



Investir dans les populations rurales

## Comité de l'évaluation

Cent vingtième session

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# Évaluation au niveau de l'institution 2022 sur l'expérience du FIDA en matière de décentralisation

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### **POUR: EXAMEN**

**Mesures à prendre:** Le Comité de l'évaluation est invité à examiner l'évaluation au niveau de l'institution 2022 sur l'expérience du FIDA en matière de décentralisation.

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## **Évaluation au niveau de l'institution 2022 sur l'expérience du FIDA en matière de décentralisation**

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### **POUR: EXAMEN**

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## Remerciements

La présente évaluation au niveau de l'institution (ENI) a été réalisée sous la direction stratégique d'Indran Naidoo, Directeur du Bureau indépendant de l'évaluation du FIDA (IOE). Fabrizio Felloni, Directeur adjoint d'IOE, a également assuré une supervision stratégique tout au long du processus. L'évaluation était dirigée par Suppiramaniam Nanthikesan, responsable supérieur de l'évaluation (IOE).

IOE exprime sa gratitude aux 692 personnes interrogées et aux 807 répondants et répondantes aux sondages en ligne qui ont donné de leur temps et ont ainsi grandement contribué à créer la base d'éléments factuels sur laquelle repose la présente évaluation. IOE remercie le personnel détaché dans les 15 pays (Bangladesh, Brésil, Burkina Faso, Cambodge, Côte d'Ivoire, Cuba, Djibouti, Égypte, Érythrée, Éthiopie, Kenya, Niger, Panama, Soudan et Viet Nam) où les études de cas ont été menées, ainsi que les responsables gouvernementaux et les membres des unités d'exécution des projets pour leur patience, leur engagement et leur appui dans le cadre de cette évaluation.

IOE souhaite en outre adresser ses sincères remerciements à la direction du FIDA au siège pour ses contributions, ainsi que pour les données communiquées par l'Unité du changement, de la réalisation et de l'innovation, la Division des ressources humaines et le Bureau de la stratégie budgétaire. L'appui indéfectible fourni tout au long de l'évaluation par les divisions régionales du Département de la gestion des programmes a également été vivement apprécié.

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L'appui administratif a été assuré par Federica Raimondo et par Antonella Sisti, adjointes à l'évaluation (IOE). Norah De Falco, Sarah Pasetto et Alexander Voccia, du service d'IOE chargé de la communication en matière d'évaluation, ont contribué aux activités de communication et de rédaction de l'évaluation et les ont supervisées.

Le rapport tient compte des observations formulées par le conseiller indépendant pour l'ENI, Rob D. Van den Berg, ancien Directeur du Bureau indépendant de l'évaluation du Fonds pour l'environnement mondial et professeur invité au King's College (Londres).

# Résumé

## Contexte et justification

1. **Justification.** L'évaluation au niveau de l'institution (ENI) concernant l'expérience du FIDA en matière de décentralisation menée en 2016 a fait le bilan des mesures prises par le Fonds dans ce domaine sur la période 2003-2015. La décentralisation a été ensuite considérablement accélérée et renforcée sous la conduite du Président nommé en 2017. Des cibles et un calendrier de décentralisation ont été fixés: étendre la présence sur le terrain à 50 bureaux de pays du FIDA et détacher 45% des effectifs d'ici à 2024. Le siège du FIDA a été restructuré, et ses pratiques opérationnelles et ses politiques ont été remaniées. La vitesse et l'échelle de la décentralisation depuis 2016 ont entraîné des changements fondamentaux dans la culture organisationnelle et le modèle opérationnel du Fonds, et justifient une deuxième ENI sur l'expérience de celui-ci dans ce parcours. Le programme de travail du Bureau indépendant de l'évaluation du FIDA (IOE) qui prévoyait cette évaluation a été approuvé par le Comité de l'évaluation à sa cent onzième session (octobre 2020).
2. **But.** La deuxième ENI sur l'expérience du Fonds en matière de décentralisation étaiera à la fois les efforts de décentralisation en cours du Fonds et le processus de planification et de prise de décisions en vue de la Treizième reconstitution des ressources du FIDA (FIDA13).
3. **Objectif.** L'objectif général de l'évaluation était de déterminer dans quelle mesure la décentralisation a permis au FIDA de produire de manière efficace et efficiente des résultats améliorés en matière de développement, et de juger de la préparation organisationnelle à cet effet.
4. **Portée.** L'analyse visait à déterminer dans quelle mesure les efforts de décentralisation avaient renforcé l'efficacité et l'efficacité organisationnelles, et contribué à l'amélioration des résultats sur le terrain dans les pays bénéficiaires. L'évaluation a couvert le processus de décentralisation entre 2016 et 2022, au siège comme dans les bureaux de terrain, ainsi que les interventions du FIDA dans ces pays (opérations et programmes d'options stratégiques pour le pays [COSOP]). Étaient pris en compte la stratégie de décentralisation de l'institution et sa mise en œuvre, la planification des ressources financières, l'encadrement et la gouvernance, les délégations de pouvoirs, la structure organisationnelle ainsi que les politiques et pratiques connexes en matière de ressources humaines. Les changements organisationnels opérés entre 2016 et 2022 en rapport avec la décentralisation ont été examinés, notamment ceux concernant la structure interne et les directives et pratiques opérationnelles. Une attention particulière a été portée aux grandes priorités institutionnelles telles que l'intégration des thématiques transversales que constituent le genre, les changements climatiques, les jeunes et la nutrition dans toutes les interventions du Fonds (COSOP et projets), la prise en compte des situations de fragilité et de conflit et la poursuite des activités hors prêts (partenariats, gestion des connaissances et participation à l'élaboration des politiques).
5. Par ailleurs, l'équipe d'évaluation a déterminé les progrès accomplis au regard des insuffisances relevées dans l'ENI de 2016 qui étaient toujours d'actualité. Par exemple, l'ENI de 2016 avait montré que les stratégies précédentes quant à la présence dans les pays, quoique adéquates, tablaient sur des hypothèses irréalistes – à commencer par l'absence d'incidence budgétaire –, que les modalités de présence dans les pays n'avaient pas été pensées suivant une approche institutionnelle normalisée et que l'extension de la présence sur le terrain aurait dû aller de pair avec des réformes au siège. Dans les

recommandations de l'ENI de 2016 figuraient la décentralisation aux bureaux de pays de davantage de fonctions institutionnelles – telles que la gestion financière – et un renforcement des pouvoirs délégués aux directeurs de pays.

6. L'approche de la présente ENI, ses principales constatations et ses recommandations sont résumées ci-après.
7. **Présentation de la méthode.** L'ENI a été menée conformément à la Politique révisée de l'évaluation au FIDA (2021) et au Manuel de l'évaluation (2022). Une méthode reposant sur des critères et un ensemble de techniques qualitatives et quantitatives ont été utilisés. La méthode et le cadre analytique de l'ENI ont été fondés sur quatre des six critères d'évaluation internationalement reconnus de l'Organisation de coopération et de développement économiques, à savoir la pertinence, l'efficacité, la cohérence et l'efficacités. La décision de s'attacher à ces quatre critères a été prise à la lumière des questions principales à traiter dans le cadre de l'évaluation – notamment l'amélioration de l'adéquation des opérations du FIDA aux besoins des pays et leur contribution plus importante à la réduction de la pauvreté rurale et de la faim, les gains d'efficacité, la cohérence des réformes organisationnelles et les fonctions administratives qui appuient la présence dans les pays. Les questions couvertes par l'évaluation ont été formulées en fonction de chaque critère et à partir d'une théorie du changement. Le cadre fondé sur cette théorie a servi de ligne directrice pour la collecte et l'analyse des données ainsi que l'établissement du rapport.
8. **Questions couvertes par l'évaluation.** Le cadre d'évaluation (annexe II) définit les questions qui étaient à traiter dans le cadre de l'évaluation et les sources de données et d'informations. L'équipe d'évaluation s'est efforcée de répondre aux questions ci-après:
  - a) **Question générale de l'évaluation.** Dans quelle mesure la décentralisation a-t-elle permis aux projets appuyés par le FIDA de produire de manière plus efficace et plus efficiente des résultats améliorés en matière de développement?
  - b) **Pertinence.** Dans quelle mesure la décentralisation et son architecture ont-elles joué en faveur d'une meilleure convergence avec les priorités des pays, les besoins des petits exploitants, le programme du système des Nations Unies et la mission de réduction de la pauvreté rurale et de l'insécurité alimentaire assurée par le FIDA?
  - c) **Cohérence.** Dans quelle mesure le Fonds a-t-il adopté un cadre organisationnel et un ensemble de politiques et de procédures cohérents – complétés par une gestion, une direction et une gouvernance solides – pouvant, de manière plausible, opérer une transformation accélérée du modèle centralisé au niveau du siège pour aboutir à une organisation décentralisée?
  - d) **Efficacité.** Dans quelle mesure la décentralisation a-t-elle aidé le FIDA à apporter dans le domaine de l'agriculture et du développement rural des services plus efficaces (activités de prêt et hors prêts) qui ont permis d'obtenir de meilleurs résultats en matière de développement?
  - e) **Efficience.** Dans quelle mesure les coûts de la présence du FIDA sur le terrain ont-ils été gérés et budgétés de manière transparente, permettant ainsi à la décentralisation de contribuer à améliorer l'efficience du Fonds sans risquer de compromettre sa capacité à obtenir dans les pays des résultats de qualité en matière de développement?

9. **Analyse de contribution.** L'équipe d'évaluation s'est attachée à déterminer la contribution de la décentralisation, qui n'est que l'un des nombreux facteurs qui influent sur la réalisation des résultats en matière de développement et sur la gestion des crédits plus importants alloués au titre du programme de travail et du Système d'allocation fondé sur la performance. Une théorie du changement a été élaborée aux fins de l'analyse de la contribution de la décentralisation. L'équipe a pu ainsi déterminer comment la décentralisation pourrait plausiblement contribuer aux améliorations. Les hypothèses initiales relatives aux contributions de la décentralisation et la théorie du changement ont été actualisées durant le processus d'évaluation à partir des éléments factuels recueillis. Ces actualisations ont été réalisées à partir de l'analyse des résultats obtenus « **avec et sans** » **bureau de pays**, et « **avant et après** » **la mise en place d'un bureau dans un pays**, ainsi que par **type de bureau de pays**.
10. Il faudra peut-être des années pour mesurer pleinement la contribution de la décentralisation à l'efficacité des activités de développement (lorsque les projets approuvés entre 2017 et 2022 auront été achevés et évalués), mais plusieurs constats s'offrent déjà à la vue. Comme le montre la présente évaluation, il est essentiel d'examiner et de corriger plusieurs mesures de décentralisation qui ne favorisent pas une bonne performance des opérations financées par le FIDA.
11. **La théorie du changement établit que, si la présence dans les pays est nécessaire pour améliorer l'efficacité des activités de développement, elle ne peut le faire que si elle est adaptée à cette finalité.** Elle l'est lorsqu'elle: i) dispose des ressources financières et humaines nécessaires, et d'un personnel motivé et doté de pouvoirs délégués adéquats; ii) bénéficie d'un appui suffisant et approprié du siège; iii) affiche une direction forte et visible, et un engagement à assurer une gestion adaptative, y compris dans les situations de crise.
12. **Association de plusieurs méthodes et triangulation.** L'équipe d'évaluation a fait appel à un ensemble de techniques qualitatives et quantitatives, notamment une analyse quantitative des données du FIDA et des notes attribuées par IOE, un sondage en ligne, des examens de documents, des entretiens semi-directifs avec des informateurs clés, 15 études de cas portant sur un pays ou un projet, et une analyse de thèmes définis (budget lié à la décentralisation, ressources humaines, gestion des connaissances, situations de fragilité ou de conflit et expériences en matière de décentralisation d'organisations comparables, par exemple). Elle a procédé à des recoupements des éléments factuels recueillis au moyen de différentes méthodes et auprès de différentes sources pour s'assurer que les constatations, conclusions et recommandations étaient solides et bien étayées par les données de l'évaluation.
13. **Limitations.** Du fait du manque de données quantitatives fiables et appropriées, il s'est avéré difficile d'évaluer les produits intermédiaires ou des produits tels que la qualité initiale des projets et la probabilité que ces derniers atteignent les cibles fixées. Pour remédier à ce problème, l'équipe d'évaluation a complété l'analyse quantitative avec plusieurs méthodes qualitatives (études de cas, entretiens avec les parties prenantes, etc.) et les a recoupées pour dégager d'autres éléments probants. L'analyse économétrique rigoureuse est venue en outre étayer ces données, et offre un cadre solide pour les futures analyses de l'ensemble des effets de la décentralisation qui seront réalisées une fois que toutes les informations nécessaires seront disponibles.

## A. Principales constatations

14. Les principales constatations et recommandations de cette évaluation tiennent compte du fait que la décentralisation s'est heurtée à des contraintes inhérentes au contexte. Les difficultés rencontrées par le FIDA et d'autres institutions financières internationales (IFI) et organismes des Nations Unies ayant lancé un processus de décentralisation ont également été prises en considération. Ces organisations ont dû composer avec le mécontentement de membres du personnel, des problèmes transitoires et une estimation *ex ante* des coûts de la décentralisation. S'agissant du FIDA, la pandémie de COVID-19 a entraîné des problèmes supplémentaires au cours de la mise en œuvre de la décentralisation 2.0 et du redéploiement de membres du personnel sur de nouveaux lieux d'affectation.
15. L'équipe de l'ENI a tenu compte de ces facteurs et a déterminé leur incidence sur les mesures de décentralisation prises depuis 2016. Cela étant, cette incidence a été en partie compensée par la longue expérience constituée par le FIDA en matière de décentralisation depuis 2003, les résultats de l'ENI de 2016 relative à la décentralisation, les retours d'information reçus à l'occasion des bilans établis par la direction et les orientations régulières procurées par le Conseil d'administration. Consciente qu'il n'est pas envisageable d'élaborer un schéma *ex ante* pour un processus aussi complexe, l'équipe d'évaluation a cherché à déterminer dans quelle mesure une planification stratégique globale avait été maintenue pour permettre au FIDA de mieux anticiper, gérer et atténuer les risques stratégiques liés à sa décentralisation accélérée.
16. **La décentralisation est largement considérée, au niveau du Conseil d'administration, de la direction et du personnel, comme une étape nécessaire** pour améliorer les résultats en matière de développement sur le terrain. La présence dans les pays rapproche le FIDA des bénéficiaires et des pouvoirs publics, renforce les partenariats avec les autres acteurs du développement et accroît la pertinence du Fonds et son efficacité en matière de développement. Cela a été confirmé par les études de cas réalisées pour cette évaluation, les réponses au sondage en ligne de l'ENI et les retours d'information recueillis dans le cadre des entretiens, et un certain nombre d'évaluations conduites par IOE. Les banques multilatérales de développement et d'autres organismes des Nations Unies, y compris ceux qui ont leur siège à Rome, sont parvenus à des conclusions similaires. Les éléments factuels mis en évidence par l'évaluation confirment que, sur le plan stratégique, la décision de poursuivre la décentralisation du FIDA était pertinente. L'équipe d'évaluation a toutefois constaté des problèmes et des points faibles dans la planification et la mise en œuvre de la stratégie de décentralisation accélérée du Fonds, lesquels compromettaient l'objectif stratégique d'amélioration des résultats obtenus sur le terrain.
17. **Les mesures de décentralisation prises par le FIDA depuis 2016 prévoyaient des changements d'une ampleur inédite dans des délais très courts (2017-2024) comparés à ceux de la phase précédente (2004-2016).** La stratégie de décentralisation ambitionnait de faire passer à 45% la proportion de membres du personnel détachés d'ici à 2024. Elle a donné lieu au détachement de 27% des membres du personnel sur une période de huit ans. Au cours de la période précédente, qui avait duré 14 ans (2003-2016), le FIDA avait détaché 18% de son personnel.
18. Le Fonds a connu de profonds changements organisationnels depuis 2016 du fait des mesures qu'il a prises pour passer d'un modèle centralisé au niveau du siège à une organisation décentralisée. La proportion de son personnel détaché est passée d'une valeur de référence de 18% en 2016 à 39,6% en 2022. Le FIDA a également restructuré ses bureaux de pays en déplaçant 2 bureaux régionaux sur le terrain, en créant 11 bureaux multipays (il



n'existait que 2 pôles sous-régionaux en 2016), en faisant passer le nombre de bureaux de pays dirigés par un chargé ou une chargée d'appui au programme de pays de 19 à 7, et celui des bureaux dirigés par un directeur ou une directrice de pays de 18 à 22, et en lançant des réformes organisationnelles (restructuration du Département de la stratégie et des savoirs et du Département de la gestion des programmes, par exemple). Le Fonds a par ailleurs réorganisé les processus opérationnels, les procédures et le cadre de délégation des pouvoirs et de responsabilité pour appuyer une organisation décentralisée. Ces changements ont été le fruit du travail assidu des petites unités mises en place pour coordonner les activités relatives à l'excellence opérationnelle au service des résultats (OpEx) et la décentralisation 2.0 – l'équipe OpEx et l'Unité du changement, de la réalisation et de l'innovation pour la décentralisation 2.0, par exemple. **La présente évaluation fait ressortir le temps et les efforts importants investis par ces unités, ainsi que le dévouement et l'engagement de leur personnel.**

19. **Le Président du FIDA en poste entre 2017 et 2022 et la haute direction se sont investis dans la décentralisation, et ont donné l'impulsion nécessaire pour que l'accélération de ce processus devienne une priorité institutionnelle.** Transformer le FIDA en une organisation totalement décentralisée était l'une des principales promesses de campagne du Président à l'époque. La nouvelle équipe de direction a ensuite défini un calendrier et une cible de détachement de personnel et créé un groupe de travail pour mettre en œuvre le programme de décentralisation. Ces mesures ont abouti à des changements institutionnels fondamentaux au FIDA.
20. **En pratique, la décentralisation s'est révélée être un processus impulsé par la hiérarchie, au cours duquel les préoccupations des membres du personnel n'ont pas été pleinement entendues, et qui n'a pas été correctement éclairé par les expériences d'autres IFI ou organismes des Nations Unies.** Des bilans ont été dressés durant l'OpEx et à mi-parcours du processus de décentralisation 2.0, et les décisions majeures ont été communiquées aux membres du personnel lors de réunions-débats, dans des blogs et dans des notes/circulaires. Cependant, aucune stratégie de communication bidirectionnelle efficace n'a été mise en place. Le personnel d'encadrement, en haut et au milieu de la hiérarchie, a eu le sentiment que ses retours d'information influençaient certaines décisions, mais que les principaux problèmes n'étaient pas traités de manière adéquate. Le sondage en ligne a montré que, après cinq années de décentralisation accélérée du FIDA, les membres du personnel restaient divisés en deux parts égales sur la question de savoir si la direction leur communiquait en amont des informations pertinentes concernant la décentralisation et si elle prenait au sérieux leurs observations. Des problèmes similaires sont ressortis des études de cas et des entretiens menés avec des informateurs clés. Cette constatation amène à s'interroger sur les mesures mises en place pour susciter une large adhésion au sein des membres du personnel et vaincre leurs résistances à l'accélération de la décentralisation. Le FIDA n'est certes pas totalement comparable aux autres organismes compte tenu de sa taille et de son mandat, mais il n'a pas bien étudié les approches et stratégies utilisées par d'autres face à des défis similaires liés à la décentralisation (pratiques de réinstallation et de réaffectation du personnel, par exemple).
21. **La planification insuffisante des ressources et le financement inadéquat alloué à l'exécution des programmes de pays compromettent l'efficacité du FIDA en matière de développement.** La décentralisation a des incidences budgétaires, or la croissance du budget

administratif du FIDA a été presque nulle en termes réels au cours de la période considérée. Des arbitrages difficiles sont devenus de ce fait inévitables pour poursuivre la décentralisation. Pour évaluer et concilier ces arbitrages, il a été nécessaire de mieux suivre les coûts liés à la présence sur le terrain. Cependant, le FIDA ne dispose pas encore d'un système permettant de collecter de manière régulière et de communiquer de façon transparente dans ses documents budgétaires annuels les coûts progressifs détaillés de sa présence sur le terrain. Dans ce contexte, la part du budget administratif disponible pour les services de base aux pays bénéficiaires (appui à la conception et à la mise en œuvre des opérations du FIDA et des activités hors prêts, par exemple) a fortement diminué, passant de 59% en 2016 à 47% en 2022, soit une valeur inférieure au niveau de référence de 50% des IFI. Les conséquences de cette diminution sont ressorties des études de cas, qui ont montré que les bureaux de pays ne disposaient pas de ressources adéquates pour fournir ces services de base. Les réponses au sondage en ligne ont confirmé cette constatation. Le budget 2023 (approuvé en décembre 2022) marque une tentative de remédier à cette situation.

22. **La création des bureaux régionaux et des bureaux multipays était insuffisamment justifiée et reposait sur un argumentaire dont l'analyse n'était pas convaincante.** La création des bureaux de pays se justifiait sans mal, mais l'argumentaire en faveur du déplacement des bureaux régionaux ne reposait pas sur une analyse adéquate. S'agissant des bureaux régionaux, l'analyse de la justification, des fonctions et de la structure nécessaire (taille et composition) ne faisait pas clairement apparaître la valeur ajoutée ni le rapport coût-efficacité. Dans la justification des bureaux multipays, il manquait également une argumentation précisant dans chaque cas la valeur ajoutée et le rapport coût-efficacité, notamment à la lumière de l'ouverture récente des bureaux régionaux pour l'Afrique orientale et australe et pour l'Afrique de l'Ouest et du Centre.
23. **Les éléments qualitatifs dont on dispose indiquent que la présence dans les pays peut aider à renforcer l'efficacité du FIDA en matière de développement, notamment dans les États présentant des situations de fragilité ou de conflit.** Plusieurs études de cas, notamment celles concernant des bureaux de pays qui existent depuis de nombreuses années (Kenya, Soudan et Viet Nam, par exemple), ont montré que la présence sur le terrain: i) favorisait une meilleure prise en compte des priorités des pays et des conditions locales dans les COSOP et la conception des projets; ii) renforçait la supervision de l'exécution des projets; iii) facilitait l'établissement de liens avec les organisations bénéficiaires et les organismes publics infranationaux; iv) entraînait une augmentation du nombre de partenariats aux niveaux national et infranational; v) renforçait le rôle du FIDA au sein des équipes de pays des Nations Unies et de la communauté des donateurs locaux; vi) accroissait la participation à l'élaboration des politiques. Ces différents facteurs devraient en principe favoriser de meilleurs résultats sur le terrain et influencer les pratiques et les politiques des pouvoirs publics. Les constatations issues des études de cas ont été largement corroborées par les réponses au sondage en ligne.
24. **Comme dans le cas de la Banque mondiale, l'analyse quantitative aboutissait à des constatations contrastées s'agissant de la contribution de la décentralisation à l'amélioration de l'efficacité en matière de développement lorsque l'incidence d'autres facteurs était prise en compte.** L'analyse de régression à plusieurs variables a montré que, à mesure qu'ils accumulent de l'expérience, les bureaux de pays contribuent à la mobilisation de cofinancements internationaux et à un démarrage plus rapide des projets. Cependant, l'analyse à plusieurs variables met également

en évidence que le fait d'avoir une présence sur le terrain n'aboutit pas nécessairement à honorer la promesse de la décentralisation – à savoir renforcer l'efficacité des activités de développement. Les études de cas et les réponses au sondage en ligne révèlent des préoccupations quant au risque que certains facteurs associés à l'accélération de la décentralisation (rotation du personnel, inadéquation des effectifs, et fonds insuffisants pour la préparation des projets, la supervision ou les activités hors prêts, par exemple) nuisent à l'efficacité du FIDA en matière de développement.

25. **Pour améliorer l'efficacité des activités de développement, la présence dans les pays doit être adaptée à l'objectif visé. L'allocation de ressources humaines adéquates pour la décentralisation ne tenait pas pleinement compte des enseignements tirés de l'expérience passée quant à la nécessité de veiller à ce que les bureaux de pays soient adaptés à l'objectif visé.** L'augmentation du nombre de membres du personnel détachés n'aboutit pas nécessairement à une amélioration de l'efficacité des activités de développement. Les études de cas portant sur les bureaux de pays établis de longue date ont permis de constater qu'un personnel bien qualifié, expérimenté et motivé, et doté de ressources financières adéquates était essentiel pour encourager la prise en main par les pays, nouer des partenariats favorisant l'obtention de résultats et appuyer la préparation et la supervision des activités des projets et des activités hors prêts afin de mener à bien des projets à fort impact dans le cadre d'un petit bureau de pays.
26. Les études de cas ont décrit les rôles clés joués par les chargés d'appui au programme de pays recrutés au niveau national et les directeurs de pays recrutés au niveau international, ainsi que l'expérience et les compétences qui leur permettent de mener des activités de développement efficaces. Les compétences nécessaires pour remplir la mission et les engagements du FIDA dans les pays hôtes n'apparaissaient pas dans le système de mesure. En outre, le FIDA a fait face à la perte d'un nombre important de directeurs de pays expérimentés et à l'arrivée de nouveaux directeurs qui venaient de rejoindre l'organisation. La présence sur le terrain a également pâti des longs délais nécessaires pour pourvoir les postes vacants et de la lenteur du processus de nomination du personnel administratif. Le calendrier et l'approche logistique suivis dans le cadre des réaffectations ont perturbé les membres du personnel et leur famille, affecté le moral du personnel et désorganisé les opérations du FIDA.
27. Malgré le quadruplement de la taille du Département de la stratégie et des savoirs depuis 2016, le déploiement d'une masse critique de personnel technique pour apporter l'appui nécessaire aux bureaux de pays continuait de poser problème dans de nombreux endroits, et la capacité du département à renforcer les activités hors prêts dans ces bureaux et à encourager la gestion des connaissances au sein de l'organisation restait limitée.
28. **La gestion et l'apprentissage adaptatifs fondés sur des éléments factuels n'étaient pas suffisamment intégrés dans le processus de décentralisation.** Le FIDA n'a pas réussi à anticiper et à résoudre de manière adéquate les défis et problèmes cruciaux qui se sont posés pendant la mise en œuvre. Le processus de décentralisation comprenait des mesures destinées à recevoir des retours d'information, mais les problèmes étaient résolus au coup par coup, suivant une procédure fragmentée et insuffisante en cas de défi majeur. Tant du point de vue des cibles que des échéances, la barre était placée trop haut, ce qui limitait les possibilités de réfléchir, d'apprendre et de corriger le tir. Pour 61% des membres du personnel du FIDA ayant répondu au sondage en ligne, le Fonds n'utilisait pas la gestion et

l'apprentissage adaptatifs pour repérer, prendre en compte et atténuer les problèmes et risques cruciaux.

29. **Au cours du processus de décentralisation 2.0, il a peu été question de systématiser des valeurs** (accent mis sur les résultats, esprit de collaboration, volonté d'amélioration permanente, par exemple), **politiques, pratiques et méthodes de travail telles que le FIDA, tel que restructuré et décentralisé, puisse assurer de manière efficace ses services de base.** Il aurait fallu pour cela privilégier et intégrer des valeurs, méthodes de travail et mesures d'incitation appropriées dans les processus fondamentaux, notamment dans le cadre de l'entrée en fonction, de la gestion de la performance et du système de récompense, de l'encadrement et du recrutement. Or, vu la petite taille des bureaux, cette démarche aurait été du plus grand intérêt, car un seul départ (rotation ou réaffectation) peut nuire à la capacité du FIDA à atteindre ses objectifs pour le pays en matière d'activités de prêt et d'activités hors prêts, notamment si le poste reste longtemps non pourvu. L'application systématique des valeurs, des connaissances internes et des méthodes de travail nécessaires peut contribuer à atténuer les risques liés à la perte et/ou au remplacement de membres du personnel dans les bureaux de pays et à maintenir la présence du FIDA avec des perturbations minimales ou nulles, et à offrir ainsi aux parties prenantes clés et aux bénéficiaires un appui constant du Fonds, indépendamment des membres du personnel du bureau de pays qui assurent les services.
30. **Un renforcement de la surveillance exercée par le Conseil d'administration était nécessaire pour aider à orienter les mesures destinées à accélérer la décentralisation.** Il est généralement admis que la décentralisation du FIDA a des incidences budgétaires, mais qu'elle est menée dans un contexte de croissance nulle du budget administratif. Le FIDA et le Conseil d'administration doivent examiner de manière réaliste les ressources supplémentaires à mobiliser pour financer cette mission et les domaines dans lesquels il pourrait être nécessaire de faire des coupes à cette fin. Le Conseil d'administration et la direction du Fonds ne se sont pas encore concertés sur ce point.
31. Le rôle de surveillance de la décentralisation 2.0 dévolu au Conseil d'administration s'est renforcé sur la période couverte par l'évaluation, notamment depuis décembre 2021. Le rôle du Conseil d'administration est d'apporter des orientations stratégiques et de demander des comptes au Président et à la haute direction. Cependant, le Conseil d'administration n'a pas été en mesure d'assurer une surveillance et un encadrement plus ciblés du fait de l'absence de communication d'informations globales sur l'état d'avancement de la décentralisation. Les informations requises comprendraient un budget qui intègre de manière transparente le coût du programme de décentralisation dans son ensemble, des indicateurs stratégiques assortis d'un calendrier précis pour le suivi des progrès accomplis au regard des cibles en matière de décentralisation, un examen exhaustif des arbitrages nécessaires pour réaliser les gains d'efficacité souhaités et maintenir un budget à croissance nulle et des rapports ciblés consacrés aux problèmes stratégiques examinés par le Conseil d'administration et aux solutions envisagées. La plupart de ces points ont été mentionnés dans les décisions relatives à la décentralisation et au budget prises durant la cent trente-quatrième session du Conseil d'administration (décembre 2021, annexe VII).

## **B. Recommandations**

### **B.1. Recommandations adressées au Président et à la haute direction**

32. **Recommandation 1. Avant d'aller plus loin, le FIDA devrait dresser le bilan de ses mesures de décentralisation afin d'ajuster le processus de décentralisation 2.0. Dans cette optique, il lui faudra déterminer les insuffisances et y remédier, et mettre en place des processus d'apprentissage adaptatif pour éclairer les futures mesures de décentralisation.**
- Le FIDA devrait évaluer la valeur apportée à ses fonctions essentielles par chaque type de présence dans le pays (bureaux de pays dirigés par un chargé ou une chargée d'appui au programme de pays, bureaux dirigés par un directeur ou une directrice de pays, bureaux multipays et bureaux régionaux) et par la décentralisation d'autres fonctions (au sein du Département de la stratégie et des savoirs et de la Division des services de gestion financière, par exemple).
  - Dans le cadre de ces évaluations, il faudrait chercher à mieux s'assurer que les bureaux régionaux et les bureaux multipays se justifient, et à déterminer si leurs modèle, taille et dotation en personnel sont cohérents ou non avec les enseignements tirés de l'expérience passée s'agissant de l'amélioration des résultats obtenus en matière de développement. Le FIDA ne devrait élargir ce modèle aux autres régions qu'à l'issue d'une évaluation approfondie. À l'avenir, il faudra réaliser ce type d'évaluation régulièrement afin d'apporter les ajustements nécessaires en fonction des problèmes qui se feront jour. Les résultats de ces évaluations devront être examinés avec le Conseil d'administration.
  - Si le modèle des bureaux régionaux apparaît justifié à la lumière de ladite évaluation, il faudra clairement établir et appliquer sur cette base certains paramètres quant à la composition, à la taille, au rôle et aux compétences de ces bureaux, et à leurs relations avec les bureaux de pays et les bureaux multipays.
33. Les critères de répartition des présences dans un pays doivent expressément comprendre l'engagement et les priorités des pouvoirs publics, tels qu'ils ressortent des politiques de développement rural du pays et des stratégies relatives à la petite agriculture. En cas de variation claire et durable de ces priorités et de cet engagement au niveau national, le FIDA pourra être amené à reconsidérer le modèle de bureau de pays.
34. **Recommandation 2. Élaborer un budget et un système de comptabilité permettant de répertorier et de suivre les coûts de la décentralisation.**
- Le FIDA devrait générer des données à l'appui de la prise de décisions sur les dépenses supplémentaires, à mettre en rapport avec le coût total de la présence sur le terrain.
  - Le FIDA devrait intégrer de manière transparente dans les documents budgétaires les projections des futurs coûts de la présence sur le terrain issues de documents établis spécialement à cette fin.
  - Le FIDA devrait communiquer et suivre séparément le coût total de la présence sur le terrain dans les documents budgétaires annuels.

35. **Recommandation 3. Veiller à ce qu'une part adéquate du budget administratif du FIDA soit allouée à la conception des programmes de pays, à leur mise en œuvre et aux activités hors prêts, avec une cible claire.**
- La part du budget administratif allouée à la conception des programmes de pays, à leur mise en œuvre et aux activités hors prêts devrait se situer au moins dans la moyenne des ratios correspondants des autres IFI.
  - Le FIDA devrait évaluer les fonds nécessaires pour concevoir et mettre en œuvre ses interventions (COSOP et opérations), de manière à éviter de potentielles incidences négatives sur la qualité des résultats qu'il obtient dans le contexte de pays présentant ou non des situations de fragilité ou de conflit.
  - Le FIDA devrait proposer des moyens d'améliorer encore la hiérarchisation et la fourniture d'orientations et d'un appui pour les activités hors prêts. Ces mesures devraient tenir compte des limitations des approches existantes, comprendre des options permettant de faire en sorte que le financement soit plus assuré, et veiller à une participation adéquate et plus structurée du Département de la stratégie et des savoirs et du Département de la gestion des programmes.
36. **Recommandation 4. Remédier aux limitations de la gestion des ressources humaines afin d'obtenir de meilleurs résultats en matière de développement, en prenant davantage en considération l'impact sur les opérations du FIDA.**
- Il conviendrait de déterminer les facteurs cruciaux qui améliorent l'efficacité du fonctionnement des bureaux décentralisés (notamment la réduction des taux de vacance de poste), de veiller à ce que les directeurs de pays et autres membres du personnel recrutés disposent des compétences, de l'expérience et du profil appropriés, de renforcer les processus d'orientation et de perfectionnement des compétences de manière à mettre en place les facteurs essentiels mentionnés ci-dessus, en faisant appel à des modalités plus interactives et d'intégrer ces facteurs dans les pratiques habituelles dans le domaine des ressources humaines.
  - Le Département de la stratégie et des savoirs, tout en contribuant à l'appui à la conception et à la mise en œuvre des opérations et des COSOP du FIDA, doit également soutenir de manière prioritaire les mesures prises par le Département de la gestion des programmes pour renforcer les activités hors prêts dans les pays bénéficiaires et promouvoir la gestion des connaissances à l'échelle mondiale et au sein du Fonds.
  - Le Département de la gestion des programmes doit informer clairement les directeurs de pays de leur rôle d'interlocuteur de la Présidence dans le pays et renforcer les mesures prises pour les doter des compétences nécessaires pour mener des activités hors prêts telles que la participation à l'élaboration des politiques et l'établissement de partenariats, et pour assumer les responsabilités supplémentaires résultant des délégations de pouvoirs plus importantes.
37. **Recommandation 5. Veiller à ce que la gestion des ressources humaines et les politiques et pratiques dans ce domaine tendent à améliorer le bien-être des membres du personnel.**

- Le FIDA devrait revoir l'approche en matière de réaffectations et la fréquence de ces dernières pour éviter autant que possible de perturber ses opérations. Il devrait tenir compte, dans le calendrier, la coordination et l'appui logistique apporté aux membres du personnel, de l'incidence des réinstallations sur ces derniers et leur famille.
- Le FIDA devrait mettre en place des stratégies de communication efficaces pour favoriser une plus grande adhésion du personnel aux décisions relatives aux processus de décentralisation et de réaffectation. Les stratégies de communication doivent viser à augmenter à la fois la quantité et la qualité des messages destinés aux membres du personnel et à permettre des échanges bidirectionnels.
- Le FIDA devrait remédier au déséquilibre vie professionnelle-vie privée lié aux délais nécessaires pour pourvoir les postes vacants et à la culture centrée sur le siège. Dans cette optique, le Fonds devrait revoir les hypothèses utilisées dans les outils de planification dynamique des effectifs, pourvoir plus rapidement les vacances de poste engendrées par la nature cyclique des réaffectations, en s'appuyant sur la durée d'affectation standard; s'attacher à institutionnaliser une culture organisationnelle qui considère le FIDA comme une organisation décentralisée qui opère sur plusieurs fuseaux horaires et dans différents contextes nationaux.

## **B.2. Recommandation adressée au Conseil d'administration**

### **38. Recommandation 6. Renforcer la surveillance stratégique et l'orientation assurées par le Conseil d'administration concernant la décentralisation et les transformations organisationnelles qui en découlent.**

- Il conviendrait que le Conseil d'administration renforce sa surveillance stratégique en demandant à la direction de: i) suivre les progrès accomplis au regard du changement organisationnel à l'aide d'indicateurs stratégiques définis, associés à des cibles claires et assorties d'un calendrier; ii) relier de manière transparente le coût des transformations organisationnelles aux budgets; iii) donner la preuve que des ressources adéquates sont disponibles pour mener à bien la mission de décentralisation dans son ensemble et fournir une analyse transparente des arbitrages stratégiques, notamment ceux qui touchent les services de base du Fonds (appui approprié à la conception, à l'exécution et à la supervision des COSOP et des projets, et aux activités hors prêts, par exemple).
- Il faudrait demander au Président et à la haute direction de rendre des comptes, en assurant le suivi de la direction stratégique de la décentralisation et des futures transformations organisationnelles, des questions connexes de gestion des ressources humaines, de l'adhésion des membres du personnel et de leur moral, et de la gestion adaptative – en prenant en considération la totalité des changements majeurs en vue d'évaluer les synergies ou les domaines dans lesquels on constate des incohérences internes.
- Il conviendrait de demander à la direction d'établir des rapports ciblés consacrés aux problèmes stratégiques liés à la mise en œuvre des changements organisationnels examinés par le Conseil d'administration et aux solutions envisagées.

# Corporate-level evaluation on IFAD's decentralization experience 2022

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## Main report

# Corporate level evaluation on IFAD's Decentralization experience 2022

## I. Introduction

### A. Rationale, objectives and scope of the evaluation

1. **Rationale:** The 2016 Corporate Level Evaluation of IFAD's Decentralization Experience assessed the Fund's decentralization efforts during the period 2003-2015. Since then, IFAD's decentralization approach significantly accelerated and deepened under the leadership of the President appointed in 2017. Targets and time frame for decentralization were established (to expand the field presence to 50 country offices and out-post 45% of staff by 2024). Headquarters was restructured and IFAD's business practices and policies were re-engineered. The organizational changes required by the speed and scale of decentralization since 2016 led to fundamental changes in IFAD's organizational culture and business model. This provided the rationale for a second CLE on IFAD's decentralization experience. The IOE work plan to carry out this evaluation was approved by the 111<sup>th</sup> session of the Evaluation Committee (October 2020).
2. **Purpose:** This 2<sup>nd</sup> CLE of IFAD's decentralization experience will inform both, IFAD's ongoing decentralization efforts and the planning and decision-making process for IFAD13.
3. **Objective:** The overarching objective of the evaluation was to assess the extent to which decentralization contributed to IFAD delivering better development results in an effective and efficient manner, and the organizational readiness to achieve this.
4. **Scope:** The analysis assessed the extent to which decentralization efforts improved organizational efficiency and effectiveness and contributed to improving results on the ground in client countries. This evaluation covered decentralization efforts during 2016-2022, in headquarters and field offices and IFAD interventions (operations and COSOPs) in client countries. The CLE examined the corporate decentralization strategy, financial resource planning, leadership, and governance, delegation of authority, organizational design, related human resources policies and practices, and implementation of the decentralization strategy. The evaluation covered organizational changes during 2016-2022 that were relevant to decentralization, including changes to corporate structure, operational guidelines and business practices. Particular attention was paid to key corporate priorities such as changes related to mainstreaming gender, climate change, youth and nutrition considerations in all IFAD interventions (COSOPs and projects), addressing conditions of fragility and conflict, and pursuit of non-lending activities (partnerships, knowledge management and policy engagement).
5. In addition, the evaluation assessed the progress toward addressing the shortcomings identified in the 2016 CLE that were still relevant. For instance, the 2016 CLE observed that the previous country presence strategies were adequate but made unrealistic assumptions, such as decentralization being cost neutral, country presence modalities were developed without a standardized corporate approach, and field presence was expanded without necessary headquarters reforms. The 2016 CLE recommended that IFAD should decentralize more corporate functions to country offices, such as financial management, and increase delegated authority to country directors.
6. **A definition of decentralization.** The term "decentralization" is generally understood as a process that involves the transfer of the authority and power to

plan, make decisions and manage resources from higher to lower levels of an organizational hierarchy to facilitate efficient and effective service delivery.<sup>1</sup>

## B. Evolution of decentralization in IFAD

7. **First Steps (2003-2007).** Discussions on the issue of IFAD's field presence were initiated during the consultations for IFAD's Fifth Replenishment (IFAD5). To enhance the opportunities to achieve greater impact of IFAD-financed projects, policy dialogue, knowledge management, and partnership building, Member States requested management to conduct a detailed study of the possibility of IFAD country presence in the field. The findings and recommendations of that study were submitted to the Board in December 2002.<sup>2</sup>
8. In December 2003 the Board approved the three-year Field Presence Pilot Programme (FPPP). The FPPP (2004-2006) was designed to test alternative models of country presence in 15 countries<sup>3</sup> across all five geographical regions, and to determine the contributions of a permanent country presence to strengthening IFAD's effectiveness towards implementation support, policy dialogue, partnership building and knowledge management. The FPPP was managed by PMD, and nationally recruited officers staffed all 15 pilot country presence<sup>4</sup> (Box Annex IV-1, Figure Annex IV-1a and Tables Annex IV-1 and IV-2).
9. The 2007 evaluation of FPPP conducted by the Independent Office of Evaluation (IOE) found that increased field presence contributed to enhanced implementation support, policy dialogue, and partnerships. However, the evaluation also found that financial and human resources allocated for FPPP were not sufficient to meet the expected goals. Country office staff were not delegated the authority necessary to represent IFAD in the country or make operational and financial decisions, IFAD was not capturing decentralization costs, knowledge management was weak, and field teams were not adequately coached.
10. **Field Presence from 2007-2015.** FPPP approach was in place until approval of the 2011 country strategy for decentralized presence. To address the shortcomings observed by the FPPP evaluation, the strategy introduced changes to the criteria for selecting country presence and introduced new types of ICO models (Tables Annex IV-3 and Annex IV-4). A total of 15 new ICOs were established, adding CPM-led ICOs and a Regional Office (RO) in Nairobi to serve ESA to the existing CPO-led ICOs. The RO supported financial management services. The strategy sought to have 40 ICOs by 2013. The updated selection criteria for country presence added consideration of countries with conditions of fragility and conflict that appeared to adversely affect operational performance. The revised 2013 Strategy tweaked the ICO models to reflect lessons from experience. Specifically, it introduced the possibility of CPM or CPO-led ICOs supporting a neighbouring country with a small portfolio. It also expanded the functions of RO-Nairobi to cover programme and technical support to ESA countries in addition to providing financial management support. This evolution is summarized in Table Annex IV-3 that presents the evolution of ICO models since 2011.

<sup>1</sup> As stated on the CLE 2016 report: a classical definition of decentralization is that of Rondinelli, et al. (1981) and refers to decentralization in the government or civil service: "the transfer of responsibility for planning, management, and resource-raising and allocation from the central government to: (a) field units of central government ministries or agencies; (b) subordinate units or levels of government; (c) semi-autonomous public authorities or corporations; (d) area-wide regional or functional authorities; or (e) NGOs/PVOs". See Rondinelli, et al. (1981) *Government Decentralization in Comparative Perspective: Developing Countries*, *International Review of Administrative Science*, 47(2).

<sup>2</sup> <https://webapps.ifad.org/members/eb/77/docs/EB-2002-77-R-9-Rev-1.pdf>

<sup>3</sup> Bolivia, China, Congo DRC, Egypt, Ethiopia, Haiti, India, Nicaragua, Nigeria, Senegal, Sudan, Uganda, Vietnam, Tanzania, and Yemen

<sup>4</sup> Field Presence Pilot Programme (FPPP), EB 2003/80/R.4. <https://webapps.ifad.org/members/eb/80/docs/EB-2003-80-R-4.pdf>

11. **Corporate Decentralization Plan 2016 (2016-2018).** IFAD formulated a Corporate Decentralization Plan<sup>5</sup> in 2016 to guide decentralization during IFAD10 (2016-2018). This plan drew from the Country Presence Policy and Strategy (2011-2013), the revised Country Presence Strategy (2014-2015), lessons from management self-assessments, and the 2016 CLE.
12. The plan introduced sub-regional hubs or service centres that provided technical support, and programme support to a smaller group of countries in the sub-region. The plan also introduced a *country programme group* that provided only programme support (no technical support) to a group of countries<sup>6</sup> from a single location, managed as a CPM-led office. This reduced the number of single country ICOs. Single country ICOs were established considering country's strategic importance and/or special circumstances that made their grouping with other countries difficult. The Plan sought to establish up to 45 ICOs by the end of IFAD11 (2019-2021), made no changes to the country presence selection criteria, and retained the previous practice of closing offices where ICO criteria were no longer met (Tables Annex IV-4).
13. **Operational Exercise for Results Excellence (OpEx) (2017 June – 2018 December).** In 2017 a new President assumed duties with a commitment to strengthen and prioritize decentralization. Under his leadership, IFAD replaced the 2016 Decentralization Plan with a new plan titled the *Operational Excellence for Results Exercise*. OpEx was planned as an 18-month initiative with three goals: i) to significantly enhance the Programme of Loans and Grants (PoLG), ii) to improve the quality of IFAD project results, and iii) to be externally recognized for the impact on rural poverty reduction. The exercise was operationalized in three stages – scoping, design and implementation<sup>7</sup>. A task team was established to implement OpEx.
14. **Reforms during OpEx.** OpEx focused on re-engineering the country-based model to strengthen project design and implementation support and non-lending activities (NLAs) and making organizational changes at Headquarters. Organizational changes included, (i) reconfiguring the Strategy and Knowledge Department (SKD), (ii) shifting technical staff from PMD to SKD, (iii) creating a new Operational Policy and Results Division (OPR) to strengthen oversight of policies, performance and results, (iv) creating the Global Engagement and Multilateral Relations Division (GEM) within the External Relations and Governance Department (ERG) to consolidate global engagement activities, including South-South and Triangular Cooperation (SSTC) and Rome-based agency (RBA) collaboration, (v) consolidating field security functions to one unit reporting to the Administrative Services Division (ADM), and (vi) relocating the annual corporate planning function to the Office of Budget and Organizational Development (BOD).<sup>8</sup> Other changes introduced by OpEx included, revisiting the delegation of authority to ICOs, strengthening mechanisms for project design and delivery, and a mobility framework (reassignment) to accompany relocation of staff under decentralization.
15. **OpEx Country presence selection criteria and ICO models.** OpEx retained the criteria for country presence selection of the Decentralization Plan 2016 (Tables Annex IV-3 and IV-4). In terms of the ICO models, OpEx retained the Hubs, CD-led ICOs, and CPO-led ICOs but introduced Regional SSTC and Knowledge Management Centres.
16. **Lessons from OpEx.** After the conclusion of the 18-month OpEx exercise during which share of outposted staff increased from 18 per cent to 30 percent, IFAD

<sup>5</sup> IFAD Corporate Decentralization Plan EB-2016-119-R.11.

<sup>6</sup> Grouped together based on shared characteristics, including country profiles and needs, areas of focus of projects, and/or geographical proximity.

<sup>7</sup> <https://blog.ifad.org/ecd/2017/06/ifad-task-team-operational-excellence-for-results-opex/>

<sup>8</sup> Information Note - Operational Excellence for Results (OpEx) Exercise, 2018.

conducted missions to hubs<sup>9</sup> to obtain feedback and also conducted a staff survey.<sup>10</sup> The results were reported in May 2021. These studies identified the positive improvements such as sustained supervision and implementation support, bottom-up consultation processes for COSOP and project designs with higher involvement of local thematic specialists, to name a few. The feedback also pointed to challenges, including weak organizational change management; lack of clarity of IFAD's organizational objectives; bureaucratic business processes; inefficient and ineffective country management by hubs; inadequate staffing and capacities to comply with country needs, and the fast pace of decentralization process. The key findings of the survey are presented in Box I-1. IFAD also conducted self-assessments, analysis of human resources, and benchmarking analysis. These were available at the time of design and implementation of Decentralization 2.0.

Box I-1

#### Lessons from OpEx and D2.0

1. **Empowerment in name only.**
  - IFAD decentralization structure is widely seen as top-down, and
  - Concerns remain about lack of empowerment and lack of delegation of authority.
2. **Clarity needed for role of Head of Hubs and Regional Director**
  - The multi-task function of the Hub Head is not working as envisioned, e.g. leading Hub, managing host country and coordinating multiple countries;
  - There is scope to enhance the strategic and leadership role of the RDs while reducing their administrative burden.
3. **For country teams, "in-country" is better than "near-country"**
  - CD-led offices are seen by many as best to cover the combination of supervision, policy dialogue, and partnership, as well as being the most cost-effective (e.g. travel costs)
  - During the COVID-19 crisis, one key lesson was the importance and value addition of teams located in countries.
4. **Location of technical staff needed further thinking.**
  - In practice, there are significant challenges to the way Technical Staff have been spread across hubs. Most seem to call for critical mass to capitalize on the value of co-location, and flexibility based on demand.
  - There are still mixed views about how best to locate global technical staff, with a desire to have global staff and "anchors" at HQ.
  - Lessons from COVID-19: IFAD can effectively communicate and work across geographies in a virtual manner, while effective client interface depends more on a physical presence.

Source: Survey results as part of the CDI presentation to this CLE design workshop, December 2021

17. **Decentralization 2.0 (D2.0) (2020-2024).** This effort commenced upon completion of OpEx (January 2019), with the establishment of a cross-departmental working group to identify lessons learned, and decisions by IFAD Management Team (comprised of Senior Managers and directors) on ways to move forward. Dedicated mechanisms were set up to coordinate the implementation of D2.0. The Change, Delivery and Innovation Unit (CDI) was created to assist IFAD in coordinating implementation of D2.0. Its core team consisted of three positions<sup>11</sup> and reported directly to the President of IFAD. IFAD also established a D2.0 working group to review IFAD's decentralized structure, propose options for a decentralized structure to ensure IFAD's 'fit for purpose' and revise metrics, budget considerations and implementation timelines. The D2.0 Working Group was comprised by members of PMD, SKD, FMD, FSU and HRD. The CDI facilitated the activities carried out by the Working Groups (Table Annex IV-5). The systemic risks

<sup>9</sup> Lessons Learned missions were carried out in 2019.

<sup>10</sup> Also, selected CDs presented their workload issues and lessons with the September 2019 session of the Executive Board as part of the *voices from the field* session.

<sup>11</sup> The team comprised of a Lead Officer, a Senior Officer and one Junior Officer, funded by regular resources. These officers were supported by external expertise as needed. This core group was joined by staff from across IFAD on a voluntary or temporary basis.

associated with the implementation of D2.0 gained increasing attention well into the implementation of D2.0. The newly established (2020 September) Enterprise Risk Management Office (RMO) was not part of the D2.0 Working Group.<sup>12</sup>

18. The Working Group revisited the lessons learned exercise at the end of OpEx and found those lessons to be still valid one year into D2.0 (Box I-1).
19. **ICO Models.** Under D2.0 there were four types of ICOs. Based on OpEx experience, D2.0 replaced the Hubs with MCOs and made significant changes to the RO model, while retaining the CD-led and CPO-led ICOs:
  - Regional Offices: Four ROs were to be moved to the respective regions. A RO under D2.0 differed from the previous RO model in that it replaced the regional office at headquarters, was headed by the Regional Director, serviced the entire region (not just the countries in the vicinity of the RO), and was much larger in scale, housing 50-70 staff from PMD, SKD, FMD, ADM/FSU and COM that made it a full-function office.
  - Multi-Country Offices (MCOs): The office had more than one CD and served several countries. Unlike the Hubs, it was envisaged to house only PMD staff with administration pool support. It is always headed by a P-5 level staff.
  - CD-led ICO: This model was similar to the earlier CPM-led offices. The ICO had one CD for the host country who might also serve as CD for (usually smaller) neighbouring countries. A CD-led ICO is allocated to countries that had a large (top 20 percentile) or complex portfolios, or countries with fragile situations. In general, the ICO was led by P4-level CD. It was to be led by P5-level CD if the portfolio was in the top 10<sup>th</sup> percentile or in countries with highly complex portfolios.<sup>13</sup>
  - CPO-led ICO: As with the planned 2016 decentralization, the ICO had no resident international professional staff and served only the host country. The CD was located in an RO, MCO or another CD-led ICO. It usually served smaller country programmes. It was led by a Country Programme Officer at NOC level.
20. **Selection criteria for country presence** (metrics). D2.0 modified the metrics for CD-led ICOs and CPO-led ICOs and introduced metrics for MCOs and ROs as follows (Table Annex IV-4):
  - For MCO/RO presence: Considerations included travel time to countries (weighted by number of projects), hardship level, family/non-family station, cost of national staff (GS and Professional), office costs (per person), status of host country agreement.<sup>14</sup> Management added other considerations such as in-country security issues, potential for partnerships, and the location being a centre for development finance, knowledge/innovation and rural policymaking.<sup>15</sup>
  - For country offices: Considerations included portfolio size (current and future portfolio as measured by PBAS), level of poverty and hunger (headcount and rate) as reflected by the SDG indicator 'prevalence of undernourishment',

<sup>12</sup> Although RMO was not part of the D2.0 Working Group, it presented an initial assessment of the main risks associated with the Decentralization process that were discussed during EMC retreat on D2.0 at the end of 2021.

<sup>13</sup> Decentralization 2.0 Working Group Presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020, Slides 25-26). A later presentation (Decentralization Overview) to the 133<sup>rd</sup> Session of the Executive Board (September 2021) lists the following considerations for the metrics of ICOs without specifying details (portfolio size, future business, complexity/fragility, SDG gaps, qualitative aspects (such as partnerships, feasibility), and ICO unit costs.

