

a

**IFAD**

**INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT**

**Executive Board – Seventy-Ninth Session**

Rome, 10-12 September 2003

**IFAD'S FIELD PRESENCE AND IN-COUNTRY CAPACITY**



**TABLE OF CONTENTS**

<b>ABBREVIATIONS AND ACRONYMS</b>	<b>iii</b>
<b>EXECUTIVE SUMMARY</b>	<b>v</b>
<b>I. INTRODUCTION</b>	<b>1</b>
<b>II. BACKGROUND AND HISTORY</b>	<b>1</b>
<b>III. RATIONALE FOR ENHANCING FIELD PRESENCE</b>	<b>3</b>
<b>IV. PROPOSED ACTION</b>	<b>4</b>
<b>V. RECOMMENDATION</b>	<b>7</b>
<b>ANNEX</b>	
<b>THE CASE STUDIES – SUMMARY</b>	<b>9</b>



**ABBREVIATIONS AND ACRONYMS**

CDF	Comprehensive Development Framework
CI	Cooperating Institution
CPM	Country Portfolio Manager
FP	Field Presence
HQ	Headquarters
MERCOSUR	Southern Cone Common Market
NGO	Non-Governmental Organization
PRSP	Poverty-Reduction Strategy Paper
RUTA	Regional Unit for Technical Assistance
UN	United Nations
UNDAF	United Nations Development Assistance Framework
WG	Working Group



**EXECUTIVE SUMMARY**

(i) Unlike most development agencies, IFAD has never had formal representation in the countries in which it operates. The main links between Headquarters and the countries and projects have been the missions undertaken by staff, consultants and cooperating institutions. An increasing need to provide direct support to project formulation and implementation follow-up – and more recently also to policy dialogue – has led to the setting up of so-called “proxy field-presence instruments” that have permitted strengthening of in-country capacity and enhancing of IFAD’s presence in a limited number of borrowing countries. Examples are project liaison offices, local consultants or facilitators, networks, one case of an outposted staff member, and offices shared with other United Nations agencies.

(ii) During consultations on the Fifth and the Sixth Replenishments of IFAD’s resources, a number of members requested that the issue of field presence be examined in detail and options identified for enhancing IFAD’s in-country presence and capacity. Following a number of desk studies, internal discussions and workshops, the matter was presented to the Seventy-Seventh Session of the Executive Board, which authorized IFAD to undertake 15 case studies in order to assess pertinent, ongoing proxy field-presence arrangements. The present document describes follow-up actions taken by IFAD, summarizes the findings and conclusions of the consultant team that undertook the case studies, and offers recommendations for the consideration of the Executive Board.

(iii) According to the conclusions of the study team (summarized in an annex to this document), most of the instruments studied support project implementation. Only in very few cases, however, do they enhance IFAD’s role in policy dialogue, partnership-building and knowledge management (these include regional networks and enhanced involvement of country portfolio managers – CPMs). The team expressed the opinion that IFAD needed to take action in order to adapt to changing environments and practices in borrowing countries through, inter alia, a better use of existing instruments, strategic management decisions regarding IFAD’s involvement in policy dialogue, and supporting measures, e.g. training and improved communication between IFAD and the countries. The team also confirmed the progressive trend towards decentralization of donor activities and the growing expectations of governments and other stakeholders that IFAD play a role in national policy dialogue related to rural poverty reduction.

(iv) IFAD management proposes to respond strategically to identified, growing needs for enhanced in-country presence and capacity, in pursuance of its overall goal of reducing rural poverty through investment activities and catalytic measures. It will therefore: (a) continue its support to project implementation through proxy field-presence measures; and (b) take additional action, particularly in the fields of policy dialogue and partnership-building. The approach of relying on and strengthening local capabilities and institutions will be maintained.

(v) The findings of the desk and field studies, and the experience gained in piloting proxy instruments in different situations, provide a number of important insights into the complex issue of field presence and also permit IFAD to envisage well-defined measures in the areas of policy dialogue and partnership relations. Such measures concern reliance on experienced national and regional long-term consultants, the building up of regional and subregional networks, and an enhanced involvement of CPMs in in-country policy dialogue and partnership activities.

(vi) The launching of 15 such initiatives is proposed from 2004 onwards, based on the following criteria: a confirmed need for IFAD involvement at the policy level; a conducive environment at the level of government and donors; and an adequate prospective portfolio size. The initiatives will be spread over the five geographic regions and tailored to the specific needs of the country/region concerned. In developing the proposals, IFAD will particularly emphasize cost effectiveness, innovative approaches, and synergy and collaboration with partner agencies, including the United Nations system. Additional costs have been assessed at an annual average of USD 80 000 per initiative/country.





## IFAD'S FIELD PRESENCE AND IN-COUNTRY CAPACITY

### I. INTRODUCTION

1. Unlike most United Nations (UN) organizations and international financial institutions, IFAD has never had permanent field representation. With time, however, it became increasingly important for the Fund to be more closely involved in design/implementation and in contacts with governments, donors and other in-country stakeholders. In this context, the lack of adequate institutional presence and capacity within borrowing countries was identified as a constraint on realizing IFAD's mandate of reducing rural poverty. This led to a process of consultation and reflection with partners at various levels and to the piloting of diverse instruments of "proxy field presence". The present document summarizes this process and reports on follow-up activities launched by IFAD, in response to a 2002 Executive Board recommendation to undertake case studies analysing these pilot experiences. In line with that decision, the document also offers a number of recommendations for the consideration of the Board.

