

IFAD's Country-Level Policy Dialogue

Evaluation Synthesis

Executive summary

1. **Background.** This evaluation synthesis was approved by the Executive Board of IFAD at its 116th session of December 2015 to address "systemic issues and knowledge gaps in IFAD". This evaluation synthesis draws on IFAD's experience, and that of other agencies, providing a comprehensive review.
2. The objectives of this evaluation synthesis are: (i) to draw lessons, highlight good practices and factors of success, and identify risks and potential limitations in IFAD's engagement in country-level policy dialogue; and (ii) to provide recommendations that can further strengthen the design and implementation of IFAD policies, strategies and operations in connection with country-level policy dialogue in IFAD. This synthesis does not address IFAD's engagement in regional or global fora. Its focus is on country-level policy dialogue.
3. The time frame covers the period 2010-2015, with particular emphasis after 2013. This special emphasis is related to the presentation to the Executive Board in 2013 of the action plan for country-level policy dialogue, which provided a framework for IFAD-wide involvement in policy dialogue.
4. This synthesis has been focused on evaluation documents that provide valuable insights on policy dialogue at the country level, mainly country programme evaluations (CPEs) and corporate-level evaluations (CLEs). Project evaluations have been selectively included in the synthesis as illustration of good practices.
5. The latest definition of country-level policy dialogue is provided by the Action Plan for Country-level Policy Dialogue: "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". Currently at IFAD, use is made of the broader concept of country-level policy engagement, which adds to the above definition the notion of collaboration and the consideration of a range of approaches that IFAD adopts to engage in the policy process.
6. In a 2015 survey conducted by the Policy and Technical Advisory Division among country programme managers (CPMs), when asked what would be most helpful to improve in policy engagement and its effectiveness, the top-highest ranked answer was "relevant examples of policy engagement from IFAD and non-IFAD projects". This evaluation synthesis provides examples of that kind.
7. Policy dialogue is a key feature in the medium-term plan of IFAD 10 (2016-18). It serves two critical purposes. First, it helps create an enabling environment for project implementation and for achieving project impact. Second, it can contribute to set 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 be a laboratory for learning and accumulating evidence about effective approaches to rural poverty reduction. Proven successful approaches can be scaled up, often at the national level, through policy changes. More broadly, policy dialogue is crucial to further the objectives of the Agenda 2030 and Sustainable Development Goals at the country level.
8. The synthesis also reviewed external literature on policy dialogue, including reports and analytical work done by multilateral institutions as well as bilateral agencies in

the North and in the South. Common traits emerge and are briefly summarized here:

- a) The importance of political economy analysis, nurtured through active dialogue with national governments, local governments and stakeholders, to create a platform for policy dialogue.
- b) Long-term perspective and citizen engagement as a form of policy dialogue. The policy dialogue process can take place at many different levels in a society over a long period of time. This also requires an additional line of work going beyond the traditional high-level policy and purely technocratic approach.
- c) A combination of formal and informal dialogue has proven to be effective in many instances. Informal dialogue is difficult to track but its progress and effects need to be monitored.
- d) There is increasing need for staff of development agencies to engage in policy dialogue. However, this is not yet matched by capacity development efforts. Staff have learnt how to conduct policy dialogue through trial and error. Addressing this capacity gap requires a more systematic approach to developing staff competencies and skills.
- e) Monitoring progress on policy dialogue objectives. Reporting can be brief but should refer to what the specific results are, how they were measured, which inputs contributed to them, and what type of policy dialogue approach was used. Over the time, this will help build a body of evidence regarding the most effective approaches.
- f) Distinguishing between adversarial and collaborative discourse, monologues and genuine policy dialogue. Decisions require interactions among stakeholders about facts, values, substance and processes. Such interactions have often taken the form of a monologue rather than a dialogue. In most cases, humility is needed both from policy makers and from those who advise them.

