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Enabling poor rural people
to overcome poverty

Progress report and activity plan for IFAD's country presence

Executive Board — Ninety-eighth Session
Rome, 15–17 December 2009

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
CPM	country programme manager
FAO	Food and Agriculture Organization of the United Nations
FPPP	Field Presence Pilot Programme
PMD	Programme Management Department
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 parts II and III of this document, and to approve limited expansion of IFAD's country presence in 2010, as set out in paragraph 58 of part IV of this document.

Progress report and activity plan for IFAD's country presence

I. Introduction

1. IFAD's first country presence initiative, the Field Presence Pilot Programme (FPPP), was approved by the Executive Board in December 2003. Its implementation began in 2004 and continued until 2007. The evaluation of the FPPP found that IFAD's 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. Based on these findings, IFAD Management prepared an activity plan for IFAD's country presence in 2007 (EB 2007/92/R.47). Its goals were broadly: (i) at the country level, to achieve results in relation to the overall country programme; and (ii) at headquarters, to strengthen, upgrade and build systems, business processes and procedures in support of country offices.
2. The Executive Board approved 17 country offices in 2008. The experience in 2008, as reported to the Board in December (EB 2008/95/R.9/Rev.1), was good: all 17 offices were opened, all on the premises of another United Nations agency (United Nations Development Programme [UNDP], Food and Agriculture Organization of the United Nations [FAO] and World Food Programme [WFP]); and all were contributing to project supervision, project design and partnership-building.

In December 2008, IFAD Management submitted to the Executive Board a country presence activity plan for 2009, which proposed upgrading seven "proxy arrangements" into country offices and establishing three additional country offices, thereby taking the total number of country offices to 27 (table 1).

Table 1
IFAD's country offices – at end-September 2008 and end-2009

<i>Type of country office</i>	<i>Number at end-September 2008</i>	<i>Number at end-2009</i>
Led by outposted country programme managers	4	11
Led by nationally recruited officers	13	16
Total	17	27

3. After due deliberations, the Executive Board approved the activity plan for IFAD's country presence in 2009, as contained in EB 2008/95/R.9/Rev.1.
4. In line with the above, this report:
 - (a) Provides an overview of the progress made since December 2008 against objectives set in the 2009 activity plan, including a summary of initiatives taken at headquarters. It reviews the results achieved at the country level in terms of better implementation support, knowledge management, innovation, partnership-building and policy dialogue;
 - (b) Proposes a plan, to be implemented in 2010, for enhancing the effectiveness of and consolidating IFAD's country presence by establishing three additional country offices, bringing the total to 30.
5. The activity plan for 2010 was prepared in line with the decision taken by the Executive Board in December 2008 to limit the expansion of country offices to a maximum of three new offices in 2010. This more limited expansion in 2010 will allow for further consolidation of the country offices established in the past two years.

II. Progress in updating institutional arrangements

6. **Establishment of the country offices.** Of the "original" 17 country offices approved in 2008, all were fully operational in 2009, with the exception of Brazil. For Brazil, a note verbale was sent by IFAD to the Ministry of Foreign Affairs, initiating the process of reaching a host country agreement between the Government and IFAD. An agreement was reached with UNDP for it to administer matters related to the IFAD country office until the signature of the host country agreement with the Government. By agreement with the Government, physical space has been allotted within a governmental building for the IFAD country office. The recruitment process for the country presence officer is expected to be completed by December 2009.
7. **Country programme manager-led offices.** Of the 11 country programme managers (CPMs) posted in country offices by end-2009, four were in post by end-2008 (Colombia, Panama, the United Republic of Tanzania and Viet Nam) and three were added in 2009 (Ethiopia, Kenya and the Sudan). The recruitment process for CPMs in Ghana and Senegal has been completed. These staff members are expected to be outposted in 2010, once host country agreements and accreditation are complete. Recruitment and outposting of staff for offices in Pakistan and Sri Lanka is expected to be completed in 2010. Meanwhile, consultants are working in these offices on behalf of IFAD.
8. **Offices led by nationally recruited officers.** Offices not managed by resident CPMs are led by nationally recruited staff under the supervision of Rome-based CPMs, administered on behalf of IFAD by UNDP, FAO and WFP. Contracts have been issued by these United Nations agencies acting for IFAD. These staff are expected to be contracted directly by IFAD in 2010. Hosting arrangements and recruitment of staff are still under way for offices in Burkina Faso and Guinea.

