Progress update on IFAD's decentralization

Document: EB 2024/OR/27

Date: 24 December 2024

Distribution: Public

Original: English

FOR: REVIEW

Useful references: Progress update on IFAD's decentralization ([EB 2023/140/R.17](#)); IFAD's 2025 results-based programme of work, and regular and capital budgets, and budget outlook for 2026–2027, and IOE's results-based work programme and budget for 2025 and indicative plan for 2026–2027, and the HIPC and PBAS progress reports ([EB 2024/143/R.17](#)).

Action: The Executive Board is invited to review the 2024 progress update on IFAD's decentralization.

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Progress update on IFAD's decentralization

I. Decentralization overview

A. Context

1. In accordance with the commitment to the Executive Board, Management is providing its annual update on progress on IFAD's Decentralization 2.0 (D2.0) reform. The report focuses on the good progress that has been made on decentralization since the most recent report submitted to the Executive Board in December 2023.

2. Decentralization is an essential means to enable IFAD to maximize its contribution to the 2030 Agenda and beyond. Placing more responsibilities for project, portfolio, relationship and engagement management with the staff on the ground enhances overall results. Over many years, IFAD Management has recognized the importance of bringing IFAD's operations closer to poor rural communities and small-scale producers in developing countries. This approach reflects IFAD's commitment to fostering stronger connections with those it serves and responding more effectively to their needs, as shown in the following timeline of IFAD's decentralization journey:

   • In 1997, the direct supervision pilot programme was established, bringing supervision previously outsourced in house.

   • During the period 2004–2006, the Field Presence Pilot Programme (FPPP) established 15 IFAD Country Offices (ICOs).

   • In 2011, IFAD's Country Presence Policy and Strategy was endorsed by the Executive Board, building on the lessons learned under the direct supervision pilot programme and the FPPP.

   • IFAD's Country Presence Strategy 2014–2015 built further on the 2011 policy and strategy.

   • In 2017, Management commenced the Operational Excellence for Results (OpEx) exercise, a key element of which was to decentralize further. The proportion of decentralized staff increased from 17 per cent of staff in 2017 to 33 per cent in 2019, using a hub and spoke model.

   • Following the lessons learned missions on decentralization conducted in 2018 and 2019, Management launched the D2.0 exercise in 2021 focusing on closer proximity and stronger client engagement. This approach was better suited to IFAD's size and business model, and led to a new decentralized office structure that included regional offices, multi-country offices and country offices with a target of 45 per cent of staff in the field.

   • In the 2023 update to the Executive Board, Management indicated that the plan (taking into account the deferred offices in four locations) was to open 47 ICOs. Management noted also that 43 offices, including regional offices in the East and Southern Africa (ESA) and West and Central Africa (WCA) regions, were operational. In addition, the proportion of staff in the field had increased to 40 per cent by June 2023.

   • During 2024, alongside ongoing enhancements to existing facilities (outlined below), Management paved the way to opening regional offices in Panama and Thailand. In addition, the number of operational offices increased to 44.

   • In 2025, the Asia and the Pacific (APR) and Latin America and the Caribbean (LAC) regional offices will become operational and the total number of active ICOs is expected to reach 47.

3. The assertion that decentralization enhances results has been endorsed by IFAD's own data and by various corporate-level evaluations (CLEs) performed by the Independent Office of Evaluation of IFAD (IOE). For example:

- The 2016 CLE on decentralization highlighted IFAD's strong performance in countries where there were ICOs, especially in overall project performance, sustainability, gender equality, innovation and scaling up, with the trend being more pronounced in fragile and conflict-affected situations.

- The 2022 CLE on decentralization drew a correlation between country presence and increased project cofinancing and faster project start-ups, with established ICOs benefiting more significantly.

4. The 2022 CLE raised several issues and recommendations for Management. The CLE findings and recommendations were broadly endorsed albeit preliminary as the decentralization rollout was ongoing. The Executive Board underlined the importance of keeping momentum while adjusting as necessary during implementation to address challenges and CLE recommendations. The recommendations and recalibrated actions taken are set out in annex I and II.

B. 2024 highlights

5. The 2024 summary highlights for D2.0 are as follows:

- Management signed host country agreements with Panama and Thailand to establish the APR and LAC regional offices. Temporary arrangements are being put in place to ensure the offices are operational in January 2025.

- The office set-up in Chad concluded in 2024, bringing the total number of operational offices to 44. The plan is to increase the total to 47 in 2025 once the ICOs in Benin, Uzbekistan and the new regional office in Thailand become operational. The regional office in Panama does not impact the overall number as it is being converted from a multi-country office to a regional office.