### II. BACKGROUND AND HISTORY

2. IFAD's basic documents<sup>1</sup> do not provide for a permanent field presence through country offices or representations. In its early years, the Fund fulfilled its mandate working solely from its Headquarters (HQ) through cooperating institutions (CIs), and through staff and consultant missions to borrowing Member States. Over the years, the need arose to become more directly involved in issues of project design and implementation support to ensure that the Fund's specificity and mandate were effectively taken into account. The increased importance of innovative approaches – e.g. in the areas of rural finance, extension and the strengthening of grass-roots institutions – required specific inputs, advice and in-country support by IFAD. Thus the Fund began working through regional and local networks, consultants, resource groups, focal points and project liaison offices on an ad hoc or pilot basis.<sup>2</sup>

3. In more recent years, IFAD has been increasing the emphasis on its catalytic role – acting as an advocate and mobilizing resources for rural poverty reduction – and on the related instruments of policy dialogue, partnership-building and knowledge management. This trend complements the Fund's involvement in project design, monitoring and implementation follow-up; recognizes that the positive impact of IFAD's investments on the socio-economic situation of the rural poor also depends on a favourable policy and institutional environment; and confirms the need for IFAD to contribute to improving this environment, based on its projects and programmes. Moreover, it aims to allocate scarce development resources better by promoting complementarity with the interventions of other donors and facilitating exchange of knowledge and experience among all stakeholders in a country, subregion or region.

4. During the consultation on the Fifth Replenishment (2000-2002), the lack of an institutional presence in borrowing countries was already recognized as a constraint on **enhancing project impact, undertaking policy dialogue, promoting knowledge management and building partnerships**<sup>3</sup>. Discussion of the issue was continued during the consultation on the Sixth

---

<sup>1</sup> *Agreement Establishing IFAD and Lending Policies and Criteria.*

<sup>2</sup> See Document REPL.VI/3/R.6, Enhancing IFAD's Field Presence, Annex II, for a description and analysis of these "proxy field-presence" instruments.

<sup>3</sup> Document GC 24/L.3, Partnerships for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD 2000-2002.

Replenishment and was supported by desk studies, presentations and seminars. Following the recommendation of the consultation, a document<sup>4</sup> was submitted to the Seventy-Seventh Session of the Executive Board summarizing the findings and recommendations resulting from this process.

5. In 2002, as part of the consultation process on the Sixth Replenishment, IFAD was subject to an external review. In assessing the results and impact of the Fund's operations, the review again identified the lack of field presence as a constraint on optimum performance. The resulting report<sup>5</sup> recommended that IFAD consider country presence on a selective basis, especially as a means to enhance partnership and cofinancing, participate more actively in policy dialogue at the national level, and contribute its knowledge of development issues affecting the rural poor to the processes of developing poverty-reduction strategy papers (PRSPs) and the Comprehensive Development Framework (CDF)/United Nations Development Assistance Framework (UNDAF).

6. The lack of field presence was also identified as a reason for below-optimum portfolio performance in several country portfolio evaluations undertaken by the then Office of Evaluation and Studies (now Office of Evaluation – OE), e.g. in Sri Lanka and the United Republic of Tanzania. The country programme evaluation for Sri Lanka<sup>6</sup> states:

*...project supervision has to be seen as a particularly demanding task for IFAD and its cooperating institutions, made all the more difficult by the fact that, unlike other donors, IFAD does not have a presence in the country....*

and

*Having an IFAD presence in the country is an important corollary of the importance of developing ownership. An in-country presence would greatly improve communication with stakeholders in the country, reduce operational delays, facilitate information sharing and coordination, and significantly enhance IFAD's participation in policy dialogue. These are some of the more obvious ways of developing greater ownership and the conditions that help projects improve their impact.*

More recently, the United Republic of Tanzania country programme evaluation<sup>7</sup> came to similar conclusions:

*The lack of a more permanent and constant presence at the country level has prevented IFAD from participating regularly and proactively in discussions with donors and other groups on key policy issues. It has also made building local strategic partnerships more difficult. Particularly relevant to IFAD are joint government/donor working groups for the formulation and implementation of the Tanzanian PRSP, [Agricultural Sector Development Strategy] ASDS, [Rural Development Strategy] RDS and UNDAF processes. ...Because of its structural constraints, IFAD cannot participate on a permanent basis in such fora, thereby limiting its advocacy function and its ability to influence policy dialogue and resource allocation.... The absence of a field presence also hampers IFAD's efforts to provide implementation support and to take any follow-up action needed to ensure impact achievement and assessment. A more permanent field presence would, in sum, contribute to advancing IFAD's catalytic role, and it would allow the Fund to provide more implementation support and follow-up, strengthen [monitoring and evaluation] M&E, undertake policy dialogue, build partnerships and cooperate more effectively in donor mechanisms....*

<sup>4</sup> EB 2002/77/R.9, A Proposal to Enhance IFAD's Field Presence by Strengthening In-Country Capacity.