Institutional and administrative arrangements

9. In August 2009, an amendment to the global framework agreement was signed between IFAD and UNDP, which defines UNDP services for staff directly hired by IFAD. This amendment governs the provision of all administrative support for IFAD country offices hosted by UNDP, including payroll services and other support services for all staff either hired directly by IFAD or contracted through UNDP with service limited to IFAD.
10. As noted in last year's progress report, by virtue of article 10, section 2(a), of the Agreement Establishing IFAD, the Fund enjoys "in the territory of each of its Members such privileges and immunities as are necessary for the exercise of its functions and for the fulfilment of its objective." In the case of the Member States that have acceded to the 1947 General Convention on Privileges and Immunities of the United Nations Specialized Agencies, these privileges and immunities are those specified in the standard clauses of that convention. For countries not party to the 1947 convention, and in some cases for practical reasons (e.g. demands of internal procedures in a country), it will be desirable to enter into bilateral agreements with governments in order to facilitate matters at the working level. In this light, the following progress has been made so far:
 - (a) Host country agreements have been signed with Colombia, the United Republic of Tanzania and Viet Nam. Agreements for Panama and Kenya (United Nations Environment Programme [UNEP] agreement) were signed in 2009. For Rwanda, the date for the signing ceremony is being agreed. Agreements are being finalized for Ethiopia, Peru and the Sudan. Notes verbales have been sent for Brazil, Burkina Faso, the Democratic Republic of the Congo, Ghana, Guinea, Madagascar, Mozambique, Nigeria, Pakistan, Peru, Uganda, Senegal and Sri Lanka.

- (b) In 2009, IFAD completed the accreditation of three additional CPMs: for Kenya, Panama and the United Republic of Tanzania. This brings to five the number of CPMs fully accredited in their host countries (Colombia and Viet Nam received accreditation prior to 2009). Temporary accreditation, pending signature of the host country agreement, has been accorded to the CPM in the Sudan.
- (c) IFAD has entered into 11 host agency agreements with UNDP and two with WFP. Host agency agreements with FAO for the Colombia, Mozambique, Rwanda, United Republic of Tanzania and Viet Nam offices will not be finalized until a framework agreement with FAO is signed. The agreements with UNDP for Panama and the Sudan are pending, as is the agreement with the United Nations Office in Nairobi for the Kenya country office.

Human resources management

11. IFAD decided in the second quarter of 2009 for IFAD to directly contract most of its locally recruited country officers and general service staff (rather than having contracts issued by another United Nations agency). The decision to recruit directly necessitated, inter alia, an amendment to the framework agreement with UNDP (see paragraph 9 above), on the provision of payroll services and on the performance evaluation exercise. Accordingly, the President's Bulletin on administrative procedures for IFAD country offices, issued in April 2008, was amended to allow for IFAD's direct recruitment of country office staff. This new procedure will not only enhance staff morale but also allow IFAD to systematically delegate authority to country office staff. The first direct contract is expected to be issued in December 2009. Staff not directly contracted by IFAD will continue to be recruited by the host United Nations agency with contracts stipulating that service is limited to IFAD.
12. An agreement has been reached with UNDP Copenhagen with respect to payroll administration for nationally recruited staff. Testing began on 1 November 2009, starting with contracts already administered by UNDP, with the aim of extending the service to all other IFAD country-based staff by January 2010. It has also been decided that IFAD will be responsible for the performance management of all its country-based staff.
13. Recruitment of international staff, as outposted CPMs, has been slower than anticipated. The length and complexity of the accreditation process, over which IFAD does not have full control, has contributed to the delay.
14. The internationally recruited professional staff of IFAD will continue to be administered by headquarters. The chapter of the Human Resources Procedures Manual covering internationally recruited outposted staff is being amended, and other sections of the manual specifically addressing the administration of national staff are being prepared. IFAD's Human Resources Policy will also need to be revised.

Training and communication

15. Standard IFAD information/communication kits are regularly made available to country offices. Video conferencing has been used to connect staff in country offices with IFAD headquarters in Rome. This technology has been used to include country staff in some IFAD-wide staff meetings, divisional meetings and regional portfolio reviews. Communication between headquarters and the field has become better but there is still room for improvement.
16. Much of the training/capacity-building of IFAD staff in country offices has consisted of on-the-job coaching, participation in supervision missions, attendance at national or regional workshops and in some cases participation in specific training events. Recently, as part of its regional retreat, the Asia and the Pacific region organized a two-day training event for country-based staff on a variety of topics including the IFAD project cycle and results-based management.

Information technology

17. IFAD systems are increasingly Web-based, allowing access by staff in country offices. The newly developed systems for withdrawal applications (WATS), project status reports (PSR on-line) and reporting results (RIMS on-line) are all available to country offices. IFAD's document and record management systems (SharePoint 2007 and the Electronic Records Management System respectively) are also Web-based, allowing country office staff to store and retrieve documents from the corporate database and to access official records from the corporate repository.
18. Despite increased support to country offices, connectivity remains a challenge in some areas, as does user training. In terms of user training, induction training is offered at headquarters, and an Internet-based learning portal for headquarters and country staff has been rolled out.

