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IFAD

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ACTION PLAN DELIVERABLE

PROPOSAL FOR A REVISED FRAMEWORK FOR

RESULTS-BASED COUNTRY STRATEGIC OPPORTUNITIES PROGRAMMES

For: Approval

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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ABBREVIATIONS AND ACRONYMS

COSOP	country strategic opportunities programme (formerly: country strategic opportunities paper)
CPE	country programme evaluation
IEE	Independent External Evaluation of IFAD
IFI	international financial institution
M&E	monitoring and evaluation
PAR	project at risk
PBAS	performance-based allocation system
RIMS	Results and Impact Management System

RECOMMENDATION FOR APPROVAL

It is recommended that the Executive Board approve the new format for the results-based country strategic opportunities programme (COSOP) as set forth in Annexes I and II hereto.

EXECUTIVE SUMMARY

1. One of the key deliverables for 2006 of IFAD's Action Plan for Improving its Development Effectiveness is an updated format for results-based country strategic opportunities programmes (COSOPs).
2. It was agreed at the December 2005 session of the Executive Board that an updated format would be submitted to its September 2006 session for consideration and that, if approved, all COSOP documents submitted to the December 2006 session would observe the new format.
3. In order to prepare this key Action Plan deliverable, a number of initiatives were undertaken. Firstly, IFAD Member State expectations were compiled by analysing the Board's reviews of country strategic opportunities papers (the "old" COSOPs) over the past five years. Secondly, a comparative analysis of donor approaches was conducted to enable IFAD to learn from and build upon international best practice in results-based country programming. Thirdly, the findings of recent country programme evaluations and of the Independent External Evaluation of IFAD were reviewed. Finally, extensive in-house consultations were carried out, including a staff questionnaire and a workshop.
4. Drawing on the conclusions reached in these reviews, a new format for a results-based COSOP has been prepared and is presented here for consideration by the Executive Board. The main changes from the previous COSOP format are:
 - (a) Most importantly, the results-based COSOP will describe a coherent country programme, supported by a diverse set of mutually reinforcing delivery instruments. The current COSOPs focus on investment projects as the key instrument for delivering a country programme. As IFAD's development assistance instruments become more diversified (loans, grants, policy dialogue, partnership, knowledge management) and pooled financing arrangements became more popular (sector-wide approaches), there is a clear need for the IFAD country strategy to evolve into a vehicle for linking all these delivery instruments together to capture areas of synergy and complementarity.
 - (b) The results-based COSOP will be the core instrument for the management, learning and accountability of the country programme. In this regard, each results-based COSOP will specify a limited number of focused strategic objectives, coupled with monitorable indicators. The logical framework will be replaced by a results management framework, with annual reporting to IFAD management on the framework's indicators. Mid-term reviews and self-evaluation at programme completion are also included.
 - (c) Greater emphasis is placed on IFAD's strategic focus, especially the description of IFAD's comparative advantage and competencies in a given country. The proposed new format includes a section on targeting and target groups, reflecting IFAD's corporate policy on targeting (scheduled for consideration by the Board in September 2006).
 - (d) The COSOP document will move from being an IFAD-internal document to being jointly owned by IFAD and the respective country. This joint ownership will consist of in-country stakeholder involvement in COSOP design and implementation. As country ownership also implies alignment with national policies and strategies, the proposed new format includes a separate section describing IFAD's role in supporting government-led harmonization and alignment initiatives.
 - (e) Finally, the proposed new format includes a standardized description of the financing framework, based on the performance-based allocation system in place at IFAD.

ACTION PLAN DELIVERABLE
PROPOSAL FOR A REVISED FRAMEWORK FOR
RESULTS-BASED COUNTRY STRATEGIC OPPORTUNITIES PROGRAMMES

I. INTRODUCTION

1. The overarching goal of IFAD's Action Plan for Improving its Development Effectiveness is to make IFAD more effective in reducing rural poverty. The Action Plan targets three dimensions of development effectiveness – relevance, effectiveness and efficiency of IFAD's rural poverty programmes – and is built around three action areas: strategic planning and guidance, a new operating model, and knowledge management and innovation, each with a set of agreed deliverables. One of the key deliverables for 2006 is an updated format for the country strategic opportunities paper. It was agreed that an updated format for a more results-based country strategic opportunities programme (COSOP) would be submitted to the September 2006 session of the Executive Board for consideration and that, if approved, all COSOP documents submitted to the Board in December 2006 would observe the new format.
2. To guide the preparation of a format for a more results-based COSOP, a number of initiatives were undertaken. Firstly, IFAD Member State expectations were compiled by analysing the Board's reviews of country strategic opportunities papers (the "old" COSOPs) over the past five years. Secondly, a comparative analysis of donor approaches was conducted to enable IFAD to learn from and build upon international best practice in results-based country programming. Thirdly, the findings of recent country programme evaluations and of the Independent External Evaluation of IFAD (IEE) were reviewed. Finally, extensive in-house consultations were carried out, including a staff questionnaire and a workshop.
3. This paper is structured as follows. It starts by reviewing the key constraints to the current COSOP approach as noted by evaluation reports (including the IEE) and the Board. It then briefly describes what results-based country programming means in practice, based on a review of international donor experiences. Following a summary of the key recommendations for updating the COSOP design and implementation processes, the subsequent sections discuss implementation issues, cost implications and expected impact. There are three annexes: Annex I is the key deliverable – the annotated table of contents for the new results-based COSOP document; Annex II contains the proposed format for the results management framework for the COSOP; and Annex III shows the current COSOP format for ease of comparison.
4. There is considerable complementarity among the key Action Plan deliverables, some of which are being produced in parallel. For instance, this proposal for the updated COSOP format is being presented to the Board in conjunction with the proposal for a new approval format for projects and grants; the proposal for the updated IFAD strategic framework will be presented to the Board in December. The vertical alignment of COSOPs with IFAD's regional strategies and new strategic framework will be ensured during the preparation of each new COSOP. Efficiency gains will be realized through the new COSOP implementation process, as the annual COSOP implementation progress report will inform regional and corporate portfolio performance reports.