<sup>5</sup> REPL.VI/3/R.2, External Review of the Results and Impact of IFAD Operations.

<sup>6</sup> Report No. 1239-LK, January 2002.

<sup>7</sup> Report No. 1350-TZ, February 2003.

7. When reviewing the field-presence issue in December 2002, the Executive Board authorized IFAD to: (a) establish an ad hoc working group (WG) of the Board, with representatives of the three Lists to accompany the process; (b) proceed with the rapid country analysis of 15 countries with pertinent activities in the different regions, and preparation of recommendations based on this analysis, for Executive Board consideration in September 2003; and (c) undertake these analyses with existing budget resources and supplementary funding that can be mobilized.

8. Following this decision, the detailed terms of reference (TOR) for preparation of the case studies were drawn up, and the WG on Field Presence (FP)<sup>8</sup> was established. The WG was instrumental in finalizing the TOR, identifying the countries to be analysed, and selecting and briefing the consultants that would undertake the case studies. In order to mobilize additional funding, the President of IFAD addressed a request to all List A members of the Executive Board. Supplementary resources for the financing of four consultants and for field visits by WG members were obtained from Denmark, Switzerland and the United Kingdom. IFAD financed the fifth consultant, editing of the report and secretarial support, and was responsible for the overall organization of the study and the field visits. Information on the execution and findings of the case studies and the resulting suggestions of the study team are summarized in an annex to this document.

### III. RATIONALE FOR ENHANCING FIELD PRESENCE

9. The detailed findings and suggestions of the study team complemented the desk studies undertaken by IFAD in 2002 and largely substantiated their conclusions. They confirmed the continuing need for IFAD to provide support to project implementation, acknowledged the variety of country situations and the necessity of addressing the specificity of each, and pointed out the advantages and limitations of ongoing arrangements. The study also called on IFAD to address the issue of field presence more strategically, as had already been proposed in document EB 2002/77/R.9.

10. **Limits of the proxy field-presence arrangements.** The results of the study corroborated the view that arrangements such as project liaison offices and local facilitators can play a positive role in supporting project implementation, particularly with regard to administrative and logistics aspects. Recourse to such instruments should be continued and supported by close communication and information flows to and from HQ. On the other hand, IFAD's response to the growing need for in-country policy dialogue and partnership-building had obviously been inadequate in the majority of cases studied. Wherever impact at these levels had been achieved, it was not least thanks to the high calibre of the persons involved. These few successful experiences (in particular, networks and enhanced involvement of country portfolio managers – CPMs) need to be consolidated and, wherever feasible, replicated, and existing instruments strengthened by training, communication and sensitization efforts launched and maintained by HQ.

11. **Progressive decentralization of donor activities.** During the desk reviews in 2002, IFAD had studied in detail the situation and approach of other development agencies regarding their in-country presence<sup>9</sup> and had observed a growing trend towards decentralization of responsibilities from headquarters to field offices. These were being allocated new functions, such as operations management, policy dialogue and, in some cases, resource allocation, in addition to their original tasks of representation and logistics support. This trend was accompanied by an increasing tendency to staff country offices with nationals rather than outposting headquarters staff or recruiting international personnel. The case studies confirmed this move towards enhanced donor field presence, which had been brought about, inter alia, by the increasing number of national policy and strategy

---

<sup>8</sup> Algeria, Belgium, Cameroon, Denmark, Indonesia, Panama, Pakistan, Switzerland and the United Kingdom (Chair).

<sup>9</sup> REPL.VI/3/R.6, Enhancing IFAD's Field Presence.

activities. Thus initiatives such as PRSP and UNDAF had been providing a new platform for increased field involvement by development agencies (multi- and bilateral donors and international financial institutions).

12. **The growing importance of IFAD's catalytic role.** Increasing donor interest in national policy dialogue and partnership activities was also causing IFAD to be seen in a different light by internal and external stakeholders, who expected the Fund to become actively involved and to contribute its widely recognized expertise in rural poverty reduction to the national policy process. Governments expressed interest in obtaining policy guidance from IFAD quite independently of the Fund's relative weight in the external aid flowing to a country, while other development partners underlined the need for IFAD to have a stronger and more continuous country presence as the basis of effective partnership relations. In addition, the issue of knowledge-sharing and communication between the countries and HQ, raised on earlier occasions<sup>10</sup>, was also flagged by the study team as requiring strategic corporate follow-up.

#### IV. PROPOSED ACTION

13. **Strategic approach.** In accordance with the Strategic Framework for IFAD 2002-2006<sup>11</sup>, the Fund is pursuing its goal of **sustainable reduction of rural poverty** through investment activities and through a catalytic role in the areas of policy dialogue, partnership-building and knowledge management. The case studies confirmed the positive results of IFAD becoming more closely involved in project design than was initially foreseen (paragraph 2). They also identified the usefulness of certain proxy field-presence instruments in supporting project implementation as well as a need to strengthen and replicate such practices. Since the Fifth Replenishment Consultation first asked IFAD to examine the field-presence issue systematically<sup>12</sup>, however, the needs expressed by partners and stakeholders, particularly regarding IFAD's **catalytic functions**, have if anything increased. It is important that the Fund be able to respond to such needs, especially in areas in which the requirements are evident, such as **policy dialogue and partnership relations**.

