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Enabling poor rural people
to overcome poverty

Progress report and activity plan for IFAD's country presence

Executive Board — Ninety-fifth Session
Rome, 15–17 December 2008

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

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Abbreviations and acronyms

AWP/B	annual workplan and budget
CO	country office
COSOP	country strategic opportunities programme
CPM	country programme manager
CPMT	country programme management team
FAO	Food and Agriculture Organization of the United Nations
FPPP	Field Presence Pilot Programme
M&E	monitoring and evaluation
PMD	Programme Management Department
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
WFP	World Food Programme

Recommendation for approval

The Executive Board is invited to note the progress report on IFAD's country presence contained in part II of this document, and to approve the proposed expansion of IFAD's country presence in 2009, as set out in paragraphs 57-58 of part III of this document.

Progress report and activity plan for IFAD's country presence

I. Introduction

1. IFAD began strengthening its country presence following the Consultation on the Sixth Replenishment of IFAD's Resources, which identified the Fund's lack of representation in borrowing countries as a growing constraint on enhancing impact. Its first country presence initiative was the Field Presence Pilot Programme (FPPP), approved by the Executive Board in December 2003. An evaluation of the FPPP undertaken in 2006-2007 by IFAD's Office of Evaluation concluded that achievements in terms of implementation support, policy dialogue, partnership development and knowledge management were markedly greater in countries with field presence than in comparator countries without field presence.¹
2. Following the FPPP evaluation, IFAD Management prepared an activity plan for IFAD's country presence in 2008, which it submitted to the Executive Board for information in December 2007 (EB 2007/92/R.47). In submitting this plan, Management advised that:
 - During 2008, the focus in-country would be on achieving results in relation to the overall country programme, whereas the emphasis at headquarters would be on strengthening, upgrading and building systems, business processes and procedures in support of country offices (COs);
 - At year-end, in the light of implementation of the 2008 activity plan, IFAD Management would prepare proposals on country presence activities in 2009 for the Executive Board's consideration;
 - In 2011, Management would prepare and submit to the Executive Board a longer-term strategy for IFAD's country presence, based on the experience accumulated in 2006-2009.
3. In line with the above, this report:
 - Provides an overview of the progress made since December 2007 against objectives set in the 2008 activity plan, including a summary of initiatives taken at headquarters to mainstream the COs into IFAD's regular budget and programming, and reviews the results achieved at the country level in terms of better implementation support, knowledge management, innovation, partnership-building and policy dialogue (section II);
 - Proposes a plan, to be implemented in 2009, for enhancing the effectiveness of and consolidating IFAD's country presence by outposting a limited number of country programme managers (CPMs), bringing "proxy arrangements" under the ambit of its country presence and establishing a limited number of new COs (section III).

¹ Paragraph 112, Evaluation of the IFAD Field Presence Pilot Programme, Main Report, IFAD, July 2007.

II. Progress report for 2008

A. Background

4. The evaluation found that the FPPP had not experimented sufficiently during the pilot phase and that more experimentation was needed before a policy for country presence could be developed. In view of this, the Executive Board decided at its September 2007 session that IFAD should:
 - (a) Continue 15 pilot COs, integrating them more effectively into IFAD's normal programming, administrative and budgetary processes, while experimenting within these offices with different models, including outposting of two CPMs to the United Republic of Tanzania and Viet Nam;
 - (b) Maintain the two CPMs in Colombia and Panama, who were outposted before the FPPP began;
 - (c) Implement a country presence activity plan.
5. In line with the above decision, IFAD currently has 17 COs (table 1).

Table 1

<i>Type of country office</i>	<i>Number</i>
Led by outposted CPMs	4
Led by nationally recruited officers	13
Total	17

B. Implementation status of the activity plan for 2008

6. The 2008 activity plan specified actions to be taken by IFAD during 2008. Annex I of the present document details the status of each of these actions as at 30 September 2008. The priority for 2008 was to consolidate the operations started under the FPPP, thus limiting IFAD's COs to the 15 initiatives under the FPPP and the two CPMs outposted prior to the pilot programme. The main changes envisaged for 2008 as compared to the FPPP were:
 - (a) Upgrading two COs established during the pilot phase (the United Republic of Tanzania and Viet Nam) into the outposted CPM model;
 - (b) Transferring three country presence pilots to new countries in order to respond better to the programmatic needs of the region;²
 - (c) Issuing IFAD contracts for country presence staff when the consultancy contracts of these staff had expired;
 - (d) Improving CO operation and administration, clarifying responsibilities, updating procedures and processes at headquarters, and entering into formal institutional arrangements with host countries and hosting agencies.
7. The 17 COs cover a total of 19 countries (two officers cover more than one country). There are 70 projects in the current portfolio of these countries, about 30 per cent of IFAD's current portfolio in number terms and 36 per cent in value terms. The average number of projects per country in the current portfolio for countries with COs is 3.7 as against an IFAD average of 2.5. Details of the project portfolios are found in annex II.
8. Further experimentation with the country presence model has taken place in the Kenya office, which – with three staff members – functions as a regional hub for loan administration, knowledge management and portfolio management.

² To respond to regional priorities, three IFAD COs (Honduras/Nicaragua, Bolivia and Uganda) were relocated to Brazil, Peru and Kenya. The Peru CO had been headed by an outposted CPM who has since been transferred to Colombia.

9. Thirteen COs are fully operational, whereas four – Brazil, Haiti, Nigeria and Yemen – have been operating under consultancy arrangements or have undergone staff changes in 2008 and are only expected to be fully operational by early 2009. Their current status is:
- (a) **Brazil.** A consultant based in the north-eastern region has been recruited and is currently contributing to project implementation support and the design of new projects in the country. The Government has requested IFAD to locate its office in Brasilia so that the Fund can regularly participate in discussions on development policies, particularly relating to the north-eastern region. Both the Food and Agriculture Organization of the United Nations (FAO) and the United Nations Development Programme (UNDP) have expressed interest in hosting the IFAD CO. A decision is expected before end-2008, after which formal recruitment of the country officer will take place.
 - (b) **Haiti.** Although the Haiti office was part of the original FPPP, the institutional arrangements with the hosting agency were never formalized. Delays have been due to the severe political instability in the country throughout 2008. An agreement for the recruitment and hosting of the CO was negotiated and signed with UNDP Haiti in April 2008. The IFAD CO will be hosted by UNDP in the United Nations compound in Port au Prince, where most other United Nations agencies are based, and is expected to be fully operational by end-2008.
 - (c) **Nigeria.** Nigeria was part of the FPPP. Following IFAD's decision to supervise its projects in Nigeria directly, it was decided to redraft the terms of reference for the country officer to reflect the expanded responsibilities, release the current incumbent and readvertise the position. The recruitment process is under way, and the new country officer is expected to assume duty before end-2008. The CO will remain in the United Nations House under the responsibility of UNDP.
 - (d) **Yemen.** Yemen was part of the FPPP; however, the original country officer did not meet IFAD expectations. In August 2008, a new country officer was recruited by UNDP on behalf of IFAD. The CO is located within the UNDP office in Sana'a and will be fully functional by end-2008.