II. THE NEED TO CHANGE THE CURRENT COSOP

5. Until recently, IFAD country strategies traditionally served to provide the rationale for country engagement, with the main focus on alignment with the Fund's corporate objectives. While these strategies often ably demonstrated the proposed assistance programme's relevance to corporate objectives, they just as often failed to devote sufficient attention to the national policy environment or the activities of other donors. They did not form part of a corporate performance management system; and they lacked a results management framework that could be evaluated to demonstrate the effectiveness and impact of the programme as a whole. In other words, they served as an instrument for planning but not for management, learning and accountability.

6. Also until recently, COSOPs focused on investment projects as the key instrument for delivering IFAD's country programme. As IFAD's development assistance instruments have become more varied (loans, grants, policy dialogue, partnership, knowledge management) and pooled financing arrangements became more popular (sector-wide approaches), there is a need for the country strategy to evolve into a vehicle for linking these elements together to capture areas of synergy and complementarity.

7. Comments made by the Executive Board, the IEE and recent country programme evaluations all highlight the variations noted in COSOP quality. The consensus is that IFAD country strategies should:

- (a) focus more on the rural poor, providing more detail on intended beneficiary groups and targeting approaches;
- (b) provide a clearer picture of IFAD's comparative advantage;
- (c) have a clear innovation agenda and mechanisms for scaling up activities via strategic partnerships;
- (d) provide a performance management framework, bearing in mind the limitations of logical frameworks when applied to country strategies; the lack of procedures for COSOP monitoring, review and self-evaluation; and the lack of quantitative statistics on country programme performance;
- (e) include a risk management strategy and alternative programme financing scenarios; and
- (f) be harmonized with national poverty reduction strategies and other national strategies and identify areas of synergy between IFAD activities and those of other donors.

III. INTERNATIONAL EXPERIENCE WITH RESULTS-BASED COUNTRY PROGRAMMING

8. Results-based country programming is not new. Many of IFAD's partner organizations (for example, the World Bank and Asian Development Bank) have been using this approach for many years and a significant amount of learning has already been generated. In the larger development agencies, the results-based approach has its roots in the increasing public concern with development effectiveness, the rise of results-based management and concerns about the transactions costs implied by uncoordinated donor activities. The emphasis has shifted to results, performance management, learning and accountability, bringing with it the need for improved harmonization and alignment with country-owned strategies and better donor cooperation. The country programme – as the summary statement of donor activities in a country – is the main instrument for addressing all these elements.

9. Based on the past five years of international experience, the key features of a results-based country programme can be outlined as follows:

- (a) It provides a rationale for the nature of engagement in each country by demonstrating the country programme's relevance to the country and to the development agency's corporate goals, mandate and comparative advantage.
- (b) Based on an analysis of the country context (poverty situation, policy context, other donor activities and lessons learned from previous projects), its programme of assistance aims to maximize selectivity, synergy, coherence, relevance and effectiveness.
- (c) It shows how the country programme supports national policymaking through linkage to poverty reduction strategies (or their equivalent) and sectoral strategies. It also indicates areas of complementarity with the activities of other development agencies (thus increasing project selectivity and partnerships).
- (d) It sets out a performance management framework that identifies expected results and corresponding indicators, together with a process for monitoring, reviewing and reporting over time.
- (e) It is a knowledge and learning instrument that builds on experience acquired and lessons learned – using project and country programme monitoring and evaluation (M&E) processes.
- (f) It sets out a strategy for managing risks.
- (g) It builds country ownership of the strategy through participatory consultations with key stakeholders.

10. Rather than simply replicating the approaches of other donors, IFAD's approach to results-based country programming should reflect IFAD's identity, building on important lessons that have emerged internationally over the past five years. IFAD differs significantly from larger international financial institutions (IFIs) in such areas as the number of sectors of operation, the number of interventions per year, and its specific focus on innovation and scaling up. Hence, while most of the results-based country programming features outlined above will surely appear in future IFAD COSOPs, in some cases they will be dealt with differently than by IFAD's partners, as spelled out in the following section.

IV. PROPOSED CHANGES TO CURRENT COSOP APPROACH

11. Following an analysis of the current COSOP format and building on the outcomes of the in-house consultation process and international best practice in results-based country programming, a number of key changes are proposed. These changes are summarized in the table below and discussed in detail in the following text.

Summary Table of Proposed Key Changes to the COSOP

	Current Country Strategic Opportunities Paper	Proposed Results-based Country Strategic Opportunities Programme
Purpose of COSOP	<ul style="list-style-type: none"> Strategic positioning of IFAD at the country level 	<ul style="list-style-type: none"> Strategic positioning of IFAD at the country level plus Instrument for management, learning and accountability for achieving strategic objectives
IFAD specificity	<ul style="list-style-type: none"> Discussion on IFAD niche 	<ul style="list-style-type: none"> Systematic description of IFAD's comparative advantage and competencies in the country
Target group	<ul style="list-style-type: none"> No discussion of target strategy and target groups 	<ul style="list-style-type: none"> Inclusion of targeting strategy and key file on intended target groups
Ownership	<ul style="list-style-type: none"> IFAD ownership 	<ul style="list-style-type: none"> Joint IFAD and country ownership In-country stakeholder involvement in COSOP design and implementation
Harmonization and alignment	<ul style="list-style-type: none"> No systematic analysis 	<ul style="list-style-type: none"> Full alignment with national poverty reduction strategy (or its equivalent) Description of how IFAD is interfacing with harmonization/alignment initiatives, with emphasis on IFAD's complementarity
Focus	<ul style="list-style-type: none"> Lack of focus a frequent criticism (often have more than seven areas of intervention) 	<ul style="list-style-type: none"> Maximum of three strategic objectives in each COSOP (possibly up to five in special cases)
Instruments for delivering the country programme	<ul style="list-style-type: none"> Mainly loans 	<ul style="list-style-type: none"> Loans, grants, policy dialogue, partnerships, knowledge management
Complementarity of delivery instruments	<ul style="list-style-type: none"> Rare 	<ul style="list-style-type: none"> Full synergy and complementarity of delivery instruments in support of the same three central strategic objectives
Operational details	<ul style="list-style-type: none"> Details of future loans frequently included 	<ul style="list-style-type: none"> No detailed designs of future loans to be included Replaced by higher-level description of the country programme and its objectives
Financing framework	<ul style="list-style-type: none"> No standard approach 	<ul style="list-style-type: none"> Standard approach following IFI best practice
Results framework	<ul style="list-style-type: none"> Logical framework 	<ul style="list-style-type: none"> Results management framework
Accountability	<ul style="list-style-type: none"> Limited accountability (no annual reporting, no mid-term review and no self-evaluation at COSOP completion) 	<ul style="list-style-type: none"> Annual reporting on results management framework indicators, a mid-term review and self-evaluation at completion
Retrofitting	<ul style="list-style-type: none"> No retrofitting to ongoing activities 	<ul style="list-style-type: none"> Annual reporting on results management framework indicators will cover both ongoing and new activities Limited retrofitting would be encouraged during the life of the COSOP, while respecting any limitations imposed by established legal agreements
Supplementary appendices	<ul style="list-style-type: none"> Selected key files 	<ul style="list-style-type: none"> Full set of key files

