





Policy development and dialogue

Alejandrina Huamán cooks on an improved stove in her home in Andarapa-Andahuaylas, Peru. Through a community-owned project supported by IFAD, she has learned how to prepare terraces and now runs a small farm with a vegetable garden.

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Policy development

Policy process in IFAD

IFAD corporate policies guide the organization in achieving the objectives defined by its Strategic Framework 2007-2010. In 2007 the President issued a bulletin clarifying and formalizing the process that IFAD has developed over the past few years to produce corporate policies. The formalization of this process enables IFAD to issue policy products that have full corporate ownership.

The key elements of the policy process are:

- governance by the Operational Strategy Committee Policy Board, which is chaired by the President
- an annual policy work programme
- dissemination to staff and partners through a communication plan for each corporate policy developed
- affirmation of the mandatory nature of approved policies, calling for application, monitoring, assessment and evaluation

The process is mainstreamed throughout the organization in part through the policy reference groups.

Policy reference groups

In 2007, IFAD set up four policy reference groups to deal with four policy themes: climate change, land, indigenous peoples and engagement with farmers' organizations. In each of these areas, IFAD has started work on the development of a corporate policy.

In the area of climate change, IFAD defined its opportunities to support its clients in adaptation and mitigation, and to ensure flows of resources and technologies in their favour.

IFAD addresses land issues from the perspective of poor rural people and their livelihoods and in direct relationship with investments for pro-poor sustainable development. The organization does not address land issues in general nor does it take a normative and prescriptive approach.

The policy on working with farmers' organizations will take the form of guidelines for IFAD's engagement with the organizations and ways of working with them.

The policy reference group on indigenous peoples provided inputs for the paper developed for the 2020 Vision Conference in Beijing (see page 60). During 2008, it will continue to work on issues related to indigenous peoples.

Policy Forum

The Policy Forum held two sessions in 2007.

- The first session focused on IFAD's contribution to the World Bank's *World Development Report 2008: Agriculture for Development* (see page 75). Participants discussed the report's findings and recommendations, IFAD's engagement with its launch, and links to the organization's planned publication on rural poverty (see page 59). Guest participants were Ravi Kanbur of Cornell University, and Kostas Stamoulis of FAO.
- The second session drew on the work of a policy reference group on climate change, and participants discussed issues and options relevant to IFAD's work. It

was agreed that IFAD will engage in policy dialogue and international debates to help bring together the climate change and MDG agendas. In addition, IFAD will:

- address climate change in country strategic opportunities programmes (COSOPs), project design and implementation
- engage with partners to build poor rural people's capacity for mitigation and adaptation
- develop a corporate policy on climate change
- promote participation of poor rural and indigenous peoples in relevant forums
- develop partnerships with other UN agencies, especially FAO and the United Nations Environment Programme (UNEP), and with regional bodies such as the Permanent Interstate Committee for Drought Control in the Sahel and the Economic Community of West African States

Policy seminars

Policy seminars build awareness about the complexity of rural poverty and stimulate discussion about effective development initiatives. There were three seminars in 2007.

- Victoria Tauli-Corpuz of the UN Permanent Forum on Indigenous Issues gave a presentation on the Declaration on the Rights of Indigenous Peoples, focusing particularly on aspects relevant to development with indigenous peoples.
- Ravi Kanbur of Cornell University led a seminar entitled Q-squared: Combining Qualitative and Quantitative Methods in Poverty Analysis. Kanbur put forward the idea that in order to design effective policies to reduce poverty, policymakers must make the best use of both qualitative and quantitative analytical tools.
- FAO and IFAD jointly organized a policy seminar entitled Economic Partnership Agreements between European and African, Caribbean and Pacific countries: Implications for Smallholder Farmers. More than 40 participants represented governments, development agencies and farmers' organizations. Ibrahima Coulibaly of Coordination Nationale des Organisations Paysannes du Mali gave the main presentation on the subject of the views of farmers' organizations with respect to Economic Partnership Agreements.
- Michel Griffon of the French National Research Agency led a seminar entitled Future Agriculture, Equity, Sustainability – Towards the Doubly Green Revolution. Griffon spoke about projected food needs for 2050 in a global context affected by climate change and rising food prices. He presented the concept of the 'doubly green revolution', based on ecologically intensive production systems, as an effective solution for the future of smallholder farmers.

