IFAD's approach to policy engagement

IFAD
Investing in rural people

Country-level policy engagement

Introduction

Policies affect every dimension of the economic environment in which poor people pursue their livelihoods, and enabling policies are essential for providing the conditions for inclusive and sustainable rural transformation. Because the policy framework can have such a dramatic impact – positive or negative – on the opportunities open to rural people and on their livelihoods, IFAD recognizes that it has a key role to play, drawing on its specialized expertise to promote enabling country-level policies for rural people.

Thus, the IFAD Strategic Framework 2016-2025 makes it clear that policy engagement is one of the four pillars supporting the achievement of IFAD's development results in its country programme delivery, and that in IFAD's business model, partnerships and policy engagement with governments are the basis for the formulation and country ownership of IFAD-supported programmes.

Background and context

What is country-level policy? The term "policy" is used in different ways in different contexts. IFAD is interested in the *laws*; the *regulations* that serve to implement laws; and the *strategies* of sovereign governments. IFAD engages primarily in activities related to policy at the national level, but in a growing number of countries where government is decentralized, it also includes those at the subnational level – state/province, county and even district policies are of interest. Government *programmes* that operationalize these policies, as well as the *budget allocations* that make this possible, are also aspects of policy. These dimensions are closely related to *institutions* – the structures that serve to design, implement and monitor policies and practices. Country-level policies may also have a regional or even global dimension, for example where derived from a regional economic community or a global convention.

Many of these dimensions may be relevant to the same set of issues. Take the example of agricultural extension. There may be a national extension strategy, a national extension programme, a budgetary allocation for it, a dedicated institution for agricultural extension and an application of the strategy through a series of smaller policies at the local level. However, there is not always a consistency among these levels, and pieces of the policy "hierarchy" might be missing.

Figure 1. Policy cycle

The policy cycle is conceptually simple... Just as we speak of a project cycle, so we can conceive of a policy cycle (Figure 1). The simplest model of the policy cycle starts with agenda setting – the policy issue is identified and defined; and potential opportunities and problems, and their implications, are identified, collected and analysed. The cycle proceeds to policy formulation and decision-making: alternative policy options are identified, and their consequences are assessed. It continues with policy implementation: the approved policy is administered and enforced by an agency of government or by lower levels of government, and financial resources are brought to bear as necessary through the annual budget. Finally, it finishes with policy monitoring and evaluation. Ideally, policy implementation progress is monitored, gaps are identified and the impacts of the policy – intended and unintended – are evaluated.

The model is of course highly stylized and simplified. Its merits are to provide a conceptual framework for thinking about policy processes, and to remind us that engagement in country-level policy processes can (and indeed does) take place at all stages of the project cycle from identification of issues to monitoring and evaluation.

…Yet the reality is often complex. The model also assumes an essentially technocratic approach in which state agents make rational decisions, based on weighing up information, costs and benefits. In reality, policy processes are often far more complex: because policies usually favour the interests of one group in society rather than another, this means that the processes of agenda setting, formulation and decision-making, and even implementation and monitoring and evaluation, are often highly political. Not only does this make for complex and "messy" processes; it is also the case that the outcomes achieved at each stage of the policy cycle often reflect a negotiation of the interests and ideas of the different actors, which occasionally can run counter to the collected "evidence".

Thus, while "government" may lead public policy processes, within governments there are many divergent and contradictory interests – within ministries, among different ministries and between the different branches of government – and these different interests must be reconciled. Within the private sector different actors may also have competing interests – take, for example, rice producers and processors versus rice importers, or informal traders versus agribusiness. Civil society may range from policy researchers to international and local NGOs to producers' organizations, and each of these actors have different perspectives and interests to pursue. Non-domestic actors may also be involved: in many IFAD member states there are global food and agribusiness companies with interests to pursue, and in some the international development community is also involved in policy processes.

In each country, and on each policy issue, the access, influence and sheer power of different actors in the policymaking process varies and needs to be understood. In all countries, a core interest for IFAD is to increase the extent to which smallholder farmers participate in the process, and facilitate the incorporation of their interests in policy outcomes, while avoiding a situation in which elites capture the policy process.

