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Investing in rural people

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Progress update on IFAD's decentralization

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Action: The Executive Board is invited to review the 2023 Progress update on IFAD's decentralization.

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Progress update on IFAD's decentralization

I. Decentralization overview

A. Context

1. This report provides an overview of IFAD's decentralization 2.0 reform (D2.0) progress in 2023, focusing on key developments following the Executive Board session held in May 2023.

2. The 2022 corporate-level evaluation (CLE) on decentralization highlights a correlation between country presence and increased project cofinancing and faster project start-ups. Established IFAD Country Offices (ICOs) benefit more significantly, enhancing IFAD's engagement with beneficiaries, governments and other development partners, and bolstering further IFAD's relevance and development effectiveness. IFAD's data from 2003 to 2021 consistently shows ICO countries outperforming non-ICO countries. The earlier 2016 CLE on decentralization echoes these findings, emphasizing IFAD's strong performance in ICO countries, particularly in overall project performance, sustainability, gender equality, innovation and scaling up. This trend is more pronounced in fragile and conflict-affected situations (FCS), bearing out the D2.0 focus on enhancing ICOs in these contexts. ICO countries also tend to receive higher stakeholder feedback ratings for country-level policy engagement and partnership building.

3. The Evaluation Committee session held in April and the Executive Board session held in May of this year broadly endorsed the CLE findings and recommendations, acknowledging their preliminary nature as the decentralization is still ongoing and final outcomes are yet to be determined. While recognizing the importance of decentralization for IFAD's impact and broader development goals, the Board also acknowledged its challenges, especially in planning and staff relocation. The Board stressed the importance of maintaining implementation momentum while making necessary adjustments to the D2.0 implementation plan and carefully considering its oversight role without inadvertently micromanaging.

4. In line with the CLE recommendations and Management insights, several steps have been taken to adaptively manage the D2.0 phase. These measures include incorporating insights from the implementation of the Operational Excellence for Results reform and the decentralization working group into the design and implementation of the D2.0 phase, developing a D2.0 Recalibration Plan based on CLE recommendations and internal assessments, and refining metrics to enhance flexibility and responsiveness in the implementation process.

B. Actions taken to respond to the CLE recommendations on IFAD's decentralization experience

5. In light of the CLE recommendations, several critical operational challenges were identified that required attention. The table below outlines the actions taken in response to these recommendations.

Table 1
Addressing recommendations of CLE on decentralization (2022)

Recommendation	*Actions taken*
Recommendation 1 (agree) Take stock of D2.0 and course correct accordingly	• Recalibration of the D2.0 Implementation Plan has been approved and is under implementation • Reviewed Asia and the Pacific (APR) and Latin America and the Caribbean (LAC) regional offices (ROs), refining the multi-country office (MCO) model in West and Central Africa (WCA) and East and Southern Africa (ESA), and recalibrating APR MCOs in light of the APR RO decision (e.g. China, India and Viet Nam)
Recommendation 2 (partially agree) Develop budget and accounting system to track D2.0 costs	• Did not agree to develop new budget and accounting system owing to cost concerns • Improved granularity in reporting D2.0 spending within existing budget systems, with analyses in annual reports to the Executive Board • Decentralization costs, including staff, non-staff and office-related expenses, monitored and reported regularly within the current system in collaboration with the Office of Strategic Budgeting, with increased detail for the 2024 budget
Recommendation 3 (agree) Ensure adequate share of administrative budget is allocated to country programme delivery	• Upward trend in IFAD regular budget allocations to pillar 1 (country programme delivery) since 2022, emphasizing Social, Environmental and Climate Assessment Procedures and knowledge-based policy advice • Integrating non-lending activities into country strategic opportunities programmes and projects for knowledge-sharing, innovation, and policy advice • The proposed budget for 2024 follows a similar upward trajectory
Recommendation 4 (partially agree) Address limitations to human resources management through greater consideration of impact on operations	• Prioritizing non-lending activities within resource constraints • Existing mechanisms in place for capacity-building of country directors (CDs), such as IFAD's Operations Academy upskilling and in-person retreats • Onboarding and training is continuously being improved, to equip new staff with essential information and skills required to perform their roles effectively
Recommendation 5 (agree) Ensure human resources management focuses on improving staff well-being	• Allocating timely resources for office set up, staff reassignment and relocation • Revised D2.0 communication strategy for improved staff dialogue • Implementing initiatives to enhance staff well-being, reduce vacancy rate and foster a positive workplace culture • Prioritization of recruitments for field positions, including a field vacancy rate reduction from 21.9% in January to 13% in September and reached the overall corporate vacancy rate target of 12%
Recommendation 6 (addressed to the Executive Board) Strengthen Board oversight and guidance for decentralization	• Increased frequency of D2.0 updates, including events (e.g. informal seminar) and updates (e.g. oral update to the Executive Board in September 2023 and progress report in December 2023)

C. D2.0 Recalibration Plan

6. IFAD developed a comprehensive D2.0 Recalibration Plan in response to the CLE recommendations and internal lessons learned. The IFAD President approved the plan in July 2023, maintaining the existing D2.0 timeline and the target of decentralizing 45 per cent of staff positions by the end of 2024. Table 2 summarizes the key elements of the D2.0 Recalibration Plan, while section II of the report offers a detailed progress overview for each workstream.