- The number of staff positions funded by the 2024 regular budget in the field amounts to 415 full-time equivalents or 48 per cent.

- The 2024 budget included most D2.0 expenses except for deferred offices and any potential implications arising from the review of ICO staffing metrics planned for 2025.

- Management has continued to enhance ICO facilities as required and has focused efforts on building staff capacity and capability as well as enhancing onboarding and the well-being of ICO staff. At the same time, the recalibration exercise has been focusing on enhancing the organizational structure and processes to maximize the focus on operations.

II. Update on the specific workstreams

6. As in the prior year, the D2.0 update is provided below across three workstreams: people, infrastructure and change.

A. People workstream

7. The key updates on the people workstream are as follows:

- **Staff in the field.** As of September 2024, the Twelfth Replenishment of IFAD's Resources (IFAD12) decentralization commitment of 45 per cent of staff positions in field duty stations had been achieved across all funding sources (and 48 per cent for positions funded by the regular budget). The actual number of staff located in the field represented 41.8 per cent in September 2024 due to a vacancy rate of 15.9 per cent. The vacancy rate is expected to decline by year-end. In addition, an ongoing review of the

recruitment process is expected to reduce this rate further to 12 per cent for both the field and headquarters.

- **Relocation.** The reassignment exercise continues to balance business continuity and individual needs. IFAD provides a minimum six months of flexibility for staff relocation, with Management review on a case-by-case basis. In addition, as a result of the host country agreements signed with the Governments of Panama and Thailand, the People and Culture Division (PCD) is implementing a relocation plan aligned with an overarching communication plan to ensure appropriate engagement with impacted staff.

- **Staffing framework.** As part of the ongoing overarching review of IFAD's staffing framework and contractual modalities, work is in progress with the United Nations Development Programme to replace service contracts with new partner personnel service agreements. These agreements will provide additional opportunities to locally hire non-staff employees in field duty stations to deliver on time-limited and project-based activities, while providing additional entitlements.

- **Upskilling and reskilling initiatives.** These initiatives have been organized into specialized academies, including the Operations Academy, the Leadership Development Programme and the D2.0 Field Staff Upskilling Programme, along with technical training. Through these programmes, 646 staff members have been upskilled or reskilled, with 60 per cent from headquarters and 40 per cent from field offices. This includes 219 staff in critical roles, representing 68 per cent of the total workforce.

- **Onboarding.** IFAD has transitioned field staff onboarding from peer agency support to internal management within the Management Services Division (MSD), formerly the Administrative Services Division (ADM), in collaboration with the relevant divisions. Administrative pools in regional offices and multi-country offices will in time assume full onboarding responsibilities once fully operational. In 2023, MSD developed a corporate onboarding guide for new hires in field offices, along with country-specific relocation guides for all regional and country offices. Additionally, a dedicated onboarding corner on the intranet provides easy access to all onboarding materials. By mid-November, regional communities on Microsoft Teams for all five regions had been launched by MSD in collaboration with the Information and Communications Technology Division (ICT). These communities will give field staff a dedicated space to share insights and experiences related to onboarding, as well as living and working at any duty station within their region.

- **Staff well-being.** Finally, initiatives focusing on staff well-being are under way, such as the workplace culture initiative, the diversity, equity and inclusion (DEI) talks, and regional staff retreats. Additionally, DEI advocates have been nominated among staff at the regional and country level to bring their field perspective and contribute to modelling respectful workplace culture and support initiatives to achieve the same.

B. Infrastructure workstream

8. The key updates on the infrastructure workstream are as follows:

- **ICO Overview.** IFAD plans to have opened 47 ICOs by the end of 2025, with 44 operational in 2024 and the three additional offices in Benin, Thailand and Uzbekistan becoming operational in 2025. Due to security concerns, the opening of ICOs in Afghanistan, the Central African Republic and Yemen has been deferred. In Haiti and Sudan, international ICO staff (and national staff in Sudan) have been relocated to Panama and Egypt, respectively, for safety reasons.

- **Regional office set-up.** The APR regional office in Bangkok, Thailand, will be established at a temporary regional office with a planned effective date in January 2025. The location for the LAC regional office was announced in April 2024 as Panama City, with a planned effective date for the temporary regional office in January 2025.