Rationale

What is country-level policy engagement? Typically, IFAD's approach to policy engagement is one of facilitating, supporting and informing nationally-owned policy processes, so as to enable governments and other national stakeholders to determine themselves the policy change required. Its approach is characterized by building national capacities for dialogue and the design, implementation and assessment of policies; and by bringing evidence to those processes where appropriate and useful. It includes, but goes beyond, policy dialogue. IFAD does not impose policy change as a condition for its support for investment projects, and rarely does it seek specific policy change.

Country-level policy engagement – or CLPE – can thus be seen as a process in which IFAD can collaborate, directly and indirectly, with partner governments and other country-level stakeholders to influence policy priorities or the design, implementation and assessment of formal policies that shape the opportunities for inclusive and sustainable rural transformation.

For IFAD, there are at least **three critical purposes** that policy engagement can serve.

First, it can help to expand development impact. Projects alone cannot eradicate rural poverty or generate rural transformation because, inevitably, they reach a limited number of people. However, projects can serve as a space in which to innovate and experiment with new possible policy solutions. And by feeding back the lessons learned to local, national and international actors, projects can also be a lever for influencing public policies and national-level programmes, thus bringing about systemic change.

Second, policy engagement can also serve the more immediate purpose of improving project impact. Project implementation may be constrained by a mismatch between the project objectives and the policy framework or a gap between the policy and its implementation. Addressing policy bottlenecks or weaknesses in policy implementation can therefore help to create an enabling environment for project implementation, so improving the chances that outcomes are realized, and development impacts achieved.

Third and finally, policy engagement can help to enhance IFAD's relevance in the growing number of countries where the government looks to it for knowledge, experience and lessons, as well as for its financial resources. This is true both for those countries where IFAD is a major development partner for government in the rural sector and has a substantial body of experience in-country to draw on, and for those where IFAD's funding represents a relatively small percentage of national budgets dedicated to the rural sector and so must offer a specific value added relative to government's regular expenditure. By contributing to the cycle of policy experimentation (wherein policies are created, implemented, tested and then changed if not successful or scaled up if successful), IFAD can add value to the services it offers to its members.

It is realized that there are countries whose governments are not interested in a "policy dialogue" with IFAD or other development partners, and consider the development of policies an internal issue. But these same governments are generally interested in learning from the experience of IFAD-supported projects and keen to adopt in their own strategy or programmes the successes realized; here, IFAD's role is to facilitate that learning, adoption and scaling up. In other countries, governments lack the institutional capacity to effectively implement their policies, and IFAD-supported investments can offer an important vehicle for operationalizing policy at the local level. So even if this is not labelled as policy engagement, there are usually opportunities for IFAD to support nationally-owned policy processes, as long as it is approached with sensitivity.

Key features

A review of CLPE across IFAD's five regions published in 2016[1] shows that much is already being done in the area of policy engagement, and that there has been a gradual improvement in the extent to which country programmes are engaged in policy-related activities. The mostly encouraging results reflect a broad understanding of the important and potentially transformative impacts of engaging with government policy.

More specifically, and responding to the commitment under IFAD10 to ensure that "100 per cent of COSOPs […] define a specific approach for CLPE appropriate to IFAD's programme in each country", the topic is now addressed in all COSOPs. It is also reflected in project designs: in the last few years, over half of approved projects have contained a component or subcomponent focusing on policy.

Today, the main challenge is to create a consistent and effective approach across the five regional divisions of IFAD, and to be more specific about the prioritization and articulation of clear strategies for policy engagement, linked to the creation of an evidence base and knowledge management strategies more generally.

IFAD's ability to engage in policy processes depends on it being a trusted partner of governments. This it has to achieve first and foremost through the quality of the projects it finances: it is they that give IFAD

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[1] IFAD, 2016.

the credibility it needs to be listened to. It is also a function of IFAD's approach – entering on one hand as a partner of government rather than to confront it, and on the other as an honest broker of relationships dialogue between governments and other policy actors. At the same time, IFAD's approach is characterized by its focus on policy issues of importance to poor rural people – policies that shape the opportunities for inclusive and sustainable rural transformation – and by its efforts to give voice to their concerns.