IFAD Innovation Strategy

In September the Executive Board approved the IFAD Innovation Strategy. The strategy will improve IFAD's capacity to work with partners to find and promote new and better ways to enable poor rural people to overcome poverty. It will also systematically mainstream innovation in IFAD's processes and in its country programme work, and it will manage the risks inherent in innovation. The strategy is one of the deliverables of IFAD's Action Plan (see page 42) and is the result of a broad process of consultation both inside and outside the organization. It builds on IFAD's experience and on best practices from the worlds of development and business.

IFAD defines innovation as 'a process that adds value or solves a problem in new ways'. The strategy further specifies that innovative products, ideas or approaches are new to their context, useful and cost-effective, and are able to 'stick' after pilot testing.

The strategy is based on four clusters of activities:

- building capabilities and understanding challenges requiring innovation
- nurturing partnerships and facilitating innovation networks
- embedding rigorous innovation processes into IFAD core business
- facilitating a more supportive organizational environment for innovation

The whole organization will contribute to implementation of the strategy during the time frame of the Strategic Framework 2007-2010. IFAD will set up an Innovation Services Group to facilitate its innovation efforts and advise management.

IFAD Strategy for Knowledge Management

In April, the Executive Board approved the IFAD Strategy for Knowledge Management. The strategy will enable IFAD to become a knowledge-based organization and deliver high-quality service by systematically learning from the experience of the programmes and projects it supports, as well as from poor rural people and partners. The strategy will provide IFAD with the framework and tools that it needs to maximize its development effectiveness in the context of the dramatic changes that are transforming the profiles of world agriculture and rural poverty.

The strategy has four strategic components. It will:

- strengthen knowledge-sharing and learning processes
- equip IFAD with a more supportive knowledge-sharing and learning infrastructure
- foster partnership for broader knowledge-sharing and learning
- promote a supportive knowledge-sharing and learning culture

Implementation of the strategy will enable IFAD to find and share innovative ways to reduce poverty. By sharing information and knowledge IFAD will promote good practice, support the scaling up of innovations and influence policies, positioning the fight against rural poverty as a national, regional and global priority.

The strategy is one of the deliverables of IFAD's Action Plan (see page 42), and it is the result of a broad process of consultation both inside and outside the organization. It builds on IFAD's experience and on best practices of other development institutions. The strategy is being implemented under the leadership of IFAD's Vice-President. A core team has been set up to provide guidance and oversee the work of the resource group responsible for putting the strategy into practice. IFAD is now mainstreaming knowledge management into its business processes.

Debt sustainability framework

In April, the Executive Board approved IFAD's debt sustainability framework (DSF), replacing loans with grants for those poor countries that are unable to sustain debt. IFAD's DSF is part of a unified effort by multilateral financial institutions to ensure that essential financial assistance does not cause undue financial hardship for those countries most in need.

Poor countries with low debt sustainability ('red light' countries) now receive assistance on 100 per cent grant terms; poor countries with medium debt sustainability ('yellow light' countries) receive assistance on 50-50 grant/loan terms; poor countries with high debt sustainability ('green light' countries) receive assistance on 100 per cent

loan terms. The ratings are determined using the country debt sustainability analyses of the World Bank and International Monetary Fund. Previously, poor countries received financial assistance from IFAD in the form of highly concessional loans.

In 2007, 17.6 per cent of the total value of approved financing for investment programmes and projects was in the form of DSF grants. Thirteen grants were approved for a total value of US\$99.2 million (Table 8).

Rural employment and livelihoods

Recognizing the importance of rural development in achievement of the first Millennium Development Goal, IFAD chose rural employment and livelihoods as the overarching theme of its 2007 Governing Council. The world's poorest countries often struggle with high rates of unemployment and underemployment in rural areas. The prospect of higher incomes and better standards of living in some urban areas has encouraged large numbers of poor rural people to migrate to nearby cities or to other countries in search of work. Those who remain in rural areas are facing new challenges created by rapid globalization, growing competition and the social and demographic changes caused by migration.