- **ICO pipeline.** In addition to the regional office set-up in Panama and Thailand, the ICO pipeline of work on facilities can be summarized as follows:

  2024

    - Enhancement of offices in Angola, Fiji, Mali and the United Republic of Tanzania

    - Relocation of offices in Bangladesh, Burkina Faso, Nepal and Sierra Leone

    - Set-up of the Chad ICO

  2025

    - Enhancement of offices in Ghana, India and Peru

    - Relocation of offices in Cambodia, China, Democratic Republic of the Congo, Fiji, Madagascar, Pakistan and Senegal

    - Set-up of offices in Benin and Uzbekistan

    - Set-up of the APR permanent regional office in Thailand and ongoing work on the LAC permanent regional office in Panama

- **Regional administrative pools.** The administrative pools were established in 2022 to provide support to staff in regional offices, handling tasks such as onboarding, departures, travel, visa processing, contracts and consultant recruitment. The administrative pools in the ESA and WCA regional offices are operational. Recruitment for the APR and LAC pools is currently under way and appointments are expected by the end of 2024.

- **ICO staffing metrics review.** The staffing of each ICO has been established by defined metrics. An assessment of these metrics will take place in early 2025 to ensure that the workload of each office is matched by adequate levels of staffing. This review will also assess the size of the regional offices and the balance between national and international staff as well as Professional and General Service staff.

- **Assessment of IFAD headquarters.** This assessment aims to ensure IFAD headquarters and associated functions is structured in such a way as to fully support a decentralized organization.

- **ICO staff satisfaction.** For the past three years, MSD has coordinated the annual IFAD Decentralization Effectiveness Survey to measure field staff satisfaction with corporate services. The survey tracks trends over time and serves as a key performance indicator for transformational institutional change, with results reported to the Executive Board in the Results Management Framework for IFAD12 and IFAD13 and the Report on IFAD's Development Effectiveness (RIDE). The survey results have provided valuable insights into field staff satisfaction. In 2024, the survey revealed an encouraging 81 per cent staff satisfaction, slightly exceeding the target of 80 per cent. In parallel, as part of the internal recalibration exercise, the consolidation of ADM and the Field Support Unit (FSU) into MSD aims to further maximize synergies and efficiency gains as a global service provider in a decentralized context.

C. Change workstream

9. **Communication and change management.** The existing D2.0 communication plan has been enhanced to offer regular briefings and dedicated support channels, such as a D2.0 intranet corner, staff Interacts and town hall meetings. Dedicated communication channels have also been established with the D2.0 team, including direct email contact. For a portion of 2024, communication efforts on D2.0 were scaled back somewhat due to the corporate recalibration exercise.

III. Budget overview and cost savings

A. Budget overview

10. **Budget.** For the 2025 budget, only minimal adjustments to staff costs were anticipated, as most decentralization expenses were already allocated in 2024 except for deferred offices and any potential costing implications arising from the review of ICO staffing metrics.

11. In addition to the budget envelope, Management would like to highlight the following key budget aspects:

- **Deferral of savings.** The delay in the opening of the APR and LAC regional offices has resulted in savings projected for 2025 being postponed to 2026. These savings primarily relate to staff positions in headquarters performing support functions. Management plans to ensure continuity without job losses by placing impacted staff in other existing positions across IFAD.

- **Budgeting system enhancement.** In accordance with commitments made, IFAD is further enhancing its budgeting system to gain a comprehensive, corporate-level view of decentralization expenses. This broader perspective will help IFAD to monitor both one-time and annual recurrent costs, including staff and non-staff expenditures, and differentiate between real and nominal costs.

- **Governance of D2.0 budgets.** To facilitate informed decision-making, the D2.0 steering committee reviews actual expenditures against budget allocations periodically in its meetings. This approach ensures prudent budget allocation throughout the fiscal year and accountable use of approved budgetary increases for decentralization. It also guarantees monitoring and periodic reporting of these costs. In the 2024 budgetary process, detailed breakdowns will further enhance transparency and accountability.

B. Cost savings and avoidance measures

12. Since the start of D2.0, measures to save costs and avoid unnecessary expenses have been implemented, resulting in the outcomes shown in table 1 below.