At times, this means that IFAD's policy work is centred on a technical rather than strategic level. Thus some IFAD-supported projects engage in highly specific pieces of policy that shape sectors of importance to IFAD stakeholders (e.g. procedures for the registration of farmers' organizations or regulations governing the minimum legal size of fishnet mesh); while others may support, say, the development of a new national strategy on agricultural extension policy or a national policy on oil palm development.

IFAD's approach is internalized within its country programmes: its efforts are focused on the achievement of the strategic objectives of the COSOP; and they are realized both within, and as part of, the investment projects IFAD finances, and as a complementary activity within the country programme. The key features of IFAD's approach are summarized in Box 1.

Box 1. Key features of IFAD's approach to country-level policy engagement

- **Partnership** with government: working *with* governments to support *their* policy processes – role as trusted partner. No conditionality.

- **Focus**: on issues of importance to smallholder farmers/rural people and poor rural people; and on both "high level" sectoral policies and more specific "technical" policies.

- **Representation**: creating space for policy discussions, building capacity of rural people's organizations to participate, and giving them voice.

- **Breadth of engagement**: working across the policy cycle, from identification of policy issues to policy implementation and assessment.

- **Integrated approach**: projects and policy engagement are rarely separate; instead, they are closely linked within country programme, both serving to support strategic objectives of COSOP.

- **Complementary roles:** IFAD-supported projects support the design, implementation and/or monitoring of policies; IFAD leverages these experiences in its engagement in policy processes.

While by definition IFAD's approach to CLPE is country-specific, it may on occasion have a regional or south-south dimension (an approach that is facilitated with regional/global grants). Examples include supporting experience-sharing and lesson-learning among countries within a regional economic community or grouping; encouraging cross-national collaboration on policy issues and solutions of common interest; or supporting processes to develop national policies derived from decisions made by, for example, a regional economic community or global forum.

IFAD's policy engagement has the overall objective of supporting and encouraging national policies that promote inclusive and sustainable rural transformation. This objective can be conceived as being achieved through three outcomes:

- enhancing the participation of smallholders in policy processes

- stimulating the production and utilization of evidence for policy processes

- enhancing the policy capacity of governments.

In turn, these outcomes are achieved through a diverse set of policy-related activities that IFAD either supports or in some cases conducts itself. Based on the analysis of past experience, a total of 10 types of policy-related activities have been identified (see Box 2). These span the policy cycle and vary in their underlying objectives. While most originate from and are implemented within projects or grants, CPMs and in-country officers also undertake activities related to policy engagement, for example through their participation in in-country sector working groups, or in responding to specific opportunities or requests emerging from government. Frequently, these opportunities are not foreseen in COSOPs, and thus there is need for flexibility and opportunism so as to respond rapidly and effectively to policy openings as they emerge.

Box 2. Ten types of activity for country-level policy engagement

- **Create space for policy dialogue.** An investment project can be used to create space or a platform for policy dialogue between national stakeholders – particularly rural producer organizations and other organizations representing smallholder farmers – and then support that dialogue.

- **Enhance stakeholder capacity for policy processes.** An investment or grant-financed project can be used to enhance the capacity of national stakeholders, particularly rural producer organizations, providing them with the skills and analysis they need to ensure that their leaders are able to participate effectively in national policy processes.

- **Policy analysis and support for policy formulation.** An investment project, grant project or even IFAD's administrative budget can be used to support policy formulation by financing policy analysis and/or drafting policy options, as well as the public consultations around the policy process.

- **Operationalize/pilot national policy at the local level.** An investment project may be used to enable government to operationalize at the local level a national policy – particularly in states where the central government may have limited policy leverage at the local level – or to pilot new models for implementing national policies.

- **Review policy implementation to identify gaps, constraints or blockages.** An investment project can provide a vehicle to review relevant current policies, to identify implementation gaps and/or policy constraints and blockages, understand the reasons and bring the evidence to government.

- **Draw out successful models and promote adoption/scaling up.** Successful approaches and models piloted or developed under an investment project can be drawn out and analysed to promote their adoption/scaling up by government under a national strategy or programme. This may be done under the investment project itself or by the CPM/CPO, building on the evidence generated by the project.