Three roundtables were organized around this theme during the Governing Council, on the topics of:

- Migration and rural employment
- Rural employment promotion through the value chain approach
- Generating remunerative livelihood opportunities for rural youth

Rural Poverty Report

To mark the thirtieth anniversary of the establishment of the organization, in 2007 IFAD started work on a new Rural Poverty Report. The report will illustrate some of the most innovative and effective responses to the challenges that poor rural people face in their fight to overcome poverty. It will focus on particular challenges affecting the achievement of the Millennium Development Goal of eradicating extreme poverty and hunger in a rapidly evolving context of climate change, growing resource scarcity and structural changes in agricultural markets and in rural societies. Poor rural people will be the narrators of the report, presenting their own perspectives on current and future challenges through their participation in regional consultations.

IFAD will prepare the Rural Poverty Report in collaboration with some of its main partners. The launch of the publication is planned for early 2009.

International policy dialogue and advocacy

IFAD engages in international policy dialogue and advocacy in three main areas:

- taking part in, coordinating and, where possible, leading policy discussions to raise the profile of the issues of rural poverty and food security, shaping core messages to reflect these issues and promoting policy coherence among partner agencies in these areas
- fostering participation and advocacy by representatives of poor rural men and women in international policy discussions so that their views are taken into account in policymaking
- supporting knowledge-sharing about rural poverty and food security among researchers, policymakers and civil society groups to improve policymaking and reduce rural poverty more effectively

IFAD and indigenous peoples

The year 2007 was a milestone for indigenous peoples. On 13 September, after 24 years of negotiations, the United Nations General Assembly adopted the United Nations Declaration on the Rights of Indigenous Peoples. The declaration addresses both individual and collective rights and sets minimum standards for the survival, dignity, well-being and rights of the world's indigenous peoples.

For IFAD, 2007 was the first year of its management of the Indigenous Peoples Assistance Facility, which was transferred from the World Bank in 2006. The facility provides small grants of US\$10,000 to US\$30,000 to microprojects designed and implemented by indigenous peoples' communities and organizations. A board with a majority of indigenous members manages the facility. In response to the first call for grant proposals, indigenous communities and organizations from 86 countries around the world submitted more than 1,000 applications.

As part of its advocacy work to support indigenous peoples, IFAD continued its close partnership with the Inter-Agency Support Group for the United Nations Permanent Forum on Indigenous Issues, taking part in annual sessions in May and September.

IFAD funded a study on the successes and failures of the First Decade of Indigenous Peoples, which was completed in 2007. The most significant achievements of the decade were raising awareness about indigenous peoples' issues and exerting pressure on UN agencies and member states to address their marginalization.

In October IFAD championed indigenous peoples' needs and perspectives at the 2020 Vision Conference in Beijing, China. The Chinese State Council Leading Group Office on Poverty Alleviation and Development and the International Food Policy Research Institute (IFPRI) organized the conference, entitled Taking Action for the World's Poor and Hungry People. IFAD's President shared the organization's experience in working with indigenous peoples and rural minorities, and IFAD prepared a paper entitled *Policies and lessons for reaching indigenous peoples in development programmes* for the conference.

The Multilateral Financial Institutions Working Group on Environment hosted by IFAD in November dedicated a special session to indigenous peoples (see page 65). The session examined existing policies in multilateral financial institutions regarding indigenous peoples; indigenous leaders' perspectives on free, prior and informed consent; and the subject of indigenous peoples and climate change. Members of the United Nations Permanent Forum on Indigenous Issues took part in the session, which included an overview of the Declaration on the Rights of Indigenous Peoples.

Enhancing IFAD's engagement in poverty reduction strategies and related country processes

During 2007 IFAD continued to engage in national and international policy support processes including poverty reduction strategies (PRSs) and poverty and social impact analysis. The organization disseminated a set of guiding principles and entry points, entitled *Enhancing IFAD engagement in country-led approaches to poverty reduction*.