12. The most fundamental change will be that COSOPs will describe coherent country programmes, comprised of mutually reinforcing instruments and activities that support a limited number of key strategic objectives. The synergy between delivery instruments is expected to enhance the poverty reduction impact and effectiveness of IFAD-supported initiatives. This contrasts sharply with current practice whereby COSOPs often include lists of unrelated proposed future projects. An important feature is that the results to be monitored during the life of a COSOP will include those stemming from ongoing as well as new activities.

13. Another major difference will be the increased emphasis on country ownership, which means greater involvement by in-country stakeholders in the design and implementation of COSOPs. It also means ensuring adequate consultation with key stakeholders, harmonization and alignment with

country poverty reduction policies and activities of other donors, the avoidance of duplication of activities, and ownership of the COSOP by both the government and IFAD.

14. Another key change will be the introduction of a systematic linkage between the availability of IFAD resources and country performance (in terms of pro-poor policies and the IFAD portfolio) via allocations driven by annual calculations under the performance-based allocation system (PBAS). In this regard, IFAD will adopt the same approach as its major IFI partners, with a clear stipulation of allocations for year 1 of the COSOP but with subsequent yearly allocations dependent upon the annual PBAS calculation.

15. It is proposed that IFAD adopt a results management framework to replace the current logical framework. This would maintain a logical structure for the programme while also allowing COSOP strategic objectives to be aligned with national poverty reduction strategies and an IFAD agenda for policy dialogue. The framework would include indicators for each of the strategic objectives to enable reporting on results and impact. It would also include indicators for the policy aspirations linked to each of the strategic objectives.

16. Inasmuch as precise information on the design of future activities and resources is not available at the time of COSOP design, the results management framework indicators would be quantified as part of the annual COSOP reporting process. For example, at the end of the first year of COSOP implementation, the indicators would be quantified by adding up the combined set of results for the year. As new interventions are designed during the COSOP's lifetime, the results of these new initiatives will be combined with those of ongoing initiatives, such that the results management framework in the annual COSOP implementation progress report will represent the quantified results of all IFAD's interventions in a given year.

17. Finally, the contents of the COSOP will be revised to strengthen the emphasis on: (i) IFAD's core competencies and comparative advantage; (ii) target groups and targeting approach; (iii) assessment of past programme performance and lessons learned; (iv) harmonization and alignment with the government's own poverty reduction strategy and programmes, and those of other donors; (v) policy change aspirations over the COSOP period; (vi) knowledge management approach; (vii) innovative approaches; and (viii) risks and risk management.

V. COUNTRY PROGRAMME IMPLEMENTATION

18. Implementation of the results-based country programme will involve a cycle of formulation, review and evaluation, with outcomes and lessons learned feeding into the design of each new COSOP. Key to this process is the recognition that the IFAD COSOP document will be a living flexible document and, as such, will be amended iteratively over time to reflect changes at the country level. The decision on when a COSOP is required will depend upon the actual or anticipated size of the country programme, while the decision on when a COSOP should be replaced or fundamentally revised will depend upon the following factors:

- (a) significant change in a country's political, economic or security situation;
- (b) significant change in the rural sector policy and institutional settings;
- (c) achievement of the original COSOP objectives; or
- (d) significant underachievement of original objectives and milestones.

19. The formulation of a new COSOP will typically involve the following steps:
- (a) preparatory studies, specifically a rural poverty analysis (using existing analyses where possible and filling in knowledge gaps where needed);
 - (b) a main COSOP mission, including stakeholder workshop, discussions with partner agencies, and gathering of background data and information;
 - (c) preparation of draft COSOP and its review within IFAD for quality assurance (both line function and senior management review);
 - (d) a final COSOP workshop or wrap-up meeting with focal government agency (for instance, the ministry of finance) to verify and agree with the COSOP proposals at the country level; and
 - (e) preparation and submission of final draft COSOP document for discussion by IFAD's Executive Board.
20. COSOP implementation will be reviewed annually. A COSOP implementation progress report will be prepared each year by the country team. This report will be based on the COSOP results management framework and the existing country programme issue sheet, project status reports and reports of the Results and Impact Management System (RIMS); and it will involve stakeholder consultations and in-house review for quality assurance and sharing lessons. The COSOP implementation progress report will be an input to the annual portfolio review.
21. A mid-term review will examine COSOP progress after two or three years and recommend any necessary adjustments to the objectives and the results management framework in the light of changes in government policy (such as a revision of the poverty reduction strategy), changes in the donor harmonization agenda, or other circumstances. If the mid-term review concludes that the COSOP design is still valid for the country context, it may recommend an extension of the COSOP's duration.
22. At the end of the COSOP period, a completion review will be conducted in the form of a self-evaluation by the respective IFAD country team. This review will look at the performance of the COSOP in terms of its strategic objectives and its contribution towards the country's poverty-reduction goals. A completed results management framework will form the heart of the completion report and will highlight the key outcomes. In addition, whenever possible, a country programme evaluation will also be carried out by the IFAD Office of Evaluation.
23. Key stakeholders will participate in all stages (formulation, annual review, mid-term review and completion review). In addition to the rural poor and their organizations, these stakeholders could include government institutions, the private sector, NGOs, donors and others. At formulation, participatory grass-roots poverty assessments will allow the poor to communicate their needs and priorities. A stakeholder workshop and consultations with the government will allow inputs from a variety of organizations and will ensure ownership of the strategy at the country level. The annual reports and mid-term review will also involve consultations with the government and other key stakeholders (possibly in the form of client surveys) to review progress and adjust the direction of the COSOP. A stakeholder workshop as part of the completion review will examine the achievements of the COSOP and identify key lessons for the future.

