

Towards a Plan for Country-Level Policy Dialogue

Discussion Paper for EMC

Executive Summary

1. For IFAD, an enabling country-level policy framework for agricultural and rural development is not only critical for effective project implementation and impact; it is also, ultimately, a precondition for large numbers of rural people to overcome poverty. Key corporate documents recognise this. The Strategic Framework 2011-2015 lists improved policy and regulatory frameworks as one of the key outcomes of IFAD's work; while in the Consultation Report for IFAD IX, IFAD commits to "more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development."

2. For IFAD's purposes, the term 'policy' can be used to refer to a range of different mechanisms, including what are commonly understood as policies, legislation and policy statements; it can also cover sectoral plans, budgets, strategies and programmes; as well as the high-level administrative rules of government agencies. Policies may be national in scope, though in federal states they may have effect at state level only. IFAD's interest is specifically in those country-level policies that shape the economic opportunities – in the agricultural sector and the larger rural non-farm economy – for rural people to move out of poverty. However, as pointed out in the 2012 Annual Report on Results and Impact (ARRI), "*there is a wide variation in views on what constitutes policy dialogue with little consensus*". The following is offered as a possible definition for IFAD to adopt: *For IFAD, country-level policy dialogue can be considered as a process to engage, directly and indirectly, with its partner governments and other country level stakeholders, to influence policy priorities or the design, implementation and assessment of formal institutions (e.g., laws, administrative rules), policies and programmes that shape the economic opportunities for large numbers of rural people to move out of poverty.*

3. There is a variety of different approaches and/or activities that IFAD has pursued that can legitimately be considered as country-level policy dialogue. All have a role in diverse country and institutional contexts. They include: (a) the CPM/CPO engaging directly ('bilaterally') with the government on key policy issues affecting poor rural people; (b) the in-country sector working group, in which the CPM or CPO participates, identifying key policy issues and pursuing these with government; (c) strengthening the capacity of government agencies to formulate national policies; (d) supporting organizations of rural people, to enable them to participate in policy dialogue; (e) promoting policy dialogue between national stakeholders; (f) operationalizing at local level a national policy, strategy or programme; (g) creating opportunities for regional or south-south sharing of policy experience and approaches; (h) conducting country-specific policy analysis work; and (i) agreeing on policy reforms prior to project implementation.

4. IFAD's policy dialogue work is thus probably more widespread than often recognized; and in many countries, it **has** led to significant changes in the policies affecting poor rural people. IFAD has a comparative advantage in this area that reflects the fact that it is focused, and is considered a credible 'honest broker' which works through governments, brings resources to the table, and yet has no predefined, normative agenda to impose.

5. Yet there is also substantial room for improvement. The 2012 ARRI rates IFAD's success in policy dialogue as moderately unsatisfactory or worse in 44% of the country programmes evaluated. Both the ARRI, and a recent paper by the Brookings Institute, point to the over-ambitious policy agendas defined in the COSOPs; and they highlight the narrow focus on project results, and the lack of staff capacity and budget resources in IFAD's operational divisions, as some of the factors explaining the gap between policy dialogue aspirations in the COSOPs and reality. Both papers call

for a focus on those policies that are critical to the implementation of the country programme and that can support scaling up. The Brookings paper additionally highlights the need to build technical capacity in PTA for direct deployment in support of specific policy engagements in individual countries, and for IFAD to partner more systematically with other donor agencies. The ARRI also suggests consideration of policy notes as an analytical entry point to an engagement process.

6. Other weaknesses include the lack of an institutional definition or common understanding of policy dialogue, as well as a lack of a monitoring and reporting frame and meaningful indices for measuring performance in this area (a challenge faced by other development agencies). Country-level policy dialogue has tended to be seen simply as a natural extension of IFAD's project work, rather than an activity in its own right. Effectively, although policy dialogue has become a corporate priority, till now it has been given little corporate support.

7. IFAD needs to be doing better in terms of country-level policy dialogue: as in many things, it needs to be taking what it currently does well in a few countries and practicing it consistently in all of its country programmes. **Above all, policy dialogue needs to be recognised as a distinct activity within the country programme, and supported with a dedicated budget and delivery products.** On the one hand, the need for improved performance has never been greater, both as a tool for scaling up and a contribution to enabling IFAD to lift 80 million rural people out of poverty by 2015, and as an ever-more important 'product' to offer its member countries, particularly in the growing number of middle income countries. Yet on the other, the increasing number of IFAD Country Offices, the expanded scale of IFAD operations in its member countries, and the evolving country programme approach, all offer new opportunities for country-level policy dialogue.

8. This paper seeks to draw on both the positive aspects of current practice and the critiques that have been made, to propose an action plan for strengthening IFAD's engagement in country level policy dialogue. It outlines a set of broad principles underpinning IFAD's approach, the first of which is the reaffirmation that policy engagement must be shaped and led by the CPM. It also makes specific proposals for more effectively integrating country-level policy dialogue in IFAD country programmes; for improving IFAD's monitoring, reporting and knowledge management on the subject; and for strengthening in-house capacity for country-level policy dialogue. One of the key elements of the plan would be the introduction of the policy note – a country-specific analytical tool that can be used by the CPM at any stage of the country programme/ project cycle to provide an evidence base in a larger process of policy dialogue and change. The task of championing country-level policy dialogue, and supporting the CPMs in this work – including through training, would be led by PTA, working closely with ECD and SKM. External partnerships would also be sought.

9. While parts of the plan can be seamlessly mainstreamed into IFAD's normal activities and do not have major budgetary implications, there would be new and real costs associated with some of the country-level activities, for which no project- or grant-specific provision already exists – and in particular the preparation of policy notes. The total cost of a 3-year implementation plan (2013-2015) is tentatively budgeted at around US\$ 850,000. This will be financed in part by PTA and the regional divisions. The ASAP budget also includes a provision for policy dialogue on adaptation related issues. In addition, the President has approved the use in principle of up to US\$ 600,000 of the outstanding funds under the Innovation Mainstreaming Initiative (IMI) for country-level policy dialogue. Grant funds can also be envisaged as a source of funding for policy-related activities.

10. Subject to endorsement by Senior Management of the paper and its contents, next steps would include preparation of a learning brief for staff on country-level policy dialogue; rolling out a training programme for CPMs; initiating collaboration with a limited number of CPMs; strengthening PTA's engagement in country-level policy dialogue through the country programme cycle; developing the scope and form of policy notes; reviewing operational guidelines; developing an approach for monitoring and reporting on policy dialogue activities; and developing partnerships with interested development agencies, research organization and think-tanks.