A. Evidence from CPEs

9. **Policy dialogue outputs.** This evaluation synthesis distinguishes country-level policy dialogue activities carried out in connection to programme design and implementation and those undertaken through other corporate processes. Policy dialogue during country strategic opportunities programme (COSOP) as well as project preparation is the most common type (reported in 59 per cent of CPEs). However, 11 per cent of the CPEs show limited or no evidence of policy dialogue. A large majority of the CPEs reviewed (89 per cent) found that the COSOP included policy dialogue objectives. However, only 15 per cent of the total CPEs showed evidence of resource allocation for policy dialogue included in the COSOP.
10. Of the CPEs reviewed, 41 per cent reported that policy dialogue activities were funded through grants whereas 33 per cent through a combination of both project component and grants; and 15 per cent through a project component only. Supporting spaces and platforms for policy dialogue is the most common output produced by IFAD-supported programmes (52 per cent), followed by contribution of CPM/country programme officer (CPO) to sector working groups (41 per cent).
11. As far as enhanced capacity of national stakeholders to participate in national policy processes, most cases include the development of capacity for small farmers' organizations and organizations of the rural poor to participate in policy discussions. IFAD has supported platforms for dialogue on rural development issues (e.g., the "Knowledge for Change grant project" in Latin America and the Caribbean Region). However, there is a deficit in undertaking policy analysis work and technical assistance for policy formulation (found only in one fifth of CPEs reviewed).

12. **Outcomes of policy dialogue.** Close to 40 per cent of the CPEs report on advances in terms of strengthening capacity of government agencies to formulate national policies and programmes through a variety of means, including institutional support, raising awareness and capacity, and in some case the creation of permanent high-level institutions. Slightly more than half (55 per cent) of the CPEs provide evidence of contribution to change or to adjusting policies, legislation and/or procedures at national, regional or local level. Examples of promotion of pro-poor approaches in policies and legislation can be found in several countries (e.g., Bangladesh, Ecuador, Kenya, Indonesia, Nepal, and Yemen).
13. **Discrepancy between ambition and resources.** The 2012 Annual Report on Results and Impact of IFAD Operations (ARRI) selected policy dialogue at the country level as its learning theme. While there were examples of IFAD's favourable contribution to policy dialogue at the country level, these were by and large episodic and not based on a systematic approach. This was the result of a mismatch between the scale of IFAD's policy ambitions as articulated in country strategies, the challenges of achieving pro-poor policy change, and IFAD's actual capacity, resources and management incentives to contribute to the expected objectives.
14. Four years later, the ARRI 2016 reported that performance in policy dialogue was only moderately satisfactory (54 per cent of CPEs rated moderately satisfactory or better) and there were signs of a declining trend. The 2012 and 2016 ARRI added the following observations: (i) COSOPs specified a large and ambitious agenda for policy dialogue, but without discussing resources and implementation details; (ii) Most of IFAD's focus during implementation was on projects but insufficient effort were made to draw and disseminate lessons from project experiences; (iii) few country and regional grants from IFAD were used to feed into policy dialogue at the country level.

B. Evidence from selected CLEs

15. **The role of grants.** The CLE on the IFAD Policy for grant financing (2014) recognized grants as an essential ingredient that could be used to pilot innovations to be scaled up through loans, or support project design, sector and poverty analysis that would inform policy dialogue. The CLE cited cases of grant support to different forms of policy dialogue. In the Latin America Region, grants had provided support to the Specialized Meeting on Family Farming (*Reunion Especializada de Agricultura Familiar* - REAF) within the Common Market of the South (MERCOSUR) and supported rural policy dialogue groups in four countries.
16. Grants have also promoted exchanges between project staff and policy-makers in the Near East, North Africa and Europe region, improving awareness among policy makers of important issues concerning smallholder agriculture. Grants helped strengthen regional networks of farmer federations, notably in the regions of East and West Africa. However, this CLE also noted that although COSOPs present opportunities for innovation and policy dialogue, they do not adequately discuss the role that grants could play in supporting the programme.
17. The CLE on the **Performance-based Allocation System (PBAS)** considered the PBAS as a strategic tool that could boost policy dialogue, contributing towards the establishment of an enabling policy and institutional environment. IFAD assesses the policy and institutional environment for reducing rural poverty for every country of operation and summarizes the findings in the rural sector performance score (RSP score, which is included as a policy variable in the PBAS formula). The RSP process, if conducted in a participatory manner with government authorities and other in-country partners, could serve as an entry point to policy dialogue. However, only in few cases had IFAD fully used the COSOP process as an opportunity to promote dialogue around RSP scores.

