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IFAD

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT

Executive Board – Eighty-Sixth Session

Rome, 12-13 December 2005

REPORT AND RECOMMENDATION OF THE PRESIDENT

TO THE EXECUTIVE BOARD ON A PROPOSED

GRANT UNDER THE GLOBAL/REGIONAL GRANTS WINDOW

THROUGH THE

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

IN SUPPORT OF

**PRO-POOR POLICY FORMULATION, DIALOGUE AND IMPLEMENTATION AT THE
COUNTRY LEVEL**

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I submit the following report and recommendation on a proposed grant through the Food and Agriculture Organization of the United Nations (FAO) to support Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level, in the amount of USD 1.5 million for a three-year period.

I. BACKGROUND

1. Despite dramatic economic growth and poverty reduction in the Asia and the Pacific region over the last three decades, a significant proportion of the population remains poor. In 2002, it was estimated that almost 690 million people in the region were extremely poor (i.e. living on less than USD 1 per day), which constitutes over 60% of the world's poor. There are considerable intercountry variations in the incidence of poverty, but in almost all countries, rural people and agricultural households are poor.

2. IFAD's experience collaborating with its Member States in addressing rural poverty issues has shown that pro-poor policies are critically important in fighting rural poverty. Therefore, IFAD emphasizes collaboration with governments in the Asia and the Pacific region in formulating and implementing policies, and in the process, engages in policy dialogue with them and with other key stakeholders.

3. Recent assessments of IFAD's work have shown that, despite its long-standing commitment to building a dialogue on rural policy issues, there is little evidence that this is happening systematically either with governments or with other development partners. Moreover, while projects can provide a platform for policy-level discussions, it is often the use of non-lending instruments, especially country-specific analytical work and related capacity-building, that is critical to developing effective processes of policy dialogue.

4. In view of the above and IFAD's mandate to assist Member States in achieving the Millennium Development Goals (MDGs), this programme has been formulated to strengthen country-level capacity for pro-poor policy analysis, formulation and implementation; to promote sharing of experiences and lessons learned on successful policies among countries; and to encourage greater participation by civil society and the private sector in pro-poor policy dialogue and advocacy.

II. RATIONALE/RELEVANCE TO IFAD

5. Countries in the region have begun to develop strategies with an explicit pro-poor focus, which is reflected in their poverty reduction strategy papers, in their MDG needs assessment and in the establishment of institutions focusing on poverty issues. However, formulating new policies and realigning existing ones with the needs of poor people are often constrained by a country's capacity to conduct an adequate analysis of the available options to achieve specific objectives, and their likely impact on the various stakeholders.

6. Key national agencies pursuing this agenda need the capacity to identify target populations, recognize their problems, explore alternative courses of action and formulate more focused policies. The weak presence of such capacity in many of the region's developing countries is a constraint on effectively responding to emerging challenges and adopting coherent policies for poverty reduction. These countries also lack adequate financial resources to develop such capacity. The proposed programme is expected to partially fill that gap.

7. Implementation of this programme will contribute significantly to establishing effective links between IFAD-funded investment projects and the policymaking level, by using project-generated knowledge in a more catalytic manner. This will greatly help in the replication and scaling up of successful cases of innovation to a wider geographic area and also in empowering the poor to influence policies themselves. It will also promote sharing of successful experiences of pro-poor policy formulation and implementation among Member States. For example, IFAD-funded projects have achieved successful policy dialogue and changes in Nepal and Bangladesh in relation to enhancing poor people's access to community-managed assets such as forestry and water resources. Thailand is keen to share its successful policies on agriculture and village enterprise promotion with its neighbours. China has successfully implemented policies promoting township and village enterprises for employment generation and poverty reduction. India has experience in implementing enabling policy and institutional changes for the development of tribal populations.

III. THE PROPOSED PROGRAMME

8. The goal of this programme is to assist eight countries in reducing rural poverty through enhanced institutional capacity to analyse, formulate and implement pro-poor agricultural and rural development policies.

9. The objectives of the programme are:

- to build capacity of key government agencies in the analysis, formulation and implementation of pro-poor policies in agricultural and rural development;
- to promote sharing of experiences and lessons learned on successful pro-poor policies among countries through a knowledge network; and
- to promote greater participation by civil society and the private sector in pro-poor policy dialogue and advocacy.