Budgeting, accounting and reporting

19. As in 2008, country offices are financed completely from regional divisions' budgets.
20. The country presence planning and monitoring guidelines, issued by the Assistant President, Programme Management Department (PMD), in December 2007, presented the templates to be used to report country office costs. Their use by divisions during 2009 has facilitated the financial reporting of actual administrative costs by country offices.
21. Experience and feedback during the year has revealed that country office budget and accounting procedures can be improved. In 2009, an advisory audit carried out by the Office of Audit and Oversight found that financial reporting from the country offices was adequate, but recommended improvements in account reconciliation and funds transfer from the host agencies.

Management and coordination of country offices

22. The interdepartmental steering committee on country presence chaired by the Assistant President, PMD, was reconstituted in June 2009 to reflect the President's desire that this be an "all-IFAD" effort, not just a PMD initiative. The new Country Presence Coordination Group is jointly chaired by the Assistant President, PMD, and the Assistant President, Financial and Administration Department. It is responsible for coordinating "the planning, implementation and monitoring of critical tasks and activities that are needed in improving the management of IFAD's country presence". It has focused primarily on human resource and administrative issues.
23. Supervision of individual country offices remains the responsibility of the director of the concerned regional division. Country offices are accountable to and work under the line management of the respective regional divisions.

III. Results achieved in programmatic activities

24. The 27 country offices approved by the Executive Board for 2009 cover a total of 31 countries (some offices cover more than one country). These 31 countries contain 120 IFAD projects; 106 ongoing and 14 yet to be declared effective. The 31 countries account for 48 per cent of IFAD's current portfolio in number terms, and 55 per cent in value terms. The average number of projects in the current portfolio per country for "country presence" countries is four, as against an IFAD average of 2.8. Nineteen of these countries have four or more projects. Details of the project portfolios are found in annex I. The numbers suggest that countries have been chosen for IFAD's country presence where IFAD has its most significant initiatives.
25. The results described below are based on progress reports received from 16 country offices, including those headed by the four outposted CPMs. The Brazil office is not reported because, as of this writing, it had not been opened. Reports from newly opened offices have not been included. These reports covered activities from the period 1 July 2008 up to 30 June 2009. It is important to note that the results

achieved by country offices form part of the overall results of the country programme; it is not always possible to differentiate the contributions made by the country office alone.

26. The work programme for each country office is dependent on the requirements of the specific country programme. The main emphasis of the country offices, particularly since the start of direct supervision, has been on programme design and implementation support. In offices in which staff are engaged in sector-wide approaches or are part of the One United Nations Initiative, relatively greater emphasis is placed on partnerships and policy dialogue. The maturity of the country programme also plays a role in determining the mix of activities undertaken by staff in individual offices.
27. Over the period, rising food prices had a marked effect on the economies of many countries, and was mentioned as an important feature of the country context in which all the offices operate. The IFAD country offices were involved to varying degrees in efforts to lessen the negative impact of the price rise on the lives of rural poor men and women. For example, in the Democratic Republic of the Congo, the IFAD country office contributed to the joint note produced under the leadership of FAO on the state of irrigation infrastructure. It also facilitated IFAD's participation in an assessment undertaken by the European Commission on the impact of rising food prices, and proposed recommendations. Similarly, in Senegal, the IFAD country presence officer participated in a joint mission (IFAD/World Bank/FAO/WFP/New Partnership for Africa's Development [NEPAD]) that led to an action plan in response to increased food prices. In Egypt and the Sudan, the country presence officers participated in multi-donor task forces to develop a response to rising prices. Nearly all country presence officers contributed information to IFAD, enabling it to base its interventions on observations from the field.

Programme design and implementation support

28. Country offices devote most of their time to activities related to programme design and implementation support; their role in direct supervision, in particular, has been critical and has allowed IFAD to address implementation issues. This has been greatly facilitated by the presence of IFAD staff in the field. Of the 120 projects in the current portfolio of "country presence" countries, close to 85 per cent are directly supervised by IFAD.
29. During the period under review, staff in the country offices participated in some 90 supervision or implementation support missions, an average of about five per year for each office. The country offices have also worked with project managers to follow up on the agreed actions stemming from such missions. In addition, they also participated in about 20 project design missions and 12 mid-term review missions.
30. The country offices play a facilitation role between line ministries and ongoing IFAD-financed projects; and between IFAD and government. In terms of implementation support, country offices are often involved in prior review of annual workplans and budgets (AWP/Bs), withdrawal applications and procurement documents. They work with project directors to tighten financial management and improve monitoring and evaluation. Follow-up on submission of audit reports is also undertaken by most country offices.
31. In Yemen, the country office worked with government to improve disbursement by reducing government procedures impeding the flow of funds from IFAD to projects. By end-2008, disbursements for two projects increased by an average of nearly 50 per cent. In Haiti, the country office also helped eliminate bottlenecks and improve the flow of funds to IFAD projects. In Viet Nam, the country office has been assisting projects in the preparation of exit strategies, which it recognizes as critical

to the sustainability of project benefits. It has discussed these strategies with government and other key stakeholders.

