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Enabling poor rural people
to overcome poverty

IFAD Country Presence Policy and Strategy

Note to Evaluation Committee members

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Executive Board — 102nd Session
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For: **Approval**

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Abbreviations and acronyms

AfDB	African Development Bank
AsDB	Asian Development Bank
CDF	Comprehensive Development Framework
CPE	country programme evaluation
CPM	country programme manager
CPO	country programme officer
FPPP	Field Presence Pilot Programme
M&E	Monitoring and Evaluation
RB-COSOP	Results-based Country Strategic Opportunities Programme
UNDAF	United Nations Development Assistance Framework

Executive summary

1. In response to the decision taken by the Executive Board in September 2007 (EB 2007/91/C.R.P.2), this paper proposes a country presence policy and strategy for the consideration of the Executive Board.
2. IFAD's country presence was initiated in 2004 with 15 offices and a budget of US\$3 million for three years under the Field Presence Pilot Programme (EB 2003/80/R.4). Following an independent evaluation in 2007, 15 additional offices were approved. Of the 30 approved so far, 29 offices have been established. Country offices are led either by country programme managers (CPMs) outposted from headquarters or national officers recruited locally. A regional office has been established in Nairobi, Kenya, to provide loan administration and other services for the region. IFAD does not maintain separate facilities for its country offices, which are hosted by other United Nations agencies, mostly by the United Nations Development Programme (UNDP). So far, nine host country agreements have been signed, and the remainder are at various stages of progression. Country offices have been provided with 63 staff members, to whom IFAD has begun to issue direct contracts. Six CPMs are currently outposted, compared to 12 planned. The administrative and programmatic costs associated with country offices have now been fully integrated into IFAD's administrative budget. Significant progress has been achieved in terms of adapting financial management systems and extending information technology services to the country offices. In addition to an induction programme, staff have received training in supervision and procurement.
3. The estimated cost of the country offices in 2010 is US\$6.5 million, of which more than 71 per cent is for staff salaries and related expenses. Estimated total savings owing to the lower staff cost profile in the country offices, compared to the cost profile for IFAD headquarters in Rome, are an estimated US\$6.24 million (about half the cost of equivalent staff based in Rome).
4. Evidence gathered during the IFAD Management self-assessment shows that IFAD's country presence has had a positive impact on all four interrelated focus areas of work: country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation. This impact is particularly pronounced in the area of implementation support, as shown by improvements made in countries with country offices compared to those without. Implementation performance – achieving loan effectiveness, making first disbursements and achieving higher disbursement rates during implementation – is better in countries with country offices than in those without. Without a cadre of staff located in-country, IFAD's transition to direct supervision would likely have been less effective. Similarly, the country presence has provided IFAD with an opportunity to meet more regularly with partners in-country and allowed for greater participation in both government- and donor-led thematic groups. It has also facilitated more intensive knowledge management activities through inter-project exchange of knowledge and experiences.
5. A review of project and country programme evaluations conducted in recent years by the IFAD Office of Evaluation also shows that countries with a country presence perform much better on key dimensions. Other international financial institutions consider their country presence to be an integral part of the organization. The shift in IFAD's basic operating model in recent years – towards enhanced development effectiveness through direct project supervision, better alignment with national systems, increased focus on partnership building and policy dialogue, and better knowledge management – further justifies a strengthened country presence by IFAD.

6. In light of the foregoing, this paper proposes that the Executive Board approve:
(i) the adoption of a **policy** of establishing country offices in recipient countries where they can contribute to improved development effectiveness and cost efficiency; (ii) the adoption of a medium-term **strategy** to establish 10 additional country offices by the end of 2013; and (iii) establishment of five new country offices in 2011, as proposed in the budgetary framework approved by the Board (EB 2010/101/R.2/Rev.1).

Recommendation for approval

The Executive Board is invited to approve the following decision:

The Executive Board,

Having considered the IFAD Country Presence Policy and Strategy,

1. Decides to:

- (a) **Adopt** a country presence policy, as set out in this document, of establishing country offices in recipient countries where they can contribute to improved development effectiveness and cost efficiency;
- (b) **Adopt** a medium-term country presence strategy, as set out in this document, lasting up to 2013; and
- (c) **Establish** five new country offices in 2011, as proposed in the budgetary framework approved by the Board (EB 2010/101/R.2/Rev.1).

2. Calls for:

IFAD Management to report in future on progress made, within the above policy and strategy, in establishing new country offices or closing existing ones as part of the annual programme of work and budget submitted to the Executive Board for approval.

IFAD Country Presence Policy and Strategy

I. Purpose

1. The Executive Board, realizing that IFAD's lack of representation in borrowing countries was increasingly placing constraints on its impact, approved a pilot programme to establish country offices in December 2003. The Field Presence Pilot Programme (FPPP) (EB 2003/80/R.4) was initiated in 2004 and evaluated by the IFAD Office of Evaluation in 2006/07. In light of the evaluation findings, the IFAD's Executive Board in September 2007 (EB 2007/91/C.R.P.2):
 - (a) Decided to continue 15 country presence initiatives, with further experimentation within these 15 of different models; and
 - (b) Instructed Management to undertake a self-assessment of the country presence in 2010, and present a country presence strategy to the Board in 2011.
2. This paper proposes a country presence policy and strategy and presents a summary of Management's self-assessment of the country presence performance to date, which informed its preparation.

II. Origin and evolution of country offices

3. The original intention in establishing IFAD was for the Fund to work through and with existing international financial institutions (IFIs) and United Nations agencies to the extent possible, rather than have its own local representation. These principles governed the Fund's organizational structure and modus operandi for over 20 years. However, concerns over implementation performance gradually brought this approach under pressure. The Consultation on the Sixth Replenishment

of IFAD's resources recommended that Management further analyse the issue of enhancing its field presence and submit a proposal to the Executive Board.¹ Subsequently, in December 2003, the Board approved the FPPP,² which was to be implemented over three years with an approved budget of US\$3 million.

4. The FPPP was intended to improve IFAD's catalytic role in the countries, strengthen the impact of its activities on the socio-economic conditions of the target group, and build local capacities. This goal was to be achieved by strengthening IFAD's capacity in four interrelated areas – country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation.
5. Upon the FPPP's approval, Management undertook a commitment to carry out an independent evaluation after three years to inform future decisions on whether to "continue, expand, end or otherwise modify the Field Presence Pilot Programme" (EB 2003/80/R.4). This evaluation, undertaken by the independent IFAD Office of Evaluation, found that IFAD's achievements in terms of country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation were markedly better in countries with a field presence than in comparator countries without.³ In view of these results, in 2007 the Executive Board decided to continue with the country presence programme, with further experimentation with different models, including outposting of country programme managers (CPMs).⁴ Subsequently, in 2008, the Board agreed to expand the programme by upgrading seven informal ("proxy") country presence arrangements to country offices and establishing three additional country offices.⁵ This was followed in 2009 by the approval of an additional three offices,⁶ taking the total number of approved country offices to 30. Of these, 12 are expected to be led by internationally recruited CPMs.

III. Summary of Management self-assessment findings

6. In line with the decision of the Executive Board (paragraph 1(b) above), a Management self-assessment of IFAD country presence was carried out in 2010. It looked mainly at the performance of IFAD country offices in contributing to the four interrelated dimensions of outputs and outcomes (see paragraph 5 above). In addition, impact on project efficiency and the quality of IFAD administration support were also assessed.
7. The opening of IFAD's country offices overlapped with major changes in its operating model. Significantly, direct supervision has become an important operational instrument for IFAD. This has provided an added reason for expanding and strengthening country presence since IFAD's ability to effectively supervise its projects, and provide them with ongoing implementation support, would not have been feasible without the country offices. An attempt was made to isolate the effects of direct supervision and country presence by comparing the performance of countries with and without country offices. In many instances, however, the results are not easily attributable to one or the other instrument – a situation faced by other IFIs as well. The self-assessment findings (see annex I) are summarized below.

A. Country presence programme objectives and selection criteria

8. In view of the objectives set for the country presence, as agreed for the pilot phase, the 2007 evaluation (report 1893, July 2007) found that the FPPP was underresourced. In response, IFAD Management has tried, first, to narrow down the

¹ REPL.VI/5/R.2, page 22.

² Document EB 2003/80/R.4.

³ IFAD Office of Evaluation, 2007. Evaluation of IFAD's Field Presence Pilot Programme. Report 1893. July 2007.

⁴ EB 2007/92/R.47. Activity plan for IFAD's country presence. November 2007.

⁵ EB 2008/95/R.9/Rev.1. Progress report and activity plan for IFAD's country presence. December 2008.

⁶ EB 2009/98/R.11. Progress report and activity plan for IFAD's country presence. November 2009.

focus areas for country presence, and second, to provide additional resources where programme-related workload is high. The self-assessment findings point to the need to further narrow down priority areas for country presence work. At the outset of the pilot phase, the Executive Board agreed on key selection criteria for countries to have a country presence⁷. The self-assessment found that these criteria have been respected. The main criterion during the expansion phase was programme size. Countries in special circumstances, such as fragile states and those with poor performance, were also selected. Almost 75 per cent (24) of the country offices are located in Africa or Asia, and over 50 per cent are in sub-Saharan Africa.