VI. ADAPTING THE COSOP TO COUNTRY CIRCUMSTANCES

24. The general approach described above includes flexibility to accommodate the different circumstances of individual countries.

25. An increasing number of countries are now designing and implementing sector-wide approaches (SWAp) for rural sectors such as agriculture. A COSOP will be required for countries where IFAD's programme involves participation in a SWAp or other joint approaches with other donors. The sector (or subsector) programme of a SWAp is often, in effect, a large multidonor project. Formulating a COSOP for a country where a SWAp or other joint donor assistance strategy is under consideration may well require IFAD to participate in much more lengthy and detailed consultations with other donors and with the government, and so may require a longer period and more resources than a standard COSOP. It may also require IFAD to follow a format for a joint donor strategy that differs from the usual COSOP format. In SWAp situations, reference will be made to the IFAD SWAp policy paper.

26. In post-conflict countries and fragile states, the COSOP may be adapted to reflect suggestions from the IFAD Policy on Crisis Prevention and Recovery. In particular, a shorter period may be covered by a "transitional COSOP" (e.g. three years instead of the usual five) to take account of a country's uncertain situation and the fact that needs may rapidly change when peace is fully established. For such a transitional COSOP (or revision of an earlier COSOP), it may not be possible to carry out very much in the way of consultations or poverty analysis, and there may be little economic data available as country background information. In these cases, emphasis will instead need to be placed on crisis risk and vulnerability assessment.

27. Countries with minimal PBAS allocations or countries where a small country programme is envisaged will not require a COSOP. Instead, the information that would normally be included in a COSOP will be incorporated into the relevant sections of any project design document that is drafted. In this regard, a substantial proportion (almost 30%) of countries where IFAD works normally only implements one project at any given time.

28. Sometimes, neighbouring countries have a strong shared development agenda (for example, the islands of the Pacific or the Caribbean, or specific country groupings in Central America or sub-Saharan Africa). In such situations, it may be appropriate to prepare a sub-regional strategic opportunities programme (SRESOP), as was done recently for some Pacific island States and Central Asia. Development challenges that may justify such a regional approach include shared external constraints and opportunities (e.g. trade arrangements such as free trade areas) or shared geopolitical, social and economic characteristics (e.g. the countries of the Southern Common Market [MERCOSUR]). SRESOPs would be prepared on an ad hoc basis, as dictated by circumstances. To the extent possible, they would be planned and conducted in the same way as COSOPs. SRESOPs will focus largely on strategic, policy and operational issues of relevance to a region or subregion, including prospects for financing operations. SRESOPs will take into account the strategies and activities of all other relevant stakeholders, i.e. national governments, regional institutions, IFIs and regional civil society organizations.

VII. COST IMPLICATIONS

29. Adopting a new format and approach for the IFAD COSOP has a number of cost implications. In terms of documentation, the length of the main text will be similar to the current COSOP but fewer COSOPs would be prepared each year as a result of the revised policy on when a COSOP is required (as discussed in section VI). In terms of the COSOP design and implementation process, a number of additional tasks envisaged, such as in-country wrap-up meetings and annual review meetings, which will have human resource implications for both IFAD and in-country partners. As for reporting, most

of the proposals contained in the new approach entail using existing internal processes, as opposed to imposing new processes. For example, annual reporting on COSOP implementation will be accommodated by updating the existing portfolio review system. However, two genuinely incremental activities are being proposed: the mid-term review and the self-evaluation of the COSOP at its completion. It is expected however that, on balance, the new approach will be cost-neutral and that better country strategy work will, over time, generate efficiency and effectiveness gains further along in the country programme development cycle.

VIII. IMPACT OF RESULTS-BASED COSOPS ON DEVELOPMENT EFFECTIVENESS

30. It is anticipated that the proposed new COSOP format will lead to the following key improvements in the relevance, effectiveness and efficiency of IFAD country programmes:

- (a) The IEE report and the latest annual report on the results and impact of IFAD operations (ARRI) both confirm that IFAD has performed well in terms of relevance. With regard to the IEE and ARRI definition of relevance, the new COSOP is expected to contribute to maintaining this good performance through its inclusion of the following features: (i) a subsection on the target group and a special additional COSOP key file on the target group; (ii) reference to alignment with relevant IFAD policies and strategies (including the new strategic framework when available); and (iii) reference to alignment of the COSOP strategic objectives with national poverty reduction strategies and priorities.
- (b) The IEE and ARRI reports define effectiveness as the extent to which objectives are achieved or are expected to be achieved. The new COSOP format differs from the previous format in that it will include a maximum of three key strategic objective statements, all of which will be accompanied by clear indicators. COSOP implementation will include annual reporting on the achievement of these objectives. Two additional features of this definition of effectiveness are targeting and innovation. It is anticipated that the new format COSOP will facilitate improvements in effectiveness through the inclusion of specific subsections on targeting and innovation.
- (c) Finally, the IEE and ARRI reports define efficiency as a measure of how economically inputs are converted to outputs. In this regard, COSOP design and implementation will give special attention to selecting the most efficient strategies for achieving the stated strategic objectives.