Towards a Plan for Country-Level Policy Dialogue

Discussion Paper for EMC¹

18 January 2013

“PMD and SKM will prepare a plan for undertaking and strengthening country level policy dialogue to be incorporated in the MTP 2013-2015. This will include support to themes in country level policy dialogue on rural development and strengthening capabilities of regional economists and country programme staff in policy dialogue activities.” Summary notes of the 123rd meeting of the EMC, 24-25 July 2012

A. Why is country-level policy dialogue an issue for IFAD?

1. Policies matter: they provide the framework within which all economic activities take place, and they can influence the most basic features of a country’s development – rates of economic growth, distribution of income, levels of food security, even the life expectancy of the population. The depth and extent of rural poverty in a given country is substantially influenced by national policies – and the way in which they are implemented; particularly those that affect the agricultural sector and the larger non-farm rural economy, and those aimed at reducing poverty. Policies affect every dimension of the institutional and legal context in which poor rural people pursue their livelihoods; and thus the right policies can go a long way towards providing the conditions that enable rural people to move out of poverty. This means that for IFAD, an enabling country-level policy framework for agricultural and rural development is critical not only for effective project implementation but also for reducing rates of rural poverty.

2. Between 2007 and 2011 the value of IFAD’s loans and DSF grants approved increased by almost 80 per cent, to almost US\$ 1.0 billion. This not only meant that these policy issues inevitably became more important for IFAD; it also offered IFAD the opportunity to take on a more proactive role in country-level policy dialogue². Key corporate documents recognise the importance of doing so. **The Strategic Framework 2011-2015** lists improved policy and regulatory frameworks as one of the key outcomes of IFAD’s work; and it identifies policy dialogue and advocacy initiatives, involving governments, rural producers’ organizations, other donors or other partners, as one of the outputs to achieve it. In the **Consultation Report for IFAD 9** too, IFAD commits to strengthen country programme development, monitoring and management processes, including through “*more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development.*” Creating the policy space to expand the scope of successful initiatives is often a critical aspect of the scaling up strategy that is central to the achievement of IFAD’s impact targets.

B. Policies and policy dialogue

3. A **policy** is typically described as a principle, a rule or an institutional arrangement to guide decisions and achieve rational outcomes: a statement of intent. In all cases, a policy serves to govern, guide and constrain the actions taken by the government, organizations and citizens in the area addressed. For IFAD’s purposes, the term can be used in a generic sense to refer to a range of different mechanisms. It includes what are commonly understood as policies, which may or may not be promulgated as legislation, and policy statements; it can also cover sectoral plans, budgets, strategies and programmes; as well as high-level administrative guidance within government

¹ This paper has been prepared by Edward Heinemann (SPD) and Adolfo Brizzi (PTA). It has benefited from discussions with colleagues in PMD and SKM, as well as their review of draft versions. This version incorporates comments received at meetings with PDMT (18 December 2012) and SKM management team (17 January 2013).

² IFAD also participates in policy dialogue at the global level, in the context of e.g. the G8, the G20 and UN conferences. This set of activities is not covered in this paper.

agencies. Policies may be national in scope, however in the context of federal states they can also be have effect at state level only³. Their formulation typically reflect both **bureaucratic and political processes**: they are hopefully – but by no means always – informed by evidence or analysis; and they may involve a range of national stakeholders beyond government – private sector, civil society – in their development and negotiation. Typically, of course, political processes favour the interests of strong, articulate, well connected voices; and policies of all sorts frequently reflect their interests, rather than those of the poor, the disorganized and marginalized. Consequently, there is almost always a policy issue that must be addressed when pro-poor solutions are being pursued.

4. IFAD's interest is in a particular and specific sub-set of country-level policies: those that shape the economic opportunities – in the agricultural sector and the larger rural non-farm economy – for rural people to move out of poverty. However, what it understands to be policy dialogue is not always evident; indeed, the 2012 Annual Report on Results and Impact (ARRI) of the Independent Office of Evaluation (IOE) makes it clear that *“there is a wide variation in views on what constitutes policy dialogue, with little consensus”*. Being clear about what is meant by country-level policy dialogue would appear to be a starting point for improving performance in this area. For this purpose, the following is offered as a possible definition for IFAD to adopt:

For IFAD, country-level policy dialogue can be considered as a process to engage, directly and indirectly, with its partner governments and other country level stakeholders, to influence policy priorities or the design, implementation and assessment of formal institutions (e.g., laws, administrative rules), policies and programmes that shape the economic opportunities for large numbers of rural people to move out of poverty.⁴

C. Different IFAD approaches and activities for policy dialogue

5. Discussions with Country Programme Managers confirm that there exist many different interpretations of what constitutes policy dialogue, and IFAD's role in it. However, drawing on both the definition of country-level policy dialogue above and the experiences of CPMs, it is possible to identify a variety of different, yet complementary, approaches and/or activities that IFAD pursues and that can legitimately be considered as country-level policy dialogue. All have a role in specific and diverse country and institutional contexts. The list includes the following.

(a) **Direct ('bilateral') engagement by the CPM/CPO with government on key policy issues affecting poor rural people.** There are typically two situations where this approach is used⁵. The first is where IFAD brings to the attention of the government the impact of a current policy on the interests of the target group of an ongoing IFAD-supported project. This can be of particular importance where there is a specific policy that constrains project implementation or prevents the project from achieving its potential development impact.

Example: In Mozambique, the Sofala Bank Artisanal Fisheries Project sought to promote sustainable management of the inshore marine resources. The minimum legal mesh size for

³ In specific cases, policies may be need to go beyond the national level, to address trans-border issues such as livestock disease or water resource management.

⁴ In the course of preparing this paper, the draft 2012 ARRI was issued. This introduces for the first time a generic definition of policy dialogue: “It is defined by IOE as the extent to which IFAD, government and others have collaborated in policy processes and contributed to pro-poor policy development in the agriculture and rural sectors”.

⁵ Both are described below. In theory, there is also a third situation: the use of the PBAS assessment of sectoral framework for rural development as the basis for a bilateral dialogue between IFAD and the country relative to policy. However, it does not seem that this dialogue has been used to directly influence policy, and so while it may be part of the larger policy dialogue ‘process’, it is not considered part of the ‘menu’ described here.

fishnets in Mozambique was too large to catch the species of fish caught in the project area, with the result that fishermen were using mosquito nets to catch the fish. The project initiated a dialogue with GOM to allow for a smaller mesh size, while at the same time – through the newly-created fisheries co-management committees – encouraging fishermen to stop using the mosquito nets. Through the dialogue the legislation was amended, and fishing with mosquito nets did gradually cease, so facilitating improved fish resource management.