B. Organization of the country offices

9. Of the 30 country offices approved thus far, 29 were operational by 2010. Given the prevailing security situation in Guinea, IFAD has been unable to establish an office there. Of the 12 CPMs who were to be outposted to country offices by end-2009, four were in post by end-2008 (Colombia, Panama, the United Republic of Tanzania and Viet Nam), and three were added in 2009 (Ethiopia, Kenya and The Sudan). The office in Colombia was closed at the end of 2009, with the outposted CPM returning to headquarters. Recruitment of international staff to serve as outposted CPMs has been slower than anticipated. The length and complexity of the national accreditation process, over which IFAD does not have full control, has contributed to the delay.
10. Currently, the country offices fall into three basic categories. Under the first model, a country national is employed as the country programme officer (CPO). Under the second model, the CPM is outposted to the country office. Third, as in Kenya, the country office serves as a regional service centre to support intraregional initiatives complemented by Professional staff with specific expertise. In this model, the country programme component is headed by the CPM. There is also a unit responsible for loan administration for all countries in the region. As an additional variant, a limited number of offices were designed under the pilot to cover two countries⁸. Experience shows, however, that two countries are not as effectively covered by a one-person office.
11. The status of other institutional arrangements and human resource management is as follows:
 - (a) Nine host country agreements have been signed and two are being finalized. The average interval between the initial note verbale to signing is about one year;
 - (b) Currently the United Nations Development Programme (UNDP) is hosting most of the country offices (16 of 27 hosting agreements signed), and a framework agreement has been signed with UNDP headquarters to govern this cooperative effort. However, many offices find that the services provided are only moderately satisfactory;
 - (c) The country offices currently have a staff of 63 – about 8 per cent of IFAD's workforce of 758; direct contracts are now being issued for locally recruited CPOs and General Service staff;
 - (d) The planned outposting of international CPMs to country offices is behind schedule. While the length and complexity of the accreditation process has played a role in this delay, a lack of incentives is also cited. The human resources policy concerning outposting and re-entry/rotation is being revised.

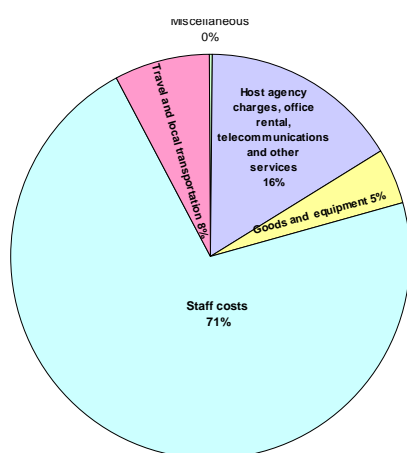
⁷ These included: high levels of poverty, particularly in rural areas; sufficiently conducive environment at the level of government and other development partners; identified need to strengthen the policy and institutional environment in favour of the target group; adequate prospective IFAD portfolio size; and adequate regional distribution.

⁸ These include China/Mongolia and Senegal/The Gambia.

12. In terms of other financial management, considerable progress has been made. The administrative and programmatic costs associated with country offices are fully financed from the regional divisions' budgets. The use of the annual workplan and budget template has improved financial reporting by country offices. The self-assessment exercise also showed that there may be more opportunities to channel programmatic expenditure through the country offices and streamline a variety of advance payment systems. A country office handbook is now being finalized.
13. Significant progress has been made on extending IT systems and services to the country offices, including access to: (i) internal web-based systems such as the withdrawal applications system, project status reports online, the document repository (xdesk) and the Electronic Records Management System (ERMS); (ii) PeopleSoft and the corporate email system; (iii) the Corporate Services Department (CSD) and Financial Operations Department (FOD) intranet and non-web-based applications; and (iv) locally installed versions of the Loans and Grants System (LGS) and the Project and Portfolio Management System (PPMS). Access to the LGS has been particularly helpful to the East and Southern Africa Division (ESA) and the Controller's and Financial Services Division (CFS) in processing withdrawal applications to the Kenya office.
14. Country office staff have been trained mainly through participation in supervision and design missions. An induction seminar was provided recently and most professional staff have participated in corporate training on supervision. Seven country office staff members also attended training recently on procurement. With the improvement in IT facilities and the corporate approach and strategy, better communication between headquarters and the country offices has contributed to building a global team that seamlessly includes country presence staff. IT tools are being used to include country staff in IFAD-wide and/or divisional staff meetings on important topics.

C. Cost of country presence and savings

15. The estimated cost (including accruals) of the country offices in 2010 is US\$6.5 million. Salaries for outposted international staff accounted for US\$2.2 million of this amount.⁹ The cost of the regional office in Nairobi, Kenya, was US\$1.3 million, about 20 per cent of country office costs in 2010, and this office accounted for about 35 per cent of international staff costs. Average costs for CPO-led offices were around US\$157,000, while the five CPM-led offices¹⁰ averaged about US\$472,200. Most of the difference between the two models relates to the added unit cost of international staff.



⁹ International staff costs are not incremental, but transfer payments from headquarters' administrative costs.

¹⁰ Includes the office in Ethiopia where final accreditation of the CPM had not been completed.

16. Expenditures in 2010 for 24 country offices break down as follows: 71 per cent for staff salaries and related expenses (including estimated cost of international staff), 16 per cent for host agency charges (rental and building maintenance, service charges, telecommunications and security), 8 per cent for travel and local transportation, and 5 per cent for goods and equipment.
17. Currently there are 63 staff members deployed at the country offices. The breakdown of these staff by levels and type of recruitment is as follows:

<i>Outposted CPMs (international)</i>	<i>Outposted CPAs (international)</i>	<i>Other Professional (international)</i>	<i>CPOs (national)</i>	<i>Other Professional (national)</i>	<i>Support staff (national)</i>	<i>Total</i>
6	3	2	23	7	22	63

Note: CPA: country programme assistant

18. Of the 11 internationally recruited outposted staff, six are outposted from headquarters and thus not incremental. The remaining five represent new recruitments, but on balance the associated cost is equivalent to the costs that would have been otherwise incurred at headquarters. The remaining 52 staff are incremental and present a significantly different cost profile when compared to staff costs at headquarters:
- General service staff of similar rank cost less than one fourth at country offices than at IFAD headquarters in Rome; and
 - When national officers (NO-C and D) are employed rather than internationally recruited staff (P4 and P5) the cost is reduced to about one third.
19. In measuring savings on staff costs, it is fair to assume that in the absence of the country offices these staff members would be working at IFAD headquarters in Rome. Under this assumption, the total savings resulting from posting the staff in the countries rather than Rome – i.e. recruiting staff locally rather than internationally – is US\$4.37 million (see annex VI).¹¹ A much lower cost profile associated with locally recruited staff has thus led to a significant saving on operating costs.

D. Country presence outputs

20. The interrelated four focal areas – country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation – identified for the pilot programme continue to reflect the main intervention areas for country office staff. Respondents to the perception survey rated supervision/implementation support and project design as the most important country office functions, followed by policy dialogue, partnership building, capacity-building and knowledge management. This ranking was confirmed by visits to the country offices and review of progress reports by the staff who undertook the self-assessment. In assessing the performance of country presence, it is important to consider the fact that IFAD's programme of loans and grants has increased steeply over the last five years. This has led to considerable demand for additional staff to design, supervise and provide implementation support to projects.

	2007	2008	2009	2010
Number of projects in ongoing portfolio	196	205	221	234
Of which: directly supervised by IFAD	98	159	186	215
Of which: directly supervised by a country office	61	89	100	117

¹¹ Non-staff costs constitute a relatively small portion of the overall cost and the associated costs in Rome and in the field are assumed to be similar.

21. In terms of **implementation support**, it was found that the country offices have:
- (a) been instrumental in negotiating with governments and other stakeholders on the timing of supervision and implementation support missions, in many cases providing leadership for these missions;
 - (b) more readily followed up on mission recommendations through post supervision visits to the projects;
 - (c) played a key role in prior review of project annual workplans and budgets, withdrawal applications and procurement documents; and
 - (d) worked with project directors to tighten financial management, improve monitoring and evaluation (M&E), and follow up on submission of audit reports.
22. During the one-year period 1 July 2009 to 30 June 2010, country office staff participated in about 75 per cent of supervision and half of implementation support missions. In all, country office staff contributed to close to two thirds of implementation-related missions fielded in their countries. The country offices thus played a crucial role in moving IFAD's direct supervision initiative forward.
23. In terms of **partnership building**, country presence has provided IFAD with an opportunity to meet more regularly with its partners in country. IFAD is a full member of the United Nations Country Team in almost all of the country presence countries and has participated actively in the United Nations Development Assistance Framework (UNDAF) process in most cases. IFAD country presence has allowed for greater participation in both government- and donor-led thematic groups. Over a three-year period, countries with country offices were rated better in terms of harmonization than those without. Similarly, about one third of survey respondents reported at least monthly participation in government-led groups, while the figure reached 60 per cent for donor-led groups. Five of the country presence countries are part of the pilot One United Nations Initiative, two of them headed by an outposted CPM.
24. IFAD country office staff are well placed to identify project experiences that can be used to **influence policies** at national and local levels. The perception survey, to which a broad cross section of CPMs and CPOs responded, confirmed that outposted CPMs engage in policy dialogue much more frequently than CPMs at headquarters without a formally approved country office. About half the respondents felt that IFAD has been relatively successful in reducing institutional obstacles to rural poverty reduction. About two thirds of respondents also felt that IFAD's ability to undertake policy dialogue has improved or substantially improved over the last three years. Those CPMs that engage most frequently in policy dialogue also rated IFAD's ability to monitor or participate in such dialogue as high. In terms of themes, rural finance and natural resource management predominate. The vast majority (about 94 per cent) of respondents perceive the IFAD country programme as aligned or fully aligned with national mechanisms and objectives for rural poverty reduction. The offices in Mozambique, Rwanda and the United Republic of Tanzania continue to play an active role in policy development in the context of meetings of sector-wide approach (SWAp) steering committees.
25. **Knowledge management** activities were found to be focused mainly on interproject exchanges of knowledge and experiences. The country offices have organized team building workshops and annual country programme review workshops. Reviews of the country programme by the country programme management team (which includes representatives of government and other stakeholders) have proved to be an effective way of sharing knowledge about the country programme. A majority of the survey respondents felt that IFAD's country knowledge base has improved or substantially improved over the last three years.

26. The efforts of country offices in terms of **capacity-building** were found to be focused mainly on M&E and financial management. Country visits found that project staff and governments are highly appreciative of the assistance and support provided by country offices. Fairly high turnover among project staff sometimes results in the need for recurrent assistance. Overall, IFAD's country offices are seen in a very positive light by stakeholders; staff are well respected and liked, boosting the organization's profile. Stakeholders expressed the desire for additional staff in country offices.