32. Country offices were also involved in the preparation of results-based country strategic opportunities programmes (RB-COSOPs), of which six were either completed or being completed during 2009. The country offices contributed significantly to the success of the RB-COSOP design through the organization of stakeholder workshops, and through policy dialogues with government and other stakeholders.
33. Pre-project implementation support is also an important function of the country offices. During 2009, nine loans for countries having country offices became effective. The country offices worked to eliminate bottlenecks so that effectiveness conditions could be met. This helped reduce the average period between Executive Board approval and effectiveness, which for these projects was slightly below the average for all projects effective this year (and thus a positive feature); and, in the case of six projects, the period decreased as compared against the average in the respective country's ongoing portfolio.
34. In April 2008, the country office in Kenya established a decentralized loan administration unit to process withdrawal applications for directly supervised projects in the region. The office was fully operational in 2009, and successfully processed all relevant withdrawal applications.

Knowledge management

35. The knowledge management activities of country offices have mainly focused on inter-project exchange of knowledge and experiences. As such, country programme management teams (CPMTs) have been formally established for most of the countries in which IFAD is active. Most frequently, the CPMT is led by the CPM and composed of project directors, country office staff, government officials, other stakeholders and staff from IFAD headquarters. The country offices have organized team-building workshops and annual country programme review workshops.
36. Other initiatives related to knowledge management concern the facilitation of exchanges among projects. In the Gambia and Senegal, for example, networking visits of farmers' organizations from the two countries were arranged to encourage closer ties. In China, a knowledge management workshop was organized, which included a knowledge fair where project staff shared experiences. It also included a one-day workshop to discuss findings of the project completion report. The India office has established a knowledge resource centre and published "portraits of resolve" showcasing success stories from IFAD-funded projects in India. The Panama office circulated a synthesis of experiences with community-based tourism. As part of the Learning Routes Programme, the Peru office facilitated visits of Asian and African participants to South American projects. It also organized a workshop on indigenous peoples attended by a wide cross-section of stakeholders from Latin America.
37. Country offices also have an important role in the project evaluation and completion process. Support was provided by country office staff in China, Ethiopia, India, the Sudan and Yemen for the preparation of project completion reports and for Office of Evaluation reports.

Innovation

38. It is difficult to identify the separate contribution made by country office staff to innovation. Most innovations reported in country office progress reports were at project level and cannot be attributed solely to the country office. There are, however, some notable exceptions.
39. In the Democratic Republic of the Congo, the country officer coordinated with the Agricultural Revival Programme in Equateur Province to introduce technologies proposed by the FAO office in Kinshasa, including those to combat grasshopper

infestations, particularly affecting cassava. The office in Senegal developed partnerships with researchers (the Institute of Food Technology) and the private sector (AGRIDEV) to introduce millet and maize flour for bread.

40. Working with the Masaai community, the Kenya office adapted the farmer field school approach to the livestock value chain to introduce "cows to kilowatts", an innovative programme for producing methane gas for household consumption using dung and bio-waste. The innovation has good potential for scaling up to other pastoralist communities in Kenya and beyond.
41. The office in Panama facilitated a contest for women entrepreneurs focusing on members of indigenous tribes. The contest was widely publicized in the country.

Policy dialogue

42. Policy dialogue needs to build on proven cases and experiences, providing evidence and persuasive success stories to be effective. Country office staff are uniquely placed to fulfil this role. In China, for example, policy dialogue focuses on areas related to project management and implementation and involves regular interaction with the Ministry of Finance. Government and academics organize rural finance-related symposiums, to which the IFAD country office regularly contributes. The India country office has ongoing policy dialogue with state governments and with the national government on issues such as land and forest rights and on policies affecting the "scheduled" areas.
43. Country office staff are routinely requested by government to participate in government-led working groups and meetings. Most offices participate in local thematic groups on agriculture/rural development, and food security. The office in the United Republic of Tanzania plays an active role in policy development in the context of meetings of the Agriculture Sector Development Programme Basket Fund Steering Committee.
44. Country office staff participate in the review and drafting of government rural and agricultural development strategies. In Egypt, the country office has been invited to participate in updating the country's agricultural development strategy. In Nigeria, IFAD was named to the food and agriculture subcommittee formed to chart a new direction for Nigeria's agriculture.
45. IFAD's value added in thematic areas has also been recognized. In the Congo, IFAD was asked to participate in the validation of the national strategy for microfinance. The Fund's views were also sought in Senegal for the national strategy for equity and equality of gender. IFAD's Kenya office has been involved in the development of the domestic horticulture policy and IFAD was asked to take the lead in finalizing the Kenya water and irrigation policy paper. In Colombia, based on the success of the Rural Microenterprise Development Programme, the Government has begun talks on elaborating a rural microcredit policy.