Administrative arrangements

10. A President's Bulletin on administrative procedures for IFAD COs, issued in April 2008, provides guidance on:
- Authority and responsibilities
 - Institutional arrangements
 - Human resources management
 - Budget, disbursing and accounting
 - Procurement, ownership, disposal of assets, inventory
 - Security and insurance
 - Information technology
 - Communication and knowledge management
 - Delegation of authority

Institutional arrangements

11. The framework agreement between UNDP and IFAD for country presence was signed on 30 September 2008 (annex III). The agreement covers the provision of goods and services by UNDP to IFAD COs. A parallel agreement with FAO is being developed.
12. By virtue of article 10, section 2(a), of the Agreement Establishing IFAD, the Fund enjoys "in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective." In the case of the Member States that have acceded to the 1947 General Convention on Privileges and Immunities of the Specialized Agencies, these privileges and immunities are those specified in the standard clauses of that convention. In the case of the countries that have not acceded to the convention, IFAD nevertheless enjoys the privileges and immunities necessary for its functions and for the fulfilment of its objective under the strength of article 10, section 2(a) of the Agreement Establishing IFAD. However, for practical reasons (e.g. demands of internal procedures in a country), it will in some cases be desirable to enter into special agreements with countries that have not acceded to the convention in order to facilitate matters at the working level.
13. IFAD has negotiated and signed three host country agreements (with Colombia, the United Republic of Tanzania and Viet Nam) and is currently finalizing three other agreements (with Ethiopia, Kenya and Panama). An internal tracking system has been established for timely follow-up to such agreements.
14. IFAD has completed the accreditation of two CPMs (in Colombia and Viet Nam) and is working on the accreditation of one CPM (in the United Republic of Tanzania). The accreditation process is cumbersome and requires more time than anticipated.
15. IFAD has entered into nine host agency agreements with UNDP and two with the World Food Programme (WFP). Host agency agreements with FAO, for the Colombia, United Republic of Tanzania and Viet Nam COs, will not be finalized until the framework agreement is signed. Agreements with UNDP in Panama and possibly in Brazil are pending, as is the agreement with the United Nations Office in Nairobi for the Kenya CO.

Human resource management

16. IFAD is moving ahead in operationalizing the framework agreement signed with UNDP on the hosting of IFAD's COs. It has decided to proceed with indirect hiring (i.e. UNDP hiring locally on the Fund's behalf) as an interim solution, while it considers the modalities for recruiting and administering country presence staff. An interdepartmental steering committee on country presence, formed in early 2008, is looking into the matter and will inform Management what its various options are.
17. The internationally recruited professional staff of IFAD will continue to be administered by headquarters. A revised chapter for IFAD's Human Resources Policy and Human Resources Procedures Manual covering internationally recruited outposted staff has been drafted and is being reviewed within IFAD.

Training and communication

18. Standard IFAD information/communication kits were dispatched to COs during the first quarter of 2008. COs have received IFAD communications missions. Staff from various COs noted the need for better communication between headquarters and the field, and this will continue to be improved throughout 2009.
19. Country presence staff routinely participate in divisional retreats and/or regional implementation workshops. To date, staff representing about three quarters of the COs have participated in training on direct supervision.

Information technology

20. IFAD's Information Technology Division has been repositioning itself to accommodate the needs of COs. Regarding IT tools, the migration to a new mail server, completed in the first half of 2008, significantly improved access to IFAD's e-mail system. Where possible, COs have been equipped with virtual private network (VPN) technology or RSA SecurID tokens to permit access to corporate systems. The document repository will be accessible via the Internet to authenticated users by year-end.
21. Regarding technical support, a field support coordinator has been appointed within IFAD as a focal point for COs. Technical staff address problems in collaboration with the hosting agency. A site visit was also made to the CO in the United Republic of Tanzania, and similar visits are envisaged before year-end in Ethiopia, Kenya and Viet Nam to advise resident staff on IT matters and establish contact with local IT support staff.
22. Despite increased support to COs, connectivity remains a challenge in some areas, as does user training. Resolving connectivity issues takes time and accelerating the process may trigger significantly higher costs. In terms of user training, induction training is offered at headquarters and an Internet-based learning portal for headquarters and country staff is being rolled out.

Budgeting, accounting and reporting

23. During the pilot phase, field staff were financed through an extra-budgetary allocation, whereas, in 2008, COs were financed from regional divisions' budgets.
24. The country presence planning and monitoring guidelines issued by the Assistant President of the Programme Management Department (PMD) in December 2007 presented the templates to be used to report programmatic and administrative country presence costs. Their use by divisions during 2008 has facilitated the financial reporting of actual administrative costs by COs through the use of a specific activity code (0A150) "country presence administration" in combination with an additional code identifying the specific CO.
25. Experience and feedback during the year has revealed that the CO budget and accounting procedures can be improved. During the year, staff from headquarters visited the India CO to gain a better understanding of the constraints it faced in the area of budget and accounting. Consequently, IFAD's Strategic Planning and Budget Division and Financial Services Division are working to simplify the financial templates and the information required by CO procedures.

Management and coordination of country offices

26. The interdepartmental steering committee on country presence is chaired by the Assistant President, PMD. It meets about once every two weeks to reach common agreement on issues arising and to plan future activities.
27. Within the overall guidance of the steering committee, supervision of individual COs is the responsibility of the director of the concerned regional division. COs are accountable to and work under the line management of respective regional divisions.

C. Results achieved in programmatic activities

28. The results described below are based on progress reports received from COs.³ These reports mainly covered activities up until 30 June 2008, but did, in some cases, discuss activities planned for later in the year. An annual progress report will be submitted by each CO at year-end.

³ Altogether 13 COs, including those headed by the four outposted CPMs, but excluding the four COs not fully operational in 2008.

29. The work programme for each CO is dependent on the specific requirements of the respective country programme. In COs engaged in broad donor initiatives, agriculture sector programmes or the One United Nations Initiative, greater emphasis is placed on partnerships and policy dialogue. In countries with many IFAD-funded operations, COs undertake a greater number of field missions. The maturity of the country programme also plays a role in determining the mix of activities undertaken by individual COs.

Programme design and implementation support

30. COs devote most of their time to activities related to programme and project design and implementation support. During the first half of 2008, when direct project supervision by IFAD began, staff in the COs participated in about 30 supervision or implementation support missions. The COs have also worked with project managers to follow up on the agreed actions stemming from such missions. They participated in ten project design missions and four midterm review missions. With the advent of direct supervision, COs are playing an increasingly important role in carrying out activities related to supervision and loan administration.
31. In terms of implementation support, COs have played a key role in the review of projects' annual workplans and budgets (AWP/Bs), withdrawal applications and procurement documents before their final approval by the regional divisions. They have worked with local project directors to tighten financial management and improve monitoring and evaluation (M&E). Most COs have also followed up on the submission of audit reports. In April 2008, the Kenya CO established a decentralized loan administration unit to process withdrawal applications for directly supervised projects in the region.
32. COs were also involved in preparation of results-based country strategic opportunities programmes (COSOPs), five of which were either finalized or are being designed during 2008. The COs contributed significantly to the success of the design of the results-based COSOP by organizing stakeholder workshops and continually engaging in policy dialogue with government and other stakeholders.
33. Project pre-implementation support is also an important function of the COs. During 2008, five loans for countries with COs became effective. The COs worked to resolve bottlenecks to ensure that effectiveness conditions were met. Although the average period between Executive Board approval and effectiveness for the projects in countries with COs is above the average for all projects declared effective this year (except Viet Nam), it is less than that for projects in the respective country's ongoing portfolio (except in the case of The Sudan).