Table 1
Cost efficiency gains in staff and non-staff areas

Key cost efficiencies	*Detail*
	Staff
Moving programmatic support functions from headquarters to the field	• Yearly savings already included in D2.0 annual recurrent costs and estimated at US$1.3 million. • No job loss, and business continuity ensured.
Restructuring liaison function in headquarters	• Functions absorbed by new regional liaison team in headquarters, data analysts and country programme assistants in the field. • Yearly savings already included in D2.0 annual recurrent costs and estimated at US$0.8 million. • No job loss for General Service staff in headquarters, and business continuity ensured.
	Non-staff
Rent-free accommodations in regional offices (ROs) and ICOs	• Rent-free building agreed for WCA RO residence: yearly costs avoided estimated at US$0.5 million. • The Government of Kenya pledged a two-year annual rental subsidy of US$0.18 million for the ESA RO. • Finalization of discussions for rental subsidies in APR RO and selected ICOs.
Business operations strategy	• All ICOs benefit from six pooled business services: common administration services, human resources services, procurement services, logistics services, finance services and ICT services. • Estimated yearly costs avoided for IFAD are from US$0.15 million to US$0.2 million.
Common back offices	• Common back offices have been active in the following eight countries where IFAD has offices: Brazil, Cambodia, Ethiopia, Ghana, Kenya, Sudan, United Republic of Tanzania and Viet Nam.
Common premises, including with the other United Nations Rome-based agencies	• Out of the 44 current ICOs: - 10 IFAD offices are hosted by the Food and Agriculture Organization of the United Nations or the World Food Programme; 21 IFAD offices are hosted by other United Nations agencies; - Several IFAD offices are also hosted by other government or international institutions. • Optimizing shared resources, both rent and common services, saves approximately 40 per cent while improving United Nations agencycollaboration and efficiency. • Cost of rent alone is only about 5 per cent lower for common vis-à-vis stand-alone premises.

IV. Conclusion

13. The D2.0 reform exercise is nearing its final phases before being mainstreamed into core business with updates being provided in standard annual documents (such as the annual budget document).

14. During 2025, IFAD will establish the regional offices in APR and LAC and complete the current stage of its global footprint of 47 offices. While completing the D2.0 map, Management will conduct an assessment of staffing metrics and aim to do so in a budget neutral way. At the same time, Management will focus on staff well-being and further enhance its onboarding and training processes.

15. After establishing the 47 offices, efforts will be directed towards reviewing technical and support functions currently provided in headquarters and how they might be adapted to better suit a decentralized landscape. The first steps of this have taken place during the review of SSTC and private sector which were brought closer to operations.

16. Finally, there will be an increased focus on strengthening engagement with staff and ensuring consistent communication with the Executive Board, in alignment with the D2.0 communication plan. In 2026, a review of the offices currently deferred for security reasons will take place.

Actions taken to respond to the corporate-level evaluation (CLE) recommendations on IFAD's decentralization experience

1.   The table below outlines the actions taken in response to the 2022 CLE recommendations.

Table 1
Addressing CLE recommendations on decentralization (2022)

Recommendation	*Actions taken*
Recommendation 1 (agree) Take stock of D2.0 and course correct accordingly	• Recalibration of the D2.0 Implementation Plan has been approved and is under implementation • Reviewed Asia and the Pacific (APR) and Latin America and the Caribbean (LAC) regional offices (ROs), refining the multi-country office (MCO) model in West and Central Africa (WCA) and East and Southern Africa (ESA), and recalibrating APR MCOs in light of the APR RO decision (e.g. China, India and Viet Nam)
Recommendation 2 (partially agree) Develop budget and accounting system to track D2.0 costs	• Did not agree to develop new budget and accounting system owing to cost concerns • Improved granularity in reporting D2.0 spending within existing budget systems, with analyses in annual reports to the Executive Board • Decentralization costs, including staff, non-staff and office-related expenses, monitored and reported on regularly within the current system
Recommendation 3 (agree) Ensure adequate share of administrative budget is allocated to country programme delivery	• Upward trend in IFAD regular budget allocations to pillar 1 (country programme delivery) since 2022, emphasizing Social, Environmental and Climate Assessment Procedures and knowledge-based policy advice • Integrating non-lending activities into country strategic opportunities programmes and projects for knowledge-sharing, innovation and policy advice • The proposed budget for 2024 and 2025 follows a similar upward trajectory
Recommendation 4 (partially agree) Address limitations on human resources management through greater consideration of impact on operations	• Prioritizing non-lending activities within resource constraints if possible • Existing mechanisms in place for capacity-building of country directors (CDs), such as IFAD's Operations Academy upskilling and in-person retreats • Onboarding and training is continuously being improved, to equip new staff with essential information and skills required to perform their roles effectively
Recommendation 5 (agree) Ensure human resources management focuses on improving staff well-being	• Allocating timely resources for office set-up, staff reassignment and relocation • Revised D2.0 communication strategy for improved staff dialogue • Implementing initiatives to enhance staff well-being, reduce vacancy rate and foster a positive workplace culture • Prioritization of recruitments for field positions, including a field vacancy rate reduction from 21.9 per cent in January to 13 per cent in September; reached the overallcorporate vacancy rate target of 12 per cent
Recommendation 6 (addressed to the Executive Board) Strengthen Board oversight and guidance for decentralization	• Increased frequency of D2.0 updates, including events (e.g. informal seminar) and updates (e.g. oral update to the Executive Board in September 2023 and progress reports in December 2023 and December 2024)