The second situation is where IFAD presents key stakeholders within the government with the evidence of a successful experience or approach gained through a specific project, and suggests that, drawing on the lessons learnt, government can scale up the approach, either through a larger programme or via a national policy.

Example: In Nepal, the successful experience of the Hills Leasehold Forestry and Livestock Project was used to convince senior GON officials of the effectiveness of a new pro-poor approach to forestry, which was then incorporated as a priority poverty programme in the PRSP and enshrined as a national policy. The step-up from project to national programme was supported by a complementary FAO/TCP to assist GON to draft the necessary legislation.

In Bangladesh, the Microfinance for Marginal and Small Farmers Project attempted to fill a policy gap by piloting a new lending methodology better suited to the needs of smallholder farmers. The approach proved highly successful, and led to a policy change in the country's microfinance apex institution (PKSF), enabling it to become a national programme.

(b) Key policy issues are identified and dialogue with government is pursued through the in-country sector working group, in which the CPM or CPO participates. Particularly in those countries where there are many development agencies operating, such groups can play an important role as a vehicle for dialogue between the government and its development partners. IFAD brings to these groups its project experience and its specific focus on the livelihoods of, and challenges faced by, poor rural people. Participation can be time-consuming and not universally effective. However, it is an approach that IFAD follows in many countries, as a key commitment of the Aid Effectiveness agenda, and it offers important opportunities for partnership building as well as policy influence.

Example: In Rwanda, the sector working group is led by the Ministry of Agriculture, though its membership covers the main donor agencies active in the sector – and IFAD is an active member. As a result of work undertaken by the group to harmonise M&E approaches and indicators, the group was able to develop a single consistent approach, which Government subsequently adopted as its approach to M&E in the agricultural sector.

In Laos, IFAD has been appointed by the Government and development partners to co-chair (with the French Ambassador and Minister of Agriculture) the agriculture and rural development sector working group.

(c) The capacity of government agencies to formulate national policies is strengthened. IFAD-supported projects themselves can provide a vehicle for strengthening the capacity of governments to formulate policy. This may be through, for example, a component or set of activities aimed at building the capacity of a specific agency or institution, through training and workshops, or the financing of policy studies and/or discussion fora.

In Mozambique, the PCU for the Agricultural Markets Support Programme (PAMA) realized that the process of registering a farmers' association was cumbersome (done only in Maputo) and costly in terms of fees and transaction costs. The PCU enabled the lead agency, the National Directorate for the Promotion of Rural Development, to promote a wide debate on the issue, involving policy makers and other stakeholders, in particular UNAC, the national farmers union. The final result was a change in legislation, which decentralized and simplified the registration process. In the following years a large number of associations that previously operated informally were registered and formally recognized.

(d) **Organizations of rural people are supported, to enable them to participate in policy dialogue.** Ideally, policy dialogue and negotiation is best engaged in by those with a direct stake in the policies being proposed, rather than by others speaking on behalf of those stakeholders. However, poor rural people are often invisible and lack voice and, almost by definition, their interests are often neglected, or overridden, in policy processes. A key role for IFAD therefore is to support organizations representing IFAD's target group – rural producers' organizations, indigenous people's organizations, community organizations, commodity associations – and assist them to strengthen their capacity for policy negotiation with their governments. This is more usually done outside investment projects, with grant-financed capacity support directly to these organizations.

Example: Support was provided to the confederation of agricultural producers' associations (CAPAD) in Burundi under the grant-financed Support to Farmers' Organizations in Africa Programme. Following training on good governance and leadership, and the conducting of two policy studies, CAPAD defined its positions on seven key issues. Intense lobbying of parliamentarians and donors led to major changes in national policies: in particular, responding to the call to respect the Maputo Declaration, GOB increased agriculture's share of the budget from 3.6% in 2010 to 10% in 2012. It also introduced fertilizer subsidies for farmers that were channelled through a partnership contract with CAPAD.

(e) **Policy dialogue between national stakeholders is promoted.** Bringing together national stakeholders – and particularly bringing to the same table governments and organizations of rural people – is an important aspect of IFAD's approach to country-level policy dialogue, and is pursued through a number of projects and grant-financed activities.

Example: the Rural Development Project for Ngöbe Communities in Panama provided economic and logistic support on one hand to the Intergovernmental Commission of the Ministry of the Interior and Justice, and on the other to the indigenous leaders, involved in the negotiation of a set of laws governing indigenous people's land rights.

Example: the Rural Dialogue Groups (DGRs), convened by IFAD in 4 countries through a grant to RIMISP, involving about 100 highly influential entrepreneurs, politicians, academics, social leaders, etc.. who in turn engaged with the governments to influence policy and institutional change (e.g., writing the new rural development and land law in Colombia).

(f) **A national policy, strategy or programme is operationalized at the local level.** Almost by definition, IFAD-financed projects support the implementation of national policies. However, the key issue here is that many policy reforms are designed at national level, yet have to be implemented at local level, and there is frequently a disconnect between the two. Many projects aim to support the effective implementation of policies by strengthening capacity at the local level.

Example: IFAD-funded projects in tribal areas in India have supported the implementation of the provisions of the Panchayats Extension to the Scheduled Areas (PESA) Act, 1996. This act transfers the decision making processes at village level through the Gram Sabha (village assembly) and the Panchayats (village council). IFAD-funded projects in the state of Jharkhand have enabled the Gram Sabhas to engage in planning, implementation and evaluation of the project, hence implementing the provisions of the PESA Act.

(g) **Opportunities for regional / south-south sharing of policy experience and approaches are created.** Increasingly, governments are able to use the experiences and lessons learnt by their counterparts in other countries for ideas and guidance in policy formulation, and at the same time share their experiences with others. One of the ways IFAD goes about strengthening the capacity of governments to design policies that create economic opportunities for rural people is to bring together government officials working on the same issues in different countries to share experiences, lessons learnt and potential approaches. Grant-financed projects are particularly used

for supporting such activities. In some regions, the regional economic communities represent an important vehicle for promoting such approaches.

Example: IFAD's Regional Coordination Unit for MERCOSUR was set up in 2000. The process led to the creation of the Specialized Meeting on Family Farming (REAF) in 2004, which IFAD continued to support till 2011. REAF has served as a platform for reorienting and shaping public policies and programmes on family farming and rural development within the countries of MERCOSUR through a regular consultation process, involving both governments and small-scale farmers' associations. IFAD played a significant role by supporting a technical secretariat that was trusted and respected by all the players, and could facilitate dialogue.

Under a regional grant-financed project in Asia, jointly implemented with FAO, 23 policy studies were completed in 8 countries, and the final results shared in a regional workshop in November 2011. A number of policy recommendations from these studies were then translated into actual policy changes.