Partnerships

46. Country presence has 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 in most¹ (13) of the country presence countries. Through its country offices, IFAD participated actively in the United Nations Development Assistance Framework (UNDAF) process in 14 countries, in some cases for the first time. During Ethiopia's UNDAF preparation and in the preparation for the consultation meetings of the Comprehensive Africa Agriculture Development Programme, the country officer in Ethiopia was able to present IFAD's strategies for poverty reduction. In Egypt, IFAD is participating in a joint United Nations programme on climate change.
47. Two of the "country presence" countries headed by an outposted CPM are part of the One United Nations Initiative. In the United Republic of Tanzania, as part of the

¹ The United Nations Country Team in Nigeria is composed only of internationally recruited staff, therefore IFAD is not a regular member.

Initiative, IFAD is participating in the development of a joint programme on environment and climate change. Country office staff also regularly contribute to donor thematic groups, including on agriculture, food security and on themes of particular importance to the country programme, for instance, business development services in Kenya and gender in Panama.

48. Other examples of partnerships made possible through country offices include:
- (a) Logistical and technical support provided to the Regional Cassava Processing and Marketing Initiative, which is co-funded by Italy (Nigeria);
 - (b) Appointment of the IFAD CPM to the steering committee of a WFP project, with a view to linking it more firmly with ongoing IFAD initiatives (United Republic of Tanzania);
 - (c) All country offices hold regular bilateral meetings with other United Nations agencies and donors and with representatives of NGOs, civil society and the private sector. These meetings typically focus on exploring synergies among programmes in order to better leverage impact.

Capacity-building

49. The offices also play an important role in capacity-building of country project staff and government counterparts. For example, the Kenya country office has held training sessions on loan administration for the anglophone and francophone countries in the region. There seems to be notable improvement in submission of withdrawal applications as a result.
50. A system for comprehensive reporting on projects was put in place by the Nigeria office, with delivery by project units. Training in appropriate posting of expenditures was also provided to project staff. In Viet Nam, two financial management workshops for project staff were held.
51. The India office established a core group on mainstreaming gender to build gender management capacity in IFAD projects. In China, a gender mainstreaming operational manual was drafted in Chinese for training project staff.

Issues in hosting and logistical arrangements

52. Country officers made a number of observations about internal administrative and hosting arrangements that will need to be addressed. Some of these may necessitate additional investments, both physical and human, on the part of IFAD in its country offices. Many comments highlighted deficiencies in the hosting arrangements in terms of provision of services. These include:
- (a) Unavailability of official vehicles from hosting agencies, especially in countries that require vehicles compliant with minimum operational security standards (MOSS);
 - (b) Inadequate office space, in terms of both size and placement;
 - (c) Lack of timely release of funds and other services from the hosting agencies, including timely availability of financial reports; and
 - (d) Relatively high cost associated with the upgrade of physical structures due to security concerns, often not provided for fully in IFAD's country office budget.
53. Greater country presence has enabled IFAD to fine-tune project and programme design, with quality improvements made over time (see EB 2009/98/R.10, Report on IFAD's Development Effectiveness, paragraph 141). It has also contributed significantly to facilitating the conversion from project supervision by cooperating institutions to direct supervision by IFAD. More importantly, country presence has made it possible for IFAD to draw to a greater extent on human resources locally for supervision. This has contributed to reducing supervision costs, and in the medium and long term, will help build national capacity. Country presence has also helped IFAD to engage in country-level dialogues more effectively, aligning its programmes

with national policies, and thereby building national ownership and leadership. Furthermore, it has facilitated building partnerships and harmonizing efforts with other donors.