18. **Decentralization and country presence.** The CLE on IFAD's decentralization experience generated two relevant findings. First, it noticed that IFAD country offices (ICOs), particularly CPM-led ones, had the opportunities to: (i) establish long-term engagement (building relationships, trust and understanding of local priorities and constraints) with national policy-makers; (ii) base suggestions for policy reform on good practices and grounded in project experience; and (iii) participate in sector working groups and engage with all relevant actors. Second, the evaluation recognized that, because of the small size and competing priorities of ICOs, little ICO staff time could be allocated to policy dialogue (e.g., Bolivia, Ecuador, Kenya, Peru, Philippines).
19. The CLE highlighted how the incorporation of policy dialogue in COSOPs and project design documents was determined by the interests and experience of the CPM and how ICO staff allocate their time to this task. Indeed, there was an important variation in skills and interest among staff members. Turnover of the CPMs and long delays to fulfil vacancies negatively affected policy dialogue. Conversely, leadership provided by the regional directors contributed to giving higher priority to policy dialogue.
20. **Policy elements in the lending activities.** Selected project-level evaluations identified policy components within project packages. The evaluation of the Microfinance for Marginal and Small Farmers Project in Bangladesh (2014) concluded that the project facilitated the mainstreaming of seasonal and agricultural lending to farmers in micro-finance institutions and in their apex organization. The evaluation of the Dom Helder Camara Project in Brazil (2011) observed that the project had established thematic working groups on credit and gender, prompting the larger National Programme for Strengthening Family Agriculture, as well as the Banco do Nordeste to target women and young people through dedicated credit lines.
21. A form of policy discussion has sometimes taken place during supervision and implementation support missions, primarily through discussions held at sector working groups and ad hoc missions. However, during the period considered by the evaluation synthesis, IFAD has not internalized how to conduct an evidence-based policy dialogue with governments on broad rural poverty issues or systemic project implementation issues brought up during the supervision process.

C. Good practices, success factors and challenges

22. The common characteristic in successful examples was that they happened when IFAD was able to draw from project experiences to influence policy making or the design of broader government programmes and when successful experiences from IFAD-funded projects were adopted as the basis for its policy advocacy for marginalized groups.
23. As an example, in India IFAD has built a solid relationship with state-level and central level governments and agencies (e.g., Andhra Pradesh, Jharkhand-Chhattisgarh, Orissa and the North East governments), encouraging their intervention in districts with high prevalence of insecurity and accepting to do so in partnership with non-governmental organizations (NGOs) and civil society organizations for grass-roots development, with attention to promoting pro-poor innovations. In Nepal, IFAD was one of the pioneers of leasehold forestry, an approach to combining poverty reduction with improved natural resources management. Leasehold forestry is now part of the recognised national policy approaches to forestry.
24. The Government of Argentina and IFAD have conducted policy dialogue on three complementary fronts: (i) regional-level activities funded in the context of MERCOSUR; (ii) policy-level activities of IFAD-funded projects; and (iii) IFAD's direct support to the debate on rural poverty funded by a national grant. This provided a platform for small producers and their organizations to engage in

national policy processes on agriculture, including mobilizing technical assistance and identifying market opportunities. It contributed to a debate on rural poverty in Argentina and raised the smallholder agriculture sector's profile in a country that has traditionally been oriented towards large scale agriculture and livestock.