Knowledge management

34. Knowledge management activities have mainly focused on inter-project exchange of knowledge and experiences. As such, country programme management teams (CPMTs) have been formally established in seven of the countries in which IFAD has COs. In general, the CPMT is led by the CPM and composed of project directors, IFAD CO staff, government officials, other stakeholders and IFAD staff from headquarters. The COs have organized team-building workshops and annual country programme review workshops. In Kenya, centres of excellence have been established among CPMT members to act as focal points on thematic issues. In the United Republic of Tanzania, CPMT members participate in peer review supervision missions.
35. The COs have also contributed to regional websites by posting fact sheets, articles and information on best practices. As a side event to the annual country review workshop in Viet Nam, a knowledge fair was organized that provided space for exchange and dissemination of experiences. In China, the CO arranged for the translation of IFAD Project Audit and Procurement Guidelines, and prepared a Chinese-language version of the IFAD Guide for Project M&E.

36. In addition, COs have organized South-South learning events. Some 18 microentrepreneurs from Bolivia will visit Colombia to exchange lessons on rural entrepreneurship with their Colombian counterparts. Colombian decision-makers are scheduled to visit projects in Peru later this year. Exchange visits among project staff have been organized in Kenya for peer-to-peer learning.
37. To update IFAD Management on the country-level impact of the recent rise in food prices, nine of the COs have provided brief assessments of the effects of such increases on poor rural communities and the respective Government's response.
38. COs also have an important role in the project evaluation and completion review process. The two country programme evaluations that took place in 2008 (Ethiopia and The Sudan) were supported by the COs. The CO in China assisted in the preparation of a project completion report for a closed project.

Innovation

39. The COs have been least effective in the area of innovation. This is largely due to their initial focus on project design and supervision, COSOPs and partnership-building, which left little time for other activities. Most of the innovations reported in progress reports were at project level, and may not be attributable to the CO. There are, however, some notable exceptions:
 - In China, the CO has established a series of benchmarks of good practices in management, and identified and communicated these to project managers. It is hoped that the identification of these benchmarks will improve project management.
 - In Senegal, the CO is working with the Ministry of Agriculture to design an M&E system that will integrate contributions from IFAD-funded projects into the national system. This system covers all of the country's agricultural and rural development projects and will be used for reporting on the country's medium-term expenditure framework and for its poverty reduction strategy paper.
 - In the Democratic Republic of the Congo, the CO was instrumental in ensuring that innovations resulting from IFAD grants – to the International Institute of Tropical Agriculture and the Africa Rice Center – relating to New Rice for Africa (NERICA) rice varieties were fully mainstreamed during implementation of the IFAD-funded Agricultural Revival Programme in Equateur Province.
40. Exploiting CO knowledge better to help identify innovation will be a challenge in the coming years.

Policy dialogue

41. Effective policy dialogue needs to build on proven cases and experiences, providing evidence and persuasive success stories. CO staff is uniquely placed to fulfil this role. In India, the Meghalaya Rural Development Society has been recognized as the platform for convergence of all government programmes in one of IFAD's project areas (Himalayas). The country officer is maintaining an ongoing dialogue with the Government to urge the adoption of similar provisions in other areas with IFAD-supported projects. In the Congo, as part of the validation of the Government's microfinance strategy, the CO provided a note on the successful experiences of an IFAD-financed project in the north of the country (the Rural Development Project in the Plateaux, Cuvette and Western Cuvette Departments).
42. Country office staff are routinely requested by government to participate in government-led working groups and meetings. The IFAD country officer in the United Republic of Tanzania acted as the chair of the Food and Agriculture Sector Working Group, made up of government policymakers and donor stakeholders. IFAD country officers also participate in the review and drafting of governments' rural and

agricultural development strategies. In The Sudan, for instance, the country officer helped shift the Government's agricultural revitalization programme towards the rainfed sector – to the benefit of most poor rural people. The country officer in Senegal lobbied successfully for a focus on small and medium-sized enterprises and rural needs in a government strategy paper. In Ethiopia, the IFAD country officer is part of the national steering committee on irrigation. Similarly, the country officer in Egypt is a member of the national working group established by the Minister for Agriculture and Land Reclamation to update the government's agricultural development strategy. Lessons learned from previous and ongoing projects feed into the strategy through the active involvement of the country officer.

43. In the context of a recent design mission in Panama, the country officer, jointly with the design team's M&E specialist, organized a seminar on the use of M&E and knowledge management for about 30 professionals from the Ministry of Economy and Finance.

Partnerships

44. The COs have provided IFAD with an opportunity to meet more regularly with its partners in-country. IFAD is a full member of the United Nations Country Team (UNCT) in six countries (in some countries, IFAD is represented by UNDP while in others the UNCT is not active). Through its COs, IFAD has participated actively in the seven United Nations development assistance frameworks finalized so far this year, in some cases for the first time. Two countries with COs headed by an outposted CPM are part of the One United Nations Initiative.
45. The office in Egypt is a good example of CO participation in joint forums. It has contributed to the United Nations/Egyptian Government Joint Programme on Climate Change Risk Management in Egypt, the Donor Assistance Group subgroup on renewable natural resources, and the United Nations Subcommittee on Nutrition. COs where sector-wide approaches are in force spend considerable time taking part in donor community meetings and working groups.
46. The COs have regular bilateral meetings with other United Nations agencies and donors, and with representatives of NGOs, civil society and the private sector. These meetings are largely focused on exploring synergies among programmes in order to leverage impact more effectively. In Peru, for example, the CO has approached mining enterprises to explore their potential interest in forming partnerships with IFAD projects. In India, a strong cofinancing partnership has been developed with Sir Ratan Tata Trust – an NGO. With the World Bank, while the Panama CO has developed a closer working relationship, the Ethiopia CO has benefited from an enhanced opportunity for policy dialogue with national stakeholders. Among the bilateral donors, the United Republic of Tanzania CO has been closely working with SWISSAID and the United States Agency for International Development (USAID), the Peru CO with Kreditanstalt für Wiederaufbau (KfW), and the Colombia CO with French and Spanish international cooperation agencies.
47. With the renewed emphasis on agriculture, sparked by high food prices, the IFAD COs are regularly visited by missions from other donors.

D. Summary of the progress made in 2008

48. In summary, since the submission of the 2008 activity plan to the Executive Board in December 2007, IFAD's country presence has been significantly strengthened:
- (a) Country presence is now treated as a "whole house" effort and not just a PMD responsibility;
 - (b) Internal guidelines have been developed and issued on planning, programme implementation, financial management, monitoring and reporting;
 - (c) A framework agreement has been signed with UNDP and a similar agreement is being finalized with FAO;

- (d) Host country agreements have been signed with the Governments of Colombia, the United Republic of Tanzania and Viet Nam; CPMs have been accredited in Colombia and Viet Nam, and are soon to be in the United Republic of Tanzania;
 - (e) The country presence budget has been fully mainstreamed into IFAD's overall budgetary framework;
 - (f) IT support has increased, connectivity issues are being addressed, and access to IFAD's corporate information resources has been improved.
49. In terms of implementation support, country presence staff have contributed significantly to the design of five COSOPs and ten projects, and have participated in 30 supervision missions and four midterm reviews. This has helped enhance the quality of design and implementation, and has resulted in efficiency gains – for example, by reducing the delays in declaring projects effective when compared with the earlier performance in these countries (which, on average, tended to be higher than the rest of the portfolio).
50. IFAD's country presence has also contributed to knowledge-sharing, mainly through inter-project exchanges, but in some cases by promoting South-South exchanges. It has built new partnerships, through, for example, participation in UNCTs; and it has enhanced policy dialogue, alignment and harmonization. Given resource limitations, country programmes have been relatively less engaged in innovation, although some good examples are found in China, the Congo and Senegal.

