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Enabling poor rural people
to overcome poverty

Progress report and activity plan for IFAD's country presence

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Contents

Abbreviations and acronyms

Recommendation for approval	1
I. Introduction	1
II. Progress in strengthening institutional arrangements	2
III. Results achieved in programmatic activities	5
IV. Country presence plan for 2011	9
A. Objective	9
B. Criteria applied in selecting new country offices	10
C. Staffing arrangements	11
D. Budget for 2011	12
E. Work programme and monitoring	12
V. Recommendation and next steps	12

Annexes

I. Status of project portfolio in existing and proposed country offices	13
II. Budget for country offices in 2009 and 2010	14

Recommendation for approval

The Executive Board is invited to note the progress report on IFAD's country presence in 30 countries contained in parts II and III of this document, and to approve the establishment of five additional country offices in 2011, as set out in paragraph 44 of this document.

Progress report and activity plan for IFAD's country presence

I. Introduction

1. The Field Presence Pilot Programme was approved by the Executive Board in December 2003 and its implementation was launched by IFAD Management in 2004. In 2006, IFAD's independent Office of Evaluation found that the Fund's achievements in terms of implementation support, policy dialogue, partnership development and knowledge management were markedly greater in countries with a field presence than in comparator countries without. In the light of these findings, the Executive Board decided at its September 2007 session that IFAD should continue 17 pilot country offices, integrating them more effectively into IFAD's normal programming, administrative and budgetary processes, while experimenting within these offices with different models, such as the outposting of country programme managers (CPMs) and the appointing of one regional office to serve several countries.
2. In addition to the 17 country offices established before or during the pilot phase,¹ the Executive Board approved 10 further country offices at its December 2008 session, and three more offices in December 2009. With these decisions, the total number of country offices approved so far is 30. Of these, 12 are expected to be led by internationally recruited CPMs.
3. In submitting the activity plan for 2008 (EB 2007/92/R.47), IFAD Management had undertaken to self-assess country presence in 2010 and, based on the findings of this assessment and in line with the practice of other international financial institutions (IFIs), to submit a country presence policy to the Executive Board in 2011. This self-assessment has now been completed and Management will develop a country office strategy based on its findings, which will be presented to the Board for approval in May 2011. The paper is expected to be more operational in nature and thus will be presented as a strategy rather than a policy.
4. IFAD Management acknowledges that a long lead time is required to establish country offices. This is mainly explained by the lengthy procedures involved in the signing of host country agreements, recruiting or reassigning staff, and accrediting staff with governments. Advanced planning is required for IFAD to maintain the momentum. In light of this, the present report:
 - (i) Provides an overview of the progress made since December 2009 against objectives set in the 2010 activity plan, including a summary of initiatives taken at IFAD headquarters to improve administration of country-based staff. The report reviews the results achieved at the country level in terms of better

¹ Offices in Peru and Panama were established before the pilot programme.

implementation support, knowledge management, innovation, partnership-building and policy dialogue; and

- (ii) Proposes a plan to enhance the effectiveness of IFAD's country presence by starting the process of establishing five additional country offices in 2011.

II. Progress in strengthening institutional arrangements

5. **Establishment of the country offices.** Of the 30 country offices approved thus far, 24 were fully operational in 2010.² Offices in the Plurinational State of Bolivia, Brazil, Burkina Faso and Ghana are expected to become fully operational with regular staff early in 2011. Due to the prevailing security situation in Guinea, IFAD has been unable to start the process of establishing the office. With respect to Brazil, it has been agreed with the Government that the office will be located in Salvador (State of Bahia) close to IFAD operations in the country. Until a host country agreement is concluded, IFAD cannot directly recruit staff for the Brazil office. In the meantime, the United Nations Development Programme (UNDP) will employ staff on behalf of IFAD who are expected to be in place by the beginning of 2011. Staff have been recruited for the office in Burkina Faso and took up their duties in October 2010. The selection of staff for the office in Cameroon has now been completed. In addition, interviews for the outposted CPMs for Ghana and the Plurinational State of Bolivia have taken place.
6. Recruitment of international staff, as outposted CPMs, has been slower than anticipated. The length and complexity of the national accreditation process, over which IFAD does not have full control, has contributed to the delay. Of the 12 CPMs who were to be outposted to country offices by end 2009, four were in post by end 2008 (Colombia, Panama, Viet Nam and the United Republic of Tanzania), and three were added in 2009 (Ethiopia, Kenya and the Sudan). The office in Colombia was closed at the end of 2009, with the outposted CPM returning to headquarters. Appointments of outposted CPMs to the Plurinational State of Bolivia, Cameroon, Ghana and Senegal are expected by the end of 2010, and once host country agreements or accreditation processes are completed, these staff will take up their appointments in-country. Although interviews were conducted, no suitable person was found for the position of outposted CPM in Peru; options are being reviewed by the division concerned. There has been some delay also in recruiting or reassigning staff to the country offices in Sri Lanka and Pakistan. Meanwhile, locally recruited country programme officers are working in these offices on behalf of IFAD. All other offices (see annex II for list) are now operating smoothly.