Table 2
Key elements of the D2.0 Recalibration Plan (2023)

Workstream	*Update*
People workstream	• Maintaining the Twelfth Replenishment of IFAD's Resources (IFAD12) decentralization commitment of 45% staff positions by end-2024 (projected target at the end of 2024: 48.2%); and President's commitment of 40% staff by end-2023 (reached in June) • Global anchor locations reviewed and refined further • 2024/25 headquarters General Service (GS) staff transition plans and three-year APR RO national officer transition plans for abolished positions
Infrastructure workstream	• Total number of ICOs varying between 47 and 51[1] • APR RO to be set up by the third quarter of 2024 and LAC RO by 2025 • Deferring establishment of ICOs in conflict areas (Afghanistan, Central African Republic and Yemen) • Based on portfolio needs, upgrading of three ICOs to CD-led (Benin, Cambodia and the Untied Republic of Tanzania) and deferral of new country programme officer (CPO)-led Togo office, while fine-tuning MCOs (China, Ghana, India and Viet Nam) • Organizational restructuring for decentralization: aligning IFAD's structure and assessing the role of headquarters
Change workstream	• Approvals or upgrades of all IFAD regular administrative budget (IFARB)-funded positions in 2024 to be in line with recalibrated D2.0 position map

II. Update on the specific workstreams

A. People workstream

7. The 40 per cent staff decentralization target was achieved in June 2023. Recruitment efforts have reduced the field office vacancy rate by nine percentage points, from 21.9 per cent in January to 13 per cent in September 2023. The field vacancy rate is expected to decrease further by year-end, while the corporate target (combining field and headquarters positions) remains at 12 per cent. The job audit exercise, reviewing 790 job profiles across all IFAD positions, has concluded, marking a crucial step in the organizational reform process.

8. The reassignment exercise, initiated in June and set to finish by December 2023, prioritizes business continuity and individual needs. IFAD provides a minimum six-month flexibility for staff relocation, with the Human Resources Division permitting case-by-case deferral based on need. Teleworking arrangements were formalized in April 2023 to enhance remote work flexibility. Efforts are made to promote internal staff members during reassignment, and service contracts have been converted to fixed-term positions to enhance career growth opportunities for national staff.

9. The upskilling and reskilling initiative, organized into three academies (Operations, Finance and Leadership) and technical training, has upskilled/reskilled 555 staff, including 241 in critical roles, amounting to 65 per cent of all staff.

10. IFAD has transitioned field staff onboarding, from peer agency support to internal management by the Field Support Unit in collaboration with relevant divisions. Administrative pools in ROs and MCOs will eventually take over when fully operational. The Field Support Unit has developed a corporate onboarding guide for new hires in field offices (2023), with local guides for the East and ESA and WCA duty stations, and guides for APR, Near East, North Africa and Europe and LAC duty stations are slated for release by the end of 2023.

11. Finally, initiatives focusing on staff well-being are underway, such as the Workplace Culture Initiative, Diversity, Equity and Inclusion Talks, and regional staff retreats.

[1] As of September 2023, the D2.0 ICO pipeline includes 47 to 51 offices (i.e. 4 ROs, 8 MCOs, 28 or 29 CD-led and 7 to 10 CPO-led). Nearly two thirds of this pipeline is fully established, including 3 new offices and the upgrading of 10 existing ones, resulting in a total of 43 operational offices.

B. Infrastructure workstream

12. IFAD plans to open 47 ICOs by the end of 2024, with 43 currently operational. The decision to establish the APR RO in Bangkok, Thailand by the third quarter of 2024 was based on factors such as cost-effectiveness, travel accessibility, staff well-being, proximity to other United Nations and multilateral agencies, and alignment with IFAD's strategic objectives. The decision regarding the LAC RO location is pending, with an expected announcement by December 2023.

13. The ICO pipeline for 2023 or early 2024 includes Burkina Faso, Chad, Mali and Uzbekistan from the 2022 pipeline and Benin, Cambodia, Pakistan and United Republic of Tanzania from the recalibrated 2023 pipeline. Ongoing efforts in other ICOs target office capacity, infrastructure and rightsizing office premises. As a result of recalibration, China, Ghana and Viet Nam are transitioning from MCOs to CD-led offices. Continuous monitoring is ongoing for offices with reduced operations or closures owing to security risks, as in Haiti, Niger and Sudan.

14. Regional administrative pools were established in 2022 to provide support to staff in ROs, handling tasks such as onboarding, departures, travel, visa processing, contracts and consultant recruitment. To address growing administrative demands, measures included a 1:6 staffing ratio of GS staff to professional staff, temporary staff funding and expedited recruitment in the ESA and WCA ROs. These two administrative pools are now operational, with the APR pool planned for the third quarter of 2024 and the LAC pool for 2025.

15. A comprehensive assessment of IFAD's headquarters is ongoing to align it with IFAD's role in a decentralized organization. A survey of field staff in mid-June 2023 achieved a 60 per cent response rate, and the results were discussed during an IFAD Management Team meeting. They are now integrated into the ongoing corporate review, aiming to ensure organizational alignment and foster a One IFAD culture.

C. Change workstream

16. **Communication and change management.** The existing D2.0 communication plan has been enhanced to offer regular briefings and dedicated support channels such as a D2.0 intranet corner, staff Interacts and town hall meetings. Since the Executive Board session held in May, several key initiatives have been implemented, including three staff Interacts on decentralization and reassignment, a rapid pulse survey about the role of headquarters in a decentralized IFAD, and two dedicated sessions between Associate Vice-Presidents and staff affected by the APR RO location selection, including one-on-one meetings. Dedicated communication channels have also been established with the D2.0 team, including direct e-mail contact.