10. The key programme activities will be:

Identification of national partners and policy issues

11. This will include: (i) identifying a leading government agency to act as focal point in each participating country in need of capacity-building assistance, and ascertaining the nature and magnitude of such assistance; (ii) identifying thematic areas for policy work in collaboration with national organizations, civil society and policy advocacy groups. In a regional workshop held in April 2005, the following areas were identified as being of most importance: (i) governance-related issues such as decentralization, devolution, partnership with all relevant stakeholders and empowerment of the poor; (ii) policy, institutional and regulatory measures to ensure increased access by the poor and disadvantaged groups to productive assets, technologies and financial services; (iii) issues related to market access and the implications of membership in the World Trade Organization on the agricultural sector and rural poverty.

Analysis and formulation of pro-poor policies

12. The programme will support analysis and formulation of pro-poor policies with strong elements of national ownership and capacity-building. This will be achieved by entrusting working groups with the policy work under the coordination of national focal points from leading government agencies. Working group members will be drawn from relevant government agencies and policy advocacy groups and will be complemented by national consultants, as needed. The programme will provide technical support through international experts in cases where available expertise is inadequate. Each working group will be led by a coordinator, normally a senior professional from the institution concerned with the particular policy, selected from among the working group members. In discussion with group members, the coordinator will determine members' responsibilities, a workplan and a deadline for delivery. The coordinator will also schedule and convene working group meetings and consolidate the group's work for further processing. In addition, the coordinator will liaise with the national focal point to mobilize international consultancy inputs, technical supervision and the physical/financial support needed to carry out the assigned task. The hands-on experience imparted to the concerned government agency staff will contribute to their capacity development in policy analysis, formulation and dialogue with stakeholders.

Policy dialogue

13. Policy dialogue with national stakeholders will be organized to validate the study findings and discuss the proposed recommendations with a view to building awareness of pro-poor policy concerns and advocacy of pro-poor policies. As responsibility and authority for agriculture and rural development are now decentralized to subnational levels in many countries and most of the activities take place at the local level, such policy dialogue will involve provincial and local government representatives in order to take into account their concerns, priorities and views in formulating pro-poor policies.

14. Policy dialogue will also be organized at the regional level to promote sharing of: (i) country experience of the formulation, advocacy and adoption by government of pro-poor policy and institutional measures; (ii) country experiences of implementation issues, cases of success and failure and the underlying factors; (iii) experiences and lessons from countries not covered under the programme; (iv) policy and regulation issues requiring regional/subregional coordination and harmonization; (v) new developments and emerging trends in the region with implications for pro-poor policy work at the country level; and (vi) new analytical tools, approaches, best practices and innovative measures to foster pro-poor policies and investment.

Dissemination of results and sharing of experiences

15. The results of pro-poor policy analysis, dialogue and implementation will be disseminated to strengthen their mainstreaming into national policies. In addition to stakeholder workshops, the programme will use different methods and media for dissemination depending on the country situation and cost-effectiveness. Some of these are: (i) the use of information technology to establish specific websites and/or links with websites of relevant development institutions, including civil society organizations; (ii) the publication of policy briefs, newsletters and attractive and simply written pamphlets documenting positive results and lessons; (iii) feature articles in newspapers and the use of national and regional television, and FM and community radio; and (iv) encouraging national focal points to present ongoing activities and programme results at related development forums organized periodically in their countries.

Supporting the implementation of selected pro-poor policies

16. The programme will support the implementation of pro-poor policies in agriculture and rural development through: (i) preparation of operational strategies and action plans; (ii) review of legal and institutional framework; (iii) drafting laws, regulations and working procedures; (iv) policy advocacy and dissemination to concerned stakeholders to generate their support for implementation; and (v) training and other capacity-building activities including the preparation of guidelines to strengthen implementation capacity.

IV. EXPECTED OUTPUTS/EXPECTED BENEFITS

17. The programme will contribute to IFAD's strategy of influencing national policies affecting the economic livelihoods of rural poor people by enhancing the capacity of key government institutions and professionals to analyse, formulate and implement pro-poor policies in the agricultural and rural development sectors; and by promoting the sharing of experiences and lessons learned among countries.