<sup>14</sup> Decentralization 2.0 Working Group Presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020, Slide 21)

<sup>15</sup> Stated in a communication with the evaluation team.

partnership opportunities (level of cofinancing), fragility status<sup>16</sup>, country income (GDP), partnership opportunities (level of cofinancing), and operational feasibility.<sup>17</sup>

21. **Metrics for Allocation of Staff.** D2.0 developed metrics to allocate staff to ICOs are presented as part of the evolution of country selection criteria in Table Annex IV-4. The metrics system was intended to be an objective mechanism to identify optimal distribution of typology and location of decentralized presence. To accommodate the political and development complexities of countries, the final decisions on the type and locations of ICOs were made in consultation with the Regional Directors.
22. These metrics were aligned with the goal of achieving D2.0 targets, which included increasing the proportion of staff in decentralized units from the baseline value of 18 per cent in 2016 to 45 per cent by 2024 and increase the number of ICOs from the baseline of 40 to 50 by 2024 (capped at 60 ICOs) [Figure Annex IV-1a]. D2.0 intended to establish 4 ROs led by Regional Directors, and upgrade eight CPO-led offices to CD-led ICOs.<sup>18</sup>
23. IFAD increased the total decentralized offices from 40 in 2016 to 42 in 2022 [Table I-1]. IFAD had established 2 of 4 planned ROs by 2022. There was a substantial increase in the number of sub-regional offices (from 2 Hubs in 2016 to 11 MCOs in 2022) and decline in CPO-led ICOs (decreased from 19 in 2016 to 7 in 2022).

Table I-1

**Changes to ICO Composition 2016 to 2022**

Type of ICO	2016	2022
Regional Office	1	2 (target 4)
Hubs/MCO	2	11
CD-led ICO	18	22
CPO-led ICOs	19	7
Total ICOs	40 (cap 45)	42 (Target by 2024 50)

Source: IOE Elaboration based on CDI data

24. **IFAD Reforms during D2.0.** IFAD continued with organizational reforms during D2.0. The Office of Budget and Organizational Development (BOD) was reconfigured into the Office of Strategic Budgeting (OSB) to strengthen IFAD's budgeting function; the Global Engagement, Partnership and Resource Mobilization Division (GPR) was created by merging the Partnership and Resource Mobilization Office and the Global Engagement and Multilateral Relations Division (GEM); and the Human Resources Division (HRD) was restructured around the core concept of talent management, a mobility framework and a new approach to career development.
25. IFAD revised procedures for preparing COSOPs and clarifying roles, responsibilities and accountabilities, particularly for CDs and regional directors. IFAD also revised

<sup>16</sup> The World Bank Classification of Fragile and Conflict-Affected Situations

<sup>17</sup> Decentralization 2.0 Working Group Presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020, Slides 23, 25-26) and written communication with the evaluation team dated Jan 26, 2023

<sup>18</sup> Decentralization 2.0 Working Group Presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020)

its Project Design Guidelines in 2020 to streamline approval processes, and reduce project approval time from 17 (in 2016) to 8 months.<sup>19</sup> Other changes relevant to country programme support include, Inclusive Rural Finance Policy 2021 (an update to the 2008 policy), Revised Social, Environmental, and Climate Assessment Procedures (2020), Internal Control Framework (2019), the Knowledge Management Strategy (2019), revised operational guidelines for targeting (2019) and Private Sector Engagement Strategy (2019-2024). Mainstreaming the priority themes of climate change, gender equality and women empowerment, nutrition and youth in all IFAD operations and COSOPs continued and IFAD12 committed 40% of the PoLG for climate financing.

26. **Delegation of Authority.** The implementation of the delegation of authority was initially staggered by management to mitigate risks presented because of skills gaps in some of the decentralized staff. This process created some frustration initially. Increased delegation of authority has occurred as the skills of the decentralized staff have increased over the period. IFAD's Accountability Framework and Delegation of Authority (DoA) framework were revised during D2.0. To further delegate authority to country directors and Unit Heads, IFAD issued forty-three new or revised delegations covering operations, procurement, human resources, finance/budget, and governance/protocol. The revisions were based on consultations with CDs, selected missions to countries, and having an open corner in the internal IFAD website inviting feedback from all IFAD staff. Based on the feedback the DoA framework is being periodically updated.
27. **Organization of the report.** The first chapter provides the rationale and context for the evaluation and outlines the evolution of decentralization efforts in IFAD since 2003. Chapter II presents the evaluation methodology and approach, including the theory of change of decentralization efforts and the evaluation criteria-based framework. Chapter III explores IFAD's financial planning for decentralization as well as the contribution of decentralization to organizational and operational efficiencies. Chapter IV presents the assessment of the coherence of the planning and implementation of IFAD's decentralization approach in the context of ongoing organizational and operational reforms. Chapter V assesses the relevance and effectiveness of IFAD's decentralization models, resulting from the financial and operational planning and implementation and ongoing other reforms. The final chapter presents the conclusions and recommendations of this evaluation. Annexes elaborate details of the topics covered under each chapter and provide a summary of the background studies and sources of evidence used for this evaluation.

#### Key Points:

- The Corporate Decentralization Plan 2016 was replaced in 2017 by the new President at that time with OpEx (June 2017- December 2018), followed by Decentralization 2.0 that commenced in January 2019 and continues.
- IFAD decentralization approach took a radical shift in 2017. The decision to accelerate decentralization was implemented first through OpEx and continued under Decentralization 2.0. Targets and time frame - to expand the field presence to 50 country offices and out-post 45% of staff by 2024 - were established. Decentralization of this scale and pace resulted in fundamental and far-reaching organizational changes - indeed, transformational organizational changes.

<sup>19</sup> IFAD Project Design Guidelines (August 2020).

- Changes to ICO models were introduced.
  - Regional Offices to be located in the respective regions, headed by the Regional Directors and staffed to provide full-function support to the region.
  - Multi-country offices that provided only programme support replaced Hubs.
  - CD-led ICOs and CPO-led ICOs continued.
  - Compared to 2016, the number of CPO-led office fell (from 19 to 7), the number of sub-regional offices increased (from 2 hubs to 11 MCOs), while the number of CD-led offices remained nearly the same.
- The metrics used to select country office models and location changed under D2.0; metrics to allocate staff to ICOs were introduced.
- A lessons-learned exercise conducted at the end of OpEx and one year into D2.0 showed that many of the problems that were observed at the end of OpEx persisted.



## II. Evaluation Approach

28. This section provides a summary of the methodological approach pursued by this evaluation. More details of the approach are found in Annex IV-B. Further details on the methodologies used in specific analysis of budget analysis, comparative study of decentralization experiences in other organizations, E-Survey, and portfolio analysis are presented in Annex III.

### A. Evaluation methodology

29. **Methodological Overview.** The evaluation followed the Revised IFAD Evaluation Policy (2021) and the Evaluation Manual (2022). This evaluation used an evaluation criteria-based methodology and adopted a mix of qualitative and quantitative methods. The evaluation's analytical framework and methodology were anchored in four of the six internationally recognized OECD evaluation criteria, namely, relevance, efficiency, coherence, and effectiveness.<sup>20</sup> The decision to focus on these four criteria was based on the key evaluation issues to be addressed (such as improved relevance of IFAD operations to country needs, their strengthened contribution to reducing rural poverty and hunger, efficiency gains, coherence of IFAD's organizational reforms and administrative functions in support of country presence). Evaluation questions were formulated by criteria and were grounded on a theory of change. The theory-based framework guided data collection, data analysis and report writing.
30. **Evaluation Questions.** The evaluation framework (Annex II) sets out the evaluation questions and sources of data and information. The evaluation sought answers to the following questions.
- (a) **Overarching evaluation question.** To what extent did decentralization contribute to IFAD-supported projects delivering significantly better development results in a more effective and efficient manner?
  - (b) **Relevance.** To what extent was decentralization and its architecture relevant for improving alignment with the priorities of the country, smallholder needs, and the agenda of the UN system and IFAD's mandate to reduce rural poverty and food insecurity?
  - (c) **Coherence:** To what extent did IFAD adopt a coherent organizational framework and set of policies and procedures complemented by strong management, leadership and governance that could plausibly transform IFAD from a headquarters-centred organization into a decentralized organization on an accelerated basis?
  - (d) **Effectiveness.** To what extent did decentralization contribute to IFAD providing better agriculture and rural development services that enhanced development results (lending and non-lending)?
  - (e) **Efficiency.** To what extent were the costs of IFAD's field presence transparently managed and budgeted so that decentralization contributed to improving IFAD's efficiency in a manner that did not pose risks to IFAD's ability to deliver quality development results on the ground?
31. The initial evaluation questions set out in the Approach Paper were fine-tuned and revised based on the feedback received during the Evaluation Design Workshop and as new issues emerged during the evaluation.
32. **Contribution analysis.** The evaluation focused on assessing the contribution of decentralization as it is only one among many factors influencing the achievement

<sup>20</sup> The evaluation did not assess sustainability and impact. There are conceptual and methodological challenges in isolating the contribution of organizational decentralization to impacts and sustainability.

of development results and managing larger PoWs/PBAS allocations.<sup>21</sup> To analyse the contribution of decentralization, the Theory of Change (ToC) was developed. The Theory helped the team construct the plausible pathways through which decentralization contributed to improvements. The initial postulates of the contributions of decentralization and the ToC were updated based on evidence gathered during the evaluation process. These updates were made analysing the results observed through the lens of "with and without" ICOs, and "before and after" ICOs became operational in a country and by type of ICO.

33. While the full appreciation of the contribution of decentralization to development effectiveness will not be possible until the projects that were designed and approved during 2017 to 2022 have been implemented and evaluated, a number of emerging effects are already visible. Moreover, as this evaluation shows, it is essential to address and correct several aspects of decentralization that do not support the performance of IFAD-funded operations.
34. **Theory of Change.** (Figure Annex I-1). The underlying hypothesis of the ToC is that decentralization helps IFAD to achieve better development results on-the-ground under the following conditions:
  - (a) The proximity of the ICOs to the beneficiaries, the government and other relevant partners is expected to lead IFAD to better understanding the local context and better relating to clients and other stakeholders. This, in turn, allows IFAD to better understand the core development challenges facing the rural poor, have a better grasp of the political and institutional realities and the priorities of the national and subnational government actors, IFAD's comparative advantage compared to other development actors and where IFAD can add the most value.
  - (b) This understanding enables IFAD to better design and deliver its country strategy and operations, both projects and non-lending activities (NLAs), to maximize the benefits for the rural poor, provide appropriate and real time implementation support, better integrate mainstreaming priorities in all its interventions, improve IFAD's visibility and establish partnerships and cofinancing.
  - (c) This in turn improves the organizational efficiency and helps IFAD to deliver larger Programme of Work (PoW), resulting in overall improvements to the financial services available to the rural poor.
35. **The theory recognizes that while country presence is necessary to improve development effectiveness, it can do so only if it is fit-for-purpose.** Country presence becomes fit-for-purpose when:
  - (a) It has adequate financial resources, a staff complement (i.e., numbers, grades, and expertise) that matches the functional responsibilities of country presence, and motivated staff with clear roles and responsibilities and adequately delegated authority.
  - (b) It receives adequate and appropriate administrative support. To do so, the organization suitably modifies headquarters structures; coordinates and effectively manages decentralization efforts; has in place necessary policies and guidelines; delegates requisite authority within an accountability framework; identifies, tracks and manages risks to portfolio performance and delivery; and establishes two-way communications and feedback loops.

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<sup>21</sup> Other factors include government ownership, quality of local institutions, availability of counterpart financing, beneficiary engagement, performance of local partners, consultants and contractors, climate, harvests and yields, prices, macroeconomic conditions, security conditions, good governance and limited corruption.

- (c) There is visible, strong leadership with commitment to adaptively manage which identifies and resolves unexpected risks and problems arising during implementation.

36. **Mixed methods and triangulation.** The evaluation used a mix of quantitative and qualitative methods, including a quantitative analysis of IFAD data, a CLE E-Survey, document reviews, semi-structured interviews of key informants, selected country and project case studies, and an analysis of selected themes (e.g., decentralization related budget, human resources, knowledge management, fragile and conflict affected states, decentralization experiences of comparator organizations). The evaluation triangulated evidence collected from different methods and different sources to ensure that findings, conclusions and recommendations were robust and well supported by the evaluation evidence.

## B. Collecting evaluation evidence

37. **Document review.** IFAD documents related to decentralization and business process re-engineering were reviewed [e.g., IFAD10, IFAD11 and IFAD12 replenishments; OpEx, CDI and FSU documents; Decentralization 2.0; selected COSOPs, PCRs and supervision reports; PoWs and PoLGs; PMD Annual Portfolio Stock-take (2021); President's bulletins; IFAD annual report on results and impact (RIDE); human resource policies and procedures; delegation of authority and accountability framework; budget and financial management reports; IFAD Staff Association communications; selected internal audit reports]. Selected documents related to global developments since 2016 that had IFAD engagement were examined, as well as evaluations of decentralization experience of selected organizations (from the UN development system and IFIs). The evaluation team mined IOE evaluation products (2003-2022) for findings related to decentralization and the role and performance of ICOs.
38. **Key informant interviews.** Semi-structured interviews with Headquarters staff and stakeholders were conducted (Annex V). Interviewees included members of the Evaluation Committee and the Executive Board, the former President and Senior Management, IFAD Staff Association, key staff in PMD, SKD, CSD, FOD, ERG, OPV, RMO, LEG, OSB, and audit. Feedback from interviews was kept confidential and used in a manner that cannot be traced back to the source.
39. **Electronic survey.** An electronic survey (CLE E-Survey) was conducted to extend the reach of the evaluation by seeking feedback from a broad spectrum of stakeholders (e.g., IFAD staff at headquarters and in Regional Offices, MCOs and ICOs, government officials, local donor community, representatives of civil society, and project staff). The survey sought feedback on: (i) the roles of ICOs; (ii) various dimensions of the performance of ICOs in both programmatic and non-programmatic areas; (iii) engagement, collaboration and alignment with governments, national project managers, Rome-based UN agencies, the local donor community and civil society; and (iv) organizational issues (e.g., management and decision making; delegation of authority; accountability; financial management; human resources; ICT issues; and provision of corporate services).
40. The survey reached out to 1,320 IFAD staff and consultants and 1,442 external stakeholders (total 2,762). The survey was launched and collected responses during the period from 6 April to 3 October, 2022. There were 807 responses corresponding to a response rate of 29%. The response rate among IFAD staff and consultants, to whom most questions were directed, was 35%<sup>22</sup> (458 responses). This response is typical of IFAD organizational surveys of this kind. The survey is not based on probability sampling but targeted the entire universe of respondents.

<sup>22</sup> For comparison, the response rate was 36% (166 out of 462 IFAD staff and consultants working outside of Headquarters) for the FSU November 2022 survey on IFAD Decentralization Effectiveness Survey on Field Client Satisfaction, and the World Bank Survey as part of its recent evaluation "Enhancing the Effectiveness of the World Bank's Global Foot Print" (2022) had a 33% response rate.

The number of responses is deemed adequate to draw findings and were triangulated with other sources of evaluation evidence.

41. **Portfolio analysis: quantitative analysis of project evaluation ratings<sup>23</sup> and key indicators.** The portfolio analysis aimed to determine if decentralization contributed to better project performance, more cofinancing, and improved project efficiency. The portfolio analysis included all 588 projects that were approved since 1996 and included all projects that were completed during 2003-2022. The evaluated projects were all approved during or prior to 2014 and hence, were of limited relevance to assess the performance of the current phase of decentralization (2017-2024). See Annex III-A for more details on the quantitative analysis.
42. **The quantitative analysis used three approaches to identify decentralization contribution to improved development results:** (i) A '*before and after*' analysis comparing projects before and after a country received an ICO. (ii) A '*with and without*' analysis comparing projects with and without an ICO. (iii) A '*before, after, and never*' analysis that compared: projects with an ICO (*after*); projects in countries that never had an ICO (*never*); and projects in countries before an ICO was introduced (*before*).
43. For the first two analyses, simple t-tests were used to assess differences in project ratings between groups. A more rigorous multivariate regression analysis was used for the third analysis, using two comparisons – *before* and *after* and *never* and *after*. Contribution was established when both comparisons were statistically significant.
44. The multivariate regressions recognized that locations of ICOs were not randomly chosen. To isolate the contribution of the presence of ICOs to the performance of projects, these regressions controlled for the contribution of other factors to performance. This involved a two-step process. In the first step, a long list of such factors was identified (over 30 variables) based on IFAD's own criteria for allocating PBAS as well as those from independent evaluation findings.<sup>24</sup> In the second step, the final list of control variables for the multivariate regressions were determined by prioritizing based on the statistical significance of their associations with the locations that received decentralized presence (or not). Thus, the second step empirically identified the confounding variables that were most likely to prevent assessing the effect of decentralization accurately.
45. The analysis tested two different definitions of whether or not the project was under an ICO: (i) an ICO was in place for two years before the project was approved (175 projects conducted under an ICO; 413 projects were not conducted under an ICO); and (ii) an ICO was in place for four years prior to project approval (141 projects conducted under an ICO; 447 projects were not conducted under an ICOs). The first case is likely to capture the impacts of an ICO's presence on implementation supervision while the second case captures the ICO's role in both the project design and implementation phases. Projects conducted under a hub or an MCO were grouped together with projects conducted under an ICO.
46. **Comparative study.** Decentralization 2.0 Working Group undertook a benchmarking exercise of the decentralized models of 8 multilateral development banks and UN Agencies (2021). It covered high level information (e.g., size of organization, business model, share of staff out-posted, staff composition of hubs).

<sup>23</sup> All project evaluations provided ratings across these 13 criteria as specified in the 2015 IOE Evaluation Manual, Edition 2: Relevance, effectiveness, efficiency, sustainability, rural poverty impact, overall project performance, gender equality and women's empowerment, innovation, scaling up, environment and natural resources management, support to climate adaptation, government performance, IFAD performance.

<sup>24</sup> The final set of variables for the first treatment scenario included variables such as log GNI; log of rural population; voice (a World Bank Governance Indicator for citizen participation in policy making); Year a project entered into force; and Log funding. The final set of variables for the second treatment scenario included Log GNI; Log of rural population; Share of water used on agriculture; Log of total water reserves; Year a project entered into force.

The Working Group found resulting information to be of limited relevance for IFAD because of difference in size and mandates. To overcome this challenge, the CLE's comparative study focused on the lessons of other agencies around key strategic issues faced by IFAD's decentralization process (e.g., staff reassignment exercise, establishing regional and multi country offices). The comparative study covered AfDB, FAO, ILO, UNCDF, UNOPS, UNHCR and the World Bank (Annex III-C). These agencies were selected because they had relevant experience, mature decentralization efforts, and available evaluative evidence. Four of these (AfDB, FAO, UNCDF, and World Bank) were included by the D2.0 Working Group's earlier benchmarking (2020).

47. **Analysis of administrative data:** Data were extracted from IFAD's financial, human resource and administrative systems and relevant divisions. Human resource data was used to analyse trends in the proportion of IFAD staff based in ICOs, numbers and profiles of staff in ICOs, IFAD's mobility framework, time required to fill vacancies, and vacancy rates. IFAD's decision-making processes and DoA and framework were reviewed to determine if they were adequate for a decentralized organization. The ICO case studies complimented this analysis by exploring the degree that the informal decision making processes complimented the formal systems. Budget and financial data were used to estimate the incremental and total costs of field presence, the adequacy of budget provisions for operations and corporate efficiency ratios (for details, please refer to Annexes III-D and E).
48. **Country case studies:** The selection criteria included: (i) geographic balance (3 from each region); (ii) country context (middle income countries; lower income countries; fragile and conflict affected states); (iii) representation for each type of office (regional country offices; multi-country offices; CD led ICOs; CPO led ICOs; no country presence); (iv) a mix of old and new offices; (v) operational considerations (e.g., portfolio size, NLA work and international cofinancing); (vi) staffing arrangements; and (vii) other considerations (e.g., some ICOs covered in the 2016 Decentralization CLE, linkages with other evaluations, COVID travel restrictions and logistical considerations). Of the 15 case studies, five involved missions (Cote D'Ivoire, Cuba, Egypt, Kenya, Vietnam), and 10 were desk-based (Bangladesh, Brazil, Burkina Faso, Cambodia, Djibouti, Eritrea, Ethiopia, Panama, Sudan). A review was also undertaken of IFAD's Liaison Offices, although they were not part of the decentralization strategy (Annex III-H).
49. **Project Case Studies:** Project case studies were embedded in the country case studies. Two projects were purposely selected in each country for assessment (one approved after the ICO was established and that had been under implementation for at least two years; and one that had reached an advanced stage of implementation). The project cases studies assessed the role of the ICO throughout the project cycle, any improvements after the ICO was established and areas for improvement.
50. **Limitations.** Paucity of reliable and adequate quantitative data to assess the intermediate outputs and outputs such as project quality at entry and the likelihood of projects achieving their results targets, was a challenge. The evaluation triangulated data from multiple qualitative methods (e.g., case studies, stakeholder interviews) to find alternative evidence. The rigorous econometric analysis also supplemented this data, and provided a sound framework for future analysis of the full effects of decentralization as relevant data become available.

## C. Evaluation process and timeline

51. **The evaluation phases.** The evaluation involved a preparatory phase (document review, preparation of approach paper), a design phase (finalization of approach paper, management self-assessment workshop and design workshop), a data collection phase, and a data analysis and reporting phase.

52. **Engagement with Core Learning Partnership Group and IFAD Management.** IOE engaged with Management and staff throughout evaluation process to seek information and feedback. The members of the CLP were selected in consultation with heads of divisions. CLP was invited to be part of the evaluation design workshop and management self-assessment workshop. Preliminary key findings and possible areas of recommendations were shared with senior management and the CLP to get feedback to refine the analysis as needed, and finalize the drafting of the evaluation report. Another workshop was held to discuss the main findings, conclusions, and recommendations in the draft final report.
53. **Quality assurance and enhancement.** An independent advisor, Rob D. Van den Berg, former Director of the Independent Evaluation Office of the Global Environment Facility and Visiting Professor at King's College, London, provided quality-enhancement and quality-assure services the evaluation. He reviewed the evaluation approach, design and approaches for data collection and analysis. The Advisor reviewed the penultimate draft report and provided feedback. The evaluation report submitted to the Board includes his review of the report.
54. **Deliverables.** The approach paper was shared with the 115<sup>th</sup> Session of the Evaluation Committee (October 2021). The final report, with the management response, will be shared with the Evaluation Committee (April 2023), and submitted to the 138<sup>th</sup> session of the Executive Board (May 2023) (Table Annex IV-7).

**Key Points:**

- The overarching objective of this CLE was to assess the extent to which decentralization contributed to IFAD delivering better development results in an effective and efficient way.
- The evaluation assessed the relevance, effectiveness, coherence and efficiency of the decentralization efforts.
- The evaluation methodology identified the contributions of decentralization to performance improvements, using a mixed methods and triangulation approach.
- A theory of change was developed to identify any contribution of decentralization to improved development effectiveness.

### III. Decentralization and Organizational Efficiency

55. This chapter assesses the total costs of IFAD's field presence and assesses the contribution of decentralization to IFAD's organizational and operational efficiency.

#### A. Estimated incremental cost of field presence

55. **IOE estimates the cumulative additional cost for IFAD's field presence since 2016 as \$47million.** The 2016 Corporate-level evaluation of IFAD's decentralization experience concluded that decentralization involved incremental costs, which was confirmed by the decentralization experience of selected comparator organizations and recognized by IFAD since 2016. IOE estimated that the total cost of IFAD's field presence increased from \$18million in 2016 to \$65million in 2022, an increase of \$47million. As a share of IFAD's Administrative budget, this cost has increased during this period from 12% to 39% (Table III-1).

Table III-1

**Total and additional costs of field presence (\$Million)**

Cost Category	2016	2017	2018	2019	2020	2021	2022
ICOs:							
Staff	10	12	16	18	25	26	32
Non-staff	6	11	12	29	24	25	30
Field Support Unit	1	1	1	1	1	1	1
Capital Budget	1	1	-	-	1	-	2
Total Costs	18	25	29	48	51	52	65
Share of IFAD Total Budget	12%	17%	19%	30%	32%	33%	39%
Increment in Staff Costs	NA	2	4	2	7	1	6
Increment in Other Costs	NA	5	-	17	(4)	-	7
Total Incremental Costs	NA	7	4	19	3	1	13
Cumulative Incremental Costs Estimated by IOE	NA	7	11	30	33	34	47

Source: IOE Estimates

56. **The principal cost increases have come from opening or upgrading of ICOs, including in fragile and conflict-affected situations that entail higher costs, relocation of international staff to ICOs, and recruitment of more local staff, under the OpEx reforms, IFAD-11 change initiatives and D2.0.** As will be discussed in the subsequent sections, these cost increases were partly offset by a number of measures taken by IFAD, including lowering the staff grade mix in PMD, reducing the cost of consultancies, reducing headquarters GS staff, and increasing the share of national staff.
57. **IOE analysed IFAD's total costs of field presence from 2016 to 2022 by examining the principal drivers of these costs:** (i) number and types of IFAD's country presence models; (ii) the proportion of total staff located in country offices; (iii) the staff grade mixes of PMD and SKD; and (iv) the proportion of country offices that are located in fragile and conflict-affected situations where the costs of ICOs are typically higher than in other countries.
58. **Estimating the total costs of field presence was a challenge.** Relevant data and analyses were fragmented among Headquarters units such as CDI, FSU, OSB and PMD front desk. Moreover, **no cost estimate was provided for the entire field presence envisioned: 50 Offices (five Regional Offices, MCOs, and**

**ICOs), including those new ICOs to be established in fragile and conflicted affected contexts.**

#### **A.1 Budgeting, monitoring and reporting of the costs of field presence**

59. **The 2016 Decentralization CLE recommended that “The IFAD accounting system needs to be adjusted so as to monitor more comprehensively the cost of country programme management under different ICO configurations.** Indicators for ICO monitoring should be simplified and integrated into IFAD’s management information and reporting systems. Finally, the new corporate decentralization plan should allow for periodic revision and reporting to the Executive Board for further guidance.” Despite Management agreeing to the recommendation, this issue has not been satisfactorily resolved. Since IFAD has set a target of locating 45% of its staff in country offices by 2024, field presence costs and associated savings will continue to be major drivers of IFAD’s budgets. Indeed, as shown by Table III-1, in 2021 the total costs of field presence accounted for a third of its total budget.
60. **There was no evidence that IFAD has a system to collect and transparently report on detailed, phased costs of field presence in its annual budget documents.** IFAD does not budget for, and record, the cost of country presence separately from departmental budgets nor does it provide estimates of the full costs of field presence. For 2019-2022, data was available for some ICOs from the ICO sub-cost centre budget information maintained by OSB under a project ID set up to capture D2.0 costs. However, the data recorded was not complete because: (i) a distinction between D2.0 costs and other ICO costs cannot be clearly made; (ii) ICO costs were budgeted as part of divisional budgets; and (iii) entering data under the project ID was not mandatory
61. **Reporting of field presence costs to the Board lacks transparency.** The budget information provided for field presence was often not supported by details of previous year’s budget and actual spending against such budgets. Greater details on field presence cost projections, including multi-year projections of incremental costs over the lives of the OpEx and D2.0 initiatives, were provided to the Board in special purpose documents such as the April 2022 Medium-term Budget Outlook paper and the earlier August 2018 Information Note on OpEx.
62. **The April 2022 document, which responded to a request from the Board to provide more clarity, included greater details.** It presented (a) one-time costs of OpEx and IFAD 11 totalling \$6.6million phased over 2018-2020 and recurrent costs rising to \$9.2million in 2021; and (b) one-time costs of D2.0 of \$11.0million phased over 2021-2024 and recurrent costs increasing to \$6.6million in 2025. However, these special purpose documents on decentralization did not indicate if and when the cost projections were (or will be) fully incorporated in budgets. Nor did the budget documents show fully whether and how these incremental costs were funded. The different base lines used by these special purpose documents add to the difficulty in understanding the projections and the provisions shown in budget documents. Furthermore, the incremental approach to presenting decentralization costs in budget documents and special purpose documents obscured the total cost of field presence, including the costs of outposted staff. IFAD aimed to improve transparency from 2023 in budget documents by distinguishing between the direct costs of country programmes and indirect costs that were not directly linked or traceable to country programmes. This will help to provide a clearer picture of the incremental resources required for field presence and thus is a move in the right direction.

#### **A.2 Decentralization and mobilizing cofinancing**

63. **There was evidence that ICOs contribute to mobilizing financial resources by increasing the amount of international cofinancing.** The large majority of



IFAD CLE E-Survey respondents agreed that the presence of ICOs resulted in better partnerships with stakeholders (91%) and that ICO staff contribute to local donor coordination (89%).<sup>25</sup> Both, IFAD and external respondents found that ICOs contributed to mobilizing cofinancing from governments and other organizations (86%). External respondents from organizations that had cofinanced IFAD projects rated IFAD's performance as satisfactory regarding project design (88%), implementation supervision (78%) and monitoring and evaluation (78%). These positive findings reflected the external recognition of the work of ICOs in mobilizing financing.

64. **Though the ultimate decision on cofinancing was usually made at the Headquarters of bilateral and multilateral development organizations, such decisions were often greatly facilitated by in-county interactions.** Case studies validated the CLE E-Survey findings by identifying multiple examples of decentralization contributing to mobilizing additional financing for IFAD projects (e.g. Brazil, Ethiopia, Guatemala, Kenya, Niger, Sudan, and Vietnam). Sometimes the cofinancing came from MDBs.<sup>26</sup> In other cases, cofinancing came from the EU and bilateral sources or dedicated funds.<sup>27</sup> ICOs also contributed to mobilizing funds from the private sector and local rural development banks (e.g. Brazil, Cambodia, Ethiopia, and Kenya). Sometimes the lack of adequate in-country capacity resulted in missed cofinancing opportunities (e.g. Burkina Faso).
65. **T-tests and univariate regression analysis suggested that there was statistically significant increase in international cofinancing and the positive influence of ICOs increased with the length of time that the ICO has been in operation before a project is approved.** These findings were broadly consistent with the findings reported in the 2016 Decentralization CLE.
66. More rigorous regressions did not show significant contributions of ICOs to cofinancing when the ICOs had limited experience (in operation for less than 4 years from the time of project approval). For ICOs in operation for a longer period (i.e., 4 or more years before the project was approved), these regressions found that projects with an ICO have significantly more (4% to 8%) cofinancing, which included a higher level of international cofinancing and higher (but not statistically significant) domestic cofinancing.
67. These findings showed that as ICOs gain experience, their presence led to positive cofinancing outcomes, even though in the short term, little if any impact on financial mobilization may be evident. This is an important lesson for IFAD. **ICOs contributed to IFAD's goal of mobilizing finances for rural agricultural development, which in turn contributed to increasing IAD's Programme of Work.**

### **A.3 Decentralization and project-level efficiency**

68. **There was evidence that ICOs that have been in operation for 4 or more years contributed to faster project start-up.** Multivariate regressions offered a more rigorous analytical test of whether the presence of an ICO contributed to faster approval and implementation compared to univariate analysis. This was because multivariate analysis accounted for the influence of a number of other factors that contributed to the performance of ICOs (in addition to decentralization), for instance, the development context of the country. As described in Chapter II, a number of such relevant factors were identified and the multivariate regression analysis controlled for their effects. Overall, the analysis

<sup>25</sup> This particular question was directed at the stakeholders among UN agencies, IFIs and bilateral donors.

<sup>26</sup> e.g., ADB, Asian Infrastructure Bank, AfDB, IADB and the World Bank. The strengths of IFAD (e.g., targeting and working directly with beneficiaries) and MDBs (significant funding for rural infrastructure) complement each other.

<sup>27</sup> e.g., Global Environment Facility, Green Climate Fund, International Council for Research in Agroforestry, Bill and Melinda Gates Foundation.

was conducted on 588 IFAD projects approved during 1996-2020 (to allow the analysis of 'with and without', as well as 'before and after' ICOs).

69. **The multivariate analysis found that country presence led to statistically significant improvements of some time-based efficiency ratios.** For instance, when ICOs were in operation for four or more years prior to project approval, they contributed to reducing the number of days from Board approval to entry into force by at least 82 days and the number of days from board approval to first disbursement by at least 140 days.<sup>28</sup> This finding was supported by case study examples where country presence helped expedite legislative bodies ratifying project agreements (e.g. Kenya, Sudan, and Vietnam). The multivariate regression did not identify statistically significant differences in project start-up time or delays in implementation when the ICO was in operation for fewer years prior to project approval. In other words, the positive influence increased as ICOs gained experience.<sup>29</sup>
70. **There is mixed evidence regarding the relationship between the presence of an ICO and project efficiency.** Simple t-tests and univariate statistical regression indicated that efficiency ratings of completed projects evaluated by IOE improve with the presence of an ICO when comparing projects in countries with an ICO with those that did not have an ICO. The evidence was weaker for the analysis before and after ICOs were established in a country. The multivariate analysis did not find statistically significant improvement in the efficiency ratings in before and after comparisons for projects that were approved 2 years after an ICO was established. For ICOs in operation for a longer period of time (i.e., 4 years before the project was approved), the results in terms of ICO contributions to project efficiency ratings were mixed: positive contributions identified for the 'with and without' ICO comparisons but such contributions could not be confirmed for the 'before and after' ICO comparison. As noted earlier, many factors other than decentralization influence the efficiency ratings of completed projects.

## **B. Trends in efficiency ratios at the corporate level**

71. In various planning papers, Management stated that decentralization would improve corporate institutional efficiency. However, many other factors also influence corporate efficiency ratios. This evaluation reviewed the trends in efficiency ratios to see if there was a correlation between decentralization and improvements in efficiency. IFAD traditionally presents three efficiency ratios in annual budget documents: (i) Ratio 1: Total Administrative budget/PoLG; (ii) Ratio 2: Total Administrative budget/PoW; and (iii) Ratio 3: Value of portfolio/Total Administrative budget (Table III-2). IFAD finds the third ratio a more relevant indicator because it is more stable than Ratios 1 and 2 that are often affected by large year-to-year variations in the PoLG and POW. In particular, the 2020 figures were outliers possibly because of the impact of COVID on IFAD's operations.
72. **The contribution of decentralization to improving efficiency ratios at the corporate level is not clear.** The first three standard efficiency ratios listed in Table III-2 showed no statistically significant changes during 2013-2021.<sup>30</sup> To provide more insight into IFAD's efficiency ratios, IOE examined three additional ratios (Table III-2). Ratio 4 - Total Administrative budget/Total disbursements; Ratio 5- Average project size; Ratio 6- Total FTE (full-time equivalent)/Unit of

<sup>28</sup> Part of this difference could be also due to the changes to when a project was considered to become effective.

<sup>29</sup> Econometric analysis undertaken by Management also found that country and experienced staff have a significantly positive effect on improving disbursement performance of projects, as long as turnover and workload are managed well in ICOs. Other important factors identified were, country-level factors (e.g., fragility, income status, natural disasters and concurrent elections) and the size, type and sequencing of project financing. However, during implementation IFAD's disbursement rates suffered from excessive (dependence on) cofinancing. *IFAD Research Series No. 14 - Disbursement Performance of IFAD: An In-Depth Analysis of Drivers and Trends. 2017.*

<sup>30</sup> For all three ratios, the averages for the periods 2013 - 2016 and 2017 - 2021 were not statistically different.

output.<sup>31</sup> An analysis of the trends during the past 10 years of the last three ratios showed that the average value of each before OpEx and D2.0 was statistically different from those during 2017-2022. However, these changes showed a mixed performance in terms of efficiency. Ratio 4 showed a statistically significant improvement to disbursement per unit administrative cost during 2017-2022 compared to 2013-2016. During the OpEx and D2.0, IFAD disbursed more with every dollar of administrative budget compared to the earlier period, and increased the average size of the projects. Increasing average size of projects (Ratio 5) contributed to cost efficiency because the costs of designing and supervising large projects were not linearly related to increases in project size. IFAD increased its total FTEs by 19% from 2016 to 2021 (an increase from 595 to 709 during this period). This net increase was not accompanied by a corresponding increase in the number of units of output. Consequently, Ratio 6 increased from 7.9 to 9.0 during 2016-2021.<sup>32</sup> This trend may be a reflection of IFAD projects becoming larger (see Ratio 5) and more complex (e.g., integrating cross-cutting issues).

Table III-2  
Efficiency ratios at the corporate level

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Ratio 1: Total administrative budget/PoLG	14%	17%	10%	17%	11%	11%	8%	16%	12%
Ratio 2: Total administrative budget/PoW	7%	8%	4%	11%	7%	6%	3%	7%	5%
Ratio 3: Value of portfolio/Total administrative budget	\$40	\$41	\$47	\$47	\$45	\$45	\$45	\$58	\$49
Ratio 4: Total administrative budget/Total disbursements	30%	30%	30%	27%	24%	24%	25%	26%	25%
Ratio 5: Average size (\$M) of projects approved (PoLG/Number of approved projects)	\$41	\$34	\$38	\$36	\$41	\$43	\$49	\$50	\$50
Ratio 6: Total FTE/Unit of output	6.7	6.9	6.1	7.9	7.1	7.9	7.4	9.5	9.0

Source: IFAD databases, EB documents

## C. Trade-offs and consequences to development effectiveness

74. **The proportion of IFAD's budget allocated to country programme delivery continuously declined from 2016 to 2022. This merits the attention of Management as it may indicate insufficient priority being given to resourcing IFAD's core business activities.** Country programme delivery constituted the core of IFAD's client services. It included support provided for designing, implementing and supervising country strategies and operations, as well as mainstreaming and non-lending activities. The budget allocated to country programme delivery covered the costs of these core support services as well as allocable corporate costs.<sup>33</sup> **This ratio was stable at 59% from 2013 to 2016**

<sup>31</sup> Output is defined as the number of projects approved in a year plus 25% of the projects in the active portfolio, a factor that represents the ratio of budgets assumed to be allocated for project supervision compared with project design.

<sup>32</sup> Output is defined as the number of projects approved in a year plus 25% of the projects in the active portfolio, a factor that represents the ratio of budgets assumed to be allocated for project supervision compared with project design.

<sup>33</sup> Until 2017, the resource allocations were shown under "Cluster 1." From 2018, the term "Results Pillar 1" was used.

**and during the period of accelerated decentralization fell continuously reaching 47% in 2022** (Table III-3).

Table III-3

**Budget for country programme delivery as a share of IFAD's total administrative budget**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
IFAD total administrative budget (\$M)	144	150	152	147	149	156	158	158	159	167
Country programme development and implementation budget (\$M)	85	88	89	86	79	81	82	80	78	78
Country programme development budget as a share of total administrative budget	59%	59%	59%	59%	53%	52%	52%	51%	49%	47%

Source: IOE Estimates from IFAD budget documents

75. To put it differently, from 2016 to 2022, IFAD's non-operational expenditures grew faster than operational expenditures.<sup>34</sup> To ensure that budget allocation reflects the core priority of the organization, a number of IFIs track this ratio. A ratio less than 50% was taken as a cause for concern in many IFIs. In 2022, IFAD had the lowest value among the IFIs reviewed in this study.<sup>35</sup> Management took steps to address this problem in the 2023 budget, approved in December 2022. While the 2023 budget document shows an increase in the budget share of "Pillar 1" to 55%, a part of the increase is due to the change in accounting for program and administration costs introduced as part of the 2023 budget. Thus, the 55% is not directly comparable with 2022 budget share of 47%. The 2023 budget document states that due to the "prioritized focus" of the 2023 budget on decentralization, project design and supervision, the resources allocated to the "operational pillars" (i.e., country program development and knowledge building, dissemination and policy engagement) increased by 4% compared with 2022.
76. **This decline from 2016 to 2022 was a consequence of funding the one-time costs of increased field presence and higher non-operational costs within near-zero real-growth administrative budget of IFAD.** IFAD's budget has grown in nominal terms at 2.3% average per annum during 2016-2022. In real terms, this translates to near-zero growth. In turn, this limited real growth occurred in the context of IFAD's operating expenses since 2016 being higher than its revenue.<sup>36</sup> Cost increases from opening and upgrading of ICOs, including in fragile and conflict-affected contexts, and increases in staff and other needs could be partially offset by increasing efficiencies and lowering the grade mix of staff. When these become inadequate to cover the necessary costs, additional cost savings measures may carry a risk of adversely affecting IFAD's ability to deliver results.
77. While data showed a relative decline in PMD resources and an increase in SKD resources, it is important to recognize that their combined resources declined steadily from 2016 to 2022. This decline was reflected in two key areas: the *number and grade mix of operational staff and resources for design, cross-cutting work and implementation support of IFAD operations.*
78. PMD staff strength fell from 319 in 2016 to 295 in 2021; its staff grade mix was significantly lower in 2021 than in 2016 - a 45% reduction in P5s while NOAs quadrupled. SKD expanded from 25 staff in 2016 to 117 in 2021 and had 43% of its total staff in P5/P4 and 27% in P3/P2. Part of the changes in PMD and SKD staff

<sup>34</sup> Some increases in non-operational expenditures were required to support other IFAD reforms. For example, to support the reform of IFAD's financial architecture and get a credit rating, IFAD needed to create a Risk Management Office and strengthen its treasury and financial services.

<sup>35</sup> The shares of operational units in the following four MDB's total budget in 2022 were: AfDB: 49%; ADB: 54%; IADB: 56%; World Bank: 59%.

<sup>36</sup> The gap has ranged from \$37million to \$67million.

is attributable to the consolidation of the reform to create SKD and move technical staff in PMD (under PTA) to SKD during 2017-2018. This shift cannot explain the reduction of the average cost per staff of PMD and SKD together from \$125,900 in 2016 to \$115,300 in 2021.<sup>37</sup> Some financial savings stem from reducing the number of more experienced staff and hiring more junior staff.

79. CLE E-Survey showed that a large majority of operational staff disagreed that there was sufficient budget and resources allocated for project processing and supervision (75%), and mainstreaming efforts (79%). IFAD's 2022 Global Engagement Survey responses echoed this and found that during Decentralization 2.0, the adequacy of resources became an increasing problem.<sup>38</sup> There were significant cuts to the funds available for project design and supervision, despite the growing complexity and size of IFAD's projects. The average budget for the design of projects declined by 19% - from \$177,000 during IFAD9 (2013-2015) to \$144,000 during IFAD11 (2019-2021). The average time allocated for design processes also has been reduced from 17 months in 2016 to 8 months since 2019. The average budget for supervision decreased by 28%, from \$29,000 to \$21,000, during the same period. Case studies noted the adverse impact of the reduction in financial and human resources on the quality of project design, supervision, mainstreaming, and non-lending activities.<sup>39</sup>
80. **The declining budget allocations for IFAD's country programme delivery came at a time when IFAD projects were becoming larger and more complex to address the multiple mainstreaming needs.** This reduction in the resources was also accompanied by a reduction in the flexibility needed to manage the scarce resources. Case studies noted a lack of predictability in future funding and an inability for ICOs to reallocate funds between project design and project supervision (Egypt, Vietnam).
81. **Only 29% of the CLE E-survey respondents agreed that the decentralization strategy realistically estimated implementation risks, potential costs, and challenges.** The effectiveness and performance of projects that were approved during 2017-2022 can be fully assessed only when they are completed, which would be several years from now. In the interim, reliable proxy measures such as trends in quality at entry, and likelihood of projects achieving stated development targets need to be identified and tracked. Changes in assessing quality at entry by the Quality Assurance Group (starting in 2018) make it difficult to compare trends in design quality of projects and impact of the limited time and resources allocated for project design and implementation. The project level risk indicators presented in the project design reports do not capture some of the strategic issues (e.g., declining share of budget allocations for programme delivery; lower grade mix in country offices/PMD).
82. **IFAD has recently made progress in introducing an institution-wide risk management system that is continuing to evolve in the right direction.** IFAD established Enterprise Risk Management Office (RMO) in September 2020, well after it started OpEx. IFAD's risk management system defined and tracked financial, operational program delivery, and strategic risks, established Operational Risk Management Unit (May 2021) and the Programme Delivery Risk Management Unit (July 2021) as well as multiple risk committees to focus on specific issues. Though not part of the Decentralization 2.0 Working Group, it commenced providing inputs on the risks associated with decentralization to EMC and this

<sup>37</sup> Between 2016 and 2021, the average staff costs in PMD declined from \$124,000 to \$113,000, and in SKD from \$156,000 to \$121,000.

<sup>38</sup> Only a minority of the respondents viewed that their division had sufficient staff to handle the workload (36% in 2016 and 20% in 2018 and 17% in 2022) and that their departments/divisions had sufficient resources (i.e., methods, systems, budgets, staff) to be effective (30% in 2022 vs 42% in 2018 and 59% in 2016).

<sup>39</sup> Including travel from MCOs post-COVID when the cost of air travel increased.

group. The metrics reported in the Corporate Risk Dashboard may highlight some risks related to decentralization. For example, the Enterprise Risk Management Framework includes Programme Delivery Risks<sup>40</sup> and institutional capacity for implementation and sustainability risks.<sup>41</sup> However, within the risk taxonomy and the corporate risk dashboard, the risks associated with this major organizational transformation effort are treated as cross cutting ones and not as a distinct risk category that needs to be tracked and reported.

83. Among other sources, the risk management framework draws on project level data from PMD, FMD, QAG and human resource data at the institutional level. Some of data were not granular enough to capture issues related to decentralization (e.g., institutional staff vacancy and retention indicators). Another indicator is the likelihood of obtaining
84. **More is needed to fully align the risk management framework with the needs of IFAD's accelerated decentralization efforts.** Particularly, by the units providing the first and second line of defence to identify and track measures of development risks (at the granular and institutional levels, such as suitable proxy indicators for attaining key milestones, and tailoring supervision/implementation support missions to track project performance more comprehensively).

#### Key Points:

- **The share of IFAD budget allocated to delivering country programmes, IFAD's core business activities, continued to decline during 2016-2022.** This reduction reflected reduced time and resources for project design, supervision, mainstreaming, and NLAs, as well as a larger share of less experienced staff to provide this support. Reduced resources for country programme delivery occurred while the size and complexity of IFAD projects increased.
- **As such, these cost savings may pose an adverse risk to the development effectiveness of operations – a risk that was not adequately monitored and managed by IFAD from the beginning.**
- IFAD has yet to develop a budget system to capture the full costs of field presence and transparently reflect in its budget documents a full, detailed, phased cost estimate of decentralization. The Board and Management need such information to decide to embark on such a major institutional change and to monitor and manage potential risks.
- There was evidence to show that IFAD country offices contributed to mobilizing financing by increasing the proportion of international cofinancing of IFAD projects.
- The efficiency ratios linking PoLG, PoW and portfolio size and IFAD budget did not show a clear pattern that decentralization has contributed to sustained improvements to IFAD's efficiency ratios. However, majority of those responded to the CLE E-Survey indicated that country presence has contributed to IFAD delivering a larger PoW and increase in its average project size.
- Multivariate regression analysis showed that country presence speeds up project start-up and generates more international cofinancing, particularly after ICOs gain experience. However, the multivariate regression analysis was inconclusive about the contribution of country presence to project efficiency performance ratings when other contributing factors were considered.

<sup>40</sup> (i) project scope; (ii) institutional capacity for implementation and sustainability; (iii) project financial management; (iii) project procurement; and (iv) environment, social and climate impact.

<sup>41</sup> The risk that the project executing agency, implementing partners and service providers lack the capacity to effectively and efficiently implement and sustain the activities supported by the project.

## IV. Decentralization Efforts: Approach, Planning and Implementation

85. This chapter assesses IFAD's decentralization approach during 2016-2022 and the intermediate outputs resulting from the decentralization exercise.

### A. Decentralization visioning and planning with targets

86. As noted, IFAD's decentralization efforts under OpEx (2017 June–2018 December) and Decentralization 2.0 (D2.0) (2019-2024) constituted a major departure from the earlier decentralization efforts in setting targets and timeframe for decentralization. The President [2017-2022] sought to outpost an additional 27% staff within 8 years (2017-2024) while the earlier decentralization efforts outposted 18% of staff over a period of 14 years (2003-2016).
87. This significant undertaking could be characterized as transformational in terms of scope and pace of implementation. Recent data published in the Harvard Business review found high failure rates for organizational transformations.<sup>42</sup> This highlights the challenges and difficulties experienced when attempting to fundamentally transform an organization, which helps to put IFAD's experience into context.
88. **Decentralization target and timeline were not based on IFAD's past decentralization experience or a feasibility study.** Clear targets and direction may have been necessary to bring about the cultural and institutional shifts necessary for decentralizing a small organization (with about 600 staff) that has functioned as a highly centralized agency since its inception in 1977. This organizational transformation was backed by highly visible commitment from the highest level of management. However, there was no evidence to show that the target<sup>43</sup> of out-posting 45% of staff by 2024 was based on a study of required financial, human and system resources or broad-based consultations with management and staff that involved discussions of the full implications on staff. Even if these targets may have been originally intended to be aspirational, they were taken literally by the implementing units to shape the subsequent decentralization efforts.
89. For the recent phase of decentralization, a comparative analysis of decentralization experiences of other IFIs and UN agencies was reported in 2021, well after the targets and timeframe were established and OpEx completed. This analysis was conducted by the Decentralization 2.0 Working Group and was presented as part of a Power Point presentation to the Board but the report of this analysis was not published.<sup>44</sup> The comparison looked at relevant issues such as reporting arrangements, enhancing efficiencies, but missed the opportunity to compare core challenges facing IFAD's decentralization such as pursuing adaptive management within the context of accelerated timeframe, decentralizing technical experts in a small organization, and identifying the principles choosing different models of country presence (CD-led or CPO-led ICOs, MCOs and ROs).
90. **Adaptive management practices were not integrated into the system in place for the decentralization. Consequently, IFAD did not adequately address the critical challenges that arose during implementation.** Under the direction of the President [2017-2022], who campaigned on a promise to further decentralize IFAD, the existing 2016 Decentralization Plan was replaced by OpEx,

<sup>42</sup> Argenti, Paul A, Berman, Jenifer, Calsbeek, Ryan and Whitehouse, Andrew (September 14, 2021) The Secret Behind Successful Corporate Transformations, Harvard Business Review. Other studies also confirm this view. For instance, in 2020 BCG conducted a survey of transformations that found that the success rates declined from 37% in 2019 to 27% in 2020. The same survey showed that when there was a Chief Transformation Officer involved, the success rate became 66%.

<sup>43</sup> UN organizations consulted and AfDB did not use explicit decentralization targets, while the World Bank did use the proportion of staff out-posted as a corporate indicator and tracked it.

<sup>44</sup> "Decentralization 2.0 – High Level Summary Slides"

followed by Decentralization 2.0. Because the decentralization agenda was transformative and the majority of such organizational endeavours fail, anticipating the problems/bottlenecks and putting in place mitigation measures was a key factor in successful transformative changes. Though not everything involved in organizational transformations can be foreseen, some of the bottlenecks faced by the current decentralization could have been anticipated and mitigated had there been feasibility studies and scenario planning.

91. One area that was identified as negatively impacted by the lack of comprehensive planning were widespread gaps in timely appointment of administrative support staff and filling of vacant positions that were created as a result of both decentralization and reassignment.<sup>45</sup> This resulted in high levels of work life imbalance and hardship for many. This was evidenced by the concerns flagged in IFAD's Staff Engagement and Workplace Culture Action Plan Survey (2021). Of the 15 priority issues identified by the respondents, ten were related to work load and work-life balance.<sup>46</sup> This view was also supported by the CLE E-Survey, where only 40% of the respondents agreed that the staff complement (numbers, grades, and expertise) matched the fundamental responsibilities of country offices.
92. All country studies confirmed that IFAD's decentralization efforts needed better planning and implementation. Interviews showed that the ongoing decentralization efforts seem to react to problems as they arise on a case-by-case basis rather than having a holistic approach to identify causes and take preventative action (e.g. Bangladesh, Egypt). Only 39% of CLE E-Survey respondents agreed that IFAD pursued adaptive management and learning to identify, manage and mitigate problems associated with implementing decentralization; only 37% agreed that the process of assigning staff to country offices worked well; and 87% felt that there were too frequent changes in staffing and responsibilities.

## **B. Establishing an enabling organizational framework for implementing decentralization**

93. **The priorities of decentralization and corporate reforms were not fully aligned. More coherent planning would have helped improve the alignment.** The numerous reforms underway during 2016-2021 were not planned recognizing their implications of the ongoing decentralization efforts.<sup>47</sup> For instance, the grade mix of PMD staff (particularly, the grade level of CDs) was lowered since 2016 (Table IV-1), while the complexities of IFAD operations expanded due to the requirement to mainstream the four priority themes<sup>48</sup> in all IFAD operations and COSOPs.
94. **Headquarters support to decentralization was seen as fragmented by the decentralized staff.** This experience was noted in case studies (e.g. Bangladesh, Egypt, Kenya), despite IFAD implementing a kiosk system for staff to have equal access to service regardless of location. The issue was recognized by some headquarters units, such as the Field Support Unit (FSU), which implemented initiatives, including and Admin Toolkit for Field Offices, to address this fragmentation and create a client-facing, service-driven approach, in the absence of a corporate recognition of this shortcoming. This was specifically important in the

<sup>45</sup> The Kenya, Panama, Egypt and Sudan case studies highlighted this concern, and it was also raised by six different departments at IFAD headquarters.

<sup>46</sup> Staff Engagement and Workplace Culture Action Plan Survey (2021) pages 3 and 9

<sup>47</sup> Examples of these reforms are: changes to headquarter structure, (such as separating the technical experts from PMD, created a dedicated division to promote mainstreaming themes), revised guidelines for operations as well targeting, modified the grant policy, updated the knowledge management strategy with an action plan streamlined the design and implementation processes (reduced the design period from 17 to 8 weeks) and reduced their budget, while requiring all COSOPs and Projects to mainstream priority themes.

<sup>48</sup> IFAD declared its commitment to mainstream considerations of environment and climate change, gender, youth and nutrition in all its operations and COSOPS under IFAD 10 (2016-2018) and beyond.



context of the COVID pandemic that increased the complexity of logistical arrangements linked to relocation of decentralised staff.