IV. Country presence plan for 2010

54. In the light of the above, IFAD Management continues to believe that, in the longer term, the country offices should be expanded to additional countries in order to increase the development effectiveness of IFAD's projects and programmes. That said, IFAD Management will proceed with the expansion of its country offices with care so that the cost of such expansion will be offset by the benefits in terms of enhanced development. IFAD also needs to build adequate capacity in managing and supporting the country offices. Consequently, IFAD Management will continue to observe the following principles in managing its country offices.
55. IFAD's country offices 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. The creation of new country offices will be limited to countries with at least three to four existing and prospective investment projects. Exceptions will be allowed only in cases where the country offices visibly reduce the dependency on consultants for project design and supervision and where operational activities can be managed more effectively in-country. IFAD will maintain options of recruiting both directly and indirectly through United Nations agencies in order to adopt the most cost-effective method for staffing the country offices. For the office space and other logistics, it will rely on sister United Nations agencies, such as FAO, UNDP and WFP, and other international financial institutions.
56. During 2010, IFAD will devote efforts mainly to making arrangements for the administration of country office staff more responsive to their needs. For this reason, an IFAD contract will be extended to all country office staff who have performed well and whose services are required in the medium term (at least three years). In addition, country office management will be made more efficient and cost-effective, mainly by outsourcing services to UNDP and other United Nations agencies. IFAD Management will deepen its experimentation with different models of country presence, in particular subregional offices (as presently exists for Kenya).
57. In the third quarter of 2010, IFAD Management will undertake a self-assessment of its country presence focusing both on operations at the country level and the systems and procedures that support country presence at headquarters. This self-assessment will evaluate the overall performance of IFAD's country presence and distil lessons learned from experiences so far. It will also serve as a major input for the drafting of IFAD's country presence policy, which will be developed and submitted for the consideration of the Executive Board in 2011.
58. In view of the above, IFAD's focus in 2010 will be on consolidating its country presence. IFAD Management therefore propose a limited expansion of country presence in 2010, with IFAD opening only three new offices: in Cameroon, the Philippines and Zambia. Of these, Cameroon will be led by an internationally recruited staff member or an outposted CPM, whereas the Philippines and Zambia country offices will be led by nationally recruited staff.
59. In selecting a particular country for IFAD's country presence, IFAD Management is guided by the Fund's mandate, the needs of poor rural people, and the feasibility and cost-effectiveness of the concerned office. Other criteria, as presented to and agreed by the Executive board in December 2008 (EB 2008/95/R.9/Rev.1), include a request by the government, the size of IFAD's country programme and the conduciveness of the policy and institutional environment.

60. Two of the proposed new country offices (Cameroon and Zambia) have somewhat small investment portfolios, but these are expected to grow substantially over the near term. Cameroon is a fragile state and a country in which IFAD projects have experienced significant implementation problems, in particular vis-à-vis financial management – an area that the country office is expected to strengthen. The donor presence is strong in Zambia, and IFAD’s lack of a formal presence has sometimes created problems with partners. The current portfolio in the Philippines consists of four projects. The Philippine office will also contribute to developing better partnerships and efficiencies with the main regional international financial institution, the Asian Development Bank.
61. The proposed expansion will result in a net increase of three offices, expanding the number of country offices to 30 as summarized below:

Table 2

IFAD’s country offices – existing and new

<i>Type of country office</i>	<i>Number at end-September 2009</i>	<i>Number by end -2010</i>
Led by outposted CPMs	11	12
Led by nationally recruited staff	16	18
Total	27	30

62. In summary, IFAD will have country offices in 30 countries by end-2010. These offices will support about 130 projects with an IFAD commitment of US\$2.5 billion. Country officers based in these countries will be involved in directly supervising almost all of the projects. Sixteen 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, 10 have been identified by various international financial institutions as fragile or weak performers.

A. Budget for 2010

63. As stated in the activity plan for IFAD’s country presence for 2008 (EB 2007/92/R.47, paragraph 48), IFAD has fully integrated the country presence budget into IFAD’s annual budget and this amount is accounted for within the benchmark efficiency ratio.
64. With respect to the cost of country presence, it is important to recall that 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 country offices for 2008 was set at US\$2.65 million; for 2009, it was further increased to US\$4.73 million for 27 offices. In the 2009 budget, 11 country offices are to be led by outposted CPMs. The cost of these country offices is budgeted at US\$2.75 million, while for the 16 country offices led by nationally recruited staff, the cost is budgeted at US\$1.98 million.
65. Of the budget allocated for 2009, about 78 per cent had been committed as at 30 September 2009 (table 3). Overall budget execution has been on target. At the divisional level, the Western and Central Africa region has lagged behind in expenditure due mainly to the delay in outposting CPMs to Ghana and Senegal. As the Haiti country office benefited from allocations carried over from 2008, the Latin America and the Caribbean Division also shows a somewhat lower level of expenditure than expected. The other divisions are on track, or slightly over, resulting in a net on-target expenditure.
66. On the basis of the limited expansion proposed for 2010 and on the experiences gained thus far, the budget estimate for 2010 for country presence has been projected to be about US\$7.27 million. Of the total, about US\$0.51 million will be for the three new offices, a significant part (US\$0.3 million) of which will be for Cameroon, which will be led by an outposted CPM.