III. Activity Plan for 2009

A. Rationale for country presence and vision for the future

51. The results of country presence after one year of mainstreaming are encouraging. A greater country presence has allowed IFAD to engage more effectively in country-level dialogues and improve project design and supervision. It has also enabled IFAD's programmes to be more closely aligned with national policies and programmes, and helped build national ownership and leadership. Furthermore, it has facilitated building partnerships and harmonizing efforts with other donors. While a more rigorous assessment will be undertaken in due course, preliminary analyses show that country presence offers a cost-effective solution to supervision and implementation support.
52. In the light of the above, IFAD Management believes that, in the longer term, the COs should be expanded to additional countries in order to increase the development effectiveness of IFAD's projects and programmes. To this end, country presence will serve to:
- (a) Improve IFAD's understanding of the changing conditions of rural poverty through close interaction with poor rural people and grass-roots institutions, and to share these experiences with governments, other national institutions and donor partners so as to influence policies in favour of poor rural people;
 - (b) Develop country strategies and design projects that are better matched to the country context, taking full account of specific weaknesses;
 - (c) Provide cost-effective and responsive project implementation support that creates a stronger impact on the target group and reduces poverty levels;
 - (d) Scout for, identify and help disseminate innovative approaches to poverty reduction and rural development, and integrate these innovations into policy dialogue, partnership-building and knowledge management;
 - (e) Align IFAD more closely with the Paris Declaration on Aid Effectiveness, recently reaffirmed through the Accra Agenda for Action, in support of country

- ownership and leadership, by making IFAD strategies more consistent with country strategies and systems;
- (f) Build partnerships and collaborative relationships not only with the target group and government involved, but also with in-country stakeholders such as bilateral and multilateral development agencies, international financial institutions, farmers' and producers' organizations, NGOs and the private sector. Special efforts will be made to contribute to the system-wide coherence of the United Nations by actively participating in and contributing to the One United Nations Initiative.
53. As originally envisaged, IFAD's COs will be small, working at the operational level to promote the core objective of enhancing impact through improved project implementation support, policy dialogue, partnership-building and knowledge management. This implies little emphasis on representation. Expansion to new countries will be strictly on the basis of the contribution IFAD can make to reducing rural poverty, which will limit the expansion to countries with at least three to four existing and prospective investment projects. Exceptions will be made for countries in special circumstances, those showing, for example, weak performance or fragility due to man-made or natural disasters.
54. IFAD will adopt the most cost-effective method for recruiting staff and setting up the offices. For the office space and other logistics it will rely on sister United Nations agencies, such as FAO, UNDP and WFP, and other international financial institutions.
55. In selecting a particular country for IFAD's country presence, IFAD Management is guided by its mandate, the need for ensuring observance of its Lending Policies and Criteria, the needs of poor rural people, and the feasibility and cost-effectiveness of the concerned office. In particular, the following criteria will be used in determining the desirability of country presence:
- (a) Demand by the government;
 - (b) Size of IFAD's country programme;
 - (c) A relatively conducive policy and institutional environment that allows IFAD to contribute to policy dialogue;
 - (d) Need for further aligning IFAD's strategies and programmes with those of the country and harmonizing its systems and processes with other donors;
 - (e) Overall cost-effectiveness, measured in relation to portfolio size and other programmatic activities;
 - (f) A specific country context (such as fragility and weak performance levels) that could be improved with IFAD's country presence.
56. During 2009 and 2010, IFAD will put emphasis on (i) experimenting with different models of country presence; (ii) refining the administrative arrangements for the hosting of country presence offices, their staffing and their efficient and effective operation; and (iii) planning, monitoring and self-assessing the performance of the COs to learn from past experience and build lessons into operations, including the self-assessment of the country presence in 2010. This will allow a country presence policy to be developed and submitted for the consideration of the Executive Board in 2011.

B. Proposed 2009 plan

57. Given the above, IFAD Management proposes to continue consolidating and strengthening its country presence further in 2009 by:
- Outposting four CPMs to COs that are currently being led by national officers, two CPMs to the countries under the "proxy arrangement" (that is, where IFAD has hired local consultants to manage a limited range of the standard CO functions) and one CPM to a new CO;
 - Upgrading five "proxy arrangements" into COs and establishing two COs led by nationally recruited officers.
58. In essence, this proposal seeks to upgrade 7 "proxy arrangements" into COs, of which two will be headed by outposted CPMs, and establish 3 additional COs, of which one will be headed by an outposted CPM, during 2009. In addition, four CPMs will be outposted to existing COs. This will increase the number of COs to 27 as summarized in table 2:

Table 2

<i>Type of country office</i>	<i>No. of COs at the end of September 2008</i>	<i>No. of COs by the end of 2009</i>
Led by outposted CPMs	4	11
Led by nationally recruited officers	13	16
Total	17	27

59. In choosing the COs for outposting CPMs, in upgrading the existing proxies or in proposing additional COs, the broad criteria listed in paragraph 55 have been applied. The potential impact on rural poverty that the proposed COs could create has been gauged using the number of directly supervised projects as a proxy. There are three reasons for using this method: first, direct supervision offers an opportunity to enhance IFAD's engagement with the ultimate target group and other in-country stakeholders. Second, it generates an adequate work volume and also frees budgetary resources that otherwise would have been paid to cooperating institutions. Third, direct supervision contributes tangibly to knowledge management and over time builds staff capability.
60. A brief description of the existing portfolio in the countries where new COs have been proposed, and the way in which the proposed expansion will be approached in terms of staffing these offices, is presented in the following paragraphs.
61. **Country offices led by outposted CPMs.** It is important to recall that the FPPP evaluation found that, of the alternative forms of field presence, the outposted CPM model achieved the best results (paragraph 160 of the evaluation). But since the number of outposted CPMs was small under the FPPP, IFAD needs to have critical mass of outposted CPMs operating in a variety of contexts so that this model can be evaluated with necessary methodological rigour in 2010 and can feed into IFAD's country presence policy due in 2011. IFAD Management, therefore, proposes to outpost seven additional CPMs to the following countries in 2009:
- Western and Central Africa:** Ghana (new) and Senegal (existing CO)
 - Eastern and Southern Africa:** Ethiopia and Kenya (both have existing COs)
 - Asia and the Pacific:** Pakistan and Sri Lanka (currently, proxies)
 - Near East and North Africa:** The Sudan (existing CO)