95. The timing and logistical approach adopted to reassignment were identified by many interviewees as being very disruptive for staff and their families. The CLE E-survey showed that nearly two thirds of the respondents (63%) disagreed that the process of assigning staff to country offices worked well. The timeframes provided for staff to move to their new duty stations were often at odds with the schooling requirements and personal arrangements that needed to be made. The lack of clarity around where staff were going as well as the short lead times for moving made the process personally disruptive for staff. Feedback from the CLE E-survey shows that 63% of the respondents disagreed that they were given sufficient advanced notice regarding relocation/reassignment.<sup>49</sup>
96. **The clarity of reporting relationships within decentralized units and reporting lines between them and the headquarters continued to improve, albeit slowly.** IFAD has improved the clarity of reporting lines since 2016, learning from prior experience. Allocation of roles between regional offices and headquarters was raised as a concern regarding clarity and reporting lines. This was highlighted in the reporting relationships between PMD and SKD and between the Country Directors in an MCO and the MCO head. Case studies show that these are being addressed (e.g. Cambodia, Egypt, Kenya, and Vietnam). However, challenges persist. Several years after matrix reporting (to the Head of RO/MCO and SKD in Headquarters) was introduced and experience was gained, the CLE E-Survey found that IFAD affiliated respondents were still nearly evenly split on whether or not it was working well (53% agreed; 47% disagreed). This suggests that there are issues that need to be addressed. Other organizations have also experienced challenges with matrix management.<sup>50</sup> Another type of challenge arises due to inadequate onboarding and training of those taking up field management posts. For instance, Ethiopia MCO case study highlighted the possible confusion that could arise related to the roles and responsibilities of supervising staff in the absence of adequate onboarding training.
97. **The facilitation of the onboarding process and training were not given sufficient attention.** Only 38% of CLE E-Survey respondents found that their orientation was adequate when they were assigned to a new office. This problem was confirmed by nearly all case studies. CSD has a checklist to guide staff through the process and contact people to facilitate the onboarding process. Augmented by online training modules, the onboarding introduced staff to IFAD in general and covered issues related to people, processes and technology. However, it did little to orient them to their roles and to the country context. The need for onboarding was constant because of the reassignment process. Yet, the gap continued to persist.
98. The 2019 McKinsey study commissioned by IFAD identified key skill gaps, such as written and verbal communication, strategic mind set, analytical skills, problem solving, leadership abilities (advocacy and policy dialogue), digital fluency, and policy dialogue.<sup>51</sup> The headquarters interviews highlighted the following skill gaps: the ability to engage with non-lending activities, media engagement, resource mobilization, communication, policy dialogue, finance management, and procurement. These are aligned with the findings of the McKinsey study. The need for improved training was also recognized as a priority in the stock-taking survey conducted by OpEx (2019). To address these gaps, IFAD has developed online platforms such as the Operations Academy (OPAC). As of August 2022, 619 E-

<sup>49</sup> It is noted that CSD together with the ISA implemented a number of measures during 2022 to better support relocated and newly hired staff members. These include the creation of an onboarding coordination group, CSD corporate onboarding for staff based in IFAD ICOs and revising the Abidjan newcomers guide.

<sup>50</sup> The World Bank found that the operational demands in the regions made matrix management a challenge. The Matrix System at Work: An Evaluation of the World Bank's Organizational Effectiveness. 2012.

<sup>51</sup> Analytical HR Study on IFAD's Current and Future Workforce Composition, 2 October 2019, page 2

learning trainings were completed and 842 were underway, with 224 staff completing at least one e-learning programme. All case studies indicated that while OPAC was a useful start, its effectiveness has been limited. Staff found that face-to-face trainings, or at least, zoom trainings were needed to grasp concepts, clarify doubts and understand the range of issues faced by others. Feedback received from case study respondents indicated that the ability to ask questions and engage with others in the learning process would have been far more effective. While face to face training was not viable during the COVID pandemic, zoom training sessions would have increased the ability to grasp concepts, clarify doubts and understand the range of issues faced by others

99. **Limited career path and succession planning opportunities constrained IFAD's ability to retain or attract skilled staff.** A key risk identified in the ICOs was that of succession planning. The small number of staff in a typical ICO meant that the ability to develop successors for the positions is unlikely to happen within the office and succession planning has to rely on the mobility framework for international staff. For national staff, growth was focused more on the nature of work and level of responsibilities assigned as opposed to promotions to more senior positions within an ICO. Succession planning remained a challenge in the case of key national staff.

### **C. Decentralized presence and its fitness-for-purpose**

100. **The system to locate staff in the ICOs did not take into full consideration the key lessons from the earlier decentralization (2003-2016).** As noted in Chapter III, despite their small size compared to many UN agencies and all IFIs, some successful ICOs were able to achieve high-impact projects and high visibility because of the right profile of staff (Cambodia, Vietnam, Sudan). To determine the appropriate model of country presence and allocate staff in client countries, IFAD developed a metric system, which used the size of the portfolio and presence of conditions of fragility and conflict to determine the staff profile. The staffing within the ICO was determined by the portfolio size and the number of countries being managed from that office. There was some flexibility integrated to address complexity of the projects, development and political context, and partnership opportunities. The profile of the staff, from an experience and network perspective, was not considered in the metric system negating consideration that the key to success was the ability to navigate the complexities in a specific country context.
101. The staff of successful ICOs under the earlier decentralization efforts were skilled, experienced, and brought in the required networks for close partnerships and established trusted relationships even under complex contexts. The CPO and CPA were the anchors of the Office. The CPO was instrumental in establishing ties with the government, key actors, local beneficiary organizations and project implementation units. The CD was key to ensuring high-level links and IFAD's visibility, while ensuring timely technical, finance and other necessary support from headquarter units (Case Studies: CD-led Brazil, Cote D'Ivoire, Sudan, and Vietnam, CPO-led Cambodia and Niger). Building partnerships and networks is key to the development effectiveness of the ICO model. The staff with adequate experience, with the correct skills, experience and networks are essential to achieve successful implementation of the ICO model. However, the D2.0 planning (including metrics, HR practices) did not adequately acknowledge or integrate these factors into the staffing models developed for ICOs established through the decentralization process.
102. The metrics system also aimed to provide an objective framework to determine the most suitable locations for country offices. A measure of flexibility was introduced for Regional Directors to provide contextual inputs to suitably modify the outcomes as necessary, which was indeed utilized by some Regional Directors (e.g. ESA). Some Regional Directors noted that not all decisions were consistent with the

overarching goal of maximizing IFAD's region-wide development effectiveness (e.g. LAC, APR). For instance, Cambodia was assigned to be a CPO-led ICO despite relevant managers in the Region pointing out that the volume and high complexity of its portfolio merited a CD-led ICO.

103. The efforts to track the risks and implications of decentralization on ICO operational performance were weak. Clear rationale, functions and scope of ROs were yet to be defined and corporate guidance provided. A case-by-case analysis of the cost versus value addition of MCOs, as well as exploring alternative models of country presence was never undertaken, particularly in ESA and WCA, which have Regional Offices.
104. **The resourcing levels identified by the metrics system were inadequate for the ICOs to meet their mandate and deliver their commitments.** Consequently, the allocation resulted in overburdening the field-based staff with workload. This work load has been exacerbated by the slow rate of appointment of administrative support staff<sup>52</sup> and filling of vacant positions, particularly those with a specific language requirement (e.g. Panama, Brazil). The lack of administrative staff to support the decentralizing technical staff was observed in many case studies, including in the two ROs (Cote d'Ivoire and Kenya). In addition, the changes in the delegation of authority have also allocated additional work to the ICOs and MCOs, without additional resourcing.
105. CDs, PTLs and CPOs were trained on financial management, SECAP and procurement which supported their expanded roles. Skills and knowledge transfers were also facilitated through annual Departmental and Sub-Regional workshops and retreats. However, key gaps in capacities of the CD role were evident because of the added responsibilities and tasks in establishing partnerships and relationships and pursuing non-lending activities, while leading/participating in a range of technical groups related to the sector. In addition, their role as interlocutor of the President in the country necessitates a good understanding of protocols. These gaps were identified in the headquarters interviews as they resulted in Departments needing to provide support and address queries that should typically be addressed within the PMD Department.
106. Key gaps in capacities of the CD role were identified because of the added responsibilities and tasks in establishing partnerships and relationships and pursuing non-lending activities, while leading/participating in a range of technical groups related to the sector. In addition, their role as interlocutor of the President in the country necessitates a good understanding of protocols. The increased level of delegation also required that capacity be built in skills such as financial management and procurement. These gaps were identified in the headquarters interviews as they resulted in Departments needing to provide support and address queries that should typically be addressed within the PMD Department.
107. **Widespread work-life imbalance and excessive work load were strongly influenced by high vacancy levels, delays in appointing staff and long working hours for staff in different time zones. These adversely affected staff empowerment and morale.** CDI's 2019 Lessons Learned exercise identified widespread work life imbalances due to insufficient human resources to fulfil the decentralized responsibilities. As noted, this message was strongly reiterated in the 2021 Staff Engagement and Workplace Culture Action Plan Survey. The CLE E-survey found that only 40% of respondents agreed that the staff complement (numbers, grades and expertise) matched the functional responsibilities of country offices. Only 19% of the 2022 Global Staff Survey respondents found that position grades were reviewed and audited fairly and consistently. In addition to this, qualitative data gathered from the case studies (Panama, Sudan, Egypt, Cambodia,

<sup>52</sup> As identified in the case studies conducted in Kenya, Sudan, Egypt, and six headquarters-based department interviews

Brazil and two headquarters departments) indicated that the time zone difference between headquarters and the ICOs, coupled with the requirements to participate in meetings and activities resulted in staff working either very early, very late or on weekends (some countries have their weekends on a Friday and Saturday e.g. Egypt and Sudan) to accommodate headquarters requirements.

108. The 2022 IFAD Global Staff Survey reported that only 25% of the respondents found that decentralization had a positive impact on their motivation and engagement. Headquarter interviews found that a plausible rationale for the accelerated pace of decentralization (increase outposted staff from 17% to 45% in 7 years) was that it would help overcome resistance, minimize pain and contain disruption. This timeline was challenging for staff 87% of CLE E-Survey respondents reported that the accelerated decentralization had adversely impacted the staff morale.<sup>53</sup>
109. A key gap in the decentralization process was the lack of an effective and supportive change management process. There were very limited skills and experience in change management in the team driving decentralization. The comparative study of decentralization experiences of other organization found that the recent experience of UNHCR was relevant. During its recent decentralization efforts, UNHCR had a change-management team and a change-management Governance Board to supervise and manage their decentralization and regionalization processes.
110. **Changes to staffing composition (2016-2022).** The total number of PMD staff<sup>54</sup> reduced from 324 to 302 and SKD staff increased from 25 to 134 between 2016 and 2022. Between 2016 and 2022 there was significant increase in the proportion of P4-level CDs. There was a slight reduction in the number of P5-level CDs appointed which was at 27 in 2016 and reduced to 22 in 2022. The number of P4-level CDs appointed more than doubled from 14 in 2016 to 29 in 2022. This is illustrated in Table IV-1.

Table IV-1  
**Grade levels of CDs (2016 – 2022)**

CD Grade	2016	2017	2018	2019	2020	2021	2022
NOC							1
P-3 <sup>55</sup>			4	10	2	2	1
P-4	14	14	12	15	25	25	29
P-5	27	27	26	23	23	19	22
<b>Total</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>48</b>	<b>50</b>	<b>46</b>	<b>53</b>

Source: Data from Human Resources Division

111. During this time interval, the total number of staff in the field increased from 113 to 268. The number of international staff (including JPOs) increased from 28 to 124 (an increase of 77%), and the number of national programme staff increased from 42 to 66 (an increase of 436%) (Table IV-2).

Table IV-2  
**Number of national and international staff (2016 – 2022)**

Contract Type	2016	2017	2018	2019	2020	2021	2022
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<sup>53</sup> The comparative study shows that AfDB, UNHCR and the World Bank offer examples of how this can be done differently. Box Annex III-1 presents details of the World Bank approach.

<sup>54</sup> This number includes core and supplementary funded and short-term contract staff.

<sup>55</sup> This data reflects the actual grades of the people fulfilling the CD functions as per the HRD data provided. The NOC and P3 CDs are appointed on an ad interim basis. They are being paid an allowance for acting in the role of CD.

Service Contract General Service	14	20	27	33	36	37	35
National General Service	29	31	32	28	36	40	43
National Officer	42	47	49	63	69	63	66
Junior Professional Officer	0	0	0	0	0	1	3
International Professional Staff	28	26	26	84	96	99	121
<b>Total</b>	<b>113</b>	<b>124</b>	<b>134</b>	<b>208</b>	<b>237</b>	<b>240</b>	<b>268</b>

Source: Human Resources Division data

112. The gender profile of the professional staff that were decentralized shifted slightly between 2016 and 2022. SKD and FOD appointed proportionately more women than men into their decentralized positions, while women constituted just under a third of the decentralized professional staff in PMD (Table IV-3).

Table IV-3

**Gender profile of decentralised professional staff (2016 – 2022)<sup>56</sup>**

		2016				2016 Total		2022				2022 total
Department and Grade		F	F %	M	M %	F	F %	M	M %			
<b>Finance Department</b>	<b>Operations</b>	<b>1</b>	<b>50</b>	<b>1</b>	<b>50</b>	<b>2</b>	<b>6</b>	<b>55</b>	<b>5</b>	<b>45</b>	<b>11</b>	
P-3		0		1		1	4		3		7	
P-4		1		0		1	2		2		4	
<b>Programme Management Department</b>	<b>Management</b>	<b>7</b>	<b>29</b>	<b>17</b>	<b>71</b>	<b>24</b>	<b>23</b>	<b>31</b>	<b>52</b>	<b>69</b>	<b>75</b>	
P-2		0		0		0	0		1		1	
P-3		0		3		3	6		10		16	
P-4		3		3		6	14		21		35	
P-5		4		11		15	3		20		23	
<b>Strategy &amp; Knowledge Management Department</b>	<b>Management</b>	<b>0</b>		<b>0</b>		<b>0</b>	<b>18</b>	<b>67</b>	<b>9</b>	<b>33</b>	<b>27</b>	
P-2		0		0		0	1		0		1	
P-3		0		0		0	4		2		6	
P-4		0		0		0	9		2		11	
P-5		0		0		0	4		5		9	

Source: Human Resources Division data

113. The increase of national staff in PMD<sup>57</sup> was mainly at NOB and NOA level – NOB staff increased from 5 to 20. This is linked to the appointment of Country Programme Analysts at the NOB level to support the increased capacity requirements in some ICOs. There was a slight reduction of NOD staff and NOC staff strength remained approximately the same (Table IV-4).

Table IV-4

**Grade level distribution of PMD national staff (2016 – 2022)**

<sup>56</sup> This data only includes IFAD funded staff on full time contracts. The numbers are from HRD data provided and vary from the numbers provided by Management.

<sup>57</sup> This data includes actual staff in positions. This does not count the positions that are vacant on 1 July of each year.

Grade	2016	2017	2018	2019	2020	2021	2022
NOA	4	4	4	14	14	12	7
NOB	5	6	6	2	2	2	20
NOC	30	37	32	33	38	35	29
NOD	3	2	2	2			1

Source: Human Resources Division data

114. A factor that may constrain the performance of Country Directors in countries was the proportion of those Country Directors who were entirely new to IFAD. This required longer learning timeframes as these candidates needed to understand both IFAD as an organization and the country in which they have been appointed. The number of country directors that were newly appointed (either deployed or new staff appointed to IFAD) per region in 2016 and 2021 is illustrated below. Table IV-5 shows that the CD turnover varied across regions. In some regions, this change corresponded to acceptable, routine levels (e.g., 2 of 10 CDs in 2021) WCA with but in regions like LAC the changes could be disruptive (5 of 6 CDs (83 per cent) in WCA in 2021). Another cause for concern was the proportion of newly appointed CDs who were new to IFAD. External recruits bring fresh ideas to the system and add value, provided the 'ecosystem' of CD system was not disrupted. Careful monitoring and providing mentoring support as needed would be necessary when the share of external recruits was large enough to disrupt the system.

Table IV-5

Number of newly appointed CDs (reassigned or new hire staff) [2016 and 2021]

	2016			2021		
	# of Reassigned CDs	# New Hire CDs	Total CDs	% of Reassigned CDs	% New Hire CDs	Total CDs
APR Total	5	0	8	5	2	12
ESA Total	9	3	14	4	2	9
LAC Total	5	3	12	5	1	6
NEN Total	8	2	14	6	2	13
WCA Total	7	3	16	2	1	10

Source: Human Resources Data and CD Country Assignment Data

115. **The reassignment process was disruptive and not well-planned.** This was first identified in CDI's 2019 Lessons Learned Exercise. The subsequent 2021 Staff Engagement and Workplace Culture Action Plan Survey noted that reassignment and decentralization were adversely affecting staff trust. Specifically, decisions related to reassignment were seen as lacking transparency. The initial approach adopted in 2018 required a full selection process for each person into each position. This was widely seen as exhaustive and time consuming. The process was reviewed (from desk based in 2018 to a more comprehensive approach in 2020 and further streamlined in 2021/22), in line with adaptive management principles, and the most recent (2021/2) reassignment process made efforts to improve the situation. Despite these efforts, slightly more than a third (37%) of CLE E-survey respondents felt that staff were given sufficient advance notice regarding relocation/reassignment.
116. The current timeframes for reassignment were disruptive. The period of posting of CDs (Standard Duration of Assignment) ranges from 2 to 5 years in line with the IFAD mobility strategy approved by the EMC on 15 November 2017.<sup>58</sup>

<sup>58</sup> Mobility strategy outlined in Information Circular IC/HRD/02/2018 where standard duration of assignment (SDA) is linked to hardship classification of duty stations undertaken by the International Civil Service Commission. This details an SDA of five years for H duty stations and an SDA of 2 years for D and E duty stations.

117. The reassignment process and timing did not consider the programme delivery cycle or the operational requirements and impact. This disruption was further exacerbated by the large number of staff who are changed in one region in a single cycle. For instance, 83% of the CDs in the LAC region were changed in 2021 (Table IV-5). The frequent nature of reassignment was likely to be a key contributor to staff turnover and to the loss of senior staff. The frequent reassignment also resulted in vacancies that were sometimes unfilled for long periods of time while a suitable candidate was sourced.
118. One of the concerns raised by members of IFAD Management Team (IMT) was that they had limited ability to influence the decision on placement and appointment of staff that they would be directly responsible for managing. This issue was frequently raised, specifically in the context of reassignment. The current system allows for managers to directly determine the shortlist of candidates that are considered. A recommendation on appointment is then made and the final appointment and/or placement decision is made by the President. Many managers were unaware of their ability to direct the placement and appointment process in this manner.
119. **The management of priorities, workload and resources of SKD require review to better support decentralization.** In supporting decentralization, SKD plays a key role in providing technical support to project design, supervision and non-lending activities. Governments identified the quality of technical support received as a comparative advantage of IFAD. In addition, SKD is central to promoting knowledge management - a key corporate priority. It coordinates the implementation of the KM Strategy and Action Plan and responsible for knowledge produced at the project level is shared and used across IFAD and client countries, and global or regional knowledge benefits IFAD projects. The added complexities of IFAD operations, including those due to requirements to mainstream climate change responses, gender equality and empowerment, youth and nutrition issues, as well as the increasing size of projects make considerable demands on the SKD technical experts even though SKD staff has nearly quadrupled in the past five years (Box IV-1).

Box IV-1:

**Priorities and work load of Strategy and Knowledge Department**

In 2021, SKD had 78 staff<sup>59</sup> (of which 41 were P4 or P5 level). Each year, between 20 -30 new projects were being designed in IFAD. In 2021, IFAD portfolio had 207 active projects. This implied, SKD staff as Project Team Leads would undertake 207 supervision missions, in addition to taking on between 20-30 missions for new designs. Case studies and the IFAD's mid-term review of the KM Strategy and Action Plan showed that this increasing demand has resulted in SKD being focused on back-stopping ICOs at the expense of guiding/supporting non-lending and KM activities.

Source: IOE Elaboration

## **D. Governance and Leadership.**

120. **There was commitment and leadership by the President (2017-2022) and senior managers to drive the decentralization process.** A review of documents, communications and interviews showed that the President (2017-2022) clearly communicated to all staff that decentralization was a major organizational priority and was visible in leading the process. Mechanisms to steer, coordinate and implement the decentralization process were established and functioned under the guidance of the President.<sup>60</sup>

<sup>59</sup> Based on IFARB contracts identified in HRD data as at 1 July 2021.

<sup>60</sup> A Steering Committee comprising of AVPs of PMD and SKD (senior managers) and Head of OPV was set up to steer the process and coordinating mechanism was also established – this was one of the responsibilities of CDI. The



121. **However, decentralization-related decision making was top-down, both at Headquarters and between Headquarters and ICOs.** While the President (2017-2022) involved senior and middle management in consultations, interviews found that they had limited influence on matters that were central to decentralization efforts (such as the size and location of Regional Offices). 65% of respondents to the CLE E-Survey rated senior management's performance regarding the transparency of decision making during the accelerated decentralization as unsatisfactory.
122. **Decentralization lacked effective communication and change management.** IFAD did not have a communication strategy for decentralization until 2021. One of the biggest gaps in decentralization efforts was the lack of effective two-way communication.<sup>61</sup> The strategic vision that drove decentralization happened at the most senior level in the organization and did not appear to have been particularly well communicated, despite the numerous outreach activities such as townhall meetings, and blogs. Consequently, even after six years of communication, the Staff Engagement and Workplace Culture Action Plan Survey identified a lack of clarity on the vision and a number of reforms. The CLE E-Survey echoed these findings regarding decentralization. Respondents were nearly evenly split in rating senior management's performance around communicating the rationale for the accelerated decentralization as being satisfactory (52%) or less than satisfactory (48%). This feedback from IFAD staff indicates that despite the efforts that were made over five years, more effective ways are needed to get staff buy-in for IFAD's accelerated decentralization.
123. Management took stock of lessons and conducted a number of consultations; produced blogs, papers, minutes and background documentation; held townhall meetings where staff were able to ask direct questions to the President; conducted events, quarterly divisional meetings with AVPs, established working groups, to name a few efforts. Despite these efforts, IFAD staff responding to the CLE E-Survey were nearly evenly split (53% agreeing; 47% disagreeing) that management proactively shared relevant decentralization information with staff. This indicates that about half the staff felt that better information sharing and participatory approach were needed to effectively reach them. The communication approach was event based as opposed to an ongoing one through multiple channels. Moreover, the communications focused on process issues and not how these processes would affect staff and how the impacts could be dealt with. Almost two thirds of (65%) the respondents to the CLE E-Survey indicated that they disagreed that the needs and concerns of staff were taken into consideration during the decentralization process. Staff and mid-level managers felt that they were unable to influence decisions that were made regarding decentralization
124. **Weak adaptive management of decentralization efforts.** The fast pace of decentralization did not allow sufficient time for effective reflection, lessons learning and to take effective action to successfully resolve problems as they arose. This was notwithstanding of the number of review processes undertaken (e.g. Lessons Learned Missions to IFAD Hubs 10 June 2019, review of the mobility framework after the 2018 implementation, approach adopted to updating the Delegations of Authority). This approach resulted in significant disruption for staff and IFAD operations. This was reflected by 65% of the respondents to the CLE E-Survey who felt that the decentralization process was not well planned and managed, and 61% who disagreed that adaptive management and learning were used to identify,

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implementation of the decentralization was driven by the Decentralization Implementation Group (DIG), and membership comprising the five Regional Directors (PMD), the three Directors of SKD, Directors of Communications, FMD, HRD, ICT and OSB, as well as CDI Lead Officer and ADM Security Officer

<sup>61</sup> It is instructive to study the recent measures of communication undertaken by UNCDF, which is decentralizing and making efforts to promote staff buy-in. UNHCR recruited a company to assist this process.



manage and mitigate problems and risks associated with implementing IFAD's accelerated decentralization.

125. **Satisfactory progress in delegating authority.** The process of delegating authority was an evolving one and needed fine tuning based on the changing context on the ground within the accountability framework. Earlier evaluations (2007, 2016) showed persistent problems with delegated authority. Case studies, IOE's review of the Delegation of Authority framework, IFAD website links related to Delegation of Authority, and Headquarters interviews show that the Fund has made significant strides in strengthening the framework of delegation of authority since the 2016 CLE of IFAD's decentralization experience. IFAD developed a framework of delegating authority (43 delegations) and continued to refine the delegation of authority based on observations from field visits and a web-based feedback system open to inputs from all staff, including the outposted staff. This is a good example of adaptive management.

## E. Guidance and oversight from the Executive Board

126. Executive Board oversight and guidance are important for far-reaching organizational transformations.<sup>62</sup> The fact that many organizational transformations fail<sup>63</sup> demonstrates how difficult they are to plan and implement.<sup>64</sup> The role of Boards in exercising governance is to set strategic goals, focus on strategic issues and hold management to account for delivering the defined results while avoiding micro management.<sup>65</sup> The Board and the management need to agree on a strategic plan to achieve the goals that includes a financial plan and key strategic metrics that measure how well the organization is achieving the intent of the transformation. Once this plan is approved, management should be given sufficient flexibility to determine the tactics to be used to implement the plan without being micro-managed. The evaluation identified four major issues that needed strong strategic oversight for IFAD's accelerated decentralization.
127. **Financial issues:** Decentralization was a major driver of expenditures and IFAD's budget. Board oversight in this area was challenging because IFAD did not have a budget system that reflected the cost of decentralization. The Board called for increased transparency about the cost of decentralization and continued to raise this issue progressively more strongly over the years. IFAD responded by providing a more transparent cost estimate for decentralization in April 2022, and further improvements to reporting are planned for 2023.
128. **Strategic trade-offs:** The 2016 Decentralization CLE found that decentralization was not cost neutral. During IFAD11 pursued accelerated decentralization within the framework of a zero-growth budget. This called for painful trade-offs among budgetary priorities and an aggressive pursuit of efficiency gains. The Board drew Management's attention to the need for clearer information on strategic trade-offs embedded in budget estimates and the need to place greater emphasis on efficiency gains. Over the years, some Board members expressed concern about the decline in PMD's budget and possible adverse effects on IFAD's operations. However, as noted in Chapter III, approved budgets resulted in a continuous decline in the share of administrative budget allocated to the delivery of country programmes 59 per cent in 2016 to 47 per cent in 2022 before increasing in 2023.
129. With the adoption of the four-pillar budget framework, the Board is now better positioned to engage in strategic discussions on trade-offs and whether or not a sufficient share of IFAD's budget is allocated to front line operations.

<sup>62</sup> The Governance Institute. The Board's Role in Transformation. Marian C. Jennings. May/June 2018

<sup>63</sup> Argenti, Paul A, Berman, Jenifer, Calsbeek, Ryan and Whitehouse, Andrew (September 14, 2021) The Secret Behind Successful Corporate Transformations, Harvard Business Review

<sup>64</sup> Argenti, Paul A, Berman, Jenifer, Calsbeek, Ryan and Whitehouse, Andrew (September 14, 2021) The Secret Behind Successful Corporate Transformations, Harvard Business Review

<sup>65</sup> The Governance Institute. The Board's Role in Transformation. Marian C. Jennings. May/June 2018

130. **Human Resource Management:** Board members made comments on many human resource issues related to decentralization (e.g. People, Processes and Technology Plan (PPTP); recruitment and onboarding process of new staff; training, requalification/skill development; performance management; reducing staff at Headquarters as the number of staff in ICOs increased). However, the evaluation identified unresolved human resource issues related to decentralization, such as lack of transparency in decision-making on relocation and reassignment processes, low staff morale, limited skills development and ongoing work life balance challenges. Failure to address these issues effectively may adversely affect IFAD's contribution to development effectiveness.
131. **Staff buy-in:** The Board noted statements of the IFAD Staff Association, welcomed the opportunity to hear from it on an annual basis and encouraged an open and constructive dialogue between staff and Management to build a better institution. Related evaluation evidence (e.g. findings regarding staff morale, heavy workload, work-life balance and the impact of decentralization on families) indicated that there were weaknesses in the mechanisms Management used to get broad-based buy-in from staff. Staff buy in for the organizational transformation merits further attention by the Board to ensure that these issues are addressed by Management.
132. **There was strong Board support for decentralization. At the same time, there were also questions about the execution of the decentralization strategy and results achieved.** Board members raised issues about the coherence between decentralization and other policies/initiatives (e.g. budgets, UN reforms; human resource management initiatives; workplace culture and values; risk management; knowledge management; SSTC). Executive Board minutes from 2017 to 2022 show that IFAD submitted many documents on decentralization to the Board (e.g., replenishment reports for IFAD11 and IFAD 12, discussions of work plans and budgets, OpEx reports, and special reports on the cost and other aspects of decentralization).
133. **The Board's exercise of its governance function of the accelerated decentralization strategy was particularly evident during the 134<sup>th</sup> Session of the Executive Board in December 2021 during the discussion of Decentralization 2.0 and the 2022 results-based programme of work and regular and capital budgets.**<sup>66</sup> The Executive Board called upon Management to:
- **Enhance the budget formulation process**, including providing a medium-term budget outlook, which provides indicative budget expenditures by line item and an explanation of the costs associated with key anticipated reforms such as Decentralization 2.0 and the Dynamic Workforce Planning exercise, and allowing for timely consultation;
  - **Enhance transparency** by bringing together all budget lines to provide a comprehensive summary of the budget;
  - **Provide a strategic overview** of Decentralization 2.0 and the Dynamic Workforce Planning exercise and their implementation modalities, including a detailed discussion of the full cost implications, as realized during the IFAD11 period (2019-2021) and projected for IFAD12 (2022-2024);
  - **Ensure costings are provided for all new strategies and policies** to avoid future discussions being purely rhetorical and instead base them on a comprehensive understanding of the objectives of new strategies and policies and their associated costs; and
  - **Conduct a structural review of priority setting** for the organization that would identify areas to be prioritized and also areas to be de-prioritized given resource and staffing constraints.

<sup>66</sup> Minutes of the 134th Session of the Executive Board. Rome, 13-16 December 2021.

134. **There were challenges for the Board in fulfilling its governance function for Decentralization 2.0.** With the notable exception of the 134<sup>th</sup> Executive Board session, for much of the period covered by the evaluation the Board did not always have the opportunity to discuss decentralization in a holistic manner and received information on separate facets such as finance and human resources. In addition, different aspects of decentralization (e.g., changes in planning, personnel deployment, administrative procedures reform, and budget allocations) were presented in the same session under different agenda items. There was clear follow up and reporting by Management in 2022 following the December 2021 134<sup>th</sup> Executive Board session. Prior to that there were not always structured mechanisms to resolve strategically important issues identified by the Board (e.g. structured reports presented to subsequent Board meetings identifying how the issues would be addressed and resolved). In addition, Board oversight of IFAD's transformation to a decentralized organization was constrained by the absence of strategically selected metrics that measured how well IFAD was achieving the intent of the transformation, and a budget that transparently reflected the cost of field presence.
135. Many List A countries in governing bodies of United Nations organizations and IFIs have a policy of requiring zero budget growth for fiscal discipline. At the same time, the Board encourages IFAD to improve its impact on reducing rural poverty, to pursue solutions that are not always cost-neutral even with efficiency gains (e.g., decentralization, financial architecture reforms, and mainstreaming and thematic work). A stronger reality check of the expectations/goals and the available resource envelop is critical for IFAD and Board.

**Key Points:**

- The decentralization efforts were backed by visible commitment from IFAD's President (2017-2022) and senior management.
- There was no evidence to show that the target of decentralization (out-posting 45% of staff by 2024) was based on a study of required financial, human and system resources or broad-based consultations with management and staff that involved discussions of the full implications of these changes to staff.
- Recent decentralization efforts show limited evidence of comprehensive planning and instituting adaptive learning and management that resolved identified problems. The timing and logistical approach adopted to reassignment were disruptive for staff and their families, staff morale and to IFAD Operations.
- Planning and allocation of human resources continue to face challenges. The resourcing levels identified by the metrics system was inadequate when compared to staff workload, leading to high workload and poor work-life balance. The grade-mix of staff positions has been reduced, including for key positions such as CDs.
- The reduced grade-mix of staff combined with the increasing complexity and size of projects during post-2016 decentralization efforts, pose a risk to the development performance of IFAD operations.
- Board oversight and guidance are critical for organizational transformations like decentralization. The Board's ability to oversee this process was constrained by the lack of metrics to track progress achieved, absence of a budget that transparently reflected the cost of decentralization and transparent discussions on the efforts to improve cost efficiency and painful trade-offs required in the context of a zero-growth budget. Also, prior to December 2021 there was a lack of structured follow up on how strategically important issues identified by the Board would be addressed and resolved by Management.

## V. Decentralization and Contribution to Development Results

136. This section analyses the relevance of ICO models in terms of their contribution to strengthening the delivery of IFAD's core services, such as support to the design and implementation of IFAD interventions and non-lending activities. The section also presents the assessment of what works (or not) in terms of the contribution of decentralized presence to achieving development results.

### A. Country presence models<sup>67</sup>

#### A.1 IFAD Country Offices (CD-led and CPO-led)

137. **Country presence strengthens the alignment of IFAD's portfolio with country needs, including in countries with fragile and conflict situations.** IFAD staff and stakeholder CLE E-Survey respondents overwhelmingly agree that country presence enhances national ownership of IFAD's development assistance (93% agree), and that projects (81% agree) and COSOPs (84% agree) are more relevant because of country presence. Case studies confirmed these observations. In Burkina Faso, the CPO-led Office helped IFAD strengthen the alignment of the 2021 COSOP and its related portfolio with the National Economic and Social Development Plan and national priorities. Similar observations emerged from other CPO-led and CD-led offices in Brazil, Cambodia, Côte d'Ivoire, Ethiopia, Niger, Sudan, and Vietnam.
138. **Country presence is critical in countries with a federal political system to ensure ownership of IFAD's interventions by the different tiers of government.** Typically, in federated states project coordination and implementation responsibilities were delegated to sub-national units such as states, provinces or districts. Case studies in Brazil, Cambodia, Ethiopia, Sudan and Vietnam showed that it was necessary for IFAD to have ties not only with national governments but also with governments and beneficiary organizations at subnational levels for improved design relevance and implementation support. These ties were also important for policy dialogue as development planning in these countries takes place at both the national and subnational levels. Establishing subnational ties was challenging without a country presence.
139. As per the metrics system for ICOs, a CD-led ICO has at least five staff – a CD, a PO, a CPO, a CPA and a driver. The CD and the PO were international staff and all others were nationally recruited. The country stakeholders interviewed invariably noted the small size of ICOs compare to other UN organizations and IFIs, the high level of staff competency and their ability to engage in many fora (such as donor coordination platforms and UN country team meetings) in addition to overseeing IFAD's operations.
140. **The choice of location and type of ICOs received mixed reviews among stakeholders interviewed.** IFAD used criteria to determine the location and type of ICOs to ensure an 'objective' mechanism of allocation. This was followed by discussions with Regional Directors to finalise the typology and location of offices to accommodate regional and political realities. The Regional Director of ESA confirmed that the final choice of locations of ICOs in the region were responsive to the operational realities and done in consultation with relevant client countries. However, in LAC and APR there were questions regarding some of the choices of locations and type of country presence. For example, the basis for locating an MCO in Panama that did not have a country portfolio or assigning a CPO-led status for Cambodia which had a large, complex portfolio. Nearly half of the CLE E-Survey

<sup>67</sup> All three country presence models were supported by E-Survey respondents to varying degrees: 89% of the respondents supported the establishment of ICOs, while the support was less but still significant for the ROs (75%) and MCOs (73%).

respondents (47%) disagreed that the selection criteria for the country presence (types of ICOs, MCO, RO) were appropriate for the type of country and operational needs.

141. **The ICOs provided an effective platform for business continuity and to launch development relief for smallholder farmers facing prolonged global emergencies such as the COVID pandemic.** Lessons from providing relief pointed to the need to make IFAD's operational policies and practices more relevant to dealing with such emergencies. See Box V-1 below.

Box V-1

#### **Decentralization and COVID Response**

IFAD launched the Rural Poor Stimulus Facility (RPSF) In April 2020 to offer a comprehensive response to the challenges faced by smallholder farmers due to the COVID pandemic. RPSF started with US\$40 million of IFAD seed funding from grant resources and mobilised a further US\$53 million from Member States. More than US\$23.0 million in project cofinancing was also mobilised.

The RPSF targeted four million beneficiaries under the four pillars: promoting the use of digital services, inputs and basic assets for production, facilitating access to markets, and supporting rural financial services. RPSF financed 64 projects in the five regions (55 single country projects; 9 multi-country projects. Nearly half the RPSF resources were allocated to countries with fragile situations. IFAD had disbursed 95 percent of the funds, a total of US\$84.5 million by the current completion date of 30 September 2022.

The RPSF experience highlighted some of the challenges IFAD faced and emerging lessons to make its operational policies and practices relevant to delivering rapid responses to deal with prolonged global emergencies, particularly, the need to have flexible operating procedures to deal with shocks like COVID that are likely to recur.

Case studies in Côte d'Ivoire, Kenya and Vietnam showed the active role played by ICO in identifying suitable interventions; securing government clearances and agreements within the tight timelines; identifying partnerships for resources (cofinancing) as well as joint interventions; and providing implementation support for the RPSF projects. For example, the Vietnam ICO developed the concept note together with FAO and UNIDO to promote post-harvest value chain activities in vulnerable areas. Case studies also found that during crises where international travel may not be feasible, or links to the country are severed, country presence become critical for business continuity.

*Source:* Elaboration by IOE based on case studies and 'Update on Implementation of the Rural Poor Stimulus Facility and IFAD's Wider Response to COVID-19', EB 2022/135/R.17.

## **A.2 Regional Offices**

142. **The business case for the ROs and their structure was not convincingly analysed and the decision to establish ROs was not based on an analysis of the cost-effectiveness, feasibility and value added of ROs.** Moving ROs based in Rome to the regions (with the exception of NEN) was an important element of D2.0. There were examples of other UN organizations that have relocated their Regional Offices from headquarters (e.g. FAO, ILO, UNFPA, UNHCR, UNICEF, and UNOPS) along with the Regional Directors and technical staff (Box V-2). In those cases, the agencies were motivated by the need to foster better cooperation with regional political and development organizations; establish partnerships with regionally based counterparts; respond to regional priorities and development challenges; implement regional programmes; and provide support functions (e.g. financial management, human resources, procurement) to country offices from proximity. FAO undertook studies to assess the value addition of ROs.
143. The evidence and rationale for the chosen RO design was not clear. The staffing size of the RO (50 to 70) and how this was arrived at did not seem to be based on a comprehensive needs analysis. Case studies showed that there was lack of corporate guidance and clarity on the function and value addition of the ROs in ESA and WCA. The relevance of ROs based in regions was widely questioned by IFAD's

senior and middle managers at headquarters. While the concerns were discussed in IMT meetings, those discussions did not impact the decision to establish ROs.

144. **Weak planning of the financial resources and organizational design.** The planning of the accelerated decentralization did not fully consider or fully budget for establishing the four ROs. ROs in ESA and WCA were intended to be functional in 2021 but their set up experienced significant delays. Neither was fully operational at the time of IOE's field visits. Part of the initial delay was due to the insistence that the RO should house at least 70 staff. The ROs in APR and LAC were to be operational in 2022. Their implementation was delayed, in part because of a lack of resources.
145. **Interviews with middle and senior managers at headquarters highlighted other concerns.** As stated in the 2016 Decentralization CLE, ensuring smooth working relationships and synergies between SKD and PMD staff would be a challenge. The design of the ROs would lead to the creation of five mini-IFADs that carried a potential risk of undermining the One-IFAD vision. The role of the Regional Directors included contributing to, and influencing, IFAD policy decisions. Being located away from headquarters makes that more difficult to achieve. Another concern was that the Regional Director would be heading an office where a substantial number of staff would be reporting to their supervisors in Headquarters (and not to the Regional Director). The rationale for the relative sizes of the RO and ICOs was questioned by some Country Directors, particularly, those from countries that did not have a Regional Office.
146. In case studies, governments, UN organizations and partners expressed reservations about the comparatively low-grade level of RO heads (as well as MCOs and ICOs), drawing comparisons with the practices of other Rome Based Agencies (FAO, WFP)

Box V-2:

**The Business Case for Regional Offices (RO)**

IFIs and UN agencies consulted have ROs (AfDB, FAO, ILO, UNHCR, and UNOPS). The insights reveal that establishing Regional Offices should not be a presumptive decision but should be based on several critical considerations.

Considerations for having ROs included institutional, political, operational, and functional factors. Institutional/partnership considerations involve the possibility of synergies with counterparts based in the region, the need to respond to regional priorities, and to address regional development challenges.

Political considerations included liaising and interacting with Regional Economic Commissions, Regional Bodies, or the UN Development Group. Another consideration was to better engage in, and learning from thematic debates that may occur in the regions. Operational considerations involved regional programmes, if applicable. Functional considerations involve the optimal location to deliver support functions (such as financial management, human resources, and procurement).

Efficiency considerations underpin all these considerations. ROs should avoid duplicating or overlapping responsibilities and creating additional bureaucratic layers. Overlaps of responsibilities may occur between ROs and Headquarters and between ROs and country presence. ROs function best when supported by appropriate levels of Delegation of Authority.

Other organizations also assessed the risk of ROs leading to silos. ROs based in headquarters invariably face situations that require them to collaborate more with one another and interact more intensely with the senior management that reduces the risk of regional silos. The risk of silos needs to be mitigated for regional offices located in regions.

Source: IOE Comparative Study

### A.3 Multi Country Offices (MCOs)<sup>68</sup>

147. Under D2.0, all client countries were to have a CD, even when IFAD does not have country presence. MCOs were intended to house a group of CDs serving a sub-region following the dictum that 'in-country is ideal, when that is not feasible, near-country is better than having CDs in Rome.'
148. **Case study interviews showed that the relative value addition of housing multiple CDs in an MCO compared to locating them at the headquarters depended on the context.** For example, there was clear preference for MCOs located in the proximity of client countries (e.g. Eritrea); time zone and travel distance were other considerations (value addition of MCOs in LAC and APR); s. there may be advantages to housing CDs with similar portfolios addressing similar development contexts, in an MCO. However, the case studies also pointed to a preference to being located in Rome when the MCO offered minimal advantages (e.g., when travel time was comparable, Rome offered better access to technical and administrative support).
149. **In several cases, IFAD used an alternative model to an MCO, whereby a single CD covered one or more countries from a CD-led ICO.** The CD of the Sudan ICO was also the CD for Djibouti, which did not have an ICO. In conditions of fragility where establishing an ICO is not feasible, CDs pointed to the need to explore different modalities of country presence, such as having a liaison office on a consultant basis (e.g. Eritrea).
150. **Hubs and MCOs were conceived when Regional Divisions of PMD were in Rome. MCOs needs further IFAD scrutiny on a case-by-case basis taking into account the value addition and cost analysis of options, presence of Regional Offices in the region, time zone differences and travel time from Rome** There was no evidence of an analysis of the value added by MCOs in regions that have ROs (ESA, WCA). Together these two regions have 5 MCOs in addition to the ROs. There is no evidence to show that choice of MCOs were made on a case by case basis, assessing the value addition of these offices compared to alternatives.
151. Experience from other organizations was instructive. FAO had a senior technical team conducting analytical studies on the value addition of decentralization modalities by looking at the architecture and structures of regional and sub-regional offices and pathways to improve the country office business models.
152. The World Bank found that while hubs or satellite offices did not provide the same benefits as in-country presence, hubs improved responsiveness to clients. Hubs also mitigated some of the challenges associated with placing World Bank staff in countries with higher security risks or locations with unfavourable living conditions. Locating staff in nearby country or hub offices was a viable interim solution for fragile and conflict-affected situation countries, where security conditions did not allow locating staff in-country.<sup>69</sup>

## B. Decentralization and project effectiveness

152. **A majority of the CLE E-survey respondents and case studies found that the presence of an ICO contributed to better COSOPs, improved project designs, more frequent project supervision and better NLAs and mainstreaming work.** For instance, 92% of the CLE E-Survey respondents were of the view that country presence strengthens results achieved; moreover, among

<sup>68</sup> Fifteen hubs were established under the OpEx that housed technical and managerial staff together to provide support to IFAD operations at the sub-regional level. Based on feedback received from CDs and staff, this model was replaced by MCOs. The challenges of hubs included fragmentation of technical staff and management issues (CDs by-passed the Hub-Head and reported directly to the Regional Director in Rome). MCOs were not intended to house technical staff and served the purpose of housing CDs so that new and less experienced CDs can be mentored by more experienced CDs.

<sup>69</sup> Source: Enhancing the Effectiveness of the World Bank's Global Footprint. IEG. 2022



external respondents 88% found that project designs are improved; 78% found that implementation supervision is improved; and 95% found that policy dialogue is strengthened.

153. Government counterparts in Ethiopia observed that IFAD's presence in the country and its relationships at the subnational level has strengthened the quality of design and supervision work. In Brazil, the ICO and field office allowed IFAD's operations to effectively target the Northeast region, which has the highest levels of rural poverty in the country. Case studies and interviews with project teams confirmed the view that implementation support, an important contributor to project performance, was improved by country presence. Veteran project coordinators who were managing projects before and after an ICO was established attested to the advantages of country presence. In addition to the obvious advantages of being in the same time zone and no longer having to face the language/cultural barriers, country presence facilitated better implementation support. Sustained contacts enable better trouble shooting and helps speedy resolution of any bottlenecks in dialogue with the government. 90% of CLE E-Survey respondents shared this view. A significant share of respondents felt that the country presence improves the design of projects (81%) or COSOPs (84%).
154. **An analysis of t-tests comparing IOE's project ratings in countries with and without ICOs pointed to higher performance among projects with an ICO.** Projects with an ICO that had been in operation 2 or more years before project approval scored higher than projects without an ICO on rural poverty impact, environment and natural resources, scaling up, effectiveness, sustainability, efficiency, and overall quality of design. If the ICO has been in operation for 4 or more years before project approval only innovation, sustainability, and women's empowerment did not show statistically significant better ratings (Table V-1). These findings are broadly similar to the findings reported in the 2016 Decentralization CLE and by Management in 2021.

Table V-1

**Quantitative evidence on the contribution of country presence to portfolio performance**

Criteria	T- tests With/Without ICOs		T- tests Before/After ICOs		Multivariate Regression for Both With/Without and Before/After ICO Effects	
	Years ICO in Operation Before Project Approval		Years ICO in Operation Before Project Approval		Years ICO in Operation Before Project Approval	
	2+ Years	4+ Years	2+ Years	4+ Years	2+ Years	4+ Years
Relevance	Not Significant	Significant**	Not Significant	Not Significant	Not Significant	Not Significant
Effectiveness	Significant**	Significant**	Not Significant	Not Significant	Not Significant	Not Significant
Efficiency	Significant*	Significant***	Not Significant	Significant**	Not Significant	Not Significant
Overall Achievement	Significant**	Significant***	Not Significant	Significant**	Not Significant	Not Significant
Sustainability	Significant**	Not Significant	Significant*	Significant*	Not Significant	Not Significant
Rural poverty impact	Significant***	Significant***	Not Significant	Significant*	Not Significant	Not Significant
Project performance	Not Significant	Significant**	Not Significant	Not Significant	Not Significant	Not Significant
Women's Empowerment	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant
Environment and natural resources	Significant***	Significant***	Significant**	Significant***	Not Significant	Not Significant
Scaling up	Significant**	Significant*	Not Significant	Not Significant	Not Significant	Not Significant



Innovation	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant	Not Significant
IFAD Performance	Not Significant	Significant*	Not Significant	Not Significant	Not Significant	Not Significant
Government performance	Not Significant	Significant**	Not Significant	Not Significant	Not Significant	Not Significant
Overall quality of design	Not Significant	Significant**	Significant**	Significant***	Not Significant	Not Significant
Levels of Significance: *** Strong, P value <0.01; ** Moderate, 0.01 < P value <0.05; Weak, 0.05 < P value < 0.10						

Source: IOE Elaboration

155. **Similar to the 2016 Decentralization CLE, the t-test analysis of project performance in a country before and after an ICO was established found fewer improvements associated with country presence than the with/without analysis.** If ICOs were in operation two years before a project was approved, there were significant positive improvements in environment and natural resources, overall quality of design, and sustainability ratings. As ICOs gained experience there were more significant differences (i.e., overall quality of design, environment and natural resources management, efficiency, overall achievement, sustainability, rural poverty impact) (Table V-1).
156. **The findings of these simple t-tests should be interpreted with caution.** The lack of consistent findings for the with/without and before/after t-tests point to a potential selection bias. The countries that received ICOs were not selected randomly – IFAD used a number of operational criteria to determine the countries in which there was a country presence. Differences in country characteristics may explain some or all of the better project results. IOE explored this hypothesis and found that there were, in fact, statistically significant differences between countries where there was and was not an IFAD presence.<sup>70</sup> Rather than randomly assigning ICOs to countries, IFAD examined a range of operational and country characteristics in selecting the limited number of countries in which ICOs, MCOs and ROs would be located.
157. **Multivariate regressions, a rigorous analysis undertaken for this evaluation, points to other critical factors at play that contribute to improved project effectiveness besides country presence** (Table V-1). These regressions examined the contribution of ICOs to project success after the influence of other variables was taken into account. These comparisons were conducted with a single regression model with the key explanatory variable being whether the project was conducted with an ICO, before an ICO was introduced, or in a country that never had an ICO. For there to be evidence of significant improvement associated with an ICO, the analysis required that there are positive and significant differences between (i) projects conducted under an ICO and projects conducted in countries that never had an ICO; and (ii) projects conducted under an ICO and projects in countries before an ICO was established. As seen from Table V-1, there were no project rating criteria for which projects under ICOs outperform both before and after and with and without. These findings were broadly consistent with a recent World Bank evaluation of decentralization, which found that “Although field presence may benefit project outcomes and Bank performance through a number of distinct channels, it is also possible that the strength of the association between

<sup>70</sup> A total of 26 country characteristic variables were considered but only 16 could be tested because of data limitations. The resulting models successfully predicted whether or not a country received an ICO (77% of the time for ICOs in operation two or more years before the project was approved; 70% of the time for ICOs established 4 years before project approval).

field presence and outcomes of interest depends on project features and the environment in which the project takes place”.<sup>71</sup> (Box V-3).

Box V-3:

**Benefits of Decentralization for the World Bank Group<sup>72</sup>**

Decentralization was expected to improve the World Bank’s support to clients by improving the understanding of country context and tailoring products to local development needs. The country presence was expected to help coordinate strategic priorities with local donors and enhance collaboration with local partners and stakeholders.

Field-based staff were envisaged to spend more time on client-facing activities than headquarters-based staff including (i) interacting with development partners, (ii) building relationships and trust with clients which, in turn, helped the World Bank to support institutional and policy reforms and increase government ownership over the development process, (iii) acquiring an in-depth understanding of the local context, and (iv) developing business opportunities.

Physical proximity was anticipated to: (i) address project bottlenecks faster, including those related to procurement, financial management and safeguard issues, (ii) facilitate meetings with government officials on short notice, and (iii) respond to local clients much faster. This support was regarded particularly important in LICs and FCAS, where project implementation faced more challenges.

Country presence facilitated the World Bank’s COVID response and helped preserve business continuity.

In the recent evaluation conducted on its decentralization experience, the World Bank case studies and surveys identified the above positive features of decentralization. However, multivariate statistical analysis could not corroborate clear and systematic links between staff location and project ratings.

Source: IEG (WB) evaluation “Enhancing the effectiveness of the World Bank’s global foot print” (2022)

**B.1 Country presence and other factors contributing to IFAD performance**

158. **The findings of the multivariate regression indicated that many factors other than the presence of an ICO contribute to the performance ratings of IFAD operations.** Some of these factors were quantified in the regressions<sup>73</sup> but those that did not have consistent data could not be included (e.g. government ownership; quality of local rural institutions and policies; agroecological context). The *quality* of country presence, defined as how well an ICO was equipped to contribute to performance, was also a contributing factor without consistent data, and hence not controlled in the multivariate statistical analysis.
159. Case studies confirmed that not all ICOs produced well-performing projects and pursued NLAs effectively.<sup>74</sup> Case studies in Cambodia, Ethiopia, Sudan, and Vietnam showed that these ICOs were recognized by relevant ministries, UN country team, the local donor community and local actors as effective players in the rural agricultural sector with a track record of successful ‘last mile’ operations that have had noticeable, positive impacts in project areas, and contributed to agricultural policy processes. They established good working relationships and partnerships with relevant government units at national and subnational levels, donors and other actors, and had productive collaboration with the UN Country Team, particularly with Rome Based Agencies. This was further supported by CLE E-

<sup>71</sup> 2022 IEG (of the World Bank) evaluation “Enhancing the effectiveness of the World Bank’s global foot print” p118-147.

<sup>72</sup> Enhancing the Effectiveness of the World Bank’s Global Footprint. IEG. 2022

<sup>73</sup> These were: Region; GNI; rural population; share of water used on agriculture; total water reserves; voice governance indicator; year the project entered into force; funding.

<sup>74</sup> These performance measures were based comparing the averages of the IOE ratings received by all projects evaluated during the period 2011-2020 (Source: IOE calculations from ARIE database) and interviews with stakeholders.

Survey respondents from the UN system in client countries: 95% felt that country presence significantly increased the joint work between IFAD and the UN system.

160. Boxes V-4, V-5 and V-6 highlight some of the features of good performing ICOs and identifies factors that contributed to ICOs strengthening their portfolio performance. Box V-7 presents an example of a well-established ICO that faces challenges to delivering portfolio impact and non-lending performance.

#### Box V-4

#### Experiences of well-performing longstanding ICOs in countries with federal system: Ethiopia

**Ethiopia.** The country presence was established in 2005 and became a CPM-led Office in 2010. The office was upgraded to a Hub in 2012 and became a Multi-Country Office (MCO) in 2021. The MCO covered the portfolios of Ethiopia, Eritrea and South Sudan. Ethiopia is divided into eleven politically autonomous regional states with authority to formulate and implement rural development policies. CPO has been in position for five years. A new CD assumed duties in 2021, succeeding the previous CD who was in the position for 9 years.

Representatives from the Ministry of Agriculture noted that their close collaboration with ICO led to improvements in project performance. For instance, the project CBINReMP adopted a transformative gender approach mainly focused on land tenure; PCDPIII was effective in building pastoral and agro-pastoral climate resilience as well as the capacities and knowledge of smallholders to engage in policy dialogue; PASIDIP II was effective in building partnerships with government units and research organizations; and RUFIP III contributed to considerable expansion of smallholder access to finance in rural areas, and income growth of 18%. This positive findings are all the more impressive given the ongoing conflicts and other challenges.

IFAD leveraged its presence to influence policy, strategy and partnerships at the national level as evidenced by its role as co-chair of the government/donor rural development working group and co-chair of a professional task force on water. However, the MCO should strengthen its collaboration with regional state governments because they have high levels of budgetary and policy-making autonomy and could provide cofinancing and project design support for IFAD operations.