Institutional and administrative arrangements

7. As noted in last year's progress report, by virtue of article 10, section 2(a), of the Agreement Establishing IFAD, the Fund enjoys "in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective." In the case of the Member States that have acceded to the 1947 United Nations Convention on the Privileges and Immunities of the Specialized Agencies, these privileges and immunities are those specified in the standard clauses of that Convention. For countries that are not party to the Convention, and in some cases for practical reasons (e.g. demands of internal procedures in a country), it will be necessary to enter into bilateral host country agreements with governments in order to facilitate matters at the working level. In this respect, the following progress has been made so far:
 - (i) Prior to 2010, host country agreements had been signed with Kenya (UNEP agreement), Panama, the United Republic of Tanzania and Viet Nam. The agreements signed during 2010 – with Ethiopia, Ghana, Rwanda and Zambia – bring to seven the number of host country agreements currently in force. Agreements are in the process of finalization for Nepal, Senegal, the Sudan

² In addition, four country offices are being operated using the services of temporary consultants.

and Uganda. Draft host country agreements were requested and provided to Brazil, Burkina Faso, Cameroon, China, Madagascar, Mozambique, Nigeria, Pakistan and Sri Lanka. IFAD's status with the Government of Yemen is being reviewed due to the change in host agency for that country. Notes verbales have been sent to the Democratic Republic of Congo, Egypt, Guinea, India and the Philippines.

- (ii) At the end of 2010, a total of six CPMs (in Ethiopia,³ Kenya, Panama, the Sudan, United Republic of Tanzania and Viet Nam) have been accredited by their host governments. In addition, three staff in Kenya and one each in Ethiopia and Madagascar were accredited as outposted, bringing to 11 the number of internationally recruited staff fully accredited in their host countries.
- (iii) IFAD has entered into 13 host agency arrangements at the country level with UNDP, with negotiations under way for an additional three. IFAD has hosting arrangements with World Food Programme (WFP) for three offices and with the Food and Agriculture Organization of the United Nations (FAO) for an additional six. The United Nations Office in Nairobi hosts the IFAD office in Kenya and the Ministry of Agriculture hosts the IFAD office in Madagascar. Negotiations are still under way for hosting arrangements for the office in Ghana. IFAD has not been able to finalize host agency arrangements due to the prevailing security situations in Pakistan and Guinea.
- (iv) Formal agreements have been signed only with UNDP, WFP and the United Nations Office in Nairobi. Host agency agreements at the country level with FAO for the offices in the Plurinational State of Bolivia, Mozambique, Rwanda, United Republic of Tanzania, Yemen and Zambia will be finalized when a global framework agreement with FAO is signed.

Human resources management

8. In the second quarter of 2009 it was decided that IFAD would directly contract nationally recruited country programme officers. Previously, all nationally recruited officers were contracted through another United Nations agency or as consultants. The decision to directly recruit necessitated inter alia an amendment to the framework agreement with UNDP, including the provision of payroll services for all country presence national and local staff (directly hired or contracted by another organization), and arrangements for staff performance evaluation. Accordingly, the President's Bulletin on administrative procedures for IFAD country offices, issued in April 2008, was amended to allow for IFAD's direct recruitment of country office staff. The first direct IFAD contract was issued in February 2010. To date, 18 IFAD contracts have been issued to national staff and by the end of 2010, the total number is expected to be about 30. Staff not directly contracted by IFAD continue to be recruited and administered by a host United Nations organization, with contracts stipulating that their service is limited to IFAD.
9. Under the global framework agreement with UNDP, the payroll administration for all of IFAD's locally recruited national staff is undertaken by UNDP Copenhagen. The processing was pilot-tested at the end of 2009, for contracts already administered by UNDP, and is now operative for all IFAD field-based national staff.
10. Internationally recruited professional staff will continue to be administered by IFAD headquarters. The relevant section of the Human Resources Procedures Manual, covering internationally recruited outposted staff, has been drafted and will soon be issued as part of the new human resources manual. Other sections specifically addressing the administration of national staff are being drafted.
11. The entitlements and benefits package for internationally recruited professional staff has been aligned with the compensation package of the United Nations system and

³ Accreditation in process.

will be harmonized with that of other United Nations organizations at the country office level.