(h) **Country-specific policy analysis work is conducted.** In practical terms, this is done in a number of ways: it may be conducted by government itself, using project resources; by a policy research organization supported by IFAD with grant resources; or even, on rare occasions, by IFAD itself using its administrative budget.

Examples: In Bhutan, the Market Access and Growth Intensification Project provided financial support to the Ministry of Agriculture and Forests to enable it to prepare a Livestock Sector Development Policy for the country.

Example: At the request of the Government of Laos IFAD undertook an econometric study on the role of agriculture in economic growth and poverty reduction. The results were used in refining the national Agriculture and Natural Resource Management Strategy and they also convinced the GOL to revise upwards the target growth rate for the agriculture sector from 3 to 4% and the needed investment levels for the sector, in order for Laos to achieve an overall economic growth rate of 8% to 2020.

(i) **Policy reforms are agreed on prior to project implementation.** In some cases, it is not possible for IFAD to intervene in a sector due to a non-conducive policy environment. However, on occasions policy reforms have been agreed with Government as a precondition for financing investment projects. Such an approach is used rarely, and typically in the context of large projects, co-financed with a multilateral development bank.

Example: The IFAD/World Bank financed National Agriculture Technology Project in Bangladesh was financed only after the Government agreed to a number of major institutional policy reforms, including the adoption of a new Bangladesh Agricultural Research Committee (BARC) Act, which gave space for financing research through competitive grants.

D. IFAD's performance to date

6. **Strengths...** The rich range of examples suggest that, even if it has not always been recognised as such, IFAD's policy dialogue work is far more widespread than often recognized. IFAD conducts its policy dialogue in a variety of different ways, in diverse contexts, to support the development, implementation and adjustment of policies to promote broad-based rural economic growth and poverty reduction; and in many countries, its work **has** led to significant changes in the policies affecting poor rural people. IOE have given a highly satisfactory rating on policy dialogue in only one country – Argentina, where it found that IFAD's policy dialogue made a major contribution to what were profound changes made in national policies and institutions to promote rural development and the family farming sector. However, it also cites positive experiences and results in Ghana, Brazil, India, Mozambique, Yemen, Mali and the MERCOSUR zone.

7. Discussions with CPMs suggest that IFAD's ability to influence policy is based on an institutional comparative advantage, which rests on a set of specific attributes. First, it addresses only those policy issues that have a bearing on the economic livelihoods of poor rural people. Its approach is both holistic and cross-sectoral, yet at the same time it strongly focused. Governments know what they are getting from IFAD, and they know too that IFAD has expertise in the areas in which it engages. Second, it is seen as a credible 'honest broker' that works through governments in a way that is non-threatening; it brings resources to the table; and yet it has no predefined, normative agenda to impose. This gives IFAD a unique space relative to other development partners.

8. ... **And weaknesses.** Yet while IFAD can point to a range of activities and successes in its work in country-level policy dialogue, it is also clear that there is substantial room for improvement. A recent paper, prepared under the framework of IFAD's collaboration with the Brookings Institute on scaling up⁶, points to the over-ambitious policy agendas defined in the COSOPs, though it asserts that: "... *in practice... policy analysis and dialogue at the country level are usually weak or non-existent*"; even if they do recognise that there are successes, "*especially in Ghana and Peru, where IFAD's CPMs, country teams and PMUs have successfully lobbied for and achieved policy changes, at least as they applied to the business line supported by IFAD.*" The paper highlights the narrow focus on project results, and the lack of staff capacity and budget resources in IFAD's operational divisions, as factors explaining the gap between policy dialogue aspirations in the COSOPs and reality.

9. The paper also make three suggestions to enable IFAD to intensify its engagement in policy dialogue. The first is to build up some more technical capacity in PTA for direct deployment in support of specific policy engagements in individual countries; the second is for IFAD to partner more systematically with other donor agencies, "*especially the multilateral development banks, who have a much greater capacity and experience in this regard*"⁷; and the third is for IFAD to focus strictly on policy actions that are needed to permit progress along the scaling up pathway in the business lines of IFAD's engagement – and not seek to address general policy issues in agriculture and rural development that are unrelated to the specifics of the country programme.

10. IOE's 2012 ARRI rates IFAD's success in policy dialogue as moderately unsatisfactory or worse in 44% of the 18 country programmes evaluated, the lowest rated indicator of the country programmes⁸. It notes that there is "*widespread agreement among IFAD managers that IFAD has not been very successful in influencing policies consistently across its client countries*". While it does highlight individual cases of success, it argues that the main challenge is whether and how "*such occasional and episodic instances can be made a systematic part of IFAD's activities in the country*".

11. The ARRI offers a number of reasons for the mixed performance: (a) COSOPs typically identify a large and over-ambitious agenda for policy dialogue, but fail to specify the implementation details or the resources needed; (b) project implementation is the main priority, and little attention is given to conducting policy dialogue, even when these are critical to assure sustainability or scaling up; (c) insufficient effort is made to draw and disseminate lessons from project experiences, even

⁶ A. Hartmann, Kharas H., Kohl R., Linn J., Massler B. and Sourang C. (2012) 'Scaling Up of Programs for the Rural Poor: IFAD's Experience, Lessons and Prospects' (Draft) IFAD Institutional Scaling up Review, Phase 2 overview paper

⁷ While such institutions are of course important partners for IFAD, three points should be made. First it is not actually clear that these institutions have had significantly greater success than IFAD in policy dialogue in agricultural and rural development. Second, they have a specific model for policy dialogue, which responds to only *part* of IFAD's approach. And third, in many countries in which IFAD operates, these organizations are no longer actively focusing on smallholder development- or rural poverty-related issues.

⁸ It is significant however, that IOE's ratings of IFAD's performance relative to policy dialogue have been made in the absence of both a clear definition of policy dialogue and an explicit understanding of what constitute policy dialogue activities. The 2012 ARRI goes some way to addressing both of these issues.

though direct supervision offers this possibility; and (d) country and regional grants are rarely used to feed into policy dialogue, in part because of the perceived complex processing requirements. In addition, it points to CPMs' lack of technical skills and resources, and their excessive administrative load, as a major constraints to a more proactive policy dialogue agenda; and it highlights the importance of country presence for facilitating IFAD's engagement.