62. This adds to the four CPMs already outposted (Colombia, Panama, the United Republic of Tanzania and Viet Nam).
63. Of the countries where it is proposed that CPMs be outposted, priority will be given to Ghana, which has one of the largest and most strategic country programmes in the Africa region and where many regional initiatives are based. Four new outposted CPMs (Ethiopia, Kenya, Senegal and The Sudan) will be joining existing COs. Pakistan and Sri Lanka currently have proxy field presence. These "proxy arrangements" are proposed to be upgraded to the offices led by outposted CPMs.
64. With seven projects, Pakistan has the second-largest number of projects in IFAD's current portfolio. This is followed by Kenya and The Sudan, which have five projects each. The amounts of IFAD loans committed are: US\$156 million for Pakistan, US\$107 million for The Sudan and US\$85 million for Kenya. Ghana, Ethiopia, Senegal and Sri Lanka have four projects each, with IFAD's commitment as follows: US\$65 million for Ghana, US\$113 million for Ethiopia, US\$47 million for Senegal and US\$79 million for Sri Lanka. Combined, these seven CPM-led COs cover eight countries, managing 35 projects with a total IFAD commitment of US\$666 million. These COs will also be involved in directly supervising 27 projects – or about an average of 3.5 projects per CO.
65. **Country offices led by nationally recruited officers.** With the substantial increase in direct supervision, the "proxy arrangements" are increasingly involved in providing implementation support. Given their enhanced role, these "proxy arrangements" need to be upgraded and brought under the regular management, monitoring and self-assessment systems. Consequently, IFAD Management proposes that the following five "proxy arrangements" be upgraded to COs led by nationally recruited officers:
- (a) **Eastern and Southern Africa:** Madagascar, Mozambique, Rwanda and Uganda
 - (b) **Asia and the Pacific:** Nepal
66. The proposed COs have a large portfolio of investment projects: six in Uganda, five each in Madagascar and Rwanda, four in Mozambique and three in Nepal. Combined, these five COs will manage 23 projects with a total IFAD commitment of US\$380 million. Of these projects, 17 will be under direct IFAD supervision. While the COs in Eastern Africa will play a crucial role in contributing to the alignment and harmonization agenda under the Paris Declaration, the Nepal CO will support post-conflict recovery.
67. It is also proposed that two COs – in Burkina Faso and Guinea – be established under the leadership of nationally recruited staff as the portfolio of projects in these countries needs significant strengthening. Both Burkina Faso and Guinea have four projects each in their current portfolios, with an IFAD commitment of US\$53 million and US\$51 million respectively. All projects except one in Guinea are under direct supervision.
68. In summary, IFAD will have COs in 27 countries by end 2009. These offices will support 116 projects with an IFAD commitment of US\$2.2 billion. Country officers based in these countries will be involved in directly supervising 96 projects. Of these, 16 projects are not yet effective – an area requiring priority attention. Of the countries selected for country presence or to be served from a nearby country, nine have been identified by various international financial institutions as fragile or weakly performing.

C. Budget and cost analysis

69. As stated in the Activity Plan for IFAD's country presence for 2008 (document EB 2007/92/R.47, paragraph 48), IFAD has fully integrated country presence budget into IFAD's annual budget and this amount is accounted for within the benchmark efficiency ratio.
70. In terms of the unit cost of COs, during the initial design phase of the FPPP, the costs of individual COs staffed through national recruitment were estimated at about US\$120,000 per year. Subsequently, to limit the cost of the pilot programme, this figure was reduced to US\$80,000 per year per CO. In approving the total budget of the FPPP, the Executive Board reduced the total cost of the programme further – to US\$3.0 million (from US\$3.6 million) – without reducing the number of COs or the duration of the pilot phase. Actual expenditure in the pilot phase was US\$2.96 million (annex V).
71. IFAD's independent Office of Evaluation concluded that the FPPP had an ambitious design and was underfunded. In consideration of this, when the 2008 activity plan was prepared, the annual budget for 17 COs for 2008 was increased to US\$2.65 million. Of this, US\$1.08 million was allocated for the four COs led by CPMs and the rest or US\$1.57 million was allocated for 13 COs led by nationally recruited officers. For the COs led by outposted CPMs, the average cost is therefore about US\$271,000 and for the COs led by nationally recruited officer, it is about US\$121,000 in 2008. The commitments made and reports received so far show that the 17 COs, in total, will remain within the overall allocation (see annex IV).
72. Using the experiences gained during the pilot phase and during 2008, each regional division has reviewed the costs and adjusted their unit budgetary allocations for COs for 2009. For the 27 COs proposed above, the total estimated budget is US\$4.73 million (annex V). Of the total budget, nine existing COs led by nationally recruited staff have been allocated US\$1.45 million and 11 COs to be led by outposted CPMS US\$ 2.75 million. Of these latter 11, seven new COs have been allocated US\$1.54 million and the existing four COs US\$1.21 million. Similarly, five COs converted from proxies have been allocated US\$0.39 million and two new COs US\$0.14 million. Altogether US\$1.98 million has been allocated for 16 COs led by nationally recruited staff.
73. The principal features of the budget for 2009 are as follows:
- (a) A much larger variation of unit costs among COs (e.g. US\$25,000 for Nepal, US\$263,000 for India) signifying a rapid adaptation/contextualization of individual COs and the resultant costs and budget;
 - (b) The yearly unit cost in the 2009 budget is US\$124,000 for COs led by nationally recruited staff and US\$250,000 for those led by outposted CPMs, only slightly above the actual 2008 costs;
 - (c) Most of the apparent increase in total budget for country presence does not lead to an increase in IFAD's total budget. Of the total incremental budget of US\$2.07 million proposed for 2009, US\$1.67 million (or 80 per cent) is for outposting of CPMs. This cost is incremental to country presence, but not to IFAD's total budget as most of this cost is already being incurred by IFAD – whether the concerned CPMs are based in Rome or in the field. Only the cost of relocation will be incremental. In most cases, this will be offset by some savings in post adjustment allowances and international travel.
74. The proposed expansion of the COs will enable convergence between IFAD's country presence and its directly supervised projects. It will add to the complementarity since the services of a CO will allow for the direct supervision and implementation support to be undertaken using mostly local resources which are usually more cost effective. This will, in turn, allow more frequent supervision and comprehensive implementation services eventually leading to more development effectiveness.

Conversely, direct supervision allows COs to become more effective in identifying design and implementation issues, learn and disseminate lessons/good practices and engage more effectively with national and donor partners. In short, supervision resources and country presence resources complement each other and generate potential economies of scale and enhance overall impact of IFAD's country programmes.

75. The amount of US\$4.73 million for 2009 for implementing and managing the COs will be funded from the Programme Development Financing Facility (PDFF) and from IFAD's administrative budget. As such, the proposed expansion and strengthening of the COs is planned to be achieved within the overall PDFF and administrative budget ceilings and the benchmark efficiency ratio.

D. Work programme and monitoring

76. A detailed work programme has been prepared for each CO, setting out the activities to be carried out during 2009. The AWP/Bs include:
- (a) Activities to be undertaken using funds earmarked for COs;
 - (b) Activities to be undertaken with the involvement of COs using budget lines earmarked for country programmes (and not specifically for COs) such as those for project design and direct supervision and implementation support.
77. Every six months, each CO will submit a progress report to the regional division director, through the CPM, on COs led by nationally recruited staff, activities carried out to date and results achieved vis-à-vis the funds allocated. The AWP/B will be updated, where necessary, taking into account any new requirements of the country programme. The performance of the COs will be monitored closely by the relevant divisional director and the concerned CPM, taking the AWP/B as the principal basis. Guidelines and standard forms for AWP/Bs and progress reporting have been issued.

E. Recommendation

78. It is recommended that the Executive Board approve the proposed expansion of IFAD's country presence in 2009 as set out in paragraphs 57-58 above.