Training and communication

12. Standard IFAD information/communication kits are regularly made available to country offices. Video conferencing has been used to connect staff in country offices with IFAD's headquarters in Rome. This technology has been used to include country staff in IFAD "town hall" meetings, during divisional meetings and for regional division portfolio reviews. Communication between headquarters and the field is now better but there is room for further improvement.
13. Much of the present training/capacity-building of IFAD staff in country offices stems from on-the-job coaching, participation in supervision missions, attendance at national or regional workshops and in some cases participation in specific training events, such as training in procurement, supervision and logical frameworks.
14. In order to support the timely and effective introduction of new staff at both headquarters and country offices, a corporate online induction programme is being completed. In addition, IFAD is considering induction workshops and training courses to be run in country offices to enhance staff integration and the continuous professional growth of newly recruited staff.

Information technology

15. In 2010, IFAD continued to improve access to corporate services and applications for country offices. The most important deliverable for 2010 has been ensuring that country offices have access to headquarters' information and communication technology (ICT) resources and applications. Specifically, the following progress has been made in these areas:
 - (a) Eighteen country offices now have access to the Virtual Private Network: staff in these country offices can employ the same applications available to staff at headquarters.
 - (b) WebEx, a Web-conferencing solution that allows country office staff to participate in divisional meetings, has been successfully piloted.
 - (c) Remote connection from country offices to the Loans and Grants System (LGS) database has been enabled, with successful piloting of LGS input from Nairobi. Similar pilots in other regions are being considered.
 - (d) Remote connection for the Project Portfolio Management System (PPMS) database has been implemented for use in all country offices.
 - (e) Field visits have been carried out to country offices in Asia and the Pacific, East and Southern Africa, and the West and Central Africa regions to assess and resolve ICT issues.
 - (f) A Common Procurement Team project with FAO and WFP has been completed, which will aid country offices in the procurement of computer equipment.
16. IFAD is working towards making adequate Internet connectivity a reality for each country office. To this end, the Information and Communication Technology Division will continue to work with the regional divisions to perform an assessment of each country office to determine what are the connectivity options available "on the ground", including existing channels used by other IFIs and United Nations agencies. Changing the local service provider or adding a second one as a back-up could resolve many of the problems. For some country offices however, alternative Internet service providers may not be an option and other solutions will be sought.

Budgeting, accounting and reporting, banking arrangements

17. In general, financial and banking arrangements are made through the host organization in order to ensure that IFAD does not build parallel systems and structures at the country office. However, when circumstances warrant better

administrative support for a country office, alternative arrangements are put in place to manage administrative expenses and increase efficiency.

18. Since 2008, IFAD country offices have gradually become more involved in areas such as partnership-building, policy dialogue, project design and supervision.
19. The country presence planning and monitoring guidelines issued by the Assistant President, Programme Management Department, in December 2007 presented the templates to be used to report country office costs, which are identified by a specific activity code – country presence administration – and an individual code for each country office.
20. Experience and feedback during the year has revealed that the country office budget and accounting procedures can be improved, in particular with respect to budgeting, account reconciliation and funds transfer from IFAD and through the host organizations to the country offices.
21. IFAD is completing the development of a country presence administrative handbook. This will set out detailed procedures in all areas of country office administration (budgeting, accounting and financial reporting, disbursements, human resources, payroll, procurement, ICT, staff security, privileges and immunities, business continuity, office space and premises, asset management and other administrative services), together with responsibilities for country office staff and headquarters staff, and modalities for working with the host agencies.

III. Results achieved in programmatic activities

22. The results described below are based on progress reports received from 24 IFAD country offices, including those headed by the outposted CPMs.
23. The work programme for each country office is dependent on the specific requirements of its country programme. The main emphasis of the country offices, particularly since the start of direct supervision, has been on programme design and implementation support. In some offices, such as those that are engaged in sector-wide approaches (SWAPs) or part of the One United Nations Initiative, relatively greater emphasis is placed on partnerships and policy dialogue. The maturity of the country programme also plays a role in determining the mix of activities undertaken by individual offices.
24. The rise in food prices and the financial crisis had a marked effect on the economies of the countries concerned, which was mentioned as an important feature of the country context in which all the offices operate. Elections and changes in government also had an impact on the countries in which IFAD has a presence.
25. It is important to note that the results achieved by country offices are often difficult to differentiate from the overall results of the country programme.

Programme design and implementation support

26. The country offices have been instrumental in negotiating with governments and other stakeholders on the timing of supervision and implementation support missions, and in many cases provided the leadership for these missions. Because of their proximity to the projects, the country office staff have been able to follow up on mission recommendations more readily through post-supervision visits to the projects.
27. During the first half of 2010, staff in the country offices participated in the design of 11 investment projects, and some 50 supervision/implementation support or mid-term review missions (including joint missions with IFAD partners such as World Bank, Asian Development Bank, European Union and bilaterals). They participated in the design of two results-based country strategic opportunities programmes (RB-COSOPs); almost all participated in some form of review of the country programme – including formal mid-term review of the RB-COSOPs and workshops with government and project staff. They also provided support to evaluations, including

for two interim evaluations and the thematic evaluation on gender.⁴ While mainly focused on investment projects, the country offices have proved to be an effective instrument for supervision and follow-up of IFAD grants based in the country.