In Benin, IFAD introduced analytical tools to assess the extent to which PRS public priorities reflect rural themes. IFAD also supported the efforts of an interministerial working group to make the poverty reduction strategy operational at the sector level. The findings of this exercise will influence the design and management of the IFAD country programme and the formulation of the United Nations Development Assistance Framework.

In Bolivia, following a review of the rural dimensions of the National Development Plan, the government and IFAD organized a national workshop that brought together

domestic stakeholders and external donors. The participants identified entry points for strengthening policy processes in the sector, and partnership opportunities linked to the country strategic opportunities programme (COSOP).

In Cambodia, IFAD is promoting rationalization of the delivery of productive support services to poor rural people, in connection with agricultural extension, financial services and market linkages. This is part of IFAD's contribution to evidence-based policymaking, in the context of the COSOP.

In the context of the Honduras COSOP design, IFAD was involved in joint consultations for a poverty and social impact analysis (PSIA) of a national agricultural input supply scheme. This is a follow-up to IFAD-supported regional capacity-building activities and IFAD-hosted international consultations on PSIA and agricultural policies in countries that have a poverty reduction strategy.

In several countries in Eastern and Southern Africa, IFAD has actively engaged in sector-wide approaches (SWAps) (see page 20) and joint assistance strategy (JAS) processes.

Interaction with the United Nations system, and global and regional policy forums

United Nations system

IFAD continues to work to build synergies among United Nations system organizations and to strengthen harmonization of practices and policies. In 2007, IFAD's interaction with the United Nations system focused on three areas:

- contributing to the development of system-wide policies and norms by engaging in the key interagency coordinating bodies of the United Nations
- participating in the One UN pilot project in eight countries
- contributing to policy dialogue and advocacy at the international level in support of rural poverty reduction

Contributing to system-wide policies and norms

IFAD contributes to United Nations system-wide norms and policies through its membership in:

- the Chief Executives Board for Coordination, the apex institution of the United Nations family of organizations
- the High-level Committee on Programmes of the Chief Executives Board, the main venue for policy coordination within the United Nations system
- the United Nations Development Group, the coordinating body for operational activities

United Nations High-level Committee on Programmes

At the request of the Secretary-General of the United Nations, IFAD's President continued to chair the High-level Committee on Programmes (HLCP) in 2007. Under his leadership, the HLCP addressed a number of global policy issues, including climate change and development in Africa. The committee worked to strengthen United Nations coordination on climate change and to develop an inventory of United Nations system activities to combat global warming. Under the leadership of the International Labour Organization, HLCP members also worked to develop and implement the Toolkit for Mainstreaming Employment and Decent Work. The HLCP addressed the issue of 'aid for trade' and considered establishing a cluster to deal with trade and productive capacity in the United Nations.

The committee addressed the issue of fostering harmonization among development initiatives in Africa. It discussed how to continue supporting national development strategies based on the MDGs and how to support the scaling up of MDG-related investments. The HLCP worked with the United Nations Evaluation Group to develop a process for evaluating progress in the One UN pilot countries.

United Nations Development Group

The United Nations Development Group (UNDG) brings together 28 United Nations agencies and five observers to improve the effectiveness of United Nations operations at country level. In 2007 IFAD was engaged in UNDG's work in support of the One UN pilot countries, especially in the harmonization and alignment of policies and procedures among United Nations system organizations. IFAD took part in the UNDG review of the role of United Nations country teams in national development processes, and particularly in poverty reduction strategies. It also participated in the development of the UNDG guidelines to mainstream indigenous peoples' issues in common United Nations programming.

Participation in the Delivering as One UN pilot countries

The Delivering as One UN pilot project was launched in 2007 to improve coherence and coordination among United Nations organizations at country level. The countries that asked to participate as pilots were Albania, Cape Verde, Mozambique, Pakistan, Rwanda, the United Republic of Tanzania, Uruguay and Viet Nam. IFAD plays an active role in the initiative. The project's aim is to assist pilot countries in achieving national development and poverty reduction goals by enhancing coherence and coordination among UN agencies.