25. The Country Programme Evaluation in Madagascar in 2013 showed evidence of a high-level commitment between the Government of Madagascar and IFAD. Even during a crisis period when dialogue on public policy was considered unfeasible by some donors, IFAD and the Government analysed project experiences to inform discussion of national reforms (as in the case of land security) and to support the creation of national institutions, such as the National Land Observatory.
26. As noted, presence of country offices offers new opportunities for IFAD's involvement in country-level policy processes. In addition, the preparation of the RSP in the context of the PBAS has the potential to stimulate policy-level discussions, provided that a more systematic and rigorous approach to the RSP preparation is set, involving consultation with local stakeholders. However, this requires time and staff time constraints in country offices (a large part of workload is absorbed by operational issue) are recurrent findings in CPEs.
27. An oft-quoted challenge is the absence of a specific budget for policy dialogue and a clear action plan to be followed in order to achieve the sometimes ambitious goals set in country strategies. In addition, weak monitoring and evaluation (M&E) systems and the dearth of quantitative information have made it difficult to demonstrate the effects and impacts of projects at the country level.
28. In some cases, the government's political and institutional instability has proven to be a challenge when engaging in policy dialogue. For example, the CPEs for Ecuador and Yemen illustrate how high turnover among the institutions responsible for implementation, irregular fulfilment in providing counterpart funds, and problems with monitoring and assessing the impact of operations have affected the government's ability to engage in effective dialogue. In some countries, the government's interest in engaging in policy dialogue with IFAD might be insufficient when IFAD is not perceived as a lead partner.
29. Table 1 below synthesizes the salient characteristics of IFAD's experience on country-level policy dialogue or engagement, distinguishing between the "traditional practice" (left column), the one that is most often depicted in the available evaluations, and "good practice" (right column) which have been found in some positive cases of IFAD evaluation as well as desirable characteristics and performing practices in the literature. Good practices are understood as complementary, rather than fully replacing traditional ones.

Table 1

Policy dialogue/country-level policy engagement. Traditional and good practices

<i>Traditional practice</i>	<i>Good practice</i>
Informal	Systematic
Opportunistic	Proactive, tailored to outcome sought
Unrecorded	Recorded
Un-resourced	Resourced
Without indicators	With indicators
Without incentives	With incentives
Unclear definitions	Clear definitions
Policy dialogue as a non-lending add-on	Policy dialogue as part of an integrated approach for achieving COSOP strategic objectives
Implicit	Explicit
Invisible	Visible (with deliverables)

Source: interviews, synthesis of evaluations and literature review.

D. Conclusions

30. The evaluation synthesis concludes that IFAD has increased its focus and efforts on policy dialogue and engagement at the country level through its lending and non-lending programmes. Although there have been some remarkable achievements, particularly through grants, there is scope for substantial improvement. Most of the work on country-level policy dialogue and engagement has been informal, reacting to opportunities, unrecorded, un-resourced, with neither indicators nor incentives, with non-lending as an add-on, and without specified deliverables.
31. Given the relatively small financial resources of IFAD, the programmes it supports are meant to be vehicles to achieve broader institutional and policy impact for rural poverty alleviation in its partner countries. Therefore, policy dialogue is an important strategic goal for IFAD. This approach is outlined in various documents and reiterated most recently in the IFAD 2016-2025 Strategic Framework in which policy dialogue is identified as one of the four pillars of IFAD's results delivery.
32. Evidence collected through this evaluation synthesis confirms that policy dialogue is an essential dimension of IFAD's mission as it serves two critical purposes: (i) helping to create an enabling environment for project implementation and for achieving project impact; and (ii) contributing to creating the conditions for large numbers of rural people to move out of poverty, at a scale that no single project can address.
33. As far as the aim to create an enabling environment for project implementation and for achieving project impact, the evaluation synthesis underlines that non-lending activities are increasingly recognized as essential instruments to promote institutional and policy transformation at country and multi-country level and to scale up the impact of IFAD operations for deeper results in rural poverty reduction.
34. A number of CLEs underline that weak synergies both between the investment operations and non-lending activities and among non-lending activities, are constraining the overall impact of IFAD country programmes, and this is linked to limited capacity to undertake adequate analytical work to inform policy dialogue, partnerships, innovation and knowledge management.
35. The evaluation synthesis also notes that while policy dialogue is, by definition, part of the "non-lending activities", there are also some examples of policy dialogue components in selected projects and there may be elements of policy dialogue in project supervision and implementation support activities. Independent evaluations have regarded policy dialogue mainly as a non-lending activity, without considering sufficiently the informal as well as the technical policy elements that take place as part of lending operations (including during design, supervision and implementation support).
36. The report also emphasizes the synergistic relationship among the three non-lending activities, as policy dialogue, knowledge management and partnership-building are mutually reinforcing actions to complement IFAD's investment projects and strengthen programme effectiveness.
37. On scaling up, this synthesis emphasizes policy dialogue as a main driver for creating the conditions for large numbers of rural people to move out of poverty and ultimately contribute to achieve the IFAD 10 target of moving 80 million people out of poverty.
38. There are still limitations in both the capacity and the mechanisms available to manage policy dialogue effectively. These include: (i) under-documentation of informal and technical policy dialogue which remains invisible and risks not finding a foothold in IFAD's country-level institutional memory with the turnover of CPMs and/or CPOs; (ii) absence of policy dialogue indicators at the country level; (iii) limited information available to CPMs and CPOs dialogue experiences, concepts

