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Investing in rural people

President's report on a proposed grant under
the global/regional window to the Latin
American Center for Rural Development for
Rural Youth, Territories and Opportunities: A
Policy Engagement Strategy

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 28.

President's report on a proposed grant under the global/regional window to the Latin American Center for Rural Development for Rural Youth, Territories and Opportunities: A Policy Engagement Strategy

1. Background and compliance with the IFAD Policy for Grant Financing

1. IFAD has identified rural youth employment as a grant programme priority. This is of particular relevance in Latin America, where rural areas are experiencing demographic transition.
2. Rural youth face a number of specific challenges. Due to their limited assets and poor access to education, poor rural youth are vulnerable and face high risk in the labour market.
3. When rural youth engage in this market, their livelihoods mostly depend on a combination of small-scale farming, casual or seasonal work and microenterprise. These activities offer low potential earnings and reduce young people's ability to achieve autonomy.
4. To change the rural development paradigm, these challenges must be addressed in a way that fosters linkages among diverse sectoral policies to comprehensively address a problem rooted in multidimensional causes.
5. A territorial development approach is an effective, transformative tool that will address these challenges. This approach differs significantly from more traditional approaches that mainly analyse youth employment without considering territorial differences. In the traditional approach, the territory is considered a social construct that connects the physical, administrative, political and economic spheres. The territorial development approach, on the other hand, highlights connections among territorial agents, institutions and social structures. Spatially differentiated patterns of institutional development result from the ways territories are strategically coupled with extraterritorial economic, social and political networks and coalitions.
6. The territorial approach identifies five groups of factors affecting interactions among agents, institutions and structures. These include relationships among: (i) agrarian structures and, more generally, the governance of natural resources; (ii) territories and dynamic markets; (iii) productive structures in the territory (i.e. firms and economic sectors); (iv) territories and nearby urban centres; and (v) the governance of public investments.
7. Policy engagement plays a determinant role in influencing policies, programmes and projects. IFAD has successfully developed a policy engagement and technical assistance approach in several Latin American countries, which has proved effective in encouraging government action towards reducing rural poverty.
8. This proposal builds on two previous grants supported by IFAD and implemented by the Latin American Center for Rural Development (Rimisp): (i) Policy Processes for Large-scale Impact¹ (2013-2016); and (ii) Knowledge for Change – Policy Processes

¹ <https://webapps.ifad.org/members/lapse-of-time/docs/english/EB-2013-LOT-G-6.pdf>.

for Poverty² (2010-2013). These grants supported the creation and development of rural dialogue groups (RDGs) – the main instrument of the successful IFAD policy engagement and technical assistance approach.

9. Usually, sectoral policies in Latin America are spatially blind, meaning they do not explicitly take into account local-level implementation and results differences. RDGs use the territorial approach to develop policies sensitive to territorial differences, allowing each territory to express its full development potential and thus reduce territorial disparities.
10. Rimisp enjoys several comparative advantages: (i) regional origins – important because the programme involves policy processes; (ii) outstanding access to influential opinion and decision makers, given its long history of work in each participating country; (iii) a proven track record of combining high-quality research and policy analysis with constructive policy dialogue and advocacy; (iv) successful management of a number of IFAD grants since the mid-1990s; (v) ability to mobilize diverse complementary resources in support of this grant; and (vi) experience and knowledge gained from running phases I and II of this programme.³
11. The proposed programme is in line with the grant policy's goals and objectives⁴ and IFAD's corporate-level strategic priorities for partnership and policy engagement. It is also consistent with the first Thematic Cluster for Regional Grants in the Medium-term Plan 2016-2017, particularly rural youth employment, which is a 2016 priority.