17. IFAD is delegating decision-making authority to empower its global staff, including CDs and national officers. Furthermore, it is integrating the D2.0 reform into existing corporate organizational reform initiatives, closely coordinating with dynamic workforce planning, the People, Processes, and Technology Plan, and the smart budgeting process.

18. **Budget.** Decentralization costs cover all expenditures linked to staff in IFAD's decentralized offices, including regional and country offices, as well as non-staff costs and operational expenses for these offices. These costs are incorporated into IFAD's accounting and budgeting framework, ensuring a consistent approach to financial management.

19. Management prioritized decentralization in the 2024 budget with a 1.7 per cent real budget increase (US$2.99 million) for staffing costs. The D2.0 Recalibration Plan aims to optimize value-for-money by adjusting the APR and LAC ROs' size and staffing structure for cost-effectiveness. In addition, deferring the establishment of ICOs in conflict-affected countries prioritizes both security and cost-effectiveness.

In this context, the 2024 administrative budget accommodates essential position upgrades to meet the operational requirements. Operational efficiencies are partially redirected to avoid job losses for headquarters GS staff during the decentralization and upgrade more offices to CD-led ICOs, ensuring sufficient staffing and infrastructure capacity for both regional and country offices. This allocation primarily covers most remaining D2.0 expenses, including both annual recurrent and one-time costs.

III. Budget overview and cost savings

A. Budget overview

20. In 2016, IFAD made strategic enhancements to its budget and accounting systems, including giving CDs more budget authority, particularly in low-value procurement. Simultaneously, IFAD improved access to monitoring reports for designated budget holders.

21. Building upon these developments, IFAD is further enhancing its budgeting system to gain a comprehensive, corporate-level view of decentralization expenses. This broader perspective will help IFAD to monitor both one-time and annual recurrent costs, including staff and non-staff expenditures, and differentiate between real and nominal costs.

22. To facilitate informed decision-making, the D2.0 steering committee regularly reviews actual expenditures against budget allocations in its meetings. This approach ensures prudent budget allocation throughout the fiscal year and accountable use of approved budgetary increases for decentralization. It also guarantees monitoring and periodic reporting of these costs. In the 2024 budgetary process, detailed, granular breakdowns will further enhance transparency and accountability.

Table 3
Incremental annual recurrent costs needed by 2025 in addition to 2023 approved budget, for original and recalibrated plan
(Millions of United States dollars)

	Original plan		*Recalibrated plan*		*Recalibrated plan savings/cost avoidance*	
Cost item	*2024 Budget*	*2025 Budget*	*2024 Budget*	*2025 Budget*	*2024 Budget*	*2025 Budget*
RO/ICO running costs	1.79	0.30	1.95	0.23	-0.16	0.08
Staff costs	1.49	1.07	3.11	-0.78	-1.62	1.85
United Nations costs	0.3	0.3	0.3	0.3	-	-
Total	**3.58**	**1.68**	**5.36**	**-0.25**	**-1.78**	**1.93**

23. The 2024 and 2025 budgets in the D2.0 Recalibration Plan focus on various key aspects. These include APR and LAC RO set-up, optimizing cost-effectiveness through staffing adjustments, establishing 47 ICOs and prioritizing duty of care for affected staff during decentralization. These adjustments are expected to lead to a US$5.36 million annual recurrent administrative budget increase in 2024. In 2025, decentralization is projected to result in net savings of US$0.25 million, primarily owing to the GS transition at headquarters, signalling reduced costs and savings from 2025 onward.

24. Concerning staffing structure for the APR and LAC ROs, a cost-benefit analysis suggests that a model of 45 to 50 staff is the most cost-effective option. Initial conservative estimates for non-staff costs for these offices include one-time set-up expenses of US$500,000 each, alongside annual recurrent operational costs of US$550,000 for the APR RO and US$460,000 for the LAC RO.

B. Cost savings and avoidance measures

25. Since the start of D2.0, measures to save costs and avoid unnecessary expenses have been implemented, resulting in the following outcomes, as shown in table 4:

(i) **Rent-free accommodations:** Rent-free agreements have been established in the WCA RO, with discussions ongoing for the APR RO. Subsidy arrangements are finalized for the ESA RO and selected ICOs.

(ii) **Common premises:** Sharing about 60 per cent of ICO premises with other United Nations agencies and international financial institutions, while not entirely cost-free, has led to significant savings, estimated at 40 per cent (both rent and common services) compared to stand-alone premises.

(iii) **Pooled business services:** Utilizing pooled business services is generating annual savings estimated at between US$150,000 and US$200,000. Furthermore, eight ICOs benefit from Common Back Offices or local shared service centres in collaboration with other United Nations agencies.

(iv) **GS positions reallocation:** Replacing GS positions in headquarters with field positions is projected to save US$2.1 million in annual recurrent costs by the end of the reform, leading to a more streamlined headquarters structure.