12. Looking to the future, the ARRI calls for a greater realism and clear focus in policy dialogue, aimed at: (a) ensuring a supportive institutional and policy context for IFAD-supported initiatives, and (b) scaling up successful interventions in the areas or business lines in which IFAD is engaged with projects in a particular client country. Continuity and long-term engagement are crucial. Internal incentives within IFAD need to encourage an effective engagement with policy issues. The ARRI argues that grants could be used more systematically, and it also suggests consideration of policy notes as an analytical entry point to an engagement process. **IOE plans come back to these issues in a planned CLE on policy dialogue or pro-poor policy.**

13. Both the Brookings paper and the ARRI make important points about the weaknesses of IFAD's work in country-level policy dialogue, and offer important pointers as to how the organization can improve its performance. Yet arguably, the largely negative views are in part a reflection of two other weaknesses. First, IFAD has failed to define what it means by policy dialogue and the activities that contribute to it; and thus both papers judge the organization's performance by their own implicit, and arguably partial, interpretations of policy dialogue. Second, there is substantial under-reporting of policy dialogue within IFAD (reflecting in turn a lack of a requirement to report), and thus a lack of easily accessible examples to review and draw upon.

14. Building on some of the concerns of Brookings and IOE, this paper argues that, in part because of the lack of a shared and common understanding as to what constitutes policy dialogue, it has tended to be seen simply as a natural extension of IFAD's project work, rather than an activity in its own right. IFAD has lacked a conceptual approach to guide its policy dialogue; it has lacked the skills and institutional capacity, as well as analytical tools or products for operationalizing its work; and it has lacked the instruments to finance it. **Ultimately, while country-level policy dialogue has become a corporate priority, till now it has been given little corporate support.**

15. **As well as the limitations of policy dialogue.** Finally, in a discussion of the strengths and weaknesses of IFAD's performance with regard to country-level policy dialogue, it is also worth highlighting its limitations. The point is that policy dialogue is not an objective, it is a means to achieving an end – that of a more favourable policy environment for rural people to move out of poverty. However:

- IFAD never works in a politically neutral environment: policies have political implications, and the ministers with whom IFAD interacts, whose support is critical for any policy change, usually have political – and *non*-evidence-based – reasons for supporting or opposing that change.
- Policy change frequently comes about through a process of negotiations in which there are many voices all seeking to be heard: how can we assure that IFAD's voice (and the voice of the rural poor) is listened to in that noise?
- The chain of causality between policy dialogue, policy change and policy implementation is often slow, weak and uncertain.
- It is easy to invest resources and get no return: governments are not always interested or willing to change policies. (*Example: in Bangladesh the World Bank and DFID invested substantial resources in policy analysis aimed at promoting privatisation of the extension service. Following the election of a new government, the privatisation agenda was simply shelved and the work effectively wasted.*)

- The attribution of IFAD’s (as opposed to other stakeholders’) influence on a policy agenda is frequently difficult. Not only; it may even be counter-productive: how many governments would want to acknowledge that their change of policy was due to the influence of an external development partner?
- If there are problems of causality and attribution, how can IFAD meaningfully measure its performance in this areas, and what can it be held accountable for?
- And if, for all these reasons, the benefits of policy dialogue are unclear, how can we justify expenditure in this area?

16. Clearly, these problems are not unique to IFAD. Many other development agencies – DFID⁹, AusAID¹⁰, FAO¹¹, UN agencies under the UNGD¹², CIDA¹³ and the World Bank¹⁴ amongst others – are all struggling with the same issues. None have all the answers they need, and all recognise the limitations and weaknesses, as well as the real successes, associated with their agencies’ work.

How do other donors measure the impact of policy dialogue?

“The short answer to this question is that they do not. The Canadian International Development Agency (CIDA) does not document their policy dialogue activities nor do they have specific guidelines or models (Watson and Pierce 2008). The World Bank encourages its staff to monitor their success in advocacy as part of the self assessment process, but formally there is no procedure for cost benefit analyses or tracking influencing strategies (ibid). Likewise, at DFID, there are no formal mechanisms for tracking the outcomes of policy dialogue (Watson and Pierce, 2008).”

From: “*Review of Literature and International Best Practice in Policy Dialogue*” AusAID, 2011

E. Towards an action plan for strengthening IFAD’s engagement in country level policy dialogue

17. This paper argues that IFAD is probably doing better on country-level policy dialogue than is generally recognised. Yet having said that, it is also evident that there are weaknesses and that IFAD could be doing better: as in many things, it needs to be taking what it currently does well in a few countries and practicing it consistently in all of its country programmes. **Above all, policy dialogue needs to be recognised as a distinct activity within the country programme, and supported with a dedicated budget and delivery products.**

18. Arguably, the need for improved performance in this area has never been greater. Effective country-level policy dialogue is a critical tool in IFAD’s scaling up agenda and it can contribute to enabling IFAD achieving its target of lifting 80 million rural people out of poverty by 2015. Policy dialogue is likely to be an ever-more important ‘product’ for IFAD to offer its member countries, particularly in the growing number of middle income countries (MICs), where IFAD’s financial resources are likely to be of less importance to the country than the expertise it brings around issues related to rural poverty reduction. And IFAD’s membership are *demanding* that it pursues country-level policy dialogue more consistently: the IFAD9 Consultation Report reflects this expectation.

19. Yet at the same time, there are real opportunities for IFAD to step up its engagement. The increasing number of IFAD Country Offices, the expanded scale of IFAD operations in its member countries, and the evolving country programme approach, are all important building blocks that can facilitate a greater engagement in country-level policy dialogue.

⁹ Monitoring Policy Dialogue: Lessons from a Pilot Study, DFID Evaluation Report WP27 (2008)

¹⁰ AusAID has an ongoing evaluation of policy dialogue

¹¹ Evaluation of FAO’s Role and Work in Food and Agriculture Policy, Office of Evaluation (2012)

¹² ‘UNCTs Engaging in national Policy dialogue: Lessons from the Field. CBI/UNDB (2011)

¹³ See e.g. Evaluation of CIDA’s Effectiveness in Influencing Policy Dialogue in a Multilateral Context, and Food Aid, Policy Dialogue and Policy Influence, both available at www.acdi-cida.gc.ca/

¹⁴ Using Knowledge to Improve Development Effectiveness: an Evaluation of World Bank Economic and Sector Work and Technical Assistance, 2000-2006, IEG/WB (2008)

20. This paper seeks to draw on both the positive aspects of current practice and the critiques that have been made, to propose an action plan for strengthening IFAD's engagement in country level policy dialogue. In the following paragraphs, the broad principles underpinning IFAD's approach to country-level policy dialogue are outlined; proposals are made for more effectively integrating country-level policy dialogue in IFAD country programmes, for improving IFAD's monitoring, reporting and knowledge management on the subject, and for strengthening in-house capacity for country-level policy dialogue; and the possible costs and sources of funding for achieving this are outlined.