E. Impact on efficiency

27. As part of the self-assessment process, an analysis of selected survey ratings was carried out to detect any relationship between the existence of country offices and improvements at project level. The results are summarized below:
- (a) On average, countries with country offices perform better than those without in terms of financial management, disbursement, availability of counterpart funds and compliance with procurement procedures;
 - (b) Financial management and procurement are rated significantly better for offices led by a CPO; and
 - (c) Countries with CPM-led¹² offices ranked markedly higher for disbursement.
28. Similar results were noted for loan effectiveness. More specifically:
- (a) Projects in countries with country offices entered into force about one month faster on average than projects in those without;¹³ and
 - (b) Projects in countries with CPM-led offices showed the largest improvement, entering into force on average about three months faster than projects in countries with CPO-led offices and five months faster than those without an operational country office.
29. In effecting first disbursement:
- (a) Countries supported by country offices were found to be one month faster than those without, and about two months faster than the benchmark year; and
 - (b) Projects in countries with CPM-led offices made the first disbursement within a significantly shorter period than for those in other countries.

IV. Independent evaluation findings

30. During the last five years, some 17 evaluations of projects and country programme evaluations (CPEs) conducted by the independent IFAD Office of Evaluation found a strong link between the existence of country offices and improved development effectiveness. The most robust findings were from the six CPEs carried out in 2008 and 2009. The gist of the findings (see annex II) are summarized below:
- (a) Countries with a country presence perform much better on the key dimensions of country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation. For example, in Ethiopia, the CPE observed that the country office "has already made many tangible contributions to implementation support and partnership development". Similarly, the CPE for India found that "the expansion of IFAD's Country Presence Office has contributed to greater efficiency of programme management in recent years."

¹² Care should be exercised with regard to the CPM-led offices due to the small sample size and the fact that the indicators are very project-specific and highly dependent on internal country processes.

¹³ Due to the changes in the General Conditions for Agricultural Development Financing whereby most projects will enter into force on signature, this indicator is not considered to be useful in future.

- (b) Country offices make crucial positive contributions to better identification of problems, timely information flows, improved communication with partners, dialogue with governments and improved M&E. For example, the CPE for Mozambique found that "... country presence has allowed for better dialogue with the Government and enabled IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness as well as the United Nations Delivering as One pilot initiative." Similarly, the CPE for Pakistan noted that "[T]here is wide recognition that the country presence has markedly improved the way IFAD is represented and perceived in Pakistan..."
 - (c) Other IFIs consider their field presence to be essential to their development effectiveness.
31. Independent evaluation also noted the need for augmenting resources. For example, while recognizing the significant contribution made by The Sudan country office, it also indicated the need to allocate increased resources to this office. For Pakistan, the CPE noted that "it is not sufficiently resourced to be able to develop a presence close to the current rural development projects..."

V. Experiences of other IFIs

32. For other multilateral development banks such as the African Development Bank (AfDB), Asian Development Bank (AsDB) and World Bank, country presence has been part of a larger decentralization effort (see annex III). As in the case of IFAD, the country offices of other IFIs are expected to contribute to achieving the organization's overarching goal by:
- (a) Facilitating an understanding of host country issues and priorities, and integrating global and country knowledge into services provided to host countries;
 - (b) Facilitating faster service delivery to host country clients, including supervision and fiduciary oversight;
 - (c) Enhancing policy dialogue; and
 - (d) Improving country ownership and creating partnerships with government and other development stakeholders.
33. Establishment of country offices in other IFIs began earlier and a much larger part of their staff are currently located in country offices. These offices are larger and more varied than IFAD's. For example, the AsDB, serving just one continent, has 27 resident missions and three resident offices, and about 22 per cent of its staff work in the field. Since 1997, the World Bank has succeeded in decentralizing significant work and decision making to its country offices; more than 38 per cent of staff now work at 120 country offices. The AfDB, also serving only one continent, has established 26 offices in regional member states and a regional office, and about 27 per cent of staff work in these offices. In summary, 22 to 38 per cent of other IFI staff are located in-country. IFAD's 8 per cent is much lower.
34. In terms of outcomes and impact, the 2008 AfDB assessment found that the activities of the field offices had contributed to broadening and deepening country dialogue and contributed to a reduction in elapsed time for loan effectiveness, as well as the rejection rate and shortening of the time for procurement and disbursement requests. AfDB's assessment also found that the proportion of problematic projects and projects at risk had fallen in countries with a functioning office. These findings were confirmed by the later evaluation in 2009. This was echoed by the 2007 AsDB evaluation, which also found that the resident missions were effective in support of project design and project administration.

VI. IFAD Country Presence Policy and Strategy

A. Policy framework

35. The evidence available from the IFAD Management self-assessment shows the positive impact of IFAD's country presence in all four interrelated output areas: country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation. Positive impact is particularly pronounced in the area of implementation support, as shown by the improvements made in countries with country offices vis-à-vis those without in relation to various indicators of implementation performance (paragraphs 27-29), including loan effectiveness, date of first disbursement, and subsequent disbursement rate.
36. A review of projects and country programmes evaluated in recent years by the IFAD Office of Evaluation also shows much better performance on these key dimensions (paragraphs 30-31) where there is a country presence. Other IFIs consider their country offices an integral part of the organization and allocate a much larger share of staff resources to them (paragraph 33) than does IFAD. The change in IFAD's basic operating model in recent years to extend direct supervision to IFAD-initiated projects, improve country strategy and alignment with national system,¹⁴ and focus on partnership building, policy dialogue and knowledge management further justifies a strengthened country presence. Finally, given lower costs for staff recruited locally, maintaining a country presence offers opportunities for cost savings (paragraph 18).
37. In view of IFAD's own experience and that of other IFIs, IFAD will adopt a policy of establishing country offices in recipient countries where they can contribute to improving development effectiveness and cost efficiency.

B. Medium-term strategy

38. In the medium term to 2013, IFAD's country presence will be strengthened in response to the expansion in the programme of work, including loans, grants and policy advice, and the consequent need for increased staffing. In this sense, country office staffing will contribute to the realignment of the workforce as envisaged in the Strategic Workforce Plan (EB 2010/101/R.49). This calls for an increase in country office staff, including outposted CPMs. Related outcomes will include proximity to operations and capture of the lower cost profile of nationally recruited staff. Country office staffing will be fully in line with the change in overall IFAD staffing levels under the Strategic Workforce Plan.

C. Country office objectives

39. IFAD's country presence will continue to enhance IFAD's development effectiveness and, to the extent possible, achieve cost efficiency. The country offices will assist in creating an enabling environment for IFAD's operations and strengthening IFAD's role as a key player in reducing rural poverty. They will hold regular consultations with counterparts – line ministries and governmental bodies at all administrative levels, donors and civil society – to enhance the effectiveness and impact of IFAD operations. Country offices will also seek to improve coordination with the government and key development partners to facilitate synergies and a common approach to emerging rural poverty reduction strategies, policies and investment programmes.
40. Development effectiveness will be enhanced by:
- (a) Helping align country strategies and projects with the country context and country plans;

¹⁴ IFAD is a signatory to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.

- (b) Providing cost-effective and timely project supervision and implementation support;
 - (c) Scouting for and helping to disseminate innovative approaches to rural poverty reduction and rural development;
 - (d) Building partnerships and collaborative relationships locally and nationally; and
 - (e) Ensuring more effective engagement in in-country policy dialogue and advocacy; and
 - (f) Improving IFAD's understanding of the changing conditions of rural poverty and helping to devise effective responses at the national level.
41. Cost efficiency will be achieved by relying on locally recruited national staff wherever possible.
 42. The scope of work of the country offices will be in four broad thematic areas: country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation. The overarching objective will be to help build local capacity in all four areas. In view of the self-assessment findings, offices are expected to dedicate at least half of their time to implementation support. Offices headed by outposted international staff are expected to contribute more in all thematic areas, in particular in policy dialogue and managing relations with in-country partners.¹⁵
 43. Detailed terms of reference for country offices are presented in annex IV, and summarized below.
 44. **Country programme development and implementation support.** The country office is expected to play a crucial role in developing new investment and grant programmes and projects. To this end, it will provide guidance and support, in particular on institutional and policy issues, and will contribute to country strategy development, particularly results-based country strategic opportunities programmes (RB-COSOPs), and participate in all phases of project design. In doing so, it will strive for greater alignment of country programmes and project design with government strategies and policies. The country office will liaise with project authorities and help address administrative and substantive issues such as targeting, and identify needs for technical backstopping. Staff will participate in, and increasingly lead, project supervision, implementation support, midterm and completion missions, and follow up with counterparts to resolve issues affecting implementation. In performing these tasks, the country office will work closely with project management to ensure that all are oriented towards achieving results and impact and avoid overlap.
 45. **Partnership building.** The country office will further develop IFAD's relationship with in-country partners and focus on synergies and coordinated strategies with donors involved in rural poverty reduction. This will be achieved through active and regular participation in multi-donor initiatives and forums and by articulating and building awareness about IFAD's mandate, current policies and emerging corporate, regional and country strategies. To this end, the office will harmonize with in-country partners by participating in UNDAF and Comprehensive Development Framework (CDF) activities and joint assistance strategies, and represent IFAD at multi-donor coordination meetings on poverty reduction strategies. The office will support efforts to scale up successful IFAD project interventions by disseminating information to the wider donor community.

¹⁵ This is in response to the findings of the 2010 Multilateral Organization Performance Assessment Network (MOPAN) survey which, while noting IFAD's strong performance on operational management, pointed to the need to engage more in policy dialogue, harmonize procedures and make use of country systems.