28. In general the country offices are involved in providing technical input to project design processes, especially ensuring that lessons learned from previous projects are taken into account and that local knowledge is considered in the design. They have also contributed to changes in the design of ongoing projects in order to meet the changing socio-economic situations of the beneficiaries and address new government policies. Maintaining IFAD's institutional memory in-country has provided continuity to and enriched the country programme.
29. Projects/programmes look to the country office for support and guidance on fulfilling fiduciary obligations to IFAD, in line with government regulations and procedures. The country offices regularly assist in finalizing annual workplans and budgets, and procurement plans. In most cases, their review is made before the documents are passed to the implementing ministry for transmittal to IFAD headquarters. Many of the country offices have provided more direct support to projects by undertaking/facilitating reviews of the financial management systems, which revealed many weaknesses in the systems and controls, in addition to weak capacity of the financial cadre of the projects. Remedial measures were proposed and their implementation is under way. The country offices have also played a role in the area of audit, to the extent possible, ensuring that audits are carried out in a timely manner and, where necessary, following up on audit recommendations.
30. Early and pre-implementation project support is also an important function of the country offices. During 2009/10, 18 loans for "country presence countries" entered into force. The country offices worked to resolve bottlenecks so that effectiveness conditions could be met. The average period between Executive Board approval and effectiveness for the projects in country presence countries is shorter than the average for all projects that entered into force during the year, 11.5 months against an average of 12.8 months for countries that do not have country offices. The period from Board approval to first disbursement was significantly shorter for countries with country offices compared with countries that have no country office, 14.5 months against 18.4 months, about a 20 per cent reduction.
31. In April 2008, the country office in Kenya established a decentralized loan administration unit to process withdrawal applications for pilot programmes of directly supervised projects in the region. The regional loan administration unit processes all loans/grants applications from projects directly supervised in East and Southern Africa. The main focus for the first half of 2010 was to improve the withdrawal application processing times and minimize the complaints from projects witnessed in the previous period. Processing at the Nairobi office improved from an average of 53 days in 2009 to 27 days by the end of June 2010. The pilot programme allows the IFAD country office to use the LGS to process and approve disbursements remotely. The Controller's and Financial Services Division expects to evaluate the outcome in three months, based on the current average processing time for the selected loans' costs and incidence of errors. If the pilot programme is successful, expansion will take place to other divisions.

Knowledge management

32. Knowledge management is an important focus area for the country offices, but often difficult to isolate from supervision and policy dialogue. Knowledge management activities have mainly focused on inter-project exchange of knowledge and experiences. Country programme management teams (CPMT)⁵ have been formally established for the country programmes, with the country offices playing a key facilitation role. The country offices have organized team-building workshops

⁴ Evaluation reports have commented very favourably on the country offices.

⁵ The CPMT is led by the CPM and comprises staff from relevant functional units in IFAD. The CPMT operates on a mandatory, systematic and continuous basis throughout the entire country programme process.

and annual country programme review workshops. Reviews of the country programme by the CPMT (which includes representatives of government and other stakeholders) have proved to be an effective way of sharing knowledge about the country programme. In **Rwanda**, members of the CPMT participated in all wrap-up meetings of follow-up and implementation support missions, and shared their views on work being done by the projects.

33. In **Madagascar**, the country office provides services such as production of graphics and desktop publishing, in addition to videos and other communication tools. Under the auspices of the country office, a workshop was held in **Peru** (*Resultados de la lucha contra la pobreza rural: Gobierno del Peru – FIDA*) where the users (beneficiaries) of project services described how these IFAD-financed interventions had contributed to improvements in their living standards. This presentation reinforced the decision of the Government representatives to continue applying IFAD's methodologies to combat poverty, since the results were more successful than they had thought. In the **Philippines**, the country office and the Government's National Economic Development Authority have organized a knowledge learning market that provides a forum for demonstrating and sharing knowledge from a wide cross section of actors. A larger, less traditional audience was reached by the country office in Yemen, which contributed a number of newspaper articles providing information on IFAD's strategy, approaches and interventions in Yemen.