Table 4
Cost efficiency gains in staff and non-staff areas

Key cost efficiencies	*Detail*
	Staff
Moving Programme Management Department front offices and Strategy and Knowledge Department GS positions from Rome to the field	• Yearly savings already included in D2.0 annual recurrent costs and estimated at US$1.3 million. • No job loss, and business continuity ensured.
Restructuring liaison function in headquarters	• Functions absorbed by new regional liaison team in headquarters, data analysts and country programme assistants in the field. • Yearly savings already included in D2.0 annual recurrent costs and estimated at US$0.8 million. • No job loss for GS staff in headquarters, and business continuity ensured.
	Non-staff
Rent-free accommodations in ROs and ICOs	• Rent-free building agreed for WCA RO villa: yearly costs avoided estimated at US$0.5 million. • The Government of Kenya pledged a two-year annual rental subsidy of US$0.18 million for the ESA RO. • Finalization of discussions for rental subsidies in APR RO and selected ICOs.
Business operations strategy	• All ICOs benefit from six pooled business services: common administration services, human resources services, procurement services, logistics services, finance services and information and communications technology services. • Estimated yearly costs avoided for IFAD are from US$0.15 million to US$0.2 million.
Common Back Offices	• Common Back Offices have been active in the following eight countries where IFAD has offices: Brazil, Cambodia, Ethiopia, Ghana, Kenya, Sudan, United Republic of Tanzania and Viet Nam.
Common premises, including with the other United Nations Rome-based agencies	• Out of the 43 current ICOs, some 60% are hosted in shared premises: - 7 IFAD offices are hosted by the Food and Agriculture Organization of the United Nations or the World Food Programme; 20 IFAD offices are hosted by other United Nations agencies;

	- Several IFAD offices are also hosted by other government or international institutions. • Optimizing shared resources, both rent and common services, saves approximately 40% while improving United Nations agency collaboration and efficiency. • Cost of rent alone is only about 5% lower for common vis-à-vis stand-alone premises.

C. Cost drivers of decentralization

26. The analysis of ICO models for cost efficiency during the D2.0 phase led to the development of an RO set-up with multiple CD-led offices and a few MCO and CPO-led offices. CD-led offices were considered the most effective for supervision, policy and partnership. Furthermore, in-country staff were found to be more effective in supporting government partners and projects during the COVID-19 pandemic and travel restrictions. Consequently, the total number of ICOs increased from 40 to 51, including 7 new offices and 14 upgrades from CPO-led to CD-led/MCOs, raising the portfolio coverage by in-country ICOs from 72 per cent to 82 per cent.

27. Looking at the key cost drivers, a notable shift is the substantial increase in CD-led offices, from 7 in 2021 to 28 by 2024, while CPO-led offices have decreased from 20 to 7 in the same timeframe, resulting in an average annual recurrent non-staff cost increase of US$54,000, or 68 per cent. Despite the cost impact, CD-led ICOs offer significant benefits as recognized in the 2023 CLE, including stronger leadership, enhanced coordination, increased capacity, and improved representation, all contributing to more effective delivery and better outcomes.

28. Another significant cost driver is IFAD’s heightened presence in FCS, leading to a 40 per cent increase in recurrent costs, primarily attributed to assignment benefits, facilities, assets and security needs. IFAD’s strategic commitment to allocate 25 per cent of core resources to FCS in IFAD12 and IFAD13 underscores its dedication to addressing development challenges in these areas. This strategic focus has led to substantial portfolio growth, from US$1 billion to US$2.2 billion in FCS during IFAD10 and IFAD11, necessitating enhanced staff capacity and a stronger country presence, while balancing the mandate of rural inclusion with efficiency in complex contexts.

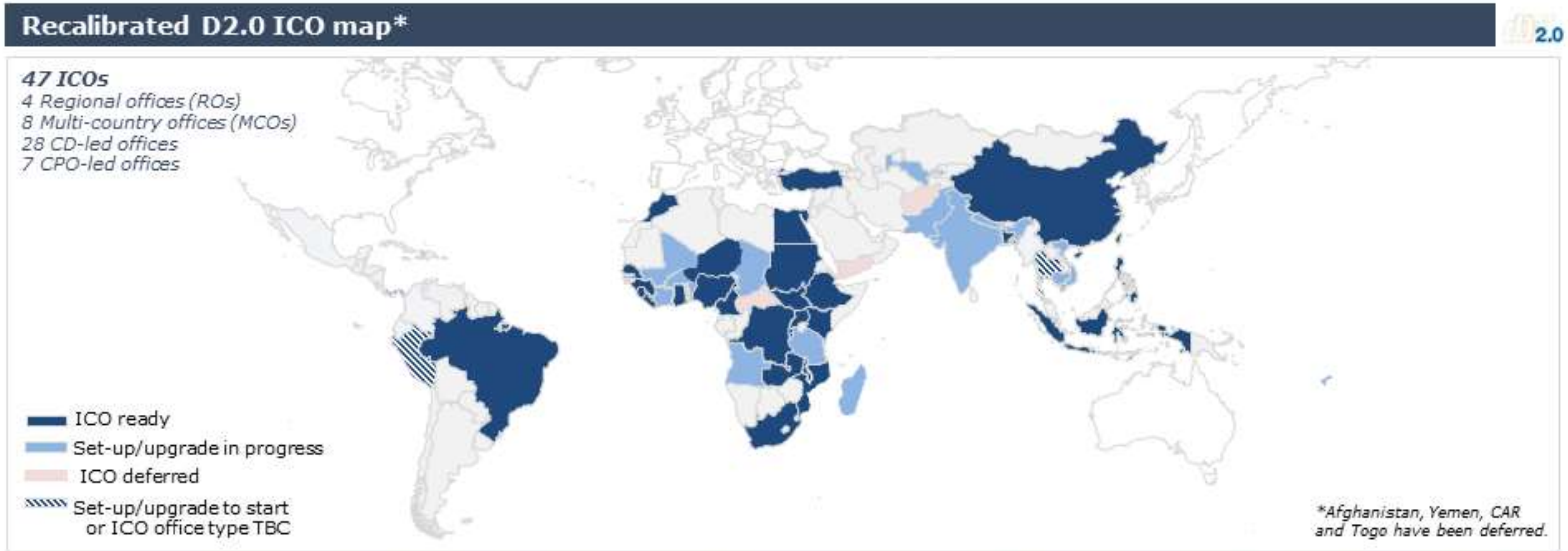
29. Finally, addressing the cost driver related to CD-led office staffing configurations, it is crucial to understand the cost implications. Larger and more complex CD-led offices, for instance, incur an average 43 per cent higher staffing cost owing to additional and more experienced staff. This investment is essential to effectively navigate an increasingly complex operational environment, including fragility and conflict, and to maintain development performance standards, as highlighted by the 2022 CLE.