18. The programme's effect would appear in the outputs of the professionals of key government agencies that will be undertaking various analytical works; the programme's impact will be in the form of country-level – and to some extent, regional-level – policy decisions based on objectively verifiable policy decisions, their implementation and monitoring. These are expected to be manifested in the form of demand at the top management level and of supply of policy proposals based on objective analytical work by mid-career professionals engaged by the selected institutions in the countries covered by the programme.

19. The ultimate beneficiaries of the programme will be the rural poor who will improve their livelihoods through better access to productive resources, technology, markets and financial services as a result of an enabling policy environment.

20. Expected programme outputs are:

- formulation and implementation of policies that directly address the needs and constraints of poor farmers and entrepreneurs, and disadvantaged groups;
- enhanced capacity of key government agencies to analyse, formulate, implement and assess the impact of pro-poor agricultural and rural development policies;
- increased awareness among stakeholders in the Government, the private sector and civil society of pro-poor policy concerns and advocacy of pro-poor policies; and

- sharing of the findings of pro-poor policy analysis and dialogue, and exchanging positive experiences in and best practices for rural poverty reduction with a view to facilitating their internalization in national policies.

V. IMPLEMENTATION ARRANGEMENTS

21. The programme will be implemented in close collaboration with key government agencies of the participating countries, policy advocacy groups, national and regional policy institutions, and other national partners. As evidenced at the planning workshop organized in Bangkok, Thailand, in April 2005, participating countries have demonstrated a strong sense of ownership of the programme and commitment to becoming full and active partners in its implementation at the country and regional levels.

22. FAO has been proposed as the implementing agency of the programme through its Regional Office for Asia and the Pacific in Bangkok. FAO's comparative advantage lies in its long experience in providing policy advice to countries in the region; assistance to national governments and donors alike in sector programming in terms of identifying need-based investment opportunities; continued involvement in executing field projects; and extensive regional and country presence and network in the region. In addition, FAO will provide strong technical expertise through coordination of programme activities. It will also contribute cofinancing through a technical cooperation programme and in-kind support and staff time for technical backstopping.

23. IFAD could benefit from FAO's professional capacity and network resources and build on their experience in the region. In addition, it could add a rural poverty focus to the policy analysis and dialogue by contributing its rural poverty expertise and lessons learned from successful project and programme experience.

24. The proposed programme will have a two-tier structure. Its headquarters will be in the FAO Regional Office for Asia and the Pacific, which will provide support to participating countries. The actual country-level analytical and associated fieldwork will be carried out in the capitals of the participating countries where the counterpart institutions and many of their professional staff involved in policy analysis are located. In these countries, the programme will be represented by the national consultants to be recruited by FAO, and national organizations designated as focal points by the respective governments, which will establish a country policy network of relevant stakeholders.

25. The programme will be implemented in eight countries: Cambodia, China, India, Indonesia, Nepal, Pakistan, Sri Lanka and Viet Nam. The participating countries are a representative mix of relatively large and small countries that have ample experience to share in pro-poor policy formulation and implementation, can not only share their experiences but also benefit from the programme activities, and are in need of the pro-poor policy support provided by the programme.

26. The programme will also link up, as appropriate, with other IFAD-implemented regional and country-level programmes that have policy components such as field presence initiatives and country-specific grant-supported initiatives for policy dialogue and knowledge management.

27. A policy facilitator will be appointed for the first 18 months to oversee general programme implementation in the participating countries. He/she will be selected and recruited in consultation with IFAD, which will also review and endorse the terms of reference. The policy facilitator will be assisted by international and national consultants recruited by the programme as and when needed. For the remaining duration of the programme, once activities are smoothly under way, the FAO Regional Office will provide technical backstopping and supervision of programme activities through a programme coordinating officer and provide progress and financial reports periodically to IFAD.

28. The policy facilitator will be assisted by a regional advisory group, which will serve as the regional resource pool and provide broad guidelines. The advisory group will also assist in identifying and prioritizing country-specific needs, and oversee the programme's progress. The regional advisory group will support the programme in forging alliances with policy analysis institutes in the region. The group will be composed of representatives of IFAD, FAO, international NGOs operating in the region and major donors. It will meet at least once a year and one of the senior members, not from FAO or IFAD, will be selected by consensus and requested to chair the various group meetings.

29. It is recognized that long-term commitment and efforts are needed for pro-poor policy capacity-building, policy development and their mainstreaming into country development frameworks. The programme will have a duration of three years; however, depending on its achievements and impact, which will be evaluated towards the end of the second year, IFAD may consider extending further funding.