Innovation

34. Innovation is an area where the country offices have been relatively less effective. This is largely due to a lack of resources – both human and capital – that can be devoted to innovation. It is often difficult to separate innovations developed by the country offices from those advanced by IFAD-financed projects. Country offices are in a good position to identify innovations for scaling up within other IFAD-financed projects or by other development partners. Most of the innovations described in progress reports were at the project level and cannot be attributed to the country office. There are, however, some notable exceptions.
35. In **Nigeria**, for example, the country office introduced the use of a memorandum of understanding in programme partnerships to detail the duties and responsibilities of partners and expected results in quantitative and qualitative terms. This is expected to result in greater clarity in terms of roles and responsibilities. In **China**, the country office facilitated the visit to China by the Global Alternative Energy Foundation (GAEF) aimed at establishing cooperation with the IFAD-China country programme in the area of alternative energy for poor rural communities. A future partnership with GAEF may materialize.

Policy dialogue

36. Effective policy dialogue needs to build on proven cases and experiences, providing evidence and persuasive success stories in order to be effective. IFAD country office staff are well placed to identify project experiences that can have an impact on policies at the national and local levels.
37. Country office staff are routinely requested by governments to participate in government-led working groups and meetings. Most offices take part in thematic groups on agriculture/rural development and food security. The offices in **Mozambique, Rwanda and the United Republic of Tanzania** continue to play an active role in policy development in the context of meetings of SWAp steering committees. Other examples of the policy dialogue for which the country offices have played an important role include:
- (a) In **Zambia**, the country office worked with other donors to help the Government prepare and implement a realistic national strategy on livestock disease control that incorporates public-private partnerships.
 - (b) The country office in **India** was invited by the Government to be part of the core team to partner/support the Government in the National Rural Livelihood

Mission, a programme that is partly funded by the World Bank. This programme is designed around the microfinance sector with tertiary institutions and will be implemented countrywide. The Government is keen to have IFAD advice and support in mainstreaming the programme in all IFAD projects across the country.

- (c) In **Sri Lanka**, the country programme officer participated in and supported several discussions, which encouraged the Central Bank to approve two important policies to facilitate outreach of the banking sector to rural areas and allow for participation of credit societies in block loans.
- (d) In **Viet Nam**, the Ministry of Agriculture and Rural Development requested that IFAD projects apply, on a pilot basis, the Ministry's new guidelines; experiences from these pilots will be used to evaluate their effectiveness.
- (e) In **Egypt**, the country programme officer has been instrumental in involving IFAD in operationalizing the Government's agricultural development strategy up to the year 2030.
- (f) In the **Sudan**, the country programme officer participated in the preparation of an important forum pertaining to the governance of natural resources in the border states between North and South Sudan in preparation for the outcome of the referendum early next year.

Partnerships

38. Engagement in policy dialogue and partnership activities is time-consuming. Much of the work involved takes place in-country as well. The increased time spent in-country by the CPM due to direct supervision has provided opportunities to nurture new and existing partnerships, while the country presence has made it possible for IFAD to meet more regularly with its partners in country. IFAD is a full member of the United Nations Country Team in almost all of its country presence countries.⁶ Through its country offices, IFAD participated actively in the United Nations Development Assistance Framework (UNDAF) process in most countries.
39. Five of the country presence countries are part of the pilot One United Nations Initiative, two of which are headed by an outposted CPM. Country office staff regularly contribute to donor thematic groups, addressing themes such as agriculture and food security, and those of particular importance to the country programme (e.g. business development services in Kenya, gender in Panama). Other examples of partnerships made possible through the country offices include:
- (a) In **Ethiopia**, the country programme officer made a substantial effort to convey IFAD's response to Ethiopia's poverty reduction strategy to development partners during the consultative workshops held in Ethiopia under the Comprehensive Africa Agriculture Development Programme.⁷
 - (b) The country office in **Uganda** continued to work with other donors in the agriculture sector, notably the African Development Bank, Danish International Development Agency (Danida), European Union, United States Agency for International Development (USAID) and the World Bank.
 - (c) During the assessment period, working relations improved with bilateral donors in **Nepal**, such as: Japan International Cooperation Agency (JICA) (scaling up the "road corridors for development" approach), USAID and the United Kingdom's Department for International Development (DFID). The country office is working in close coordination with FAO to support the

⁶ The United Nations Country Team in Nigeria is composed only of internationally recruited staff and therefore IFAD is not a regular member.

⁷ The Comprehensive Africa Agriculture Development Programme (CAADP) was prepared in June 2002 within the framework of the New Partnership for the Development of Africa (NEPAD). The CAADP aims to cut hunger and poverty, generate economic growth through agriculture, reduce the burden of food imports and open the way for an expansion of agricultural exports.

Leasehold Forestry and Livestock Programme, which benefits from a Finnish grant channelled through FAO.