IV. Conclusion

30. The D2.0 Recalibration Plan reflects IFAD’s commitment to adaptive management. Selecting Bangkok as the APR RO location aligns with strategic objectives. A decision on the LAC RO location is expected by year-end. Enhanced communication and budget systems further support decentralization efforts.

31. The next steps encompass several key areas within the D2.0 reform. First, IFAD will maintain its firm commitment to staff well-being while further enhancing its onboarding and training processes. Second, efforts will be directed towards operationalizing the remaining country offices as outlined in the D2.0 Recalibration Plan, including the APR RO, deciding on the regional structure for LAC, and adapting headquarters in a decentralized landscape. Finally, there will be an increased focus on strengthening engagement with staff and ensuring consistent communication with the Executive Board, in alignment with the D2.0 Communication Plan.

Recalibrated D2.0 IFAD Country Office progress map (as of October 2023)



LAC (4 ICOs)	
Brazil	CD-led
Haiti	CD-led (U)
Panama	TBC RO / MCO
Peru	TBC RO / MCO

WCA (14-16 ICOs)	
Benin	CD-led (N)
B. Faso	CD-led (U)
Cameroon	MCO
CAR	TBC CPO-led (N)
Chad	CPO-led (N)
DRC	CD-led
C. d'Ivoire	RO (U)
Ghana	CD-led
Guinea	CPO-led
Liberia	CD-led (N)
Mali	CD-led (U)
Niger	CD-led (U)
Nigeria	CD-led
Senegal	MCO
S. Leone	CPO-led
Togo	TBC CPO-led (N)

ESA (13 ICOs)	
Angola	CD-led (U)
Burundi	CPO-led
Ethiopia	MCO
Kenya	RO (U)
Madagascar	CD-led (U)
Malawi	CD-led (N)
Mozambique	CD-led (U)
Rwanda	CD-led (U)
South Africa	MCO
South Sudan	CPO-led (N)
U. R. Tanzania	CD-led (U)
Uganda	CD-led (U)
Zambia	CPO-led

APR (11-12 ICOs)	
Afghanistan	TBC CD-led (N)
Bangladesh	CD-led
Cambodia	CD-led (U)
China	CD-led and SSTC
Fiji	CD-led (U)
India	MCO
Indonesia	CD-led
Nepal	CD-led (U)
Pakistan	CD-led (U)
Philippines	CD-led
Thailand	RO (N)
Viet Nam	CD-led

NEN (5-6 ICOs)	
Egypt	MCO
Morocco	CPO-led
Sudan	CD-led
Türkiye	MCO
Uzbekistan	CD-led (N)
Yemen	TBC CPO-led (N)

Upgrade (U)
New (N)

Overview of 2024 and 2025 incremental decentralization costs

Table 1
Incremental annual recurrent costs required by 2025, beyond the 2023 approved budget, for the original and recalibrated plans
(Millions of United States dollars)

	Original plan		*Recalibrated plan*		*Recalibrated plan savings/cost avoidance*	
Cost item	*2024 Budget*	*2025 Budget*	*2024 Budget*	*2025 Budget*	*2024 Budget*	*2025 Budget*
Regional office (RO)/IFAD Country Office running costs	1.79	0.30	1.95	0.23	-0.16	0.08
Staff costs	1.49	1.07	3.11	-0.78	-1.62	1.85
United Nations costs	0.3	0.3	0.3	0.3	-	-
Total	**3.58**	**1.68**	**5.36**	**-0.25**	**-1.78**	**1.93**

1. **Savings from recalibration.** Defer IFAD Country Offices (ICOs) in conflict-affected situations (Afghanistan, Central African Republic, Yemen) as well as Togo; multi-country office recalibrations (China, Ghana, India and Viet Nam); and defer the creation of new SKD/CSD/ERG ESA and WCA regional office positions.

2. These offset extra costs in upgrading the United Republic of Tanzania and Cambodia IFAD Country Offices to country director (CD)-led and opening Benin as CD-led, as well as upgrading national officer NOB grade-level positions to NOC ones in selected CD-led offices.

Table 2
Incremental decentralization annual recurrent costs: Recalibrated plan by cost item
(Millions of United States dollars)

	Recalibrated plan			
Cost item	*2024 Budget*	*2024 Net full-time equivalent (FTE) proposal*[b]	*2025 Budget*	*2025 Net FTE proposal*
RO running[a]	0.67		0.12	
RO staff	5.61	51	0.13	2
ICO running	1.28		0.10	
ICO staff	-1.77	8	-0.10	-1
Headquarters staff	-0.73	-3	-0.81	-9
United Nations costs	0.3		0.3	
Total	**5.36**	**56**	**-0.25**	**-8**

[a] Incremental ICO running costs are higher than RO running costs because of the pipeline of 2023 ICOs that will only be fully operational in 2024 (as well as new/upgraded ICOs, such as Benin, Cambodia and United Republic of Tanzania).
[b] The negative ICO staff line under the original and recalibrated plans relates to relocations – relocating staff from China, India and Viet Nam to the Asia and the Pacific RO – and thus should be read in conjunction with the RO staff line.