31. In order to track the COSOP's impact on development effectiveness, the annual COSOP implementation progress report will include the following specific information:

- (a) a re-examination of the relevance of the COSOP strategic objectives against the changing country background;
- (b) an assessment of the effectiveness of the COSOP in achieving the stated strategic objectives, and proposals for amendment if necessary;
- (c) a re-examination of the cost effectiveness of the approaches selected for reaching the strategic objectives;
- (d) a summary of any information describing impact on poverty (with reference to any available RIMS impact surveys); and

- (e) an analysis of the likelihood of sustainability of the COSOP strategic objectives (should they be achieved), identification of any impediments to such sustainability, and suggestions to enhance the likelihood of sustainability.

IX. NEXT STEPS

32. Subject to the Executive Board's approval of the basic structure of the new COSOP document as set forth in Annexes I and II, a supplementary document providing detailed guidelines on COSOP preparation and implementation will be prepared and approved by IFAD management.

33. A staff orientation and training programme on the new format and guidelines would then be provided to IFAD operations staff prior to the December 2006 session of the Executive Board. This would be complemented by the ongoing staff training programme to improve key competencies.

34. All COSOPs to be presented to the Executive Board in December 2006 would follow the new COSOP document format as approved by the Board.

ANNOTATED TABLE OF CONTENTS FOR RESULTS-BASED COSOP DOCUMENTS

Abbreviations and Acronyms

Map of IFAD Operations in the Country

SUMMARY OF COUNTRY STRATEGY (maximum of 1 page)

This one-page summary should focus only on presenting **the key strategic sections** of the COSOP, such as the strategic objectives, the selected target group, etc.

I. INTRODUCTION (0.5 page)

The introduction states the period (in years) covered by the previous and the new COSOPs; the duration of the COSOP will be flexible in order to respond to differing country settings and situations. The introduction then describes the COSOP preparation process, including preparatory studies, stakeholder consultation events (e.g. workshops, focus group discussions, participatory rural appraisals) with key dates, including any final wrap-up meeting with the government. It may also include, as a footnote, a list of members (and their expertise) of the final COSOP mission.

Reference to Appendix I – COSOP Consultation Process

II. COUNTRY CONTEXT

A. Economic, Agricultural and Rural Poverty Context (approximately 2.5 pages)

(i) Country economic background (approximately 0.5 page)

Brief summary with key data on overall income per capita, GDP growth, population growth, inflation, and major constraints and opportunities. Data may be obtained from Economic Intelligence Unit reports, World Development Indicators and UNDP Human Development Indicators.

Reference to Appendix II – Country Economic Background (data table)

(ii) Agriculture and rural poverty (approximately 2 pages)

Drawing where possible on the poverty diagnosis contained in national poverty strategies, this section provides an overview of poverty within the rural sector. Information should be included on trends in poverty levels (progress towards the Millennium Development Goals) and income distribution. A summary should be given of the causes of rural poverty and constraints/opportunities for poverty reduction, including reference to the key biophysical, social, cultural, institutional and political dimensions of rural poverty (e.g. a discussion on key power relationships that affect inequality and rural poverty). There should be a summary of gender-related constraints and opportunities (gender empowerment measure [GEM] and gender-related development index [GDI] data). Processes of marginalization of particularly vulnerable groups (e.g. indigenous/ethnic minorities) should be mentioned. There should also be a discussion on key emerging issues in rural poverty. The performance of the agricultural/rural sector should be summarized, and the main constraints on agricultural sector growth mentioned. If appropriate, reference should be made to linkages between this sector, the wider rural economy and poverty reduction.

This section may also make reference to the perspectives and priorities of the rural poor, as voiced in participatory consultations (**reference to Appendix I**) or identified in background studies. The section should provide a clear basis/justification for the choices on strategic objectives made in Section IV.B.

Reference to Key File 1 – Rural Poverty and Agricultural/Rural Sector Issues
Reference to Appendix VI – Poverty Analysis
Reference to Appendix VII – Agriculture and Rural Development

B. Policy, Strategy and Institutional Context (approximately 2 pages)

(i) National institutional context

A short description of IFAD's intended partner institutions (government and civil society) for COSOP implementation, their strengths and weaknesses, and key opportunities for capacity-building.

Reference to Key File 2 – Organizations Matrix (Strengths, Weaknesses, Opportunities and Threats [SWOT] Analysis)

(ii) National rural poverty reduction strategy

A description of key elements of the existing national poverty reduction strategy, in particular the elements that relate to IFAD. This section should also include reference to relevant rural sector strategies.

Reference to Column 1 of Appendix III – COSOP Results Management Framework
Reference to Appendix VIII – Matrix Showing the Strengths and Weaknesses of the National Poverty Reduction Strategy

(iii) Harmonization and alignment

This section should describe the current status of harmonization activities at the country level, and how IFAD is working with other donors and with the government to harmonize its activities. This may include: (i) IFAD participation in country- and sector-level donor coordination forums; (ii) joint activities with donors, such as joint studies and reviews, cofinanced or parallel-financed projects; (iii) relevant SWAps; (iv) coordination of support through joint assistance frameworks; (v) IFAD should be part of the United Nations Development Assistance Framework (this discussion will evolve pending the outcome of United Nations reform initiatives); (vi) adoption of harmonized approaches for project implementation, such as common procurement or reporting procedures.

Reference to Key File 3 – Complementary Donor Initiative/Partnership Potential

III. LESSONS FROM IFAD'S EXPERIENCE IN THE COUNTRY (approximately 1.5 pages)

A. Past Results, Impact and Performance

This section outlines the results from the previous COSOP period. It could be based on indicators from the results management framework of the last COSOP (ref. aggregation of RIMS data, PBAS assessments, country programme evaluations [CPEs] and other evaluations). However, as results management frameworks will only be used in COSOPs starting in December 2006, it will be some years before the framework for a completed COSOP will be available. Until then, this section could contain a short evaluation of achievements from IFAD activities (including loans, grants, policy dialogue, partnerships, knowledge management) during the period of the previous COSOP relative to the objectives set by the previous COSOP.