Source: IOE Elaboration based on IOE case studies

#### Box V-5

#### Experiences of well-performing longstanding ICOs in countries with federal system: Vietnam

**Vietnam:** The country presence was established in 2005, became a CD-led Office and was upgraded to a Hub in 2016. The CPO has held the position since 2005 and the CPA since 2012. The ICO has also benefited from the services of experienced CDs who served their full tenure. The veteran CPO was instrumental in establishing key networks with relevant government decision-makers and beneficiary organizations while the CDs provided high-level partnerships with the UN system, donors and the senior decision-makers.

The government structure in Vietnam is decentralizing, with responsibility for rural development, including implementation of agricultural projects funded by donors and IFIs, being delegated to its 58 provinces. The ability of IFAD to establish close relationships with the many relevant officials at the sub-national level would not have been feasible without a country presence.

The Ministry of Agriculture and Rural Development (MARD) and the Ministry of Planning and Investment (MPI) noted the technical contributions of the ICO in reviewing and formulating policies and approaches to grassroots-level rural development, such as the Action Plan for Green Growth Strategy and National Strategy for Rural Agricultural Development. The high-level officials interviewed in these ministries rated IFAD as among the top five of the 40+ international agencies in terms of rural agricultural development expertise. The ministries recognized the multidimensional impact achieved by IFAD-funded projects at the grassroots level.

The officials also noted the limited authority of the ICO to make decisions compared with the Vietnam offices of MDBs and the UN system and the need for the ICO to be ready to meet the emerging sectoral needs, such as digital agricultural technologies.

Source: IOE Elaboration based on IOE case studies

Box V-6

#### Experiences of well-performing ICOs in conditions of fragility: Sudan

**Sudan:** The Sudan country presence was established in 2005 and became a CPM-led office in 2009 (CPM is now called a CD). The Sudan CD also covers Djibouti. Sudan is decentralized into 18 states. COSOP 2021-27 notes that the 'government is highly committed to enhancing smallholder agriculture in rain-fed areas'. The CPO has been in post since 2013 and the previous CD held the position for 5 years (2017-2021).

After making course corrections following a mid-term review in 2019, the Livestock Marketing and Resilience Programme LMRP (2014-2022) made important contributions to scaling-up the co-management of Stock Routes (SR) based on project experience. The project contributed to minimizing conflict among groups competing for water and rangeland. Actions included effective utilization of available studies and knowledge products to inform policy agenda, especially in institutionalizing the improved management and natural resource governance of the Stock Routes. Government officials and international actors interviewed indicated that country presence significantly contributed to these achievements.

Source: IOE Elaboration based on IOE case studies

161. **'Fit-for-purpose' ICOs share common features.** Well-performing CD-led ICOs in the case studies (Boxes V-4, V-5, and V-6) had the following common features:

- A competent CPO (national staff) with long tenure (7+ years, based on case studies), with strong networks in the government agencies, beneficiary organizations and other key local actors. S/he brought the contextual knowledge, language capabilities and necessary networks to manage lending and non-lending activities;
- An internationally-recruited CD based in the country who was experienced and had a deep knowledge of policies and procedures of, and extensive contacts in, IFAD and was capable of establishing high-level relations with Government, donors, UN system and other relevant actors. S/he represented IFAD in the country and managed the country programme, while pursuing non-lending activities to expand IFAD's impact and footprint in the country leveraging available capacities of ICO and rest of IFAD. Importantly the CPM/CD remained in post for 4-5 years;
- An experienced country programme assistant (national staff) with long tenure and sound understanding of IFAD systems and procedures, the country context and language provided necessary administrative, and, as necessary, programmatic support;
- NLAs were prioritized with results-orientation, and resources mobilized for NLAs.

162. Among the CPO-led offices in the case studies, Cambodia provided a good example of a CPO-led ICO that consistently delivered a highly complex portfolio and pursued NLAs with resources mobilized (see for details, Annex IV-D.2).

163. **External factors beyond the control of IFAD can also limit the project effectiveness.** Case studies also identified external conditions, such as government ownership of IFAD-supported interventions, capacities of implementing partners and service providers, which shaped the performance of ICOs. In addition, frequently changing governments, weak coherence among line ministries (e.g. agriculture, finance, environment, planning), limited implementation capacities of

government units, and weak enabling rural development policy environment, posed constraints on IFAD's operational performance. For example, although there had been a CD-led ICO in Cote d'Ivoire since 2015, the small portfolio was not performing well and partnerships were not established with beneficiaries and research organizations (Box V-7).

164. IOE Evaluation Synthesis Report (ESR) on Government Performance (2021) found that country presence can be a contributing factor to improving government performance. However, its influence on government performance depended on the technical qualifications and seniority of IFAD staff, as well as other "soft" factors shaping the relationship with government partners. The out-posting of a senior IFAD staffer as country director enhanced oversight and contributed to improved implementation in countries like Sudan. The ESR also observed that "there were also countries that perform well with limited or no IFAD presence [e.g. Moldova (No ICO) and Niger (CPO-led ICO)]. Furthermore, IFAD presence was usually insufficient in programmes stretching into remote locations and with weak decentralized capacities. In such cases, posting a country director in the capital was not sufficient.

Box V-7

**Challenges to ICO Performance: Cote D'Ivoire**

The country office was established in 2015. The first CPM/CD was in position from 2015–2021. The CD covers Chad as well. The same CPO had been in position since the inception of the ICO. Despite managing a small portfolio in a well-established office, the ICO has faced challenges to delivering portfolio impact and non-lending performance.

**Portfolio Performance and contextual constraints.** The government partners acknowledged the strong engagement of CPO in project supervision, regular interactions with the ministries and IFAD-funded projects. Project teams valued the supervision support provided by the ICO. Yet, portfolio performance was rated as unsatisfactory because of weak capacities of the farmers' organizations, service providers and the PMU.

**Other Contributions of ICO.** The ICO continued to provide valued design and implementation support to project team. Government partners appreciated the relationship with the ICO. IFAD interacted with the World Bank on value chain development and on issues related to peri-urban agriculture in the PADFA project. UNCT valued the collaboration with IFAD in the country. The recent COVID-19 response by ICO, AESP (2021–2024) explored the potential collaboration with FAO and WFP to put in place a seed production system and use the school canteens as market outlets.

At the same time, while GCF funding for the AESP project was still pending, other projects did not receive any international cofinancing. In spite of having offices in the same city, IFAD and AfDB have not established partnerships. Nor has the ICO established systematic partnerships with beneficiary organizations or research institutions in the country. These limitations are not caused by external factors, but linked to weak system of incentives for, and non-prioritisation of, non-lending activities in IFAD.

Source: IOE Elaboration based on IOE case studies

165. **IFAD's decentralization approach constrained project effectiveness.** In addition to weak prioritization of NLAs in ICOs observed in Cote d'Ivoire, case studies also found constraints to performance posed by frequent changes to office structure (under OpEx and then D2.0), frequent changes in staffing because of IFAD's relocation and reassignment practices, inadequate communication among MCO, ICO and project implementation units and government officials. An example of this is ICO Kenya. Within a span of 4 years Kenya country presence changed its structure twice - from RO to Sub-regional Hub (2018), and from Sub-regional Hub to RO (2022). Moreover, ICO Kenya had five CPMs/CDs during the period 2014–2022.
166. **Given their small size, ICOs were highly susceptible to disruptions of one or more of these success elements,** which posed risks to IFAD's development

effectiveness, at least in the short term. There were frequent changes of CDs as part of the decentralization and reassignment policies. Under D2.0, 87% of the CLE E-Survey respondents felt that changes in staffing and responsibilities were too frequent.

167. **As it takes 7 to 10 years to design and complete IFAD projects, the full impact of the changes introduced during OpEx and D2.0 on project performance may be fully appreciated until many years in the future when these projects are completed and evaluated.** Current statistical analysis of project performance focused only on projects that were evaluated by IOE [300 of the 589 projects in the portfolio]. In other words, the analysis focused on the performance of projects that came into effect during 2006-2014, well before OpEx and D2.0, and may have been supervised for only part of their project life under this new process, if at all.
168. **Country presence had demonstrated potential to strengthen operational effectiveness under conditions of fragility and conflict (FCAS).**<sup>75</sup> About three quarters of the respondents to the CLE E-Survey (76%) agreed that country presence helps IFAD perform better in countries with conditions of fragility. By 2030, two thirds of the extreme poor will be living in fragile and conflict-affected situations.<sup>76</sup> IFAD has taken significant steps to address smallholder agriculture in countries with FCAS conditions since the 2016 Decentralization CLE.<sup>77</sup> To assess the contribution of decentralization, this evaluation included five case studies in countries under FCAS (Burkina Faso, Ethiopia, Eritrea, Niger and Sudan) among the 15 conducted as part of this evaluation.
169. The projects in these countries were increasingly attentive to conflicts, although the level of explicit strategic attention paid by IFAD to institutional fragility and root causes of conflicts in COSOPs was not as strong as the attention given to other drivers.
170. The FCAS strategy called for COSOPs to identify strategic outcomes of fragility and natural resources-related conflicts as a means to improve operational effectiveness under such conditions. This required including the shared responsibilities of IFAD's national partners for fragility/conflict assessments in the assumptions of the theories of change of COSOPs and projects. Such assessments facilitated designs with comprehensive strategies to address fragility. Furthermore, solutions to address fragility required a strong focus on policy dialogue. Related outcomes should be explicit in the ToCs of COSOPs and projects and monitored during implementation.
171. **The five case studies selected to focus on countries with conditions of fragility and/or conflict increasingly referred to fragility in the design of COSOPs and projects,** since the approval of the 2016 *Strategy for engaging in countries with fragile and/or conflict situation* (FCAS Strategy). IOE's recent Sub Regional Evaluation of Fragile Countries in WCA (2022) found that these analyses did not address all fragility drivers, which are in fact, interlinked. For example, these addressed the economic and environment/climate aspects of fragility but not

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<sup>76</sup> World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025 (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/844591582815510521/World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025>

<sup>77</sup> These steps include IFAD's Strategy for engagement in countries with fragile situations (approved in 2016), and 'Special Programme for Countries with Fragile Situations Operationalizing IFAD's Fragility Strategy' (2019), which calls for all new COSOPs in the List of Harmonised countries to carry out a fragility assessment. IFAD committed to allocate 25-30% of its core resources to address fragile conditions under IFAD11 and continues to do so under IFAD 12. D2.0 commits to having 50% of the new and up-graded offices located in countries with conditions of fragility (EB 2021/134/R.5).



the weak institutions and conflict risks. Moreover, the same evaluation observed that projects may not adequately reflect the fragility analysis in their designs.

172. **Ethiopia, Niger and Sudan provided good examples where country presence facilitated the fragility analyses to inform projects and COSOPs, and to design operations that were able to manage risks and build resilience to face the conditions of fragility.**
173. The designs of more recent projects in fragile contexts have improved the blend of approaches that allow them to address fragility issues in their target regions, and guide the poor smallholders towards pathways to resilience. These approaches have included rural infrastructure (roads and markets), water mobilization for irrigated agriculture, natural resources management to address resource-scarcity related conflicts and enhanced social cohesion at community level.
174. Decentralized presence was an asset in the cases of Ethiopia and Sudan that have a federal system. The country presence helped to develop sound knowledge of the influences of the relevant national and sub-national institutional processes and socio-political dynamics, and the interplay among the multiple risks (e.g. resource-based community conflicts overlaid by regional/local conflicts in Ethiopia, or military coup d'états in Sudan) and underlying drivers.

### **C. Decentralization and effectiveness of non-lending activities**

175. The non-lending activities of IFAD operations include knowledge management (KM), policy engagement, partnership building, and institutional capacity building. The importance of partnerships for lending activities have been already discussed and the discussion in this section will focus on KM and policy engagement and their linkages.

#### **C.1 Decentralization and knowledge management <sup>78</sup>**

176. **Half of the 18 country programmes and strategies evaluated during 2018-2021 rated their KM as moderately unsatisfactory.** The thematic study<sup>79</sup> on KM conducted as part of identified the following factors contributing to this weakness even in the presence of an ICO (affirming many of the findings of the mid-term review of IFAD's KM and action plan):
  - i. Weak office-wide prioritization of KM in ICOs, lack of explicit integration of knowledge management in COSOPs, and COSOP priorities not sufficiently reflected in the design of new projects.
  - ii. Lack of KM strategies at country programme level that systematically use project level knowledge being generated. Consequently, there is weak use of KM for policy engagement and prevalence of ad hoc, stand-alone efforts.
  - iii. Weak M&E system that is unable to systematically capture good practices and lessons and update the KM actions
  - iv. Limited platforms for knowledge sharing and dissemination that often confuse communications as KM.
  - v. Limited operational partnerships for KM

<sup>78</sup> Following the approval of the Second Knowledge Management Strategy and Action Plan (2019), IFAD took actions to improve awareness, provide guidance to project and ICO staff, initiate knowledge management activities, and to create an enabling environment. The mid-term review of the knowledge management strategy and action plan found that knowledge is still fragmented across various systems and platforms; that many knowledge activities are still undertaken in silos; that project knowledge is not leveraged to its fullest potential; and that monitoring has focused more on producing knowledge products than on their dissemination and use. The mid-term review found that the knowledge management action plan was overly ambitious, given that it has not been supported by dedicated resources and staff time.

<sup>79</sup> The study drew from the 15 case studies, 8 CSPEs (Bangladesh, Burkina Faso, Cambodia, Egypt, Ethiopia, Kenya, Niger and Sudan) available for these case study countries, other IOE evaluations (CSPE, SRE, ESR, and TE/CLE) covering the evaluation period (2016-2022), interviews and the CLE E-Survey

- vi. Absence of designated financial and human resources for KM.
177. **Prioritization of KM varied among the case study countries.** Several had KM embedded in COSOPs (e.g., Bangladesh, Brazil, Cambodia, Ethiopia, Sudan). For instance, Brazil COSOP (2016-2021) committed to promoting scaling up best practices, and to the improve knowledge sharing within Brazil's North-East region, and between Brazil and other countries (MMERCOSUR and African Countries). Government ownership and direction helped ICOs to prioritize KM as illustrated by the example of Brazil. While portfolio level attention to KM continues to improve, attention to KM in projects varied. Sudan incorporated KM in all projects while Kenya paid limited attention to KM in projects. KM strategies were more in evidence at project level than at country programme level. Country programme level strategies in Ethiopia and Sudan oriented the KM products towards supporting policy dialogue. Case studies confirmed the finding of the midterm review of IFAD's KM strategy and action plan that M&E systems at project level were weak. Without the foundation of an evidence-based knowledge base, successful KM would be elusive.
178. **Case studies identified innovative platforms for knowledge sharing and dissemination.** A few countries adapted projects, representatives the "learning routes" approach developed by PROCASUR.<sup>80</sup> Cambodia convened annual face-to-face interaction forum to conduct country portfolio reviews involving staff from relevant government agencies, research institutions and NGOs involved in the of farmer organizations and indigenous people's organization, other development partners, and IFAD staff and consultants involved in project supervision and implementation support. Sudan convened periodic internal *Learning Route* exercises to facilitate exchanges across the projects and involved staff from the projects and government as well as community representatives (see Box V-8). The accessibility and usefulness of these platforms varied. Cambodia's face-to-face meetings is not accessible to many, while ICO Sudan has a fraction of the knowledge products online. Partnerships with institutions such as ICARDA (ICO Egypt) and PROCASUR (ICO Sudan) were established through grants to improve KM, but there is little evidence of systematic pursuit of partnerships-based KM strategy elsewhere.
179. **Most country offices used grants to promote KM** (e.g. Bangladesh, Cambodia, Egypt, Ethiopia, Kenya, Sudan, and Vietnam). A few have attempted to incorporate KM as part of investment projects [e.g. Brazil (PCRP), Ethiopia (LLRP), and Peru]. Doing so required the government to recognize the value of investing part of the loan in KM activities. These three countries had CD-led Offices or MCOs based in the country, and had good relationships with the respective governments.
180. **Having a qualified, competent KM officer in an ICO was one of the most important determinants of sustainable KM success.** In two of the case studies (i.e., Bangladesh, and Sudan), a KM officer was recruited as an ICO staff. As shown in Box V-8, this resulted in demonstrable improvements and offered a promise of continued strengthening of KM in the ICO. However, when the KM Officer had to leave due to resource constraints, the gains achieved were eroded or non-sustainable. CSPE Uganda (2021) found a similar situation in Uganda ICO where the progress made under a Knowledge Specialist was reversed upon the departure of that Officer.

Box V-8

**Decentralization and knowledge management – ICO Sudan**

**Prioritisation of KM.** ICO Sudan promoted knowledge management by recruiting a KM officer in 2015 (position lasted till 2017), recruiting a KM coordinator in the Central Coordination Unit for IFAD-funded projects (CCU), developing a country programme KM

<sup>80</sup> The learning routes approach consists of a capacity development methodology bringing together farmers, rural operators, technicians and development practitioners in different countries. Learning routes are considered to have been one of the key methodologies for mainstreaming South-South cooperation across IFAD's operational portfolio. (IFAD, 2016).



strategy (2017-2019), establishing a KM core group (comprising of IFAD, CCU, projects, KM focal points from key line ministries, and the NEN KM officer based in Rome), devoting explicit attention to KM in the COSOP and project designs, and mobilizing resources for KM.

**Country Programme KM strategy (2017–2019).** This strategy and 2013 COSOP recognised the importance of KM for policy engagement on issues such as land tenure and natural-resource management, rural finance and climate change adaptation.

**M&E System.** Project level M&E system was found to be generally weak. Without reliable data, evidence-based knowledge was not feasible.

Accessibility and quality of knowledge products. Number of knowledge products were prepared, such as lessons learned, which are good. However, not all of them have been posted online.

**Platforms for Knowledge Sharing.** The ICO Sudan organized an “**Internal**” **Learning Route** in 2016 around the theme of natural resource management and agricultural productivity, with CCU and PROCASUR. This “internal” Learning Route facilitated exchange across the projects and resulted in projects adapting or replicating successful practices. For instance, WSRMP/SDP adapted BIRDP’s community networking, BIRDP pursued the conflict resolution approach of WSRMP. Apart from this Learning Route, there were also cross-learning activities between SUSTAIN and SDP, which resulted in SUSTAIN adopting terracing/chisel-ploughing from BIRDP.

A **website for the country programme** ([www.ccuifad.sd](http://www.ccuifad.sd)) was also established to capture and disseminate knowledge materials from the projects.

**Partnerships for KM.** While internal partnerships were strong, there were no parallel partnerships with other development partners.

**Grants for KM.** ICO mobilized a number of KM-oriented grants, including the grants to PROCASUR, International Centre for Agricultural Research in the Dry Areas (ICARDA) and the Centre for Evaluation at the Saarland University (CEVal).

**Sustainability of successes.** With the departure of the KM officer in 2017, systematic and coordinated KM undertakings were reduced; meetings of the KM core group have become less regular; CCU KM capacity remained insufficient; bilateral, ad hoc or informal exchanges between different project staff have replaced structured knowledge sharing; and follow-up on application of learning have become inadequate.

Source: IOE Elaboration based on IOE case studies and CSPE Sudan (2020)

## C.2 Decentralization and policy dialogue<sup>81</sup>

181. **Country strategy and programmes have received consistently low ratings for policy dialogue**, with 58% rated as moderately satisfactory or better by IOE evaluations. In the CLE E-Survey, 95% of the responding external stakeholders found that country presence improved policy dialogue. T-tests of performance ratings confirmed that country presence could improve policy dialogue (Table V-2).
182. **Case studies<sup>82</sup> illustrated the ways in which country presence could facilitate policy engagement** (Bangladesh, Brazil, Cambodia, Cote d’Ivoire, Niger, Sudan and Vietnam). They also showed the challenging contextual conditions under which policy engagement may take place, such as political instability involving high turnover of ministers (Egypt, Niger, Sudan), as well as limitations of IFAD’s own practices and capacities, that constrain IFAD’s policy dialogue performance.
183. **Contextual constraints to policy engagement exist.** Case studies found constraints such as changing government frameworks in Kenya and Vietnam that

<sup>81</sup> “Policy dialogue” has been an area of attention at IFAD, but in 2013, there was a shift to use the term “policy engagement”. According to the 2013 IFAD document on *County-level policy engagement: opportunity and necessity*, policy engagement is “a process for IFAD to get involved with partner governments and other national stakeholders to influence or inform policy priorities, as well as the design and implementation of public policies that shape the economic opportunities for large numbers of rural people to move out of poverty. IFAD sometimes participates directly in policy dialogue; more often, it facilitates discussion among national stakeholders, strengthens their capacity, and brings evidence to the table that can inform discussion”

<sup>82</sup> Eight of the 15 case studies had CSPEs during the period covered by this evaluation, with 4 moderately satisfactory ratings and 4 moderately unsatisfactory ratings. These also provide valuable insights into the opportunities and challenges to policy engagement at the country level.

had ongoing devolution and decentralization; the CPE Ethiopia (2016) found that policy dialogue by external partners was not a concept accepted by all key players at the Government who considered policy discussions and decisions largely and often exclusively as an internal matter; CPE Egypt (2016) found that IFAD's opportunities to undertake policy dialogue with the Government were limited, given that IFAD does not provide budgetary support or policy development loans to financially support a policy agenda; the political instability and ensuing changes of ministers of relevant line ministries in Egypt and Sudan were disruptive to policy engagement. The COVID pandemic related restrictions disrupted the policy engagement efforts.

184. **COSOPs and operations showed increased attention to policy engagement.** Reflecting the need for policy change as a priority in the COSOPs and project design was a precondition for successful policy engagement. Recent COSOPs increasingly recognized the need for policy engagement. For instance, Cambodia's COSOP (2022-2027) addressed the gap in the earlier 2009 COSOP of not referring to policy engagement and spelled out the priorities of policy engagement. Number of COSOPs recognized the importance of KM to policy engagement efforts (e.g. Bangladesh, Brazil, Cote d'Ivoire, Ethiopia, and Sudan). A few integrated the policy engagement related activities in projects (e.g. Ethiopia, Niger, and Sudan). As noted, country presence was necessary to establish the partnerships and relationships necessary to operationalize policy engagement.
185. **ICOs have identified a number of pathways for policy engagement but not all were equipped to take IFAD to the next level of using the country portfolio experience to engage at the national level.** Case studies found the range of pathways used by ICOs to pursue policy engagement. Most case studies found that ICOs used projects to engage with the decision-makers – used the implementation and supervision missions (e.g. Egypt), COSOP design, and exchanges during project steering committee meetings (e.g. Ethiopia); and integrated policy engagement related interventions in the investment project activities (e.g. Cambodia, Ethiopia, Niger, Sudan, and Vietnam). The ICO in Vietnam is an example of national level influence, leveraging networks and partnerships within the government to engage in dialogue. In some country offices used the experience from operations to provide field validation of policy issues (e.g. Cambodia and Kenya). Niger illustrates an alternative model for policy engagement prior to an ICO being established (see Box V-9). IFAD transferred the authority to carry out policy engagement to the Central Coordination Unit of all IFAD projects in Niger (CCU), National Representation and Technical Assistance Unit (CENRAT). With the exception of Niger and Vietnam, policy engagement mostly occurred around the lending operations and was restricted to engagements with sector working groups.

Box V-9

**Decentralization and Policy Dialogue – An alternate approach in Niger**

Prior to establishing an ICO in Niger, IFAD assigned the responsibility to engage in dialogue on public policies to the central coordinating mechanism for the implementation of its country portfolio, the National Representation and Technical Assistance Unit (CENRAT). The unit was housed within the Ministry of Agriculture and Livestock, and was headed by the Manager of Family Farming Development Programme (ProDAF). This mechanism made it possible to use ProDAF to engage with the formulation of rural development policies and strategies.

CENRAT continued to function alongside the ICO Niger after it became a CD-led Office in October 2021), with the delegated responsibility to engage in policy dialogue. As the CSPE Niger (2021) notes, there is a need for IFAD's stronger presence (ICO) when the dialogue on public policy reaches critical stages

IFAD used three modalities to promote policy dialogue in Niger:

- (i) Using projects to directly enter into policy dialogue – several projects have included dialogue on public policies as part of project activities [e.g. PASADEM supports national

strategies to improve nutrition security (notably I3N) and envisages coordination with other sectors and partners working on nutrition];

- (ii) Enter into dialogue during COSOP preparation;
- (iii) Delegating authority to engage in policy dialogue to CENRAT.

Source: IOE Elaboration based on IOE case studies and CSPE Niger (2021)

186. **ICOs have produced outputs related to operational level engagement in policy dialogue but have not systematically pursued engagement with the national level policy changes.**<sup>83</sup> In Vietnam, ICO contributions informed the formulation of National Green Growth Strategy and its Action Plan (2021-2030). In Cambodia, ICO influenced the agricultural extension policy and gender mainstreaming in government initiatives for rural agricultural development. In Kenya, the e-voucher modality promoted under KCEP-CRAL has been taken up by the Agricultural Sector Strategy. In Niger, with the assistance of CENRAT, PRODAF contributed to the formulation of rural development policies and strategies. In Sudan, BIRDP culminated in the development of the natural resource governance framework for the Butana area covering the five states.
187. While these were useful outputs, there were limitations as well. For instance, in Sudan the State level influence did not translate into national level policy changes. With the exception of Niger and Vietnam, other contributions were at the level of lending operations and needed considerable work to go to the next level of influencing national sector-wide policies.
188. **Without adequate financial resources, capacities and resolution of decentralization related bottlenecks, IFAD's policy engagement at the country level cannot be taken to a higher level.** Contributing to national policy debates requires the ability to generate or have access to knowledge and analytical policy research work and a sufficient substantive presence at an appropriate level which provides access to high level policy and development platforms. All of the case studies found that ICOs did not have adequate financial and human resources to engage in high level policy dialogue. This finding echoed the findings in all 8 CSPEs conducted in the case study countries. For example, CPE Ethiopia found that the CD had to use resources from the supervision budget to bring in the necessary experts from Rome to provide inputs to policy engagement.
189. All case studies found that grants were used to support policy engagement. This source of support was necessary but had limitations. For instance, during 2011-2019, the ICO Kenya used six grants for policy engagement. CSPE Kenya (2019) found limited linkages between the grants and the needs of ICO for policy engagement.
190. In addition to the resource challenges, some offices underwent considerable personnel changes during the period 2017-2022. For instance, ICO Kenya had three CDs during this period, contributing to the challenges in establishing relationships and partnerships to consistently pursue policy engagement.
191. In summary, few examples of strategic and structured support and actions for policy engagement beyond the project level we found, largely because of limited human and financial resource. These limitations were exacerbated by the decentralization related changes to the ICO leadership.

### C.3 T-tests for non-lending activities

192. **A simple t-test analysis based on CPE/CSPE ratings shows that better country level policy engagement was weakly associated with country presence. The t-tests did not provide evidence to suggest that country presence improved knowledge management or partnership building.** A robust statistical analysis to verify the influence of country presence on the

<sup>83</sup> Retrieved from the CPE/CSPEs of these countries (except for Viet Nam)

performance related to non-lending activities after controlling for other contributing factors was not feasible due to the limited number of country level evaluations that rate non-lending activities (49 CSPEs were produced during 2011-2021).

Table V-2

**Quantitative evidence on the contribution of country presence to the effectiveness of non-lending activities (NLAs)**

Criteria	T-tests For NLAs With/Without ICOs	
	Years ICO in Operation Before Project Design Approval	
	2+ Years	4+ Years
Country level policy engagement	Significant*	Significant*
Knowledge Management	Not Significant	Not Significant
Partnership Building	Not Significant	Not Significant
Overall non-lending activities	Not Significant	Not Significant

Source: IOE Elaboration

Levels of Significance: \*\*\* Strong, P value <0.01; \*\* Moderate, 0.1 < P value <0.05; \* Weak, 0.05 < P value < 0.10

193. **Overall the NLA performance was mixed.** Country presence was a necessary but not sufficient condition for success. Success also depended on the relevant skills and priorities of the CD, government buy-in, an adequately staffed ICO with timely support from SKD, and adequate financial resources for NLA work.

#### **D. Decentralization and effectiveness of mainstreaming activities**

194. **IFAD committed to mainstream climate considerations in all new COSOPs and operations under IFAD10**, and committed 25% of PoLG to climate financing under IFAD11, increasing to 40% under IFAD12. In addition to climate considerations, IFAD required that all operations and COSOPs mainstream gender, nutrition and youth. The Environment, Climate, Gender and Social Inclusion Division (ECG) was established in SKD to support mainstreaming efforts. The field presence was seen as a key step towards strengthening mainstreaming by the management and 81% of the CLE E-Survey respondents agreed.
195. **Effective mainstreaming requires close collaboration and coordination between SKD and PMD throughout the life cycle of operations** - from concept note preparation to project completion reports. Coordination challenges were noted in the early stages of mainstreaming efforts (TE CCA, 2021). Corporate reforms to operational guidelines included including a Project Technical Lead (PTL) in all Project Delivery Teams and requiring the agreement of PTL in all key milestones of design. HQ interviews and case studies showed that while some of the initial coordination issues have been resolved at the headquarter level, these issues persisted in the field. For example, to improve the coordination there were regular communications between Regional Director and SKD staff in RO Nairobi and arrangements for RD to review annual work plans of SKD staff based in the RO prior to their finalization. These arrangements were absent in the Abidjan Regional Office.
196. **Reduced design and supervision budgets also posed constraints on the collaboration between PMD and SKD.** For instance, the Head of MCO Vietnam noted that due to cuts in design costs, SKD staff were only able to join design missions remotely, which adversely affects the quality of mainstreaming design in new projects.

197. Case studies focused on two of the cross-cutting mainstreaming themes, namely, environment and gender<sup>84</sup> and assessed the contributions of country presence to strengthen their mainstreaming. The CLE used purposive sampling to examine different types and ages of offices and country contexts. The goal was not compare the same conditions, but to test performance under different circumstances.
198. **All case studies found that gender was mainstreamed but the quality of mainstreaming varied.** Sometimes mainstreaming involved gender transformative interventions. For example, in Bangladesh, most projects contributed to expanding women's access to, and control of, productive assets. PASIDIP in Ethiopia included women both as beneficiaries, and within the constraints of customs and culture, placed them in positions of influence. In Cambodia, attention to gender issues has been part of project designs throughout the portfolio, where gender concerns have been integrated into targeting, training, activities, capacity building and sex disaggregated data that led to the portfolio contributing to women's empowerment.
199. **ICOs contributed to these achievements in a number of ways.** In Sudan, the ICO mobilized country-specific grant that financed the establishment of ABSUMI units and training. Working with ABSUMI units resulted in improving access to finance by women and to their empowerment. In Kenya, the ICO brokered with HIVOS Kenya to train the Project Implementation Team of the *Upper Tana Catchment Natural Resource Management Project* (UTaNRMP) to integrate gender considerations. According to the Project Coordinator, this training was instrumental in the project receiving the IFAD Gender award in 2021 [Box V-10]. She also observed that country presence helped improve the design of mainstreaming efforts to be more in line with local realities and improved the implementation support through closer interaction with project implementation team to address bottlenecks as well as partnerships with provincial government officials of Upper Tana that would not have been feasible to establish from Rome.
200. **Not all projects of ICOs resulted in sound gender mainstreaming.** For example, PRIME project in Egypt promoted access to resources, assets and services, through microloans and many women beneficiaries reported that the terms of micro-loans were unfavourable to them and women received a smaller share of the loans disbursed through the small and medium-sized enterprises (37%).
201. **All ongoing and new operations in case studies mainstreamed environment and climate responses. However, the quality of mainstreaming varied.** The Low Land Rural Development Project (LLRP) in Ethiopia and UTaNRMP in Kenya were examples where climate change adaptation considerations were seamlessly integrated into livelihood interventions aimed at reducing poverty and did no harm to the environment. UTaNRMP went beyond doing no harm in some of its activities and promoted restoring the damaged ecosystems in the project vicinity. The ICO played a critical role in bringing in the contextual knowledge to the design and leveraging its relationships with subnational level government officials to strengthen the implementation of the project. Technical support was received from the SKD staff based in Nairobi. In LAC region, government officials interviewed in Honduras and Guatemala reported that recent project designs have placed increased attention to climate change considerations and indigenous populations. These projects were supported by the SKD technical experts based in MCO Panama.
202. **Not all projects in countries with an ICO resulted in robust integration of environmental and climate adaptation considerations.** An IOE evaluation

<sup>84</sup> Eight of the 15 case study countries (Bangladesh, Burkina Faso, Cambodia, Egypt, Ethiopia, Kenya, Niger, and Sudan) had recent country strategy and programme evaluations. These evaluations provided the portfolio performance ratings related to Gender Equality and Women's Empowerment (GEWE), project support to climate adaptation and environmental and natural resource management and contributed to the evidence base for the subsequent mainstreaming discussion.

found that Egypt's SAIL project may have led to potential harm to the surrounding ecosystems (TE CCA, 2021). Cambodia's portfolio provided limited support for the management of forest and fisheries resources despite their importance to livelihoods and eco-systems. Interviews with project and ICO staff in those countries found that there was insufficient dedicated capacity to provide the necessary design and implementation support to mainstream.

Box V-10

**Upper Tana Catchment Natural Resource Management Project (UTaNRMP) - Mainstreaming**

UTaNRMP is a good example of an IFAD project with successful mainstreaming of multiple cross-cutting themes such as climate change and gender. The project began in 2012 and was expected to be completed in 2022 with a total investment of US\$87.4million (IFAD loan US\$46.6million; Spanish Fund US\$17million). It has already reached 1,093,045 beneficiaries. The goal of the project was to reduce rural poverty, enhance sustainable food production and achieve sustainable management of natural resources in the Upper Tana catchment. The catchment is of critical significance as it supplies 82% of Nairobi's water needs.

A recent IOE thematic evaluation found that the project was effective in improving smallholder farmers' climate change adaptation resilience, ecosystem resilience, and their income. The project's impact assessment in 2021 showed that poverty rates in UTaNRMP catchments decreased by 14.4% during the course of the project. The CLE case study confirmed the assessment of the recent supervision mission report (2022 June) that found the progress towards achieving gender mainstreaming, sustainability and scaling up, policy engagement, and partnership building highly satisfactory.

Project implementation team noted the advantages of country presence including, reduced risks of design errors, strengthened follow-up to supervision mission, frequent discussions and troubleshooting leading to faster and better implementation. The Team recognized the brokering role played by ICO Kenya to organize the project implementation team to receive the technical support it needed to integrate gender considerations. HIVOS Kenya that received IFAD grant to train development actors integrate GEWE considerations in their interventions, provided the implementation team with vital and affordable technical support that was instrumental in the project receiving the IFAD Gender award in 2021.

*Source:* Elaboration by IOE based on Kenya case study

203. In summary, case studies found that country presence positioned IFAD to mainstream gender and climate considerations in its interventions. **However, mainstreaming was less effective when sufficient IFAD capacities and resources were not in place to provide mainstreaming guidance and follow-up during design and implementation** (e.g. Cuba, Honduras, and Panama MCO). These explain the inconclusive findings from the multivariate regression analysis on the contribution of the ICOs to performance related to gender equality and women's empowerment (GEWE), environmental and natural resource management, and support to climate adaptation of IFAD operations.
204. As noted in the limitations of this evaluation (Chapter II), given the breath of the CLE and time and resource constraints a deeper dive into the contribution of decentralization to improved performance in cross-cutting issues was not possible.



**Key Points:**

- The examples from case studies that showed that country presence had a positive influence on:
  - IFAD's portfolio performance, including in conditions of fragility.
  - Government ownership of IFAD-supported interventions, partnerships at national and subnational levels, and pursuing non-lending activities.
  - Mainstreaming cross-cutting themes.
- However, these results were achieved only when country presence was fit-for-purpose in terms of having adequate staffing with the necessary skill sets and experience along with adequate financial resources and technical and administrative support.
- Without sufficient dedicated human and financial resources and prioritization, progress in knowledge management, policy engagement and partnership building will continue to languish.
- Econometric analysis confirmed that country presence by itself does not automatically lead to improved project and NLA performance. Case studies showed that external conditions such as government ownership and capacities of implementing partners are important. Factors that are within the control of IFAD such as providing an enabling support to country offices, and ensuring country presence that is fit-for-purpose, were critical as well.
- The full impact of the ongoing decentralization efforts on the performance of projects designed and implemented since 2017 (under OpEx and D2.0) will become available only after 2025. In the meanwhile, it is important to track progress towards portfolio performance as well as the quality of processes and inputs such as the quality of designs, implementation support, and NLAs to assess the risks to IFAD's development effectiveness.
- The evidence for the value addition of MCOs and ROs is yet to be documented, given the short duration of their existence. Unlike many other IFIs and UN agencies, IFAD did not fully articulate the functions and value addition of the Regional Offices. IFAD did not adequately plan this centre piece of D2.0 efforts in terms allocating adequate resources, providing appropriate organizational design (size and structure of the Regional Office), and articulating the functions and value addition.

## VI. Conclusions and Recommendations

### A. Key Findings

205. **Decentralization is widely recognized at the Executive Board, Management and staff levels as a necessary step** to improve the development results achieved on the ground by bringing IFAD closer to beneficiaries and governments, enhancing partnerships with other development actors, and improving IFAD's relevance and development effectiveness. This was confirmed by the case studies undertaken for this evaluation, responses to the CLE E-Survey, feedback received from interviews, and by a number of IOE evaluations. MDBs and other UN agencies, including Rome Based Agencies, have reached a similar conclusion.
206. The following key findings and recommendations recognize that decentralization was implemented under contextual constraints and took note of the challenges faced by IFAD and other IFIs and UN agencies that decentralized. Those organizations also experienced issues related to staff discontent, transitional challenges, and ex ante estimation of decentralization costs. In the case of IFAD, the COVID pandemic posed additional challenges to implementing Decentralization 2.0 and relocating staff to new duty stations.
207. The evaluation took note of these factors and assessed their relevance for IFAD's decentralization efforts since 2016. However, the relevance of these factors was partly offset by IFAD's long, prior decentralization experience dating back to 2003, evidence provided by the 2016 Decentralization CLE, feedback from Management's stock-taking exercises, and the consistent guidance received from the Board. Recognizing that preparing a detailed ex-ante blue print is not feasible for such a complex exercise, the evaluation focused on the extent to which a holistic, strategic planning was pursued to enable IFAD to better anticipate, manage and address strategic risks associated with IFAD's accelerated decentralization.
208. **IFAD's decentralization efforts since 2016 envisioned unprecedented levels of change during a significantly compressed time frame (2017-2024) compared with the earlier phase of decentralization (2004-2016).** The decentralization strategy set a target of increasing the proportion of staff out posted to 45% by 2024. This translated to out posting 27% of staff during an 8-year period. During the previous 14-year period (2003-2016) IFAD outposted 18% of its staff.
209. IFAD has undergone far-reaching organizational changes since 2016 as part of its efforts to transform itself from a headquarters-centred organization to a decentralized organization. It increased the proportion of staff out-posted from a baseline of 18% (2016) to 39.6% by 2022; changed the composition of its ICOs (e.g., moved two ROs to the field, established 11 MCOs (2 sub-regional hubs existed in 2016), reduced the CPO-led ICOs from 19 to 7, increased the CD-led ICOs from 18 to 22, and undertook organizational reforms (e.g., restructuring SKD and PMD). IFAD also re-engineered business processes, procedures and the delegation of authority, and accountability framework to support a decentralized organization. These changes were made possible by the hard work of small units created to coordinate the work of OpEx and D2.0 (such as the task team of OpEx and CDI for D2.0), and the support provided by the Decentralization Implementation Group (DIG) (comprised of representations from PMD, SKD, FMD, HRD, FSU, CDI and COM) and other divisions and units within CSD (such as ADM, ICT), FOD (FCD), and OPV (including OSB, LEG, AUO, and RMO) with IFAD Staff Association as an observer. **This evaluation recognizes the significant time and effort invested by these units and the dedication and commitment of their staff.**



210. **IFAD's President (2017-2022) and senior management were committed to decentralization and provided leadership to establish accelerated decentralization as a corporate priority.** Transforming IFAD to a fully decentralized organization was a key campaign pledge of that President. The new leadership proceeded to prescribe a timeline and target for out-posting staff and established a working group to implement the decentralization agenda. These decentralization efforts resulted in fundamental institutional changes.
211. **In practice, the decentralization process was top-down, not fully responsive to the concerns of the staff and not adequately informed by the decentralization experiences of other IFIs and UN agencies.** The early phases of these accelerated efforts encountered implementation challenges such as ability to delegate authority while ensuring accountability and resistance from segments of staff to the resulting significant changes to the organizational culture. Stock-taking exercises were carried out during OpEx and in the middle of D2.0 and key decisions were communicated to staff through town-hall meetings, blogs and memos/circulars. However, there was no effective two-way communication strategy. Senior and mid-level managers found that while their feedback influenced some decisions, core issues were not adequately addressed. The CLE E-Survey found that five years after IFAD's accelerated decentralization began, staff were still evenly split on whether or not Management proactively shared relevant information on decentralization and took staff inputs seriously. Similar issues were identified in the case studies and key informant interviews. This finding raises questions about the measures to build broad-based staff buy-in and overcome staff resistance to IFAD's accelerated decentralization. While IFAD is not fully comparable with other agencies in terms of its size and mandate, it did not adequately explore the approaches and strategies used by other agencies that faced similar challenges related to decentralization (e.g., staff relocation and reassignment practices).
212. **Weak resource planning and inadequate resources for country programme delivery pose a threats to IFAD's development effectiveness.** IFAD did not have a costed implementation plan for its full decentralization agenda. Decentralization is not cost-neutral and IFAD's administrative budget was near zero-growth in real terms. Hence, painful trade-offs became an inevitable necessity. Assessing and balancing such trade-offs required a better tracking of the costs of field presence and investments in IFAD's core client services, such as the support for design and implementation of IFAD operations and non-lending activities. Special purpose documents on decentralization prepared for the Board provided cost projections but they were not integrated into annual budget documents.
- a. IFAD does not yet have a system to systematically collect and transparently report the detailed, phased cost of field presence in its annual budget documents.
  - b. The share of the administrative budget available for core client services declined steeply from 59 per cent in 2016 to 47 per cent in 2022,<sup>85</sup> well below the IFI benchmark of 50 per cent. Case studies confirmed that resources to support the design and implementation of IFAD operations and non-lending activities in client countries were inadequate. ICOs found that this reduction came at a time when projects were increasing in size and complexity and there was a growing number of compulsory mainstreaming requirements. The 2023 budget approved in December 2023 commits an increase in the budget share of "Pillar 1" to 55%. This is a step in the right direction. However, this increased allocation for IFAD's core client services partly reflects a change in accounting for program and administration costs introduced as part of the 2023 budget and hence is not directly comparable with 47% share in the

<sup>85</sup> Some increases in non-operational expenditures were required to support other IFAD reforms. For example, to support the reform of IFAD's financial architecture and to maintain the improved credit rating, IFAD needed to create a Risk Management Office and strengthen its treasury and financial services.

2022 budget. The budget document states that the resources allocated to the "operational pillars" (i.e., country program development and knowledge building, dissemination and policy engagement) increased by 4% compared with 2022.

213. **The rationale and the business case of Regional and Multi Country Offices were not convincingly analysed.** While the rationale for country offices was clear, the business case for relocating Regional Offices was not supported by adequate analysis. The rationale, functions and necessary structure (i.e., size and composition) of the Regional Offices were not clearly analysed for their value addition and cost effectiveness. The rationale for MCOs also lacked case-by-case justification based on an assessment of their value addition and cost effectiveness, particularly in light of the recent opening of the Regional Offices in ESA and WCA.
214. **Qualitative evidence suggested that country presence can help to improve IFAD's development effectiveness, including in states with conditions of fragility and conflict.** A number of country case studies, particularly where ICOs have been in existence for many years (e.g., Kenya, Sudan, and Vietnam), showed evidence of country presence helping to better reflect country priorities and local conditions in COSOPs and project design, strengthen project implementation supervision, strengthen linkages with beneficiary organizations and sub-national government agencies, increase partnerships at national and subnational levels, strengthen IFAD's role in UNCTs and the local donor community, and improve policy engagement. These factors were expected to lead to better results on the ground and influence government practices and policies. The case study findings were broadly confirmed by the responses to the CLE E-Survey.
215. **Quantitative analysis showed mixed findings in relation to the contribution of decentralization to improved development effectiveness when the effect of other factors was taken into account, similar to the World Bank findings.** Multivariate regression analysis showed that as they gain experience, ICOs made a positive contribution to mobilizing international cofinancing and accelerating project start up. However, the multivariate analysis found that having field presence does not automatically translate into delivering the promise of decentralization - better development effectiveness. In case studies and the CLE E-Survey, concerns were expressed that some factors associated with the accelerated decentralization (e.g., churn in staffing; inadequate staffing; inadequate funding for project preparation, supervision and non-lending activities) may have an adverse impact on IFAD's development effectiveness.
216. **Country presence needs to be fit-for-purpose to contribute to better development effectiveness.** Factors within and beyond IFAD's control shape the ability of country presence to contribute to better performance. Case studies showed successes in achieving better development results through country presence but also instances where there were challenges to achieving this goal. Contextual constraints such as government ownership of IFAD-supported interventions and local implementing capacity influence outcomes even if IFAD has a country presence. The systems and processes used by IFAD to decentralize were other contributing factors to less than optimal results in some cases. These findings were reinforced by the econometric analysis of country presence/absence and other contributing factors, and project performance. These nuances were confirmed by evaluations of decentralization undertaken by other organizations such as the World Bank.
217. **The allocation of adequate human resources for decentralization did not fully reflect the lessons of past experience in ensuring ICOs that are fit for purpose.** Increasing the number of outposted staff does not automatically translate into better development effectiveness. Case studies of longstanding ICOs found that well qualified, experienced and motivated staff with adequate financial

resources, were key to promoting national ownership, improved partnerships for results, and supporting project and non-lending activities preparation and supervision to achieve high-impact projects within the framework of a small ICO. The case studies identified the key roles played by nationally recruited Country Programme Officers and internationally recruited Country Directors along with their experience and skill sets to achieve development effectiveness.

- a. The resourcing levels identified by the metric system were inadequate for country presence to deliver its mandate and commitments. This gap was exacerbated by delays in filling vacant positions created by both decentralization and the reassignment policy, the slow rate of appointing administrative support staff and the timing and approach adopted for reassignment. These factors, together with the strong Headquarters-centric practices, negatively affected work-life balance and staff morale.
- b. Effectively decentralizing technical staff remains a challenge. SKD has more than quadrupled in size since 2016, through recruitment to address the expanded operational needs, and partly due to the transfer of technical staff from PMD to SKD as part of the organizational changes. Yet, achieving a critical technical mass in many locations remains a challenge. Options for locating technical staff in regions without a Regional Office were not fully studied. SKD's ability to effectively support the decentralization priority of strengthening non-lending activities was constrained by its work load related to design and implementation support for operations and the need for global thematic work.
- c. IFAD's loss of a significant number of experienced country directors and the influx of country directors that are new to the organization posed additional challenges. The Fund did not adequately benefit from learning from the experience of UN agencies and IFIs that decentralized, some of which used more incentive-based approaches for staff relocation and reassignment and managed to retain and outpost a significant share of experienced staff.<sup>86</sup>

218. **Evidence-based, adaptive management and learning was insufficiently integrated into the decentralization processes.** As a result, IFAD failed to adequately plan for, and resolve critical challenges that arose during implementation. The time-line and target were not based on any feasibility analysis. The decentralization processes involved measures to obtain feedback, but the problem solving was ad hoc, fragmented, and insufficient to address the core challenges. The overly ambitious time line and target constrained the time available to reflect, learn and correct course. IFAD staff responding to the E-Survey disagreed that adaptive management and learning were used to identify, manage and mitigate critical problems and risks (61 per cent disagreed).

219. **Under D2.0, there was limited focus on institutionalizing the values required** (for example, being results-focused, striving for continuous improvement, and being collaborative), **policies, practices and ways of working that were oriented towards effectively delivering IFAD's core services within the decentralized setup.** This institutionalising requires prioritization, integration and incentivizing the values and ways of working into core processes such as onboarding, performance management and reward, leadership and recruitment. The small size of ICOs makes this institutionalization important as replacing a single staff member (because of turnover or reassignment) can have a negative impact on IFAD's ability to meet its lending and non-lending objectives in the country, especially if a long time is required to fill the vacancy. Institutionalizing the required values, institutional knowledge, and ways of working can help to mitigate the risks related to loss and/or change of staff in ICOs and will support maintaining IFAD's presence with minimal or no disruption. This will facilitate key

<sup>86</sup> See Annex III-C, Executive Summary of CLE Comparative Study

stakeholders and beneficiaries having a consistent experience of IFAD's support, regardless of the specific staff members in an ICO.

220. **Stronger Executive Board oversight was needed to help guide the accelerated decentralization efforts. The Board's oversight role for Decentralization 2.0 strengthened during the period covered by the evaluation, particularly since December 2021.** Board governance of fundamental organizational changes is a challenge. The Board's role is to provide strategic guidance and hold the President and Senior Management to account in a manner that does not result in micro-management and constrain the ability of the President and the Senior Management to make tactical decisions.
221. However, stronger, more targeted Board oversight and guidance were hindered by the absence of a holistic, transparent reporting of decentralization progress. Such reporting would entail a budget that transparently reflected the cost of the full decentralization agenda, the progress in achieving strategic time-bound metrics to track the decentralization progress in achieving targets, a full discussion of the trade-offs required in the context of a zero budget increases and efficiency gains, and focused reports designed to address and resolve strategic problems discussed at the Board. Most of these requirements were noted in the decisions related to decentralization and budget of the 134<sup>th</sup> Executive Board Session (December 2021, Annex VII).
222. The decisions of the 134<sup>th</sup> session of the Executive Board noted that "several List member had a policy of zero growth discipline for United Nations organizations and IFIs." At the same time, Board also strongly supported decentralization as an important measure to enhance IFAD's development effectiveness to achieve Agenda 2030. As noted by the 2016 CLE of IFAD's decentralization experience and widely recognized by all United Nations organizations and IFIs, decentralization efforts are not cost-neutral, even after accounting for efficiency gains. This necessitates a realistic discussion between IFAD and the Board on mobilizing additional resources needed to fund this mandate along with potential areas to be scaled back to manage with available resources. Such a discussion is yet to take place between the Board and IFAD management.

## **B. Recommendations**

### **B.1. Recommendations to the President and the senior management**

222. **Recommendation 1: Before proceeding further, IFAD should take-stock of its decentralization efforts to correct the course of Decentralization 2.0. To do so, it should identify and address shortfalls and apply adaptive learning processes to inform future decentralization actions.**
- IFAD should assess how each type of country presence (CPO-ICO, CD-ICO, MCO and RO) and the decentralization of other functions (e.g., SKD, FMD) add value to the core functions of IFAD.
  - The assessments should seek stronger justification for the ROs and MCOs and examine whether or not the models, size and staffing are consistent with the lessons from past experience in strengthening development results. IFAD should pursue the RO model for the other regions only after conducting a thorough assessment of the same. Going forward, such assessments should be conducted periodically to fine tune necessary changes to address problems. These assessments should be discussed with the Board.
  - Should the RO model be justified by the above assessment, guidance on the functions, size, roles and responsibilities of ROs, and their interfaces with country offices and MCOs must be clearly defined based on these assessments and operationalized.

- The criteria to allocate country presence should explicitly factor in the national commitment and priorities as expressed through the country's rural development policies and strategies towards smallholder agriculture. When these national priorities and commitment undergo clear and sustained shifts, IFAD should be open to reconsider the ICO model.

**223. Recommendation 2: IFAD should develop a budget and accounting system to identify and track the costs of decentralization.**

- Generate data to support decision-making on incremental costs in the context of total costs of field presence.
- Integrate in budget documents the projections of future costs of field presence in special purpose papers in a transparent way.
- Separately report on, and monitor the total costs of field presence in annual budget documents.

**224. Recommendation 3: Ensure that an adequate share of IFAD's administrative budget is allocated to country programme design, implementation and non-lending activities, with a clear target.**

- The share of the administrative budget allocated to country programme design, implementation and non-lending activities should be at least in the mid-range of the corresponding ratios of the other IFIs.
- Assess the funds needed to design and implement IFAD interventions (COSOPs and operations) to avoid the potential adverse risks to the quality of results delivered by IFAD in countries, in the context of States with and without conditions of fragility and conflict.
- Propose means for further improving prioritization/guidance/support for non-lending activities. Such measures should recognize the limitations of the exiting approaches and include options for more assured funding, and ensure adequate and more structured involvement of SKD and PMD.

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

- Identify critical factors that improve the effective functioning of decentralized offices (including reducing the vacancy rates); make certain that country directors and other staff with appropriate skillsets, track record and experience profile are recruited; augment induction and skills development processes that are commensurate with achieving the critical factors identified above utilizing more interactive modalities; integrate these factors into routine human resources practices; augment induction and skills development processes that are commensurate with achieving the critical factors identified above utilizing more interactive modalities; integrate these factors into routine human resources practices.
- SKD, while contributing design and implementation support to IFAD operations and COSOPs, needs to sufficiently prioritize supporting PMD efforts to strengthen non-lending activities in client countries and promoting knowledge management globally and across IFAD
- PMD should equip CDs with clarity and the skills to fulfil their role of being the interlocutors of the President in the country, lead non-lending activities such as policy engagement and partnership building and carry out the added responsibilities resulting from increased delegated authority.

226. **Recommendation 5: Ensure human resource management, policies and practices focus on improving the well-being of staff.**

- Review the reassignment approach and frequency to minimize disruption of IFAD operations. Factor consideration of the impact of relocation on staff and their families into the timing, coordination and logistical support that is provided to staff.
- Implement effective communication strategies to facilitate greater buy-in from staff on the decisions related to decentralization and reassignment processes. The communication strategies need to increase both the quantity and quality of messages provided to staff and needs to make two-way communication possible.
- Address the work-life imbalance influenced by delays in filling vacant positions, and the Headquarters-centric culture. In doing so, review the assumptions in the dynamic workforce planning tools, expedite filling of vacancies created through the cyclical nature of reassignment informed by the standard duration of assignment (SDA); focus on institutionalizing an organizational culture that recognizes that IFAD is a decentralized organization that operates across multiple time zones and country contexts.