VI. INDICATIVE PROGRAMME COSTS AND FINANCING

30. The total cost of the three-year programme is estimated to be USD 2.1 million. The participating governments are expected to contribute USD 150 000 in-kind, in the form of staff allocation, logistic support and office space for the national focal points and use of their facilities. Thailand will contribute USD 50 000 in terms of training facilities for knowledge-sharing and capacity-building. FAO is expected to contribute USD 426 000 from its regular programme and extra-budgetary resources in the form of in-kind support and staff time for technical backstopping (for example, the coordinating officer), and other technical activities and publications at the national and regional levels. IFAD's net contribution is estimated at USD 1.5 million under the global/regional grants window.

**INDICATIVE COSTS AND FINANCING
(USD)**

Category	IFAD	FAO	Thailand	Participating Governments	Total
Policy analysis, dialogue and implementation at the country level					
National experts and operating costs	620 000	84 000	-	140 000	
Equipment	40 000	-	-	-	
Publications	40 000	-	-	-	
Training workshops	40 000	-	-	10 000	
Subtotal	740 000	84 000	-	150 000	974 000
Programme operating costs					
Travel and daily subsistence allowance	85 000	-	-	-	
Programme operating costs	20 000	-	-	-	
Administrative costs	80 000	36 000	-	-	
Equipment	10 000	-	-	-	
Subtotal	195 000	36 000	-	-	231 000
International technical support					
Policy facilitator – 18 months	175 000	86 000	-	-	
Short-term consultants for technical backstopping	194 000	64 000	30 000	-	
Coordinating officer from the FAO Regional Office for Asia and the Pacific	-	126 000	-	-	
Subtotal	369 000	276 000	30 000	-	675 000
Regional workshops/policy dialogue/publications					
Workshops/policy dialogue	40 000	20 000	20 000	-	
Publications	20 000	10 000	-	-	
Subtotal	60 000	30 000	20 000	-	110 000
Total	1 364 000	426 000	50 000	150 000	1 990 000
FAO Overhead (10%)	136 000	-	-	-	136 000
Grand Total	1 500 000	426 000	50 000	150 000	2 126 000

VII. RECOMMENDATION

31. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Pro-Poor Policy Formulation, Dialogue and Implementation at the Country Level, for a period of three years, commencing in 2006, shall make a grant not exceeding one million and five hundred thousand United States dollars (USD 1 500 000) through the Food and Agriculture Organization of the United Nations upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board in this report and recommendation of the President.

Lennart Båge
President

LOGICAL FRAMEWORK

Programme Goal	Measurable Indicators	Mode of Verification	Assumptions
To enhance institutional capacity of selected member countries in the analysis, formulation and implementation of pro-poor agricultural and rural development policies	Improved institutional capacity of the selected national focal point organisation to analyse, formulate and implement pro-poor agricultural and rural development policies	Programme reports, backstopping mission reports	Participating national governments are seriously committed to adopting pro-poor policies and enhancing policy analysis capacity
Programme Objectives	Measurable Indicators	Mode of Verification	Assumptions
(i) Promote sharing of experiences and lessons learned on successful pro-poor policies among countries through a knowledge network and other international forums.	Number of events organised for sharing of experiences and lessons learned on successful pro-poor policies among countries; establishment of a knowledge network; number of other international networks and forums established for sharing of experiences and lessons learned	Programme reports, backstopping mission reports	Stakeholders represented at the national regional levels are open to dialogue and receptive of regional and international support and cooperation
(iii) Build capacity of key government agencies (viz., Ministry of Agriculture, National Planning Agency, National Poverty Reduction Agency, Financial Authority) in the analysis, formulation, implementation and monitoring of pro-poor policies	One focal point organisation identified in each participating country; a small number of major thematic areas identified, and policy analysis exercises carried out focusing on those thematic areas; pro-poor agricultural policies formulated and implemented	Programme reports, backstopping mission reports, sectoral monitoring reports of national governments	Participating countries and national focal points are seriously committed to enhancing capacity in policy analysis within and outside the public sector and in formulating pro-poor policies; security situation in the countries does not hamper implementation of the Programme
(iii) Promote greater participation of the civil society and private sector in promoting pro-poor policy dialogue and advocacy	Number of agencies engaged in policy analysis outside the public sector	Programme reports, backstopping mission reports, sectoral monitoring reports of national governments	Participating national governments encourage collaboration and partnership with agencies outside the public sector in policy analysis, dialogue and advocacy
Proposed Outputs	Measurable Indicators	Mode of Verification	Assumptions
(1) Sharing of innovative approaches and experiences in rural poverty reduction, and identification of possible areas for support through policy dialogues held at national and regional levels	Number of dialogues held at the national and regional levels; number of possible areas of regional and international support and cooperation identified	Programme reports, backstopping mission reports	National governments and other stakeholders demonstrate strong support for sharing of innovative approaches and experiences in rural poverty reduction through policy dialogues at the national and regional levels, and identify areas needing support

