. 	April 2001		<ul style="list-style-type: none"> Assessment of IFAD’s capacity for innovation completed and preliminary findings are available. Evaluation of IFAD’s capacity as a promoter of replicable innovation finalized in 2002 and discussed in the Evaluation Committee. Copies of the report were distributed to Board Members. Evaluation of IFAD/NGO ECP completed and a concept note on related innovation prepared. Evaluation of the TA grant programme for agricultural research completed, and the findings discussed at the Evaluation 	

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				<p>Committee and Executive Board in September 2002. During the Board, the chairman of the Committee provided a synopsis of key discussions and recommendations on this topic.</p> <ul style="list-style-type: none"> • A subsite under the IFAD grant programme website was created on Technical Advisory Notes – documenting pro-poor innovations for use by development planners in loan project design – for scaling up and replication. • Thematic evaluation on local knowledge and innovations in IFAD-assisted projects in Asia (involving eight case studies undertaken in seven countries) was completed, with a regional workshop in July 2003. The exercise included a competition among IFAD projects to scout for grass-roots innovations and good practices. • Review of innovative approaches in Peru will be completed in December 2003. 	
	<ul style="list-style-type: none"> • Prepare knowledge-management operational guidelines that facilitate documentation of innovations and sharing of lessons learned. 	April 2002		<ul style="list-style-type: none"> • Four thematic groups (TGs) were established in 2000. Outputs: <ul style="list-style-type: none"> (a) the environmental assessment process (as part of diagnostic tools) was reviewed by the relevant TG. (b) (1) Livestock and Rangeland Knowledgebase (LRKB) established and maintained; (2) a decision support tool in LRKB was developed to provide quick access to lessons learned from IFAD projects, according to the user's area of interest; and (3) Global Initiative for the Delivery of Livestock Services to the Poor (GILSP) established with the participation of the United States Agency for International Development, the Danish International Development Assistance, FAO, the Department for International Development (United Kingdom) and the World Bank. (c) Paper on IFAD Rural Enterprise Policy approved by the Board in April 2003. (d) (1) Paper on IFAD Rural Finance Policy approved by the Executive Board in May 	- Same as above.

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				<p>2000; (2) Decision Tools in Rural Finance adopted by the Board in December 2002; (3) IFAD participates in the donor peer review exercise; (4) IFAD/Consultative Group to Assist the Poorest launched the Rural Pro-Poor Rural Innovation Challenge; (5) workshop held on impact analysis in rural finance in September 2003.</p> <ul style="list-style-type: none"> • New TG on NRM formed in June 2003. • Gender working group formed and knowledge base on gender and HFS established and maintained on IFAD website. The IFAD gender database also carries descriptions of specific regional experiences, and it is now linked to the Regional Programme to Consolidate Gender Mainstreaming Strategies in IFAD-Financed Projects of Latin America and the Caribbean. A sub-site has been created for the NENA region. • IFAD is represented on the GEF Interagency Task Force on Land Degradation. • Three regional electronic networks supported and operational (Electronic Networking for Rural Asia/Pacific, FIDAMERICA and FIDAFRIQUE) to facilitate both exchanges of experience among partners and cross-institutional learning. 	
<p>(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).</p>	<ul style="list-style-type: none"> • 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 	<p>Ongoing approach</p>	<p>(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.</p>	<ul style="list-style-type: none"> • Reorientation of assistance to middle-income countries continued through COSOP and inception processes, with increased efforts in leverage of domestic resources and policy development. 	