14. Thus IFAD's future approach to enhancing field presence and in-country capacity will be to continue responding to needs directly related to project implementation and to take additional action in the areas of in-country **policy dialogue and partnership relations**. Management proposes to engage in about **15 initiatives to strengthen field presence** particularly for these purposes, as a first response to identified needs, and then to develop innovative solutions for the longer term. In all cases, emphasis will be on strengthening local capabilities and institutions and on aligning initiatives with IFAD's corporate goals and its long-term vision for each country concerned.

15. **Selection criteria.** IFAD proposes to select the initiatives on the basis of the following criteria:

- a conducive environment at the level of government and development partners;
- an identified need to strengthen the policy and institutional environment in favour of IFAD's target group;
- an adequate prospective portfolio size; and
- adequate regional distribution.

---

<sup>10</sup> Ibid.

<sup>11</sup> Document EB 2001/74/R.36.

<sup>12</sup> Document GC 24/L.3 op.cit.

In line with its mandate, in all cases IFAD will consider the prevailing rural poverty situation in the country and take into account ongoing and planned efforts to improve it, e.g. the PRSP process.

16. The criterion of a 'conducive environment' is of particular importance. It cannot be assessed in absolute terms, but rather as a process leading to national policies in favour of the rural poor. Experience in the Latin American cases, for example, has shown that such a process requires time to evolve and bear fruit. IFAD will allocate resources to enhance policy dialogue and partnership-building where: (a) there is a clear need for an advocacy role; and (b) it can count on effective collaboration by government and development partners, at least in the foreseeable future, and thus can expect to have a positive impact on the policy and institutional environment of the country.

17. The criterion regarding the size of IFAD's project portfolio in the countries concerned will have to be judged in a medium-term perspective and not necessarily on the basis of ongoing projects. It may, for example, become very important for IFAD to promote policy dialogue and partnership-building in a post-conflict or post-emergency situation, where by definition the ongoing portfolio may be initially insignificant or non-existent due to the prolonged impossibility of operating in the country, subregion or region. Each case will have to be examined individually, taking into account not only past and ongoing investments, but also future prospects for successful programme development and implementation.

18. **Strategic instruments.** The following measures were assessed as being the most effective in strengthening IFAD's in-country capacity for policy dialogue and partnership: **(a) recruitment of experienced, long-term national and regional consultants qualified to work at the policy level; (b) regional and subregional networks; and (c) enhanced involvement of the CPM (through extended missions or outposting).** These measures, described in more detail in paragraphs 19-22, will thus be given priority in selecting instruments for specific countries/regions. However, the adoption of any of them, or combinations or variants, cannot follow a blueprint approach, and they will be adapted to the specific country and regional contexts. Nevertheless, the need for support from HQ in the form of a constant flow of information regarding IFAD's activities, policies and new initiatives is the same for all of them. This involves a strengthened communications strategy and opportunities for national/regional consultants and experts and staff working with the networks to participate in study visits and workshops. In all cases, moreover, the CPM would have to play an even more crucial role than at present in guiding the strengthening of field presence as a tool for policy dialogue, partnership-building and knowledge management.

19. **Recruitment of experienced, long-term national and regional consultants.** IFAD has obtained good results by collaborating with national consultants in the areas of project implementation support and follow-up, and has some experience in working with them to cover needs related to policy dialogue and partnership-building. For these purposes, experienced, high-level experts are needed, who can act independently of their governments and are recognized by donors and other partners as equals. The costs depend not only on their fees, but also on travel and logistics requirements, which vary from case to case. In addition, as with the experts/staff working with the networks described below (paragraph 20), it is essential that national and regional consultants are given the opportunity to familiarize themselves with IFAD's policies, strategies and programmes through visits to HQ and participation in relevant workshops and seminars. Based on prevailing fee rates and travel costs, the annual budget for the services of an experienced consultant would amount to USD 80 000-100 000.

20. **Regional and subregional networks.** The use of networks for policy dialogue has only been tested in Latin America, where IFAD's support to MERCOSUR (Southern Cone Common Market) provides a successful example of influencing national policies. Regional and subregional networks for knowledge management have been built up there and in Asia and Africa, and, in Central America, also for support to project implementation. The positive experiences with this instrument justify its future replication and adaptation to region-specific situations and needs. However, in relying on such

networks for enhanced regional/country presence and capacity, IFAD will have to allocate sufficient time and resources to establish them, as illustrated by the multi-year efforts in Latin America. Average recurrent per-country costs of well-established networks amount to about USD 50 000. Moreover, the availability in the region of high-calibre experts/staff to manage day-to-day activities and provide technical support is a crucial criterion for a well-functioning network.

21. **Enhanced CPM-involvement in policy dialogue and partnership relations.** The post of country portfolio manager is generally recognized as the most suitable channel for strengthening IFAD's catalytic functions and in-country presence. Most knowledgeable about the design and implementation aspects of a country's project portfolio, the CPM officially represents the Fund in all matters related to this portfolio and is also well informed on IFAD's corporate strategies, activities, rules and regulations. The case of the only outposted CPM illustrates the impact that can be attained, not only at the project level, but also in the national policy arena, thanks to a prolonged and intense in-country presence. In borrowing countries, CPMs are generally recognized and appreciated as the main link between HQ and in-country stakeholders. Many partners expect them to play a stronger role than at present in policy discussions with governments and in the donor community. They are also effective channels for knowledge-sharing among the target group, other stakeholders in the country and IFAD.