Table 3
One-time/set-up costs: Original and recalibrated plan*
(Millions of United States dollars)

	Original plan		*Recalibrated plan*	
	2024 office	*2024 vehicle*	*2024 office*	*2024 vehicle*
One-time/set-up costs	3.59	1.26	2.89	0.78

One-time office funds are earmarked for RO set-up costs and 2024 ICO pipeline.
Vehicle funds are needed to ensure 18 new and upgraded CD-led offices have an in-service office car.

Table 4
Original and recalibrated plan: RO, ICO and headquarters net FTE staff positions*

	Original plan		*Recalibrated plan*	
Cost item	*2024 net FTEs*	*2025 net FTEs*	*2024 net FTEs*	*2025 net FTEs*
RO staff	49	14	51	2
ICO staff	-9	2	8	-1
Headquarters staff	-11	-9	-3	-9
Total	**29**	**7**	**56**	**-8**

*48 net additional FTEs are foreseen under the recalibrated plan, 40 per cent being drivers with an IFAD contract not included in the original plan and needed for the new and enhanced ICOs under D2.0. The other FTEs are mainly new staff positions being created for the Asia and the Pacific, and Latin America and the Caribbean ROs. New positions are being created in 2024, followed by an overall net decrease in FTEs starting from 2025 owing to the General Service staff transition in headquarters.

Decentralization timeline (2017 to present)

2017-2023 key milestones: from country presence to D2.0

2017

June: Official start of OpEx following IFAD's Corporate Decentralization Plan presented to the Executive Board in December 2016. An initial scoping phase in the first half of the year included analysis of IFAD's country presence experience (comprised of reports and recommendations of IOE), a stocktaking exercise of existing change initiatives, identification of key success factors critical to the realization of IFAD's strategic objectives; consultation with a broad range of staff; and an IFAD-wide survey to identify the key priorities going forward.
September: First information note on OpEx presented to the Executive Board. Member States were updated regularly at every Executive Board session until mid-2019.
December: End of OpEx design phase, which included identifying costed options for organizational transformation and an implementation and investment plan. The design phase focused on the following:

i. aligning structures, resources and leadership with IFAD's value proposition;
ii. applying international best practices within IFAD to ensure results delivery throughout the project cycle; and
iii. embedding continuous improvement within the organizational culture.

2018

January: A decentralized map finalized and shared internally with staff; the job profiles of the new country director role were completed; and a new procedure was introduced to commence a reassignment exercise to ensure appropriate staffing across all ICOs.
February: One-time OpEx budget approved by the Governing Council.
April: Revised organizational structure approved (ERG created, OPR established within PMD, SKD reconfigured and technical staff mapped in areas of highest demand to regions).
December: End of OpEx implementation phase (lessons learned missions started in November 2018). Main achievements in addition to the above include:

i. a new decentralized map for IFAD offices with 15 regional hubs (including three SSTC and KM centres) and 25 ICOs;
ii. a metrics-based approach to determine appropriate staffing in ICOs, resulting in an increase of staff positions in the field from 18 to 30 per cent and 34 new positions (of which nine CD positions), offset by 29 abolished positions (but zero job loss);
iii. a major reassignment exercise (completed in two waves) that reassigned 98 operational and technical staff;
iv. revisions to delegation of authority (DoA) to devolve greater responsibility to lower levels of management and to ICOs; and
v. completion of a scoping exercise to identify business processes for re-engineering in 2019.

2019

January: Management established CDI.
March: Management completed missions to 14 of the Fund's 15 regional hubs (Türkiye mission was postponed as the hub is not yet operational).
May: OpEx lessons learned report issued, highlighting increased engagement and impact on the ground, but also emerging challenges, such as lack of sufficient field administrative support and issues with dual reporting/DoA.
September: Voices from the field session (CDs shared lessons and workload issues directly with the Executive Board).
October: Target of 45 per cent field staff set at the Executive Board retreat.
November: IMT to review functioning of subregional hub model. Subsequently, a cross-departmental decentralization working group was set up to improve IFAD's impact, presence and positioning on the ground.

2020

April and October: IFAD Management Team reviewed outcome of decentralization working group. The main output delivered was:

i. taking stock of lessons learned (including those related to COVID-19) and benchmarking vis-à-vis other organizations;
ii. proposing options to respond to lessons learned and adjust IFAD's decentralized structure accordingly; and
iii. presenting the initial organizational structures of affected divisions, maps, metrics, budget considerations and implementation timelines.

November: Senior Management decision on next steps, giving rise to the D2.0 phase (i.e. replacing the subregional hub model with regional and multi-country offices; strengthening in-country presence by increasing the ICO footprint from 40 to 50; upgrading of 12 offices and increasing CD-led offices).

2021

January: D2.0 implementation commenced, and completion date set at end of IFAD12.
February: Formal governance of D2.0 set up with Steering Committee, Decentralization Implementation Group, and EMC/Executive Board updates.
March: WCA RO location selected in Côte d'Ivoire. Kenya selected to host ESA RO in Q2.
April: New DoA Framework established to reflect IFAD's evolving decentralized structure. The first staff Interact on D2.0 took place, with a second Interact, one President's Forum and seven D2.0 blogs to follow until year end.
July: First quarterly Shovel Report tracking D2.0 implementation progress delivered.
August: A comprehensive review of PMD ICO staffing metrics and organigrams in SKD and FMD fed into the DWP process.
September: First D2.0 update presented to the Executive Board. Others will follow in December 2021 and April 2022.
October: New D2.0 ICO map approved by the President.
December: Interim arrangements for the ESA RO ready. Impacted GS staff at headquarters experienced no job loss by year end (most transitioned to new permanent positions). Executive Board in favour of D2.0 one-time and recurrent budget for 2022, albeit with a more phased approach to opening and upgrading ICOs.