The performance of the IFAD country programme in terms of project-at-risk ratings and project management issues should be evaluated and any constraints/problems identified.

Reference to Appendix IV – Previous COSOP Results Management Framework

B. Lessons Learned

Key lessons learned from IFAD activities during the previous COSOP period should be described (this may be in a bullet format). This will mainly relate to Section III.A (past performance). If a CPE or other country-level evaluation has been recently carried out, lessons may be taken from these reports.

Reference to Appendix V – CPE Agreement at Completion Point (if available) and summary of follow-up on previous evaluation issues contained in agreement at completion point

IV. IFAD COUNTRY STRATEGIC FRAMEWORK (approximately 3 pages)

A. IFAD Comparative Advantage at the Country Level

This should be a short paragraph outlining – with reference to IFAD’s strategic framework, regional strategy, and history of operations in the country concerned – the areas where IFAD has **specific competencies at the country level**. This will help in selecting themes for future operations and in harmonizing IFAD activities with those of other donors. Areas of comparative advantage may include the following:

- a key thematic, technical or institutional field where IFAD has demonstrated its value in the country, and where the government would like IFAD to focus;
- strong partnerships with a particular institution or combination of institutions; and
- activities, regions, target groups or subsectors where no other donors are active.

B. Strategic Objectives

This is the core section of the COSOP. Three strategic objectives should be selected (this could be increased up to five if clearly warranted). A strategic objective can be defined as the highest-order change in behaviour that an IFAD project or other activity can hope to directly influence. It may be considered as equivalent to a purpose-level objective in a logframe. This section will include details on the indicators that will be used to measure achievement of the selected strategic objectives. The selection of the strategic objectives themselves will be influenced inter alia by: (i) the national poverty reduction strategy (or its equivalent); (ii) IFAD competencies in the country concerned; (iii) background poverty analysis and associated studies; and (iv) review of donor plans to avoid overlaps and to identify partnership opportunities.

The section should clearly explain the link between each of these strategic objectives and reducing rural poverty. It should also clearly show the alignment between the selected strategic objective and the major objectives, themes or pillars of the national poverty reduction strategy (or alternative national strategy), and with IFAD’s strategic framework and regional strategy.

This section will be written around the COSOP results management framework.

Reference to Appendix III – COSOP Results Management Framework

C. Opportunities for Innovation

This subsection identifies potential innovation ideas/areas for each of the selected strategic objectives. It also identifies the intended innovation approach (for example: scoping, testing,

validation, communication of results, replication) to be adopted by IFAD. If possible, the section should identify existing IFAD funded activities/initiatives that already have scale-up potential. The section should describe the mechanisms IFAD will employ to encourage scaling up of successful IFAD-financed innovations by other partners (for example: communications strategies targeted to particular partners). This section will seek to link research work funded by IFAD grants (both in the country and elsewhere) to future projects that could benefit from innovations.

D. Targeting Strategy

A key element that sometimes differentiates IFAD from other donors is its targeting of the rural poor. A COSOP may have a targeting strategy to focus activities on specific sub-groups within the rural poor or less-favoured regions. This section will briefly describe such targeted sub-groups for each strategic objective, and the intended targeting approaches to be applied (i.e. as direct project participants, or beneficiaries of project-supported growth and employment opportunities).

Reference to Key File 4 – Target Group Identification, Priority Issues and Potential Response

Reference to IFAD Policy on Targeting

E. Policy Linkages

Linked to each of the selected strategic objectives will be a policy dimension. Key intentions for policy changes will be identified in this section for each strategic objective, along with an explanation of how IFAD intends to influence such changes (through events such as workshops, studies, visits, training, replication and scaling up, work with other donors, etc.). It should be noted that IFAD's engagement in policy issues is driven primarily by policy-relevant issues that emerge from IFAD's project activities, rather than by a broad-based policy engagement. The section will also describe IFAD's proposed role in assisting the government with rural poverty strategy/policy formulation and, in particular, IFAD's interface with the in-country processes of national poverty reduction strategy formulation, implementation, revision, updating, improvement, etc. (e.g. through participation in joint government/donor poverty reduction strategy groups).

The policy linkages section should take full advantage of the PBAS rural sector analysis to identify the policy aspirations associated with each strategic objective.

V. PROGRAMME MANAGEMENT (approximately 3.5 pages)

A. COSOP Management

This section should describe the M&E arrangements for COSOP implementation itself, e.g. (i) the process of annual reporting on selected indicators by the country programme manager during COSOP implementation (using the COSOP results management framework, project status reports, aggregated RIMS reports and country programme issues sheet); (ii) arrangements for a COSOP mid-term review; and (iii) arrangements for self-evaluation at COSOP completion or CPE. Proposed dates for the mid-term review and COSOP completion evaluation will be stated.

Reference to Appendix III – COSOP Results Management Framework; the indicators for reporting will be clearly specified in the results management framework.

B. Country Programme Management

This section will describe how IFAD will manage country activities in the coming COSOP period, including: (i) any field presence arrangements; (ii) country programme management team arrangements; (iii) annual country programme implementation review workshops; and (iv) diversified programme supervision arrangements (for loans, grants). This section will also describe the priorities and intended actions to improve project at risk (PAR) ratings. This could be presented in bullet form. For example, if audit quality is a generic problem in the country programme, this section will describe the intended approach to improve the PAR ratings on audit. Finally, this section will explain the actions required to retrofit existing IFAD operations in the country to the newly proposed COSOP. In terms of the results management framework, the existing operations will be reported in addition to the new operations.