46. **Policy dialogue.** To promote constructive dialogue on rural poverty reduction strategies, policies and investment programmes, the country office will regularly participate in relevant policy meetings and events of interest to IFAD's target group involving the government, donors, and civil society, including NGOs. Policy dialogue will focus on seeking to link realities on the ground and the voices of the poor with the policies and programmes of the government and other donors. In this light, the office will collaborate in policy advocacy, participate in government-led thematic working groups on sectors directly related to the country programme, support the scaling up of successful poverty reduction initiatives and foster a joint learning process with the government.
47. **Knowledge management and innovation.** The country office will act as both a conduit and a catalyst for information exchange and learning vis-à-vis IFAD, the government and the wider development community. In doing so it will: (i) ensure that knowledge and information emanating from headquarters is disseminated to project management teams, government, partners and other stakeholders; and (ii) facilitate learning processes among project management teams and others to identify effective approaches to poverty reduction. The primary outcome is to enhance scaling up and replication of successful approaches. Critical activities include validation and dissemination of knowledge gained from IFAD-assisted projects, facilitation of exchange visits, and scouting for local knowledge and innovations, and facilitating piloting and scaling up when appropriate.
48. **Local capacity-building.** The country office will build local capacity for project design and implementation. This will be done by organizing training in areas such as M&E, financial management, visits for project staff and others in selected thematic areas, and scouting for qualified national expertise to provide guidance to project management and participate in IFAD missions.

D. Operating principles and priorities

49. While IFAD's country offices will have some representational responsibilities, their main task will be to contribute directly to country programmes. Their structure will evolve in tandem with the country programmes and they will remain small in terms of staffing. In the same spirit, IFAD will develop an exit policy to close country offices that are no longer useful or cost-effective. As a corollary, IFAD will not make any significant investments¹⁶ in setting up its offices, and will adopt the most cost-effective method for recruiting staff.
50. In view of the limited resources available to the country offices, it is critical that they be selective in setting priorities. Self-assessment findings show that they should accord the highest priority to providing project implementation support. They will increasingly play a role in policy dialogue commensurate with capacity at headquarters to support them. In general, the following principles will be observed in setting up and operating country offices:
- (a) Offices will be kept small, with the exception of regional offices. Thus far, only one regional office has been established (Kenya, covering East and Southern Africa);
 - (b) IFAD will set up its offices under hosting arrangements with United Nations agencies or IFIs;
 - (c) The staff profile may change as policy dialogue and partnership building assume more importance;
 - (d) IFAD's business processes and automation will increasingly factor in the needs of country offices;

¹⁶ Except to cover its prorated share of renovation costs, in particular to comply with security directives.

- (e) Further delegation of authority and refinement of the accountability framework will take place as needed;
- (f) IFAD is committed to closing offices that have become less relevant to the country programme.

E. Staffing, contracts and delegation of authority

51. In principle, full-time national staff will be hired directly by IFAD. Other staff may be contracted by the hosting agency to provide services exclusively to IFAD. While national staff will work in their countries of origin, they may participate in missions elsewhere. International staff will only be outposted to countries having signed a host country agreement. The regional division director will assign one staff member as head of office, normally the outposted CPM or most senior staff person. The authority of country office staff will mirror the authority of staff within IFAD as a whole. Outposted CPMs have authority over decentralized budgets, while national staff require prior approval. Outposted CPMs have the authority to represent IFAD vis-à-vis government and to negotiate financing agreements. National staff are authorized to represent IFAD at policy and donor meetings and other forums.

F. Selecting locations for new country offices

52. As stated, the selection of countries for establishing country offices beyond the pilot phase was based on the broad criteria provided by the Executive Board (footnote 7). In selecting countries for future expansion, based on feedback from the informal Board seminar, empirical criteria were used¹⁷ as outlined below (see annex V for methodology):

- (a) Size of IFAD's country programme;
- (b) Country's dependency on agriculture;
- (c) Size of rural population;
- (d) Prevalence of poverty;
- (e) Existence of an enabling policy environment.

53. In preparation for a possible future expansion, 70 countries in which IFAD operates without a country presence were ranked independently against each of the five criteria (see annex V). Two countries ranking in the top 10 – the Syrian Arab Republic and Morocco – are geographically close to Rome and therefore a low priority in setting up a country office. The top 10 countries are listed below.

- | | |
|---------------|-----------------|
| 1. Bangladesh | 6. Sierra Leone |
| 2. Mali | 7. Cambodia |
| 3. Burundi | 8. Benin |
| 4. Malawi | 9. Guatemala |
| 5. Niger | 10. Indonesia |

54. Based on the above list and considering regional priorities and other qualitative considerations, offices will be opened in five countries in 2011. This expansion will take place within the budgetary framework approved by the Board for 2011 (EB 2010/101/R.2/Rev.1). Funding for the expansion is included in the administrative budget approved by the Executive Board.
55. Offices will be opened in the remaining five high priority countries in 2012 and 2013. To this end, they will be included as an integral part of the programme of work and budget for 2012 and for 2013 presented for Board approval
56. Thus, by the end of the Eighth Replenishment period in 2013, there will be 40 country offices as per earlier projections; that is, 15 country offices by 2007, 30 country offices by 2010 and 40 country offices by 2013. These 40 offices will cover about half of the countries in which IFAD is currently operating. As country offices cover countries with relatively large programmes, these 40 offices will cover about

¹⁷ While economic vulnerability was also used as a sixth criterion, it was dropped as inappropriate.

two thirds (63 per cent) of the **number** of projects in the portfolio under implementation and about three quarters (74 per cent) of the **value** of the portfolio under implementation. Other countries would be covered either by country offices in neighbouring countries or from Rome. Incremental staffing, net of 25 relocated from the headquarters, would average less than 2 people per office, for a total of 79.¹⁸ Overall, the Programme Management Department staff is projected to grow from the current 466 to about 500 by end-2013. Of these, 104 staff, would be based in the country offices by end-2013. This implies that the headquarter-based staff will decrease slightly – from 403 in 2010 to 396 in 2013.

G. Cost implications of the proposed expansion

57. Of the 40 country offices proposed, about half are likely to be led by outposted CPMs and the remainder by locally recruited national officers. In general, CPM-led offices will cover larger programmes and will indicatively have about 65 staff in total or an average of four per office. Of these, 20 will be CPMs, 5 internationally recruited technical professionals, 13 locally recruited national officers and about 22 General Service staff. As a corollary, CPO-led offices will be in countries with relatively smaller programmes and will have a total staff of about 39, comprising indicatively 20 locally recruited CPOs, 9 locally recruited technical Professionals and 10 General Service staff. Country offices have achieved a better Professional to General Service staff ratio than IFAD headquarters, a policy that will continue.
58. The additional 10 offices will in turn require an additional 22 staff (included in the figures in paragraph 57). Incremental staffing will be limited, based on the principle of office size (paragraph 50(a)).
59. As stated in paragraph 18 above, General Service staff cost less than one fourth and national officers cost about one third at the country offices when compared to staff recruited at Rome. In other words, locally recruited staff at country offices offer significant opportunities for cost savings and efficiency gains and relocating 22 incremental staff (12 Professional and 10 General Service support staff) in the field as opposed to Rome will result in net savings of US\$2.47 million. Together with the savings associated with the offices already established (paragraph 19), total savings attributable to the lower unit cost of locating staff in the field rather than Rome are estimated at US\$6.84 million (annex VI).

<i>Incremental staff needs</i>	<i>In thousands of US\$</i>		
	<i>Professional staff</i>	<i>General Service staff</i>	<i>Total</i>
If staffed with Rome-based staff only	2 469	1 051	3 520
If staffed with a mix of local in-country and international recruitment	797	250	1 047
Net savings	1 672	801	2 473

60. In IFAD-wide aggregate terms, the staffing of country offices does not represent a net increase over the existing contingent of staff at headquarters. Rather, it reflects a decision as to where to locate the incremental staff needed to perform functions hitherto outsourced to cooperating institutions (i.e. supervision) and to implement a larger programme of work (table below). A closer look at those indicators shows that IFAD has saved about US\$10.3 million per annum by repatriating project supervision and loan administration. This financed about 64 full-time equivalent staff persons working in cooperating institutions on IFAD programmes each year. In addition, the programme of work has grown by over 32 per cent during the same period, which accounts for the extra staffing needs. In comparison to the savings of US\$10.3 million made by directly supervising projects, the amount of US\$4.3

¹⁸ Country offices will indicatively have 104 staff, including those relocated from the headquarters – for an average of about 3.25 for CPM-led offices and 1.95 for CPO-led offices.

million incurred in 2010 for country offices¹⁹ is relatively small. The funds saved due to direct supervision have therefore paid for the country presence so far.

	2007	2008	2009	2010
Outsourcing of supervision				
Cooperating institution charges for supervision (in millions of United States dollars)	10.55	5.87	2.62	0.16
Equivalent full-time equivalent staff–persons/year	63.8	33.2	14.8	0.9
Programme of loans and grants (in millions of United States dollars)	605	650	715	855

61. Since the country presence budget is fully integrated with the administrative budget, staff assigned to the country offices fall within total approved staff positions for the Programme Management Department. In this light, the issue is one of where to locate staff rather than whether to add staff. Since the benefits of in-country compared to Rome posting are higher and the costs lower, the rational decision is to maximize country presence. The constraint to having an even larger percentage of IFAD staff in country offices is IFAD's capacity to manage a decentralized work force. The expansion has been slow but steady, and within IFAD's capacity to manage. As stated (paragraph 38), country office staffing will be responsive to the realignment of the workforce as envisaged in the Strategic Workforce Plan.

H. Monitoring framework for country offices

62. In view of the evolving nature of the country offices and the need for institutional learning and monitoring of outputs, outcomes and costs, IFAD will further strengthen monitoring. A broad description of areas to be monitored is presented in annex VII and indicators in annex VIII. The country offices will be responsible for ensuring compliance with IFAD's administrative procedures and will provide regular and timely reports to headquarters on portfolio progress and on major events pertinent to IFAD's objectives in the country, as well as financial reports on budget/expenditures.

I. Recommendations and next steps

63. It is recommended that the Executive Board approve the following:
- A **policy** of establishing country offices in recipient countries where they can contribute to improved development effectiveness and cost efficiency;
 - A medium-term **strategy** to establish 10 additional country offices by the end of 2013; and
 - Establishment of five new country offices in 2011, as proposed in the budgetary framework approved by the Board (EB 2010/101/R.2/Rev.1).
64. In future, within the above policy and strategy, Management will report on progress made in establishing new country offices or closing existing ones as part of the annual programme of work and budget submitted to the Executive Board for approval.