2022

January: D2.0 upskilling programme launched. New field positions key to D2.0 model included and funded in DWP. Recruitment of essential positions fast-tracked.
February: Interim arrangements for WCA RO ready.
April: Detailed medium-term outlook for D2.0 and budget implications presented to the Executive Board. IOE and FSU surveys on decentralization launched. GSS to be launched in May with new decentralization section.
June: D2.0 Interact held. Divisional briefings and blogs also continue to be used throughout the year to communicate progress with staff.
July: ICO asset registry project started.
August: New D2.0 position map endorsed by Steering Committee. Admin pool support recruited in WCA and ESA.
September: Reassignment results communicated to staff, feeding into D2.0 relocation sequencing.
October: Set-up of ICT ticketing system for admin pool started.
December: By year-end, two ROs set up, seven ICOs upgraded and three new ICOs established (i.e. 45 per cent of entire D2.0 pipeline), most within United Nations common premises. Executive Board in favour of D2.0 one-time and annual recurrent budget for 2023.

2023

April and May: CLE on IFAD's decentralization experience (2022) discussed at the Evaluation Committee and the Executive Board. Three recommendations out of five to Management fully accepted (1, 3 and 5); and two partially accepted (2 and 4). Recommendation 6 addressed to the Board. **Interact on Reassignment held** in May.
June: D2.0 Interact held. Rapid Pulse Survey on Decentralization launched. Survey assessed field perspectives, both the current engagement status and future improvements for better delivery. Findings were discussed at an IMT and acted upon by the D2.0 Steering Committee.
In addition, **the reassignment exercise for 2023 was launched**, to be completed in December 2023.
July: The D2.0 recalibration plan approved and under implementation.
Information and communications technology footprints ticketing system piloted in ESA RO, led by ICT.
August: Bangkok selected as location of the **APR regional office. D2.0 Interact held,** including two dedicated sessions with affected staff and AVPs, as well as one-to-one meetings.
September: Oral update on D2.0 progress presented to the Board.
October: Executive Board informal seminar on D2.0 implementation progress held.
November: IOE-led learning event on decentralization was held.
December: Progress report on D2.0 to be presented to the Audit Committee in November and the Executive Board in December.

Projected regular budget full-time equivalents in IFAD Country Offices by 2025

Country	*Type of ICO*	*FTEs*
Thailand	RO	34
Bangladesh	CD-led	5
Cambodia	CD-led	4
China	CD-led/SSTC	7
Fiji	CD-led	5
India*	MCO	12
Indonesia	CD-led	7
Nepal	CD-led	4
Pakistan	CD-led	5
Philippines	CD-led	4
Viet Nam	CD-led	5
Asia and the Pacific total		**92**
Kenya	RO	49
Angola	CD-led	4
Burundi	CPO-led	2
Ethiopia	MCO/SSTC	10
Madagascar	CD-led	6
Malawi	CD-led	5
Mozambique	CD-led	5
Rwanda	CD-led	4
South Africa	MCO	7
South Sudan	CPO-led	2
United Republic of Tanzania	CD-led	4
Uganda	CD-led	5
Zambia	CPO-led	3
East and Southern Africa total		**106**

Country	*Type of ICO*	*FTEs*
Peru**	RO	36
Brazil	CD-led/SSTC	6
Haiti	CD-led	4
Panama	MCO	12
Latin America and the Caribbean total		**58**
Egypt	MCO	26
Sudan	CD-led	4
Türkiye	MCO	14
Uzbekistan	CD-led	4
Morocco	CPO-led	1
Near East, North Africa and Europe total		**49**
Côte d'Ivoire	RO	44
Benin	CD-led	4
Burkina Faso	CD-led	4
Cameroon	MCO	11
Chad	CPO-led	1
Democratic Republic of the Congo	CD-led	5
Ghana	CD-led	4
Guinea	CPO-led	2
Liberia	CD-led	4
Mali	CD-led	4
Niger	CD-led	5
Nigeria	CD-led	7
Senegal	MCO	12
Sierra Leone	CPO-led	2
West and Central Africa total		**109**
Grand total		**414**

*India's office headcount will eventually be eight staff members as it transitions into the steady state after 2025.

**The regional office in Peru is a placeholder only for budget purposes, since a decision has not been taken as of October 2023.

IFAD's decentralized organizational structure, including staffing configuration and functions of different country office types under D2.0