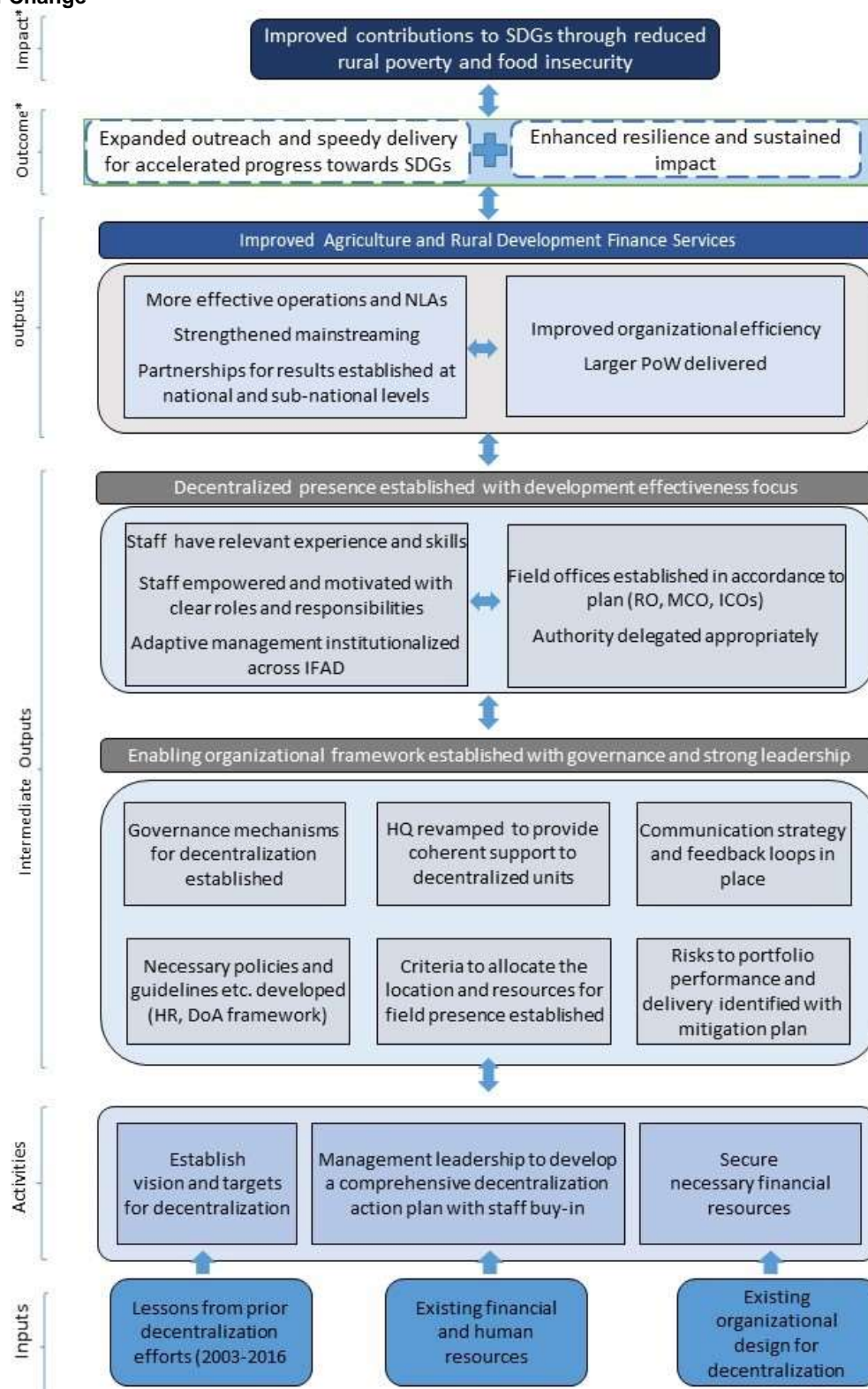
**B.2. Recommendation to the Executive Board**

227. **Recommendation 6: Strengthen Executive Board's strategic oversight and guidance for decentralization and subsequent organizational transformations.**

- Enhance Board's strategic oversight by requiring management to: i) monitor the progress of related organizational change using selected strategic indicators with clear, time-bound targets; ii) transparently link the cost of the organizational transformations to budgets; and iii) demonstrate adequate resources are available to carry out the full decentralization mandate along with transparent analysis related strategic trade-offs, specifically those that affecting IFAD's core services (e.g. adequate support to COSOP and project design, implementation supervision, and non-lending activities).
- Hold the President and the Senior Management to account by monitoring the strategic leadership of decentralization and future organizational transformations, related human resource management issues, staff buy-in/morale, and adaptive management in a manner where the full package of key changes is considered together to assess synergies or areas of internal inconsistencies.
- Require focused reports from Management designed to address and resolve strategic problems related to implementing the organizational change discussed at the Board.

## Theory of change

Figure Annex I-1  
Theory of Change



**Assumptions:**

1. Decentralization Vision, targets and implementation strategy were based on a robust, realistically costed analysis and an inclusive process that ensured broad buy-in. These took in to full consideration the following:
  - a. Lessons from IFAD's decentralized presence (2004-2015) for country offices to become development effective.
  - b. Informed by relevant experience of other IFIs and UN agencies.
  - c. Time horizon for the exercise appropriate to ensure adaptive management, evidence-based course corrections.
  - d. Changes to staffing managed to minimize shocks to the system that could disrupt performance and delivery
  - e. Strategic oversight exercised by governing bodies to ensure the above
2. Monitoring Mechanisms were in place to identify evolving bottlenecks (and threats) and unintended consequences to adaptively manage.

**Risks:**

- a) External shocks (such as COVID 19) could hinder operationalizing decentralization vision/strategy.
- b) Financial resources required to implement the decentralization strategy were not available

\* *Outcome and Impact aligned with the stated outcomes of IFAD 12*

Source: IOE Elaboration



## Evaluation framework

<b>Overarching evaluation question</b>	<b><i>To what extent did decentralization contribute to IFAD supported projects delivering significantly better development results in an effective and efficient manner?</i></b>
<b>Relevance Evaluation Question</b>	<b><i>To what extent was decentralization and its architecture relevant for improving alignment with the priorities of the country, smallholder needs, the agenda of the UN system, and IFAD's mandate to reduce rural poverty and food insecurity?</i></b>
<b>Indicators</b>	<b>Source of Evidence</b>
<p>Evidence that decentralization contributed to better alignment with country and IFAD needs.</p> <ul style="list-style-type: none"> <li>o Alignment with country needs, particularly in federated states and in states with decentralized systems</li> <li>o Alignment with IFAD's commitments in corporate documents.</li> <li>o Alignment with IFAD's need to enhance development effectiveness.</li> <li>o Relevancy ratings for projects with and without ICOs; before and after ICOs</li> </ul>	<p>Replenishment consultations</p> <p>Corporate results management framework and reports.</p> <p>Case studies, key informant interviews and E-survey</p> <p>Reviews of selected COSOPs, project reports and evaluation reports.</p> <p>Examination of lessons of decentralization experience</p> <p>Quantitative analysis of relevance ratings from IOE evaluations</p>
<p>Evidence of the relevance of IFAD's decentralization architecture and typology of offices.</p> <ul style="list-style-type: none"> <li>o Regional offices</li> <li>o Multi-country Offices</li> <li>o CD led ICOs</li> <li>o CPO led ICOs</li> <li>o Evidence from other relevant organizations</li> </ul>	<p>Analysis of the spatial coverage and structure of the decentralization model</p> <p>Case studies</p> <p>Key informant interviews</p> <p>E-survey</p> <p>Analysis of the decentralization experience of other relevant organizations</p>
<p>Evidence that decentralization was relevant to better align IFAD with the UN System at the country level, particularly the Rome Based Agencies.</p> <ul style="list-style-type: none"> <li>o IFAD Interaction with the UN Country Team</li> <li>o Recognition of IFAD's contributions to the UNCT</li> <li>o UNSDCF coverage of IFAD operations and COSOPs</li> <li>o Extent of interaction and partnerships with the other Rome Based Agencies (FAO and WFP) at the country level.</li> </ul>	<p>Interviews with country level stakeholders</p> <p>Key informant interviews, ICO case studies and e-survey;</p> <p>Document review</p>
<b>Coherence Evaluation Question</b>	<b><i>To what extent did IFAD adopt a coherent organizational framework and set of policies and procedures complimented by strong management, leadership and governance that could plausibly transform IFAD from a headquarters-centred organization into a decentralized organization on an accelerated basis?</i></b>
<b>Indicators</b>	<b>Sources of Evidence</b>

<p>Evidence that IFAD planned and adaptively implemented its decentralization vision and strategy based on well justified targets.</p> <ul style="list-style-type: none"> <li>○ Feasibility of the target to have 45% of the staff in the field by 2024</li> <li>○ Rationale for the 50 decentralized units and their mix</li> <li>○ Feasibility study of the financial and human resources needed to implement the decentralization strategy in an accelerated time frame</li> <li>○ Adaptive management to mitigate development and other risks.</li> </ul>	<p>EMT meeting minutes</p> <p>Analysis of the spatial coverage and structure of the decentralization model</p> <p>Document review, especially OpEx and CDI</p> <p>IFAD's corporate monitoring and reporting systems</p> <p>Case studies</p> <p>key informant interviews</p> <p>E-survey</p> <p>Administrative data</p>
<p>Evidence that an organizational framework was established for decentralization with strong management leadership and governance.</p> <ul style="list-style-type: none"> <li>○ Management of risks associated with programme delivery and development effectiveness associated with decentralization</li> <li>○ Metrics used for locating and allocating resources for ICOs</li> <li>○ Consistency of the decentralization strategy with other major changes/policies adopted since 2016</li> <li>○ Headquarters support for decentralization processes and decentralized units</li> <li>○ Impact of decentralization on staff and their families.</li> </ul>	<p>Document review, including feasibility studies, if any, and OpEx and CDI material and President's communiques</p> <p>Analysis of IFAD's evolving organizational structure</p> <p>Feedback/self-assessments of decentralization conducted by IFAD</p> <p>Results Management Framework Indicators and monitoring and reporting systems</p> <p>Documentation of changes in IFAD's organizational structure and organization chart (both operational and non-operational departments)</p> <p>Analysis of oversight and management</p> <p>Key informant interviews and e-survey</p> <p>Comparative study of the decentralization experience of other relevant organizations</p>
<p>Evidence of sound management leadership and governance of decentralization</p> <ul style="list-style-type: none"> <li>○ Management leadership to generate staff buy-in, ensure adequate financial resources, and an enabling environment (governance) for effective and efficient decentralization</li> <li>○ Transparency of decision making</li> <li>○ Communication with staff and change management strategies</li> <li>○ Use of adaptive management</li> <li>○ Delegation of authority and accountability</li> <li>○ Executive Board oversight and governance</li> </ul>	<p>Document review, including EB agenda and minutes related to decentralization, President's communiques and OpEx and CDI material</p> <p>Documentation of changes in IFAD's organizational structure and organization chart (both operational and non-operational departments)</p> <p>Key informant interviews, ICO case studies and e-survey</p> <p>IFAD Staff engagement survey</p> <p>Review of the delegation of authority and accountability matrix</p> <p>Review of selected published papers</p>
<p>Evidence that human resource practices during decentralization supported IFAD's programme delivery and effectiveness</p> <ul style="list-style-type: none"> <li>○ Changes in staff numbers, composition, mix and grades for international and national staff</li> <li>○ Procedures to select staff to fill positions and mobility framework (re-assignment of staff)</li> <li>○ Timely filling of positions, length of vacancies and succession planning</li> <li>○ On-boarding and training</li> <li>○ Career paths</li> <li>○ Metrics, staff workload and work-life balance</li> <li>○ Staff morale</li> </ul>	<p>Human resource management policies, procedures and directives</p> <p>Human resource data</p> <p>Document review including McKinsey &amp; Company, 2019. <i>Analytical HR Study on IFAD's Current and Future Workforce Composition</i></p> <p>Terms of reference of ICOs and headquarters Units and selected job descriptions</p> <p>Key informant interviews, ICO case studies and e-survey</p> <p>IFAD Staff Engagement Survey</p> <p>Information from selected comparator organizations</p> <p>Review of selected published articles</p>

<b>Effectiveness Evaluation Question</b>	<b>To what extent did decentralization contribute to IFAD providing better agriculture and rural development services that delivered better development results (lending and non-lending)?</b>
<i>Indicators</i>	<i>Source of Evidence</i>
Evidence that decentralization contributed to better COSOPs and projects.	E-survey
<ul style="list-style-type: none"> <li>o Engagement with government (high visibility in relevant line ministries, IFAD representation in key committees) and other key stakeholders.</li> <li>o Role of ICOs in COSOP preparation</li> <li>o Role of ICOs in project design</li> <li>o Role of ICOs in project implementation supervision</li> <li>o Engagement in fragile and conflict affected states</li> <li>o Project performance, results and ratings</li> <li>o Roles and functions of SKD and PMD in ensuring effective delivery of core services of IFAD (support to Operations and COSOPS - design, implementation and NLAs)</li> </ul>	Case studies - perceptions of staff, government officials, project managers and in-county stakeholders, including NGOs and international development organizations Key informant interviews Document review (COSOPs, PDRs, PSRs, PCR, IOE Evaluations) Grant documentation review Desk review and PMD databases Quantitative analysis of IOE's project ratings, including effectiveness ratings. Review of selected IOE reports.
Evidence that decentralization and the work of ICOs contributed to better mainstreaming.	Key informant interviews
<ul style="list-style-type: none"> <li>o Gender</li> <li>o Environment/climate change</li> <li>o Youth</li> <li>o Nutrition</li> </ul>	e-survey Case studies Quantitative analysis of IOE mainstreaming ratings Analysis of funding under grants and project funds allocated to mainstreaming work. Document review (COSOPs, PDRs, PSRs, PCR, SKD/PMD reports and data' IOE Evaluations) Perceptions of IFAD staff, government officials, national project managers and in-country development partners
Evidence that decentralization and IOCs contribute to better results achieved by NLAs (in operations and COSOPs) and the role of support provided by SKD.	Quantitative analysis of IOE ratings of NLAs. Analysis of funding under grants and project funds allocated to NLA activities.
<ul style="list-style-type: none"> <li>o Policy dialogue.</li> <li>o Partnerships.</li> <li>o Knowledge management and SSTC</li> </ul>	Perceptions of IFAD staff, government officials, national project managers and in-country development partners Document review (COSOPs, PDRs, PSRs, PCR, IOE Evaluations) Key informant interviews in case studies and e-survey

<b>Efficiency Evaluation Question</b>	<b><i>To what extent were the costs of IFAD's field presence transparently managed and budgeted so that decentralization contributed to improving IFAD's efficiency in a manner that did not pose risks to IFAD's ability to deliver quality development results on-the-ground?</i></b>
<i>Indicators</i>	<i>Source of Evidence</i>
<p>Extent to which decentralization contributed to improving IFAD's efficiency ratios</p> <ul style="list-style-type: none"> <li>Quantitative analysis of IFAD's efficiency ratios of: (i) IFAD's administrative expenditures to PoLG; (ii) total administrative to PoW; (iii) total administrative expenditures to portfolio under management</li> <li>Other relevant efficiency ratios constructed by the evaluation team</li> <li>Quantitative analysis of the contribution of ICOs to resource mobilization (i.e., cofinancing from international and domestic sources)</li> </ul>	<p>Statistical analysis of CLE Portfolio</p> <p>Case studies</p> <p>E-survey and key informant interviews</p> <p>GSS and earlier surveys by Management to get feedback on OpEX and D2.0</p> <p>GRIPS</p> <p>Flexcube</p> <p>ORMS Business Intelligence</p> <p>Board documents (IFAD's annual budget reports and special reports on the cost of decentralization)</p>
<p>Evidence that decentralization contributed to more efficient, faster and better decision-making for the preparation, approval and implementation of projects</p> <ul style="list-style-type: none"> <li>Quantitative analysis of project efficiency indicators (e.g., project efficiency ratings, time from concept note to approval, time from approval to entry into force, time from approval to first disbursement.</li> <li>Feedback on the role of MCO's/ICOs project approval and supervision.</li> </ul>	<p>ICO case studies and project case studies</p> <p>E-survey and key informant interviews</p> <p>Review of selected COSOPs prepared after ICOs became operational and new project preparation procedures were adopted</p> <p>Efficiency ratings from IOE</p> <p>GRIPS and Flexcube</p> <p>PMD data including the annual portfolio stocktaking for 2021</p>
<p>Evidence that the total and incremental cost of IFAD's field presence were estimated and transparently reported in annual budgets from 2016 to 2021</p>	<p>Document review</p> <p>Data on costs, savings and staffing</p>
<p>Cost drivers of decentralization (Incremental (non-recurrent and recurrent costs):</p> <ul style="list-style-type: none"> <li>Number of RO, MCOs and ICOs;</li> <li>Cost of ICOs in fragile states;</li> <li>National and international staff in the field and at Headquarters;</li> <li>Changes in grade mix of operational staff.</li> <li>Policies and processes for budgeting and managing decentralization costs (both recurrent and non-recurrent.</li> </ul>	<p>Budget and financial cost data and corporate databases</p> <p>Desk review, ICO annual progress reports, and FSU and internal audit reports</p> <p>Key informant interviews</p>
<p>Evidence that possible trade-offs in managing the cost for decentralization did not adversely affect operations or pose risks to IFAD's ability to deliver quality development results on-the-ground</p> <ul style="list-style-type: none"> <li>Budget allocations for the delivery of country programmes.</li> <li>Ratio of IFAD's operational costs to IFAD's total administrative budget.</li> <li>Allocations for project preparation, supervision and consultants.</li> <li>PMD and SKD budgets.</li> </ul>	<p>Document and desk reviews</p> <p>Analysis of budgets for the delivery of country programmes</p> <p>Analysis of PMD and SKD budgets.</p> <p>Budget and financial cost data and corporate databases</p> <p>Key informant interviews, ICO case studies, e-survey and IFAD Staff Engagement Survey.</p>

## Executive Summaries of Background Studies

### A. Report on Portfolio analysis

1. IFAD's transformation from a centralized to decentralized organization has had wide-ranging implications, from how the organization is managed to how projects are implemented. The impetus for the transformation stemmed from the key assumption that through being closer to clients, IFAD would be able to better support development results. In order to understand whether this policy has supported the achievement of this objective, the Independent Office of Evaluation (IOE) carried out a corporate level evaluation (CLE). This document is part of this evaluation effort, presenting the findings of a portfolio analysis.
2. In addressing this evaluation question, the portfolio analysis in this document builds on two prior efforts, including:
  - i. The 2016 CLE of decentralization at IFAD, also conducted at IOE;<sup>87</sup>
  - ii. A 2022 analysis of the impact of the World Bank's global footprint.<sup>88</sup>
3. The first evaluation of IFAD's decentralization policy took place in 2016. For its portfolio analysis, it compared projects that did and did not take place under decentralization (with and without analysis) as well as projects within countries, before and after decentralization took place. The evaluation found that the presence of an ICO was associated with a positive outcome for each of the following indicators, in at least one of the analyses (either before and after or with and without).
  - i. Project criteria ratings (Relevance, effectiveness, efficiency, sustainability, rural poverty impact, gender equality and women's empowerment, environmental and natural resources management, scaling up, innovation, and IFAD Performance)
  - ii. Efficiency related indicators (Project approval to entry into force timelines and Timelines for the first disbursement)
  - iii. Co-financing related indicators (domestic and international co-financing)
  - iv. Context and Results related indicators (Household income and assets, food security and agricultural productivity, human and social capital endowment).
4. Notably, this analysis found more positive findings in its with and without analyses than with its before and after analyses. However, the analysis was based on t-tests, rather than regressions or other more advanced multivariate or quasi-experimental approaches, relatively stronger statistical approaches.
5. This evaluation builds upon the above-described analysis, while also expanding on it with more rigorous analysis, as described in greater depth below.
6. The analysis is also informed by the World Bank's 2022 report, "Enhancing the Effectiveness of the World Bank's Global Footprint: An Independent Evaluation". In a manner analogous to IFAD's decentralization, the World Bank has local representation in countries of operation around the world. Within this report, independent evaluators attempted to test the impact of the World Bank's presence on country operations using multi-variate regression analysis. In doing so, they found that "The quantitative analyses could not corroborate clear and systematic links between staff location and project ratings."

<sup>87</sup> <https://www.ifad.org/documents/38714182/39711646/Decentralization+CLE+-+Full+Report+for+web.pdf/481d17e8-1ec9-4b73-a477-4d0e6204a7c6>

<sup>88</sup> <https://openknowledge.worldbank.org/handle/10986/37334>

**A.1 Approach to the analysis**

7. In this context, the key evaluation question driving this analysis is: To what extent did decentralization contribute to changes in project rating criteria, implementation efficiency, or co-financing? Rather than attempting to attribute impacts to decentralization, the report specifically attempts to look at contribution. As the approach paper to this evaluation notes, in addition to the presence/absence of an ICO, numerous other factors ranging from government ownership and quality of local institutions to climate and macroeconomic conditions could also influence the outcomes achieved by the projects.
8. To address this evaluation question, this report makes use of a set of simple and advanced statistical techniques, including analyses of with and without decentralized presence, before and after decentralized presence, comparing before, after, and never having decentralized presence, and multivariate regression. To define whether a project was conducted under an ICO, two scenarios were used:
  - i. Under the first scenario (referred to in this report as treatment definition one), an ICO is considered to be present if it has been in place for two years before a project was approved.
  - ii. In the second scenario (referred to in this report as treatment definition two), an ICO is considered to be present if it has been in place for four years prior to the project being approved.
9. While the former definition looks at a project that received oversight and implementation support from an ICO, the latter definition only includes projects which would also have been designed by the ICO.
10. The analysis in this report explores IFAD IOE's project rating criteria, a variety of implementation efficiency indicators, as measured by how long it takes to complete a variety of stages of projects, and the share of co-financing from international and domestic sources. In this regard, the assessment of the project rating criteria is limited by the fact that the projects which were most recently completed were originally designed in 2014, meaning that the evaluation only applies to projects designed under Decentralization 1.0. In contrast, data is available for some implementation efficiency indicators as well as co-financing data for projects which were approved by the board up to 2020. Therefore, these indicators are more relevant for Decentralization 2.0.
11. The with and without analysis compares projects which were conducted by an ICO and not conducted under an ICO. The before and after analysis compares projects before and after an ICO is introduced into a country. For both these comparisons, t-tests are used.
12. A third analysis compares projects a) under an ICO, b) in a country that would later receive an ICO, and c) projects in countries that never received an ICO. This analysis uses a simple ordinary least squares regression model. This test was conducted for a number of reasons, but primarily to explore whether there was selection bias (i.e. the locations that received ICOs were different from locations that did not receive ICOs), which was suggested by the lack of consistent findings between the with and without and before and after tests, as discussed in greater depth in this report.
13. The fourth and final analysis presented in this report builds on the third analysis by using multivariate regression to control for potentially confounding differences between projects conducted under an ICO, conducted in a country that would eventually receive an ICO, and in countries that never received an ICO. This analysis is the strongest test of the four analyses presented in the report in that it helps to exclude some, though by no means all, of the numerous potential factors which would contribute to project performance. In this regard, the analysis

presents the strongest evidence of whether or not ICOs contribute to project performance. Overall, the variables included in the multivariate analysis accurately predict whether or not a project was conducted under an ICO with 70-77% accuracy, depending on which version of the treatment variable is explored.

14. Aside from the four above-described analyses, a fifth analysis using matching was attempted. However, the analysis was ultimately not carried out, because preliminary analysis of the data suggested that the analysis would not result in reliable estimates of decentralization's impact, because the locations with and without an ICO had highly different contexts according to the statistical data.

## **A.2 Findings**

15. The data suggest a number of findings related to decentralization at IFAD in terms of project performance. These though do not provide clear and consistent evidence in favour of decentralization, though smaller effects not detectable with current sample sizes are possible.

## **A.3 With and without, before and after analyses**

16. **Simple T tests suggest projects under ICOs outperform projects not under ICOs.** Standard before and after and with and without analyses suggest ICOs outperform projects not conducted under ICOs on a very wide range of indicators. The with and without analyses suggest more impacts than the before and after results, coinciding with the findings of the 2016 CLE of decentralization. Generally, projects conducted under ICOs that were in place during the design phase of a project perform even better than when the analysis includes projects conducted under ICOs that likely had little input in the design of the project.
17. The mismatch between before and after analysis and with and without analysis suggests that the actual locations that received an ICO may have already had stronger performance, even without an ICO. To explore this hypothesis, further statistical analyses were conducted.

## **A.4 Before, After, and Never**

18. To explore the above hypotheses, simple regressions comparing a) projects conducted under ICOs, b) projects conducted before an ICO is in place, and c) projects conducted in locations that never received an ICO suggest that projects under ICOs outperform the other two categories of projects in environment and natural resources management, rating provided by PCR, share of co-financing, and select timeline related indicators of implementation efficiency. The second treatment variable suggests that several additional indicators are positively associated with an ICO being in place, including efficiency, overall achievement, and government performance.
19. The data show that locations that would eventually receive an ICO tended to have better results even before receiving an ICO. For the most part, this analysis shows that locations that would eventually receive an ICO already had better performance on a wide range of indicators than projects in locations that would never receive an ICO, with the above noted exceptions. This suggests that the countries with ICOs were already strong performers and the differences described in the previous section with regard to the with and without analysis may not be explained solely by ICO contribution to project performance. The subsequent analyses described in this report further support this hypothesis.

## **A.5 Results of the multi-variate regression analysis**

20. A multivariate regression analysis, which controls for significant differences between locations before they received an ICO, after they received an ICO, and in locations which never received an ICO, **shows no consistent differences in terms of project criteria ratings, implementation timelines, or co-financing**

**for the first treatment variable. This leads to the conclusion that the current analysis does not provide evidence in support of short-term impact from an ICO on these outcomes. As is common practice in evaluation, this evidence should be taken together with the other data sources explored within this evaluation.**

21. **The same analysis conducted for the second treatment variable, which requires ICOs to be in place for a longer period, suggests no significant changes on project rating criteria associated with ICOs. However, it does suggest some improvements in terms of co-financing/as well as some implementation timeline improvements, i.e., project implementation efficiency indicators.** Specifically, the data suggest a 4-8 per cent increase in the co-financing, primarily stemming from an increase in the share of international co-financing. The analysis also points to 140-165-day shorter timelines for board approval to first disbursement, and 82-88 day improvements in board approval to entry into force. The analysis does not provide evidence of improvements associated with the other indicators tested.
22. **The above findings tend to provide a lack of evidence in favour of decentralization, at least for the variables tested within this analysis. However, the data are promising for decentralization insofar as the second definition of treatment points in a positive direction quite consistently.** As noted above, two definitions were considered for whether a project was conducted under an ICO. Under the second definition, an ICO had to be in place for at least two years prior to the board's approval of the project. In turn, this would enable greater ICO control over the design of a given project. It would further suggest that the ICO was more established, meaning that it would be less concerned with start-up activities, which would allow greater focus on the actual implementation of the project. Taken together, these factors may suggest that projects conducted under ICOs may only benefit after the ICO is fully established and more capable of operating in its context.
23. **Limitations.** In relation to the analysis carried out in this report, the following limit the scope of the multivariate analysis
  - Multivariate regression can only control for characteristics for which data is available.
  - Multivariate regression can only control for a limited number of characteristics, dependent on the sample size of projects under analysis.
  - Multivariate regression attempts to identify an effect from attempting to hold other factors at their average values, based on the available data. If systematic and significant selection bias is present, the average value may not be appropriate for the projects not conducted under ICOs.



Table Annex III-1

**Project criteria regression results (treatment variable 1)**

	<i>Marginal effect of ICO versus never</i>	<i>Marginal effect of ICO versus before</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
Relevance	0.22	0.02	0.1995	0.8821
Effectiveness	0.52	0.04	0.0078	0.8399
Efficiency	-0.01	-0.33	0.9460	0.0768
Overall Achievement	0.32	-0.02	0.0860	0.9066
Sustainability	0.23	0.06	0.2251	0.7152
Rural poverty impact	0.53	0.08	0.0035	0.5819
Project performance	0.19	-0.08	0.2563	0.5673
Women's Empowerment	0.4	0.01	0.0545	0.9582
Environment and natural resources	0.51	0.19	0.0083	0.2661
Scaling up	0.46	0.17	0.0480	0.4054
Innovation	0.37	-0.05	0.0818	0.7881
IFAD Performance	0.11	-0.08	0.5293	0.5712
Government performance	0.02	-0.12	0.9511	0.4736
Rating of PCR Document	0.14	-0.03	0.4495	0.8352
Overall quality of design	0.02	0.3	0.8260	0.0792

Source: IOE elaboration based on ARRI and other databases

Table Annex III-2

**Project criteria regression results (treatment variable 2)**

	<i>Marginal effect of ICO versus never</i>	<i>Marginal effect of ICO versus before</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
Relevance	0.34	0.21	0.1018	0.2446
Effectiveness	0.56	0.13	0.0157	0.5124
Efficiency	0.24	0.05	0.3607	0.8257
Overall Achievement	0.46	0.19	0.0397	0.3046
Sustainability	0.19	0.05	0.3797	0.7718
Rural poverty impact	0.6	0.2	0.0065	0.2804
Project performance	0.26	0.05	0.1987	0.7484
Women's Empowerment	0.44	0.14	0.0746	0.5145
Environment and natural resources	0.56	0.28	0.0134	0.1473
Scaling up	0.38	0.14	0.1600	0.5501
Innovation	0.33	-0.03	0.1818	0.9139
IFAD Performance	0.2	0.11	0.3341	0.5309
Government performance	0.2	0.09	0.4042	0.6438
Rating of PCR Document	0.13	-0.02	0.5160	0.9025
Overall quality of design	0.06	0.32	0.6659	0.0336

Source: IOE elaboration based on ARRI and other databases

Table Annex III-3

**Project start up variables regression results (treatment variable 1)**

	<i>Marginal effect of ICO versus never</i>	<i>Marginal effect of ICO versus before</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
Approval of concept note to board approval	29	190	0.6747	0.0738
Board approval to signing	-12	-41	0.6323	0.0885
Board approval to entry into force	-41	-54	0.2271	0.0982
Board approval to first disbursement	-42	-66	0.5155	0.2921
Approval of concept note to first disbursement.	-126	-38	0.3117	0.8369
Completion delay	92	-12	0.1979	0.8602

Source: IOE elaboration based on ARRI and other databases

Table Annex III-4

**Project start up variables regression results (treatment variable 2)**

	<i>Marginal effect of ICO versus never</i>	<i>Marginal effect of ICO versus before</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
Approval of concept note to board approval	125	198	0.2200	0.0615
Board approval to signing	-44	-61	0.0195	0.1234
Board approval to entry into force	-82	-88	0.0327	0.0123
Board approval to first disbursement	-140	-165	0.0730	0.0188
Approval of concept note to first disbursement.	-132	142	0.4473	0.4142
Completion delay	65	-116	0.4594	0.1485

Source: IOE elaboration based on ARRI and other databases

Table Annex III-5

**Project financing composition regression results (treatment variable 1)**

	<i>With ICO</i>	<i>Never had ICO</i>	<i>Before ICO</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
% of domestic co financing	15%	15	14%	1.0000	0.5630
% of international cofinancing	13%	13%	11%	0.8757	0.1684
% IFAD financing	72%	71%	75%	0.8931	0.1037

Source: IOE elaboration based on ARRI and other databases

Table Annex III-6

**Project financing composition regression results (treatment variable 2)**

	<i>With ICO</i>	<i>Never had ICO</i>	<i>Before ICO</i>	<i>p-value with versus never</i>	<i>p-value before versus after</i>
% of domestic co financing	16%	15%	13%	0.6730	0.1738
% of international co financing	14%	10%	9%	0.0853	0.0080
% IFAD financing	70%	74%	78%	0.0739	0.0010

Source: IOE elaboration based on ARRI and other databases

**Key findings**

- The analysis suggests that the locations that received an ICO performed significantly better than the locations that never had an ICO, even before an ICO was introduced.
- The preponderance of evidence suggests that ICOs had limited, if any, impact on the project performance, implementation efficiency, or funding. However, the absence of evidence in a statistical context is not complete evidence of absence. In this regard, the evidence presented in this portfolio analysis should be triangulated with other evidence sources used within the evaluation.
- Despite key finding 2, the data is hopeful in that it points in a positive direction for some indicators in terms of increased co-financing and implementation efficiency when an ICO has been in place for a longer period of time, including throughout the period of project design. This in turn suggests that the ICO model may eventually bear fruit for project performance. Notably, these variables are present for a larger number of projects, and more recent projects than the project rating criteria. In this regard, project rating criteria are available for projects designed in 2014 or before, while implementation timelines and co-financing are available for more recent projects up to and including 2021 for financing indicators.

## **B. Report on Electronic survey (2022)**

### **B.1 Background**

24. The electronic survey aimed at receiving the feedback on the decentralization experience and its contribution to IFAD's operational performance from internal (IFAD affiliated) and external (government counterparts, local and international donor organizations, non-government national stakeholders, and other UN agencies, etc.) stakeholders. The survey covered wide range of topics of decentralization effectiveness, efficiency, coherence, and relevance. Also, it investigated how the decentralization process affected staff morale and intra organizational attitudes and communications.

### **B.2 Fieldwork and methodology**

25. Following the initial pilot in late March 2022, the survey was launched on April 6 and was closed on 3 October 2022. The data was collected by applying the Computer-assisted self-interviewing (CASI) approach. The total survey universe consisted of 2762 people (1320 IFAD-affiliated staff and 1442 people outside the organization). The list of the IFAD staff and consultants was provided by HRD as of February 2022. The list of external stakeholders was collected and submitted by the relevant IFAD regional representatives. Of the 2762 potential respondents 1027 agreed to take part in the survey and answered the first questions of the questionnaire, however, in the end, only 807 eligible respondents provided valid responses (29% of the overall response rate), with some variation across questions. The response rate for IFAD affiliates was 458 (35%) and 349 (24%) for Non-IFAD (including employed in IFAD projects as project staff) respondents. Nevertheless, the survey still yielded a reasonably high response and a sufficient number of observations to draw robust findings. The gender ratio of survey participants indicated a near-equal split between Female (44%) and Male (54%) participants; a small share of participants either indicated other options or preferred not to respond to gender identification question (2%). As for affiliation, 58% indicated that they were employed by IFAD as a staff member, JPO, TPO, or consultant, while 42% reported working for an organization other than IFAD.
26. To measure the attitudes of respondents regarding different aspects of the decentralization process (depending on the formulation of the survey questions) the following ordinal scales were applied: 1 = Strongly disagree / Highly Unsatisfactory; 2 = Disagree / Unsatisfactory; 3 = Moderately disagree / Moderately Unsatisfactory; 4 = Moderately agree / Moderately Satisfactory; 5 = Agree / Satisfactory; 6 = Strongly agree / Highly Satisfactory; 0 = No knowledge/no opinion. While reporting the key survey responses within the main body of text 1-3 and 4-6 options are presented cumulatively to report the level of support or agreement with the selected survey items. To determine the statistically significant differences across different subgroups of respondents the statistical significance tests were also used.

### **B.3 Key findings**

27. Both external and internal stakeholders positively evaluate the general idea of decentralization, claiming that it helps to have more focus "on the ground" and increases awareness regarding country and region-specific topics. However, respondents are relatively more reserved in appraising the decentralization's impact on the efficiency, effectiveness, and speed of the decision-making process. They also reported problems related to HR topics, the negative effect of decentralization processes on staff morale, as well as reporting not satisfactory attitudes regarding how management responded to the needs and concerns of the staff. Furthermore, questions were raised regarding the effectiveness of senior management's performance in communicating the vision and rationale for IFAD's

accelerated decentralization, as well as the transparency of decisions made during IFAD's accelerated decentralization.

Table Annex III-7

**CLE E-Survey Response to Q4. G2. How strongly do you agree or disagree that IFAD country offices strengthen: [rate each statement using the scale]?**

Answer Choices	Percent (IFAD)		Percent (Not IFAD)		Percent (All respondents)	
	1-3	4-6	1-3	4-6	1-3	4-6
Rating scale						
IFAD's focus is on rural poverty ***	14%	86%	3%	97%	9%	91%
IFAD's interaction with project beneficiaries	8%	92%	5%	95%	7%	93%
National ownership and direction of IFAD's development assistance. *	8%	92%	6%	94%	7%	93%
The results IFAD delivers at the country level. **	11%	89%	4%	96%	8%	92%
IFAD's knowledge of countries/regions.	7%	93%	5%	95%	6%	94%
IFAD's decision-making processes. ***	26%	74%	8%	92%	18%	82%

Rating scale for this question: 1-3 => sum of Strongly disagree, Disagree, and Moderately disagree; 4-6 => sum of Moderately agree, Agree, and Strongly agree

Note: Percentages are calculated without No Knowledge/No opinion answer option.

\*\*\*, \*\* and \* denote significance when comparing IFAD and non-IFAD respondents at 1%, 5%, and 10% levels

28. In general, respondents tend to agree that IFAD country offices strengthen IFAD's focus on rural poverty, IFAD's interaction with project beneficiaries, national ownership, and direction of IFAD's development assistance, the results IFAD delivers at the country level, IFAD's knowledge of countries or regions, and IFAD's decision-making processes (table annex III-7). Respondents also reported high levels of satisfaction regarding how country offices facilitate partnerships, capacity development, and the development of useful knowledge products. In general, non-IFAD affiliated respondents tend to evaluate the positive impact in these areas a little bit higher, compared to the IFAD staff.
29. External stakeholders found that decentralization promotes better coordination with the UN system at the country level and makes it possible to better integrate into donor coordination mechanisms, in addition. Non-IFAD affiliated respondents working in UN organizations, international financial institutions, and bilateral donors also overwhelmingly agree that IFAD staff is well integrated and actively participates in donor coordination activities.
30. Those non-IFAD respondents that work in countries where there is no IFAD country office report that IFAD adequately serves their country (89% agreement), but it would be better (91% agreement) to have a country office there. Moreover, they are more inclined to find that their countries will be best served by ICO located in the region (74% agreement) compared to the situation when they are served by the IFAD staff located in HQ.
31. Those with country offices operating in their countries report that IFAD country offices correspond to its functions and responsibilities, but the size of some might not be adequate, and some could lack enough relevant delegated powers as indicated in some comments submitted at the end of the survey.

Table Annex III- 8

**CLE E-Survey Response to Q15. IFAD1. Please indicate how strongly you agree or disagree with the following statements that starting/thereafter 2016**

Answer Choices	Percent (In ICO/MCO/ Regional office)		Percent (Not in the ICO/ MCO/Regional office)		Percent (IFAD affiliated staff)	
	1-3	4-6	1-3	4-6	1-3	4-6
Rating scale						

IFAD's decentralization process was well planned and managed. ***	58%	42%	70%	30%	65%	35%
IFAD's decentralization is being implemented at the correct pace. ***	49%	51%	67%	33%	61%	39%
IFAD's decentralization is being implemented too fast. **	41%	59%	26%	74%	31%	69%
Decentralization has improved monitoring, reporting and accountability in IFAD. ***	38%	62%	58%	42%	50%	50%
It is a good idea to create Regional Offices. *	24%	76%	25%	75%	25%	75%
It is a good idea to create Multi-Country Offices. ***	20%	80%	31%	69%	27%	73%
It is a good idea to have Country Offices. ***	8%	92%	13%	87%	11%	89%

Rating scale for this question: 1-3 => sum of Strongly disagree, Disagree, and Moderately disagree; 4-6 => sum of Moderately agree, Agree, and Strongly agree.

Note: Percentages are calculated without No Knowledge/No opinion answer option. \*\*\*, \*\* and \* denote significance when comparing ICO/MCO/Regional office and non-ICO/MCO/Regional office respondents at 1%, 5%, and 10% levels.

32. The idea of decentralization is in principle endorsed; however, only a minority of IFAD staff agrees that decentralization has been well planned and managed (35%) and implemented at the correct pace (39%). Most IFAD employees (69%) also found that the entire process of decentralization is being implemented too fast. The IFAD staff supports the idea of country offices more, compared to MCO or regional offices, though all these options receive the support of more than half of survey respondents (figure annex III-1).

Table Annex III- 9

**Q17. IFAD5. Please indicate how strongly you agree or disagree with the following statements: [rate each statement using the scale]**

Answer Choices	Percent (In ICO/MCO/ Regional office)		Percent (Not in the ICO/ MCO/Regional office)		Percent (IFAD affiliated staff)	
Rating scale	1-3	4-6	1-3	4-6	1-3	4-6
Management proactively shared relevant information with IFAD staff related to decentralization. ***	38%	62%	52%	48%	47%	53%
I have a clear understanding of my role and position in the decentralized IFAD structure. ***	26%	74%	34%	66%	31%	69%
The needs and concerns of the staff were taken into consideration during the decentralization process. **	61%	39%	68%	32%	65%	35%
IFAD effectively managed and implemented the accelerated decentralization strategy so that operations were not disrupted. ***	52%	48%	64%	36%	59%	41%
The accelerated decentralization had a positive impact on staff morale. ***	66%	34%	83%	17%	77%	23%

Rating scale for this question: 1-3 => sum of Strongly disagree, Disagree, and Moderately disagree; 4-6 => sum of Moderately agree, Agree, and Strongly agree.

Note: Percentages are calculated without No Knowledge/No opinion answer option. \*\*\*, \*\* and \* denote significance when comparing ICO/MCO/Regional office and non-ICO/MCO/Regional office respondents at 1%, 5%, and 10% level.

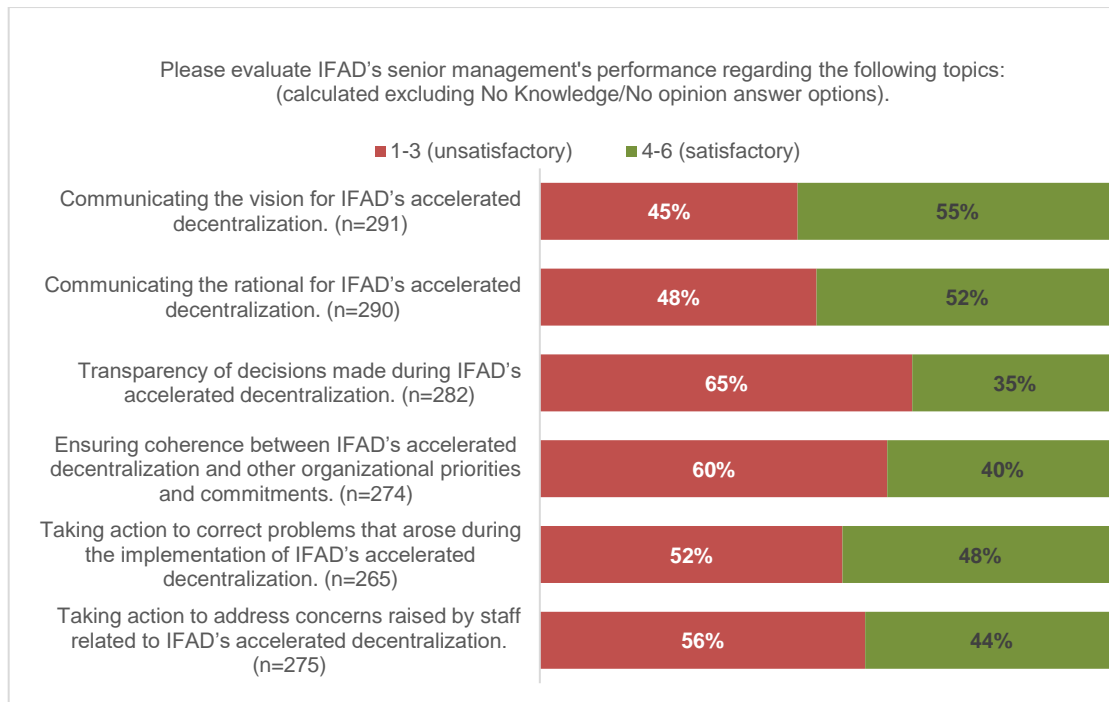
33. IFAD staff found that decentralization lacks harmonious and effective collaboration between HQ and country offices. For example, 65% disagree that the needs and concerns of the staff were taken into consideration during the decentralization process, 59% also disagree that IFAD effectively managed and implemented the

accelerated decentralization strategy so that operations were not disrupted, and slightly more than three quarters (77%) also disagrees that accelerated decentralization had a positive impact on staff morale. Moreover, proactively sharing of relevant information from the management statement got mostly mixed attitudes – nearly half (47%) rejects this idea and 53% agrees that information was proactively shared.

34. IFAD staff directly participating or affected by the decentralization shows low levels of agreement with the idea that IFAD's rapid decentralization had a positive impact on the different organization's activities. The HR-related topics, including assignment, relocation, and orientation to new offices are not positively evaluated by the IFAD staff. The instability factor was also highlighted in the context of operations as the clear majority (87%) agreed that there were frequent changes in staffing and responsibilities. Furthermore, 74% disagree that procedures for relocating/transferring staff to other positions during the decentralization process were well planned.
35. In general, relevant IFAD staff do not find that decentralization strategy realistically evaluated the potential costs, implementation risks, and challenges (71%) and adaptive management and learning were used to identify, manage, and mitigate problems and risks associated with implementing IFAD's accelerated decentralization (61% disagreed). They similarly disagree that county offices were sufficiently staffed (60%) and had relevant operational budgets (68%).
36. Many are not satisfied with how the selection criteria for the country office were defined (47% disagreement) and how IFAD provided adequate guidance and clarity on the roles, responsibilities, and reporting lines in delegating authority and accountability to country offices (43% disagreement). There is divide (52% disagreement vs 48% agreement) on whether there was a consistency between IFAD's decentralization strategy and other major IFAD institutional reforms. Besides, a sizeable portion of the staff found that project designs remain headquarters driven (87%) and frequent requests from headquarters divert the focus of staff from in-country work (83%).
37. The coherence of decentralization and the available budget to support operational activities were also problematic according to the survey. While there is not that much of a big difference among those who agree or disagree that changes in operational policies complement decentralization and made project and grant processing more efficient (57% disagree vs 43% agree), more than three-quarters disagree that there is a sufficient budget and resources for project processing and supervision (75%), for non-lending activities (81%) and cross-cutting issues (79%).

Figure III-1

**CLE E-Survey Response to "Please evaluate IFAD's senior management's performance regarding the following topics (Q40. US12)"**



Rating scale for this question: 1-3 => sum of Highly Unsatisfactory, Unsatisfactory, and Moderately Unsatisfactory; 4-6 => sum of Moderately Satisfactory, Satisfactory, and Highly Satisfactory

Note: Percentages are calculated without No Knowledge/No opinion answer option

38. The communication strategies from the senior management during the accelerated decentralization were not satisfactory for significant portions of the IFAD staff in terms of explaining the vision and rationale of the accelerated decentralization (figure annex III-2). The majority (65%) are not satisfied with the transparency of decisions made during the accelerated decentralization. The performance of the senior management is not much satisfactory in terms of ensuring coherence between the accelerated decentralization and other commitments (60%), taking actions to correct problems (52%), or addressing concerns raised by staff (56%).



## C. Report on Comparative Study

### C.1 Approach

39. The CLE IFAD's decentralization experience 2016 found that *"IFAD's decentralization was entirely relevant in light of the experience and benefits gained in other agencies, but the experience of those agencies could have been drawn on more systematically"*. The only benchmarking conducted by the Decentralization Working Group was in 2021 and was never published. That study was based on a high-level comparison of various decentralised models and concluded that these findings were not relevant to IFAD as the Fund was considerably different from any comparator organization in terms of size and mandate. Learning from this experience, this study focused on learning lessons from other organizations regardless of their size and mandate. To this end, this study reviewed IFAD's decentralization experience and identified key challenges the Fund faced in decentralizing, and sought to draw lessons from the experience of selected organizations that addressed similar challenges
40. **Key Challenges to IFAD's decentralization efforts.** The comparative study identified the following four key challenges faced by IFAD's decentralization process based on emerging evidence from case studies, CLE E-survey, interviews with headquarters stakeholders, and the statistical portfolio analysis: the speed of decentralization, the size of the organization and the extent to which it decentralized, what was decentralized and managing the change process associated with decentralization.
41. **Selection of comparator organizations** was based on the extent to which their decentralization experience was relevant in dealing with these four challenges. These organizations were identified based on a document review and interviews with select stakeholders in a number of organizations. The comparative study selected the following six organizations among the UN system and IFIs as the most relevant to provide useful lessons in addressing these four challenges: the African Development Bank (AfDB); the Food and Agriculture Organization (FAO); the International Labour Organization (ILO); the United Nations Capital Development Fund (UNCDF); the United Nations Office for Project Services (UNOPS); and the World Bank (WB). A seventh organization, the United Nations High Commission for Refugees (UNHCR) was added through snowball sampling. Four of these seven overlapped with those studied by the DIG benchmarking exercise (2021), namely, AfDB, FAO, UNOPS, and the World Bank.
42. **Data collection.** The evidence for the study was collected from in-depth semi-structured interviews with senior managers and senior technical staff of these organizations, and relevant document review, including reviews of related evaluations.
43. **Limitations.** The comparative study relied on insights of specific informants within their organizations and therefore, entailed selection bias. To some extent, document review was used to mitigate this effect.

### C.2 Main Findings

#### **Finding 1: Decentralization is more than putting boots on the ground**

44. Viewing decentralization as simply putting boots on the ground leads to inefficiencies and effectiveness problems and eventually defeat the very purpose of decentralization - to strengthen core client services provided (FAO, WB, ILO, UNOPS, and UNHCR). However, this view is common in the early stages of decentralization. With experience, organizations recognize decentralization to be addressing the core issues of effectiveness and efficiency in delivering their mandate: how to fulfil the mandate more effectively, how to add more value through services by leveraging organization's comparative advantage, how to

reinforce the core functions of the organization, and ultimately, how to organize ways of working to deliver enhanced value.

45. As the context evolves (e.g., increasing frequency of emergencies, fragile and conflict-affected areas, and digitalisation), the strategies of decentralization ("how to") also change. The strategies also depend on the growth stage of decentralization, and the resources available; Decentralization is an evolving strategy that must be rethought considering the effectiveness question.
46. **In exploring how to increase its global footprint, the WB distinguishes between decentralizing and localizing** – between having more staff in countries and establishing local partnerships. It recognizes the latter as the key to achieving the goals of decentralization. An organization may out-post staff from headquarters to countries, and without local partnerships is likely to be ineffective in delivering its mandate.

### **Finding 2: Organizational size and decentralization**

47. **Organizational size matters for decentralizing. However, for any given size, how decentralization models deliver core client services/add value matters even more.** Decentralization starts with strongly centralized structures. Then in the initial decentralization wave(s), field presence is increased through relocating staff from headquarters to the field. This is often combined with staff reassignment policies (not all consulted organizations have a reassignment policy, e.g., ILO and FAO). In this context, organizational size matters because decentralizing by relocating staff from headquarters creates an imperfect market as supply and demand are mismatched, generating tensions and inefficiencies even in larger organizations (e.g., WB and UNCHR). An imperfect market in a small organization like IFAD is likely to create bigger tensions.
48. **To address this issue, exploring more appropriate decentralization models is key.** The organizations consulted made such exploration, putting value generation through their core functions at the centre. FAO features a technical team that analyses and gathers evidence on what works and does not in decentralization modalities. They look at the comparative advantages of their models (regional offices, sub-regional offices), analysing related core and support functions with value delivery in mind.
49. In most cases, and irrespective of the size of the organization there are considerations about the minimum operative size and structure of an office so that it functions effectively in delivering value. AfDB uses the ratio of task managers to projects; WB uses ratios of technical staff to frontline support staff by type of country; or the UNDCF is looking into the minimum size of a technical structure in the field.

### **Finding 3: Drivers of decentralization and rate of decentralization**

50. **Different factors drive decentralization and its pace.** The most common drivers were the political/institutional will and the directives of the executive boards. Another driver was the growth of the organization. For example, UNOPS grew to a level that required decentralization to channel the growth efficiently. UNCDF needed to decentralize to grow further. Changes in the business model could also serve as a driver. For example, in FAO the focus shifted from normative, standard setting, and policy advocacy work to managing projects (80% of the delivery was channelled through country offices). This prompted decentralization.
51. **Not all agencies used targets for their decentralization efforts.** For instance, AfDB, UNCDF, and the ILO, did not use targets. While the World Bank targeted to out-post a percentage of managers within a timeframe. Having this target helped the WB to achieve momentum and push forward. It is important to note that such

a target-driven push was complemented by a full-scale support to staff who are relocated, with incentives and improved career trajectory.

52. **Pace of decentralization.** Different organizations decentralized at different rates. UNHCR provides an example of another agency that attempted fast-paced decentralization. However, the organization rapidly realised that such changes entailed a profound organizational transformation that had to be managed carefully as a change management process. The organization put in place a change management team to lead the process, and had a people stream in charge of managing the human resources part of the process. UNCDF is at the beginning of the 'first wave' of its decentralization and believes that the organizational culture should determine the speed of decentralization.

#### **Finding 4: Phases and life-cycle of decentralization**

53. Decentralization unfolds as a life cycle involving different phases. Consultations with the seven agencies showed that each phase must be managed and led. All consulted agencies found that each phase required strong leadership and clear governance structure to succeed.
54. The first phase of decentralization involved relocating staff from headquarters to country offices, as at the start, most organizations were heavily centralized. As they gain experience, the business case for decentralization also evolves. In the next phases, what they seek to accomplish with the improved foot print becomes the central question (ILO, WB).
55. After its first phase that saw field operations grow substantially, UNOPS is beginning a phase where issues around delegating authority – bringing decision-making closer to the field – has become the central issue of decentralization efforts (similar to UNHCR). In ILO, the organization has ceased to expand without budget to increase the number of offices, but has intensified DoA and continues to explore footprint modalities.
56. Increasingly, many country-specific decentralization life cycle have ended with country graduation. Some organizations have explored continuing the presence with liaison offices or keeping a focal point (FAO). Most organisations agree that decentralization is contingent on the demand for deliver and decentralization modalities should be adaptable and aligned with demand. Yet, some are facing difficulties in closing offices that are not relevant anymore (FAO, AfDB).