¹⁹ This amount has been derived by deducting the cost of outposted international staff (US\$2.2 million), who are relocated from headquarters at no additional cost, from the total cost of the country offices, US\$6.5 million (paragraph 15).

Summary and conclusion: Country presence self-assessment

1. The objective of the country presence programme (CPP) needs to be more clearly articulated and delinked from the socio-economic situation of the target group. While country offices can be expected to have a positive effect on the achievement of development outcomes, the objective of the CPP needs to be more clearly focused on what they can actually do. The objective is then more likely to enhance IFAD's development effectiveness in the context of country situations and priorities. Terms of reference for the country offices, in general and in specific country contexts, should be developed to align them with this objective.
2. Although adequate selection criteria were applied in establishing country offices during the pilot phase and subsequent expansion, several countries that meet those criteria were not selected. Given the limited human and financial resources available, the criteria should be strengthened and clearly communicated.
3. Both models (CPO at the country office with CPM at headquarters or both CPM and CPO at the country office) have achieved good results, particularly in supporting IFAD projects. Policy dialogue and partnership results are promising, although both governments and partners sometimes prefer the model where the CPM in charge of the office is directly involved in policy dialogue and official development assistance coordination forums. Consideration should be given to setting up additional regional service offices based on an analysis of costs and benefits, including faster processing of withdrawal applications and other support services.
4. The country context and capacity of individual country offices should determine the mix of time and resources devoted to any one of the outcomes; however, it is anticipated that alignment of country strategies with the IFAD country programme and supervision and implementation support will be their main focus. Specific terms of reference for country offices and their staff should be developed.
5. Full integration of country offices in IFAD's administrative and budgetary systems is critical to improving their efficiency and effectiveness. Particular areas that need strengthening include:
 - Awarding IFAD contracts to national staff;
 - Finalization of supporting human resources policies and operational guidelines applicable to national staff;
 - Development of applicable human resources policies on outposting and rotation of international staff,
 - Guidance on bank accounts;
 - Adherence to financial reporting requirements (host agency and country office), and improvements to the headquarters financial management system.
6. Changes may need to be introduced to IFAD's budget and accounting system to allow for regular and transparent reports on budgeted and actual expenses incurred at country offices, including:
 - The cost of outposted international staff as an administrative cost of specific country offices; and
 - Programmatic costs (i.e. supervision missions fielded from a country office) paid by the country office.
7. A study is needed to examine opportunities for cost savings by transferring some country programme administration tasks (e.g. recruitment of mission members, report preparation) and financial management processes from headquarters to country offices.

Findings of independent evaluations

1. During the last five years, 17 evaluations of projects and country programme evaluations conducted by the independent IFAD Office of Evaluation have found a strong link between the existence of country offices and improved development effectiveness, and have generally recommended that they receive more resources. The most robust findings were from the six country programme evaluations carried out in 2008 and 2009. The gist of the evaluation findings are outlined below.
2. In **Ethiopia**, the CPE observed that the country office “has already made many tangible contributions to implementation support and partnership development. Successes in policy dialogue and even more so knowledge management have understandably been slower to develop.” It also noted that “the indication at this point is that the FPO [field programme officer] can also be successful with these, particularly if he is provided additional time and resources. Some of these resources could come from cost savings from having the FPO.” This evaluation further noted that although the country office had only been established for two years, “it is clear that this has facilitated the flow of information and the timely identification of implementation problems, as the [field support manager] has participated in supervision missions. At the same time it has facilitated dialogue with the Government and other partners, as IFAD can have a representative attend meetings convened by Government and other donors on sectorial and development issues.”
3. The CPE for **India** (2009) found that “the expansion of IFAD’s Country Presence Office has contributed to greater efficiency of programme management in recent years.” The evaluation identified knowledge management to “broker some of the good practices that are emerging at the project level, and also to promote the development of new knowledge in areas which it identifies as constraints to progress” as an area in which IFAD needs to focus greater attention. The CPE noted that “there had been a quantum advance in this area with the expansion of the role of the Country Presence Office in India.”
4. While a “proxy” at the time, the CPE for **Mozambique** (2009) found that, “IFAD has been gradually augmenting its implementation capacity in the field to the benefit of improved programme coordination and harmonization. This has made it possible for IFAD to support activities (including the development of project monitoring and evaluation [M&E] systems) that are helping to foster portfolio quality.” In addition, the CPE noted that “the establishment of a proxy country presence in 2003 contributed to enhancing IFAD’s profile in Mozambique. Though limited in terms of resources and authority, this country presence has allowed for better dialogue with the Government and enabled IFAD to further its commitments in relation to the Paris Declaration on Aid Effectiveness as well as the United Nations “Delivering as One” pilot initiative.”
5. In **Nigeria**, the 2009 CPE found that “operational activities and participation in in-country meetings and working groups’ activities have improved with the establishment of the country office. While the evaluation commended IFAD for establishing an office in such a large and important country as Nigeria, “its view is that the current human resources arrangements, level of delegation of authority and resources deployed for the country presence should be of a calibre that would allow it to play a greater role in improving IFAD’s assistance to Nigeria.”
6. The CPE of **The Sudan** (2008) observed that “Field presence has enhanced implementation support and knowledge management... The CPO has been participating in supervision and design missions, providing backstopping to project teams and generally enhancing the implementation support provided by IFAD.” The CPE also acknowledges the important contribution of the field office to policy dialogue activities. However, the CPE felt that “the operations of the field presence

- have however been negatively affected by the limited financial resources available.”
7. The 2008 CPE for **Pakistan** noted that “There is wide recognition that the country presence has markedly improved the way IFAD is represented and perceived in Pakistan, and its relations with the Government have benefited. ...Other specific improvements include: regular participation in the donor coordination groups for poverty alleviation and microfinance; hands-on participation in supervision missions and wrap-up meetings; participation in the meetings of the UN Country Team.” The CPE found that the country office was constrained by a lack of formal delegation of authority and administrative support. In addition, the CPE noted “it is not sufficiently resourced to be able to develop a presence close to the current rural development projects through more frequent visits, or to address a range of issues that include policy development, knowledge management and helping to draw up a coherent strategic programme.”
 8. Findings from earlier CPEs and project evaluations, reinforced the positive outcomes of country presence. Highlights from these evaluations included that:
 - (a) “...country presence is an important factor in furthering IFAD’s overall objectives in partner countries, especially but not only in terms of contributing to better implementation support, policy dialogue, partnership building and knowledge management.” The agreement at completion point recommended that “The options for using Brazil as a sub-regional office covering the MERCOSUR countries (and others) should also be explored”. (Brazil CPE 2006)
 - (b) “The field presence officer can, among other tasks, provide implementation support to IFAD-funded operations and has the potential to enhance partnerships and policy dialogue in Ethiopia. Hence, the country presence should be further strengthened, so that it can play a greater role in enhancing IFAD’s development effectiveness in Ethiopia”. (Ethiopia, Southern Region Cooperatives Development and Credit Project, completion evaluation 2008)
 - (c) A 2005 interim evaluation of the Upper-East Region Land Conservation and Smallholder Rehabilitation Project – Phase II in Ghana found that “The lack of IFAD field presence in Ghana constrains implementation support as well as policy dialogue and coordination with other donors.”
 - (d) The project completion evaluation of the Niassa Agricultural Development Project (NADP) for Mozambique completed in 2007 stated that: “At the end of the implementation period, IFAD established country presence and there is no doubt that NADP would have benefited from having an IFAD representative in Maputo throughout the entire project period. This would have helped to identify various constraints faced by the implementing institutions, and to ensure a more timely response to deviations from project design. An additional benefit could have been a more active participation in donor coordination and in policy dialogue processes.”
 - (e) Similarly, the completion evaluation of the District Development Support Programme in Uganda (2005) noted that “...in Uganda as elsewhere, a more direct and involved country presence is called for in order to ensure real policy impact and the dissemination of lessons learned.”
 9. In summary, the key evaluation findings were as follows:
 - (a) Countries with a country presence perform much better on the key dimensions of country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation;

- (b) Country offices make a crucial contribution to identification of problems, timely information flows, improved communication with partners, dialogue with governments and improved M&E; and
- (c) Other IFIs consider their field presence to be essential to their development effectiveness.

Experience of other international financial institutions

1. In preparing this policy a review¹ was conducted of the experiences of selected international financial institutions (IFIs): the African Development Bank (AfDB), Asian Development Bank (AsDB) and World Bank. For these organizations, country or field presence was part of a larger decentralization effort. This review shows that, as in IFAD, the country offices of other IFIs are expected to contribute to achieving the organization's overarching goal by:
 - (a) Promoting a better understanding of host country issues and priorities, and integrating global and country knowledge into services provided to host countries;
 - (b) Expediting service delivery to host country clients, including supervision and fiduciary oversight;
 - (c) Enhancing policy dialogue; and
 - (d) Promoting country ownership and creating partnerships with government and other development stakeholders.
2. Common policy objectives behind establishing country offices included:
 - (a) Facilitating strong partnerships with host countries and improving the alignment of aid programs with the host country's development objectives and priorities;
 - (b) Reducing transaction costs by better understanding prevailing enabling environments and development challenges and by improving responsiveness, timeliness and quality of service delivery; and
 - (c) Optimizing development effectiveness.
3. The country offices of the other IFIs are larger and more varied than IFAD's. Most offices, except very small "satellite" offices, boast full complements of staff working in operations, thematic/sectoral areas, and finance and administration. They have also established regional offices that provide expertise and programming support to the country offices. The AsDB has 27 resident missions and three resident offices, and 22 per cent of staff working in the field.² Since 1997, the World Bank has succeeded in decentralizing significant work and decision making to its country offices; more than 38 per cent of staff now work in one of its 120 country offices (there are offices in some donor countries).³ The AfDB has established 26 offices in regional member states, and one regional office in South Africa, with 27 per cent of its staff working in these offices, including 15 per cent of Professional staff, at the end of 2009.⁴
4. In moving work to the field, the initial focus was on project supervision and fiduciary issues. For instance, the first AsDB office was set up in Bangladesh in 1982 to address persistent implementation and disbursement problems. In general, there is less advisory and economic work being done from the field, and headquarters expertise is used to augment the work of country offices.
5. The 2008 AfDB assessment found that "field offices on country dialogue and portfolio management had a modest but positive impact on country dialogue and

¹ Main sources: Impact of the Decentralization Strategy on Country Dialogue and Portfolio Quality, AfDB, July 2008; Independent Evaluation of the Decentralization Strategy and Process at the African Development Bank, Summary Report for ADF-11 Mid Term Review, September 2009; and Resident Mission Policy and Related Operations: Delivering Services to Clients, Special Evaluation Study, AsDB, October 2007; and Results and Performance of the World Bank Group, World Bank IEG Annual Report 2010.