- (d) Frequent interaction with the Government of **Pakistan** and participation in donor forums has substantially improved communication with IFAD, thereby increasing opportunities for partnership-building, such as: coordination with FAO and WFP for the Crop Maximization Support Project and European Union-funded Food Security Project, and between IFAD microfinance projects and DFID microfinance initiatives. Discussions on possible cofinancing partnerships have been held with Italy, DFID and JICA.
- (e) IFAD's active participation in the United Nations Country Team enabled the office in **Panama** to solicit views and kindle interest in the IFAD programme, even from non-traditional partners such as the World Health Organization.

Capacity-building

- 40. The country offices also play an important role in building the capacity of country project staff and government counterparts. The country offices continued to provide support to project staff in areas such as finance, procurement and project management for better implementation. The teams also supported project coordination units in implementing recommendations from supervision and follow-up missions, thus creating synergy between the country offices and IFAD-supported projects. The frequent turnover of project staff, especially of key staff, requires almost continuous efforts at capacity-building. Participation in supervision missions of IFAD-assisted projects has proved to be an effective method of building capacity.

IV. Country presence plan for 2011

A. Objective

- 41. During 2011, IFAD's country presence will be further strengthened to **enhance the development effectiveness of IFAD's programme**. This objective is to be achieved by:
 - (a) Helping align country strategies and projects with the country context and with government plans;
 - (b) Providing cost-effective and timely project supervision and implementation support;
 - (c) Scouting for and helping in disseminating innovative approaches to rural poverty reduction and rural development;
 - (d) Aligning IFAD's work more closely with the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action at the national level;
 - (e) Building partnerships and collaborative relationships at the national level;
 - (f) Improving IFAD's understanding of the changing conditions of rural poverty and help devise effective responses at the national level; and
 - (g) Policy advice.
- 42. In order to accomplish the above goals, IFAD's 2011 country presence activities will focus on:
 - (a) Finalizing the host country agreements, country-level service agreements and staff recruitment either directly with IFAD or through sister United Nations agencies and making five remaining country offices fully operational;
 - (b) Developing IFAD's country office strategy, also using the findings of the self-assessment undertaken by IFAD Management, and submitting it for the consideration of the Executive Board at its May 2011 session; and
 - (c) Starting the process of establishing five additional country offices, as envisaged in IFAD's Medium-term Plan.

43. In undertaking the above activities, IFAD will pay particular attention to the following principles:
- (a) Country offices will remain relatively small, working at the operational level to promote the core objective of enhancing impact through improved project implementation support, policy dialogue, partnership-building and knowledge management;
 - (b) In establishing offices and recruiting staff, IFAD will adopt the most cost-effective method. IFAD's country offices will be established on the premises of other United Nations organizations or IFIs, with preference for UNDP;
 - (c) As part of the IFAD country strategy, IFAD will develop an exit (closure) policy for country offices should the need for the country office no longer exist. IFAD has already closed country offices in Colombia and Nicaragua.
44. The proposed expansion by five country offices in 2011 will, if agreed by the Board, enable the establishment of country offices in the following countries: Bangladesh, Guatemala, Indonesia, Malawi and Mali. All have significant IFAD programmes.

B. Criteria applied in selecting new country offices

45. In proposing the new country offices, IFAD Management has based its selection on the following criteria:
- (a) Programme size, as reflected by the number of projects, total project cost and IFAD financing; exceptions are made only for countries with special circumstances, such as fragile states;
 - (b) The existence of a conducive policy and institutional environment allowing country presence effectiveness;
 - (c) Government demand for a country presence;
 - (d) The possibility of entering into an agreement with a United Nations agency or an IFI to house IFAD's country office and staff.
46. With regard to programme size, Bangladesh has the second largest portfolio in IFAD – in terms of both number of projects (eight) and value of IFAD financing (US\$217 million). Guatemala has a portfolio of five projects with a value of US\$94 million; it is also the largest portfolio not yet covered by an IFAD country presence in the Latin America and Caribbean region.
47. Similarly, with five projects carrying IFAD financing of US\$107 million, Mali is the largest portfolio in West and Central Africa not yet served by IFAD's country presence. It is tenth largest portfolio in IFAD in terms of both number of projects and value of IFAD financing. Indonesia has only two projects, but these two carry IFAD financing of over US\$90 million. As a result, in IFAD's entire current portfolio, Indonesia is the fourteenth largest in value terms. Malawi also has a sizable portfolio of three projects, with IFAD financing of US\$39 million. It is one of the two largest country portfolios yet to be served by IFAD's country presence in Eastern and Central Africa and offers an enabling environment for policy and institutional support.
48. All of the above offices will be led by nationally recruited staff, at least in the initial years. IFAD will maintain options of recruiting both directly and indirectly through United Nations agencies in order to adopt the most results-oriented and cost-effective method for staffing the country offices. For the office space and other logistics, it will rely on sister United Nations agencies, such as FAO, UNDP and WFP, and other IFIs.
49. In expanding its country presence, IFAD Management has proceeded with care to ensure that appropriate staffing arrangements are made and suitable logistics arrangements become available for effective operation. In addition, the cost of this expansion will need to be offset by the benefits in terms of enhanced development.