Table 3

Country presence budget: revised estimates for 2009 and proposed budget for 2010

<i>Divisions</i>	<i>2009 budget and commitments made as at 30 Sep 2009</i>			<i>Proposed budget for 2010</i>
	<i>Budget</i>	<i>Commitments</i>	<i>Percentage committed</i>	
PA	870	395	45	1 795
PF	1 347	1 324	98	2 918
PI	839	720	86	924
PL	1 061	649	61	887
PN	608	585	96	753
Total	4 726	3 673	78	7 277

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67. Most of the 2010 budget increase compared to 2009 relates to the two divisions serving Africa. First, IFAD's Nairobi office is being developed as a subregional office (SRO), which will provide loan administration services to projects throughout Eastern and Southern Africa. Beginning in 2010, this SRO will also be building technical capacity in critical areas such as access to land. Similarly, since Ethiopia is one of IFAD's largest country programmes and is likely to continue to be so given the large performance-based allocation system (PBAS) allocation for the country, this office will be significantly strengthened under the leadership of an outposted CPM. The country office in the United Republic of Tanzania, with the second largest programme in the region and already led by an outposted CPM, will be strengthened further for the same reason.
68. With respect to Western and Central Africa, enhanced allocations have been made for the Ghana and Senegal offices, both of which are expected to be led by an outposted CPM from early 2010. The allocation for Cameroon follows the establishment of a new country office, proposed to be led by a CPM.
69. The increased total budget allocation for country presence represents a shift of resources away from headquarters to the country level, and not an increase in total costs. Outposting of CPMs result in a higher one-time cost in the first year but may reduce costs in the longer term due to lower staff post adjustment allowances (which are higher in Rome than in most developing countries). Similarly, a significant increase in the country presence cost reflects internalization of direct supervision and therefore represents a shift of costs from cooperating institutions to IFAD country presence.

B. Work programme and monitoring

70. As has been the practice in the past, a detailed work programme has been prepared for each country office, setting out the activities to be carried out during 2010. Similarly, every six months, each country office submits a progress report to the regional division director, through the CPM. In country offices led by nationally recruited staff, activities carried out to date and results achieved vis-à-vis the funds allocated are reported. The AWP/B to the country office is updated, where necessary, taking into account any new requirements of the country programme. The performance of the country offices 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.

V. Recommendation and next steps

71. It is recommended that the Executive Board approve the limited expansion of IFAD's country presence in 2010 as set out in paragraph 58 above.
72. In 2010 IFAD Management will carry out the self-assessment of its country presence, and in 2011 it will prepare and submit to the Executive Board a longer-term strategy for IFAD's country presence, based on the experience accumulated in 2006-2010.

Status of project portfolio in existing and proposed country offices

Region	Country	Number of projects in the portfolio				Investment financing committed (Thousands of Un dollars)	Projects directly supervised		
		Not signed	Not effective	Ongoing	Total		Not effective	Ongoing	
Approved country offices									
1	PA	Burkina Faso		4	4	53 364		4	
2	PA	Congo/Democratic Republic of Congo		1	5	6	82 806	3	
3	PA	Ghana		4	4	65 269		3	
4	PA	Guinea		4	4	50 741		3	
5	PA	Nigeria	1	1	3	5	138 681	2	
6	PA	Senegal/Gambia (The)		1	5	6	60 643	1	
7	PF	Ethiopia	1		3	4	105 908	1	
8	PF	Kenya		5	5	85 481		5	
9	PF	Madagascar		4	4	65 181		4	
10	PF	Mozambique		4	4	78 588		4	
11	PF	Rwanda		5	5	75 960		5	
12	PF	<i>United Republic of Tanzania</i>		1	5	6	54 258	1	
13	PF	Uganda		5	5	98 681		3	
14	PI	China/Mongolia	1	1	6	8	205 189	2	
15	PI	India	1	1	6	8	239 569	2	
16	PI	Nepal		3	3	36 007		2	
17	PI	Pakistan		5	5	126 771		3	
18	PI	Sri Lanka		4	4	61 395		3	
19	PI	<i>Viet Nam</i>		5	5	128 596		5	
20	PL	Brazil		1	2	3	78 655	1	
21	PL	<i>Colombia</i>			1	1	20 000	2	
22	PL	Haiti		3	3	50 060		3	
23	PL	<i>Panama</i>		1	1	2	29 200	1	
24	PL	Peru/Bolivia (Plurinational State of)		2	2	3	49 696	2	
25	PN	Egypt		2	2	34 620		2	
26	PN	<i>Sudan</i>		5	5	106 771		5	
27	PN	Yemen		5	5	66 595		1	
Subtotal			4	10	106	120	2 348 685	13	89
Additional country offices									
1	PA	Cameroon		1	2	3	38 617	1	
2	PF	Zambia			2	2	23 925	2	
3	PI	Philippines	1		3	4	79 526	1	
Subtotal			1	1	7	9	142 068	2	7
Total			5	11	113	129	2 490 753	15	96