² Asian Development Bank Annual Report, 2009.

³ World Bank Annual Report, 2010

⁴ African Development Bank Annual Report, 2009. Note three of the offices are not considered as fully staffed and functional.

portfolio management.” The 2008 report stated that “the activities of the field offices had contributed to broadening and deepening country dialogue,” through their contribution to poverty reduction papers and country strategy papers. It was felt that the close working relationship of AfDB staff, government staff and other in-country stakeholders “enhanced the understanding of complex political and economic issues”. The assessment also observed the positive effect on key AfDB processes and indicators, including expediting loan effectiveness, reducing the rejection rate and shortening the process for procurement and disbursement requests. The submission of project implementation progress reports and audit reports from field office countries also improved. These findings were confirmed by the later evaluation in 2009, and echoed by the 2007 AsDB evaluation, which found that the resident missions were “effective in support of project design and project administration.”⁵

6. Proxy indicators such as a reduction in the number of problem projects were used by AfDB as measures of improvements that could be attributable to country offices. The assessment found that the proportion of problem projects and projects at risk had fallen over the previous three years in countries with a functioning office in part owing to the influence of the field offices. Most of the offices had established follow-up mechanisms to help project management solve problems on the ground. Although tangible, sustained improvements in projects at risk require longer than a three-year horizon, the result achieved was better than the Bank-wide average for the period.
7. The World Bank Independent Evaluation Group (IEG), however, found little correlation between the location of the task team leader and the final outcomes of operations. The report did find outcomes to be better “among country programmes with country directors located in country rather than a nearby hub”, although there was no statistically significant difference in comparing to country directors at headquarters. In its response, the World Bank management contradicted the findings and noted that “looking at the outcome of operations ... is a very narrow measure of the benefits”. Further, management noted that this narrow definition does not consider, *inter alia*, the benefits from higher quality country dialogue, better alignment with country poverty reduction strategies and better partnerships with the donor community.
8. The other IFIs are unanimous in finding it difficult to assess cost-effectiveness – both methodologically since decentralization involved the entire organization (much like IFAD’s difficulty in separating out the effects of country presence and direct supervision), and in quantifying benefits (e.g. measuring the benefits of improved policy dialogue or more sustainable outcomes).
9. In addition, the evaluations found that:
 - (a) Benefits are spread over the medium to long term, and realizing the full benefits of decentralization requires substantial incremental budget outlays;
 - (b) Rigorous monitoring and reporting mechanisms on decentralization are lacking (AfDB), which hampered evaluation; and
 - (c) The importance of decentralization has been recognized but not yet fully built into business processes (AfDB).
10. The 2007 evaluation of IFAD’s field presence examined the experiences of five comparator organizations in decentralization and devolution. Although only one of

⁵ The AsDB evaluation was of the policy itself and relied mainly on perception surveys and interviews to substantiate its findings. Statistics regarding project performance were not available in the final report.

these was an IFI,⁶ the findings are consistent with the more recent evaluations cited above. In brief, the evaluation found that:

- (a) **The development effectiveness of field presence is viewed positively** by all comparator organizations – in spite of numerous challenges and associated costs. This positive appreciation relates mainly to qualitative aspects of the organizations' work. Owing to better contacts with the field, aid is better adapted to the local situation and more effective.
- (b) **Efficiency gains are not automatic, and deliberate efforts are required to compensate for the additional costs that are likely to occur when establishing field and/or regional offices.** Decentralization in all comparator organizations has resulted in considerable additional cost.
- (c) **Decentralization does not occur in isolation.** The relationship between efforts to strengthen field presence and other institutional reforms needs to be considered and prioritized. Changing the role of the field has repercussions at headquarters.
- (d) **Flexibility is essential in responding to diverse and changing contexts** – with respect to structures, staffing issues, locations and the distribution of responsibilities. In particular, it is important to use multiple approaches to field presence to respond to different contexts.
- (e) **Inappropriate delegation of authority to the field seriously hampers effectiveness** and undermines the potential benefits of field presence.

⁶ The organizations reviewed were Action Aid, AsDB, the International Food Policy Research Institute (IFPRI), the Food and Agriculture Organization of the United Nations (FAO) and the Swiss Agency for Development and Cooperation (SDC).

IFAD country offices: Terms of reference

1. IFAD's country presence has the twin objectives of enhancing IFAD's development effectiveness and gaining cost efficiency.
2. IFAD country offices contribute directly to enhanced development effectiveness by helping IFAD achieve its overarching objective of ensuring that poor rural people have better **access** to, and the **skills** and **organization** they need to take advantage of, natural resources, agricultural technologies, financial services, markets, employment opportunities and enterprise development, and to participate in national and local policy and programming processes. Cost efficiency will be achieved mainly by relying on locally recruited national staff wherever possible.
3. It is anticipated that the country offices will assist in developing an enabling environment for IFAD's operations and strengthening IFAD's role as a key institution to combat rural poverty. They will hold regular consultations with IFAD counterparts — line ministries and governmental bodies at all administrative levels, donors, civil society — to enhance the effectiveness and impact of IFAD operations. Country offices will also seek to improve coordination among IFAD, the government and key development partners with a view to ensuring synergy and a common approach to emerging rural poverty reduction strategies, policies and investment programmes.
4. The scope of work of the country offices will be in four broad thematic areas: country programme development and implementation support, partnership building, policy dialogue, and knowledge management and innovation. Offices are expected to dedicate at least 50 per cent of their time to implementation support; resources devoted to the other thematic areas will be based on the specific country context and objectives of the country programme. Larger offices, particularly those headed by outposted international staff, are expected to contribute more substantially in all the thematic areas. During the course of their work, country office staff will make periodic field visits to listen to beneficiaries and work to incorporate their views into project design and implementation, and in policy dialogue.
5. These terms of reference provide a broad framework for the work carried out by country offices and indicate the types of interventions in which they are expected to be engaged. Country office operations will be governed by an annual workplan and budget.¹

A. Country programme development and implementation support

6. The country office is expected to play a lead role in the development of new IFAD investment programmes and projects, as well as grant-financed initiatives. This will take place within the host country's framework for poverty reduction and rural development and in close collaboration with donors. Greater alignment of country programmes and project designs with government strategies and policies is expected. The country office will provide guidance and support, in particular on institutional and policy issues, and:
 - (a) Contribute to developing country strategy, particularly the RB-COSOP;
 - (b) Participate in all phases of project design.
7. The country office will act as IFAD's liaison with project authorities and help in addressing administrative and programme-related substantive issues such as targeting, and in identifying needs for technical backstopping. The office will avoid direct management or overlap with project management, but will work with project management to ensure compliance with IFAD policies and orientation towards the

¹ The country office budget will be included in the respective divisional budget.

achievement of results and impact. Achievement of country programme and individual project objectives are the primary outcomes. This will include:

- (a) Participating in and, on occasion, leading project missions (supervision, implementation support, midterm and completion) and following up with counterparts to resolve issues affecting project implementation;
- (b) Supervising activities financed under the IFAD grants programme;
- (c) Accelerating the signing and entry into force of financing agreements;
- (d) Reviewing project annual workplans and budgets prior to submission for approval, and other reports required by IFAD, e.g. Results and Impact Management System (RIMS) reports;
- (e) Providing support for financial management, including submission of withdrawal applications (the country office will not prepare withdrawal applications but will review them for accuracy and completeness prior to submission);
- (f) Solving problems associated with the availability of counterpart funding;
- (g) Submitting audit reports, financial statements, and progress and completion reports in a timely fashion; and
- (h) Facilitating the smooth flow of communication between IFAD headquarters and government counterparts.

B. Partnership building

8. Partnership building is an essential aspect of the country programme. The country office will further develop IFAD's relationship with in-country partners and focus on synergies and coordinated strategies with donors involved in rural poverty reduction so as to render the policy dialogue agenda with government both credible and sustainable. The office will seek to improve existing partnerships with multilateral and bilateral donors and civil society organizations through active and regular participation in multi-donor initiatives and forums. It will be responsible for enhancing collaboration among IFAD, government and key development partners, primarily by articulating and building awareness about IFAD's mandate, current policies and emerging corporate, regional and country strategies. The office will seek to harmonize with in-country partners by:
- (a) Participating in UNDAF and CDF activities and the development of joint assistance strategies;
 - (b) Representing IFAD at multi-donor coordination meetings on poverty reduction strategies, and at meetings of sector-wide approach (SWAp) steering committees and other SWAp-related forums;
 - (c) Participating in round-table meetings with other donors and government agencies, and in donor-led thematic groups on poverty reduction, food security, rural development and agriculture; and
 - (d) Supporting efforts to scale up successful IFAD project interventions, by disseminating information about these successes to the wider donor community.

C. Policy dialogue

9. The country office will maintain and promote constructive dialogue on rural poverty reduction strategies, policies and investment programmes. The office will regularly participate in relevant policy meetings and events of interest to IFAD's target group involving the government, donors and civil society, including NGOs. Policy dialogue will focus on seeking to link the realities on the ground and the voices of the poor with government policies and programmes. The ultimate aim is to achieve the

empowerment of the poor and disadvantaged so that they can enter into partnerships at all levels to promote a meaningful process of pro-poor policy dialogue. The country office will:

- (a) Collaborate on policy advocacy, using IFAD project experience to improve policies that most affect IFAD's target group;
- (b) Take part in in-country debates on agricultural development and rural poverty issues, to ensure that IFAD's experience and learning contribute to the preparation of poverty reduction strategies and other policy documents;
- (c) Participate in government-led thematic working groups on sectors directly related to the country programme, e.g. microfinance, rural development and agriculture;
- (d) Support the scaling up of successful poverty reduction initiatives; and
- (e) Foster a joint learning process with the government that can be shared with a wider network of donors.