50. The proposed expansion will take the total number of approved country offices to 35, with 12 led by outposted CPMs and 23 led by locally recruited national officers. These offices will support about 152 projects (59 per cent of the total number of projects) with an IFAD commitment of US\$3.2 billion (69 per cent of the total value of the current portfolio).

C. Staffing arrangements

51. During 2011, IFAD will devote efforts mainly to making arrangements for the administration of country office staff more responsive to their needs. For this reason, an IFAD contract will be extended to all country office staff who have performed well and whose services are required in the medium term (at least three years). In addition, country office management will be made more efficient and cost-effective, mainly by outsourcing services to UNDP and other United Nations agencies.
52. IFAD Management has been experimenting further with different models of country presence, in particular by increasing the number of country offices led by outposted CPMs and by establishing a subregional office in Nairobi, Kenya. These initiatives require some internationally recruited staff to serve in the country offices, rather than from IFAD headquarters in Rome. To this end, IFAD Management has undertaken the following:
- (a) Reassigned willing staff members from IFAD headquarters to country offices;
 - (b) Recruited international staff members having country offices as their duty station as opposed to IFAD headquarters;
 - (c) All new recruitments of international staff stipulate that IFAD Management may transfer staff recruited to country offices; and
 - (d) Piloted direct LGS access and disbursement processing by country office staff located in Nairobi, which could result in some processing of disbursements being eliminated at headquarters.
53. While the above has helped in staffing CPM-led country offices and subregional offices, the issue of providing adequate incentives for internationally recruited staff to agree to be outposted has not been fully resolved. Most staff based at headquarters do not wish to opt for a country assignment, in part because there is no incentive to move, and in some cases difficult country situations provide significant disincentives.
54. The issue of incentives becomes even more important when the competency profile of staff posted to countries is high. Country-based staff face a high demand for strategic and policy advice, involving contact at high levels of government. For the most part, staff should also be able to operate independently with minimal guidance from headquarters. Assigned staff members need to be able to understand the regional and national context even better than when they are based at headquarters. From the perspective of partnership-building and strategic dialogue, country-based staff members need a status that is similar to the heads of sister United Nations agencies and IFIs operating in country.
55. In the light of the above, IFAD Management is considering a proposal to designate outposted CPMs at P-5 level as country programme directors and as such they would be given a D-1 level for the duration of the outposting. Existing D-1 level staff posted to a field office would keep their D-1 director level. Upon return to headquarters, previously P-5 level staff would revert back to P-5, and the title would again be CPM. This is expected to encourage senior staff to take up outposted CPM positions. It would also allow IFAD Management, when circumstances demand, to directly recruit people of the highest calibre to these positions.

D. Budget for 2011

56. As stated in the activity plan for IFAD's country presence for 2008 (EB 2007/92/R.47, paragraph 48) and recorded in last year's progress report, IFAD has fully integrated the country presence budget into IFAD's annual budget. This amount is also accounted for within the benchmark efficiency ratio monitored under IFAD's Results Measurement Framework.
57. In view of the evaluation finding that the Field Presence Pilot Programme had an ambitious design and was underfunded, IFAD has gradually increased the resources allocated to the country offices since 2008. The annual budget for 17 country offices for 2008 was set at US\$2.65 million. For 2009 it was increased to US\$4.73 million for 27 offices. This was further increased to US\$7.21 million in 2010 for 30 country offices. Of the budget allocated for 2010, close to 100 per cent was already allocated by 30 September 2010. This amount includes some pre-allocations and advances made to other United Nations agencies, and thus may overstate expenditures. Overall, the absorptive capacities of the country offices have increased significantly in 2010.
58. Based on the positive experience in 2010 and considering the limited expansion by five country offices proposed for 2011, IFAD Management estimates that the aggregated country office budget will be US\$11.5 million. Of the total, about US\$8.2 million, or approximately 71 per cent, would be to meet staff costs.

Table 1
Proposed country presence budget for 2011
(United States dollars)

<i>Region</i>	<i>Staff^a</i>	<i>Non-staff</i>	<i>Total staff and non-staff</i>
West and Central Africa	2 175 220	1 000 000	3 175 220
East and Southern Africa	3 069 072	1 053 229	4 122 301
Asia and the Pacific	1 174 034	700 000	1 874 034
Latin America and the Caribbean	1 058 326	362 627	1 420 953
Near East and North Africa	690 014	239 092	929 106
Total	8 166 666	3 354 948	11 521 614

^a Includes outposted staff (CPMs, assistants, etc.)