At headquarters, IFAD established a working group to determine the best ways to engage in the pilots and to capture insights from the field. The organization also consulted with FAO and WFP on how to establish more systematic cooperation within the pilots and how to harmonize business practices.

Within the pilots, IFAD works with the United Nations country team to formulate a coherent United Nations country programme linking IFAD's operations to the United Nations Development Assistance Framework. In some countries, IFAD's participation in the development of the Delivering as One UN pilot project has given IFAD opportunities for policy dialogue at country level.

Contributing to policy dialogue and advocacy at international level

IFAD engaged in a select number of international United Nations forums to share knowledge and lessons learned from its operational activities. It also took part in policy dialogue sessions with a specific focus on rural poverty reduction and the empowerment of poor rural people.

United Nations Economic and Social Council

As in previous years, IFAD, FAO and WFP participated jointly in the 2007 High-Level Segment of the United Nations Economic and Social Council. The theme was Strengthening Efforts to Eradicate Poverty and Hunger, including through the Global Partnership for Development. As a result of the concerted efforts of the three agencies, the issues of rural poverty reduction and agricultural development received significant attention and were also reflected in the key outcome document, the Ministerial

Declaration. The Declaration reaffirmed the prevalence of extreme poverty in rural areas and the significance of the agricultural sector for poor people's livelihoods. It also called for an increase in productive investments in rural and agricultural development.

High-level Dialogue of the General Assembly on Financing for Development

IFAD, FAO and WFP participated jointly in the third High-level Dialogue of the General Assembly on Financing for Development. IFAD's President delivered a statement on behalf of the three agencies. He underscored the role of agriculture in reducing poverty in a sustainable way, the effects of climate change on agriculture and food security, and the need for heightened attention to the sector in national development strategies and donor initiatives.

United Nations General Assembly

IFAD contributed to selected debates at the sixty-second session of the United Nations General Assembly. The organization delivered statements on indigenous peoples, the situation of rural women, and the implementation of the United Nations Convention to Combat Desertification. IFAD shared its operational experience to build awareness among UN member states and contribute to an enabling environment for rural poverty reduction at the global level.

United Nations Climate Change Conference

IFAD took part in the United Nations Climate Change Conference 2007 in Bali, Indonesia, in December. Discussions focused on capacity-building, reducing carbon emissions through reforestation and avoided deforestation, and reviewing the financial mechanisms for mitigation and adaptation. The conference adopted the 'Bali roadmap', which charts the course for a new negotiating process to be concluded by 2009 that will ultimately lead to a post-2012 international agreement on climate change. The meeting took ground-breaking decisions that form core elements of the road map. They include the launch of the Adaptation Fund, which will have a total value of US\$6 billion. The World Bank will act as trustee and GEF will be secretariat.

FAO, IFAD and WFP delivered a joint statement to the summit. The statement called for action on mitigation and adaptation strategies that involve and are appropriate for poor rural people.

IFAD and FAO jointly organized a side event on the theme of Climate Change and Land Degradation: Securing Finance for Rural Poor for Adaptation and Mitigation. WFP, the Global Mechanism and a number of NGOs participated as panellists.

Global and regional policy forums

Global Forum on Agriculture

IFAD co-sponsored the 2007 Global Forum on Agriculture of the Organisation for Economic Co-operation and Development (OECD), jointly with FAO and World Bank. The Italian Ministry of Economy and Finance hosted the forum in Rome in November. It was the first time that a city other than Paris was the venue for the OECD-initiated policy dialogue.

About 100 invited participants from 24 countries, representing national governments, international donors, development agencies, regional organizations, civil society and the private sector, met to discuss African agricultural development and poverty reduction. The forum addressed specific questions related to market and trade developments, international and domestic policy reforms and governance issues related to African agricultural development, and to sub-Saharan Africa in particular. The aim of the forum

was to identify specific areas in which cooperative efforts could help achieve common development goals. The World Bank's newly released *World Development Report 2008: Agriculture for Development* (see page 75) and new joint analytical work by the OECD, IFAD and FAO provided key inputs for discussion.

IFAD played a substantial role in the joint organization of the forum. In collaboration with the OECD, the organization also provided technical inputs for discussion on the findings of the Support for African Agriculture Project – a joint initiative funded by IFAD, the OECD and the French Ministry of Foreign Affairs.