IFAD's country offices – progress against activity plan for 2008

No.	Action	Responsibility	To be completed by	Progress to 30 September 2008
1	CO budgets integrated into IFAD budget	Senior Management/FAD	4 th quarter 2007	Completed 4 th quarter 2007
2	Job descriptions and procedures updated	PMD/FAD	4 th quarter 2007-1 st quarter 2008	Generic job descriptions have been drafted and are pending approval by PMD
3	Terms of reference for each CO developed	PMD	1 st quarter 2008	Terms of reference (TOR) for new officers have been developed. TOR of existing officers have been modified as necessary
4	Standard formats for AWP/B and progress reports defined	PMD	4 th quarter 2007	Office memorandum on country presence planning and monitoring issued by Assistant President, PMD on 20 December 2007
5	Framework agreements (headquarters) signed with host agencies	FAD/OL	1 st quarter 2008	The framework agreement with UNDP has been signed. Agreement with FAO will follow similar format, and is expected to be signed by year end
6	Specific country agreements with governments signed	FAD/OL	1 st quarter 2008	<ul style="list-style-type: none"> Colombia, United Republic of Tanzania, Viet Nam: signed Panama: draft agreement with Government for approval Ethiopia, Kenya: request submitted to the Government of Ethiopia – awaiting reply
7	Agreements with COs of hosting agencies signed/amended	FAD/OL	One month prior to expiry of each agreement.	<ul style="list-style-type: none"> Memorandum of Understanding (MOU) with UNDP for The Gambia and Senegal, Congo and the Democratic Republic of the Congo, Nigeria have been extended OL is waiting for the communication of the budget for 2008 for Ethiopia and Uganda in order to finalize the amendments The other MOU will be extended in due course
8	Workplan and budgets submitted for COs	PMD	1 st quarter 2008	AWP/Bs approved by regional directors have been forwarded to PMD front office for 6 COs, AWP/Bs for 5 COs are pending, and for 4 offices no officer has yet been appointed
9	Administrative guidelines for COs issued	FAD	4 th quarter 2007-1 st quarter 2008	Administrative Procedures for IFAD COs issued (PB/2008/05 dated 22 April)
10	Intranet and web-based applications access set-up	FAD	3 rd quarter 2009	<ul style="list-style-type: none"> Web-based management information system solutions accessible to COs being developed Migration of intranet documents to the externally accessible Xdesk being piloted in PF FM coordinator for support to COs appointed
11	Communications kits distributed to COs	EAD	1 st quarter 2008	Standard IFAD information/communication kits dispatched 1 st quarter
12	CPMs outposted	PMD/FAD	1 st quarter 2008	<ul style="list-style-type: none"> Colombia and Viet Nam: outposted, accreditation received Panama: outposted, accreditation pending United Republic of Tanzania: outposting in process, accreditation pending
13	Benchmark information updated for all COs	PMD	1 st quarter 2008	Benchmark indicators identified; update in progress
14	Ensure existing host organization agreements are renewed by 31 December 2007	PMD/FAD		See item 7
15	COs managed by regional divisions	PMD	Continuous	Country presence budgets mainstreamed in divisional budgets; country officers invited to regional retreats, other events including training
16	Induction seminar organized	PMD/FAD	1 st quarter 2008	<ul style="list-style-type: none"> Due to concerns about the cost-effectiveness of a dedicated induction seminar, this activity has been put on hold while alternative and less costly options are being explored Country presence staff routinely participate in divisional retreats and/or regional implementation workshops
17	Headquarters meeting with country staff	PMD/FAD	2 nd quarter 2008	See item 16
18	Performance evaluations conducted	PMD	Midyear	Superseded by PB/2008/05

<i>No.</i>	<i>Action</i>	<i>Responsibility</i>	<i>To be completed by</i>	<i>Progress to 30 September 2008</i>
19	Other training sessions to be provided	PMD/FAD	3 rd quarter 2008	To date three quarters of country presence staff have attended the supervision training
20	Progress reports submitted by COs (semi-annual)	PMD	July 2008	Progress reports for all staffed offices submitted
21	Accounts reconciled	FAD	3 rd quarter 2008	In progress, to be completed by end of October
22	Performance monitoring report prepared and reviewed	PMD/Senior Management	3 rd quarter and 4 th quarter 2008	In progress
23	Estimated costs for 2009 submitted to divisional directors for incorporation into 2009 budget submission (specific budget process guidelines issue in July)	FS/Senior Management	3 rd quarter 2008	Budget process guidelines have been issued
24	Initiate discussions for additional COs	Senior Management	3 rd quarter 2008	Not available

EAD: External Affairs Department

FAD: Finance and Administration Department

FM: Information Technology Division

FS: Strategic Planning and Budget Division

OL: Office of the General Counsel

PF: Eastern and Southern Africa

Status of project portfolio in existing and proposed country offices

Division	Country	Number of projects in the portfolio				Loans and grants amount committed US\$ '000	Projects directly supervised		
		Not signed	Not effective	Ongoing	Total		Not effective	Ongoing	
A. Existing COs									
1	PA	Congo/Democratic Republic of the Congo	1	-	4	5	59 480	1	2
2	PA	Nigeria	1	1	3	5	138 681	2	3
3	PA	Senegal	-	1	5	6	60 647	1	4
4	PF	Ethiopia	-	-	4	4	112 892		2
5	PF	Kenya	-	-	5	5	85 481		5
6	<i>PF</i>	<i>United Republic of Tanzania</i>	-	-	5	5	98 258		5
7	PI	China/Mongolia	-	1	4	5	128 038	1	4
8	PI	India	2	-	6	8	235 379	2	6
9	<i>PI</i>	<i>Viet Nam</i>	-	-	4	4	107 596		4
10	PL	Bolivia/Peru	1	-	1	2	30 421	1	1
11	PL	Brazil	-	1	2	3	78 655		2
12	<i>PL</i>	<i>Colombia</i>	-	-	1	1	20 000		1
13	PL	Haiti	-	1	2	3	50 060	1	2
14	<i>PL</i>	<i>Panama</i>	-	1	1	2	29 200	1	1
15	PN	Egypt	-	-	2	2	34 620		2
16	PN	Sudan	1	-	4	5	106 732	1	4
17	PN	Yemen	-	1	4	5	66 595		1
	Subtotal		6	7	57	70	1 442 735	11	49
B. Upgrade from proxy									
1	PF	Madagascar	1	-	4	5	77 798	1	4
2	PF	Mozambique	1	-	3	4	78 588	1	3
3	PF	Rwanda	1	-	4	5	75 964	1	4
4	PF	Uganda	-	-	6	6	111 901		3
5	PI	Nepal	-	-	3	3	36 007	0	2
6	PI	Pakistan	-	-	7	7	155 850	0	4
7	PI	Sri Lanka	-	-	4	4	79 434	0	3
	Subtotal		3	0	31	34	615 542	3	23
C. Additional COs									
1	PA	Burkina Faso	-	1	3	4	53 364	1	3
2	PA	Ghana	-	1	3	4	65 269	1	2
3	PA	Guinea	-	-	4	4	50 741	0	3
	Subtotal		0	2	10	12	169 374	2	8
	Total		9	9	98	116	2 227 651	16	80

Note: The COs in bold will be led by outposted CPMs beginning 2009. Those in italics are already led by CPMs.

PA: Western and Central Africa

PF: Eastern and Southern Africa

PI: Asia and the Pacific

PL: Latin America and the Caribbean

PN: Near East and North Africa

Framework agreement with UNDP



FRAMEWORK AGREEMENT

Between the

UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)

And the

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT (IFAD)

30 September, 2008

to follow instructions given by the Resident Representative or his or her designate which relate to health, safety or the security of the premises.

4. *Insurance and Disposal of Property*

IFAD shall be responsible for insuring or self-insuring at its own risk, its own property located on the premises. Unless otherwise agreed, IFAD shall arrange for disposal of its own property upon the expiration or termination of this Framework Agreement/Country Level MOU.

5. *Budgetary Matters*

Provision of administrative services stipulated herein, will be implemented based on a full cost recovery basis whereby IFAD agrees to pay UNDP for the services rendered.

6. *Government Agreement*

For the avoidance of any doubt, IFAD shall be solely responsible for making its own arrangements for presence and operations in the country with the Host Country. Any support provided by UNDP to IFAD under a Country Level MOU shall be subject to the agreement of the respective government, which IFAD shall be responsible for obtaining beforehand.

7. *Premises*

UNDP shall permit IFAD to display its institutional logos, signs, plaques, and flags on the premises subject to the terms and conditions of the underlying lease arrangement between UNDP and the landlord, and in accordance with current United Nations Development Group policies and those of the Parties.