#### **Finding 5: Decentralization as a transformational change**

57. Consultations with the seven agencies showed that decentralization always entailed transformational changes to the organization's business model and culture. In UNHCR, for example, regionalization and decentralization meant adapting and adjusting systems and processes. These included planning and budgeting, resource mobilization, supply management, and human resource management (including performance management systems). The process was supervised and managed by a change management team. UNHCR approached decentralization as a change management process because it was part of organizational reform.
58. Most informants pointed out the ways in which decentralization transformed organizational culture. Career expectations were fundamentally altered and some staff turnover took place (but too high). Often, these processes offered an opportunity to revitalise the workforce, and manage it to the benefit of the organization (WB, UNHCR).
59. How decentralization was managed (including leadership and governance) also underwent a transformation. At first, decentralization was led and managed from a

specialized unit at headquarters and were decentralized in the subsequent phase.<sup>89</sup> For example, in FAO, UNHCR, and UNOPS, the central units overseeing decentralization were dismantled after the first decentralization phase. Now support to the process includes strategic senior technical teams placed at the headquarters (adviser to VP/Deputy Directors). The rest of the operational support for decentralization was provided by regional offices and absorbed by the different divisions across the board. Regional offices liaised directly with Divisions (e.g., logistics, emergencies) when dealing with aspects associated with the country offices' operation.

#### **Finding 6: What gets decentralized continues to evolve**

60. What gets decentralised is a question addressed in each decentralization phase, and the scope encompasses several elements (e.g., what gets decentralised technical staff, or managers, or both?). The WB started decentralizing with the technical staff, and now there is a strong wave of decentralizing the managers. As in IFAD, some support functions (e.g., do support functions - human resources, admin, finance, procurement) also get decentralized. The WB, one of the largest organisations consulted, is working on bringing support functions to the country offices (legal, HR, budget/finance staff).
61. In some cases, what got decentralized may be centralized in the next phase. For instance, in FAO the support functions were decentralized first, and later centralized in the Shared Service Centre in Budapest (SSC). There is evidence to show that FAO's SSC was able to generate significant cost savings through standardization and economies of scale. IFAD recently approached FAO to study Budapest's SSC options, and reportedly, UNICEF and WFP were discussing the possibilities of WFP using UNICEF's Global SSC.
62. As illustrated by the example of UNOPS, considerations on what to decentralize were linked to finding a balance between accountability levels – authority – staff allocations - and the appropriate checks and balances. Decisions on what to decentralize hinged on where to locate the controls to address the different risks associated with each decentralized level. In short, decentralizing is about devolving authority and centralising control functions. UNOPS addressed DoA and the level of decentralizing risk as "Quality issues".
63. The iterations of centralize-decentralize-centralize are ongoing processes subject to efficiency and cost-benefit considerations. Consultations revealed that the best options may change with the experience of the organization with decentralization.

#### **Finding 7: Rationale for establishing regional offices**

64. Insights from UNHCR, FAO, ILO, AfDB, and UNOPS found that the case for establishing regional offices required institutional, political, operational, and functional political considerations.<sup>90</sup> Institutional/partnership considerations include the possibility of synergies with regionally based counterparts, the need to respond to regional priorities / regional conferences, and the need to address regional problems. Political considerations would include coordinating regional agendas, liaising and interacting with regional Economic Commissions, Regional Bodies, or the UNDG; another consideration in this regard is that some key debates may take place in the regions (as opposed to headquarters). Operational considerations include whether the organization must implement regional programmes. Functional considerations refer to whether support functions are better dealt with at the regional level (e.g., finances, human resources, procurement).

<sup>89</sup>The centralised office for decentralizations (CDI equivalent) closes, and functions are devolved to the regional offices (FAO, UNOPS), i.e., decentralising the decentralization process.

<sup>90</sup> The term presumptive decision here denotes a decision made a priori, based on presumptions, without examination or analysis.

65. An overarching question is whether ROs will contribute to making the decentralization process more efficient: Will ROs involve duplication of authority (HQ-ROs, or ROs-COs) and additional bureaucratic layers? Will the ROs be supported by the appropriate levels of DoA? Will they result in silos (regional bureaus based in headquarters may collaborate more and interact more intensely with headquarters-based senior management)?

**Finding 8: Incentives and support for staff relocation and reassignment**

66. **The relocation and reassignment do not necessarily need to be a traumatic process based on a coercive approach.** Several of the organisations interviewed had put in place support structures for staff relocating. UNHCR had a change management team with a people stream in charge of managing the human resources. The WB is currently relocating staff and provides support to assist their families, spouses' careers; and it hired specialised companies such as destination service providers to find the right schools and housing for reallocated staff. In AfDB, the relocation is voluntary and decided through a dialogue between sector managers and staff. The organization assists staff to be closer to their homes.
67. In addition to these support mechanisms, incentives such as career development and promotion prospects were linked to having field experience. Having served in the field at the WB is a precondition for staff to apply for managerial positions. Similarly, field experience is critical for positions at the UNHCR.

**Finding 9: Decentralization is not cost-neutral, but should be cost-effective**

68. None of the consulted organizations assessed the cost of decentralization. However, they all agreed that it is not cost-neutral. The net cost depends on the decentralization model. FAO reported substantial savings from using SSC to manage decentralized support functions. The AfDB noted cost savings at the headquarters and increased costs in regional hubs. In UNHCR moving bureaus to the field has proven costly – they tended to become larger– even if the size of the headquarters was reduced. Decentralising in fragile and conflict-affected areas (UNCHR, WB, and AfDB) can significantly increase costs.
69. To key informants interviewed, observed that the real question is not if decentralization is cost neutral; but rather if it is cost-effective in terms of the value added in delivering the mandate of the organization.

**Finding 10: Varied approaches to decentralizing technical staff**

70. **All agencies interviewed found decentralizing technical staff a challenge.** They did not have enough technical experts to out-post them in all country offices. These organizations developed different approaches to make technical knowledge accessible to all decentralized offices, and continue to improve these solutions based on experience. ILO used work teams based on regional offices and country offices). Technical experts operating from headquarters and regional offices were tried by AfDB and FAO. UNOPS moved from a project-based expert approach to sharing a pool of experts (for example, in water, waste management, and environment) based in headquarters. In UNHCR, the management was decentralized but the technical divisions remained at the headquarters (e.g., shelter, cash-based assistance). Several agencies tried Hubs (WB, AfDB, and IFAD) but found the need to modify as they posed risks, such as knowledge fragmentation, experts spread too thin. The WB developed formulas (e.g., third-country nationals) and has been working on a strategy to develop local/national talent markets.

**Finding 11: Post-COVID-19 settings have expanded the possibilities of decentralized**

71. The post-COVID setting is characterised by widespread remote working modalities. This has paved the way to rethink the decentralization models. The WB, AfDB, and

FAO are exploring new approaches that share a common thread: leveraging the digital communication technologies to rethink decentralization and teams. The WB is working on developing networks of experts, AfDB is emphasising work through cross-country teams, and FAO has started exploring the possibilities of global virtual teams, which often include staff from CO, RO, and headquarters coordinated from the regions (reportedly FAO-LAC features a successful case)

**Finding 12: There are untapped benefits through ongoing exchanges of decentralization experiences among development actors.**

72. **There is an untapped opportunity for strategic exchanges of decentralization experience among IFIs and UN agencies.** The organizations consulted have different operating and business models, sizes, and internal features. However, when it comes to decentralization, they shared the same goal (to bring them closer to the clients to deliver better services); they faced overlapping challenges. While their solutions varied responding to context and agency specificities, the considerations (to regionalize or not, how to do relocation), the factors they had into account, and the insights they obtained from the process are shareable and relevant across the board.
73. How others address these evolving 'risk factors' or challenges this study focused on (speed, size, what gets decentralised and managing the change) are of interest to the entire development aid community that is pursuing decentralization. The evolving nature of these bottlenecks with the decentralization process require adaptively changing approaches to addressing these. Such changes, in turn, necessitates periodic revisiting to learn about the evolving responses.
74. Decentralization has become a priority advanced by many governing bodies and organizations. There are occasional exchanges on decentralization elements. UN agencies and IFIs exchange pieces of information through staff that move from one organisation to another. Similarly, interviews revealed that exchanges across agencies happen serendipitously at the country level. However, they do not happen at the headquarters level, where decentralization policy and strategies are set. In this context, an inter-organizational dialogue (e.g., every two years) with joint discussions would be beneficial. This dialogue to share insights, challenges, troubleshooting, and ideas, would be conducive to generating cross-institutional learning on decentralization.

## D. Report on Costs of Field Presence

### D.1 Introduction, Scope & Methodology

75. IFAD's major expansion of its field presence in the last six years has significantly increased the proportion of its budgetary resources allocated for operations in country offices (ICO). Using 2016 (year of completion of the previous CLE on IFAD's decentralization experience) as the baseline, this study examined the principal drivers of IFAD's total costs of field presence: (a) the number and types of IFAD's ICO models; (b) the proportion of total staff located in ICOs; (c) the proportion of ICOs that are located in fragile and conflict-affected situations where the costs of ICOs are found to be typically higher than in other countries; and (d) changes in the staff grade mix, focusing on the two departments (PMD and SKD) that have decentralized to the greatest extent by locating a large proportion of their staff in ICOs. Following the review of cost drivers, we examined two other related areas: (a) whether IFAD's current efficiency ratios – supplemented by other efficiency indicators used in some other IFIs – provide any evidence of the impact of decentralization on IFAD's institutional efficiency; and (b) the effects on resourcing of IFAD operations arising from efforts to manage the incremental costs of expansion of decentralized presence within IFAD's constrained budgets, to the extent possible.
76. In Board papers (with the exception of the April 2016 paper, *Update on Country Presence*), Management's presentations on decentralization costs in the budget and special purpose documents have focused on the incremental costs of decentralization (including Op-Ex and Decentralization 2.0), measured against previous years' or earlier base lines. A more holistic approach, used in this study, is to look at the evolution of total costs of field and Headquarters activities, for the following reasons: (a) the incremental costs of Op-Ex and Decentralization 2.0 are subsets (although significant) of the ongoing total costs of field presence; and (b) the cost impact of expansion of field presence would be clearer if the incremental costs are presented in the context of the total costs of field presence that cover periods preceding and subsequent to the different baseline years used for reporting incremental costs (2017 for Op-Ex and 2020 for D2.0).
77. IFAD's total budget for field presence in 2022 is estimated<sup>91</sup> at \$65 million (39% of IFAD's total budget of \$167 million, compared with \$18 million (12% of IFAD's total budget of \$147 million). The total budgets for each year include the major cost elements in four departments – ERG, FOD, PMD and SKD – that have decentralized a proportion of their staff to country offices, as well as CSD's Field Support Unit.

### D.2 Cost Drivers

78. The different ICO models and their numbers constitute one of the major drivers for decentralization costs. While the total number of ICOs remained stable from 2016 to 2021 at between 40 and 42, changes in the distribution of models due to the OpEx and D2.0 initiatives included expansion of the number of sub-regional hubs, opening of 3 South-South & Triangular Cooperation centres (SSTC) and reduction of CD-led offices. In 2021, there were further major changes in the distribution of ICO models, with the closure of all sub-regional hubs, SSTCs and 2 CPO-led offices, and opening of 3 CD-led offices, 10 multi-country offices and 2 regional offices. An expansion from 40 to 45 offices is planned for 2022 under D2.0, involving a reduction of CPO-led offices from 17 in 2021 to 10, doubling of CD-led offices from 11 to 22, plus an increase of one multi-country office. Thus, the trend under D2.0 is towards setting up larger offices, i.e., CD-led offices and MCOs, which usually have higher one-time and recurrent costs than CPO-led offices.

<sup>91</sup> Estimation was required because integrated budgets are prepared by HQ Divisions for costs of activities performed at HQ and country offices.

79. The share of IFAD's active project portfolio in fragile and conflict-affected (FCA) situations more than doubled between 2016 and 2021, from \$979 million to \$2,169 million. ICOs in countries that are considered as FCA are significantly costlier to set up and operate than offices in other countries. In 2016, IFAD had ICOs in 10 countries (out of a total of 41 ICOs) that were considered as FCA situations; in 2021, IFAD had ICOs in 11 countries (out of a total of 40 ICOs) that are similarly designated at present; of the 11 ICOs in 2021, only 5 existed in the same countries in 2016, meaning that incremental costs were incurred in opening new offices in FCA situations in the intermediate years. The D2.0 expansion of ICOs (over 2021-2025) proposes the establishment of 5 new ICOs and upgrading (from CPO-led to CD-led) of 5 offices in FCA countries out of 22 countries under consideration for ICO expansion or upgrade. In 2022, the opening of two CPO-led offices and three upgrades from CPO-led to CD-led offices in FCA countries are planned, all of which will result in incremental costs.
80. A third important driver of increases in budgets for field presence from 2016 to 2022 is the greater proportion of P-staff that have been relocated out of Headquarters to country offices. PMD and SKD are the two departments that are now substantially decentralized: in 2022, PMD has 74% of its total staff in country offices (vs. 34% in 2016), while SKD has 32% (vs. zero in 2016), FOD has 26% (vs. 8% in 2016) and ERG has 8% (vs. 3% in 2016).
81. PMD's grade mix in 2022 is significantly lower than in 2016: (i) the percentage of P-staff in total staff has fallen to 12% in 2022 compared with 18% in 2016; and (ii) among G-staff, significant reductions have taken place in the numbers of G-5 and G-4 staff, from 14% in 2016 to 4% in 2022. The reduction in proportion of P-staff is partly due to the realignment of technical staff in 2018, involving the move of some 40 P-staff from PMD to SKD. The downward shift in PMD's grade mix from 2016 to 2022, together with the lower costs of National staff, has contributed to a decrease of 16% in PMD's average staff costs over the 6-year period. SKD's large increase in total staff from 25 in 2016 to 134 in 2022, starting with the realignment of technical staff in 2018, has led to more than doubling of the proportions of its P-5 and P-3 staff. There were no comparable major changes in the grade mix of staff in ERG and FOD.

### **D.3 Information on Decentralization Costs in Board Papers**

82. IFAD's budget documents refer to increasing decentralization as a major cost driver and provide some specifics on the resulting increases in staff and non-staff costs. Budgets have included the overall cost impact of decentralization-related changes to the extent they are known at the time of budget preparation. However, the cost information provided is often not supported by details of previous year's budgets for decentralization and actual spending against such budgets. Greater details on cost projections, including multi-year projections over the life of the OpEx and D2.0 initiatives were provided to the Board in special purpose papers such as the April 2022 Medium-term Budget Outlook (MTBO) and the earlier August 2018 Information Note - Operational Excellence for Results (OpEx) Exercise. We found, however, that these special purpose papers did not indicate whether and when the cost projections were (or will be) fully incorporated in budgets.
83. In addition to the lack of integration of budget information between the special purpose papers and budget documents, the incremental costs approach used in all Board papers (both budget documents and special purpose papers) does not provide a full view of the total costs of field presence. Aggregation of the incremental cost data in the April 2022 paper showed cumulative incremental costs of \$26 million in 2022 over the baseline total costs of \$16 million in 2016 (excluding capital budgets and FSU costs). However, the sum of the \$16 million and \$26 million – \$42 million – is not shown in the April 2022 paper. Moreover, the \$42 million figure does not include the cumulative increase of \$22 million in the



costs of out-posted staff since 2016, on the grounds that these costs are not incremental to IFAD and do not require budget increases. While this logic is acceptable from a budget standpoint, excluding the out-posted staff costs obscures the total costs of field presence.

#### **D.4 Budgeting, Monitoring & Reporting of Country Office Costs**

84. IFAD does not have a system of budgeting, monitoring and reporting the costs of field presence separately from Divisional and Departmental budgets. Integrated budgets continue to be prepared for HQ Divisions and country offices. Budget execution is monitored at the Division level, and reporting to the Board in budget documents is at the Department level.
85. In commenting on the 2016 Board paper on *IFAD Corporate Decentralization Plan*, IOE pointed to the importance of modifying IFAD's accounting system to allow better monitoring of actual costs incurred by country offices, as IFAD strengthens its country presence while operating within a framework of constrained budget growth. Management agreed with this recommendation in the 2016 CLE on IFAD's Decentralization Experience, but it has not yet been implemented.
86. IFAD's current total estimated spending of \$65 million on field presence and its target of locating 45% of its staff in ICOs by 2024 underline the importance of strengthening its budgeting and accounting systems for better planning and tracking of country office costs.

#### **D.5 Impact of Decentralization on IFAD's Institutional Efficiency**

87. The three efficiency ratios presented in budget documents, as well as three other ratios that could be considered, based on practices of other IFIs, have generally improved since 2016, except in 2020 when the PoLG and PoW were seriously affected by the pandemic. However, it is not clear how much of the improvements can be attributed to increased field presence, as non-field presence accounts for the large majority of IFAD's total costs – 88% in 2016 and 61% in 2022. It is, however, possible that greater decentralization has made some contribution to improving IFAD's institutional efficiency by helping to increase average project size and the PoW. In order to track the efficiency impact of decentralization, IFAD needs to use specific indicators such as the size of projects managed in the field, cofinancing mobilized for countries where ICOs are located, as well as process efficiency indicators at the project level, for example, the time lags between the project concept stage and Board approval and between Board approval and first disbursement.

#### **D.6 Resourcing of Operational Activities**

88. The ratio of operational budgets to total budgets is used in a number of IFIs to assess the aggregate efficiency of allocation of their budgets. The underlying rationale is that as operational services to clients represent the core business of an institution, the allocation of budgets to these services should reflect the priority of adequately resourcing the core business activities. This priority often drives decisions on allocation of incremental budgets as well on the allocation of other resources (so-called "fiscal space") during a year, such as institutional contingencies and carryovers, for operational needs that were unanticipated at the time of budget construction. In IFAD, the combined shares of the budgets of the two operational departments – PMD and SKD – has fallen from 53% in 2016 to 49% in 2022.
89. The share of IFAD's total budget allocated to country programme development and implementation has also fallen steadily from 59% in 2013-2016 to 47% in 2022. This trend is likely caused by three factors: IFAD's essentially unchanged total budgets (when inflation is considered) over the last six years; declining shares of PMD/SKD combined budgets in IFAD's total budgets, and the need to finance the

non-staff costs of expanding field presence. A falling ratio of budget allocations for country programme work is indicative of more rapid growth in the non-operational activities of IFAD within a constrained institutional budget. The declining trend in budget allocations for operational work over the last six years merits the attention of Management as it may indicate insufficient priority being given to resourcing IFAD's core business activities.

### **D.7 Key Findings and Way Forward**

90. IFAD's total costs of field presence have increased from an estimated \$18 million in 2016 to \$65 million in 2022. Most of the cost increases to date have arisen from the implementation of the OpEx reforms, IFAD-11 change initiatives and D2.0 actions to expand IFAD's physical footprint in its client countries. The increases in total costs have principally come from: relocation of P-staff to ICOs; recruitment of more local staff; and opening or upgrading of ICOs, including in fragile and conflict-affected situations that entail higher costs. PMD's actions to lower its grade mix and reduce Headquarters staff (largely through out posting), together with the lower per capita cost of National staff, have offset a substantial part of the cost increases at the Departmental and institutional levels.
91. Management has reported the incremental costs of expanding field presence at different times to the Board in budget documents and special purpose Board papers, focusing on decentralization strategy, programmes and costs. The special purpose papers are not prepared as part of budget construction, and as a result there is no evidence that the cost estimates presented in the papers were integrated into the proposed annual budgets for the respective years. Furthermore, a total costs approach is not used to present the costs of field presence in Board papers, hence a holistic view of these costs and the context for incremental costs are missing.
92. An important factor causing the abovementioned underreporting of total costs is that IFAD's practice of planning, budgeting and monitoring costs at a Divisional level does not provide adequate transparency on the costs of field presence. Despite Management's agreement to implement a budget accounting system that would provide such functionality – in response to the 2016 CLE on decentralization – no action has been taken to date.
93. The fall in the share of PMD and SKD budgets, as well the share of budget allocations for project design and supervision, as percentages of IFAD's total budget, provide early signals of potential adverse effects on IFAD's core business arising from efforts to manage an expanding field presence within limited real growth or zero-growth total budgets, channel greater resources to non-operations, and to increase efficiency in operations. IFAD is moving in the right direction under its recent Smart Budget Allocation initiative that aims to classify programme-related costs separately from other administrative costs. However, the significant shortfalls between IFAD's revenue and operating expenses could hamper adequate funding of client services.
94. The findings of this evaluation highlight the imperatives for Management to implement the following improvement actions:
  - Use a total costs approach for planning, budgeting, monitoring and reporting of ICO costs, to provide a full picture of resources spent for field presence and to provide a clear baseline for related budget decisions;
  - Integrate budget information on decentralization presented in budget documents and special purpose papers, with clear information on the sources of funding of the incremental costs reported in the special purpose papers;

- Implement a budget accounting system that enables budgets for ICO activities to be prepared, and costs monitored, separately from Divisional budgets and costs.
- Implement specific indicators in order to track the efficiency impact of decentralization; and
- Address the steady decline in resources for operational work at the project and PMD/SKD levels, as a high priority in making decisions on institutional resource allocation, using *ex ante* indicators as suggested in this report.

## E. Human Resources and Organizational Design for Decentralization

### E.1 Structures and Services

#### E.1.1 Decentralized presence/structures

95. The decentralization process accelerated between 2016 and 2021. This is evident from the increase in the number of staff in the field from 18% in 2016 to 39.6% in 2022<sup>92</sup>. What is also evident is that most of this decentralization has happened in the Programme Management Department (PMD) where the proportion of staff in the field increased from 35% in 2016 to 75% in 2022 as illustrated below. The next largest contributor to decentralization is the Strategy and Knowledge Department (SKD) where the proportion of staff in the field increased from 0% in 2016 to 31% in 2022. Other contributors are the Finance Operations Department (FOD) (from 8% in 2016 to 26% in 2022) and the External Relations and Governance Department (ERG) (from 3% in 2016 to 6% in 2021).
96. While some departments, like the Independent Office of Evaluation (IOE) and the Office of the President and Vice President are excluded from decentralization, the Corporate Services Department (CSD) that includes the Human Resource Division (HRD), Information and Communication Technology Division (ICT) and the Administrative Services Division (ADM), the Field Support Unit (FSU) and the Medical Support Unit (MSU) were still completely centralised with all staff based at HQ at the time of the evaluation data analysis (July 2022).
97. Information provided during the HQ interviews indicated that the support departments are only at the beginning of considering the appropriate structural changes necessary in line with the overall structural changes implemented by IFAD. Changes made at an HQ level are reported to be predominately process based as opposed to structural. This is supported by the Staff Engagement and Workplace Culture Action Plan Survey 2021 Results where feedback provided by staff was that "changes focused on processes"<sup>93</sup>.

Table Annex III-10

**Percentage of Staff Decentralised per Department 2016 vs 2022<sup>94</sup>**

Department	2016 Field	2016 HQ	2016 Liaison	2022 Field	2022 HQ	2022 Liaison
Corporate Service Support Group	0%	100%	0%	0%	100%	0%
Corporate Services Department	0%	100%	0%	0%	100%	0%
External Relations & Governance	3%	92%	5%	6%	83%	11%
Finance Operations Department	8%	92%	0%	26%	74%	0%
IFAD	0%	100%	0%	0%	100%	0%
Independent Office Evaluation	0%	100%	0%	0%	100%	0%
Office of President & VP Department	0%	100%	0%	0%	100%	0%
Programme Management Department	35%	65%	0%	75%	25%	0%
Strategy & Knowledge Management Department	0%	100%	0%	31%	69%	0%

Source: Human Resources Division (HRD) data staffing 2016 to 2022

98. During this time IFAD also embarked on the implementation of an institution wide process that was captured in the People, Process and Technology Plan (PPTP). Implementation of this plan specifically focused on supporting IFAD to deliver on its mandate, ensuring sufficient human resources with the appropriate capabilities,

<sup>92</sup> Staff lists from HRD data. For 2022 percentage, latest updated data from CDI as of December 2022.

<sup>93</sup> Staff Engagement and Workplace Culture Action Plan Survey 2021 Results p4

<sup>94</sup> Staff data is as at 1 July 2016 and 1 July 2022. All staff have been included (both core and supplementary funded staff).

designing and implementing efficient corporate processes and appropriate technology solutions<sup>95</sup>.

99. The gender profile of the decentralised structures showed that there has been a gradual move towards including more women in decentralised international positions (table annex III-11). FOD and SKD have more international staff positions filled by women than by men. PMD has only had very marginal movements towards growing the number of women in international staff positions in ICOs.

Table Annex III-11

**Gender profile of International Staff that have been decentralised<sup>96</sup>**

	2016				2016 Total	2022				2022 Total
Department and Grade	F	F %	M	M %		F	F %	M	M %	
<b>Finance Operations Department</b>	<b>1</b>	<b>50</b>	<b>1</b>	<b>50</b>	<b>2</b>	<b>6</b>	<b>55</b>	<b>5</b>	<b>45</b>	<b>11</b>
P-3	0		1		1	4		3		7
P-4	1		0		1	2		2		4
<b>Programme Management Department</b>	<b>7</b>	<b>29</b>	<b>17</b>	<b>71</b>	<b>24</b>	<b>23</b>	<b>31</b>	<b>52</b>	<b>69</b>	<b>75</b>
P-2	0		0		0	0		1		1
P-3	0		3		3	6		10		16
P-4	3		3		6	14		21		35
P-5	4		11		15	3		20		23
<b>Strategy &amp; Knowledge Management Department</b>	<b>0</b>		<b>0</b>		<b>0</b>	<b>18</b>	<b>67</b>	<b>9</b>	<b>33</b>	<b>27</b>
P-2	0		0		0	1		0		1
P-3	0		0		0	4		2		6
P-4	0		0		0	9		2		11
P-5	0		0		0	4		5		9
Department and Grade	F	F %	M	M %		F	F %	M	M %	
<b>Finance Operations Department</b>	<b>1</b>	<b>50</b>	<b>1</b>	<b>50</b>	<b>2</b>	<b>6</b>	<b>55</b>	<b>5</b>	<b>45</b>	<b>11</b>
P-3	0		1		1	4		3		7

Source: Human Resources Division (HRD) data 2016 to 2022

100. The overall IFAD profile shows a gender profile that has been largely stable over the period between 2016 and 2022 (table annex III-12). When considering all decentralised staff categories, there has been constituent focus on employment of women over the period. Women employed in decentralised offices have increased from 38% to 49% between 2016 and 2022.

Table Annex III-12

**Gender profile per Location Category 2016 and 2022**

	2016		2016 Total	2022	
Location Category	F	M		F	M

<sup>95</sup> EB 2020/129/R.3/Rev.2 People. Process and Technology Plan: Implementation of a Targeted Investment in IFAD's Capacity.

<sup>96</sup> This data only includes IFAD funded staff on full time contracts. The numbers were taken from the data provided by HRD. These numbers differ from the numbers provided by the Management

Decentralised Staff	38%	62%	49%	51%	38%
HQ Staff	62%	38%	63%	37%	62%
Liaison Office Staff	50%	50%	43%	57%	50%
Total	58%	42%	58%	42%	58%

Source: Human Resources Division (HRD) data 2016 to 2022

### E.1.2 Decentralised Structures

101. A key aspect of the structure was the creation of the multiple levels of structure in the decentralised offices of IFAD. The more decentralised IFAD has regional offices planned for each region, with the Near East, North Africa and Europe Region operating from headquarters. To date only the regional offices in East and Southern Africa (ESA) and West and Central Africa (WCA) have been implemented. There is no clarity on when the Asia and Pacific Region (APR) and Latin America and the Caribbean (LAC) regional offices will be implemented.
102. The benefit of creating regional offices that are decentralised is widely questioned by managers in headquarters. Concerns that are raised include that the design of the regional offices create levels of duplication within IFAD. The role clarity between the regional office and multi country office and between the regional office and headquarters is not well understood. There is also a sense that part of the role of the Regional Directors is to contribute to and influence IFAD policy decisions. Being located away from headquarters makes this much more difficult to achieve.
103. Most of the respondents (76%) to the CLE e-survey however, agreed that it is a good idea to create regional offices.
104. Evidence from case studies, particularly from ESA and WCA, and Headquarters interviews indicate that the size of the Regional Office and how this was arrived at does not seem to be based in a comprehensive needs analysis. It is also seen as creating five mini organisations and appears to undermine the vision of One IFAD. One of the lessons learnt in the comparative analysis was that the creation of regional office structures is best predicated on a sound business case that assesses the needs and structure in line with the focus of the organisation in the region and its overall organisational purpose.
105. The only benefit of the regional office that has been identified in headquarters interviews is that it provides IFAD with an efficient way to locate technical resources in the field in a way where they share space so can support one another. This has the dual benefit of having technical resources closer to the countries and programmes that they are supporting and allowing them to be in the same office which supports creating a technical critical mass in the region.

### E.2 Communication and Change Management

106. One of the biggest gaps identified was the lack of effective communication. This included communication of the vision and purpose of decentralization through to communicating around the impact of decentralization on staff. There were town hall meetings held with the President where staff were able to ask questions. The communication tended to be event based as opposed to happening on an ongoing basis through multiple channels. Communication tended to focus on process issues and not how these processes would affect staff and how the impacts would be dealt with. Managers were not a structured part of the communication approach relating to decentralization. This deficiency was identified in the 2019 lessons learnt exercise that was conducted within IFAD<sup>97</sup>.
107. Insufficient and incomplete communication was exacerbated by the lack of an effective change management process to support the decentralization. This was

<sup>97</sup> Final Report: Lessons Learned Missions to IFAD Hubs 10/6/2019 p2

identified as a key gap in the process. There were very limited skills and experience in change management in the team driving decentralization. An operational approach was adopted to the organisational transformation. The Human Resource team did not play a key role in driving the change process.

### **E.3 Skills Development and Career Path Growth**

#### **E.3.1 Onboarding**

108. One of the gaps identified in the training environment is onboarding of field staff. Only 39% of staff felt that they received an adequate orientation when they were assigned to a new office<sup>98</sup>. Logistical issues are addressed and the CSD unit has a checklist to guide staff through the process and contact people to facilitate the onboarding process. There is a gap in onboarding staff into their roles and country contexts. The need for onboarding is constant because of the reassignment process. The limitations created by the COVID pandemic and the impact that this may have had on staff perceptions must be recognized.

#### **E.3.2 Training**

109. Effective decentralization requires that you have staff with the appropriate skills located in the different roles and offices of IFAD. McKinsey & Company (McKinseys) studied the current and future workforce composition for IFAD in 2019. This identified current and future priority skills gaps. The skills gaps identified included written and verbal communication, strategic mind-set, analytical skills, policy dialogue, problem solving, leadership abilities and digital fluency<sup>99</sup>.
110. The skill gaps that were identified in the headquarter interviews included the ability to deal with non-lending activities, media engagement, resource mobilization, communication, policy dialogue, finance, management, procurement and advocacy. These skill gaps largely align with the feedback received from the McKinseys study.
111. Training has been provided through the implementation of online platforms such as the operations academy. As of August 2022, 619 E-learning trainings had been completed and 842 are underway. 224 staff have completed at least one e-learning programme. 63% of these staff are in the field.<sup>100</sup>

#### **E.3.3 Career Path and Succession Planning**

112. One of the anticipated benefits of reassignment is the opportunity for career growth. The approach that has been adopted encourages staff to apply for positions in different job families when they are being reassigned. A key, underlying principle is that skills can be learnt. One of the concerns with this process is that the technical specialists are moving into generalist roles and there is little opportunity for career development for staff who wish to remain technical specialists.
113. The career development opportunities for national staff are seen as primarily focused on these staff becoming international staff. The small office structures within IFAD make it difficult to create viable career paths within ICOs and MCOs. Growth is focused more on the nature of work that national staff are given to do as opposed to promotions to more senior positions within an ICO or MCO.
114. Mentoring was identified as a key skills development approach that could be more effectively used to support IFAD staff in the field.
115. A key risk identified in the decentralised offices is that of succession planning. Again, the small number of staff in a typical IFAD ICO or MCO means that the

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<sup>98</sup> CLE E-survey results

<sup>99</sup> Analytical HR Study on IFAD's Current and Future Workforce Composition 2 October 2019 page 2

<sup>100</sup> OPR communications dated 22 August 2022

ability to develop successors for key positions is unlikely to happen within the office. The mobility approach is seen as supporting succession planning.

## E.4 Staff Seniority

### E.4.1 PMD

116. A notable change in the system was the seniority of the CDs appointed in countries. The following table presents the percentage of staff appointed at specific grades per year.

Table Annex III-13

#### Percentage of CDs per job grade 2016 to 2022

Grade of CD <sup>101</sup>	2016	2017	2018	2019	2020	2021	2022
NOC							1
P-3			4	10	2	2	1
P-4	14	14	12	15	25	25	29
P-5	27	27	26	23	23	19	22
Total	41	41	42	48	50	46	53

Source: Human Resources Division (HRD)

117. The proportion of P4 positions grew from a low of 12 CDs in 2018 to more than half the CDs in 2022. When combined with the staff holding NOC or P3 grades who were serving as CD ad interim, the total proportion of CDs appointed at a P4 or lower level is 58%. Simultaneously the number of P5 CD positions reduced from a high of 27 in 2017 (66%) to 22 in 2022 (42%). Consistent feedback received from the case studies indicated that the IFAD CDs are graded at substantially lower levels than their peers in other UN agencies operating in a specific country.
118. The change in the grade of the CD positions per region between 2016 and 2022 are as follows:

Table Annex III-14

#### Number of CD Grades Increased, Reduced and Kept Constant per Region between 2016 and 2022

Region	Change in grade of CD between 2016 and 2022 <sup>[1]</sup>		
	Grade increased	Grade reduced	No grade change
APR	4	15	17
ESA	0	17	5
LAC	2	5	26
NEN	5	9	17
WCA	3	10	11
Total	14	56	76

Source: Human Resources Division (HRD) data staffing 2016 to 2022 and PMD data country assignment

119. This shows that 38% of CD positions across countries in the IFAD portfolio were graded at a lower level in 2022 than they were in 2016. 9% of CD positions were graded at a higher level (P5) and 52% remained the same.

### E.4.2 SKD

120. The grades of the staff in the SKD team over the period is as follows:

Table Annex III-15

#### Distribution of SKD International Staff per Job Grade per Year 2016 to 2022<sup>102</sup>

Post Level	2016	2017	2018	2019	2020	2021	2022
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<sup>101</sup> The two incumbents who are graded at NOC and P3 level have been appointed in ad interim in these roles. They are paid an allowance for assuming responsibility for a role more senior than their grade.

<sup>102</sup> This includes all staff including those funded by supplementary funding.



P-1	0%	0%	4%	3%	1%	0%	1%
P-2	29%	20%	14%	17%	24%	19%	15%
P-3	14%	27%	9%	10%	11%	21%	28%
P-4	43%	47%	36%	41%	32%	31%	32%
P-5	14%	7%	38%	28%	32%	29%	24%

Source: Human Resources Division (HRD) data staffing 2016 to 2022

121. The majority of positions in SKD are at a P4 level. This has remained the trend since 2016. The seniority trend within SKD has shown growth in the proportion of both P3 and P5 positions with P2 positions reducing as a proportion of the overall team.

#### E.4.3 International versus National Staff

122. The proportion of staff in the field, per category, between 2016 and 2022 is illustrated in the table below:

Table Annex III-16

#### Number of staff in the field per category 2016 - 2022

Contract Type	2016	2017	2018	2019	2020	2021	2022
National GS Staff	29	31	32	28	36	40	43
GS Service Contract	14	20	27	33	36	37	35
National Officer	42	47	49	63	69	63	66
International Staff	28	26	26	84	96	99	121
JPO	0	0	0	0	0	1	3
<b>Total</b>	<b>113</b>	<b>124</b>	<b>134</b>	<b>208</b>	<b>237</b>	<b>240</b>	<b>268</b>

Source: Human Resources Division (HRD)

123. This distribution of staff in the field illustrates the significant increase (from 26 to 84) of international staff between 2018 and 2019 followed by a further increase between 2021 and 2022 (from 99 to 121). During the period between 2016 and 2022 the number of national officers in the field increased from 42 to 66. The rate of growth of international staff over the same period amounted to a 77% increase while the growth in National Officers was only 36%. **This illustrates the focus on decentralization as opposed to a concurrent strategy of footprint expansion to increase IFAD's presence in countries in which it operates.**

#### E.5 Resourcing Levels and Gaps

124. The resourcing levels for the decentralised offices were determined by the metric system. This system considered a range of factors including current and future business, fragility status, income, partnership opportunities and sustainable development goal gaps (for ICOs) and travel time, hardship level, average costs for General Staff positions and national office positions, office cost and the status of the host country agreement (for Regional Offices)<sup>103</sup>. The outcome of the metric system was validated with the business. Despite this, the location of offices is not clearly understood within IFAD.
125. The resourcing levels identified by the metric system seems to be disproportionate to the workload. This has been exacerbated by the slow rate of appointment of administrative support staff and filling of vacant positions. A specific concern that was raised was the lack of administrative staff to support the technical staff from SKD that have been decentralised. The changes in the delegation of authority have also allocated additional work to resources in the ICOs and MCOs. This work is allocated without additional resourcing. The concern of workload and work-life

<sup>103</sup> Decentralization 2.0 High-level summary slides Decentralization 2.0 Working Group slides 21 and 23

balance is also raised in the Staff Engagement and Workplace Culture Action Plan Survey (2021). This was a priority issue raised in 2018 and accounted for 10 of the top 15 actions prioritised by staff in the 2021 survey<sup>104</sup>. The view is also supported by the CLE e-survey where only 42% of respondent agree that the staff complement (numbers, grades and expertise match the functional responsibilities of country offices).

### **E.6 Leadership**

126. Case studies, management stock-takes (2019 and 2020), and the CLE E-survey concur that the decentralization process was top-down within Headquarters and between Headquarters and field presence. The target is seen as being set by the President and it forms the basis for the rapid acceleration in pace of decentralization. The strategic visioning that drives the decentralization happened at the most senior level in the organisation. Interviews held at HQ and during case studies provided evidence that this vision was not clearly or well communicated. 43% of the CLE E-survey respondents rated senior management's performance in communicating the visions for IFAD's accelerated decentralization as unsatisfactory. The Staff Engagement and Workplace Culture Action Plan Survey identified a lack of clarity on the vision and number of reforms as being necessary for IFAD's continued relevance<sup>105</sup>. 45% of respondents rated senior management's performance around communicating the rationale for the accelerated decentralization as unsatisfactory.
127. Decision making related to the decentralization process were seen as happening in the most senior office within IFAD. Middle managers were not involved in the decisions. This included decisions related to the placement and appointment of staff. 63% of respondents to the CLE e-survey indicated that the senior management's performance in transparency of decisions made during the accelerated decentralization was unsatisfactory.
128. Almost two thirds of (64%) the respondents to the e-survey indicated that they disagreed that the needs and concerns of staff were taken into consideration during the decentralization process. Staff and managers felt that they were unable to influence decisions that were made regarding decentralization.

### **E.7 Pace of Decentralization**

127. There is a high level of agreement (90%) that having country offices is a good idea<sup>106</sup>. This indicates that IFAD staff, in the main, support the idea of decentralization to country offices. Country offices enjoy a higher level of support than MCOs (at 74% agreement) and ROs (at 76%). Most respondents (64%) to the CLE e-survey indicate that the decentralization process has not been well planned and managed. More than half the respondents (59%) indicated that decentralization is not being implemented at the correct pace. The feedback received around the pace of decentralization was that it was expedited to overcome resistance, minimise pain and contain disruption. This fast pace has been seen as challenging for staff as evidenced in the CLE e-survey where 76% of staff disagreed that the accelerated decentralization had a positive impact on staff morale. The World Bank's decentralization experience demonstrates how this could be done differently (box annex III-1).

Box Annex III-1

#### **World Bank Approach to Get Staff Buy-in for Decentralization**

An alternative path was pursued by the World Bank to get staff buy-in to achieve its ambitious targets for out-posting Practice Managers. It offered substantial support and incentives to staff to relocate. For instance, Practice Managers could discuss their preferred locations with

<sup>104</sup> Staff Engagement and Workplace Culture Action Plan Survey (2021) pages 3 and 9

<sup>105</sup> Staff Engagement and Workplace Culture Action Plan Survey 2021 page 4

<sup>106</sup> CLE E-Survey 2022

the management. The career development framework provided added weight to field experience when considering promotions. The World Bank also provided support staff to assist Practice Managers in their field roles. Staff relocated to the field were given housing, and higher family allowances, and benefits than at the headquarters. Support was provided to their families, such as assisting with spouses' careers. The WB hires destination service providers to find the right schools and housing for relocated staff.

### **E.8 Adaptive Learning**

128. One of the dominant themes that emerged from the feedback is that the approach adopted to decentralization was one of "learning by doing". The fast pace of change was not seen as allowing sufficient time for effective reflection and improvement. There were a number of review processes (e.g. Lessons Learned Missions to IFAD Hubs 10 June 2019, review of the mobility framework after the 2018 implementation, approach adopted to updating the Delegations of Authority). Despite these reviews, the overriding view presented was that learning was done through trial and error resulting in significant disruption for staff and IFAD. Nearly two third of the respondents (61%) to the CLE e-survey disagreed that adaptive management and learning were used to identify, manage and mitigate problems and risks associated with implementing IFAD's accelerated decentralization.

### **E.9 Reassignment**

129. Frustrations related to reassignment were raised in the Staff Engagement and Workplace Culture Action Plan Survey (2021) and the Lessons Learnt (2019).
130. The reassignment or mobility process is a necessary consequence of decentralization. A United Nations approach has been adopted to mobility which uses the hardship classification of a duty station to determine the duration of posting for staff. This process has specifically been identified as disruptive. The initial approach adopted in 2018 required a full selection process for each person into each position. This was exhaustive and resulted in a large amount of time and focus being spend on the reassignment process. The process was reviewed and improved, and the most recent (2021/2) reassignment process took a much lighter touch approach.
131. There are two views on reassignment. One group of respondents indicated that it is essential to do reassignment to manage risk, create opportunities for staff and allow for lessons learned in one country or region to be shared with another. This group also indicated that reassignment must be mandatory because, if it is optional, there will be no appetite for staff to move. Previous reassignment experiences were quoted to provide evidence of this fact.
132. The second, and much larger group of respondents indicated that, while reassignment is necessary, the current timeframes for reassignment are very disruptive and do not take into context the nature of work that IFAD does. The period of posting ranges between 2 and 5 years. The context that was provided on the impact of the ongoing reassignment process was that:
- It takes new CDs up to a year to develop the necessary relationships and understanding the country and programme contexts to enable them to deliver optimally
  - It also takes time to develop relationships to build relationships to facilitate effective non-lending activities and programme design and
  - CDs often lose focus on their portfolio in the last year of their deployment because they start focusing on the reassignment process and their next placement.
133. The overriding sense is that the international staff have just started to understand the context, establish relationships and create impact when they are required to

move. The reassignment process and timing does not seem to consider the programme delivery cycle or the operational requirements and impact. This is further exacerbated by the large number of people who are changed in one region in a single cycle. The frequent reassignment also results in vacancies that are sometimes unfilled for long periods of time while a suitable candidate is sourced.

134. The timing and logistical approach adopted to reassignment is frequently referenced as being very disruptive for staff and their families. The CLE e-survey indicated that half the respondents disagreed that the process of assigning staff to country offices worked well. The timeframes provided for staff to move to their new duty stations are often inconsiderate of schooling requirements and personal arrangements that needed to be made. The logistics around making schooling and housing arrangements in some countries are very complicated. The lack of clarity around where staff are going together with the short lead times for moving once staff have been placed make the process personally disruptive for staff. Feedback from the CLE e-survey shows that 62% of staff disagreed that they were given sufficient advanced notice regarding relocation/reassignment.
135. The frequent nature of reassignment was quoted as contributing to staff turnover, specifically of senior staff. This is demonstrated in the following table that illustrates the percentage of new CDs per region per year from 2016 to 2022 (data taken as of 1 July each year).

Table Annex III-17

**Percentage of CDs that are newly appointed (deployed or new staff) per region 2016 – 2022**

Region	2016	2017	2018	2019	2020	2021	2022
APR	63%	13%	50%	42%	8%	42%	9%
ESA	64%	27%	56%	22%	11%	44%	22%
LAC	42%	13%	50%	14%	17%	83%	43%
NEN	57%	27%	54%	23%	23%	46%	0%
WCA	44%	38%	44%	33%	50%	20%	36%

Source: Human Resources Division (HRD) data staffing 2016 to 2022

136. This table illustrates the cyclical nature of the significant change in CDs per region with peaks in 2016, 2018 and 2021. This data also shows that there were only 2 years with relatively lower levels of new CDs being appointed (2019 and 2020) before the change escalated again in most regions (WCA being the notable exception). The change in LAC in 2021 reflects 83% of the CDs were changed in 2021. This is significantly higher than the change in any other region.
137. The impact of the reassignment on implementing the programme of work is likely to be significant. This will only be determined in the future because of the time it takes to design and implement programmes. When coupled the general extension of programme periods from 5 years to between 7 and 8 years, this impact is likely to be relatively significant.

## F. Report on Decentralization and Knowledge Management in IFAD

### F.1 Context and rational for the study

138. IFAD recognized knowledge as intrinsic to its enhanced business model. The first KM strategy (2007) recognized that IFAD needed to improve its learning from development practice, from its own projects and the practice of others, in order to deliver better results and impact. The importance of knowledge, KM and learning is highlighted in the IFAD Strategic Framework 2016-2025. The Strategic Framework stated that IFAD's ability to learn, to generate knowledge, to provide evidence of what works, and to leverage the knowledge of others are fundamental to its development impact and its ability to provide value for money. To address the new organizational structure and the new internationally agreed development goals of SDGs, IFAD updated its KM strategy in 2019 (IFAD Knowledge Management Strategy, 2019).
139. In this Strategy, IFAD defined KM as *"....a set of processes, tools and behaviours that connect and motivate people to generate, use and share good practice, learning and expertise to improve IFAD's efficiency, credibility and development effectiveness...."*.
140. The strategy recognized that knowledge as an essential underpinning for influencing policy, strategy and prioritisation of development interventions. Knowledge underpins IFAD's capacity to deliver relevant products (loan projects and grants), combined with expertise and services (policy engagement, South-South and Triangular Cooperation [SSTC], reimbursable technical assistance) in different contexts.
141. Recognizing the importance IFAD placed on pursuing KM, this CLE decided to conduct a deep-dive on assessing the contribution of decentralization to the Fund's KM efforts and related results.

### F.2 Approach

142. The study drew evidence for this assessment from multiple sources. In addition to drawing evidence from past IOE evaluation products, it used all case studies, CLE E-Survey, the statistical analysis of IFAD's portfolio and interviews with headquarters stakeholders performed a desk review of available data on non-lending activities, with a focus on knowledge management. As necessary, it also drew on self-assessments conducted by IFAD Management, for instance, the recent mid-term review of the KM strategy and action plan 2019. Finally, it also conducted a desk review of COSOPs, project design reports and project supervision reports in all case study countries.

### F.3 Key Findings

143. **Performance of Knowledge management in operations was improving over time but still remained weak.** An analysis of KM ratings provided CSPEs found that country programmes performing moderately satisfactory or better marginally declined from 70 per cent in 2016 to 50 per cent 2018 and has been improving since then but at 64 percent in in 2020. Of the 18 CSPEs conducted since 2018, only one country received satisfactory rating for KM while 10 received moderately unsatisfactory rating.
144. **This study found that KM performed well when the following factors were in place:** (i) the ICO prioritized KM explicitly in its country strategic opportunities programmes (COSOPs) and operations, with explicit plan to operationalise KM; (ii) IFAD had financial resources, such as grants or loan-based project components to support KM activities; and (iii) government agencies were engaged. Meanwhile, the study found that some of the common constrains to KM included: (i) project M&E systems were too weak to collect information from which to generate lessons to capitalize upon; (ii) confusing knowledge management with communication

activities; and (iii) failure to allocate adequate human and financial resources. These are illustrated below.

145. **KM performance was linked to the extent to which this was prioritized in ICOs** and not all countries prioritized KM sufficiently. The 2020 ARRI found that most COSOPs were focused primarily on the lending activities. Countries pursued prioritization through different channels – increasingly ICOs are reflecting KM as a COSOP priority and reflect this in the design and implementation of all operations (Bangladesh, Brazil, Cambodia, Ethiopia, and Sudan); the 2022 ARIE found that of the seven COSOPs that were developed, KM was increasingly recognized as a critical link that connects lending and non-lending activities for better effectiveness. Some KM activities are embedded in investment portfolio while others are strongly linked to grants and/or partnerships. Few ICOs went a step beyond reflecting KM in COSOPs and recruited a KM Officer to lead KM efforts (Sudan, Uganda).
146. **Activities backed by well-qualified and dedicated personnel produced good results, but when the right capacities were no longer available, KM performance stalled:** In two of the case studies (i.e., Bangladesh, and Sudan), a KM officer was recruited as an ICO staff. This resulted in demonstrable improvements and offered a promise of continued strengthening of KM in the ICO. However, when the KM Officer had to leave due to resource constraints, the gains achieved were eroded or non-sustainable. CSPE Uganda (2021) found a similar situation in Uganda ICO where the progress made under a Knowledge Specialist was reversed upon the departure of that Officer. The regional KM activity in the East and Southern Africa Division (ESA) also fluctuated upon abolishment of the regional KM officer position at headquarters in 2013.
147. **The KM strategies were more in evidence at project level rather than at country programme level,** except in the case of Sudan and Vietnam. Case studies showed that governments recognized the impact of IFAD's operations and the knowledge base they could bring to inform policies. Most of the engagements with government officials appeared to take place through project activities, such as steering committee meetings and conversations around project supervision missions which are restricted at the project level. There is little evidence to show that project level knowledge was harnessed and absorbed to inform portfolio or sector level lessons. Few ICOs have knowledge exchanges among project teams to generate portfolio level knowledge - ICO Sudan has regular meetings of all project coordinators to exchange experiences, but this was not common. Knowledge at the project level is inadequate to influence national level policy changes.
148. Case studies and document review found that **there is heavy emphasis on "output" or "effort" in terms of the numbers (number publications, numbers of seminars and study visits, to name a few) with insufficient attention to the results achieved by these outputs.**
149. **The Midterm Review Of The IFAD Knowledge Management Strategy 2019–2025 (MTR) observed that knowledge is still fragmented across various systems and platforms;** that many knowledge activities are still undertaken in silos; that project knowledge is not leveraged to its fullest potential; and that monitoring has focused more on knowledge products than on its use. Furthermore, it noted that the KM action plan has proved overly ambitious, given that it has not been supported by dedicated resources and staff time. According to document IFAD Knowledge Management Strategy, 2019, KM is over structured, excessively elaborate; has an impractically long list of performance indicators assess despite impossibility of achieving crisp results compared to measuring "delivery" for the investment portfolio performance. Besides, a heavy M&E load is difficult to understand when staff careers depend much more on portfolio delivery. Moreover, the action plan has been implemented during a period of organizational transformation and new pandemic-induced remote ways of working.

150. **It is challenging to conclusively establish the contribution of decentralization to strengthening KM.** As noted, there are several examples of ICOs strengthening KM. At the same time, there are clear instances of successful, region-wide KM initiatives well before KM strategy or decentralization, such as the successful IFAD-supported FIDAMERICA (1995-1998) that helped build knowledge an information system around internet in Latin America and later in 2007, IFAD's SEGS (Suivi, Evaluation et Gestion du Savoir) in Madagascar, that promoted 'knowledge value chain' through integrating KM, communications and M&E. At times, country leadership served as a more powerful driver to promote KM rather than IFAD's internal practices. Brazil's leadership and ownership of south-south exchanges helped ICO Brazil to prioritize KM.

## G. Report on Decentralization and IFAD's support to Countries with Fragile and Conflict Condition

151. **Objective and Context.** This study analysed the contribution of decentralized presence to improved design, implementation support, supervision, and non-lending activities in countries with fragile context and/or conflict.
152. Fragile and conflict-affected contexts imply circumstances where there is fundamental failure of the state to perform functions necessary to meet the basic needs and expectations of its citizens either due to incapacity or lack of political will. The common denominator of fragile settings is the inability of the state to provide security across a country's territory and to deliver basic services to much of its people.
153. Consequently, rural poverty is disproportionately located in countries with fragile and conflict affected situations (FCAS) and makes achieving SDGs a challenge. Therefore, addressing poverty in countries with FCAS is critical for IFAD. Moreover, the Fund's operations in countries with fragile and conflict affected situations (FCAS) face risks and uncertainties to implementing the country programmes, and for continued in-country presence.
154. Following the first corporate-level evaluation of IFAD's engagement in fragile and conflict-affected states and situations (2015), IFAD's strategy for engagement in countries with FCAS was approved in 2016. The strategy recognized that successful delivery of tailored country programmes for maximum impact hinges on effective allocation of IFAD's resources according to country needs.
155. According to this FCAS Strategy, IFAD will endeavor to ensure that a high level of business continuity is maintained across the portfolio. It further indicates that the local staff bring an in-depth understanding of local fragility contexts to the country programme and are critical to staying engaged during periods of crisis and providing support in crucial areas such as procurement and financial management. It outlines, among other things, the guiding principles for IFAD's engagement in such countries and proposes organizational and operational approaches to enhance the resilience and effectiveness of IFAD operations in those situations, including options for mobilizing and allocating resources (under IFAD 10 and 11).
156. The scope of the relevance of IFAD's work in FCAS is clearly defined in the Strategy, which underlines that IFAD's understanding of fragility recognizes fragility as a continuum of multiple dimensions with no clearly identifiable boundary between the fragile and the non-fragile. The guidance it provided required that IFAD conducted fragility assessments in project areas that could experience symptoms of fragility, even though such conditions may not exist at the national level.
157. **Approach.** To conduct the analysis, this study assessed the value addition of country presence. It took into consideration IFAD's Strategy and Commitments to address fragility context, such as the 2016 Fragility Approach of IFAD, and the follow-up, *IFAD Special Programme for Countries with Fragile Situations* (May 2019). It drew evidence from the case studies undertaken for the CLE IFAD's decentralizing experience (2022), in particular the five case studies conducted in countries with fragile and conflict affected situation (Burkina Faso, Eritrea, Ethiopia, Niger, and Sudan).
158. These case studies were chosen to reflect the experience under different types of country presence – no country office (Eritrea), CPO-led country offices (Burkina Faso, Niger), CD-led (Sudan), Ethiopia (Hub/MCO and CD-led Office). The role of special decentralized presence such as the CENRAT in Niger was also analysed. In addition, evidence was drawn from a document review of project design reports,



supervision mission reports, quality at entry reviews, and evaluation reports<sup>107</sup>, and an analysis of performance ratings where available. The document also draws from the insights of the *IFAD Cross-Departmental Working Group proposal on Conflict-Affected Situations (CAS) Working Group Report (July 2021)*.