II. The proposed programme

12. The overall goal is to improve territorial economic opportunities for rural youth through evidence-based policy analysis and policy engagement with governments in Colombia, Ecuador, Mexico and Peru. These countries were selected for their poverty conditions, the exclusion faced by rural youth, successful performance by RDGs in previous phases, and current institutional conditions favourable to better policy dialogue.
13. Programme objectives are to: (i) improve IFAD's knowledge and understanding of (a) trends in rural youth income generation at the territorial level, and (b) institutional frameworks, policies and budgets that address rural youth in selected countries; (ii) improve at least one policy, legal framework or national programme for rural youth in each country through policy dialogue and the RDG-conducted technical assistance process; and (iii) enhance the effectiveness of rural development projects (including IFAD-funded ones) by proposing innovative tools for policy dialogue.
14. The target group will be RDG members in the four countries, as well as their counterparts in national and subnational governments (some 50 people per country, including academics, policymakers, representatives of rural organizations and others). Indirectly, the programme is expected to improve the economic conditions of the beneficiaries of public policies designed or improved through the process of policy dialogue. It also targets influential stakeholders and those in a position to make important decisions in government, congress and politics.
15. The RDGs in Colombia, Ecuador, Mexico and Peru are expected to help develop a policy engagement strategy in preparation for the IFAD country strategies, which are planned to be developed in 2016, 2018, 2018 and 2017 respectively. In Colombia, linkages are foreseen with the recently approved country-specific grant, whose goal is to contribute to the design of Colombia's post-conflict rural policy framework under the new institutional arrangements. In Mexico, synergies will be

² www.ifad.org/documents/10180/477fd58f-c180-479e-b2b3-da615f5ff2f4.

³ See footnotes 1 and 2.

⁴ See EB 2015/114/R.2/Rev.1.

sought with two ongoing projects for productive inclusion: (i) the grant Territorios Productivos – Technical assistance to pilot a new rural economic inclusion strategy; and (ii) the Rural Productive Inclusion Project. The RDG in Ecuador will continue to influence the discussion of national development strategies and the related rural territories programme Buen Vivir.

16. The three-year programme will have the following components: (i) policy analysis and research at the territorial level; (ii) policy dialogue and technical assistance; and (iii) policy learning.

III. Expected outcomes/outputs

17. The following outcomes are expected: (i) trends in rural youth employment will be better understood, which will in turn influence policy processes; (ii) rural youth will be given higher priority in national agendas, development strategies and budgets; (iii) rural youth employment strategies and policies by IFAD and national stakeholders will be more relevant, efficient, effective and sustainable; and (iv) the processes that impact national policy agendas will be better understood through policy influence linkages.
18. Programme sustainability is directly related to the Rimisp policy influence and technical assistance strategy, which relies on the policy dialogue promoted by RDGs. For example, in a recent Ford Foundation grant, Cities and Rural Territorial Development, the RDG in El Salvador supported a policy dialogue process related to the rural/urban nexus. RDGs are consulted for all Rimisp projects and initiatives. This cycle connects policy dialogue with technical support and new donors interested in being part of this policy engagement strategy. Following the example in El Salvador, in the longer term, RDGs are expected to leverage funds from other donors to cofinance their respective work programmes.

IV. Implementation arrangements

19. Rimisp is the recipient and implementing agency. The project is a continuation of an ongoing investment in which substantive resources are used to develop a methodology and network of national partners. This grant is the last investment phase in installing a national model of policy dialogue in the region. Testing is needed of impact assessment methodology and for scaling up and viability beyond a single political cycle.
20. Rimisp will establish a programme coordination unit (PCU) accountable to the Rimisp International Board, which will govern the new programme and support the PCU through strategic and programmatic oversight. The PCU will include a coordinator, technical assistant and administrative assistant.
21. The programme coordinator will be Dr María Ignacia Fernández, Executive Director of Rimisp, who has 20 years' experience working in public policy. Should a replacement be needed, final candidates must have equivalent expertise and experience. Any replacement will be made through an international, open competitive process.
22. Financial and administrative services will be provided by Rimisp regular staff. The finance staff is composed of the chief of the administrative and financial unit, two accounting managers, a treasury manager and an administrative assistant.
23. Activities will be implemented in collaboration with one RDG executive secretary in each country. This position will report directly to the programme coordinator and be responsible – in consultation with the PCU and IFAD supervisor – for selecting new RDG members, leading group meetings, defining an annual agenda for themes and activities, and reporting results annually. Component 3 is directly coordinated by the PCU and will be supported by specialized consultants.
24. There are no deviations from standard procedures for financial reporting and audits.