Note: The country offices in **bold** will be led by outposted CPMs beginning in 2010. Those in *italics* are already led by outposted CPMs.

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Estimated costs and budget for country offices

(Thousands of United States dollars)

Country offices			Actual cost for 2008	2009 budget and commitments made as at 30 Sep 2009			Proposed budget for 2010
				Budget	Commitments	Percentage committed	
COs led by nationally recruited staff							
1	PA	Congo/Democratic Republic of the Congo	90	120	150	125	314
2	PA	Nigeria	135	145	75	52	150
3	PA	Burkina Faso		60	20	33	80
4	PA	Guinea		80			80
5	PF	Madagascar		80	75	94	80
6	PF	Mozambique		80	81	101	80
7	PF	Rwanda		80	80	100	80
8	PF	Uganda		120	120	100	272
9	PF	Zambia (new)					80
10	PI	China/Mongolia	134	95	95	100	95
11	PI	India	172	263	263	100	211
12	PI	Nepal		25	28	110	29
13	PI	Philippines (new)					128
14	PL	Bolivia (Plurinational State of)	32				97
15	PL	Brazil	44	307	86	28	189
16	PL	Haiti	165	153	15	10	148
17	PN	Egypt	106	150	150	100	173
18	PN	Yemen	61	120	120	100	180
Subtotal for COs led by nationally recruited staff			939	1 978	939	71	2466
COs led by outposted CPMs in 2009							
1	PA	Ghana (new CO)		235			437
2	PA	Senegal	90	230	150	65	437
3	PA	Cameron (new)					297
4	PF	Ethiopia ^a	130	243	244	100	7098
5	PF	Kenya	150	254	275	108	1030
6	PF	United Republic of Tanzania	341	490	449	92	587
7	PI	Pakistan		88	88	100	88
8	PI	Sri Lanka		150	56	37	143
9	PI	Viet Nam	216	219	191	87	229
10	PL	Peru/Colombia	363	416	349	84	260
11	PL	Panama	207	186	198	107	192
12	PN	Sudan	136	338	315	93	400
Subtotal for COs led by outposted CPMs			1633	2 749	2 265	82	4811
Total cost			2571	4726	3 673	78	7277
of which new country offices							505

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

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Note: Any discrepancies in totals are due to rounding.

2009 country presence budget and utilization as at 30 September 2009

	<i>(Thousands of United States dollars)</i>		
	<i>2009 indicative allocations*</i>	<i>Commitments</i>	<i>Utilization (percentage)</i>
Country offices			
Brazil	306.5	85.7	28
Burkina Faso	60.0	20.0	33
China/Mongolia	94.6	94.6	100
Colombia	316.1	299.2	95
Congo/Democratic Republic of Congo	120.0	150.0	125
Egypt	150.0	150.0	100
Ethiopia	242.8	243.8	100
Ghana	235.1	-	0
Guinea	80.0	-	0
Haiti	152.6	15.4	10
India	262.6	262.6	100
Kenya	253.8	274.5	108
Madagascar	80.0	75.3	94
Mozambique	80.0	80.7	101
Nepal	25.1	27.6	110
Nigeria	145.0	75.0	52
Pakistan	88.0	88.0	100
Panama	185.7	198.4	107
Peru	100.4	49.8	50
Rwanda	80.0	80.1	100
Senegal	230.1	150.0	65
Sri Lanka	150.1	56.2	37
Sudan	338.1	315.3	93
Uganda	120.0	120.0	100
United Republic of Tanzania	490.4	449.4	92
Viet Nam	218.9	190.7	87
Yemen	120.0	120.0	100
Subtotal	4 726.0	3 672.5	78
Proxies			
Angola	-	24.4	n/a
Cambodia	-	26.7	n/a
Indonesia	-	21.2	n/a
Malawi	-	37.0	n/a
Philippines	-	3.3	n/a
Syrian Arab Republic	-	48.1	n/a
Zambia	-	49.6	n/a
Subtotal	-	210.3	n/a
Total country presence	4 726.0	3 882.8	82%

* The indicative allocations are based on document EB 2008/95/R.9/Rev.1.