22. At present, the prevailing allocation of country and portfolio responsibilities in IFAD does not allow CPMs sufficient time for catalytic functions and in-country activities, which require regular, and longer, stays in countries than are now feasible. Various solutions to this constraint can be envisaged, including temporary or permanent outposting of CPMs, or an increase of mission days per country for HQ-based CPMs. The outposting of a CPM, although an effective means of enhancing IFAD's impact in a given country (and to a limited extent, in neighbouring countries covered by an outposted CPM), has been found to involve incremental costs of at least USD 60 000 per annum over and above the costs of an HQ-based CPM. On the other hand, if a HQ-based CPM were to spend more days per year in a given country, an additional average cost of USD 400 per day for travel and daily subsistence allowance would have to be calculated. S/he would, moreover, have less time available for the other countries under his/her responsibility, requiring a reduction in the number of countries per CPM.

23. **Costs and benefits.** The cost assessments suggest that for each of the proposed 15 initiatives, an average amount of USD 80 000 per annum would be required (i.e. a total of USD 1.2 million). The nature and exact amount of the costs will obviously differ for each of the initiatives. When building up networks, for example, there will be higher initial costs in setting up communications facilities, while in the case of enhanced CPM activity at the policy level, indirect costs will arise through the reduction in countries covered. The budget for an experienced consultant/policy advisor will depend above all on regional fee levels. All solutions thus imply additional costs to be weighed against the benefits of strengthening IFAD's in-country presence, and thus achieving enhanced impact through:

- (a) a policy and institutional environment more favourable to the target group of the rural poor;
- (b) a more conducive environment for the implementation of ongoing IFAD projects and for developing future investments by IFAD and other donors to reduce rural poverty;
- (c) increased resource mobilization potential (cofinancing and greater effectiveness of interventions) through exploiting synergy with other donors, given that IFAD could be regularly represented during crucial stages of the decision-making and design processes of its partners; and

- (d) closer monitoring of the results and impact of ongoing activities, thus facilitating institutional learning and knowledge exchange with partners and stakeholders.

In developing proposals, therefore, particular attention will be paid to cost effectiveness, innovative approaches, and synergy and collaboration with partner agencies, particularly the United Nations system, the World Bank and the regional development banks.

## V. RECOMMENDATION

24. It is recommended that the Executive Board review the present document and authorize IFAD, supported by the Executive Board's Working Group on Field Presence, to:

- (a) Elaborate clear guidelines and criteria for selection of countries and instruments to enhance in-country presence and capacity under a three-year pilot programme and submit these in December 2003 for the Executive Board's consideration.
- (b) Based on these guidelines and criteria, submit in December 2003 for the Executive Board's approval an implementation programme covering various types of instruments, including at least one (sub-) regional representative. The overall budget for a pilot programme of a maximum of 15 initiatives would be limited to USD 3 million.
- (c) Each pilot proposal will be time-bound (within the three-year programme life) and will contain precise costs (direct and indirect) for its duration. It will also contain specific objectives, terms of reference for the scope of work, job descriptions and curricula for the recommended personnel. A description of the initiatives will be submitted to the Executive Board for information.
- (d) The proposals will take into account the preliminary results of the corporate evaluation of supervision arrangements, IFAD's commitments within the framework of the Rome Declaration on Harmonization, and, in due course, the outcome of the ongoing reform of the United Nations system.
- (e) The individual proposals will also contain evaluation criteria and IFAD's independent Office of Evaluation (OE) will evaluate all pilots against these criteria during the third year of programme implementation.
- (f) At the end of three years and taking into account the OE evaluation, the Executive Board will decide whether to continue, expand, end or otherwise modify the Field Presence Programme.

-





## THE CASE STUDIES – SUMMARY

### A. Methodology

1. In line with the definition used in earlier studies and discussions, for the purposes of the case studies the term ‘field presence’ covered “all permanent or temporary arrangements that permit IFAD to pursue its mission more effectively in a given country or (sub-) region through physical or virtual links between headquarters and the partners in the field (projects, governments, donors, non-governmental organizations (NGOs), research institutions, public and private sector agencies, etc)”<sup>1</sup>. In selecting the 15 cases, emphasis was on covering as wide a variety of situations as possible, while also complying with the criterion of adequate regional representation. On this basis, 13 countries and two subregional networks<sup>2</sup> were selected. For each case, the consultants were requested not only to analyse the particular proxy field-presence instrument, but also to take stock of the situation of other development partners and to collect the views of government and other stakeholders regarding IFAD’s in-country capacity and presence.

2. The assessment exercise was based on the working hypothesis that the proxy field-presence instruments analysed could serve the four main objectives of an enhanced in-country presence and capacity: improved project implementation, effective participation in national policy dialogue, partnership-building and knowledge management. The effectiveness of each instrument was assessed in relation to each of these objectives and conclusions drawn as to its suitability in responding to specific needs.