C. Partnerships

For the purpose of COSOPs, the following definitions of partnership will apply:

- **Institutional collaboration:** This is the more “costly” form of partnership. It implies the sharing of programme responsibilities between two or more partners. This form of partnership is required in situations when a primary goal can only be pursued by working together. It can imply development of collective visions and coordinated actions for the management of resources. It can imply joint projects or joint country strategies. Institutional collaboration usually implies formal agreements and a higher degree of shared risks as well as benefits.
- **Institutional coordination:** This is a less “costly” form of partnership. It implies ensuring that development is planned with knowledge of the actions of other partners in the same area/sector. It implies ensuring that development partners ensure synergy and complementarity of operations. It implies agencies adjusting programmes to deliver benefits more efficiently. It implies sharing resources, knowledge and information to reduce costs. This form of partnership could include participation in donor coordination groups.

This section of the COSOP will describe the partnerships that are intended to be established in the delivery of each COSOP strategic objective.

In terms of COSOP implementation, these partnerships could be for the purpose of project implementation, policy dialogue, innovation or knowledge management. Partners may include government agencies, donors, NGOs, farmers’ organizations, community-based organizations and the private sector. Partnerships with other donors may involve cofinancing, sector-wide approaches, joint policy work and sharing of experience.

This section will describe **how** IFAD intends to achieve effective partnerships (for example: preparation of partnership-tracking matrixes, regular strategic bilateral meetings, video conferencing) and what the specific objectives are of the identified partnerships.

Reference to Key File 3 – Complementary Donor Initiative/Partnership Potential

D. Knowledge Management and Communication

Knowledge management is the process of **harvesting** information, successes and failures (using a monitoring system), **analysing** this information (using an evaluation system) and **disseminating** the information (using a communication process). The scope of this process is to use information and make knowledge available to the development community.

This section of the COSOP will describe the specific actions for improving knowledge management within the country programme. For each of the COSOP strategic objectives, it will identify critical/relevant knowledge generation opportunities and key themes/topics where knowledge management activities will focus. It will also identify key stakeholders and audiences for the purposes of knowledge transfer. During implementation of the country programme, knowledge (particularly associated with innovations) will be communicated through appropriate channels to the target audiences.

In terms of learning lessons (both about what worked and what did not work) from the implementation of IFAD-supported activities and disseminating these lessons (in particular those related to key country programme innovations) to a wider audience, it is essential to ensure effective M&E systems at the project and country programme level. This section will describe the M&E mechanisms that will help support the identification, capturing and harvesting of knowledge and good practice.

Dissemination of lessons and other information locally, nationally and internationally may involve the production of reports and brochures, the establishment and maintenance of websites, and the holding of workshops and other events. This can be done at four levels: (i) contribution of material to non-IFAD publications and websites at the international or national level; (ii) material for IFAD corporate publications and websites (e.g. the Rural Poverty Portal, regional newsletters, regional focal points); (iii) specific publications and events produced by IFAD at the country level (such as a country brochure or country programme workshop); and (iv) project-level activities that aim to share results with a wider audience. Given the limited resources in IFAD's budget, project design could do more to incorporate resources for lesson-learning, both within investment projects (M&E, knowledge management, and communication as part of the project management unit) and with other projects and partners.

Knowledge management also involves communicating the COSOP itself so as to maximize its impact on the national poverty reduction strategy and other national development strategies, including a clear identification of: (i) target audiences; (ii) key messages; (iii) key partners and stakeholders; and (iv) main strategies for dissemination and promotion.

E. PBAS Financing Framework

This section will describe the parameters for calculating the allocation of IFAD resources (loans and grants) for the COSOP implementation period.

The section will include the full PBAS calculation for COSOP year 1. This will show the PAR and rural sector scores and the final country score and annual allocation for COSOP year 1 (see table below for an example).

Sample PBAS Calculation for COSOP Year 1

	Indicator	COSOP Year 1
	RURAL SECTOR SCORES	
A(i)	Policy and legal framework for rural organizations	4.6
A(ii)	Dialogue between government and rural organizations	3.75
B(i)	Access to land	3.4
B(ii)	Access to water for agriculture	3.14
B(iii)	Access to agricultural research and extension services	3.75
C(i)	Enabling conditions for rural financial services development	4.25
C(ii)	Investment climate for rural businesses	3.75
C(iii)	Access to agricultural input and produce markets	4.0
D(i)	Access to education in rural areas	4.67
D(ii)	Representation	4.0
E(i)	Allocation and management of public resources for rural development	3.5
E(ii)	Accountability, transparency and corruption in rural areas	3
	Sum of combined scores	45.81
	Average of combined scores	3.8175
	PAR rating	5
	CPIA rating	3.69
	Country score	4 000 000
	Annual allocation (US\$)	16 000 000

The actual allocations for COSOP years 2, 3, 4, etc., are generated by a PBAS formula on an annual basis, and are affected by almost 100 variables and many combinations of these variables. Therefore, allocations for future years cannot be predicted in COSOP year 1 with certainty.

In line with IFAD's IFI partners, the outlining of different funding scenarios and allocations over the whole COSOP period linked to predetermined policy change priorities (triggers) will not be required for IFAD COSOPs.

However, what can be provided is a hypothetical projection, showing the implications for the country score when there is an increase or decrease in the PAR and rural sector scores. The COSOP will include such a table showing scenarios for a base case, a low-performance case and a high-performance case. These scenarios will illustrate the implications of changes in PAR rating by 1 and rural sector performance by 0.3 on the PBAS country score. An example of this is shown in the table below.

Relationship Between Performance Indicators and Country Score

Financing Scenario	PAR Rating (+/- 1)	Rural Sector Performance Score (+/- 0.3)	% Change in PBAS Country Score from Base Scenario
Hypothetical low case	4	3.434	-19%
Base case	5	3.734	0%
Hypothetical high case	6	4.034	20%

F. Risks and Risk Management

This is a new section for the COSOP and has been included due to the deletion of the logframe. The risks attached to each strategic objective should be briefly described (policy, institutional, technical, political or financial/economic), together with actions that IFAD will take to mitigate and manage these risks. Risk management could involve designing projects in such a way as to reduce risk, e.g. by selecting partners and activities that avoid areas of risk. For instance, it may be necessary to reduce resources for a strategic objective where, although there are significant potential benefits, proposed policy change has not come about so risks are considerable. Risk management also relates to portfolio management, with management actions designed to reduce risk – such as more intensive project supervision.