159. **Findings.** This study found that since the approval of the 2016 strategy for engagement in countries with fragile situations, the five case study countries were increasingly integrating fragility *analysis* in the design of COSOPs and projects. However, they do not explicitly integrate this fragility and conflict analysis in the *design and implementation* of these operations.
160. In countries with IFAD presence, the alignment of its programmes with FCAS Strategy increased, but to varying degrees across countries. The steering effect of the Strategy was the strongest in countries with a federal set up (e.g., Ethiopia and Sudan). In the five case studies considered, COSOPs designed after 2016 were aligned with the Strategy. In some cases, they provided sufficient analysis of the country fragility contexts. In this regard, Ethiopia, and Sudan, the two countries with a federal set up, added good value. Their COSOP planning processes largely complied with the guidance of the Strategy in understanding the fragility context of the countries.
161. **IFAD was effective in adhering to the seven core principles outlined in its FCAS Strategy** - it rolled out appropriate fragility/conflict approaches and embedding them in locally owned development processes; however, the "Risk management and resilience" principle was not used as a common thread in all five country programmes. IFAD has significantly increased its attention to development approaches that were aligned with the seven principles of its FCAS Strategy: (i) Risk management and resilience; (ii) Addressing root causes; (iii) Gender mainstreaming and targeting; (iv) Building institutions, trust, and social cohesion; (v) Flexible and responsive resourcing, instruments, and approaches; (vi) Strategic and complementary partnerships; and (vii) Achieving, measuring, and learning from results.
162. Resilience approach did not provide the methodological basis to address systemic risks that characterized fragile and conflict-affected contexts. Most programmes and projects have at best limited methodological focus on the livelihoods approach. Resilience approaches emphasize the characteristics and capabilities that allow a system to recover from and adapt to disruption, such as that caused by drivers of fragility and conflict.
163. **Fragility assessments were not conducted to inform the design of COSOPs and projects in the case studies, in any of the ICO models.** Despite IFAD's engagement in countries with FCAS, the lack of toolboxes to operationalize its strategy for that engagement did not allow identifying development risks and respective assumptions. The Strategy stated that specific guidelines for undertaking fragility assessments could be prepared following its approval, but these have not been prepared yet. However, projects in some countries were using approaches that address root causes of conflicts. These approaches included improving the institutional framework for sustainable natural resources management, and use of community-based mechanisms for conflict management.
164. In general, **IFAD-supported projects in the five case study countries offered opportunities for women to participate in activities that addressed social, economic, and organizational issues in fragile settings.** However, except for Ethiopia and Sudan, there was no evidence that projects' gender equality and women empowerment experience and lessons influenced policies in fragile contexts, in particular those related to women's land tenure rights. For example, in

<sup>107</sup> IOE Sub-Regional Evaluation of Fragile Countries (Forthcoming), and IOE CLE - IFAD's Engagement in Fragile and Conflict-affected States and Situations (2015)

Burkina Faso and Niger, gender inequalities remain strong. Both countries rank among the bottom five countries of the global Human Development Index (HDI), and both IFAD's decentralization and FCAS strategy do not show clear evidence of contribution to transforming the situation.

165. **Empowering producers' and farmers' organizations to deliver effectively and sustainably in fragile settings was a quasi-common thread in IFAD-supported projects in the five case studies.** Farmers' organizations have been instrumental in building resilience capacities in many instances in these settings. In Burkina Faso and Niger, for example, IFAD supports the involvement of regional Chambers of Agriculture in project implementation and policy dialogue.
166. **IFAD was effective in developing partnerships with government partners at the national and sub-national levels. However, there is no evidence that this partnership led to significant progress in policy dialogue with government partners on fragility issues,** which is essential in fragile contexts to achieve transformative changes. Whatever the level of its presence, IFAD has engaged a wide range of stakeholders in the public sector and international agencies. However, there were mixed results in engaging with the CSOs and private sector to deliver results in marginalized areas and populations of fragile and conflict settings. There were a few examples of partnerships developed with CSOs and private sector organizations. When these organizations got involved in IFAD's operations, it is more as short-term service providers than as strategic partners sharing the vision of delivering services to communities not reached by government services in fragile contexts.
167. **Longer term presence in the country allows building up knowledge of the patterns of fragility and focusing country programme strategies on them for impact.** The study also found that IFAD's decentralization, with effective risk based DoA and Accountability Frameworks and other corporate mechanisms, managed risks well at country programme level. A programmatic approach would further strengthen this risk management.
168. **Decentralised IFAD country presence has strengthened risk management in the contexts of FCAS in the five case study countries,** through better knowledge of the risks, and delegated authority to address them. In all five case studies, the use of Accountability and DoA frameworks has proven that it is possible to manage institutional risks. Years of decentralization implementation experience has allowed IFAD to progressively adapt its procedures based on lessons from what worked and what did not.
169. The study found that one of the practices with a potential to contribute to risk management in fragile and conflict-affected statehoods is the use of programmatic approach. Document EB 2018/125/R.7/Rev.1 of the 125<sup>th</sup> of the EB outlined a programmatic and tailored approach towards providing support to partners at the country level, as a context within which projects would be situated. However, this approach is yet to develop a comprehensive theory of change and showing how the programmatic model would be rolled out

## H. Report on IFAD Liaison Offices

170. IFAD has three liaison offices: (i) the Americas Liaison Office (ALO), with offices in Washington and New York, has been operating for nearly two decades; (ii) the Arab and Gulf States Liaison Office, established in 2019; and (iii) the Japan Liaison Office, established in 2021. Liaison office objectives cover: (i) partnership building, collaboration and liaison; (ii) resource mobilization; (iii) advocacy and policy engagement; (iv) information gathering and strategic communications; and (v) supporting missions from Headquarters.
171. **This review of liaison offices is not be a full-fledged evaluation.** Rather, it examines liaison offices to see if there are lessons to be learned in terms of relevance, coherence, effectiveness and efficiency in the context of Decentralization 2.0. It is based on an examination of similar offices in international organizations, a review of documents and data and semi-structured interviews of the selected liaison office and in the Global Engagement, Partnership and Resource Mobilization Division (GPR) staff and non-IFAD contacts
172. **IFAD's decision to establish liaison offices was relevant in the context of:**
- a. **The increasingly challenging G7 fiscal appetite to fund ODA:** All G7 countries are facing fiscal challenges related to aging populations, increasing expenditures on healthcare and social security and domestic spending priorities (e.g. infrastructure, defence, dealing with refugees). During times of fiscal stress governments find it politically easier to cut the foreign aid budget rather than cutting domestic expenditures or raising taxes. IFAD does not have operational relationships with major donor countries. As a result, IFAD is not well known by citizens of donor countries. IFAD cannot just turn up every three years and ask for a replenishment check. Rather, relationships must be built that strengthen IFAD's visibility and continuously build the case for supporting IFAD.
  - b. **Comparator organizations and liaison offices:** IFAD's liaison offices are relevant in the context of the experience and practices of comparator organizations. The Rome Based Agencies (RBAs) and multilateral development banks have liaison offices to strengthen and expand relationships by raising profiles and networking. Those liaison offices perform roles similar to IFAD's liaison offices but are typically larger and are headed by more senior staff.
  - c. **Assessment of UN Liaison Offices:** IFAD's liaison offices and their roles and functions are relevant in the context of the findings of an assessment of 18 UN liaison offices in New York and Geneva.<sup>108</sup>
173. **Despite the fact that establishing liaison offices was not part of Decentralization 2.0 or earlier decentralization strategies, there is broad consistency between the presence of liaison offices and the principles of Decentralization 2.0 and findings of the 2016 Decentralization Corporate Level Evaluation.** A key principle of decentralization, validated by evaluation findings, is that a local presence is associated with better IFAD/government relations, improved partnerships with civil society organizations, the RBAs and other UN Agencies and the donor community. A local presence makes it possible for IFAD to better respond to country priorities, better understand the institutional and policy context and facilitates regular and in-depth consultations with partners.
174. **There is also broad institutional policy coherence with IFAD having liaison offices.** Some Headquarters restructuring during Decentralization 2.0 had implications for liaison offices. Because IFAD's new business model underlined the importance of resource mobilization, OPEX concluded that GEM and PRM should be

<sup>108</sup> Joint Inspection Unit. Liaison Offices in the United Nations System. Gérard Giraud. Geneva 2007. JIU/REP/2007/10

merged to consolidate core functions and clarify reporting lines. The chiefs of the liaison offices now report to the director of GPR.

175. **There was some a lack of coherence between the special needs of liaison office and aspects of human resource management policies, specifically the 3-year re-assignment of staff.** The chiefs and most staff in liaison offices from the host countries. This has advantages like networks of contacts, language skills and knowledge of local institutions, customs and business practices gained prior to joining IFAD. The special skills, experience and language skills required by the liaison office staff suggest that it would be problematic to re-assign liaison staff every three years. The skills set and experience that are valued for liaison office staff may not be as valuable to IFAD in other positions. Similarly, the skills and experience needed for other jobs in IFAD may not as relevant for liaison offices.
176. **The evidence indicates that liaison offices are broadly effective in delivering outcomes and results.** Given its recent establishment and the fact that the head of the office has been on maternity leave for much of 2022, it is premature to expect that the Japan Liaison office will have delivered a lot of major results. The Washington, New York and Riyadh offices have: (i) developed working relationships, have had high-level engagement and have built networks and partnerships with officials in government agencies, selected political actors, UN organizations, especially the RBAs, and civil society; (ii) supported resource mobilization; (iii) raised IFAD's profile through advocacy, engaging in policy discussions, disseminating IFAD knowledge products and participating in events; (iv) gathered information to help IFAD remain abreast of relevant policy developments, positions and priorities of governments and UN organizations and fed this information Headquarters; and (v) supported missions from Headquarters.
177. The focus of the effectiveness analysis was to determine if outputs like establishing contacts, attending meetings, sharing knowledge products, participating in events, etc. delivered in tangible outcomes and results. Examples of tangible outcomes and results delivered include:
  - **The Washington Office contributed significantly to securing US contributions to IFAD11 and IFAD12.** In 2018 the United States did not pledge financial support for IFAD11. The Americas Liaison Office of IFAD (ALO) activated an outreach and education campaign to convince the US Congress to include IFAD funding in the State and Foreign Operations Subcommittee Appropriations Bill. A Friends of IFAD group was created to lobby for IFAD and secure a letter of support from five bipartisan senators. This effort was successful and, eventually, the USA contributed \$92.5 million to IFAD11. A similar effort was made to support IFAD12. The USA pledged \$129 million for IFAD12, a 39% increase over the US contribution to IFAD11.
  - **The Washington Office partnered with well-connected civil society organizations to mobilize American financing for ASAP+.** These activities were not in ALO's 2021 budget request. ALO was proactive and submitted a memo in November 2021 to secure the \$15,000 funding for **Alliance to End Hunger that was** financed by GPP. An out-of-cycle budget request was submitted in September 2021 to secure \$45,000 for an Interaction initiative and \$40,000 for a Centre for Strategic and International Studies initiative to support ASAP+.
  - **The Washington Office strengthened its relationship with Canada with the filling of P2 position and hiring a part time consultant based in Ottawa to cultivate relationships with Canadian NGOs.** In the fall of 2020, a partnership and internship programme was launched with the University of Guelph. The New York Office supported the replenishment process by travelling to Canada and speaking at events (e.g. the University of Saskatchewan). The need for IFAD to strengthen its relationship with Canada

was clear. Canada contributed \$78 million to IFAD10 but that fell to \$58 million for IFAD11. These efforts were successful and the Canadian pledge for IFAD12 increased to \$83.22 million.

- **The New York Office made a major contribution to the 2021 Food Systems Summit.** The Senior Partnership Officer was part of the RBA inter-agency team that lead the drafting process for the proposal. In 2020, the Senior Partnership Officer was seconded to the Executive Office of the Secretary-General to provide direct support to the Deputy Secretary-General for her leadership of the Summit. He led significant work streams for the Summit Secretariat.
- **The New York Office contributed to the international response to the food security crises triggered by the war in Ukraine as part of IFAD's broader corporate effort.** He represented IFAD in work streams to draft policy briefs. He also helped plan IFAD's engagement in a meeting convened by the President of the General Assembly and the Chair of the Committee on World Food Security, which contributed to a coordinated global response to the emerging food crisis. The G7's \$4.5 billion pledge will support efforts in over 47 countries.
- **The Arab and Gulf States Liaison Office helped strengthen IFAD's partnership with the Islamic Development Bank (IsDB),** including exchanging documents, attending virtual meetings and travelling to IsDB's Headquarters in Jeddah. These efforts cumulated in the 2021 \$500 million IFAD/IsDB Cooperation and Cofinancing Facility to address climate change and improve food and water security in 57 joint member countries. Each institution contributed \$250 million.

178. **One area in which the Arab and Gulf States Liaison Office has had effectiveness relates to Reimbursable Technical Assistance (RTA).** IFAD views RTA as an instrument to have deeper relationships with middle/high income countries. The 2018 EB paper on the Status of Reimbursable Technical Assistance and Way Forward explicitly mentioned the planned 2018 RTA partnership with the Saudi Arabian Ministry of Environment, Water and Agriculture. The RTA continues to be managed by NEN with the liaison office playing a supporting role. Conceptually, a properly staffed and resourced office could play the type of role envisioned during the review of the RTA policy, thus contributing to a stronger two-way partnership between IFAD and Saudi Arabia and capturing some of the benefits attributed to ICOs in the 2016 Decentralization CLE. The Arab and Gulf States Liaison Office should be viewed as an IFAD office rather than an ERM office, which could overcome concerns about departmental rivalries and increase the role of the office in RTAs.
179. **IFAD's flexible and pragmatic approach regarding the appropriate legal documents needed to open liaison offices may provide useful precedents if Host Country Agreement (HCA) negotiations for ICOs, MCOs or regional offices are likely to be a long, drawn out process requiring parliamentary approval.** The flexible approach improved the process efficiency and timely opening of the offices (e.g. the HCA for the Arab and Gulf States Liaison Office was signed after the office opened and was back dated; an exchange of letters obviated the need for an HCA for the Japan Liaison Office).
180. **IFAD's liaison offices are smaller (1 to 4 people) than those of FAO and WFP and are headed by less senior staff.** The terms of reference and performance expectations for liaison offices must be tempered to be consistent available human and financial resources, which implies setting priorities and focusing on a limited number of important issues. It is not clear how one P3 in the Japan Liaison Office can be expected to deliver the same results as larger offices headed by P5s.

181. **The potential risks of chiefs and staff of IFAD's liaison offices being nationals of the host countries can be managed.** This has significant advantages (e.g. networks of in-country contacts established prior to joining IFAD; knowledge of government/institutional structures and political systems; oral, reading and writing capabilities in the local language and knowledge of local customs and procedures). The latter are particularly important for the Arab and Gulf Countries and Japan liaison offices. Some may believe that there are risks of nationals heading liaison offices. MDB liaison offices are sometimes headed by local nationals and they have found ways to manage potential risks. IFAD can also find ways to manage such risks when there are significant benefits to having nationals heading and staffing liaison offices.
182. **Human resource issues sometimes had an adverse impact on liaison offices.** There was a long delay in filling vacancies that adversely affected the performance of the Washington Office, which deteriorated between 2016 and 2018 when the staff compliment declined from four, headed by a D2, to one G5 staff in 2018. Effectiveness improved with the recruitment of the current chief in 2019 and an increasing staff compliment. Filling vacancies in the ALO sometimes resulted in the selection of the wrong candidate. Such issues might have been avoided if the hiring manager had a stronger voice in the final selection of the candidate.
183. IFAD adopts a cost efficient for liaison offices. The ALO budget is much higher than the budgets for the other two offices because: (i) ALO is larger than the other two liaison offices and has offices in both Washington and New York; (ii) office space in Washington and New York is expensive; (iii) Saudi Arabia provides fully equipped office space rent free and will pay for additional financial assistant position. This demonstrates strong government ownership of, and support for, the office; (iv) the city of Yokohama provides office space rent free and pays for the utilities and parking for the Japan Liaison Office, which demonstrates a strong desire to host the liaison office.
184. Tight budget/cost control many result in an under-investment so that IFAD does not reap the full benefits of having a liaison office or maximize the effectiveness of fixed cost expenditures (i.e., wages and salaries of staff and office rent). In some cases, the trade-offs between tight cost control/limited budgets and the incremental benefits for small additional expenditures on things like travel, consultants and events should be re-examined to ensure that the right balance is being struck. For example: (i) small travel budgets limit ALO's outreach activities in Canada and in the US outside of Washington and New York; (ii) with more resources the Arab and Gulf States Liaison Office could better fulfil its objectives, including providing greater support for RTAs; (iii) modest expenditures on consultants can amply the effectiveness of liaison offices (e.g. strengthening bonds with Canada; building support for ASAP+). (iv) modest funds for representation and events would increase the abilities of liaison offices to raise IFAD's profile, build partnerships and share IFAD's knowledge products.
185. **There is scope to view budget decisions for liaison offices more through a "value for money" lens rather than a strict budget control lens to allow IFAD to better capitalize on opportunities where the additional expenditures are minor relative to fixed costs.** IFAD may want to re-consider the trade-offs between cost-efficiency and the results that could be achieved by relatively small added expenditures that would make it possible to better utilize staff and deliver more outcomes.

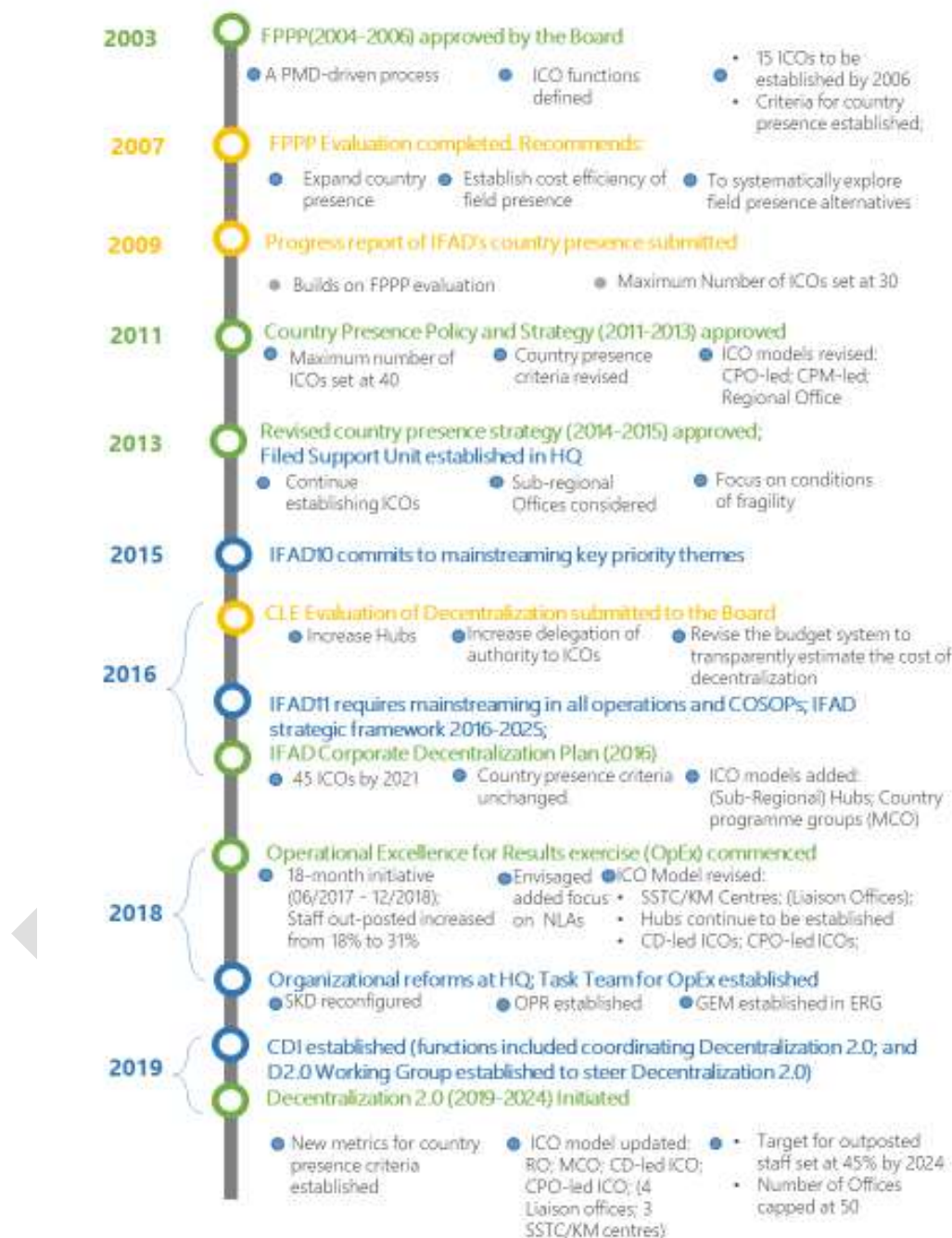
## Annexes to Chapters

### A. Annexes to Chapter I

#### Evolution of IFAD's Decentralization (2016 – 2022)

Figure Annex IV-1a

Key milestones in the evolution of decentralization in IFAD



Source: IOE Elaboration



Figure Annex IV-1b  
Decentralization Timeline (2017-2022)



Source: Change, Delivery and Innovation Unit (CDI)



## Box Annex IV-1

**IFAD's field presence under FPPP** <sup>109</sup>

FPPP ICOs: Bolivia, China, Congo DRC, Egypt, Ethiopia, Haiti, India, Nicaragua, Nigeria, Senegal Sudan, Uganda, Vietnam, Tanzania and Yemen.

FPPP satellite countries: Republic of Congo (Covered by Congo DRC), Gambia (covered by Senegal) and Mongolia (Covered by China)

Out-posted CPMs: Panama and Peru

Proxy Country Offices: Madagascar, Bangladesh, Mozambique, Pakistan, Syria, Sri Lanka

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<sup>109</sup> As stated on the FPPP evaluation 2007, the out-posted CPMs and proxy field presence countries were not part of the FPPP.

Table Annex IV-1

**Baseline Field Presence (2016)**

Type of country presence	APR	ESA	LAC	NEN	WCA	Total
CD-led	India	Ethiopia	Bolivia	Egypt	Burundi	<b>18</b>
	Indonesia	Mozambique	Peru	Sudan	Cameroun	
		Tanzania			Ivory Coast	
		Uganda			DRC	
		Zambia			Ghana	
CPO-Led					Nigeria	<b>19</b>
					Senegal	
	Bangladesh	Madagascar	Haiti	Morocco	Burkina Faso	
	Cambodia	Rwanda	Brazil		Guinea	
	China				Niger	
	Fiji				Mali	
	LAO PDR				Sierra Leone	
	Nepal					
	Philippines					
	Pakistan					
	Sri Lanka					
SRH	Vietnam		Guatemala			<b>2</b>
RO		Kenya				<b>1</b>

Source: IOE Elaboration, CDI Data

Table Annex IV-2

**Field Presence (2022)**

Type of country presence	APR	ESA	LAC	NEN	WCA	Total
CD-led	Bangladesh	Angola	Brazil	Sudan	Burkina Faso	<b>22</b>
	China	Madagascar	Haiti		DRC	
	Fiji	Malawi			Liberia	
	Indonesia	Mozambique			Mali	
	Nepal	Rwanda			Niger	
	Philippines	Uganda			Nigeria	
	Pakistan					
CPO-Led	Cambodia	Burundi		Morocco	Guinea	<b>7</b>
		Tanzania			Sierra Leone	
		Zambia				
MCO	Vietnam	South Africa	Panama	Egypt	Cameroon	<b>11</b>
	India	Ethiopia	Peru	Turkey	Ghana	
RO					Senegal	<b>2</b>
		Kenya			Ivory Coast	

Source: IOE Elaboration, CDI Data

Table Annex IV-3  
**Evolution of ICO Model**

<i>FPPP</i>	<i>2011 Country Presence Strategy</i>	<i>2013 Revised Country presence Strategy</i>	<i>2016 Decentralization Plan</i>	<i>2017-2018 OpEx</i>	<i>2019 D2.0</i>
	Regional Office (RO-Nairobi) [Financial Management support]	Regional Office (RO-Nairobi) [Programme, Technical, and Administrative support functions]			Regional Offices (4)
			Sub-regional Hubs		
			Country Programme Groups	Sub-regional Hubs	Multi-country Offices
	CPM-led ICOs	CPM-led ICOs (could serve a neighbouring country with a small portfolio)	CPM-led ICOs	CD-led ICOs	CD-led ICOs
CPO-led ICOs (also provided support to satellite countries)	CPO-led ICOs	CPO-led ICOs (could serve a neighbouring country with a small portfolio)	CPO-led ICOs	CPO-led ICOs	CPO-led ICOs
				SSTC/KM Centres	SSTC/KM Centres
					(Liaison Offices)
15 ICOs during (2004-2006); these also supported 3 neighbouring satellite countries	Envisaged 40 ICOs by 2013		Envisaged a total of 45 ICOs by		Envisaged a cap of 50 ICOs

Source: IOE Elaboration

Table Annex IV-4  
**Evolution of Country Presence Selection Criteria**

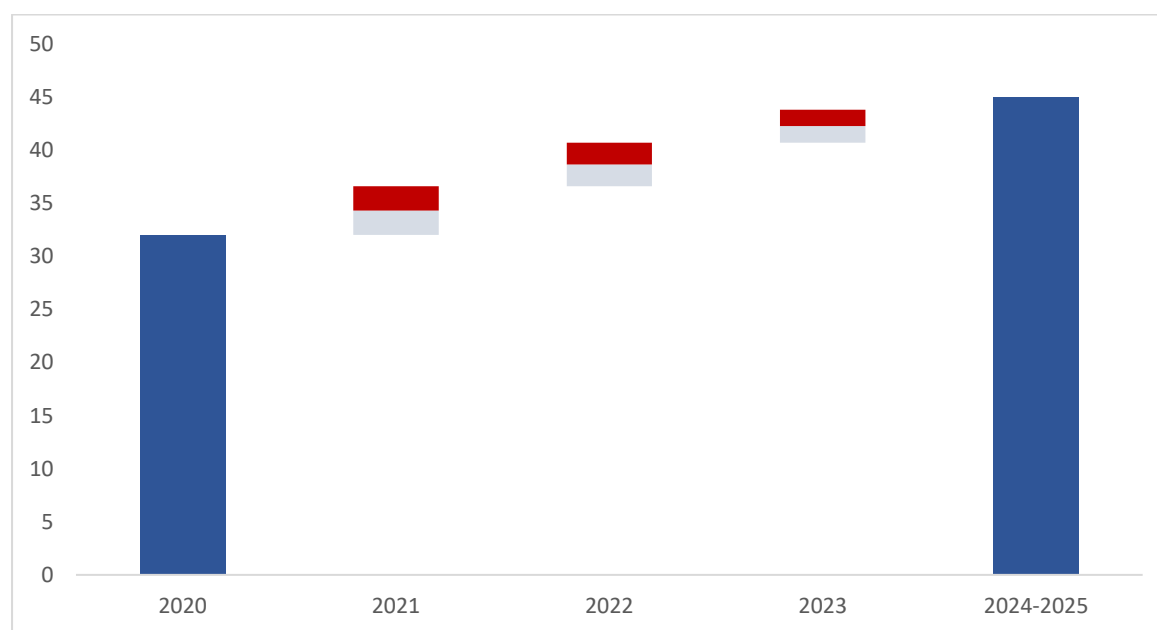
<i>Key Milestone</i>	<i>Country Presence Selection Criteria</i>
FPPP (2004-2006)	i) Portfolio size; ii) Prevalence of poverty, particularly in rural areas; iii) Conducive environment at the level of government and other development partners; iv) Need for strengthening the policy and institutional environment in favour of the target group; and v) Geographic (regional) distribution
2011 Country Presence Strategy	i) Portfolio size; ii) Prevalence of poverty; iii) Conducive policy environment; iv) Country's dependency on agriculture; v) Size of rural population; and vi) Considerations for countries under fragility and conflict situations.
2013 Revised Country presence Strategy	Unchanged from 2011 Strategy (Added focus on conditions of fragility)
2016 Decentralization Plan	Unchanged from 2011 Strategy
2017-2018 OpEx	Unchanged from 2011 Strategy
2019- D2.0	Metrics for MCO/ROs introduced. Regional/MCO: Travel time to countries (weighted by number of projects), Hardship level, Family/Non-family, cost of national staff (GS and Professional), current office costs (per person), status of host country agreement. ICOs- Portfolio size (current and future – PBAS), poverty level (as measured by the SDG indicator 'Prevalence of undernourishment'), partnership opportunities (co-financing value), conditions of fragility and conflict, Country income (GDP), and staffing workload factor. (A formula was provided to score countries and rank top 60 countries)

Source: IOE Elaboration

Table Annex IV-5  
**D2.0 Working Group**

Working groups		
<i>Working group 1 - Infrastructure</i>	<i>Working group 2 - People</i>	<i>Working group 3 - Change</i>
1.1 Decentralized map - Lead: Regional Directors	2.1 Staffing Metrics/plans - Lead: multiple	3.1 Communications - Lead: COM director
	2.1.1 Staffing plan PMD - Lead: PMD Directors	
	2.1.2 Staffing plan SKD - Lead: SKD Directors	
	2.1.3 Staffing plan FMD - Lead: FMD Director	
	2.1.4 Staffing plan COM - Lead: COM Director	
	2.1.5 Staffing plan others - Lead: tbd	
	2.1.6 New job profile - Lead HRD Director	
	2.1.7 SWP adjusted - Lead: HRD Director	
1.2 Field Infrastructure - Lead: FSU Chief	2.2 Staffing Implementation - Lead: HRD Director	3.2 Change Management - Lead: Project Manager D2.0
1.3 New periphery - Lead: CDI Lead Officer		

Source: CDI

Figure Annex IV-2  
**A phased implementation (2016-2024)**

■ New positions  
■ Relocations

Source: CDI

Table Annex IV-6

**Allocation of human resources to ICOs**

<b>CD-led office</b>	
<b>Minimum ICO Staff</b>	
Country Director	(P-4/P-5)
Country Programme Officer	(NOC)
Country Programme Analyst	(NOB)
Country Programme Assistant	(G-5)

Source: IOE elaboration based on CDI documents

<b>Potential additional staff</b>		
<b>A Programme Officer</b>	<b>(P-3)</b>	<b>If the ICO serves additional countries that don't have themselves an ICO but a sizeable portfolio (-&gt; potentially: DR Congo; and Uzbekistan with Kyrgyzstan and Tajikistan.)</b>
<b>A second Country Programme Officer</b>	<b>(NOC)</b>	<b>if the portfolio is within the 10<sup>th</sup> percentile and fragile (-&gt; potentially: Niger and Nigeria)</b>
<b>A country Operations Analyst</b>	<b>(NOA)</b>	<b>if the portfolio is within the 5th percentile (-&gt; potentially: Bangladesh, Burkina Faso, Chad, Kenya, Mali, Mozambique, Niger, Nigeria and Uganda)</b>
<b>A Programme Officer</b>	<b>(P-3)</b>	<b>if the ICO serves additional countries that don't have themselves an ICO but a sizeable portfolio (-&gt; potentially: DR Congo; and Uzbekistan with Kyrgyzstan and Tajikistan.)</b>
<b>A second Country Programme Officer</b>	<b>(NOC)</b>	<b>if the portfolio is within the 10<sup>th</sup> percentile and fragile (-&gt; potentially: Niger and Nigeria)</b>

Source: IOE elaboration based on CDI documents

<b>CPO-led Office</b>	
<b>Minimum ICO Staff</b>	

Country Programme Officer (NOC)

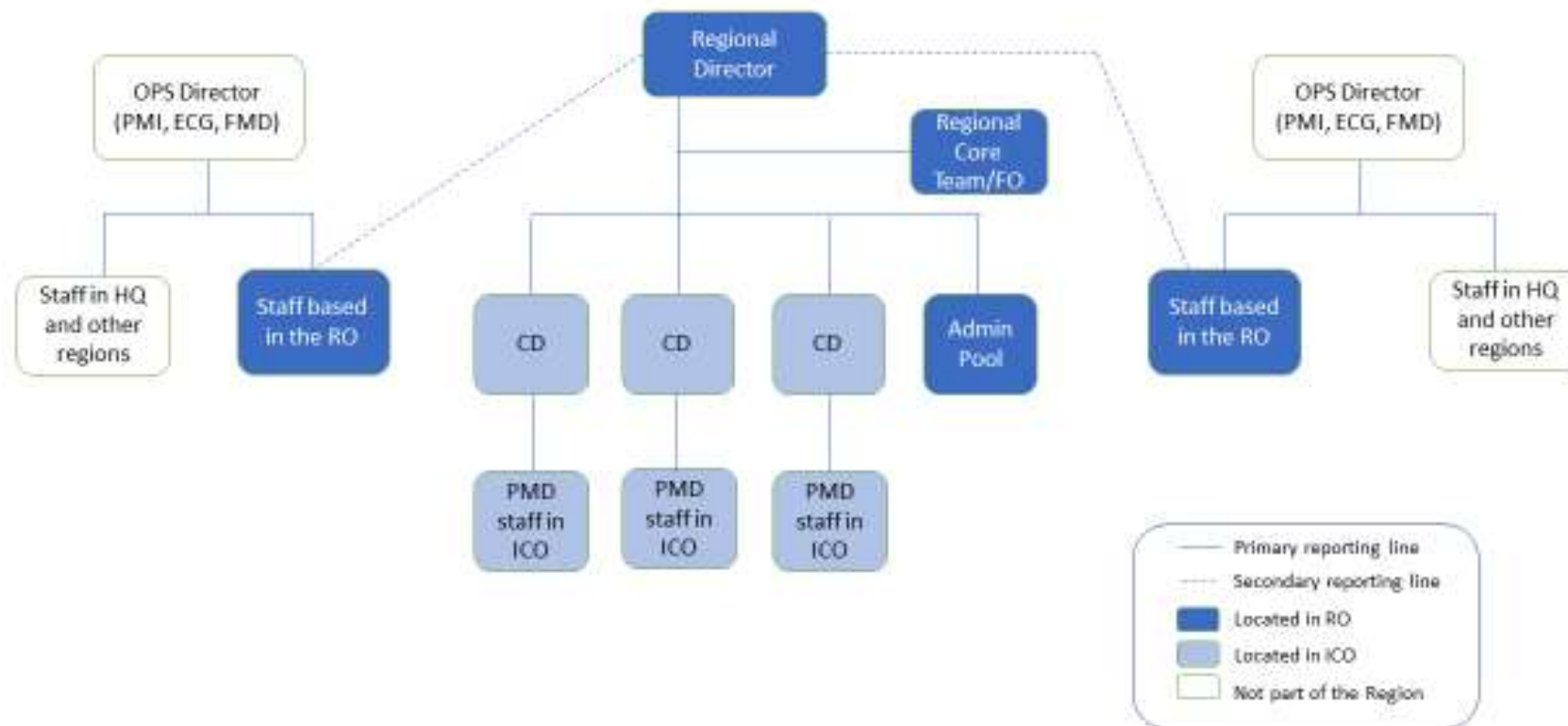
The ICO may have support staff on services contracts, but no GS Staff on regular staff position

Source: IOE elaboration based on CDI documents

<b>Potential additional staff</b>		
<b>Country Programme Analyst</b>	<b>(MOB)</b>	<b>if the portfolio is within the 4th percentile and fragile (-&gt; potentially: Afghanistan, Angola, Benin, Morocco, Tanzania and Zambia).</b>

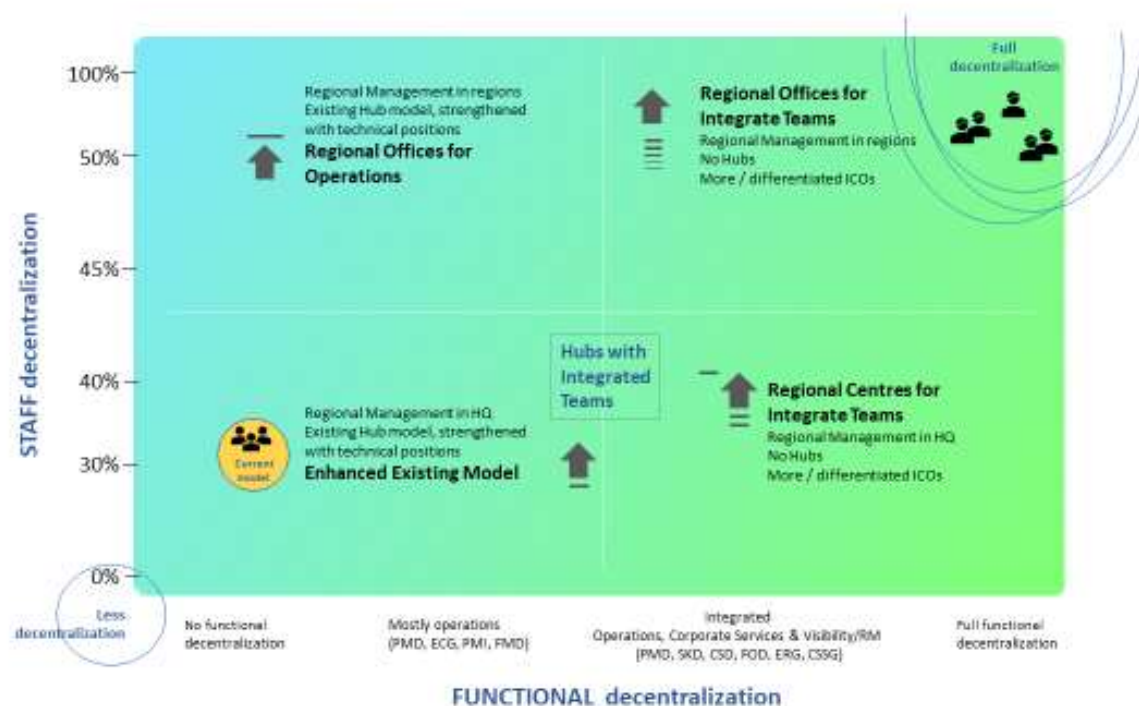
Source: IOE elaboration based on CDI documents

Figure Annex IV-3  
IFAD Regional Office with integrated teams



Source: CDI

Figure Annex IV-4  
Options considered for Regional Offices



Source: CDI

### **A.1 Key Conclusions and Recommendations from the 2016 CLE on IFAD's Decentralization Experience**

186. The 2016 CLE covered the period from 2003 to mid-2016 and assessed: (i) IFAD's decentralization experience and efforts; (ii) the contribution of decentralization to better operational performance and better development results; and (iii) the cost of decentralization relative to the results achieved.
187. The eight key conclusions of the 2016 Decentralization CLE were:
  - (i) The overall objectives and evolving design of the decentralization process were relevant to the achievement of enhanced development results but there were areas for improvement. Many assumptions were valid but others were not well justified but some (e.g. the "light touch" approach, cost-neutrality). Adhering to these assumptions created a mismatch between the aspirations for ICOs on the part of both IFAD and its clients and the ability of small offices to deliver the full range of desired services, notably NLAs. The expansion of country presence was not based on a functional analysis that identified options to maximize support to country programmes while containing unit costs nor a commensurate attempt to reform or adjust arrangements at headquarters, which is a key element of a decentralization process.
  - (ii) Establishing ICOs significantly improved operational performance and development results at the portfolio level. ICOs played an important role in better aligning IFAD's country strategies and programmes with local needs and priorities. Staff based in ICOs ensured follow-up, continuity of support and problem-solving capacity to project teams, which helped to enhance implementation quality. The presence of ICOs was associated with improvements in impact on household income and household food security and agricultural productivity, gender equality and women's empowerment. Improvements were also noted in sustainability of benefits, innovation and scaling up and overall project achievements.
  - (iii) ICOs supported NLAs to a lesser extent. There was evidence of improved partnerships with governments and increased participation in donor coordination groups. In-country contacts with Rome-based agencies and United Nations organizations became more regular but that was not reflected in a significant increase in overall programmatic collaboration.
  - (iv) Improvements in knowledge management and policy dialogue were more limited because additional resources were not made available to available to ICOs for these activities. Also, there was no platform to facilitate access to country/project-specific knowledge products. Because of limited resources and competing priorities, relatively little ICO staff time was allocated to knowledge management and policy dialogue and there was no specific administrative budget line for country offices allocated to non-lending activities. Attention to these areas depended on the interest of ICO staff. However, policy dialogue experience was not one of the criteria used for their selection.
  - (v) IFAD managed to expand country presence and avoid cost escalation. Yet, not all opportunities for cost-efficiency gains were explored. From 2011 until 2015, PMD absorbed cost increases with a flat budget in nominal terms. This does not appear to have compromised country strategy and programme management but it constrained NLAs. There was been no in-depth analysis of how to best assign functions between headquarters, ICOs and international/national professionals at the country and sub regional level.
  - (vi) While the number of staff in ICOs increased significantly, PMD staffing levels at headquarters were not reduced. Under certain conditions, the twin



objectives of strengthened country presence and greater efficiency gains could have been achieved through the sub regional hub modality. However, this needs to be based on a functional analysis and be accompanied by reorganization at headquarters.

- (vii) IFAD's new business model initially emphasized expanding country presence, turning only recently to decentralization. The priority is shifting from explaining the benefits of decentralization towards justifying continuing with centralized organization, authority and processes. Despite the expectations set out in the 2011 Country Presence Policy and Strategy, this CLE noted the limited delegation of authority to senior CPMs for country budget-holding authority and communication.
- (viii) Moving forward, if the volume of IFAD's programme of loans and grants experienced a sustained increase in the coming years, decentralization would need to be deepened and strengthened to respond to the increasing demands and challenges and maintaining/enhancing the quality of operational performance and development results.

188. The 2016 Decentralization CLE included five recommendations:

- (i) **Recommendation 1.** Consolidate IFAD's country presence while enhancing cost- efficiency. The need to enhance the effectiveness and efficiency of the decentralization process was identified already by the 2013 CLE on IFAD's institutional efficiency. IFAD should strengthen its country/sub-regional presence and capacity in the field by building a "critical mass" and concentrating human and financial resources, rather than scattering them across an increasing number of offices. The sub-regional hub model has the potential to support such concentration and achieve economies of scale, if properly applied. As a complementary effort to enhance effectiveness and efficiency, IFAD needs to implement a plan, based on functional analysis, to reduce staff at headquarters and increase the number of staff working near the country programmes, i.e. ICO staff, particularly where programmes are relatively large.
- (ii) **Recommendation 2:** Increase support for non-lending activities through decentralization to achieve stronger development results. IFAD needs to introduce a more selective agenda for non-lending activities in its country strategies, based on consultation with national development partners. It should differentiate the non-lending agenda according to type of country office and their resource capacity and establish a dedicated budget line.
- (iii) **Recommendation 3.** Enhance delegation of authority. Based on the assessment of the experience of the pilot in Viet Nam, IFAD should prepare a plan for delegating budget-holding authority to country directors, including provisions for training. It should also define a framework for further delegation of authority in relation to communication and for establishing a platform to facilitate access to analytical and knowledge products prepared by country offices and project teams.
- (iv) **Recommendation 4.** Enhance staff incentives and capacity to operate in a decentralized environment. There is a need to strengthen incentives for out posted staff, particularly if more staff are moved out of headquarters. It will be important to expand and better structure the orientation and mentoring programme, particularly for new staff with little previous exposure to IFAD. National staff need more recognition and empowerment, and in the case of national Professional staff, clearer post-grading criteria.
- (v) **Recommendation 5.** Improve the quality of data, monitoring and self-assessment. The IFAD accounting system needs to be adjusted to monitor more comprehensively the cost of country programme management under

different ICO configurations. Indicators for ICO monitoring should be simplified and integrated into IFAD's management information and reporting systems. Finally, the new corporate decentralization plan should allow for periodic revision and reporting to the Executive Board for further guidance.

## **A.2 Brief overview of major global developments since 2016**

189. **IFAD is placing increasing emphasis on contributing to the achievement of the SDGs by 2030.** SDG1 (End extreme poverty in all forms by 2030) and SDG2 (End hunger, achieve food security and improved nutrition and promote sustainable agriculture) indicators are directly relevant to IFAD and IFAD's contributions are monitored at the corporate level. IFAD operations also support SDG 5 (Achieve gender equality and empower all women and girls), SDG 13 (take urgent action to combat climate change and its impacts), SDG15 (Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss) and SDG 17 (Strengthen the means of implementation and revitalize the global partnership for sustainable development).
190. **2017 UN Reforms:**<sup>110</sup> These reforms address accountability, transparency and ineffectiveness and cover three areas: (i) development; (ii) management; and (iii) peace and security. Processes will be simplified, transparency will be increased and the delivery of mandates will be improved. The intension of the 2017 UN reforms, which are expected to be fully operational by 2019, centred on achieving greater coordination and accountability for UN agencies on the ground and included seven key proposals:
- (i) A new generation of UN country teams that would be demand-driven, skilled and aligned with country-specific priorities.
  - (ii) A UN resident coordinator who leads a system that coordinates all UN organizations dealing with development, regardless of the nature of their presence in the country.<sup>111</sup> The UN country teams<sup>112</sup> will report to both their UN agencies and the UN resident coordinator. The UN Resident Coordinator represents the UN Development System in national fora including the government bodies, as needed. The UN Sustainable Development Cooperation Framework reflects country priorities and sets out how the UN Development System will support the attainment of the SDGs.
  - (iii) A coordinated and restructured regional approach to support the work of the UN Development System in the field more effectively.
  - (iv) Mechanisms for UN member states to ensure coherent, transparent and accountable results underpinned by system-wide evaluations.
  - (v) A stronger UN institutional response and system-wide approach to partnerships for the 2030 Agenda.
  - (vi) A funding compact to bring better quality, quantity and predictability of resources and increased transparency to deliver on the 2030 Agenda. The UN Resident Coordinator is responsible for mobilizing non-core resources from donors at the country level to fund UN interventions and supplement core resources.
  - (vii) Accelerated alignment of the UN Development System with the 2030 Agenda.

<sup>110</sup> European Parliament. United Nations reform. European Parliamentary Research Service Members' Research Service. PE 635.517. 2019

<sup>111</sup> The aim is to bring together the various UN development system entities to improve the impact, efficiency and effectiveness of the UN's development activities at the country level.

<sup>112</sup> The UN Country Team, which meets regularly, comprises the country directors of all resident UN agencies.

191. United Nations General Assembly resolution 72/279 elevated the United Nations Sustainable Development Cooperation Framework (UNSDCF) as “the most important instrument for planning and implementing UN development activities at country level in support of the implementation of the 2030 Agenda for Sustainable Development.” UNSDCF now guides the entire programme cycle, driving planning, implementation, monitoring, reporting and evaluation of collective UN support for achieving the 2030 Agenda. The UNSDCF is a core instrument for providing a coherent, strategic direction for UN development activities by all UN entities at country level. It guides the UN system in planning and implementing UN development activities at country level, as well as in mobilising a spectrum of development partners beyond the United Nations.
192. The food system includes all activities related to feeding people -- growing, harvesting, packaging, processing, transporting, marketing and consuming food.<sup>113</sup> It also covers people’s interactions with land, climate and water to ensure sustainability and impacts on human health, nutrition and diets. The food system also includes the related inputs, institutions, infrastructure and services. In 2021, UN Secretary-General will convene a Food Systems Summit as part of the Decade of Action to achieve the SDGs. The Summit will launch actions related to healthier, more sustainable and equitable food systems. The preparation for the Food Systems Summit identified five “[action tracks](#)” to transform food systems to support the SDGs. IFAD was designated the UN anchoring agency for Action Track 4, “Advance equitable livelihoods and value distribution” and is contributing to the work of the Summit Secretariat, including seconding two IFAD staff members.
193. The UN reforms, UNSDCF and the Food Systems Summit have implications for how Country Directors and ICO staff interact with UN resident coordinators and UN agencies in-country and programmatic decisions.
194. **Most multilateral, bilateral development partners and UN agencies are decentralized and have adapted their staffing, business processes and budgets accordingly.** These organizations generally began their decentralization journey well before IFAD. The rationale for establishing country/regional offices included: (i) in-country presence leads to better development results; (ii) local presence improves country knowledge and builds stronger partnerships with host countries, the local donor community and other in-country stakeholders, which better aligns development programmes with country objectives and priorities and increases country ownership; (iii) closer proximity to governments and clients leads to better understanding their needs, thus helping to improve client service and operational effectiveness; and (iv) being on-the-ground improves responsiveness, timeliness and quality of service delivery.
195. **Evaluations undertaken by Multilateral Development Banks and Rome Based agencies have generally found evidence that establishing country offices has resulted in the desired benefits and confirmed the rationale for decentralization.** However, decentralization evaluations also identified several lessons:
- (i) **Decentralization is a long process**, sometimes spanning decades, and usually requires multiple iterations to optimize structures and business processes. The initial focus was typically on portfolio implementation, which was gradually broadened to cover the full range of programmatic activities. Often changing management structures, decision-making systems, policies, practices, and corporate support services took place later in the decentralization process.

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<sup>113</sup> IFAD. 2021. United Nations Food Systems Summit 2021.

- (ii) **No one decentralization model fits all organizations** because of differences in organizational culture, mandate, size and operating model. The decentralization model and process must be suitable for the organization.
- (iii) **Operational issues considered during decentralization include:** (a) ensuring clarity in the roles, responsibilities and reporting lines for in-country staff; (b) articulating the roles of country managers, headquarters staff and technical experts in project processing and implementation; (c) control of project design and supervision budgets; and (d) decentralization should not impede the flow of knowledge and expertise between Headquarters and country offices.
- (iv) **Human resource management issues need to be addressed to support decentralization** including career paths for international and national staff, the relocation process and associated incentives, staff recruitment procedures and delegation of authority and accountability.
- (v) **There are incremental costs associated with decentralization that must be balanced against the benefits, which are difficult to quantify in monetary terms.** Containing costs often requires restructuring headquarters and reducing staff in headquarters as the number of staff in the field increases.

## B. Annexes to Chapter II

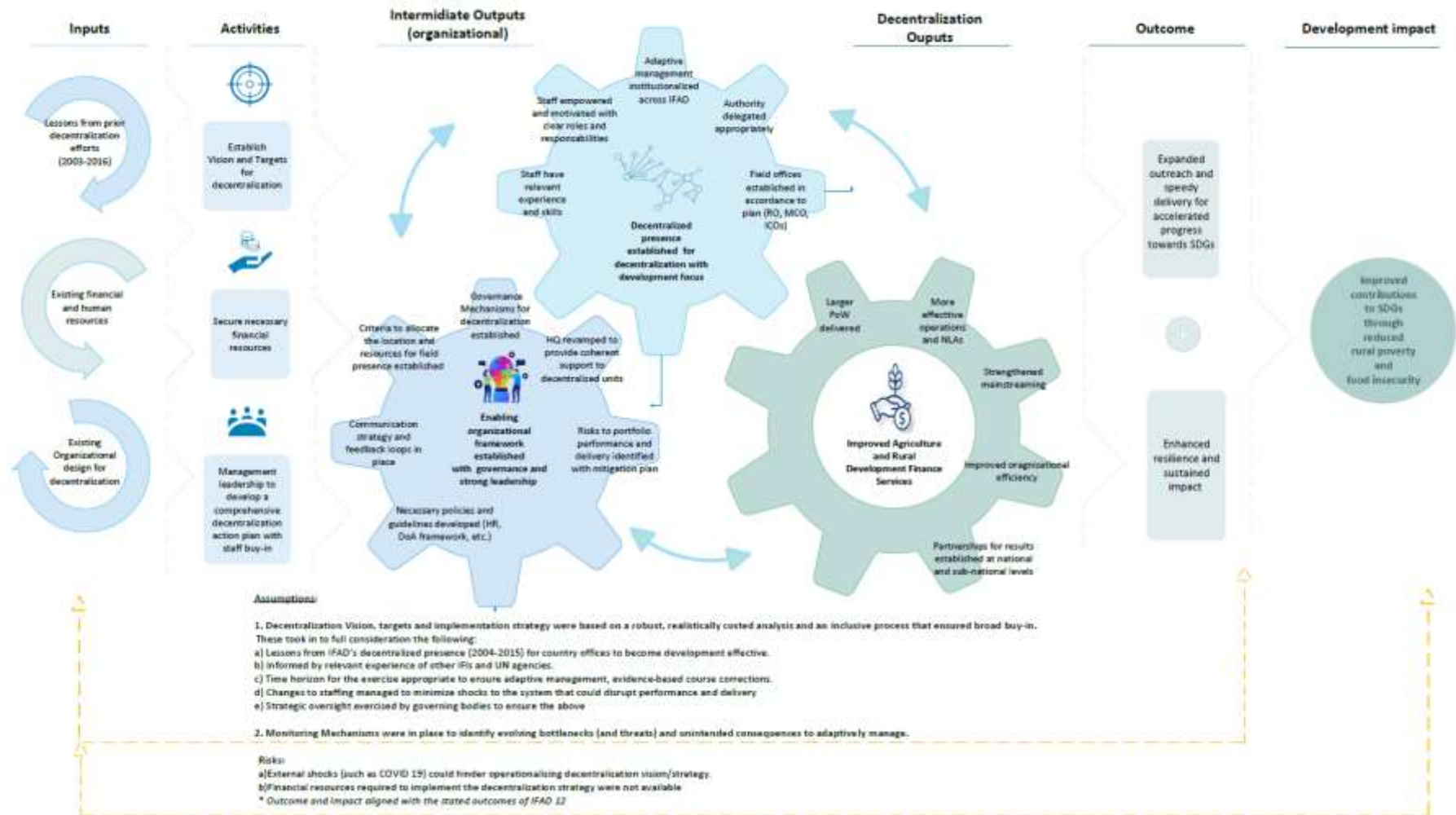
### B.1 Evaluation Approach

196. **Evaluation framework.** The evaluation framework in Annex II sets out the evaluation questions and sources of data and information. It draws on relevant items from the corporate commitments, monitorable actions, annual Reports on IFAD Development Effectiveness (RIDE), and Results Management Frameworks for IFAD10, IFAD11 and IFAD12, OpEx, and Decentralization 2.0.
197. **Mixed methods and triangulation.** The evaluation used a mix of quantitative and qualitative methods, including a quantitative analysis of IFAD data, an E-Survey, document reviews, semi-structured interviews of key informants, case studies involving ICOs and selected projects, analysis of selected themes (e.g., decentralization related budget, human resources, an assessment of knowledge management, and performance in conditions of fragility and conflict, and an examination of decentralization experiences of relevant comparator organizations). Triangulation of evaluation evidence from multiple sources and methods was used to ensure that findings, conclusions and recommendations were well supported by the evaluation evidence.

