

Country-level policy engagement: Opportunity and necessity

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Enabling poor rural people
to overcome poverty



Microfinance for Marginal and Small
Farmers Project, Bangladesh
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WHY COUNTRY-LEVEL POLICY ENGAGEMENT?

Policies affect every dimension of the institutional and legal context in which poor rural people pursue their livelihoods; they shape the world they live in and the economic opportunities open to them. This means that supportive policies can go a long way towards providing the conditions in which people can lift themselves out of poverty. Conversely, policies that do not create opportunities, or that exclusively reflect the interests of other economic players, can be an insuperable barrier or an unbridgeable gulf – roadblocks barring the way out of the poverty trap.

For IFAD, policy engagement at the country level serves two critical purposes. First, it can help to create an enabling environment for project implementation and for achieving project impact. Second, it can contribute to creating the conditions for large numbers of rural people to move out of poverty, at a scale that no single project can address. IFAD-supported projects can provide a laboratory for learning and accumulating evidence about effective approaches to rural poverty reduction, and proven successful approaches can be scaled up, often at the national level, through policy changes. Ultimately, contributing to policy change can help us achieve the IFAD 9 target of moving 80 million people out of poverty.

Policy engagement at country level is becoming ever-more important for IFAD. More and more of IFAD's Member States are gaining middle-income country status; as they do so, their interest in what IFAD can offer them is changing. In themselves, IFAD's resources, our loans, may be of only limited value to these governments; but what can make them of interest is the opportunity they offer to draw on IFAD's experience and expertise in rural poverty reduction and to develop new approaches that can then be integrated into their national programmes. This has long been true in Latin America; today it is increasingly the case in all regions.

WHAT DO WE MEAN BY POLICIES?

The term 'policies' can denote a variety of mechanisms and arrangements – usually at the national level, but on occasions at a higher, regional level or at a lower, state or provincial level – taking in legislation and regulations; public policy statements and documents; sector plans, strategies and programmes; budgets; the high-level rules of government agencies; as well as institutions – the vehicles to implement policies. IFAD's interest is exclusively in those public policies that shape the economic opportunities in agriculture and the non-farm rural economy for rural people to move out of poverty.

If the need for policy engagement is growing, so too are the opportunities. Not only is IFAD a significantly larger player in many countries than it was even five years ago; but IFAD's growing number of country offices offer the scope for staff to develop the partnerships and the broader sectoral knowledge that are indispensable for policy engagement.

The Medium-Term Plan for 2013-2015 reflects a new understanding that **policy dialogue is part of IFAD's core business, and that it needs to be recognized as a distinct activity within the country programme, and supported with a dedicated budget and delivery of products.** In doing so, it reflects the IFAD 9 commitment to pursue "more rigorous policy analysis, and active engagement in national policy dialogue on agriculture and rural development", and the recognition in the Strategic Framework that policy dialogue and advocacy initiatives – involving not only governments but rural producers' organizations, other donors and partners – are essential to IFAD's work.

IFAD's experience to date

A substantial number of IFAD's country programmes already include a focus on policy analysis or advocacy, offer support to policy processes or strengthen the capacity of national stakeholders in policy development. They do so in many different ways.

Many of the entry points are found within IFAD's investment projects and grant-financed projects – regional as well as country-specific. They include, for example:

- Strengthening the capacity of, or even supporting the creation of, **public institutions** concerned with formulating national policies for poor rural people.
- Supporting **rural people's organizations** to enable them to more effectively advocate for their members' interests and engage in policy processes.
- Promoting **policy processes** – forums that bring together national stakeholders, including governments, rural people's organizations, the private sector – in a dialogue regarding policies.
- **Operationalizing a national policy** or programme at a state or local level.
- Creating opportunities for **sharing of experience** and dialogue between governments and/or rural people's organizations at a regional level, or across regions (South-South).

WHAT IS POLICY ENGAGEMENT?

A process for IFAD to get involved with partner governments and other national stakeholders to influence or inform policy priorities, as well as the design and implementation of public policies that shape the economic opportunities for large numbers of rural people to move out of poverty.