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Recommendation	Action	Target Date	Output/Results	Progress Achieved	Further Action/Implementation
<p>(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).</p>	<ul style="list-style-type: none"> Articulate a grant policy and strategy to sharpen the focus of grant resource utilization. (a) Develop a programme development and implementation facility (PDIF) for presentation to the Executive Board. (b) Present a general policy and strategy for grants to the Executive Board. Report on progress triennially. 	<p>September 2000</p> <p>In consultation with the Board</p>	<p>(a) Refined policy agreed on use of grant resources to further the core objectives of the Fund</p>	<ul style="list-style-type: none"> Seminar on PDIF concept (now the Programme Development Financing Facility (PDFF)) held in September 2000. PDFF framework presented to the Board in December 2000 and approved for 2001. Operational guidelines on PDFF finalized. The proposal on IFAD's TA grants policy was submitted to the Board for comment at an informal Board seminar in 09/2003. The final policy will be considered by the Board in 12/2003. <p>A programme to strengthen IFAD's role as a promoter of replicable innovations and to finance pilot innovations in consultation with prospective donors is under preparation.</p>	<ul style="list-style-type: none"> Implement the Grant Policy once it is adopted by the Board, including the development of operational procedures.
<p>(vii) Explore the scope for increasing the financing available from non-donor resources.</p>	<ul style="list-style-type: none"> Use current-year income flexibility for commitment purposes. Analyse the scope (benefits, costs and risks) for increasing the volume of non-donor resources, including loan charges, interest rates and investment income. Present Board papers. 	<p>December 2000</p> <p>April 2001</p>	<p>(a) Agreed approach to possible new ways of increasing non-donor finance.</p>	<ul style="list-style-type: none"> 100% drawdown policy approved by the Executive Board in December 2000. Paper Market-Based Project Cofinancing presented to Board in December 2000. Cofinancing framework approved by Board in December 2000. Policy paper Financing from Non-Donor Resources approved by the Governing Council in February 2001. 	<ul style="list-style-type: none"> Analyse the scope (benefits, costs and risks) for increasing the volume of non-donor resources, including loan charges, interest rates and investment income.
<p>C. Complementarity and Replication Objectives</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;</p>	<ul style="list-style-type: none"> Analyse current extent of strategic partnerships and, in quantitative terms, volume and proportion of cofinancing with other donors. Develop more technical and financial cooperation with multilateral and bilateral donors. 	<p>April 2001 and annual reports thereafter</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</p>	<ul style="list-style-type: none"> Survey on strategic partnerships for operations conducted, with findings reported to the Board via Progress Report on the Project Portfolio. Cofinancing opportunities reviewed at COSOP stage and explored at early design stages. The overall trends of cofinancing 	<ul style="list-style-type: none"> Regarding cooperating institutions, review and revise umbrella agreements, letters of appointment

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share institutional capacity; and strengthen the potential for replication and expansion of best practices in poverty alleviation (paragraphs 14-16, 25).	<ul style="list-style-type: none"> Expand cofinancing to cover at least 30% of IFAD annual commitment level.. Increase the volume of funds leveraged through national and/or external resources for poverty reduction. Develop a strategy for increased partnership with the private sector at the project level and present a paper to the Board. Ensure that the contents of COSOPs and President's reports and recommendations reflect the above. See also A(i). 	<p>April 2001</p> <p>As of April 2001 onwards</p>	<p>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>	<p>mobilization are reported in the annual Progress Report on the Project Portfolio – ongoing approach.</p> <ul style="list-style-type: none"> Dialogue with IFIs both as cofinanciers and as cooperating institutions – <i>ongoing approach</i>. Innovative ways explored for leveraging other resources for poverty eradication, e.g. remittances (El Salvador). Partnerships with private sector reflected in COSOPs and President's reports, and explored during the project design process – <i>ongoing approach</i>. Collaboration with Deutsche Bank in conjunction with an IFAD project in The Philippines, etc. 	<p>and performance review of cooperating institutions in loan administration and supervision.</p>
D. Objectives Relating to Use of Resources					
(i) Consider the distribution of annual lending by region, including demands from new countries and post-crisis recovery situations (paragraphs 52, 62-63).	<ul style="list-style-type: none"> Review regional allocations and present a paper to the Board. 	<p>April</p> <p>2001</p>	<p>(a) Agreed distribution of lending programme by region.</p> <p>(b) Continued focus on poor countries ensured.</p>	<ul style="list-style-type: none"> The operational policy framework and financing mechanism for post-conflict countries is under preparation. 	
(ii) Concentrate its resources in poor countries and ensure that their share, on highly concessional terms, should be no less than 67% (paragraph 54).	<ul style="list-style-type: none"> Analyse the current distribution of resources. 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). Produce annual reports. 	<p>and</p> <p>annual</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>	<ul style="list-style-type: none"> Target met and surpassed, i.e. share of lending on highly concessional terms recorded as 85% for 2000, 82.8% for 2001, and 78.2% for 2002. 	<p>- Analyse impact of trends on future resource levels.</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 (paragraph 54).	<ul style="list-style-type: none"> Establish clear criteria, including a proposed ceiling, bearing in mind IFAD's resource availability. Present a paper to the Executive Board. 	<p>reports</p> <p>thereafter</p>	<p>(d) An operational policy framework and financing mechanism for conflict prevention and post-conflict countries is under preparation.</p>		