D. Knowledge management and innovation

10. The country office will act as both a conduit and catalyst for information exchange and learning vis-à-vis IFAD, government and the wider development community. On the one hand, the country office will ensure that knowledge and information emanating from headquarters is disseminated to project management teams, government, partners and other stakeholders. On the other, it will facilitate learning processes among project management teams and others with a view to identifying effective approaches to poverty reduction. The primary outcome is to enhance scaling up and replication of successful approaches. Activities associated with knowledge management will:

- (a) Document, validate and disseminate the knowledge gained from IFAD-assisted projects;
- (b) Facilitate exchange visits among projects and other government staff and officials, including from line ministries;
- (c) Organize knowledge sharing and exchange among IFAD-supported projects and disseminate this knowledge within the donor community;
- (d) Institutionalize a process for mapping and disseminating project experience through regular workshops, targeted studies and publications; and
- (e) Scout for local knowledge and innovations, and facilitate piloting and scaling up when appropriate.

E. Local capacity-building

11. The country office will build local capacities in the course of its regular work, particularly in relation to project design and implementation. The office will:

- (a) Organize training programmes to strengthen capacity in areas such as M&E and financial management;
- (b) Facilitate exposure visits for project staff and others in selected thematic areas; and
- (c) Scout for qualified national expertise to provide guidance to project management and to participate in IFAD missions.

Simulation applying various criteria for establishing country offices

A. Selection criteria for countries for IFAD's country presence

1. For the selection of countries for future expansion of country offices, based on feedback from the informal Executive Board seminar, the following empirical criteria were used:
 - (a) Size of IFAD's programme in the country, measured operationally as a composite index comprising the number of active projects, total IFAD financing for these projects and the number of projects directly supervised;
 - (b) Country's dependency on agriculture, measured in terms of the share of agriculture, hunting and forestry in gross domestic product (GDP);
 - (c) The size of rural population, as the potential number of people reachable by IFAD either directly or by sharing knowledge, building partnerships or through policy reforms;
 - (d) Prevalence of poverty, using per capita gross national income (GNI) as a proxy measure;
 - (e) The existence of an enabling policy environment, measured in terms of the rural sector performance (RSP) score used for allocating IFAD's resources; and
 - (f) Economic vulnerability to trade and natural shocks, which act as major structural obstacles to development and poverty reduction, as measured by the economic vulnerability index (EVI).

B. Ranking of countries against selection criteria

2. In order to rank countries for possible future expansion, an initial list of 70 countries was prepared, ranked on the basis of country programme size. Then the countries were ranked independently against each of the six criteria.

Country presence: Ranking of countries against various indicators

Country	Country programme rank	Agric. value added as % of GDP rank	GNI rank	Rural population rank	RSP rank	Economic vulnerability index rank	Year country office established
Albania	66	56	89	86	8	103	
Argentina	31	58	115	72	13	86	
Armenia	58	52	78	97	2	103	
Azerbaijan	53	66	99	64	26	103	
Bangladesh	2	7	25	3	52	94	
Benin	38	32	33	60	39	60	
Bhutan	59	61	64	111	29	24	
Bolivia (Plurinational State of)	67	62	57	71	55	57	2008
Bosnia and Herzegovina	60	8	97	81	25	103	
Brazil	26	46	117	16	6	100	2008
Burkina Faso	16	6	21	31	27	55	2008
Burundi	19	13	1	52	56	14	
Cambodia	43	29	28	35	82	19	
Cameroon	34	36	50	45	64	84	2009
Chad	49	49	26	47	111	23	
China	6	23	83	2	23	96	2003
Congo	40	na	61	91	101	41	2003
Côte d'Ivoire	62	53	46	37	109	83	
Democratic Republic of the Congo	33	16	2	11	97	38	2007
Djibouti	68	na	54	125	84	30	

<i>Country</i>	<i>Country programme rank</i>	<i>Agric. value added as % of GDP rank</i>	<i>GNI rank</i>	<i>Rural population rank</i>	<i>RSP rank</i>	<i>Economic vulnerability index rank</i>	<i>Year country office established</i>
Dominican Republic	56	na	95	73	36	64	
Ecuador	57	68	88	62	28	69	
Egypt	24	22	65	9	5	99	2004
El Salvador	20	45	80	78	30	79	
Eritrea	50	42	5	65	89	20	
Ethiopia	18	2	7	7	42	82	2004
Gambia (The)	42	35	13	106	51	16	2003
Georgia	44	51	72	80	11	103	
Ghana	17	9	31	33	20	52	2008
Guatemala	12	37	73	54	44	87	
Guinea	35	34	10	56	88	88	2008
Haiti	46	44	29	59	80	28	2004
Honduras	64	65	60	66	69	70	
India	1	14	51	1	46	105	2003
Indonesia	45	40	67	4	65	95	
Kenya	8	11	34	15	50	104	2008
Kyrgyzstan	70	48	35	70	73	103	
Lao People's Democratic Republic	51	41	37	63	83	9	
Lesotho	65	69	44	89	60	34	
Madagascar	21	12	12	29	45	72	2008
Malawi	41	18	4	34	61	18	
Maldives	69	na	87	119	86	10	
Mali	9	10	30	43	41	62	
Mauritania	61	57	39	84	63	44	
Mexico	52	70	122	18	31	103	
Morocco	22	31	74	28	37	98	
Mozambique	11	8	13	27	53	39	2008
Nepal	27	17	13	19	78	77	2008
Nicaragua	39	43	41	77	68	56	
Niger	37	24	8	30	66	47	
Nigeria	23	33	48	6	77	61	2004
Pakistan	13	19	43	5	72	97	2008
Panama	54	na	110	100	40	75	
Peru	48	55	91	44	24	81	
Philippines	30	25	59	13	18	90	2009
Republic of Moldova	25	38	56	79	9	103	
Rwanda	14	5	18	49	15	21	2008
Senegal	29	30	44	53	34	68	2003
Sierra Leone	47	27	8	68	71	32	
Sri Lanka	15	28	63	25	43	80	2008
Sudan	3	20	53	20	85	25	2003
Swaziland	63	na	69	101	75	40	
Syrian Arab Republic	28	26	70	39	17	91	
Turkey	32	47	121	21	12	106	
Uganda	5	3	18	17	35	29	2008
United Republic of Tanzania	7	1	20	14	7	85	2003
Venezuela (Bolivarian Republic of)	55	na	126	85	16	73	
Viet Nam	4	4	42	8	14	89	2004
Yemen	10	15	46	26	58	49	2003
Zambia	36	33	40	46	70	26	2009

C. Development of options based on composite criteria

3. Using these six criteria, six possible options were generated, each time adding a new variable into the model. The six options, along with relative weight attached to each variable, are presented below.

<i>Option 1</i>		<i>Option 2</i>		<i>Option 3</i>	
<i>Indicator</i>	<i>Weight</i>	<i>Indicator</i>	<i>Weight</i>	<i>Indicator</i>	<i>Weight</i>
Country programme	100%	Country programme	60%	Country programme	50%
		Agriculture value added	40%	Agriculture value added	30%
				Rural population	20%
Total	100%		100%		100%

<i>Option 4</i>		<i>Option 5</i>		<i>Option 6</i>	
<i>Indicator</i>	<i>Weight</i>	<i>Indicator</i>	<i>Weight</i>	<i>Indicator</i>	<i>Weight</i>
Country programme	40%	Country programme	30%	Country programme	25%
Agriculture value added	20%	Agriculture value added	20%	Agriculture value added	15%
Rural population	15%	Rural population	15%	Rural population	10%
GNI per capita	25%	GNI per capita	20%	GNI per capita	15%
		Rural sector performance	15%	Rural sector performance	10%
				Economic vulnerability index	25%
Total	100%		100%		100%

4. Thereafter, countries were ranked against each of the six options. The ranking that each country received against these six criteria is presented in the following table.

	<i>Option 1</i>	<i>Option 2</i>	<i>Option 3</i>	<i>Option 4</i>	<i>Option 5</i>	<i>Option 6</i>	<i>Option 5 ranking</i>	<i>No. of occurrence in 6 criteria</i>
1	Bangladesh	Mali	Bangladesh	Bangladesh	Bangladesh	Burundi	Bangladesh	6
2	Mali	Bangladesh	Mali	Mali	Mali	Malawi	Mali	6
3	Guatemala	Burundi	Burundi	Burundi	Burundi	Mali	Burundi	6
4	Burundi	Malawi	Malawi	Malawi	Malawi	Cambodia	Malawi	6
5	El Salvador	Guatemala	Morocco	Niger	Niger	Sierra Leone	Niger	6
6	Morocco	Syrian Arab Republic	Syrian Arab Republic	Sierra Leone	Syrian Arab Republic	Niger	Syrian Arab Republic	6
7	Republic of Moldova	Sierra Leone	Cambodia	Cambodia	Sierra Leone	Lao People's Democratic Republic	Sierra Leone	6
8	Syrian Arab Republic	Cambodia	Guatemala	Afghanistan	Cambodia	Bangladesh	Cambodia	6
9	Argentina	Morocco	Niger	Benin	Morocco	Eritrea	Morocco	6
10	Turkey	Lao People's Democratic Republic	Sierra Leone	Syrian Arab Republic	Benin	Benin	Benin	6
11	Niger	El Salvador	Indonesia	Morocco	Guatemala	Chad	Guatemala	6
12	Benin	Niger	Turkey	Eritrea	Republic of Moldova	Zimbabwe	Republic of Moldova	5
13	Nicaragua	Benin	Benin	Guatemala	Afghanistan	Nicaragua	Afghanistan	4
14	Malawi	Nicaragua	El Salvador	Lao People's Democratic Republic	Indonesia	Syrian Arab Republic	Indonesia	5
15	Cambodia	Republic of Moldova	Lao People's Democratic Republic	Chad	Lao People's Democratic Republic	Bhutan	Lao People's Democratic Republic	5
16	Georgia	Indonesia	Afghanistan	Nicaragua	Eritrea	Afghanistan	Eritrea	3
17	Indonesia	Turkey	Côte d'Ivoire	Indonesia	Nicaragua	Guatemala	Nicaragua	6
18	Sierra Leone	Argentina	Nicaragua	Côte d'Ivoire	El Salvador	Comoros	El Salvador	4
19	Peru	Côte d'Ivoire	Republic of Moldova	Togo	Turkey	Morocco	Turkey	4
20	Chad	Armenia	Chad	Republic of Moldova	Kyrgyzstan	Solomon Islands	Kyrgyzstan	1