IFAD sometimes participates directly in policy dialogue; more often, it facilitates discussion among national stakeholders, strengthens their capacity, and brings evidence to the table that can inform discussion.

It is not just through the actions of projects that IFAD supports policy processes however; country programme managers (CPMs) and country programme officers themselves also play a key role by, for example:

- **Bringing to government's attention policy issues or blockages that constrain effective project implementation**, and highlighting the need for modifications to the policy framework. In certain cases, IFAD has even sought the agreement of governments to specific policy changes prior to the start of project implementation.
- **Highlighting to government policymakers proven successes associated with ongoing or completed projects**, and advocating for their scaling up through national policies and programmes.

- **Participating in the in-country agricultural (or other) sector working groups** that serve as a forum for government and its development partners to identify and prioritize policy issues, and contributing IFAD experience and positions.
- **Commissioning research and analysis** that can inform national policy processes.

While IFAD has contributed to significant changes in the policies affecting poor rural people in many countries, IFAD’s Independent Office of Evaluation (IOE) and the Brookings Institute have both highlighted IFAD’s inconsistent achievements and weaknesses in its country-level policy work, resulting from:

- the over-ambitious policy agendas defined in the country strategic opportunities programmes (COSOPs), which are not properly followed through
- IFAD’s narrow focus on projects, at the expense of knowledge management and policy engagement
- a lack of capacity in terms of in-country presence and in-house skills
- the lack of instruments and tools to support country-level policy engagement.

This critique has guided IFAD in shaping its new approach towards strengthened country-level policy engagement.

IFAD’s emerging approach

IFAD has already taken a number of important steps to strengthen its country-level policy engagement. A senior policy advisor has been recruited in the Policy and Technical Advisory Division (PTA) to champion country-level policy engagement and support CPMs. In January 2013, the Executive Management Committee (EMC) approved an Action Plan for Policy Dialogue, which provides a framework for IFAD-wide involvement in the initiative.

A fundamental principle is that policy engagement must be led by the CPM, within the context of the country programme. While the CPM is able to access support from the rest of the organization to engage more effectively, in no country will there be an IFAD agenda for policy engagement that the CPM does not direct.



Some examples of IFAD's policy engagement

- **MERCOSUR, REAF (Specialized Meeting on Family Farming):** supported by an IFAD-financed secretariat, REAF has served as a platform for consultations among governments and social movements from the four MERCOSUR countries (Argentina, Brazil, Paraguay and Uruguay); and it has contributed to a reorientation of national institutions, policies and programmes for family farming in the subregion.
- In **Bangladesh**, the Microfinance for Marginal and Small Farmers Project piloted a new lending methodology better adapted to the needs of smallholder farmers, which led to a policy change by the Government's apex microfinance institution.
- In **Burundi**, under a regional grant-financed project support and training were provided to the confederation of agricultural producers' associations (CAPAD), enabling CAPAD to successfully lobby the Government for policy changes, including the introduction of fertilizer subsidies and an increase in agriculture's share of the government budget from 3.6 per cent in 2010 to 10 per cent in 2012.
- In **Ghana**, IFAD currently co-chairs with the Government the agricultural sector working group that is used to enable government to discuss key sector policy issues with national stakeholders and its development partners. IFAD is taking the lead in assisting government to develop a framework for promoting private sector-led agricultural value chain development, by providing guidance and principles for leveraging private sector investment and access to finance for agricultural value chains.
- In **Kyrgyzstan**, the Agricultural Investments and Services Project (AISP) supported the Government to develop and adopt a new pasture law that introduced a single community-based pasture management regime for all pasture land in the country. Since the adoption of the law in 2009, the AISP and the follow-on Livestock and Marketing Development Programme have supported the Ministry of Agriculture to develop the policy and regulatory framework for the implementation and administration of the new law.
- In **Lao People's Democratic Republic**, at the request of the Government, IFAD undertook an econometric study on the role of agriculture in economic growth and poverty reduction. The results were used by government both to refine the national agriculture and natural resource management strategy and as a basis to revise upwards the targeted growth rate for the agriculture sector from 3 to 4 per cent and the needed investment levels for the sector, in order for the country to achieve an overall economic growth rate of 8 per cent by 2020.
- In **Mozambique**, the programme coordination unit (PCU) for the Agricultural Markets Support Programme (PAMA) realized that the process of registering a farmers' association was costly and incurred heavy transaction costs. The PCU facilitated a wide debate on the issue, involving policymakers and other stakeholders including the national farmers' union (UNAC). 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.
- In **Panama**, the Rural Development Project for Ngöbe Communities 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, to facilitate a process of negotiation of a set of laws governing indigenous peoples' land rights.
- In **Tunisia**, where new opportunities for policy engagement have emerged, a new project currently under design will be looking to pilot innovative approaches for generating economic employment opportunities, particularly for rural young people, and in doing so contribute to defining a new development path for the marginal, arid south of the country. A strong focus on analysis of implementation experience will give the project an evidence base with which to engage with policymakers and so inform policies and approaches.