Office type	*Indicative staffing (regular budget)*	*Functions*	*Number*[a]
Regional office (RO)	• Staff from Programme Management Department (PMD), Strategy and Knowledge Department (SKD), Financial Operations Department, External Relations and Governance Department and Corporate Services Department (CSD) • All technical staff in the field are based in ROs[b] • PMD regional director and front office (NOB and G-5) • PMD country director (CD) (P-4 or P-5) and country team, if needed[c] • SKD regional technical leads, Environment, Climate, Gender and Social Inclusion Division and Sustainable Production, Markets and Institutions Division (P-5), senior technical specialists (P-4), technical specialists (P-3) and national staff (NOB or NOC) • Financial Management Services Division staff: senior officer (P-4) and officers (P-3)[d] • Corporate services manager (P-4) and staff from CSD (e.g. Administrative Services Division, Security, Human Resources Division, Information and Communications Technology Division) • Global Communications and Advocacy Division officer (P-3) and analyst (NOB) • Administrative pool staff to support professionals in RO	• Regional collaboration and engagement (lending and non-lending activities) • Programmatic and administrative backing to country teams • Inter-departmental coordination • Risk oversight and regulatory compliance • Business services • Under the Operational Excellence for Results (OpEx), the majority of staff now in ROs were operating either from headquarters or a field hub • CDs based in RO oversee designated portfolios • G-6 regional liaison associate is based in headquarters	4
Multi-country office (MCO)	• Head of MCO (P-5) • Country programme officer (NOC). A country programme analyst (NOB) may be considered based on portfolio size of host country and other metrics • One country programme assistant (G-5) • Number of country programme assistants is adjusted upwards if supporting more than two CDs • MCO administrative assistant (G-4) • Programme officer (P-3) • Country operations analyst (NOA) • One or more CDs according to the number of countries managed from MCO	• Head of MCO oversees the portfolio of the host country • Engagement and partnerships at the subregional policy level • Subregional lending programmes (e.g. Sahel) • Assistance to CPO-led IFAD Country Offices (ICOs) and countries without an ICO handled from MCO • All of the MCOs were hubs under OpEx. The main difference is that technical staff are no longer based in these offices (only PMD), except in specific cases • CDs based in MCO focus on managing assigned portfolios	8

CD-led office	• CD (P-4 or P-5), country programme officer (NOC)/analyst (NOB),[e] and country programme assistant (G-5)	• CD alongside the country team oversees the host country's portfolio and possibly portfolios of other countries covered from ICO • Country programme support, non-lending activities communication/outreach and corporate engagement	28
Country programme officer (CPO)-led office	• Country programme officer (NOC)	• Portfolio is always managed from CD-led ICO, MCO or RO by CD with strong backing from in-country CPO	7

[a] Final number of country offices and office types still to be defined as it will depend on the decision on the Latin America and the Caribbean regional structure and the office footprint in conflict-affected areas.
[b] However, in some cases, there may be a need for specific positions (e.g. supplementary funded) to be based in MCOs or even CD-led ICOs. This does not apply to the Near East, North Africa and Europe region where no regional office is currently planned.
[c] If more than one CD, MCO metrics apply.
[d] In the exceptional case of the East and Southern Africa RO, there is a country analyst (NOA/NOB) and country associate (G-6).
[e] This may include a second country programme officer/analyst based on portfolio size of host country and other metrics.

Metrics determining the IFAD Country Offices and field staff senior leadership distribution

The process to assess and prioritize locations for opening or upgrading an ICO under IFAD's decentralization 2.0 reform (D2.0) involves a metrics-based approach. Initially, this approach identified three primary factors for each country within IFAD's active portfolio: the future business factor, the Sustainable Development Goals factor and the complexity factor. These factors considered aspects such as poverty gaps and hunger levels, complexity and projected future business. Poverty and hunger data, fragility, governance quality, the current performance-based allocation system allocation and per cent increase from the previous replenishment cycle, were used to calculate these factors. After standardizing and averaging these values, they were multiplied by each country's portfolio size to obtain a weighted portfolio value. The percentage value of the weighted portfolio for each country determined the score used for selecting and prioritizing D2.0 countries. This quantitative analysis was further complemented by discussions with regional directors to assess qualitatively partnership potential, opportunities for country-level policy engagement and operational feasibility.

For regional offices, further consideration was given to the following categories and factors:

(i) Value-for-money (35 per cent): This category includes factors such as labour costs, the cost of office premises or rental costs, inflation rate, currency stability and travel costs.

(ii) Qualitative criteria (40 per cent): This category encompasses factors such as liveability, hardship and security threats, travel and accessibility, information technology connectivity, openness and security, as well as spousal employment permissibility.

(iii) IFAD-specific criteria (25 per cent): This category focuses on factors such as the number of staff impacted, the presence of international financial institutions and other United Nations agencies, and the existence of a host country agreement.

In terms of geographic representation of field staff, Programme Management Department (PMD) and Strategy and Knowledge Department staff are based predominantly in the field. With the forthcoming Asia and the Pacific and Latin America and the Caribbean regional offices, senior positions in the field in PMD will increase to nearly 80 per cent, and in the Strategy and Knowledge Department to almost 60 per cent, as shown in table 1.

Table 1
The IFAD regular administrative budget (IFARB) 2025 estimated full-time equivalent (FTE) distribution of P4s and above by department (field versus headquarters)

IFARB 2025 estimated FTEs (P-4s and above)								
Headquarters/field	*Corporate Services Department (CSD)*	*Corporate Services Support Group (CGGS)*	*External Relations and Governance Department (ERG)*	*Financial Operations Department (FOD)*	*Office of the President and Vice-President (OPV)*	*Programme Management Department (PMD)*	*Strategy and Knowledge Department (SKD)*	*Total*
Field	4		1	4		73	30	112
Headquarters	33	24	28	18	7	19	27	156
Total	**37**	**24**	**29**	**22**	**7**	**92**	**57**	**268**

IFARB 2025 estimated FTEs (P-4s and above), %								
Headquarters/field	*CSD*	*CSSG*	*ERG*	*FOD*	*OPV*	*PMD*	*SKD*	*Total*
Field	11	-	3	18	-	79	53	42
Headquarters	89	100	97	82	100	21	47	58
Total	**100**	**100**	**100**	**100**	**100**	**100**	**100**	**100**