5. The above exercise showed the following results:
- (a) Although the relative ranking varies somewhat across the options, 12 of the 20 countries appear in all the lists generated. This shows a close correlation among these variables. By way of illustration, countries with larger rural populations tend to be more dependent upon agriculture and more likely to have benefited from more support from IFAD. It also shows that IFAD's recent portfolio is closely aligned with a particular country's dependence on agriculture, level of income per capita, and size of rural population.
 - (b) As a corollary, the introduction of a new variable brings only a few countries into the new list (by dropping an equivalent number from the previous list). For example, introducing agricultural value added brings the Lao People's Democratic Republic into the list and introducing the rural population, Afghanistan. Similarly, the addition of GNI per capita as a variable brings Eritrea into the list.
 - (c) When economic vulnerability is introduced as an additional variable, significant changes occur and four countries – Bhutan, the Comoros, Solomon Islands and Zimbabwe – enter the list. This is explained mainly by the small size of the population, at least for three of the four countries. A cautious approach is therefore needed in relying on this indicator alone as by definition IFAD aims to reach as many rural poor people as possible. This is factored into the performance-based allocation system (PBAS) by assigning a weight to rural population.

Country office cost comparison

	Number of offices	P4-P5	P3-P2	NO-D	NO-C	NO-B	Total Professional staff	G4-G5	G6	Total General Service staff	Total
A. Basic assumptions: Offices and staff											
Offices led by internationally recruited staff	20	25	5	-	6	7	43	14	8	22	65
Offices led by locally recruited national officers	20			8	10	11	29	10	0	10	39
Total	40	25	5	8	16	18	72	24	8	32	104
Of which, relocated from headquarters		25									
B. Of A above, incremental number of staff											
		0	5	8	16	18	47	24	8	32	79
Of which, recruited by December 2010			5	4	14	12	35	14	8	22	57
Additional recruitments (2011-2013)			0	4	2	6	12	10	0	10	22
Standard unit costs - Average country offices (US\$)		236 290	175 189	84 513	68 064	53 781		24 994	28 129		
Standard unit costs - Average Rome headquarters (US\$)		240 550	178 347	NA	NA	NA		105 081	125 741		
C. Savings, current offices (December 2010)											
Existing staff, net of relocation and outposted international (number)				4	14	12	30	14	8	22	52
Unit cost savings owing to local recruitment (US\$)				156 036	172 486	124 565		80 087	97 612		
Savings in US\$ owing to local recruitment (thousands of US dollars)				624	345	1495	2 464	1 121	781	1 902	4 366
D. Incremental costs and savings, for expansion proposed for 2011-2013											
Incremental staff, if recruited at Rome headquarters (number)		6	6	0	0	0	12	10	0	10	22
Incremental staff, mix of international and national staff, if recruited for country offices (number)		0		4	2	6	12	10	0	10	22
Total cost, if staff recruited at headquarters (thousands of US dollars)		1 418	1 051	0	0	0	2 469	1 051	0	1 051	3 520
Total cost, mix of international and national staff, if recruited at country offices (thousands of US dollars)		0	0	338	136	323	797	250	0	250	1 047
Incremental savings with additional staff recruited at country offices vs. headquarters (thousands of US dollars)		1 418	1 051	-338	-136	-323	1 672	801	0	801	2 473
Total savings for current and proposed offices (thousands of US dollars)		1 418	1 051	286	209	1 172	4 136	1 922	781	2 703	6 839

Note: NO-B: national officer – full working level professional; NO-C: national officer – full working level professional with sub-specialization; NO-D: national officer – first managerial level with subordinate professionals working in occupational teams/sub-specializations.

Areas for output monitoring – Content of progress reports

I. Country context

1. Any developments in the country since the last progress report that may affect the IFAD country programme should be included. To the extent possible, the discussion of the country context should be forward-looking, focusing on potential impact on the IFAD country programme.

II. Thematic areas

A. Country programme development and implementation support

2. **Accomplishments of the CPO with regard to COSOP and project design, pre-implementation support, supervision and implementation support.** The progress report should indicate the role of the CPO in project design and supervision. It should describe results achieved in terms of pre-implementation support (i.e. resolution of bottlenecks to signing/effectiveness). A brief description of results achieved in terms of implementation support (i.e. problems resolved, opportunities addressed) should be provided, both in terms of issues common to the country programme and those specific to a project. Unresolved problems need to be highlighted, and where possible solutions recommended. Potential problems or bottlenecks should also be identified. (Maximum: 6 paragraphs)

B. Partnership building

3. Changes in the relationships with key donors in the agricultural and rural sectors should be explained. Participation in donor working groups or thematic forums should be described, with a focus on IFAD's role and contribution, and the result achieved or sought. Issues related to coordinated donor support should be highlighted. Potential cofinancing or implementation arrangements with international or national partners should be briefly assessed, for both ongoing and future projects. (Maximum: 4 paragraphs)

C. Policy dialogue

4. The main policy processes relevant to the rural sector in which the CPO is involved should be briefly described, as well as the role of the CPO and IFAD's specific contribution. Changes in policy to favour rural poor men and women that can be attributed to IFAD facilitation or advocacy should be described, including the role of the CPO. Any policy changes (positive or negative) that affect the IFAD country programme should be noted together with a brief analysis of their impact on the country programme. Cases where the IFAD country programme is **not** using country public finance and procurement systems should be flagged, and a short assessment of the potential to do so should be provided. (Maximum: 4 paragraphs)

D. Knowledge management and innovation

5. This section details results on knowledge management, including efforts to develop an IFAD country management team, disseminate information about IFAD policies and practices, participation in evaluation events and facilitation of self-assessments. The main conclusions or results of meetings or forums organized by the CPO should be included, as well as required follow-up action. Knowledge products developed by the CPO or to which the CPO provided a significant contribution should be described. (Maximum: 3 paragraphs)
6. Innovations identified by the CPO should be briefly described, including their potential application and partnership arrangements. The progress report should highlight the scaling up or replication of an IFAD innovation (or project) for which the CPO has been instrumental in promotion. The progress report should also make note of potential partners/sectors for replicating IFAD approaches from the

respective country programme as well as throughout the portfolio. (Maximum: 3 paragraphs)

E. Local capacity-building

7. The results of capacity-building initiatives, including both those where the capacity of the CPO was strengthened and those where the CPO built the capacity of others should be described, including longer-term benefits. Proposed follow-up action should also be included. (Maximum: 2 paragraphs)

III. Administrative and institutional arrangements

8. Any issues related to administrative aspects and institutional arrangements of the CPO, in particular the hosting arrangements and IFAD headquarters support. (Maximum: 2 paragraphs)

Monitoring indicators for IFAD country offices

<i>Category</i>	<i>Indicator</i>	<i>Purpose/Target</i>
Outreach and scaling up	1.1 Number of countries covered by country offices	30 as at 2010
	1.2 Number of projects and value of IFAD financing in countries with country offices	Percentage of total portfolio
	1.3 Number of IFAD-financed activities/projects scaled up by government or other donors	Monitor
Country programme development	2.1 Number of design missions in which country office staff participate	100%
	2.2 Number of RB-COSOPs in which country office staff participate	100%
Project implementation	3.1 Period between approval and entry into force	Reduction from 2010
	3.2 Months between approval and first disbursement	Reduction from 2010
	3.3 Number of supervision/implementation support missions in which country office staff participate	100%
	3.4 Percentage of financing disbursed as a percentage of disbursable funds	Increase from 2010 average of 15%
	3.5 Days between submission of withdrawal application and disbursement	Reduce from 2010 average
	3.6 Project status report ratings for selected fiduciary aspects	Improvement from 2010 average
Partnership building	4.1 Cofinancing (domestic and external) as a percentage of total project costs	Tracked
	4.2 Enhanced harmonization of IFAD programmes with other donors	Multilateral Organization Performance Assessment Network (MOPAN) reports, client survey
Policy dialogue	5.1 Number of national forums at which IFAD is represented: 5.1.1 Government 5.1.2 Donor	Tracked, progress reports
	5.2 Enhanced alignment of IFAD programmes with national mechanisms and objectives in relation to rural poverty reduction	MOPAN reports, client survey
	5.3 Policy changes, as a result of IFAD interventions, that address rural poverty issues and changes	Tracked
Knowledge management and innovation	6.1 Number of in-country CPMTs [country programme management teams]	At least one per year
	6.2 Number of annual reviews of country programmes	100%
Country office management	7.1 Number of country offices approved 7.1.1 Functional	Executive Board approvals Staff contracted, host agency agreement signed
	7.2 Number of host country agreements signed 7.2.1 Period between note verbale sent and agreement signed	% of country offices, 100% by 2014 Monitor
	7.3 Number of progress reports received on time	100% by 2012
	7.4 Country office costs, administrative and programmatic, available	Complete by end-2011
	7.5 Number of local staff with IFAD direct contracts	100% of CPOs and country programme assistants in countries with host country agreements
	7.6 Number of international staff posted to country offices	Monitor
	7.7 Number of country office bank accounts 7.7.1 Opened 7.7.2 Reconciled monthly	Monitor % of those requested 100% of accounts opened