II. REIMBURSABLE SUPPORT SERVICES ARRANGEMENTS

1. *Cost Reimbursement Arrangements*

Four different cost reimbursement arrangements and fee systems will regulate the recovery of costs incurred by UNDP country offices and central units in connection with service provision to IFAD further to this Framework Agreement. Such arrangements are as follows:

- a) For locally provided services that due to their nature are provided in standard or uniform fashion across the network of UNDP country offices, the Universal Price List (UPL) shall regulate the recovery of the UNDP country office's costs. The UPL is updated on a yearly basis and is subject to methodological reviews to ensure its effectiveness. The outcome of such reviews might entail price differentials which shall be communicated to IFAD promptly once clarified.
- b) The cost recovery fee for locally-provided services that due to their nature cannot be standardized across different UNDP country offices, or services that vary in scope each time they are provided and that are not included in the UPL (e.g. IT support services, airport pickup, pouch administration, programmatic services, security support), will be specified locally using either prevailing local market prices and best avail. workload estimates and/or cost of input. To the extent possible, these services should be managed through the Common Service Account (CSA), based on local arrangements, similar to arrangements for premises, utilities, security, etc. All ad-hoc/other services, that are neither part of the UPL, nor part of the CSA, will be agreed between

UNDP Resident Representative and IFAD prior to the provision of services and will be recorded in accordance with such agreement locally.

- c) For services that are provided by units other than UNDP country offices, the cost recovery arrangements will be in line with existing mechanisms in use by UNDP. These include the established fees in use to recover the Global Payroll Support costs provided by UNDP Global Payroll Support unit as well as the appropriate portion of the indirect costs provided by the Office of Finance and Administration, the Office of Information Systems and Technology, the Legal Support Office, and the Office of Human Resources providing oversight, monitoring, reporting and policy advice where applicable.
- d) For other ad-hoc services provided by UNDP at IFAD request and detailed in a separate Service Level Agreement (SLA) to be concluded for each service line, the general principle of full cost reimbursement will apply.
- e) All financial transactions relating to services rendered mentioned in section (a) to (d) above will be reported through the monthly Global Service Clearing Account (Fund 12000) report.

To the extent possible, all services rendered by UNDP to IFAD should be paid in advance on a quarterly basis. Also, all service requirements must be planned and/or estimated on a quarterly basis, stated in writing, budgeted, and agreed upon by both parties prior to the implementation of services.

III. Termination and Amendment

1. Termination

This Framework Agreement shall enter into effect upon its signature by both Parties and shall remain valid until terminated. Either Party may terminate this Framework Agreement by giving not less than ninety days notice in writing to the other Party; and such termination shall become effective on the date specified in the termination notice. In the event of termination of the Framework Agreement, both Parties shall co-operate to ensure that all arrangements made hereunder are settled in an orderly manner and that any outstanding liabilities incurred by either Party under this Framework Agreement or under any Country Level MOU are fully covered.

2. Review and Amendment

This Framework Agreement shall be reviewed on an annual basis. The Parties may by exchange of letters amend any of the provisions of this Framework Agreement or enter into supplementary arrangements designed to extend or reduce the scope of the present Framework Agreement.

IV. Other

1. Privileges and Immunities

Nothing in this Framework Agreement, or in any Country Level MOU, or in any document relating thereto, shall be construed as constituting a waiver of privileges or immunities of the United Nations, including UNDP, or IFAD.

WHEREAS UNDP and IFAD have entered into a Memorandum of Understanding, signed on 6 April 1978 whereby the Parties have agreed that "UNDP agrees to place at the disposal of the Fund the services of its Resident Representatives and field offices to assist the Fund as and when it requires assistance in contacts and communications with Governments on loans and grants, or in regard to other types of services and facilities (e.g., common premises and common services) which the Fund may require in the field. The conditions under which UNDP Resident Representatives and field offices shall perform such services for the Fund will be agreed by the Parties from time to time." (Memorandum of Understanding, Article 1, paragraph 1.6), and

WHEREAS IFAD intends to establish Country Offices in certain of its Member States, and UNDP intends to support IFAD in the provision of office space within UNDP's premises and administrative services for such Country Offices further to the MOU of 1978, subject to the general provisions of this Memorandum of Understanding ("MOU") and the specific memorandum of understanding or other agreement(s) (which may include the UNDG/DOCO standard Memorandum of Understanding Concerning the Provision and Use of Common Services) to be entered into between the respective UNDP Country Office and IFAD with respect to the arrangement, further to this Framework Agreement, in each such Country Office ("Country Level MOU");

Now, therefore, UNDP and IFAD hereby agree as follows:

1. General Principles

1. From time to time IFAD may inform UNDP that it wishes to obtain office space and administrative services, including the procurement of goods, equipment and services, for a particular IFAD Country Office. In this regard UNDP plans to assist IFAD in the provision of necessary administrative services, fully taking into account the size and capacity of the UNDP country office, and to this end the Parties shall enter into a Country Level MOU to set forth in detail the arrangements related to UNDP's support for such Country Office, which may include the items referred to in Annex I hereto; in the event of a contradiction between this Framework Agreement and the Country Level MOU, the terms of the former shall prevail. This Framework Agreement shall not apply to the hiring or contracting of staff or non-staff personnel by UNDP for or on behalf of IFAD, nor to services/assistance provided by UNDP with respect to IFAD projects/programmes or financing.

2. Office Space

The office space, excluding common areas (for example, conference rooms), provided by UNDP to IFAD shall be for IFAD's sole use. It shall be located in premises which are provided with the same level of security as other UN agencies on common premises, and IFAD staff and consultants shall enjoy the same access to and, without limiting the foregoing, use of the premises, as staff, consultants and guests of other UN funds, programmes and agencies occupying the premises. UNDP intends to assist IFAD in obtaining equipment and furnishings required for the IFAD office space as specified in the respective Country Level MOU. In this regard IFAD shall abide by UNDP and UNDSS security arrangements as applicable to the particular UNDP country office.

3. Administrative Responsibility

UNDP's Resident Representative shall have full authority for the overall physical management of the premises, including the IFAD office space, and IFAD and its staff and agents shall at all times be obliged

2. *Dispute Resolution*

Any dispute over the interpretation or application of any provision herein contained shall be resolved through negotiations or by such other means as the Parties shall mutually agree.

3. *Liability*

Any liability arising out of UNDP's performance of the functions set forth in this Framework Agreement shall be the responsibility of IFAD, which shall hold harmless and indemnify UNDP against all claims arising therefrom, except for the acts and omissions of UNDP arising from gross negligence or willful misconduct.

4. *Notices and Addresses*

Any notice or other communication under this Framework Agreement shall be in writing and shall be deemed to have been duly given or made when it has been delivered by hand, mail, facsimile or email, as the case may be, by either Party to the other at the appropriate address specified below, or such other address as either Party may hereafter notify in writing to the other Party.

For the Fund:

Assistant President, Programme Management Department
Via del Serafico, 107
00142 Rome
Italy
Fax number: + (39 06) 5043463

For UNDP:

Assistant Administrator and Director
Bureau of Management
One United Nations Plaza
New York, NY 10017
United States of America
Fax number: (212) 906 5364

V. *Entry into Force*

This Framework Agreement may be signed in counterparts, each of which shall be deemed an original and both of which duly executed shall constitute one entire document, and shall come into force on the date ("Effective Date") in which it is duly signed by both parties.




IN WITNESS WHEREOF the duly authorized representatives of the Parties affix their signatures below.

