

IOE



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Independent Office of Evaluation



120th Session
of the
Evaluation
Committee

Corporate Level Evaluation of IFAD's Decentralization Experience 2023

04 April 2023

Overarching Evaluation Question:

“To what extent did decentralization contribute to IFAD delivering significantly better development results in an effective and efficient manner?”

Relevance

Coherence

Efficiency

Effectiveness

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'



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



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)

Type of ICO	2016	2022
Regional Office	1	2
Sub regional Hubs /MCO	2	11
CD-led ICOs	18	22
CPO-led ICOs	19	8
Total ICOs	40	43



- 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 (tradeoffs).

Trade-Offs:

Cost of Field Presence and Resources for Country Programme Delivery

	2016	2017	2018	2019	2020	2021	2022
Total cost of field presence (\$M)	18	25	29	48	51	52	65
Total cost of field presence as a share of administrative budget	12%	17%	19%	30%	32%	33%	39%
Country programme development budget as a share of total administrative budget	59%	53%	52%	52%	51%	49%	47%

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].

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*]



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

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

3
...

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

5
...

Ensure human resource management, policies and practices focus on improving the **well-being of staff**.

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

4
...

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



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