### B. Execution of the Study

3. An HQ briefing familiarized the consultants with the countries and instruments to be studied, as well as with ongoing corporate initiatives of relevance to the issue of field presence (including the Strategic Change Programme and the Evaluation of IFAD’s Supervision Modalities). Meetings were held with the WG, regional directors, CPMs and other members of the internal FP resource group. Field missions took place in May-June 2003, with each consultant visiting an average of three countries or networks. Some members of the WG<sup>3</sup> joined four of these missions and IFAD staff participated in selected meetings and field visits. In each country, the team member(s) undertook to meet with the maximum number of stakeholders, including representatives of government and the donor community, civil society, project staff and beneficiaries. Wherever possible, a field visit to at least one IFAD project was organized.

### C. Summary of Findings

4. **Background.** An overview of the consolidated findings of the consultant team follows, based on the field visits and structured according to the main objectives of the various FP instruments

---

<sup>1</sup> This definition differs from the general perception of stakeholders in the countries, whose immediate reaction was frequently to equate field presence with ‘country office/representation’.

<sup>2</sup> Albania, Egypt, Ghana, India, Indonesia, Laos, Mali, MERCOSUR (countries visited: Argentina and Uruguay), Morocco, Mozambique, Peru, the Regional Unit for Technical Assistance (RUTA) (countries visited: Costa Rica, Honduras and Nicaragua), Rwanda, Senegal and Uganda.

<sup>3</sup> Belgium, Cameroon and the United Kingdom.

(project impact, policy dialogue, partnership-building and knowledge management). The team emphasized the fact that IFAD's field presence comprises not only the so-called proxy field-presence instruments per se, but a range of elements at different stages of the project cycle, including the projects themselves and the missions undertaken by CPMs, CIs and consultants. In view of the ongoing evaluation of supervision modalities, and in order to avoid duplication, aspects such as supervision requirements and the respective roles of CPMs and CIs, while considered highly pertinent, were not examined in detail by the case study team.

5. The study was intended to cover a maximum of different situations, and the scope for aggregation is therefore limited. The 15 cases refer to the following nine types of proxy FP instruments:

- (a) resource group of local consultants (Morocco);
- (b) project director acting as resource person (Senegal);
- (c) mailbox office with one officer (Ghana);
- (d) expanded CPM missions (Egypt);
- (e) retained local consultant (Uganda);
- (f) locally staffed liaison office for IFAD projects (Albania, Laos, Mali and Rwanda);
- (g) full- or part-time facilitator (India, Indonesia and Mozambique);
- (h) outposted CPM (Peru; also covering Bolivia, Colombia, Ecuador and Panama); and
- (i) subregional networks for policy support and technical assistance (MERCOSUR and RUTA).

As far as possible, the study team also examined the legal basis of the proxy FP arrangements and their costs and benefits (see below).

6. **Enhancing project impact.** Most of the field-presence arrangements studied by the team support project implementation, having been established in response to country-specific needs identified by the respective CPMs. Their main objective is to support the CPM in securing efficient and effective implementation of projects in order to achieve maximum impact. This role is considered particularly pertinent in the transitional period between project design and actual implementation. The team has found that during this crucial period, specific expertise and knowledge of IFAD are needed to help overcome difficulties in understanding IFAD rules and procedures and in translating project design into operational plans. Once a project is launched, support is needed for logistics, technical advice and general coaching.

7. The project liaison offices were found to effectively facilitate coordination and relations among the projects and between the projects and ministries, CIs and CPMs. They provide logistics support to the projects and visiting missions, and follow up on administrative matters related to loan disbursement, procurement, etc. Such liaison offices are considered particularly useful where project areas are far from the capital and communications are inadequate. On the other hand, they have been found to be less meaningful with regard to substantive support to project implementation. For this latter purpose, outposting of a CPM and the setting up of a regional support network prove to be much more effective. Unlike an administrative liaison officer, not only does the outposted CPM have access to the highest national levels, where he plays an effective advocacy role, in particular in the country of

residence (Peru), but he also can provide a quick response to queries from projects and coaching for project staff and management. However, the same effect could not be ascertained in the neighbouring countries under his responsibility, nor in the case of those countries within easy reach of IFAD's headquarters (e.g. Egypt), where it was assumed that more frequent CPM travel could replace a permanent in-country presence. Resource persons within countries, e.g. the group of local consultants in Morocco, can provide useful implementation support due to their knowledge of the country and their technical expertise. Thus they are recruited individually in order to respond to specific needs. Similarly, experienced IFAD project managers can contribute to the effective launching of new projects because of their experience with the crucial phase between project design and implementation start-up, as, for example, in Senegal.

8. Regional and subregional networks have been found to play a significant role in enhancing project impact, either through direct implementation support or through advocacy at the policy level. Thus RUTA supports ongoing IFAD operations in Central America through specific training, workshops and technical assistance. IFAD's regional coordination unit for MERCOSUR countries<sup>4</sup> has been able to strengthen project implementation by providing support in the policy arena, for example launching participatory mechanisms such as the Rural Development Round Tables in Uruguay. The positive impact of these two examples of subregional presence is conditioned by: (a) the high calibre of their key staff; (b) adequate time and resources allocated to establishing and maintaining the networks; and (c) the existence of other, complementary networks and support mechanisms in the region, e.g. FIDAMERICA, PREVAL and PROMER<sup>5</sup>.