(a) Broad principles

21. IFAD's approach to country-level policy dialogue should be built on a number of broad principles.

- (i) **The agenda for country-level policy dialogue is shaped and led by the CPM.** The starting point is that it is the CPM who is mandated through his/her TOR to engage in country-level policy dialogue; and so all corporate efforts to strengthen that policy dialogue must support, and work through, the CPM. On all issues related to the country programme, IFAD must speak to government and national stakeholders with one voice.
- (ii) **...in the context of the country programme.** Policy dialogue is not a stand-alone activity: it is an integral part of the country programme – a tool for raising sustainable impact; and it is closely linked to (and made possible by) the other elements of the programme. Above all, it is linked to the projects IFAD supports – their objectives, experience and lessons learnt – and these in large part provide the entry points for the policy dialogue. In most cases, as recommended by both IOE and Brookings, IFAD should focus on a limited number of areas for policy action, and particularly those that are needed to permit progress along the scaling up pathway in the business lines of IFAD's engagement.
- (iii) **There is need for a context-specific approach.** Countries vary enormously, in terms of their size; their level of development, their technical capacity and political processes for policy development and negotiation; the capacity of – and space for – organizations of rural people to participate in policy dialogue; and ultimately the willingness of the government to engage in policy dialogue with IFAD. IFAD's objectives for policy dialogue, and the approaches it adopts and the entry points it uses to achieve these objectives, all need to respond to that context. The activities defined in para.5 above provide a menu of possible entry points.
- (iv) ... that is built on **IFAD's comparative advantage.** The nature of that comparative advantage is both corporate – IFAD as an honest broker, trusted by government, with experience to share and resources to bring to bear; and also country-specific – reflecting factors such as the presence or otherwise of an ICO, the level of resources IFAD brings to that country, and the performance of the country programme itself and the projects within it.
- (v) **...and is realistic.** That the policy agendas of COSOPs are generally over-ambitious is in little doubt. Part of the reason reflects a weak understanding of what can be achieved, and what is expected, at COSOP stage. So the country policy agenda must be realistic, based on an understanding of the national context, of what is expected in-house, and how IFAD can pursue its agenda in-country. Care must be taken not to over-commit IFAD to results it may be unable to deliver against.
- (vi) **Partnerships are critical.** Both IOE and Brookings point to the importance of partnerships with other MFIs – and while these have their limitations (footnote 7) – there may indeed be cases where MFIs will be important partners for IFAD. The same is true for selected bilateral donor agencies. With both groups, partnerships can enable IFAD to access policy making processes more effectively and to have its voice heard. However, perhaps even more important are partnerships with regional, and above all local, organizations – civil society,

private sector and policy research organizations for example – which have a direct stake or interest in the agricultural or rural economy and in the policies affecting it.

- (vii) **...particularly with organizations of poor rural people.** In engaging directly in policy dialogue with governments, IFAD effectively seeks to represent the interest of smallholder farmers and other poor rural people. However, it is of course preferable for IFAD's target group – those who are directly affected by agricultural/rural policies – to conduct that dialogue with their governments. An important aspect of IFAD's approach therefore is to support organizations of poor rural people – and particularly those of smallholders farmers – to participate in policy processes themselves, while also urging governments to offer them a place at the negotiating table.
- (viii) **An evidence base is invaluable...** While of course policy processes have a strong political dimension to them, effective engagement in policy dialogue is frequently facilitated by bringing to bear evidence to support a specific position. This may in practice mean an analysis of the impact of a current policy, and presentation of alternative policy options and their likely consequences; or an evaluation of, and lessons learnt from, a completed project. It requires effective KM as a key element of the country programme, as well as a new attention to be given to the preparation of policy notes (see para.29 below).
- (ix) **and windows of opportunity should be exploited.** While, as recommended by IOE and Brookings, IFAD should not generally seek to address general agriculture/ rural development policy issues that are unrelated to its country programme, important opportunities for policy dialogue may emerge unexpectedly, and it should be ready to exploit these wherever possible. Where, for example, policy space opens up as a result of a change of government or the arrival of a new minister, or IFAD is requested by a government (or the sector working group or farmers' organization) to support the development of a policy in an area consistent with IFAD's mandate, even if it is one in which it is not directly engaged in the country, then IFAD should grasp such opportunities. It must be sufficiently flexible to listen to local policy priorities, and respond in whatever way it can.
- (x) **The political nature of policy processes also needs to be borne in mind.** Many policy processes are ultimately political rather than technocratic; and while that does not negate the importance of evidence-based policy dialogue, it does point to the need for IFAD's approach to: recognise the political context and define its entry points accordingly; respond to clear demand for policy inputs so as to increase the chances of effective influence; identify local champions who are effectively engaged in relevant policy processes to run with IFAD's policy findings or positions; and actively seek and exploit those – frequently political – windows of opportunity.

(b) More effectively integrating country-level policy dialogue in IFAD country programmes

22. In order to identify key issues for country-level policy dialogue, develop potential approaches for engagement and then pursue that policy dialogue, there is need to maintain a consistent focus on policy issues, and actively engage in policy processes, throughout the country programme. At the same time, there is need to use new tools to facilitate more effective engagement in policy processes.

23. **At RB-COSOP stage** a priority must be to avoid being over-ambitious in outlining an agenda for policy dialogue. The current COSOP guidelines, which require a Results Management Framework that define specific policy/institutional reform targets related to the strategic objectives, may have actually encouraged the excess of ambition. In reality, the COSOP is a strategic framework for underpinning IFAD's work programme in-country; and so instead of expecting it to serve as a *tool* for policy dialogue, what it may more appropriately serve to do is to: (a) identify in broad terms the possible areas for policy dialogue, derived from the strategic objectives of the COSOP; (b) confirm

that in these areas, the policy framework is sufficiently supportive to permit effective investments and there is not such substantial policy failure that would make IFAD projects problematic (*example: a law dictating the maximum level of interest rate that a finance institution can charge on the loans they offer may make it impossible to pursue a project aimed at promoting the development of sustainable MFIs*); and (c) articulate a broad strategy for policy dialogue through the country programme plan and identify potential entry points and activities/approaches. It may be appropriate to revisit the COSOP guidelines to encourage a more realistic policy content.

24. **During project design**, there is need for a more consistent and rigorous treatment of policy issues, perhaps giving attention to two main areas. The first is the need for a more thorough analysis of the policy context relevant to the project being designed, giving a particular attention to any policy constraints that may challenge effective project implementation. Second, there is need to articulate how the project will provide a starting point for policy dialogue. This may be internalised within the project, by including within it support for a policy-making institution or a policy development process; or it may be addressed by identifying a specific knowledge management agenda for the project which can inform policy dialogue pursued outside the scope of the project itself. Here there is need to identify potential partners for that policy dialogue, be they organizations of rural people, other national stakeholders, the sector working group or specific multilateral/bilateral development agencies.