V. Indicative programme costs and financing

25. The programme will be cofinanced by IFAD and Rimisp. The Rimisp contribution comes from a core funding grant received in 2016 from the International Development Research Centre (IDRC), a Canadian Crown corporation. This funding is completely independent of other resources IDRC may have contributed to any agreement with IFAD. IDRC is aware and fully supportive of Rimisp's decision to cofinance this programme with IFAD.
26. The total programme cost is US\$2.23 million, of which 78.6 per cent is the grant from IFAD. The remaining US\$476,520 (21.4 per cent) is financed by Rimisp.
27. Programme details by financing source and activity are as follows:

Table 1

Costs by component and financier

(Thousands of United States dollars)

<i>Component</i>	<i>IFAD</i>	<i>Rimisp</i>	<i>Total</i>
1. Policy analysis and research at the territorial level	355	223	578
2. Policy dialogue and technical assistance	1 119	69	1 188
3. Policy learning	147	184	331
4. Indirect costs	130	-	130
Total	1 751	476	2 227

Table 2

Costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Rimisp</i>	<i>Total</i>
1. Salaries and allowances	240	51	291
2. Consultancy	645	355	1 000
3. Technical assistance	210	50	260
4. Workshops	360	-	360
5. Travel and allowances	90	20	110
6. Equipment and materials	24	-	24
7. Operating costs	52	-	52
8. Indirect costs	130	-	130
Total	1 751	476	2 227

VI. Recommendation

28. 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, Rural Youth, Territories and Opportunities: A Policy Engagement Strategy, shall provide a grant of one million seven hundred fifty-one thousand United States dollars (US\$1,751,000) to the Latin American Center for Rural Development for a duration of 36 months, upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze
President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To improve territorial economic opportunities for the rural youth, through evidence based policy analysis and policy engagement with governments in four LAC countries	More relevant effective and sustainable rural development strategies and policies for young people Increased investment in rural areas in assets of and services for the rural youth Greater voice and influence of the rural youth in policy processes	Annual programme reports Monitoring and evaluation reports Final external evaluation	Countries do not undergo major crisis that severely affect the normal policy process and agendas
Objectives	To improve our knowledge and understanding of rural youth's income generation trends at the territorial level, and institutional frameworks, policies and budgets addressed to rural youth in selected countries	At least two innovative rural development investment instruments in each country are investigated and discussed with policy makers	Annual programme reports Monitoring and evaluation reports Final external evaluation	Stability of government decision makers and technical teams within the normal bounds of administration. Constraints imposed by procedures and regulations do not impede the timely implementation of changes
	To improve at least one policy, legal framework or national programme addresses to rural youth in each country, as a result of the policy dialogue and technical assistance process conducted by the Rural Dialogue Groups	At least one important strategy, policy, legal framework or national programme has been improved in each country in ways that potentially benefit rural youth		
	To enhance the effectiveness of rural development projects (included IFAD funded ones) by proposing new innovative tools for policy dialogue in selected countries	At least two IFAD projects in LAC utilize policy dialogue as a tool for policy process		
Outcomes/ Outputs	Policy analysis and research at the territorial level: policy analysis and systematization reports widely used by policymakers	12 policy analysis papers (3 each country); the 2017 Latin American Poverty and Inequality Report published	Annual programme reports Monitoring and evaluation reports Final external evaluation	Political or social unrest in the participating countries do not affect the implementation of the programme Devaluations or other economic shocks do not reduce the capacity of the programme to finance activities. Other commitments do not compete for the time and attention
	Policy dialogue and technical assistance: policy coalitions in each country led by rural dialogue groups gain to greater agreement among policymakers and other policy-influential stakeholders on top priorities for policy and institutional change	4 active RDGs in Peru, Ecuador, Mexico and Colombia; 4 policy or institutional change recommendations (one by country), systematic engagement with decision makers and support policy and institutional changes		

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	Policy Learning: knowledge management for mainstreaming in IFAD applied	4 learning notes or guidelines; 3 papers for IFAD paper series; IFAD staff well informed of the results, processes, methods of the programme and tools used to achieve them		
Key activities by component	Policy analysis and research at the territorial level: first level analytical work based on country needs	# of policy analysis papers; Latin American Poverty and Inequality Report 2017	Annual programme reports Monitoring and evaluation reports Information from public agencies (websites, reports)	Programme coordination unit in place. Information shared about programme with key partners in four countries. Timely flow of funds and reports between Rimisp and subcontractors
	Policy dialogue and technical assistance: prioritize political issues and define agenda and provide technical assistance and capacity building in key political actors	# of meeting of RDGs; # of youth members in each RGD; # of participants in policy coalitions from different constituencies; # of contracts issued with independent centers for policy analysis; # of media briefs and press releases		
	Policy learning: document the processes and products of the monitoring and evaluation programme	# of learning notes of guidelines; # of papers for LAC's occasional paper series		