Corporate Level Evaluation of IFAD’s Decentralization Experience 2023
Overarching Evaluation Question:
“To what extent did decentralization contribute to IFAD delivering significantly better development results in an effective and efficient manner?”

Methodology:
**Contribution analysis of IFAD’s country presence**
- Driven by a Theory of Change
- Qualitative and Quantitative (multivariate) Analysis of ‘With and Without ICOs & Before and After ICOs’
Sources of Evidence for Triangulation (Qualitative)

- **Document Review**: Corporate documents, IOE Evaluations, audit reports, project and COSOP documents, evaluations of decentralization of other agencies.

- **15 Case Studies**: Type of ICO - ROs, MCOs, CD-led ICO, CPO-led ICO, No ICO; Age of ICOs; Conditions of fragility.

- **Thematic Deep Dives**: Budget, Human Resources, Knowledge Management.

- **Comparative Study**: Decentralization experience of 7 IFIs and UN agencies.

- **Key Informant Interviews**: 686 IFAD Staff and Stakeholders.

CLE Decentralization 2023
Sources of Triangulation (Quantitative)

Econometric Analysis of Portfolio

All 588 projects completed during 2003-2022

Electronic Survey

807 Responses from IFAD Staff and Client Country Stakeholders
## Distribution of ICO Models (2016 – 2022)

<table>
<thead>
<tr>
<th>Type of ICO</th>
<th>2016</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Office</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Sub regional Hubs /MCO</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>CD-led ICOs</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>CPO-led ICOs</td>
<td>19</td>
<td>8</td>
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<tr>
<td><strong>Total ICOs</strong></td>
<td><strong>40</strong></td>
<td><strong>43</strong></td>
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Main Findings

• Decentralization is the ‘Right thing to do’ to enhance IFAD’s development impact [E-survey: 92% of responding IFAD staff agree]

• IFAD’s leadership was committed to decentralization and established accelerated decentralization as a corporate priority

• Decentralization proved to be a challenge for many IFIs and Agencies

• IFAD not new to decentralization (since 2003). Evidence shows that a number of conditions must be met for decentralization to realize its promise
Weak resource planning and inadequate resources for country programme delivery pose threats to development effectiveness of IFAD support (trade-offs).

**Trade-Offs:**

**Cost of Field Presence and Resources for Country Programme Delivery**

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<tbody>
<tr>
<td>Total cost of field presence ($M)</td>
<td>18</td>
<td>25</td>
<td>29</td>
<td>48</td>
<td>51</td>
<td>52</td>
<td>65</td>
</tr>
<tr>
<td>Total cost of field presence as a share of administrative budget</td>
<td>12%</td>
<td>17%</td>
<td>19%</td>
<td>30%</td>
<td>32%</td>
<td>33%</td>
<td>39%</td>
</tr>
<tr>
<td>Country programme development budget as a share of total administrative budget</td>
<td>59%</td>
<td>53%</td>
<td>52%</td>
<td>52%</td>
<td>51%</td>
<td>49%</td>
<td>47%</td>
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</table>

*Source: IOE Estimates from IFAD budget documents*

**MDBs current values:** World Bank = 59%; IADB = 56%; ADB = 54%; AfDB = 49%
Main Findings - Planning & Implementation

• **Fit-for-purpose of country presence**: Human resources allocation (skills and experience) did not adequately reflect the lessons from past experience.

  [E-Survey: 60% of the respondents disagreed that the numbers, grade, and expertise of staff matched the fundamental responsibilities of ICOs].

• **Value added**: The establishment of Regional and Multi Country Offices were not based on an analysis of value added, feasibility, and full cost estimates.

• **Adaptive management and oversight**: The accelerated decentralization was top-down, not fully responsive to the core concerns of staff, did not allow sufficient time for effective reflection and improvement*, and required stronger strategic Board oversight.

  [E-Survey, 61% disagreed that adaptive management and learning were used to identify, manage and mitigate problems and risks].
Main findings: Staff Well-being

The reassignment process was identified as disruptive and not well-planned. [2019 Lessons Learned Exercise, Decentralization Working Group; 2021 Staff Engagement and Workplace Culture Action Plan Survey; CLE E-Survey, Case Studies – e.g. Egypt]

Accelerated decentralization adversely impacted staff morale. [CLE E-Survey 87% found reassignment to be detrimental; 2022 Global Staff Survey 25% agreed that decentralization had a positive impact on their motivation and engagement]
Main Findings - Contribution Analysis

Qualitative evidence showed country presence can help improve IFAD’s development effectiveness, including in states with conditions of fragility and conflict.

Econometric analysis of completed projects (2003-2022) showed mixed findings when effects of other contributing factors were also taken into account:

- Decentralization increased *international cofinancing* and reduced the time for project startup.
- However, decentralization did not automatically translate into better *efficiency* or *effectiveness* of IFAD operations.
- Operations designed and implemented under OpEx and D2.0 efforts (2017-2024) are yet to be completed/evaluated.
Recommendations to the Management

1. Before proceeding further, **take-stock of experience**, identify and address shortfalls and apply adaptive learning processes to inform future decentralization actions.

2. Ensure that the budget and accounting system **identifies and tracks the costs** of decentralization, to proactively manage any necessary trade-off in the context of a zero real growth budget.

3. Ensure adequate share of IFAD’s administrative budget is allocated to country programme design, implementation and non lending activities, with a clear target.

4. Address the **limitations of human resource management** to achieve better development outcomes through greater consideration of the impact on IFAD operations.

5. Ensure human resource management, policies and practices focus on improving the **well-being of staff**.
Strengthen Executive Board’s **strategic oversight** and guidance for decentralization and subsequent organizational transformations.

- Establish key strategic metrics of progress for major efforts
- Ensure comprehensive, transparent reporting