25. In order to pursue a more policy-focused approach to project design, there is need, on one hand, for CPMs to internalise issues around policy dialogue (an expected outcome of the proposed training – see para.36 below) and ensure that the design team takes these on; while on the other, within the context of PTA's new model for engagement in project design, for its Policy Advisor and Technical Advisors to focus on these issue, in their specialised technical expertise.

26. **During project implementation**, there is a need for implementation support activities to more consistently give attention to policy-related issues. At a minimum it may serve to confirm that there are no major policy constraints; but where there are such constraints, implementation support needs to be used as an entry point for policy dialogue with government – either directly, by IFAD, on behalf of the project's target population, and/or indirectly, by rural people's organizations that IFAD may support. Supervision aide memoires can serve to highlight policy issues and bring them to the attention of policy makers.

27. Towards the end of the project implementation period, the emphasis may be a different one: bringing to the attention of key policy makers in government the successes achieved under the project, and in doing so highlighting opportunities for policy change that draw on, and scale up, the approach used and experience gained. It is an opportunity that should not be squandered; and here too some form of policy note may be of value.

28. At all stages of the country programme / project cycle, the identification of policy constraints or of opportunities for policy dialogue may lead to the need for IFAD to actively engage in, or support in one way or another, a country-level policy process. In para.5 above, a wide variety of entry points were defined, all of which can add value and contribute to a process of policy dialogue in the appropriate circumstances, and at different stages of the cycle. These need to be actively exploited wherever there is an identified need or opportunity.

29. **The policy note.** While there will be many entry points for pursuing policy dialogue, informed analysis can often play an important role by providing an evidence base upon which to make policy decisions. It is proposed that IFAD introduce the policy note as an analytical tool which can contribute to the larger processes of country-level policy dialogue; and finance this through a separate and distinct budget line.

30. The policy note would be a *country-specific* product. It would be prepared as and where there is demand for it from the CPM, either to take advantage of a window of opportunity s/he has identified, or to respond to a request from the government in question. It could also be prepared to

support the engagement in a policy process of the sector working group, or a smallholder farmers' organization, a civil society organization (e.g. an apex organization of MFIs), or even an organization of relevant private sector players (e.g. the agricultural chapter of a chamber of commerce). Generally the policy note would represent just one element of a larger process of engagement, which could additionally include support for policy discussion fora, capacity building etc.

31. The policy note would usually focus on issues with immediate relevance for the country programme and to a specific project, and it could be prepared in at any stage of the country programme/project cycle. It could complement COSOP preparation efforts if additional work is needed in some areas; it could support project design or implementation; or it could serve to enable the scaling up of project successes¹⁵. There may also be situations where IFAD is requested by a government, or another relevant stakeholder, to conduct analysis on a critical policy issue that is beyond the scope of the country programme, yet is squarely within the agricultural/ rural sector. Being able to respond to such requests would enable IFAD to deepen its engagement and strengthen its reputation in the country.

32. The policy note would vary in format and scope according to context, though typically it would:

- Review a current policy (or set of related policies) and provide evidence of its impact;
- Draw on the experiences and lessons learnt, in-country and elsewhere;
- Present issues and options for policy change;
- Make clear the expected benefits, risks and costs associated with these; and
- Offer recommendations for moving forward.

In all cases, a particular priority would be to analyse the impact on poor rural people of existing policies and proposed options.

33. IFAD, through the CPM and with support from PTA (plus ECD and/or SKM, according to the issue), would lead the process of preparing the policy note. Because there would be premium on country-specific (as well as sector-specific) knowledge, IFAD would frequently work with partners, such as local and regional policy research centres, think tanks and thematic centres of excellence, as well as farmers' organizations and private sector representatives, in the preparation process.

(c) Improved monitoring, reporting and knowledge management for country-level policy dialogue

34. While measuring the impact of country-level policy dialogue is agreed to be extremely problematic, arguably one of the reasons IFAD has been criticised for its apparently weak engagement in country-level policy dialogue is that it does not effectively monitor or report on its activities and achievements in this area. There is need for improvement here, and a twin-track approach to strengthen monitoring and reporting would be taken. First, all activities financed under this plan would be monitored by PTA, above all to allow for reporting of the inputs provided, the outputs delivered and the policy outcomes achieved. Second, at the institutional level, a gradual and step-by-step approach would be taken to incorporate within IFAD's already-existing results measurement system the facility to monitor and report on activities and outcomes for country-level policy dialogue. This would encompass the levels of project, country, region and the organization, in a pyramid that rises from the annual project status report (PSR) and the end-of-project completion reports (PCR) at the bottom, to the annual Portfolio Review and the Report on IFAD's Development Effectiveness (RIDE) at the top.

¹⁵ The topics for policy notes will be determined by demand. However, most of them are expected to be in the following thematic areas: climate change, land, water, agricultural technology, private sector investment.

35. At the same time, there are other development agencies concerned with understanding how best they can engage in policy dialogue and improve their own performance – AusAID, CIDA, DFID, FAO, the World Bank, at a minimum. There is need to learn from these agencies, and create opportunities to share experiences and approaches.

(d) Strengthening IFAD's capacity for country-level policy dialogue

36. The ARRI and the Brookings report both point to the lack of staff capacity and technical skills in IFAD's operational divisions to engage effectively in country-level policy dialogue. A starting point for strengthening that capacity is some form of tailored training for the staff of PMD (CPMs/CPOs, Regional Economists, PTA and ECD) and SKM, which can promote a shared understanding of country level policy dialogue – its entry points, approaches and principles; of policy dialogue within the country programme; and of issues such as partnership and knowledge management. Drawing on and sharing the lessons learnt by those CPMs and other IFAD staff members with experience to offer would be an important element of that training. So too would be learning from the experience of other international development agencies.

37. While country-level policy dialogue must remain the responsibility of the CPM, assisted by CPO and regional economist, there is also recognised to be need to bring to the regional divisions support from other units. In particular PTA and, in their specific areas of expertise, ECD and SKM must all play a more proactive role. Their engagement will be upon demand from the CPM, fit within the agenda shaped by the CPM in the context of his/her country programme, support that agenda by bringing specialist technical/policy expertise to bear and, as one interviewed CPM put it: *“show the government that there's an institution behind the CPM”*.