59. Of the total budget allocated, over two thirds is for Africa.

E. Work programme and monitoring

60. In line with the intentions of the Executive Board, IFAD Management closely supervises the planning and monitoring of the activities of the country offices. In keeping with the established practice, a detailed work programme has been prepared for each country office, setting out the activities to be carried out during 2011. These plans will be complemented by six-monthly monitoring reports that will be submitted by each country office to the regional division director, through the CPM.

V. Recommendation and next steps

61. It is recommended that the Executive Board approve the establishment of five additional country offices in 2011, as set out in paragraph 44 above.
62. Having completed the fieldwork, IFAD Management is analysing the results of its country presence. Based on the findings, it will prepare and submit a longer-term strategy for IFAD's country presence to the Executive Board in May 2011.

Status of project portfolio in existing and proposed country offices

(As at 30 September 2010)

<i>Region</i>	<i>Country</i>	<i>Number of projects in current portfolio</i>	<i>IFAD financing committed (thousands of US\$)</i>	
1	WCA	Burkina Faso	5	69 514
2	WCA	Congo/Dem. Rep. Congo	6	82 806
3	WCA	Ghana	5	80 261
4	WCA	Guinea	3	45 426
5	WCA	Nigeria	3	85 475
6	WCA	Senegal	4	47 039
7	PA	Cameroon	3	46 055
8	WCA	Mali*	5	106 801
9	ESA	Ethiopia	5	144 918
10	ESA	Kenya	6	121 326
11	ESA	Madagascar	4	65 181
12	ESA	Mozambique	4	78 588
13	ESA	Rwanda	5	85 284
14	ESA	Tanzania	5	137 913
15	ESA	Uganda	6	184 151
16	PF	Zambia	3	45 095
17	ESA	Malawi*	3	39 479
18	APR	China/Mongolia	7	190520
19	APR	India	9	297 427
20	APR	Nepal	4	51 289
21	APR	Pakistan	4	101 555
22	APR	Sri Lanka	5	104 434
23	APR	Viet Nam	5	127 590
24	APR	Philippines	3	64 721
25	APR	Indonesia*	2	90 112
26	APR	Bangladesh*	8	112 692
27	LAC	Brazil	3	75 500
28	LAC	Colombia	1	20 000
29	LAC	Haiti	2	40 367
30	LAC	Panama	2	29 200
31	LAC	Bolivia (Plurinational State of)	2	15 231
32	LAC	Guatemala*	5	97 427
33	NEN	Egypt	3	82 619
34	NEN	Sudan	7	122 723
35	NEN	Yemen	5	78 211
Total covered by country presence		152	3 166 930	
IFAD-wide portfolio		256	4 581 954	
Percentage covered by country offices		59	69	

* Country offices proposed for 2011

WCA: West and Central Africa

ESA: East and Southern Africa

APR: Asia and the Pacific

LAC: Latin America and the Caribbean

NEN: Near East and North Africa

Budget for country offices in 2009 and 2010^a

	<i>2009 Budget</i>	<i>2010 Budget</i>
West and Central Africa		
Dem. Rep. Congo / Congo	120	314
Ghana	235	437
Guinea	80	80
Nigeria	145	150
Senegal/The Gambia	230	437
Cameroon	0	297
Burkina Faso	60	80
Total West and Central Africa	870	1 795
East and Southern Africa		
Ethiopia ^b	243	709
Kenya	254	1 030
United Republic of Tanzania	490	587
Madagascar	80	80
Rwanda	80	80
Uganda	120	272
Mozambique	80	80
Zambia	0	80
Total East and Southern Africa	1 347	2 918
Asia and the Pacific		
China/Mongolia	95	95
India	263	211
Nepal	25	29
Pakistan	88	88
Sri Lanka	150	143
Viet Nam	219	229
Philippines	0	128
Total Asia and the Pacific	840	923
Latin America and the Caribbean		
Peru	100	260
(Colombia)	316	0
Bolivia (Plurinational State of)	0	97
Brazil	307	189
Haiti	153	148
Panama	186	192
Total Latin America and the Caribbean	1062	886
Near East and North Africa		
Sudan	338	400
Yemen	120	180
Egypt	150	173
Total Near East and North Africa	608	753
TOTAL	4 728	7 213

Note: To ensure consistency, the above table has been prepared using the same exchange rate of 0.79 for 2009 and 2010.

^a The overall totals are consistent with budget estimates, but the intra-country allocation has been managed internally by PMD.

^b Some country offices will start up in the latter part of 2010. Allocations have been made accordingly.