PTA, in collaboration with the Environment and Climate Division (ECD), will provide policy support on issues related to climate change adaptation, while PTA and the Strategy and Knowledge Management Department (SKM) will collaborate in areas where there is a link between national and global policy agendas. The PTA senior policy advisor will advise on COSOP and project design through the country programme management team (CPMT) process. Where requested, the advisor will help CPMs address country-level policy engagement more effectively, offering ideas and experience as well as resources – both in terms of technical support and funds – to help CPMs get to grip with policy issues. In some cases, the advisor’s role may be to assist CPMs by demonstrating to their in-country counterparts that there is “an institution behind the CPM.”

Early examples of policy support to project design processes have been in Ghana, Indonesia and Nigeria.

ACTION PLAN FOR POLICY DIALOGUE

The action plan has a number of key features:

Integration. The plan aims to more effectively integrate country-level policy engagement in country programmes, from design to completion. This requires a consistent focus on policy issues at COSOP stage, when policy engagement needs to be thought of as a distinct element of the country programme and policy products as specific outputs of it; and throughout the entire project cycle – design, implementation, project completion – considering the project not as an end in itself, but as a starting point for policy engagement and other scaling-up approaches. PTA has an important role in supporting this new focus, and has already started promoting it.

New products. Country- and issue-specific policy analysis may be useful at any stage of the country programme or project cycle to bring evidence to bear on a policy process. It may involve reviewing an existing policy and provide evidence of its impact, or assessing the policy implications of IFAD-related experiences and lessons learned, in-country and elsewhere; as well as to presenting issues and options for policy change, and offering recommendations for moving forward.

Recognizing the limitations that lack of resources imposes on the CPM’s ability to engage in policy processes, an initial fund from the DFID-supported Initiative for Mainstreaming Innovation (IMI) has been made available. This is principally to make it possible to carry out the policy analysis needed to establish an evidence base for a larger process of policy dialogue and change, although it may also be used to support national policy processes more broadly.

The PTA senior policy advisor manages the IMI funds, and will provide support to interested CPMs as required to manage the process of carrying out the policy analysis and review.

Funds available for policy analysis!

IFAD’s country-level policy engagement has been hampered by a lack of financial resources outside the projects it finances, to support country-specific policy analysis and related activities.

Now, under the DFID-supported Initiative for Mainstreaming Innovation, a total of US\$600,000 is available (up to around US\$75,000 per country) to enable CPMs to commission policy analysis, short-term technical assistance and related activities to inform national processes of policy development.

Procedures for accessing the funds are simple, fast and involve minimum hassle.

Monitoring results. Measuring the impact of policy work can make an important contribution to understanding IFAD's overall development impact, but is fraught with conceptual and practical difficulties, as other development agencies have found. However, monitoring IFAD's policy engagement and the results achieved is important, for both accountability and learning: a starting point is to be clear about the outcomes we are looking to achieve in specific policy processes, and their link to rural poverty reduction. Working together, the Statistics and Studies Division (SSD) and PTA are seeking to advance IFAD's approach to monitoring and measuring the results of country-level policy engagement.