Web2forDev 2007

IFAD was one of the sponsors and organizers of the Web2forDev 2007 conference held in September at FAO headquarters in Rome. The theme of the conference was Participatory Web for Development: Networking, Collaborating and Exchanging Knowledge in Agriculture, Rural Development and Natural Resources Management. Web2forDev was the first conference of its kind because it brought together development workers and leading Web 2.0 practitioners. Other sponsors included the Technical Centre for Agricultural and Rural Cooperation, CGIAR, FAO, the German Agency for Technical Cooperation and the International Institute for Communication and Development.

It was the first conference to:

- explore the ways in which international development stakeholders can take advantage of the technical and organizational opportunities provided by Web 2.0 methods, approaches and applications
- examine how development actors and especially those from developing countries obtain access to and use the new tools
- discuss how the new tools can improve the way individuals and institutions communicate and apply knowledge to development problems

The conference theme and proceedings were in line with IFAD's approach to information and communication technologies (ICTs), which is expressed as 'Focus on people and not technology'. The conference concluded that while Web 2.0 has enormous potential, development workers should remember their primary clients: the poor people who live in harsh and remote areas. The event was an integral part of e-Agriculture Week, a series of consultations and events that took place during September in Rome.

Workshop on gender mainstreaming and women's empowerment

In May, IFAD organized an international workshop on gender mainstreaming and women's empowerment. The workshop, entitled Looking for New Directions, focused on three topics:

- Looking Back – findings of review and self-evaluation processes
- Looking Beyond – gender mainstreaming in the international context
- Looking Forward – innovative ways to increase women's economic empowerment, role and decision-making and well-being, in the context of IFAD's Strategic Framework 2007-2010

Participants, who came from IFAD headquarters, IFAD-supported projects and programmes and partner organizations, discussed innovative ways to increase women's empowerment and to better respond to needs for gender training and knowledge management at the field level.

Forum on International Migration

IFAD supported the organization of the first meeting of the Global Forum on Migration and Development held in Brussels, Belgium, in July. The forum is an informal, multilateral, state-led process designed to enhance the positive impact of migration on development and vice versa. It fosters international cooperation and promotes new policy ideas in the field of migration and of its interrelation with development. The forum also explicitly confirmed the growing recognition that international migration is a normal and crucial part of the development process.

IFAD took part in the organization of the Round Table on Remittances and Other Diaspora Resources: Increasing the Micro-impact of Remittances on Development. UNDP, IFAD and the governments of Mexico, Norway and Senegal jointly prepared a concept note document.

Multilateral Financial Institutions – Working Group on Environment

In November, IFAD hosted a meeting of the Multilateral Financial Institutions Working Group on Environment. The working group promotes greater cooperation and harmonization among multilateral and bilateral financial institutions on environmental protection and sustainable development. IFAD has been a member since the group started work in 1998.

At this year's meeting, members of the group discussed current key environmental issues, including adaptation to climate change, carbon finance, the country system pilot programme and operational and compliance issues. At a special pre-meeting, participants discussed the update of IFAD's Environmental Assessment Procedures and other topics. A special session focused on priority issues related to indigenous peoples (see page 60).

Other policy arenas

In 2007, IFAD's North American Liaison Office continued its work with the United States NGO Working Group on IFAD and Rural Poverty. In February, IFAD facilitated a discussion between United States NGO leaders and the authors of the World Bank's *World Development Report 2008: Agriculture for Development*. This is the first world development report to focus on agriculture in 25 years. The discussion provided an opportunity for key members of the United States NGO community to provide feedback and input to the draft report.

In a letter to the United States Congress signed by 30 organizations, the working group expressed its support for IFAD and urged greater investment in agriculture and rural development programmes, including full funding for the second United States contribution to IFAD's Seventh Replenishment. In a separate letter to the United States Congress, members of the NGO community called for "increased funding for agencies such as the International Fund for Agricultural Development that concentrate on improving developing country farmers' ability to feed their nations and to promote sustainable agricultural practices".