9. **Policy dialogue.** In this area in particular, the study team identified differences in perception between IFAD and in-country stakeholders and felt that IFAD has to make a substantial effort to be recognized as an equal partner in national policy forums. The correlation between the results and impact of IFAD's projects and its role in the policy arena is widely recognized, but the mechanisms to play this role effectively are lacking. In many of the countries visited, both government and donors appreciated IFAD's expertise in developing programmes and policies to fight rural poverty and regretted the institution's absence from national processes such as PRSP and UNDAF. Moreover, the study team identified a need for HQ to provide more guidance in policy dialogue, a measure that could enable existing instruments to play a more significant role in this area.

10. In assessing the suitability of various proxy FP instruments to secure a role for IFAD in national policy arenas, the study team found that only the MERCOSUR network (IFAD Regional Coordination Unit) was set up to serve this purpose specifically and does so very effectively, providing a link between projects and policies and raising rural poverty issues in relevant forums. In Argentina and Uruguay, for example, it has been able to put rural development and poverty reduction on the political agenda. Some headway has also been made by the outposted CPM, thanks to his long-term presence in the country and his continuous efforts to discuss project issues and results at the level of national and international decision-making. Even so, in Peru IFAD is still viewed as operating on a low scale, with limited visibility at the political level.

11. Liaison offices, in their various forms, generally cannot play a significant role in the policy arena, especially when they are financed by the government (directly or through an IFAD loan) and staffed by government personnel. The liaison officer frequently reports to a line ministry and thus does not have the independent status needed to engage in policy dialogue as a representative of the Fund. With some exceptions, liaison officers are generally of a hierarchical level that does not permit

---

<sup>4</sup> Argentina, Brazil, Paraguay and Uruguay are full members of MERCOSUR; Bolivia and Chile are associate members. The case study included visits to Argentina and Uruguay (headquarters).

<sup>5</sup> FIDAMERICA is the knowledge network of IFAD-supported projects in Latin America and the Caribbean. PREVAL (Programme for Strengthening the Regional Capacity of Rural Poverty-Alleviation Projects in Latin America and the Caribbean) and PROMER (Rural Microenterprise Support Programme) deal with monitoring and evaluation capacity.

access to high-level policy authorities. They can, however, channel information to the CPM, keep him/her informed about policy developments in the country, relevant meetings, etc. and identify entry points in government for initiating policy dialogue. The liaison officer in Albania is somewhat of an exception. She has been working with IFAD for several years and has gained a certain recognition also at the national policy level.

12. **Building partnerships.** While recognizing that IFAD has development partners at several levels, ranging from projects and service providers to executing agencies, CIs and government institutions, in the countries visited the consultants concentrated their analysis on partnerships with other donors and on donor coordination in general. The findings indicate a number of insufficiencies related to both the lack of a clear strategy for partnership-building and constraints due to inadequate field-presence arrangements. Most of the proxy FP instruments analysed are not suited to effective donor coordination nor were they established for that purpose. None of the liaison officers has the status of an official IFAD representative, although other in-country donors occasionally expect them to play this role.

13. The general impression gained during the country visits is that partnership-building is the task of the CPM, whether outposted or not. Often the focus of related efforts is on establishing donor support for a specific initiative, rather than on launching a synergistic process of coordination and harmonization among donors. Related communication and feedback are often erratic, illustrating the fact that the full potential of effective partnership-building cannot be exploited under the prevailing conditions and with the presently available instruments.

14. **Knowledge management.** Most of the field-presence arrangements analysed were found to play a certain role in promoting information-sharing at various levels, but much less so in promoting knowledge management. Information is normally shared through project and supervision reports and other regular project-related documents. The team did not otherwise identify any structured systems of information- and knowledge-sharing, with the exception of two cases in Latin America.<sup>6</sup> The outposted CPM has been able to promote learning from past IFAD experience and from ongoing third-party development activities – due, inter alia, to his continuing, multi-year presence in Peru – and to incorporate these lessons into the design and implementation of new projects. In the case of RUTA, continuity of staff and consultants has permitted knowledge-sharing and learning activities at different levels, acting as a knowledge centre and knowledge broker for projects, the systematizing best practices and making them easily accessible for all IFAD projects in the region.

15. **Legal and administrative arrangements.** The study team found a variety of agreements supporting the proxy FP instruments studied, ranging from grant agreements and clauses in specific loan agreements to memoranda of understanding, retainer contracts, etc. The agreements were concluded with governmental or intergovernmental authorities, UN agencies, or individuals, but there are also cases, such as in Morocco and Senegal, where no formal contractual arrangements exist. In none of the cases is there a provision for diplomatic status or a role as official IFAD representative.