- **IFAD participates in policy dialogue forums.** The CPM/CPO can actively participate as IFAD's representative in in-country policy dialogue forums (e.g. sector working groups), bringing on-the-ground experience and lessons learned to government and its other development partners.

- **Strengthen the capacity of government agencies.** A project can provide a vehicle to strengthen the capacity of relevant government agencies to formulate, implement and assess national policies and programmes.

- **Share experience at the regional or global level.** A regional/global grant can offer a framework to bring together policy stakeholders from different countries to share experiences among peers, promote peer-to-peer learning and build trust stakeholders from the same country.

- **Promote dialogue between government agencies.** Projects can be used for supporting improved and more coherent policymaking and implementation, particularly around cross-cutting issues such as climate change adaptation or nutrition.

The activities are not mutually exclusive: in many instances, several activities are employed simultaneously or in a complementary fashion: for example, creating space for rural people's organizations to participate in policy dialogue works better when the capacity of those same organizations is strengthened to enable them to participate more effectively in the policy processes.

In addition, the activities focus on different stages of the policy cycle. For example, a project may contribute to a study aimed at helping with the formulation of a policy, enable or train actors to participate more effectively in the dialogue around the approval of a policy, and assist with a pilot implementation scheme of an approved policy.

These activities are all ultimately aimed at supporting and encouraging national policies that promote inclusive and sustainable rural transformation, even if the specific outcomes they seek to achieve may differ. Figure 2 shows how the different elements – the overall objective, the outcomes and the activities, the theory of change underlying IFAD's engagement in policy processes – are put together.
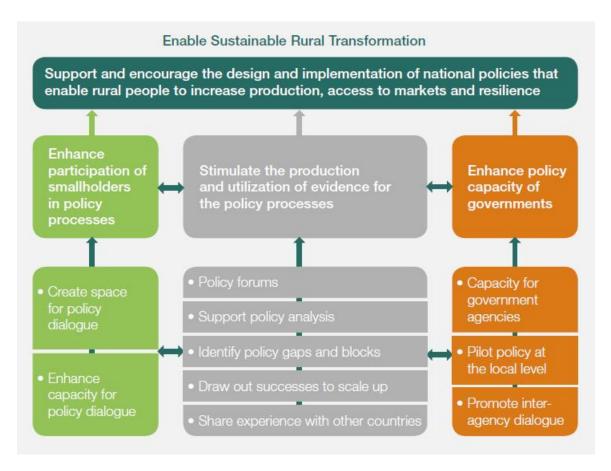

Figure 2. The theory of change underlying IFAD's country-level policy engagement

The production of evidence to inform policy processes is an important dimension of IFAD's comparative advantage in policy engagement, with much of that evidence drawn from real on-the-ground experience gained through project implementation. Yet, as shown in Box 3, evidence does not necessarily need to be "researchers' evidence"; what is important is that it speaks to the specific needs of policymakers. So these products may be reports,

Box 3: Different notions of evidence	
Researchers' evidence	**Policymakers' evidence**
• Scientific (context-free) • Proven empirically • Theoretically-driven • As long as it takes • Caveats and qualifications	• Colloquial (contextual) • Anything that seems reasonable • Policy-relevant • Timely • Clear message

Source: J. Young and S. Sumarto, 2006.

briefs or even newspaper articles or videos; they may present the results of desk reviews, surveys, interviews with farmers' groups or the outcomes of policy forums; or they may serve to identify and document policy blockages or limitations, gaps in policy implementation, or even the "success stories" of project approaches that can inform national policy. Arguably, with its strong focus on field-level experience, IFAD's comparative advantage is precisely in this domain of "policymakers' evidence".

Building the agenda for country-level policy engagement

As a key dimension of the country programme, opportunities for CLPE can be identified throughout the cycle of COSOP and project design and implementation. However, it is during the design of COSOPs and projects that the requirements to develop a policy-related agenda are greatest. Some of the key issues raised in the how-to-do note and the larger guidebook to policy are highlighted below.

COSOP design and CLPE. The stage of COSOP design is a key moment for reflecting on IFAD's strategy for mainstreaming country-level policy engagement in its country programming. In defining a specific approach for policy engagement (the IFAD10 commitment), the intention is that the COSOP should articulate a strategy for CLPE that explains how it will contribute to the achievement of the strategic objectives. It should identify the rationale and the broad areas for policy engagement, as well as the outcomes sought, the approaches to be used and the expected activities.