Developing partnerships. PTA is reaching out to other institutions – development agencies that are actively engaged in policy dialogue, policy research institutes and centres of technical expertise – to build partnerships for influence, analysis and learning.

Building capacity. PTA is pursuing several ways to strengthen capacity for policy engagement in IFAD, including training, workshops and knowledge products. A session on country-level policy engagement is included in the collaborative project design training programme. Next steps include an in-house workshop and a review of current policy activities, with a view to deepening the lessons identified.



HOW CAN A CPM ENGAGE IN POLICY PROCESSES?

Country-level policy engagement is in fact a range of complex activities and processes, and IFAD is still learning how to engage most effectively. Here are 10 lessons we have learned:

- 1 **IFAD's interest is exclusively in those policies affecting the livelihoods of poor rural people.** The value added that IFAD brings to policy engagement is a focus on how policies for agricultural and rural development affect poor rural women and men, and shape the opportunities for them to move out of poverty.
- 2 **An agenda for country-level policy engagement must be shaped by the country programme.** It is the COSOP's strategic objectives that provide the parameters for policy engagement, while it is the projects within the country programme that usually provide the knowledge and experience upon which that engagement can be built.
- 3 **Take a context-specific approach.** There is no 'right way' to do policy engagement. The issues vary, as do the opportunities, entry points and approaches, whose appropriateness depends on the context. But in all cases, it usually requires a considerable amount of time to identify key policy issues; identify options; engage in national processes; build partnerships and policy influence; and hopefully see changes in policies and practices.
- 4 **Understand the national processes for policy development.** This requires a mapping of institutions and stakeholders, their roles and effective power; of forums for policy dialogue; and of the various steps required for different sorts of policy outcomes. IFAD's policy engagement must fit into these national processes. The mapping provides an important starting point to identify the approaches that can be used.
- 5 **Projects should be thought of as laboratories for learning about policy issues, and the lessons learned as an entry point for policy engagement.** Project monitoring and evaluation systems need to provide the data on which the knowledge management function is built. Knowledge management is required not only to serve the needs of project management, but also to inform the policy engagement. And while projects should be levers for country-level policy engagement, this engagement can be a distinct activity within the country programme, with a separate funding stream.
- 6 **Build a hierarchy of objectives for policy engagement, as part of the project logframe.** This requires clarity about activities, outputs and outcomes (e.g. new public institutions and organizations; policies and policy instruments; efficiency of public expenditure and budget allocations) and the indicators (which may not easily be quantified) associated with these.
- 7 **An evidence base for policy engagement is invaluable.** Policy decisions are by no means always evidence-based, but targeted policy analysis can always inform policy discussions and, when commissioned by IFAD, it can strengthen the hand of poor rural people in processes of policy dialogue.
- 8 **Partnerships are critical for leveraging policy influence.** IFAD needs to work with a variety of partners – including governments, international development agencies, the private sector and civil society – to build coalitions to support the kind of policy changes that help rural people escape poverty. However, policymaking often favours the interests of strong, articulate, well-connected voices, and poor rural people are rendered invisible and unheard. Supporting organizations of poor rural people to enable them to participate more effectively in national policy processes is not only critical; it is part of IFAD's unique approach and comparative advantage.
- 9 **IFAD's role is generally to facilitate, rather than participate directly in policy dialogue.** IFAD's policy engagement is usually focused on creating the conditions that enable national stakeholders to engage in dialogue that will lead to policies that respond to the needs of, and create economic opportunities for, poor rural people.
- 10 **While a clear strategy for policy engagement is important, windows of opportunity should also be exploited.** A new minister for agriculture, a change in the political party in power, an ongoing process to develop a national sector strategy . . . these are examples of potentially favourable moments for IFAD to engage in a policy process, and the opportunities they offer should be seized whenever they emerge.



Rural Enterprises Project, Ghana
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See also the xdesk site for country-level policy
engagement, under PTA's homepage, for basic
documents, examples of good practice, policy work of
other agencies and background materials.
<https://xdesk.ifad.org/sites/pt/CLPE/SitePages/Home.aspx>