38. One of PTA's expected principal roles would be in assisting the CPM to identify potential entry points for policy engagement and dialogue, and then pursue them. The policy notes would be a key element of amongst the entry points, and assisting CPMs managing these would be a major task for PTA. In playing that role it would draw both on its own expertise in the Technical Advisors and act as a link between the CPM and centres of excellence / expertise, as well as with other divisions within IFAD. ECD would bring to bear expertise in the areas of sustainable natural resource management and climate change. SKM would do so in the areas of scaling up, poverty measurement and monitoring, south-south cooperation and knowledge management. It could additionally contribute knowledge on global issues and their possible influence in national policy issues, and also assist the CPM to build institutional credibility through, e.g. dissemination of IFAD flagship publications. The opportunities for synergies between IFAD's impact evaluation agenda and agendas for country-level policy dialogue can also be explored. PRM could feasibly play a role both in the CPM training on issues of partnership development, and in sourcing trust fund resources to support the proposed activities.

39. The recently appointed **Senior Policy Advisor** in PTA would act as an in-house champion for country-level policy dialogue. He would elicit demand among CPMs for the support being offered, organize training/knowledge sharing events, and represent a first point of contact for CPMs interested in accessing support. He would work closely with CPMs, on demand, and support their efforts to engage effectively in country-level policy dialogue (initially focusing on a limited number of countries). He would act as a broker for PTA and other units to engage, drawing as appropriate on the expertise of the sector-based Technical Advisors and specialists, as well as outside expertise. He would engage in PMD and corporate processes to ensure that country-level policy dialogue is effectively addressed in operational guidelines and in IFAD's monitoring and reporting systems; and he would look to build learning partnerships with other development agencies concerned with understanding how best to engage in policy dialogue and improve their own performance, and with policy centres, think tanks etc. with a capacity for agricultural/rural policy analysis.

(e) Financing country-level policy dialogue

40. Conceptually, the costs of implementing this action plan are those associated with: (i) the various activities for policy dialogue (as defined in para.5), implemented through the country programme cycle, including in particular the preparation of policy notes; (ii) monitoring and reporting and knowledge management; and (iii) strengthening capacity. In practice, some of the activities for policy dialogue are internalised within the budgets of specific projects, while parts of the plan can be seamlessly mainstreamed into IFAD’s normal activities and do not have major budgetary implications – particularly those involving modifications of internal processes (for the project cycle plus monitoring and reporting) and internal capacity-building.

41. However, there also many current projects that do not have within their budget a provision for activities in support of policy analysis/dialogue, and as demand amongst CPMs to pursue a policy dialogue agenda is generated, it may be necessary – initially at least – to be able to support their agendas with incremental funds. Thus some general provision for policy activities may be necessary. In addition, the preparation of policy notes in particular is a new and incremental activity, and it will incur real costs. These will vary considerably, depending on the nature of the policy issue being addressed (for example, the drafting of an agricultural sector strategy will likely cost more than an analysis of a country’s policy on fish net mesh sizes), and on the process associated with the note (for example, if presentations or workshops to discuss the findings are subsequently conducted). A ballpark figure may be in the order of US\$ 50,000 per policy note. This figure – US\$ 50,000 – can be considered an approximate per-country allocation, for whatever policy dialogue-related activities (from the array described in para.5 above) are supported.

42. Given resource/capacity limitations, it is assumed that policy dialogue would be supported, through policy notes and/or other associated activities, in 4-5 countries per year. Other costs would likely include knowledge management activities – for example conducting a review of IFAD country-level policy dialogue activities or bringing together other development agencies; training of staff; and staff travel. A very tentative total cost of a three year implementation plan for the 9th Replenishment Period (2013-2015) would be in the order of US\$ 850,000, broken down as follows:

Item	Assumption	Cost (US\$)
Policy notes and/or other policy dialogue activities	14 countries @ US\$ 50,000	700,000
Monitoring, reporting and knowledge management	Lump sum	75,000
Strengthening capacity	Lump sum	75,000
Total		850,000

43. This will be financed in part by PTA, which has already made a provision for country-level policy in its 2013 budget, and in part too by the regional divisions. In addition, the ASAP budget includes a provision of US\$ 30,000 per project for policy dialogue on adaptation related issues. Furthermore, the President has approved the use in principle of up to US\$ 600,000 of the outstanding funds under the Innovation Mainstreaming Initiative (IMI) for country-level policy dialogue¹⁶. These resources would serve to build demand from the CPMs, and cover the early ‘start-up’ costs associated with a ramping up of IFAD’s engagement in country-level policy dialogue.

44. Grant funds can also be envisaged as a source of funding for activities for country-level policy dialogue. Regional / global grants may enable IFAD to build partnerships with research organizations that can conduct relevant policy analysis on its behalf, while country grants may be used to e.g. build local partnerships for analysing policy; strengthening local capacity for policy

¹⁶ Subject to a full proposal being developed and submitted to EMC for approval of use of IMI resources

formulation and negotiation; and promoting dialogue, within country and across countries with similar issues to tackle. In the medium-term bilateral trust fund resources may also be regarded as a possible source of funds for an expanded agenda for country-level policy dialogue.

F. Next steps:

45. Subject to endorsement by Senior Management of this paper and its contents, the following are suggested as possible next steps to be taken.

- Preparation of a brief (based on this paper) that can serve as a first reference point for staff and promote a shared understanding of IFAD's definition of country-level policy dialogue.
- Prepare and conduct tailored training / workshop sessions – particularly for CPMs/CPOs, Regional Economists, PTA technical advisors, ECD and SKM staff (and FAO/IC colleagues who participate heavily in project design processes) – to share concepts, exchange experience and lessons learnt, and reach common understanding as to opportunities for country-level policy dialogue and the support that PTA can offer.
- Start collaboration with CPMs, support their work, and engage directly in policy dialogue processes in priority countries.
- Work with PTA to adopt an explicit focus on policy issues in quality enhancement process for projects under design, and offer specific, demand-driven policy support in selected thematic areas at the country level.
- Further develop ideas as to the likely scope and forms 'policy notes' might take; and introduce the 'policy note' as an analytical tool for policy engagement at the country level with a separate budget.
- Ensure that, as part of future reviews of the various operational guidelines, the requirements relative to policy dialogue are revisited, to encourage greater reflection on the topic and a more realistic and targeted approach.
- Review the existing institutional framework for monitoring operational performance to see how best policy dialogue activities and results can be monitored and reported on.
- Reach out to other development agencies that are actively involved in policy dialogue and are attempting to monitor or measure their performance, to develop joint approaches and partnerships. Identify potential partners for policy analysis and engagement amongst policy centres, think tanks etc. – particularly those in the developing regions.