In some countries, particularly in those where there is already a strong policy engagement strategy and the COSOP does not envisage major changes of direction, it may be possible to go further and define a relatively detailed and complete policy agenda. In others, where there has been limited policy work in the country and the COSOP proposes to work in new thematic areas and on new issues, this will be less easy. In the latter case, the detailed agenda will be formed in the course of COSOP implementation, as the challenges of, and opportunities for, achieving the strategic objectives become clearer. In all cases, space should be left to enable the country programme to be opportunistic in responding to policy openings as they emerge during the course of implementation.

A strategy for policy engagement should be built upon the following elements:

- A review of the current country policy framework and institutional context, its specific characteristics, strengths and weaknesses.

- A review of IFAD's past experiences with policy engagement, if any, under the country programme; an identification of successes realized; and a drawing out of lessons learned.

- An identification of the broad thematic areas in which it is expected that IFAD/IFAD-supported projects will pursue a policy agenda under the COSOP, viewed in terms of their contribution to the achievement of the strategic objectives

- The approaches (within investment projects, grants, CPM-led) that will be used to pursue it, and the likely activities to be carried out.

- The links to the COSOP agenda for scaling up and knowledge management, and the opportunities/value for partnerships to pursue the agenda.

- An indication of the resources – both financial and human – required to deliver the agenda.

Project design and CLPE. Designing a policy component of an IFAD-supported project is a highly context-specific process, which will vary depending on the type of policy the project plans to engage with, and the specific strategy likely to be successful for that policy topic and country. Here, the key challenge is to turn broad principles into concrete, implementable proposals. In doing this, some of the key issues to be looked at are as follows:

- Key policies of relevance to the project and their strengths and weaknesses, as well as national and sub-national policy-making processes – including those involving other development partners, where appropriate.

- The rationale for a policy agenda: the specific policy issues or broader policy areas where the project can contribute, and the results it could reasonably expect to achieve.

- The theory of change: how the policy intervention will contribute to the overall project development objective; its expected outcome, outputs and activities; and indicators at the different levels.

- The detailed policy activities to be carried out under the project.

- Implementation responsibilities, and the link between the project M&E/KM function and the policy agenda.

- The inputs and quantities required, together with related costs, for the component/sub-component.

Monitoring and evaluation of CLPE is necessary both for the country programme and for individual projects. It is recognized not to be an easy task, for a number of reasons: policy processes are complex and non-linear; they do not lend themselves well to meaningful indicators; multiple actors have an impact on policy; and the scope to attribute change to IFAD – rather than assess IFAD's contribution to that change – is limited.

Nevertheless, at project level, a limited number of potential indicators of CLPE outputs and outcomes have been included in the 2017 RIMS frame; and monitoring of progress against these and other indicators can focus a conversation around the achievements of the CLPE agenda. A number of other non-quantiative tools for monitoring CLPE activities also exist and are being formalized.

At country-programme level, the RB-COSOP Results Review and the RB-COSOP Completion Review provide the entry point for such monitoring, with content that can draw on project implementation progress reports, supervision reports and aide memoires, Project Status Reports/Country Programme Issues Sheets, the IFAD Client Survey; and the PBAS Rural Sector Assessment. In addition, a possible methodology for assessing the impact of specific CLPE initiatives is currently being designed (a joint initiative of APR, PTA and RIA): it is intended to be simple and replicable, and to focus strictly on the qualitative dimensions of impact.

About the toolkit

The toolkit on country-level policy engagement has four parts:

Teaser	Provides an overview of IFAD's approach to country-level policy engagement, what it is and why it matters.
How To Do Notes	Each note provides a step-by-step guide to incorporating country-level policy engagement into COSOPs and project design processes.
Lessons Learned	Provides an overview of the lessons learned, in addition to highlights from case studies that show how country-level policy engagement has taken place in different countries and circumstances.
Guidebook	Pulls together all of the above into a single volume, and includes additional information about monitoring and evaluating policy, accompanied by additional case studies and tools.

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