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

for *Léonard Bâgé*
President

Date: *30/09/08*

UNITED NATIONS DEVELOPMENT PROGRAMME

for *Abiko Yuge*
Assistant Administrator and Director
Bureau of Management

Abiko Yuge _____
Date: *30 Sept 2008*

Country office allocations and commitments as at 2 October 2008

Division	Country office (15+2)	United States dollars			Commitments
		Original allocation	Transfers to the allocation for COs	Revised allocation	
PA	Congo/Democratic Republic of the Congo	110 000	-	110 000	120 000
	Nigeria	145 000	-	145 000	135 000
	Senegal	120 000	-	120 000	120 000
	PA CO subtotal	375 000	-	375 000	375 000
PF	Ethiopia	100 000	-	100 000	130 000
	Kenya	100 000	-	100 000	150 340
	United Republic of Tanzania ^a	326 000	-	326 000	341 000
	PF CO subtotal	526 000	-	526 000	621 340
PI	China/Mongolia	129 111	-	129 111	133 651
	India	165 374	-	165 374	201 084
	Viet Nam ^a	275 316	-	275 316	209 856
	PI CO subtotal	569 801	-	569 801	544 591
PL	Bolivia/Peru	98 000	97 727	195 727	77 698
	Brazil ^b	91 000	18 556	109 556	36 477
	Colombia ^a	275 602	-	275 602	316 413
	Haiti	97 956	-	97 956	165 378
	Panama ^a	205 773	-	205 773	216 374
	PL CO subtotal	768 331	116 283	884 614	812 340
PN	Egypt	101 700	-	101 700	106 000
	Sudan	110 500	-	112 657	110 500
	Yemen	80 686	-	80 686	80 686
	PN CO subtotal	292 886	-	292 886	297 186
Total – COs (15+2)		2 532 018	116 283	2 650 457	2 650 457

^a COs led by outposted CPMs.

^b Shifted from Nicaragua/Mexico.

PA: Western and Central Africa

PF: Eastern and Southern Africa

PI: Asia and the Pacific

PL: Latin America and the Caribbean

PN: Near East and North Africa

Estimated costs and budget for country offices

COs by types			Thousands of United States dollars		
			Actual expenditure – pilot phase for 3 years	Revised allocation for 2008	Proposed budget for 2009
A. COs led by nationally recruited staff					
1	PA	Congo/Democratic Republic of the Congo	204	110	120
2	PA	Nigeria	186	145	145
3	PI	China/Mongolia	191	129	95
4	PI	India	175	165	263
5	PL	Bolivia/Peru	228	196	100
6	PL	Brazil	245	110	307
7	PL	Haiti	163	98	153
8	PN	Egypt	209	102	150
9	PN	Yemen	136	81	120
Subtotal for COs led by nationally recruited staff			1 737	1 136	1 452
B. COs led by outposted CPMs in 2009					
1	PA	Ghana (new CO)			235
2	PA	Senegal	202	120	230
3	PF	Ethiopia ^a	235	100	243
4	PF	Kenya	198	100	254
5	PF	United Republic of Tanzania	238	326	490
6	PI	Pakistan (converted from proxy) ^a			88
7	PI	Sri Lanka (converted from proxy) ^a			150
8	PI	Viet Nam	141	275	219
9	PL	Colombia		276	316
10	PL	Panama		206	186
11	PN	Sudan	211	111	338
Subtotal for COs led by outposted CPMs			1 225	1 514	2 749
C. Conversion from “proxy” arrangements to COs led by nationally recruited officers					
1	PF	Madagascar			80
2	PF	Mozambique			80
3	PF	Rwanda			80
4	PF	Uganda			120
5	PI	Nepal			25
Subtotal for COs converted from proxy arrangement					385
D. New COs					
1	PA	Burkina Faso			60
2	PA	Guinea			80
Subtotal for new COs					140
Total			2 962	2 650	4 726

^a Some COs will start in the latter part of 2009. Allocations have been made accordingly.

PA: Western and Central Africa; PF: Eastern and Southern Africa; PI: Asia and the Pacific; PL: Latin America and the Caribbean; PN: Near East and North Africa

A. Classification by nature of lead staff

COs led by nationally recruited staff	1 977
COs led by outposted CPMs	2 749
Total	4 726

B. Classification by type of the COs proposed for 2009

Existing COs	3 728
New COs	375
Converted from “proxy arrangement”	623
Total	4 726

Principles to be applied in implementing IFAD's country presence prior to the submission of and in developing the country presence policy (EB 2008/95/C.R.P.2)

The following text reflects the agreement reached during the Executive Board's deliberations on the Progress report and activity plan for IFAD's country presence. This text was distributed to all Executive Board Directors during the ninety-fifth session as document EB 2008/95/C.R.P.2.

1. In approving the Progress report and activity plan for IFAD's country presence, the Executive Board takes note of the application of the following principles in implementing the IFAD's country presence prior to the submission of and in developing the country presence policy:
 - (i) In establishing country offices, IFAD Management will take into account cost and development effectiveness as two major criteria. IFAD's country offices will remain small, housed within United Nations organizations or international financial institutions. Any further expansion of IFAD's country presence will be undertaken within the agreed benchmark cost ratio as established in IFAD's budget.
 - (ii) Programme size will be the key criterion for establishing country offices, as a larger programme allows for potentially greater contribution. Fragility or weak performance will be used as an additional criterion when the possibility for a specific IFAD contribution can be identified.
 - (iii) Once the number of countries with country offices rises above a certain point, the programme size for each additional country with country presence will decrease. This will imply less cost effectiveness, and application of the law of diminishing returns. Recognizing this, in the country presence policy currently proposed for submission to the Board in 2011, IFAD Management will indicate the minimum portfolio size and non-lending activities required for establishing country offices. Based on the current and projected portfolio over the medium term, the policy will propose the maximum possible number of country offices.
 - (iv) In selecting countries for country presence and establishing country offices, the commitment of the host governments is crucial to success. The host country needs to meet all the legal and logistical requirements of IFAD's country office. In 2009 therefore, while the plan is to establish up to 10 new offices, Management will open fewer if conditions so warrant.
 - (v) IFAD management will continue to address the remaining issues related to human resource management or as they arise during implementation.
 - (vi) In order to respond more effectively to the various contexts in which it operates, IFAD needs to experiment with a number of models and draw lessons that will help in developing its country presence policy. In this light, IFAD Management will experiment further with the subregional office model. Similarly, it will experiment further with accrediting outposted country programme managers to multiple countries. In moving ahead with country presence, IFAD will adopt a gradual approach, drawing as much as possible on lessons learned by the United Nations and other donor agencies. It will continuously monitor and demonstrate cost effectiveness and submit progress reports to the Executive Board annually up to the submission of the country presence policy.
 - (vii) As IFAD's ultimate goal is to assist developing countries to build their capacity, closing country offices will always be an option. The programmatic management support role of the country offices, as opposed to their representational role, also requires that the principle of closing offices when

no longer needed should be maintained. In this light, in presenting a detailed progress report for 2009 and the activity plan for 2010 country presence, IFAD Management will present to the Executive Board a policy note specifying the criteria and circumstances in which IFAD will close a particular country office. This policy note will then be suitably incorporated into the proposed country presence policy.

- (viii) In order to allow for further consolidation of the newly established country offices in 2009, IFAD Management will limit the expansion of country offices to a maximum of three new offices in 2010. In choosing these offices, priority will be accorded to regularizing existing proxy arrangements.
2. IFAD Management will hold an informal seminar for the members of the Executive Board in the latter part of 2009, as a follow-up to the seminar held on 15 December 2008, to discuss some of the key issues, including the exit policy for IFAD's country presence and the possibility of bringing forward the timing of the country presence policy from 2011 to late 2010.