### B.2 Theory of Change

198. **Theory of Change (ToC).** A theory-based evaluation approach provided the foundation for assessing the contribution of country presence to development results, given that there are multitude of other contributing factors that impact on development effectiveness.
199. The initial draft of the ToC was developed as part of the Approach Paper for this evaluation, based on a document review, experience with the 2016 corporate level evaluation of IFAD's decentralization experience, and interviews with key stakeholders. The ToC was refined during the course of the evaluation based on consultations with management and stakeholders during the design workshop and as evidence emerged during the course of the evaluation. Annex I and Figure Annex IV-5 presents the final version of the Theory of Change.

Figure Annex IV-5  
Theory of Change - schematic



200. The OpEx and Decentralization 2.0 efforts required fundamental shifts to IFAD's organizational culture and business model. Published literature states that careful planning should precede the implementation of organizational transformations. Such planning should:
- (a) Draw lessons from previous decentralization efforts (2003-2016) and experience from other organizations to identify possible threats to success.
  - (b) Be based on a fully-costed feasibility study that takes stock of the existing human and financial resources as well as organizational design, and identifies the bottlenecks, opportunities and approaches to reach the decentralization goals
201. The theory of change assumes that the decentralization vision, targets and implementation strategy were based on a robust, realistically costed analysis and an inclusive process that ensured broad buy-in across the organization. It also assumes that monitoring mechanisms and feedback loops were in place and sufficient reflection took place to adaptively manage the process, identify issues, learn from experience and resolve problems.
202. External shocks (such as the COVID pandemic) that disrupted globe-wide activities of IFAD, and the lack of adequate financial resources were identified as the two key risks facing the decentralization efforts.

### **B.3 Collecting evaluation evidence**

203. The evaluation methodology drew on a wide array of information sources and used both qualitative and quantitative methods and analytical techniques.
204. **Document review.** IFAD documents related to decentralization and business process re-engineering were reviewed (e.g., IFAD10, IFAD11 and IFAD12 replenishment, Decentralization 2.0, OpEx, CDI and FSU documents; selected COSOPs, PCRs and supervision reports; PoWs and PoLGs; PMD Annual Portfolio Stock-take (2021); President's bulletins; IFAD annual report on results and impact (RIDE); human resource policies and procedures; delegation of authority and accountability framework; budget and financial management reports; relevant IFAD Staff Association communications; selected internal audit reports). The evaluation team mined IOE evaluation reports (2003-2022) for findings related to decentralization and the role and performance of ICOs. Selected documents related to global developments since 2016 and comparator organizations were examined, including decentralization evaluations.
205. **Key informant interviews.** Semi-structured interviews were conducted with Headquarters staff and stakeholders. Interviewees included the former President, members of the Evaluation Committee and the Executive Board, Senior Management, IFAD Staff Association, key staff in PMD, SKD, CSD, FOD, ERG, OPV, RMO, LEG, OSB, and audit. Feedback from interviews was kept confidential and used in a manner that cannot be traced back to the source.
206. **Electronic survey.** An electronic survey (E-Survey) was conducted to extend the reach of the evaluation by seeking feedback from many stakeholders (e.g., IFAD staff at headquarters and in ICOs, government officials, local donor community, representatives of civil society, project staff). The survey sought feedback on: (i) the roles of ICOs; (ii) various dimensions of the performance of ICOs in both programmatic and non-programmatic areas; (iii) engagement, collaboration and alignment with governments, national project managers, Rome-based UN agencies, the local donor community and civil society; and (iv) organizational issues (e.g., management and decision making; delegation of authority; accountability; financial management; human resources; ICT issues; and provision of corporate services).
207. The electronic survey followed the methodology used for the 2016 decentralization evaluation and was conducted in English, French, Spanish, Arabic and Russian. The

data was collected applying the computer-assisted self-interviewing (CASI) approach. Prior to launching the survey, the questionnaire was piloted among a few IFAD staff to test the validity and clarity of the survey questions.

208. The survey reached out to 1,320 IFAD staff and consultants and 1,442 external stakeholders (total 2,762). The survey was launched and collected responses during the period from 6 April to 3 October 2022. Several reminders were sent out to try to increase the response rate. There were 807 responses corresponding to a response rate of 29%. The response rate among IFAD staff and consultants was 35%<sup>114</sup> (458 responses) and 24% among external stakeholders (349 responses).
209. The first section of the survey was addressed to all respondents and included socio-demographic information and questions about the IFAD decentralization process and its outcomes. IFAD staff and consultants were grouped into three categories – users, enablers and general group,<sup>115</sup> depending on their functional relationship to decentralization. Each group was directed to relevant questions.
210. The following ordinal scales were used: 1 = Strongly disagree/Highly Unsatisfactory; 2 = Disagree/Unsatisfactory; 3 = Moderately disagree/Moderately Unsatisfactory; 4 = Moderately agree/Moderately Satisfactory; 5 = Agree/Satisfactory; 6 = Strongly agree/Highly Satisfactory. Respondents were also given a no knowledge/no opinion option. For reporting purposes, responses 1-3 and 4-6 were, respectively, grouped together. Statistical tests were used to assess the significance of differences across different subgroups of respondents (*Mann-Whitney U test*).
211. **Limitations of the survey. Because of challenges in identifying a correct Email address, IFAD staff** active in the decentralization process in the past but who have left IFAD were not included in the survey universe. The fact that IFAD's protocols do not allow Survey Monkey special features to be used for surveys of IFAD staff limited the quality and frequency of follow ups with non-respondents to increase the survey response rate.
212. The characteristics of the sample resemble those of the survey universe. However, self-selection nature of those responding to survey (non-probabilistic sampling of participants) needs to be considered while generalizing results. This limitation was managed by triangulating E-Survey results with other sources of evaluation evidence before reaching a conclusion.
213. **Portfolio analysis: Quantitative analysis of project evaluation ratings and key efficiency-related indicators.** The quantitative portfolio analysis was designed to determine if decentralization contributed to better project performance, more co-financing, and improved efficiency.
214. Data and sources. The portfolio analysis included a total of 588 projects that were approved since 1996. This dataset included all projects that were completed during 2003-2022. Project performance ratings across 13 criteria<sup>116</sup> were obtained from the Annual Report on the Independent Evaluations (ARIE) database of the Independent Office of Evaluations (IOE). The database had a total of 294 project level evaluations. Evaluated projects were all approved during or prior to 2014 and hence, were of limited relevance to assess the performance of the current phase of

<sup>114</sup> For comparison, the response rate was 36% ((166 out of 462 individuals (staff and consultants) working outside of Headquarters responded to the decentralization effectiveness survey) for the survey reported in FSU's November 2022 Report on IFAD Decentralization Effectiveness Survey on Field Client Satisfaction. The response rate for the Staff Engagement and Workplace Culture Action Plan Survey 2021 was 60%.

<sup>115</sup> Users = Respondents from PMD [Headquarters and all Regional offices, MCOs and ICOs], FMD, PMI, ECG, and SKD); decentralization Enablers = ADM, (FSU), HRD, ICT, FCD, COM, OSB, and CDI; and General group = all other departments and divisions

<sup>116</sup> All project evaluations provided ratings across these 13 criteria as specified in the 2015 IOE Evaluation Manual, Edition 2: Relevance, effectiveness, efficiency, sustainability, rural poverty impact, overall project performance, gender equality and women's empowerment, innovation, scaling up, environment and natural resources management, support to climate adaptation, government performance, IFAD performance.



- decentralization (2017-2024). The cofinancing analysis examined both domestic and international cofinancing data available in IFAD's GRIPS database. The project start-up and time efficiency data were obtained from IFAD's OBI database.
215. Approach of the portfolio analysis: Three scenarios were analysed to assess the contribution of decentralization to project performance:
    - a) A '*before and after*' analysis, which compared data before and after a country receives an ICO.
    - b) A '*with and without*' analysis, which compared all projects that received support from an ICO with projects that did not have an ICO support.
    - c) A '*before, after, and never*' analysis that compared three scenarios: projects with an ICO (*after*); projects in countries that never had an ICO (*without*); and projects in countries before an ICO was introduced (*before*).
  216. For the first two analyses, simple T-tests were used to test for statistically significant differences between groups. Three levels of significance were tested: \*\*\* Strong,  $P \text{ value} < 0.01$ ; \*\* Moderate,  $0.01 < P \text{ value} < 0.05$ ; \* Weak,  $0.05 < P \text{ value} < 0.10$ .
  217. A more rigorous multivariate regression analysis was used for the third analysis. In the regression analysis, two comparisons were made – looking at *before* and *after* as well as *never* and *after*. Contribution was established only when both comparisons were statistically significant. This is because a simple '*before*' and '*after*' comparison may become statistically significant due to external changes rather than due to the contribution of an ICO. A '*with and without*' comparison could become statistically significant as a result of a selection bias (i.e., countries that receive an ICO were different in systematic ways to countries that never receive an ICO).
  218. The multivariate regressions controlled for the contribution other factors in addition to the presence/absence of an ICO. The evaluation team generated over 30 variables which could potentially contribute to project performance.<sup>117</sup> These were identified from IFAD's PBAS allocation criteria, document review, experience of the evaluation team and consistent data availability. Statistical testing was undertaken to identify which of these variables systematically differed between projects conducted under ICOs and projects not conducted under ICOs. These variables were tested in a multivariate regression model to determine which ones were statistically significant. The control variables that remained statistically significant were used to conduct the contribution analysis using multivariate regressions with the *before*, *after*, and *never* analysis. Data for the final control variables came from IFAD's internal databases, the World Bank's World Development Indicators and the World Bank's Governance Indicators.
  219. The analysis tested two different definitions of whether or not the project was under an ICO: (i) an ICO was in place for two years before the project was approved (175 projects conducted under an ICO; 413 projects were not conducted under an ICO); (ii) an ICO was in place for four years prior to project approval (141 projects conducted under an ICO; 447 projects were not conducted under an ICOs). The first case is likely to capture the impacts of an ICO's presence on implementation supervision while the second case is more likely to capture the full impact of the ICO's role in both the design and implementation phases. Projects conducted under a hub or an MCO were analysed as projects conducted under an ICO.

<sup>117</sup> The final set of variables for the first treatment scenario included region; log GNI; log of rural population; voice (a World Bank Governance Indicator for citizen participation in policy making); Year a project entered into force; and Log funding. The final set of variables for the second treatment scenario included Region; Log GNI; Log of rural population; Share of water used on agriculture; Log of total water reserves and Year a project entered into force.

220. **Comparative study.** Decentralization 2.0 Working Group undertook a 2021 benchmarking exercise of the decentralized models of 8 multilateral development banks and UN Agencies, which covered high level information (e.g., size of organization, business model, share of staff out-posted, staff composition of hubs). The Working Group found resulting information of limited relevance for IFAD because of difference in size and mandates. To overcome this challenge of comparability, the CLE focused on the lessons of other agencies around key strategic issues faced by IFAD's decentralization process. The comparative study involved semi-structured interviews with key informants and collected data was complemented by desk research and documentary review.
221. Identifying the strategic challenges (risk factors) to focus the comparative study: Emerging evidence from case studies, E-survey findings, the portfolio analysis, and interviews with headquarters stakeholders were mapped and analysed to identify four critical issues facing IFAD's decentralization efforts: the pace of decentralization, the size of the organization and the extent to which it can decentralize, what gets decentralized and what does not, and managing the change process. This preliminary analysis of evidence helped the evaluation team to develop a framework of inquiry for the lessons-learning comparative study that was used as a protocol for the interviews.
222. *Selection of the agencies for the comparative study:* The following criteria were used to select the agencies to learn lessons from: agencies (including those that took part in the 2021 bench marking) with relevant experience, maturity of decentralization efforts, and availability of evaluation evidence. Based on these criteria, the following seven were identified – AfDB, FAO, ILO, UNCDF, UNHCR, UNOPS, and the World Bank (Annex III.C).
223. **Analysis of administrative data:** Data were extracted from IFAD's financial, human resource and administrative systems and relevant divisions. Human resource data was used to analyse trends in the proportion of IFAD staff based in ICOs, numbers and profiles of staff in ICOs, IFAD's mobility framework, time required to fill vacancies, and vacancy rates. IFAD's decision-making processes, DoA and accountability frameworks were reviewed to determine if they are adequate for a decentralized organization. Budget and financial data were used to estimate the total costs of field presence, the adequacy of operational budget provisions and efficiency ratios.
224. **Country case studies:** A total of 15 case studies were conducted. Missions were conducted in five (Cote D'Ivoire, Cuba, Egypt, Kenya, Vietnam), and 10 were desk-based (Bangladesh, Brazil, Burkina Faso, Cambodia, Djibouti, Eritrea, Ethiopia, Panama, Sudan). The criteria were used to select the countries for the case studies were:
- (i) Representation of the five regions/geographic balance: Case studies reflected geographic representation (with three in each region),
  - (ii) Representation of country contexts: Countries with conditions of fragility and conflict (Burkina Faso, Eritrea, Ethiopia, Niger, Sudan), and linguistic representation (Anglophone and francophone countries)
  - (iii) Representation of different types of ICO models:
    - Regional Offices - Abidjan, Nairobi
    - Multi country offices - Egypt, Ethiopia, Panama, Vietnam
    - CD-led IFAD country offices - Bangladesh, Brazil, Sudan
    - CPO-led IFAD country offices – Burkina Faso, Cambodia, Niger (Note: Burkina Faso and Niger became CD-led offices in 2022)
    - No IFAD Country Office – Cuba, Djibouti, Eritrea.

- SSTC/KM centres – Brazil, Ethiopia
  - Liaison Offices – Americas Liaison Office; Arab and Gulf States Liaison Office; Japan Liaison Office.
- (iv) Representation of age/maturity of country presence: Offices established under FPPP (Egypt, Vietnam), relatively new offices or offices transitioning to new types (Burkina Faso, Niger)
- (v) Portfolio activity: All selected case studies had 2 or more projects under implementation, ongoing non-lending activity, especially policy dialogue, and international co-financing.
- (vi) Staffing arrangements: Head of office must be in post for at least six months. Presence of FMD, PMD staff (in selecting multi country offices).
- (vii) Other considerations: Four of the case studies of 2016 CLE were selected (Burkina Faso, Egypt, Kenya, Vietnam). Possible linkages with other on-going or recently completed evaluations (Cuba, Ethiopia Niger, and Sudan) were identified. COVID travel restrictions were a consideration in choosing mission-based case studies.
225. **Country case studies approach.** Case studies covered the following issues.
- (a) *Strategic issues*, including partnerships and relationships with government, international actors, and beneficiaries, strategic positioning, visibility of IFAD in the rural agricultural sector, and engagement with the UN system, particularly Rome Based Agencies.
  - (b) *Operational issues* related to adequacy and quality of support provided for design and implementation of projects, mainstreaming key thematic areas, and non-lending activities.
  - (c) *Organizational issues* such as adequacy of staffing and financial resources to carry out the functions, onboarding and training, career pathways, workload, vacancy rates and duration of vacancies, clarity of roles and responsibilities, hosting arrangements, staff morale, delegation of authority and accountability, and quality of support from headquarter units.
226. All case studies involved identifying and conducting semi-structured interviews with key stakeholders in government agencies, project teams, donors, UN system, local actors and beneficiaries and a review of relevant documents and evaluations. The process for the desk-based case studies were identical to the mission-based studies except interviews were conducted remotely and site visits were undertaken by national consultants, when permitted by local health regulations. Data collection protocols and instruments were tested in a pilot case study for the Egypt MCO.
227. **Project Case Studies:** Project case studies were embedded in the country case studies. Two projects were purposely selected in each country for detailed assessment (when feasible, one approved after the ICO was established and that had been under implementation for at least two years; and one that had reached an advanced stage of implementation). The project cases studies assessed the role of the ICO throughout the project cycle, any improvements after the ICO was established and areas for improvement. The project cases studies covered the following aspects: (i) degree of interaction with, and ownership by, the Government; (ii) collaboration with in-country stakeholders, including cofinancing; (iii) project supervision and implementation support (including technical and administrative support such as procurement, disbursement, financial management and reporting); (iv) quality of mainstreaming; (v) related non-lending activities; and (vi) time efficiency related aspects - project processing and approval; project start up and first disbursement.

228. **The review of liaison offices.** Liaison offices were not part of the Decentralization 2.0 efforts. However, this evaluation mined liaison offices to see if there were lessons to be learned in terms of relevance, coherence, effectiveness and efficiency in the context of Decentralization 2.0. Liaison office objectives cover: (i) partnership building, collaboration and liaison; (ii) resource mobilization; (iii) advocacy and policy engagement; (iv) information gathering and strategic communications; and (v) supporting missions from Headquarters. The liaison office review was based on an examination of similar offices in selected international organizations, a review of documents and data and virtual semi-structured interviews of staff in selected liaison offices and in the Global Engagement, Partnership and Resource Mobilization Division (GPR) and a small number of non-IFAD contacts. The liaison office review covered: (i) the Americas Liaison Office (ALO), with its offices in Washington and New York, which have been operating for nearly two decades; and (ii) the Arab and Gulf States Liaison Office, established in 2019. Because the Japan Liaison Office was established in 2021 and was not fully staffed at the time of the evaluation, it was not covered in the review.
229. **Limitations of the evaluation.** Lack of comparable data on the quality of operations design at entry, and reliable data on the likelihood of completed projects achieving the intended results posed challenges to assessing the potential effects of decentralization on development results. It was challenging to track the costs of field presence as different costs of field presence were tracked by different headquarters units. As such, it was difficult to accurately estimate the full costs of decentralization. Ideally the CLE would have devoted more attention to cross-cutting themes such as nutrition, rural youth, gender and women and technical areas (e.g., rural finance, institutions, water, land tenure etc.). However, given the breath of the CLE and time and resource constraints that was not possible. Finally, given that IFAD is yet to complete its decentralization efforts and projects designed and implemented during this period are yet to be completed, the development impact of decentralization could not be directly measured. However, the evaluation lays out rigorous econometric approach to assess the contribution of decentralization to the impact (and sustainability) of IFAD operations when evaluation ratings of project performance become available. **B.4 Evaluation process and timeline**
230. **The evaluation was undertaken in two major phases**, determined largely by when the WCA and EAS regional offices become fully functional (by late 2021). However, some activities begun during first phase extended into the second phase:
- (i) **Phase 1** primarily covered the finalization of the evaluation approach and methodology set out in the approach paper, document review, mining of relevant IEO reports, the strategic assessment of the relevance and coherence of IFAD's organizational decentralization strategy and progress made on its implementation, the comparator review, the design of the E-Survey, preparation of guides for the key informant interviews and country case studies, the quantitative analysis, the analysis of budgets and organizational efficiency indicators, undertaking initial key informant interviews, the project case studies and assessing ICT/communications issues and the provision of corporate services to ICOs.
  - (ii) **Phase 2** primarily covered the launching and analysis of the E-Survey, ICO case studies including the formative assessment of the Regional Offices, completion of the key informant interviews and project case studies, review of organizational restructuring and management issues, review of decentralization-related costs and financial management issues, review of human resource management/decision making issues, analysis of the DoA framework, examination of re-engineered business processes, sharing of emerging findings and report preparation and finalization.

231. **Feedback during the evaluation process:** Consultations were organized with Management and Core Learning Partnership at key stages of the evaluation to provide feedback, exchange thoughts and discuss selected evaluation issues to ensure wider learning and timely feedback: (i) During the Design Workshop Management stakeholders provided comments that helped IOE to review/revise the Theory of Change, fine tune the evaluation questions and evaluation approach and methodology and select the country case studies. (ii) During the Management Self-Assessment Workshop different IFAD units summarized their perspectives on the progress made in decentralization, strengths and weaknesses, lessons learned and future directions and answer the evaluation questions. (iii) Preliminary findings were shared with Management in November 2022 before the report was finalized. (iv) Management was invited comment on the draft report and, as appropriate, IOE considered those comments when finalizing the report.
232. **Core Learning Partnership Group:** To strengthen the evaluation process, consistent with IFAD's 2021 evaluation policy, a Core Learning Partnership Group (CLP) was established.<sup>118</sup> The members of CLP were nominated by the Directors of relevant IFAD Units, selected based on their technical or managerial expertise and decentralization related experience. The CLP members provided the helpful information for the Evaluation Team during key evaluation milestones (i.e., approach paper; evaluation design; Management self-assessment data collection; reporting and dissemination). Their contributions strengthened the evaluation team's understanding of key issues, theory of change, and evolution of the policy/strategy/programming rationale for decentralization and its implementation. The CLP facilitated greater access to data and evaluation evidence. Preliminary findings and possible areas of recommendations were shared with senior management and the CLP to get feedback to refine the analysis as needed, and finalize the drafting of the evaluation report. Other workshops with the CLP and Management were held in January 2023 to discuss the main findings, conclusions, and recommendations in the draft final report. In addition to strengthening the inputs to the evaluation, the CLP is expected to promote the dissemination and use of evaluative findings in IFAD after the evaluation is completed.
233. **Quality assurance and enhancement.** In line with IFAD's Evaluation Policy, IOE retained independent advisors to quality-enhance and quality-assure the evaluation approach and methodology and the evaluation report. The Advisors reviewed the design and implementation of data collection approaches. The Advisors also reviewed the penultimate final draft of the report and provided feedback. The final report submitted to the Board included their comments on the final report.
234. **Evaluation team.** Under the overall strategic direction of Indran A. Naidoo, Director, IOE, the CLE was led by Suppiramaniam Nanthikesan, Lead Evaluation Officer, IOE. Five senior consultants were recruited to provide specific inputs on topics such as corporate level evaluations, organizational decentralization including organizational design, human resource management, delegation and accountability, and budgeting/financial management. The evaluation team was supported by Massiel Jimenez, Evaluation Analyst, IOE, a research team of consultants and interns and an IOE Evaluation Assistant.
235. **Deliverables.** The main deliverables of the CLE were the approach paper, the final evaluation report, and the reports of the independent evaluation advisers, which were included in the final report, and a *Profile* and *Insight*. The approach paper was shared with the 115<sup>th</sup> Session of the Evaluation Committee (October 2021). The final report, with management's response, was shared with the Evaluation Committee (April 2023), and submitted to the 138<sup>th</sup> session of the Executive Board (May 2023). Management was invited to provide written comments on the draft approach paper and draft final report. IOE prepared an "audit trail" to transparently

<sup>118</sup> See the Evaluation Manual for Country Programme and Strategy Evaluations (2015).

illustrate how IFAD Management comments were treated in the final report. The Evaluation Committee reviewed the draft approach paper, and their comments considered in the design and implementation of the evaluation.

236. **Timeline.** The evaluation began in 2021 and was completed in 2023 (table annex IV-7).

Table Annex IV-7

**CLE Decentralization timeline**

<b>Timeline</b>	<b>Activities</b>
October 2020	The 111 <sup>th</sup> session of the IFAD Evaluation Committee includes the Second Decentralization CLE in IOE's Work Programme
October 2021	Draft approach paper discussed by the 115th IFAD Evaluation Committee
November – December 2021	Team recruitment
December 2021	Design workshop involving Management stakeholders to review/revise the Theory of Change, fine tune the evaluation questions and select the ICO case studies. Finalization of the evaluation approach and methodology. Continue the document review and information/data collection. Prepare guides for the key informant interviews and ICO case studies. Finalize the selection of ICO case studies. Design and pre-test the ESurvey and begin assembling the Email list. Begin the key informant interviews
December 2021	Management Self-assessment workshop in which Management presents answers to the evaluation questions. Strategic assessment of the relevance and coherence of IFAD's organizational decentralization strategy and progress made to date on its implementation. Quantitative analysis portfolio, projects, cofinancing and COSOPs. Review of selected comparator organizations. Launch ESurvey and send periodic reminders to non-respondents. Key informant interviews. Assess ICT/communications issues and the provision of corporate services to ICOs.
February - July 2022	ICO case studies and the formative assessment of the regional centres. Selected project case studies. Review of organizational restructuring and management issues. Review of human resource management/decision making issues. Analysis of the adequacy of the DoA and accountability frameworks and the re-engineered business processes. Analysis of financial management, decentralization-related costs and organizational efficiency indicators.
September 2022	Close, download and analyse the E-survey
July-October 2022	Prepare first draft of the evaluation report
November 2022	Presentation of initial findings to IFAD Management
November 2022	Complete the full draft of the evaluation. Internal peer review of the draft evaluation report in IOE.
December 2022	Draft evaluation report sent to IFAD Management for comment. In-house workshop organized on the main findings and recommendations. IFAD Management prepares written comments on the draft report
February 2023	Final evaluation report sent to the Office of the Secretary for editing and translation. Management prepares written response
April 2023	Presentation of the final evaluation report and Management Response to the 120th session of the Evaluation Committee
May 2023	Presentation of the final evaluation report with Management Response to the 137th session of the Executive Board

Source: IOE elaboration

## C. Annexes to Chapter III

Table Annex IV-8

### Trends in Efficiency Ratios at the Corporate Level

Ratio	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average 2013-2016	Average 2017-2021	T-test p value	T - test score	Difference Significance level
Ratio 1: Total Admin budget/PoLG	14%	17%	10%	17%	11%	11%	8%	16%	12%	14.36%	12%	0.2277	1.3222	Not Significant
Ratio 2: Total Admin budget/PoW	7%	8%	4%	11%	7%	6%	3%	7%	5%	7.74%	6%	0.1903	1.4502	Not Significant
Ratio 3: Value of portfolio/Total Admin Budget	40	41	47	47	45	45	45	58	49	43	49	0.1632	-1.5579	Not Significant
Ratio 4: Total Admin Budget/Total disbursements	30%	30%	30%	27%	24%	24%	25%	26%	24%	29.34%	25%	0.0008	5.6710	at 99% level
Ratio 5: Average size (\$M) of approved projects (PoLG/Number of approved projects)	41	34	38	40	45	49	54	50	50	38	50	0.0012	-5.2415	at 99% level
Ratio 6: Total staff FTE/unit of output	6.6	6.9	6.1	7.9	7.1	7.9	7.4	9.5	9.0	6.9	8.2	0.0753	-2.0868	at 90% level
Ratio 7: B/A – Percentage	59%	59%	59%	59%	53%	52%	52%	51%	49%	59.00%	51.40%	0.0000	9.8824	at 99% level

Source: IFAD databases, EB documents



## **D. Annexes to Chapter V**

### **D.1 ICO Brazil and Decentralization**

237. IFAD established presence in Brazil in Salvador (Bahia) in July 2011. The office was led by a CPO. A CPM was appointed in 2013 and served from Rome. In 2018, IFAD country office in Brazil was upgraded to a CD-led one, which was based in Brasilia. Along with ICO-Brasilia, IFAD maintained the Salvador Office as a satellite office to remain close to the ground and the state governments. IFAD also established the SSTC and Knowledge Centre for LAC in Brasilia in 2019 to promote knowledge exchange at the regional level with 6 staff members.
238. IFAD-supported projects concentrate on rural development activities in the Northeast semi-arid region, the single largest pocket of rural poverty in Latin America. The ICO in Brazil is managing or has delivered 8 projects with project financing totalling US\$545.7million.
239. IFAD's portfolio included innovative projects that are likely to shape the development agenda of the Northeast. For example, the Planting Climate Resilience in Rural Communities of the Northeast Brazil (PCRP) [approved in June 2021 and expected to be completed in 2027 with total budget of US\$217million]. An earlier IOE thematic evaluation found that the project was notable for its objective as well as its approach. It sought to restore the degraded agroecosystem to reverse the decline in productivity. Thereby, reduce the impact of climate change on rural smallholders and increase the resilience of affected population. In its highly integrated approach over a very large scale, the project took a distinguishing stance: the avenue to sustainable smallholder agriculture is through protecting and increasing water reserves achieved through a landscape scale approach emphasizing natural solutions and engaging farmers in transforming their production systems to protect and grow that resource.
240. Only the Gente de Valor project was evaluated by IOE among those completed under the ICO. The project aimed to improve the social and human capital and enhance the productive and market development while addressing the water scarcity. The evaluation found the project's rural poverty impact satisfactory and its effectiveness moderately satisfactory. Overall, the 2015 Country Strategy and Programme Evaluation of Brazil observed that IFAD could do more to strengthen the effectiveness of its entire portfolio.
241. On matters related to cross-cutting issues, the Ministry of Agriculture and Livestock (MAPA) appreciated the value added by IFAD in promoting gender equality and women empowerment, in strengthening ties among traditional communities, and in its focus on knowledge management products.
242. Case study showed that the country presence enabled IFAD establishing good working relationships with key federal government officials, such as the Ministry of Economy, Ministry of Agriculture and Livestock (MAPA), and Ministry of Foreign Affairs as well as State level officials in Bahia. Through these interactions IFAD became a trusted partner to the Government units engaged in agricultural policy dialogue to address the needs of smallholder farmers.
243. Interviews with UN Resident Coordinator's Office and select county representatives of the UN development system showed that IFAD regularly participated in relevant thematic groups of the UNCT (for example, Amazonia), and the contributions to the COVID-19 group by the Country Director was well recognized. The RCO observed IFAD's alignment with the good practices of the UN system, and appreciated the participation and contributions of the CD to UN efforts in the country.

**D.2 ICO Cambodia and Decentralization**

244. Cambodia ICO was established as a CPO-led Office in 2016. A CD for Cambodia was housed in MCO-Hanoi since 2018. The current CPO has been with the ICO since its inception. The ICO benefits from the support provided by MCO Hanoi, particularly for administrative, technical and fiduciary support.
245. From 2016 to date, the ICO has implemented a total of 5 projects with US\$273million in IFAD loans and grants and mobilized US\$579million as domestic and international co-financing. In Cambodia, IFAD projects have focused on poverty reduction through value chain development, access to extension services by farmer organizations, increasing farmers' incomes and assets, improving nutritional outcomes and increased participation of women in rural institutions. IFAD's portfolio has had high participation of women in beneficiary groups.
246. The Cambodia case study showed that IFAD was well aligned with Government's own Decentralization policy. It was one of the first major IFI to channel investments through emerging decentralized structures and frameworks of the country. It worked closely with the provincial representatives, local governments and local partners as well as the central government.
247. The office collaborated well with the UN system and other relevant actors. For instance, it collaborates with FAO on activities to promote rural agriculture sector related KM and policy dialogue; the MDBs in the country, such as the AIIB, have also expressed interest in working with IFAD given its ability to attract funding from agencies such as Green Climate Fund.
248. The Ministry of Agriculture, Forestry and Fisheries (MAFF), Ministry of Rural Development (PDRD) and Ministry of Commerce (MoC) noted the contributions of the ICO in establishing knowledge management platforms for key rural stakeholders and the private sector, providing quality technical assistance, and its tailored support to smallholder farmers and vulnerable groups in rural areas. Through the ASPIRE project, IFAD supported establishing a formal stakeholder platform for IFAD- funded projects. This platform provides a forum for farmer organizations, the private sector, local NGOs and Government officials to meet regularly to discuss bottlenecks, lessons learned, and new pathways for achieving effective project results. Interviewees observed that the platform has contributed to improved management and effectiveness of the project. For knowledge management, the ICO also promotes the participation of project partners and beneficiaries in training and learning best practices of rural interventions in the region at least every three months.
249. IFAD's contributions to the policy dialogue has been limited due to the limited human resources available for non-lending activities. An example of IFAD's engagement in the policy dialogue despite the resource constraints is its participation in the Technical Working Group on Agriculture and Water. This working group provides a conduit for IFAD to contribute to shaping the country's rural development policies.
250. Case study interviews showed that the contextual knowledge of the CPO has contributed to better design and supervision of projects and improved results on the ground. The long tenure of the CPO (6 years) that allowed sufficient time to build trust and partnerships, his technical and project management competency, and government's commitment to rural agricultural development and ownership of IFAD-funded projects were some of the key factors that contributed to the development successes achieved by the ICO.

**D.3 ICO Ethiopia and Decentralization**

251. IFAD established country presence in Ethiopia in 2005 and in 2010 a Country Programme Manager (CPM) was out-posted. In 2012, the office was upgraded to a Hub (that became a Multi-Country Office (MCO) in 2021) that covered the portfolios of Ethiopia, Eritrea and South Sudan. The current office workforce comprises 9 staff, including a MCO/country director for Ethiopia (commenced 2021) and a CD for Eritrea and South Sudan (commenced 2020). For support functions, the office relies on staff located in HQ, RO in Nairobi, MCO in Johannesburg, and Kampala.
252. The ICO has delivered altogether 13 projects during the period 2005-2022, with total IFAD loans of US\$690million and the domestic and international cofinancing of US\$1,253 million.
253. Representatives from the Ministry of Agriculture noted that the close collaboration with ICO led to improvements in project relevance, effectiveness (through improved quality of design and supervision and capacity building, and efficiency (through better alignment of IFAD procurement practices with government requirements, and reduced delays by faster loan applications and “no objection” processing). For example, the Rural Financial Intermediation Programme RUFIP III (2020-2026), with a total budget of USD300.6million (IFAD contribution USD39million), has contributed to considerable expansion of smallholder access to finance in rural areas, and income growth of 18% (from the baseline and engendered the establishment of the Association of Microfinance institutions.
254. IFAD country presence also facilitated productive collaboration with the donor community. For example, IFAD was a co-chair of the Minister-level government/donor working group on Rural Development & Food Security (RED&FS) during the past two years; IFAD is also co-chair of the donor-government Task Force on Water, which promotes coordination among partners. In the UN system, there was evidence of collaboration with UN agencies, in particular with FAO. For example, interview with the FAO Representative, highlighted that in (pre-war) Tigray Region FAO provided technical assistance to boost productivity of IFAD-funded projects. IFAD was also active in the UNCT, especially on issues of climate resilience, showing its demonstrated compliance with the Paris Agenda which it exercises well under the RED & FS partnership.
255. Ethiopia has undergone decentralization of its own and delegated responsibilities for rural development to its 9 Regional States. Many IFAD-funded projects are implemented by Regional State officials and peoples’ institutions. The ability of IFAD to establish close relationships with relevant officials at the Regional State level would not have been feasible without country presence. They were also in a position to cooperate better with Regional State officials as they advocated for enabling policies with the federal government. This was confirmed by the officials of the government, UN system, MDBs, and research institutions interviewed.

#### **D.4 ICO Sudan and Decentralization**

256. Sudan ICO was established in 2005 and became a CD-led office in 2017. Since its establishment, the ICO has supported the delivery of 13 projects with IFAD loans and grants totalling US\$336million and US\$248million from domestic and international co-financing.
257. IFAD-funded projects addressed key rural development challenges in Sudan and focused on community-level capacity development, women's empowerment, natural resource management and governance. Interviewees in the Ministry of Animal Resources and Fisheries and the Ministry of Agriculture and Forestry indicated that they were satisfied with the support provided by the ICO, its responsiveness to the country context, and its relationship with project implementation units. Government officials also noted with appreciation ICO's uninterrupted support and efforts to ensure the continuity of project activities in the aftermath of a conflict-related crisis and an unexpected change of government within the past two years. They also noted that the limited human resources of the ICO was a concern and more capacities to support procurement and M&E activities were needed.
258. Evaluative evidence shows that IFAD-funded projects generated results in crop and livestock production and natural resource management and had significant impact on human and social capital, and empowerment of rural communities and women. Projects also contributed to notable progress in gender representation, women's engagement in public life, and enhanced their voice in community decision-making. IFAD interventions helped reduce conflicts around natural resources by strengthening and promoting community-level institutions and dispute-resolution mechanisms. [CSPE 2018 and Case study]
259. Overall, IFAD's operations have had substantial policy dialogue achievements, particularly in supporting policies towards improved access to rural finance by women, governance of natural resource management and national value chain strategy. For example, the Butana Integrated Rural Development Project (BIRDP) helped establish a natural resource governance framework, developed capacities at the institutional and community level, and improved target group to access markets and other services. More work was needed to develop Government's institutional capacity to make effective use of analyses and studies, to inform and adopt new policies and implement them. [CSPE 2018 and Case study]
260. UN Agencies recognized IFAD's added value and its close collaboration with the Rome Based Agencies. A joint operation with WFP is in the pipeline and IFAD and FAO also collaborated in select projects with FAO providing training support. ICO efforts to promote KM declined somewhat after 2019 following the departure of the staff member supporting KM. Regular meetings of all project coordinators convened by the CD provided a platform to promote cross-project learning.
261. Government officials indicated that country presence significantly contributed to the achievements of the ICO. ICO presence enabled daily communications with officials at the federal and State levels that was necessary for smooth implementation coordination and close contact with beneficiaries. The presence also allowed for a better contextual understanding of rural development challenges.
262. IFAD's country presence is characterized by long-tenure of CPO and by CDs/CPMs being in-post for sufficiently long time. Government representatives at the central and federal levels noted the quality and commitment of the ICO staff. Though there were frequent changes to the government, the bureaucracy responsible for implementing IFAD-funded projects stayed relatively stable throughout the presence of IFAD in the country. The long-tenure of CPO and his networks within the bureaucracy facilitated building trust and working relationship with decision-makers. The seasoned and experienced CD/CPMs working to establish partnerships

with the UN system and donors, a CPO with robust working relationships with decision-makers and beneficiary organizations, and a stable bureaucracy committed to rural agriculture and exercising ownership of IFAD-funded projects were all instrumental in the lending and non-lending achievements of IFAD in Sudan.

### **D.5 ICO Vietnam and Decentralization**

263. The ICO was established in 2005 and became a CD-led Office and upgraded to a Hub in 2016. The current CPO joined the ICO in 2005 and the CPA in 2012. The ICO has also benefited from the services of experienced CDs who served their full tenure of duration in post. The veteran CPO was instrumental in establishing key networks with relevant government decision makers and beneficiary organizations while the CDs provided high-level partnerships with UN system, donors and the senior decision makers.
264. Projects funded by IFAD contributed to sustainable poverty reduction and strengthening climate resilience of poor and near-poor farm households, while promoting participatory planning and private sector involvement. The ICO has delivered 17 projects involving IFAD loans totalling \$420.4million, and \$281million domestic and international co-finances.
265. The Ministry of Agriculture and Rural Development (MARD) and the Ministry of Planning and Investment (MPI) noted the technical contributions of the ICO in reviewing and formulating policies and approaches to grassroots level rural development, such as the Action Plan for Green Growth Strategy and National Strategy for Rural Agricultural Development. The high-level officials interviewed in these ministries rated IFAD as among the top five of the 40+ international agencies in terms of rural agricultural development expertise. The ministries recognized the multidimensional impact achieved by IFAD-funded projects at the grassroots level.
266. IFAD has also contributed to mobilizing smallholder farmers into Farmer Unions and establish producer cooperatives at the village level. The effectiveness of these networks were recognized by the World Bank in Vietnam, which relied on them to strengthen its interventions. The ICO has established close working relationship with the UN system in the country as exemplified by the recent joint efforts with FAO and UNIDO to provide Post-COVID relief to rural farmers.
267. Vietnam is also undergoing decentralization and is in the third and final phase (2021-2025) - the earlier phases were 2011-2015 and 2016-2020. Under decentralization, responsibility for rural development, including implementation of agricultural projects funded by donors and IFIs, was delegated to Vietnam's 58 Provinces. The ability of IFAD to establish close relationships with relevant officials at the decentralized level would not have been feasible without country presence. They were also in a position to cooperate better with the provincial officials as they advocated for enabling policies with the central government. This was confirmed by the officials of the government, UN system, MDBs, and research institutions interviewed. These relationships and partnerships led to the achievements for which IFAD came to be recognised.
268. The officials also noted the limited authority of the ICO to make decisions compared with MDBs and the UN system and the need for the ICO to be ready to meet the emerging sectoral needs in Vietnam, such as digital agricultural technologies.

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10 AC leaders and members

7 AC leaders and members

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Natural Community Leader  
GM of Motobus Region for Youth  
Graduates  
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Eldessouki Village  
FAO Coordinator  
Chairman of the Board of AC Elsayed  
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Dev Committee member & Treasurer, Agaila Kharbash Community - Om Rawaba Locality  
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Nguyen Thi Nu	Official responsible for IFAD, Ministry of Finance
Nguyen Minh Tien	Chief of National Coordination Office of NTP-NRD   Project Director, IFAD ICT grant project, Ministry of Agriculture and Rural Development (MARD)
Nguyen Thi Dieu Trinh	Deputy Director General, Foreign Economic Relations Department, Ministry of Planning and Investment (MPI)

Pham Hoang Mai

Dao Thi Lan Anh  
Huynh Nghia Tho  
Nguyen Khac Han  
Vu Thi Hong Thuy  
Do Thi Minh Hoa

Ha Minh Quang

**UN System, IFIs and Donors**

Stefania Dina

Rémi Nono Womdim  
Nguyen Song Ha  
Hoang Mai Van Anh  
Shin Umezu

Le Thanh Forsberg

David Callander  
Hardwick Tchale

**CSOs**

Hoang Thi Lua  
Pham Van Luong  
Nguyen Quang Tan  
Tran Thi Quynh Chi  
Tran Cong Thang

Truong Thi Thu Trang

Dao The Anh

Alex Downs

**Beneficiaries**

Ha Thi Ngan

Trieu Thi Ly

Ha Thi Lieu  
Hoang Van Thuy  
Luu Van Quang  
Nguyễn Thị Hoan  
Nguyen Thi Minh  
14 beneficiaries

**UN system, IFIs (Comparative Study)**

Prajesh Bhakta

Director General, Foreign Economic Relations Department, Ministry of Planning and Investment (MPI)  
Project Director, Ha Giang CPRD  
Project Director, Tra Vinh, CSAT  
Project Director, Ben Tre, CSAT  
Project Director, Cao Bang CSSP  
Deputy Chairwoman, Provincial People's Committee Project Coordination Unit  
Head of PCU Office, Bac Kan PCU

Senior Natural Resources and Agriculture Specialist, ADB  
Country Representative, FAO  
Assistant (Programme), FAO  
Programme Officer, UNIDO  
Head of RCO, United Nations Resident Coordinator (UNRC)  
Results and Partnership Specialist, United Nations Resident Coordinator (UNRC)  
Senior Social Development Specialist, WB  
Senior Agricultural Economist, WB

Programme Manager, Helvetas  
Viet Nam Country Director, Helvetas  
Viet Nam Country Coordinator, ICRAF  
Asia Director - Landscape, IDH  
Director General, Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)  
Director, Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD)  
Vice President, Viet Nam Academy of Agriculture Science (VAAS)  
Business and Investment Officer, Asia, SNV

Director of Women's Development Fund, Bac Kan Women's Union  
Deputy Director of Women's Development Fund, Bac Kan Women's Union  
Chairwoman, Bac Kan Women's Union  
Official, Bac Kan Farmers' Union  
Chairman, Bac Kan Farmers' Union  
Director, Tai Hoan Cooperative  
Director, Tan Thanh Cooperative  
Farmers' Collaborative Group

Lead Country Programme Coordinator in VP Office, AFDB

Cristina Amaral	Special advisor to Laurent Thomas, Deputy Director-General, FAO
Rodrigo De La Puerta	Director, Logistics Services Division, CSL, FAO
Giovanni di Cola	Special Adviser to DDG Field Operation and Partnership Portfolio, ILO
Craig Russon	Senior Evaluation Officer, ILO
Andrew Fyfe	Head of Evaluation, UNCDF
Xavier Michon	Deputy Executive Director, UNCDF
Anne-Marie Deutschlander	Principal Situation Coordinator for South- Eastern Europe, Regional Bureau for Europe, UNHCR
Stina Elisabet Woess Ljungdell	West Africa Director Multi-Country, UNOPS
Worknesh Gonet	Director of UNOPS Ethiopia Operational Hub (ETOH), UNOPS
Humberto Lopez	Operations Colleague for front line contact, from Africa Region, World Bank
Rebecca Oh	Director, Strategy and Budget, World Bank
Poyyapakkam Ravi	Chief Administrative Officer, Africa Region, World Bank
Wei Wang	Director, Human Resources, World Bank

<b>Total number of IFAD staff interviewed</b>	<b>226</b>
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<b>Total number of external stakeholders interviewed</b>	<b>460</b>
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## 134<sup>th</sup> EB session: decisions related to Decentralization

### Extracts from Agenda item 4, (a) (i) and (ii)

#### I. Agenda item 4 - Corporate

#### (a) Programme of work and budgets of IFAD and the Independent Office of Evaluation of IFAD

#### (i) IFAD's 2022 results-based programme of work of regular and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2022 and indicative plan for 2023-2024

##### Outcomes:

- The Executive Board approved the programme of work for 2022 at a level of up to SDR 846.28 million (US\$1,200 million), which comprises a lending programme of SDR 828.65 million (US\$1,175 million) and a gross grant programme of SDR 17.63 million (US\$25 million). It is noted that the programme of loans and grants has been approved at this level for planning purposes and will be adjusted as needed during 2022 in accordance with available resources;
- The Executive Board considered options A and B set out in the conference room paper ([EB 2021/134/C.R.P1](#)) and decided to submit option B for approval by the Governing Council in 2022 in respect of IFAD's 2022 results-based programme of work and regular and capital budgets. In so doing, the Executive Board recommended that the Governing Council approve the administrative budget comprised of:
  - First, the regular budget of IFAD for 2022 in the amount of US\$166.93 million;
  - Second, the capital budget of IFAD for 2022 in the amount of US\$6.5 million; and
  - Third, the budget of the Independent Office of Evaluation of IFAD for 2022 in the amount of US\$5.85 million.
- Management will also ensure that adjustments are equitably distributed among departments. The Board noted that this significant real increase in the regular and capital budgets is being approved on an exceptional basis to support the costs associated with Decentralization 2.0 and the dynamic workforce planning exercise and does not set a precedent for future budget discussions. Therefore, budget execution in 2022 should not pre-empt increases in the budget envelope for subsequent years;
- The Board called upon Management to:
  - Enhance the budget formulation process, including through the provision of a medium-term budget outlook;
  - Ensure costings are provided for all new strategies and policies to avoid future discussions being purely rhetorical and instead base them on a comprehensive understanding of the objectives of new strategies and policies and their associated costs; and
- The Executive Board further recommended for approval by the Governing Council at its forty-fifth session the carry-forward of unobligated appropriations at the close of the 2021 financial year into the 2022 financial year up to an amount not exceeding 5 per cent of the corresponding appropriations, on an exceptional basis with the understanding that this exceeds the 3 per cent cap

- stipulated in the Financial Regulations of IFAD and with the expectation that the carry-forward from 2022 to 2023 will return to below the stipulated level;
- Furthermore, the Executive Board wished to submit to the Governing Council at its forty-fifth session for information:
    - The substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Initiative; and
    - A progress report on implementation of the performance-based allocation system (PBAS), based on the report provided in part four of document EB 2021/134/R.3/Rev.1.
  - Further discussion would be held with the Working Group on the Performance-Based Allocation System to finalize the country allocations for the IFAD12 period and a final proposal would be presented to a special session of the Executive Board for approval

## **(ii) Update on IFAD's Decentralization 2.0**

### **Outcome:**

- The Executive Board reviewed and welcomed document [EB 2021/134/R.5](#) containing updates on the Decentralization 2.0 exercise and looked forward to the additional information requested from Management.
14. The Board considered the proposals for the IFAD and Independent Office of Evaluation of IFAD (IOE) programmes of work and budgets for 2022 and the update on Decentralization 2.0 together, the latter being the main driver of the requested increase in IFAD's budget.
  15. The Chair informed the meeting that the indicative IFAD12 allocation of PBAS and Borrowed Resource Access Mechanism (BRAM) resources was being developed and would be put forward for consideration to the PBAS Working Group and subsequently submitted to the Executive Board for approval at a special session to be held prior to the Governing Council session.
  16. The Board took note of the summaries provided by the Chairpersons of the Audit and Evaluation Committees. Both committees had expressed support for the work done in the preparation of budgets proposed for 2022 by IFAD and IOE. However, major reservations had been expressed during the amount of the proposed carry-forward.
  17. In a joint statement, List A recalled that while some members could accept the proposed budget increase. While recognizing the planned implementation of reforms in 2022 and efforts to double its impact by 2030 bearing in mind that the associated drivers might have an impact in the form of future budget increases.
  18. In a joint statement, List C expressed support for the revised budget at a level of 5.24 per cent nominal increase (option A) and urged members to ensure that IFAD was adequately resourced in order to invest in recovery, in rebuilding and in strengthening resilience.
  19. Board members voiced their support for the IOE work programme and budget and welcomed the proposal for 2022. A robust evaluation function was key to enabling the Fund to achieve a higher level of development effectiveness and efficiency.
  20. Members expressed appreciation for the information provided in the Decentralization 2.0 document and reiterated their strong support for the decentralization process as a means of increasing IFAD's impact at country level. Clarifications were sought with respect to, inter alia, the criteria adopted.
  21. Management advised that a number of factors were taken into consideration when selecting locations for country and regional offices, such as the size of the portfolio,

future business, complexity, development challenges, knowledge management and partnership opportunities, accessibility and living conditions for IFAD staff and in particular the availability of a host country agreement. In-country presence had a proven impact on improved relations with governments and other partners, thus positively influencing policy engagement as well as capacity-building, developing new partnerships and fostering ownership and sustainability of benefits.

22. After rich discussion and consultation among representatives and Management, a revised budget proposal was presented by Management with the aim of striking a balance between the need to support IFAD's organizational evolution and reform (option B).
23. Sub-List C1 and a number of Member States expressed their preference for option A as set out in conference room paper 1 but, in the spirit of consensus-building, agreed to endorse option B as presented by Management.
24. The representative of the United States advised that her country could not join in the consensus approval of the IFAD budget proposal.
25. The representative of France requested that the minutes reflect that the increase in the budget was to be considered exceptional and justified by the decentralization process, which had incurred one-off cost increases. The increase did not in any way constitute a precedent for IFAD or for other international organizations.
26. Noting the concerns expressed regarding the proposed carry-forward level, which exceeded the ceiling prescribed in the financial regulations, Management committed to ensuring that the carry-forward from 2022 to 2023 would return to below the ceiling.

## Senior independent adviser's report

### *Statement of Rob D. van den Berg on the final report of the Corporate Level Evaluation on IFAD's Decentralization Experience 2023*

This is an important and highly interesting evaluation that provides food for thought and a solid basis for decision making. It follows international best practice in how a corporate evaluation of this nature should mix methods, provide insight in what happened and offer inspiration for the future. I have found the analysis in general to be of a high level and providing a solid basis for its conclusions and recommendations. I have had a full interaction with the evaluation team and am convinced of their dedication to bring the best possible evaluation to IFAD at this moment in time.

Decentralization has been a voyage of discovery for all organisations that have undertaken it. Overall, the report provides a solid perspective on the trials and tribulations of decentralization in IFAD. Its findings are very much in line with findings of decentralization processes in other organisations. I have had the privilege to be involved in decentralization in Dutch development cooperation in the nineties of the previous century. In general, many bilateral donors, foundations, and INGOs decentralised before international organisations did. The report captures the latest insights in how a process like this needs to be evaluated. This evaluation learning lessons continues to be of key importance in such efforts, to enable the Board, management and staff to focus on what needs to be done in the next phase. I fully agree with IOE that the report does not undermine decentralization as such. The evaluative evidence for decentralization has been overwhelming, first from bilateral donors, followed by a selection of INGOs and Foundations, followed by international organisations and more recently by the World Bank. Decentralization is fully in line with ensuring coherence with country priorities. I hope that the findings and lessons learned from this evaluation will provide IFAD with inspiration to continue on the chosen path, even stronger and more successful. The report is a state of the art exercise that brings a wealth of information, evidence and lessons learned to contribute to further work.

There is more evaluative work to be done in the future. Impact and sustainability are not tackled in this evaluation. While this was a formative evaluation, aiming to learn from what happened, learning whether there is progress towards impact and sustainability is also of key importance, and IOE has the analytical tools to work further on this, together with management. In fact, IOE will only be able to evaluate impact and sustainability in evaluations like this one if these concepts have been better defined in IFAD practice. Impact is not just a causality question; it is also the question whether progress can be noted towards societal and rural changes that go in the direction of systemic changes that improve rural development and reduce rural poverty, while in a sustainable balance with local and global environmental resources. Many policy measures now have increasingly long-term perspectives, like ensuring climate change remains within limits that societies and economies can adapt to. These long-term perspectives warrant more attention for impact and sustainability indicators that would tell IFAD whether its investments support solutions to longer-term problems. A formative evaluation of such indicators could contribute to fine-tuning of indicators and ensuring they would be used in the right way in investment decisions.

This could be linked to further efforts to identify risks and for risk management, the need for which emerges clearly in the report. Risks and risk management are by definition forward-looking in nature, and describe potential scenarios that would lead to lower effectiveness and efficiency; it would be in line with current developments in evaluation and especially in climate change action to combine increased attention for impact and sustainability with a stronger approach on identifying the risks associated with these.

It is important to note that the issue of efficiency versus effectiveness is discussed thoroughly in the report. While there is no noted improvement in efficiency, effectiveness has increased. This is somewhat counterintuitive, as lower efficiency tends to lead to

lower effectiveness. The evaluation literature and practice have many examples of how this has worked out in cases where investments and interventions aimed to solve complex problems by involving all partners that should be included to reach a solution. These partnership programmes are often necessary to work on societal and economic change that is acceptable to a wide range of societal partners. Such partnerships are generally evaluated as more effective in reaching broad consensus on solutions, and more effective in implementation. They are also less efficient, as to get a wide range of partners to agree on joint action can take time, and involving many partners has higher transaction costs. What is important to note is that efficiency indicators and rules for partnership programmes should be different from efficiency indicators and rules for project interventions that will be delivered by one or two agencies or consultancy firms. This differentiation in efficiency indicators is not yet standard practice in international, bilateral or country level organisations. IFAD could potentially help on this issue, as it is moving in the direction of more complex interventions, for example through including climate change issues. This work on better efficiency standards for complex multi-party investment programmes could be a collaborative issue for IOE and management.

It was good to see that there was a strong interaction between management and IOE on factual errors in the report. This is always a challenging issue for evaluations. A solid process needs to be in place to ensure factual errors are tackled. I was also very much impressed by the thoroughness of the audit trail.

My final conclusion is that this report offers a wealth of information, analysis and data for IFAD to include in its decision-making processes for decentralization.