16. Project liaison offices are frequently provided for within the framework of specific loan agreements, as was the case in Mali and Rwanda. Contracts with individual consultants can be of varying duration: thus the liaison officer in Albania has been working for IFAD for four years, but on the basis of short-term contracts, while in Uganda IFAD has contracted the services of a consultant on an annual basis, but for only seven days per month. While these contracts are between HQ and the respective consultant, the arrangement in India is based on a memorandum of understanding drawn up by IFAD, the World Food Programme and the United Nations Development Programme, and the

---

<sup>6</sup> Ongoing efforts related to regional electronic knowledge networks (FIDAMERICA, the Regional Network in Western and Central Africa – FIDAFRIQUE, and Electronic Networking for Rural Asia/Pacific – ENRAP, etc.) were not an object of the case studies.

collaboration with the Food and Agriculture Organization of the United Nations (FAO) in Mozambique relies on a contract between IFAD and the FAO Investment Centre. The regional networks are a special case among FP arrangements, financed by IFAD technical assistance grants and administered as such.

17. **Costs and benefits.** There are considerable variations in the recurrent costs per country per year, ranging from a low of USD 2 000 for a part-time facilitator to an incremental USD 60 000 for an outposted CPM. Informal arrangements, such as the project director acting as resource person in Senegal, cannot be costed at all, while, in other cases, all or part of the costs, although known, are covered from sources outside of IFAD, including government budgets and other agencies.

18. The consultants found it difficult to assess the quantitative benefits of each proxy FP model, in addition to the qualitative assessment related to the main objectives (see above). They expressed the view, however, that some of the existing instruments could be better exploited without increasing financial costs, e.g. by providing better HQ support to the persons concerned, in terms of a clearer mandate and regular, up-to-date information on IFAD policies and strategies.

#### **D. Conclusions and Suggestions of the Study Team**

19. **Conclusions.** The case studies confirmed the ad hoc nature of IFAD's FP arrangements, the great variety of situations and needs related to FP and the predominance of "improving project implementation" as the main purpose of pilot instruments. The team reached the general conclusion that the pilot instruments studied serve this purpose to varying degrees, according to their mandate, ranging from the very strong impact attained by the outposted CPM to the facilitating functions (sometimes purely mailbox-type) of liaison offices. Clearly informal arrangements, such as the resource group in Morocco or the contributions of a project director in Senegal, are not considered true field-presence instruments, but the team emphasized that they could become effective proxy tools through formalization and institutionalization. As to other identified needs, such as a stronger IFAD role in policy dialogue, partnership relations and knowledge-sharing, the study team felt that the prevailing arrangements are inadequate, with few exceptions (e.g. regional networks, outposting and/or enhanced mission travel by CPMs), particularly taking into account ongoing changes in country policy and institutional environments and in donor approaches.

20. **Suggestions made by the study team.** Above all, the team felt that IFAD needs to approach the issue of field presence more strategically, abandoning the ad hoc approach of the past. **Strategic management tools should be developed to optimize the benefits of existing arrangements** – including the role of HQ, IFAD projects, CIs and pilot FP instruments – that presently ensure IFAD's links with and presence in the countries. This process would include: better defining the specific roles played in relation to FP by CPMs, national coordinators, liaison officers, facilitators, project directors, etc.; ensuring a more structured dissemination and exchange of knowledge between HQ and the countries and within countries; and institutionalizing ongoing pilot instruments.

21. The team felt strongly that IFAD needs to **provide for an enhanced presence and in-country capacity in relation to national policy dialogue**. It observed that IFAD's contribution to policy development is presently either indirect, through projects, their management, staff and beneficiaries, or direct, during the project formulation and negotiation processes, when the CPM plays a crucial role (which becomes less regular and intensive during implementation). **While not underestimating the importance of this type of policy dialogue**, the team felt that it does not live up to the expectations of IFAD's partners as to the role that the Fund could and should play in national policy arenas. In particular, IFAD's contributions to defining national poverty-reduction strategies by feeding its wide experience in rural poverty alleviation into the PRSP process, and the link between these national strategies and IFAD's activities, were found inadequate. IFAD has no mechanisms in place to participate in the continuous country-level dialogue that has been launched in most borrowing

countries and that is being facilitated by the fact that the majority of donors have strengthened their own in-country presence. The consultants' report, therefore, underlined the need for IFAD to support the development of national policies and strategies in order to ensure that the interests of the rural poor are taken into consideration.

22. The study team did not suggest that IFAD engage substantially in policy dialogue in all countries, but rather that it identify the specific needs for each country in relation not only to policy dialogue, but also to enhanced project impact, knowledge management and partnership-building, and that it **structure its field presence accordingly**. It furthermore suggested that the Fund base any related decisions on a strategic set of criteria, including IFAD's long-term vision for the country, national poverty indicators, political commitment to poverty reduction and the size of the portfolio. Taking into account the crucial role of the CPM, the geographic location of a given country should also be used as a criterion when deciding on the type of instrument(s) to be selected in enhancing field presence. Particularly in countries relatively close to HQ, the option of extended CPM missions should be envisaged – and enabled by reducing the average number of countries/projects for which a CPM is responsible.

23. Finally, the consultants emphasized the need for training, awareness-raising and knowledge dissemination regarding IFAD's policies, strategies and approaches, and the rules and procedures not only of the Fund but also of its CIs. In order to strengthen in-country capacity, project managers and staff, liaison officers, facilitators, etc. need to be given the opportunity, preferably through visits to HQ, to learn about IFAD and become familiar with its institutional culture and staff. These training, communication and sensitization efforts must be planned strategically and implemented regularly in order to effectively support a strategic corporate approach to enhanced field presence.