and tools, and weak incentives for PCMs/CPOs (e.g., through their performance assessment); (iv) time constraints and unclear distribution of roles in country teams concerning policy dialogue.

E. Recommendations

39. The focus of these recommendations is on the learning that can be derived from the review of evaluative evidence. Except the last one, they are addressed to IFAD Management.
40. **Recommendation 1. Strengthen attention to policy dialogue in the COSOPs.** A policy dialogue strategy needs to be identified in the COSOP, designed within the framework of a more programmatic approach, and have clearly identifiable objectives. COSOPs should identify policy dialogue deliverables at the country level (e.g. outputs such as “policy dialogue country notes”, papers on issues to inform policy dialogue) and allocate funds for these activities. Indicators for policy dialogue (at the outputs, intermediate outcomes and outcome levels) should be included in COSOPs and country programmes. Policy dialogue needs to be ultimately seen as an opportunity to broaden the impact of IFAD's programmes and operations.
41. **Recommendation 2. Strengthen the capacity of CPMs and CPOs in connection with policy dialogue.** CPMs and CPOs should be provided with sufficient information and training on how to conduct and document policy dialogue at the country level, complemented with adequate resourcing, including better use of country grants. The forthcoming IFAD guide book for country-level policy engagement prepared by the Policy and Technical Advisory Division is a valuable resource that could be used to inform and train CPMs and CPOs, including in the foreseen “Operational Academy” initiatives. This evaluation synthesis, complemented by the guide book, may be used to promote learning and cross-fertilization of experiences across CPMs, regional divisions and countries. The involvement of CPMs and CPOs in policy dialogue at the country level should be taken into account in the assessment of their performance.
42. **Recommendation 3. Strengthen the monitoring and reporting of policy dialogue activities.** Policy dialogue that takes place during supervision and implementation support, as well as in the design process, needs to be documented, indicating the activities that took place, participants, agreements reached (if any) and/or other results. This will make visible the country-level policy dialogue and engagement and would ensure its preservation in IFAD’s institutional memory. Furthermore, it would provide evidence of the policy dialogue that took place.
43. **Recommendation 4. Revisit and strengthen the approach to assessing policy dialogue at the country level in independent evaluations.** In independent evaluations, the assessment of policy dialogue should refer to those activities that are complementary to the lending portfolio, as well as to those policy analyses and advisory initiatives that are supported through project funding (particularly for those projects that include a policy dialogue component). Evaluations should consider the links between policy engagement and impact on institutions and policies, following the guidance in the 2015 edition of the Evaluation Manual.