<p>(2) Enhanced capacity of the identified key institutions to analyse, formulate, implement and assess the impact of pro-poor agricultural and rural development policies</p>	<p>A leading government organisation identified to serve as national focal point; thematic areas identified for policy work in collaboration with the national organisations; number of policy analyses undertaken; number of pro-poor agricultural and rural development policies formulated and implemented</p>	<p>Programme reports, backstopping mission reports, sectoral monitoring reports of national governments, feedback from other donors involved in the sector</p>	<p>Programme provided resources are effectively utilised, security situation in the country does not hamper implementation of the Programme</p>
<p>(3) Increased awareness among the concerned stakeholders in the government, private sector and civil society about the policy concerns and advocacy of pro-poor agricultural and rural development policies</p>	<p>Number of awareness raising events/dialogues organised; number of participants representing the public sector, private sector, universities/academic centres/research service providers and NGOs/civil society organizations (CSOs) in such events; number of the public sector, private sector, universities/academic centres/research service providers and NGOs/CSOs actually involved in pro-poor policy formulation and advocacy; number of formal partnership agreements with agencies outside the public sector</p>	<p>Programme reports, minutes of meetings/workshops, reports/statements of stakeholders outside the public sector</p>	<p>Participating national governments encourage collaboration and partnership with agencies outside the public sector in policy analysis, dialogue and advocacy</p>
<p>(4) Formulation and implementation of sharpened policies that directly address the needs and constraints of the poor farmers and entrepreneurs, and disadvantaged groups, including women, marginal farmers and landless rural workers</p>	<p>Number of new policies formulated/existing policies amended; policy briefs and position papers prepared directly addressing the needs, constraints and opportunities of the poor farmers and entrepreneurs, and DAGs</p>	<p>Programme reports, reports/statements of stakeholders outside the public sector</p>	<p>-do-</p>
<p>(5) Generation of updated information on ongoing interventions on the poverty front, new approaches being pursued, and identification of major gaps which can assist governments, IFAD and other development partners in designing their further programmes in the countries of the region</p>	<p>Documentation of updated information, new approaches, and briefs and position papers dealing with poverty reduction; number of cases where the generated information has fed into formulation of new programmes/projects by IFAD and other development partners</p>	<p>Programme reports, backstopping mission reports, reports of IFAD and other development partners</p>	<p>Development partners are willing to share and benefit from new ideas and experiences</p>

Key Programme Activities		Mode of Verification	Assumptions
<ul style="list-style-type: none"> • Facilitation of regional policy dialogues to promote sharing of country approaches to and experiences in poverty reduction • Identification of a leading government agency acting as focal point in each participating country needing capacity building assistance • Identification of thematic areas for policy work in collaboration with the <ul style="list-style-type: none"> • national organisations • Review of existing agriculture-related policies and strategies in the context of the country's development framework including poverty reduction strategy papers, MDG needs assessment and sectoral business plans and the identified thematic areas • Identification of policy gaps and further analytical work needed to formulate pro-poor agricultural policies in the selected thematic areas • Preparation of analytical reports providing recommendations for policy and institutional reforms, development of action plans for operationalization of existing pro-poor policies • Capacity building in formulating and implementing pro-poor policies in participating countries in consultation with the relevant stakeholders • Facilitation of policy dialogues with national stakeholders to validate the study findings and discuss the proposed recommendations with a view to building awareness of the policy concerns and advocacy of pro-poor policies. 		Programme reports, backstopping mission reports	Financial resources are used efficiently and accountably, and agreed annual work plans are properly followed