Total 14 pages

Appendices

Appendix I	COSOP Consultation Process
Appendix II	Country Economic Background
Appendix III	COSOP Results Management Framework
Appendix IV	Previous COSOP Results Management Framework (showing summary of key results)
Appendix V	CPE Agreement at Completion Point (if available)
Appendix VI	Poverty Analysis*
Appendix VII	Agriculture and Rural Development (optional)*
Appendix VIII	Matrix Showing Strengths and Weaknesses of the National Poverty Reduction Strategy*

Key Files

Key File 1	Rural Poverty and Agricultural/Rural Sector Issues
Key File 2	Organizations Matrix (Strengths, Weaknesses, Opportunities and Threats [SWOT] analysis)
Key File 3	Complementary Donor Initiative/Partnership Potential
Key File 4	Target Group Identification, Priority Issues and Potential Response

* Appendices included in Programme Management Department and Operational Strategy and Policy Guidance Committee versions of the COSOP, but omitted from Executive Board version.

PROPOSED FORMAT FOR RESULTS MANAGEMENT FRAMEWORK

(hypothetical example using the Bangladesh Poverty Reduction Strategy)

Column 1 - Country strategy alignment	Columns 2-4 – Key Results for COSOP			Column 5 – COSOP Institutional/Policy objectives (in partnership mode)
Poverty reduction strategy (PRS) (or alternative) Targets (this text should be taken from PRS or alternative poverty strategy)	COSOP strategic objectives (max 3-5)	COSOP outcome indicators related to the 4 strategic objectives (from projects/programmes)	COSOP milestone indicators showing progress towards strategic objective	Specific policy/institutional ambitions related to the 4 strategic objectives (the COSOP policy dialogue agenda)
5.C.1.1. Crops: close yield gap to increase productivity, diversify to high value crops 5.C.1.3 Livestock and poultry: enhance knowledge of smallholders, technological support, training	Strategic objective 1 – Increased availability of new technologies for small farmers	Farmers adopting new technologies, switching to high value crops Farmers reporting increased crop and livestock productivity	Farmers participating in technology dissemination activities New technologies selected for dissemination.	Decentralized, integrated and participatory approach to agricultural extension tested successfully leading to adoption by the Government.
5.C.1.5: Role of private sector facilitated with regard to use and management of markets. 5.C.1.7 Rural non-farm development through skill development, market opportunities, financial services, and business development services. 5.C.1.8 Scale up microcredit to support entrepreneurs, microcredit institutions to integrate credit with technology, information and market services.	Strategic objective 2 – Increased access to markets and financial services for rural entrepreneurs	Enterprises accessing financial and marketing services Enterprises established or expanded Enterprises with marketing links to formal private sector Days employment and self-employment created (male/female)	Enterprises reached by IFAD-supported initiatives Entrepreneurs trained Partnerships with the private sector established	New financing mechanisms and sources of market and technical support for rural entrepreneurs institutionalized with supporting regulatory framework
5.C.1.2 Fisheries: ensure access of the poor and community groups to water bodies 5.C.1.5 Land: distribute khas land to poor for housing, ensure access of poor to newly accreted char lands, facilitate credit support to landless and tenant farmers.	Strategic objective 3 – Increased access to common property resources (CPRs) for the poor	Poor households getting access to CPR (land and water) Community-based organizations established with legal frameworks to ensure sustainable access to CPRs	Poor households joining community resource groups Area of land and water allocated for distribution to poor	New rules established by the Government for access to waterbodies in favour of fishing communities
5.C.1.5: Women in agriculture: women-friendly extension and training services, space and opportunities in market places, credit support for women entrepreneurs. 5.C.1.8 Microcredit: more financial and non-financial support for women to invest in rural enterprises and gain access to women friendly marketplaces.	Strategic objective 4 – Increased economic opportunities for women	Women establishing and managing enterprises Women obtaining ownership or tenure of land Women with increased control of hh finance and participation in hh decision making	Women participating in IFAD supported initiatives.	Policy reforms improve women’s rights to property

ANNEX III

EXISTING STRUCTURE OF THE COSOP¹

CURRENCY EQUIVALENTS
WEIGHTS AND MEASURES
ABBREVIATIONS AND ACRONYMS
COUNTRY MAP: LOCATION OF IFAD-FUNDED OPERATIONS
IFAD PORTFOLIO OVERVIEW
EXECUTIVE SUMMARY (2-3 pages)

- I. INTRODUCTION (0.5 page)
- II. ECONOMIC, SECTORAL AND RURAL POVERTY CONTEXT (4-5 pages)
 - A. Country Economic Background
 - B. Agricultural Sector
 - C. Rural Poverty
 - D. Constraints on and Opportunities for Rural Poverty Reduction
 - E. National Strategy for Rural Poverty Reduction
- III. LESSONS FROM IFAD'S EXPERIENCE IN THE COUNTRY (1-2 pages)
- IV. STRATEGIC FRAMEWORK FOR IFAD (5-6 pages)
 - A. IFAD's Strategic Niche and Proposed Thrusts
 - B. Main Opportunities for Innovations and Project Interventions
 - C. Outreach and Partnership Possibilities with NGOs and the Private Sector
 - D. Opportunities for Linkages with Other Donors and Institutions
 - E. Areas for Policy Dialogue
 - F. Action Areas for Improving Portfolio Management
 - G. Tentative Lending Framework and Rolling Programme of Work

APPENDICES

- I. COUNTRY DATA
- II. LOGICAL FRAMEWORK
- III. STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT) ANALYSIS
- IV. IFAD'S CORPORATE THRUSTS AS RELATED TO THE PROPOSED COUNTRY PROGRAMME
- V. ACTIVITIES OF OTHER PARTNERS IN DEVELOPMENT – ONGOING AND PLANNED

(Note: The maximum length of the main text is 15 pages.)

¹ Reference document: EB 2002/77/R.12.