D2.0 Recalibration Plan

2.   IFAD developed a comprehensive D2.0 Recalibration Plan in response to the CLE recommendations and internal lessons learned. The IFAD President approved the plan in July 2023 and the table below summarizes the key elements of the D2.0 Recalibration Plan.

Table 2
Key elements of the D2.0 Recalibration Plan (2023)

Workstream	Update
People workstream	• Maintaining the Twelfth Replenishment of IFAD's Resources (IFAD12) decentralization commitment of 45 per cent of staff positions by end-2024 (projected target at the end of 2024: 48.2 per cent); and President's commitment of 40 per cent staff by end-2023 (reached in June) • Global anchor locations reviewed and refined further • 2024/2025 headquarters General Service (GS) staff transition plans and three-year APR RO national officer transition plans for abolished positions
Infrastructure workstream	• Total number of IFAD Country Offices (ICOs) varying between 47 and 51 • APR RO to be set up by the third quarter of 2024 and LAC RO by 2025 • Deferring establishment of ICOs in conflict areas (Afghanistan, Central African Republic and Yemen) • Based on portfolio needs, upgrading of three ICOs to country director-led (Benin, Cambodia and the Untied Republic of Tanzania) and deferral of new country programme officer-led Togo office, while fine-tuning MCOs (China, Ghana, India and Viet Nam) • Organizational restructuring for decentralization: aligning IFAD's structure and assessing the role of headquarters
Change workstream	• Constant communications with impacted staff, governments and other internal and external stakeholders

Overview of 2025, 2026 and 2027 incremental decentralization costs

Table 1
Incremental decentralization recurrent costs
(Millions of United States dollars)

Cost item	2025 proposed budget	2026 forecasted budget	2027 forecasted budget
RO/ICO running costs	0.17	-0.02	0.44
Staff costs	-0.17	-1.21	0.01
UNDSS * costs	-0.24	0.30	0.00
Total	**-0.24**	**-0.93**	**0.45**

* United Nations Department for Safety and Security.

Table 2
Incremental decentralization recurrent costs by cost item
(Millions of United States dollars)

Cost item	2025 proposed budget	2025 net full-time equivalent (FTE) proposal	2026 forecasted budget	2026 net FTE proposal	2027 forecasted budget	2027 net FTE proposal
RO running	0.13		0.00		0.04	
RO staff	-0.03	-2	-0.40	-5	0.00	0
ICO running	0.04		-0.02		0.40 *	
ICO staff	-0.05	-3	0.10	-1	0.01	2
Headquarters staff	-0.09	-1	-0.91	-10	0.00	0
UNDSS *	-0.24		0.30		0.00	
Total	**-0.24**	**-6**	**-0.93**	**-16**	**0.45**	**2**

* This is an initial estimate only for ICOs in Afghanistan, Central African Republic and Yemen.
The actual cost will depend on the situations on the ground in 2027.

Table 3 *
One-time/set-up costs
(Millions of United States dollars)

	2024 office	2024 vehicle	2025 office	2025 vehicle
One-time/set-up costs	0.72	0.04	1.38	0.63

* One-time office funds are earmarked for RO set-up costs and 2025 ICO pipeline.
Vehicle funds are needed to ensure that the eight new and upgraded country director-led offices have an in-service office car.
No additional funds have been requested for 2025.

Table 4
RO, ICO and headquarter net FTE staff positions

Cost item	2025 net FTE proposal	2026 net FTE proposal	2027 net FTE proposal
RO staff	-2	-5	0
ICO staff	-3	-1	2
Headquarters	-1	-10	0
Total	**-6**	**-16**	**2**

Projected regular budget full-time equivalents in IFAD Country Offices by 2026

Country	Type of ICO	FTEs	Country	Type of ICO	FTEs
Thailand	RO	31	Panama	RO	32
Bangladesh	CD-led	5	Brazil	CD-led/SSTC	6
Cambodia	CD-led	4	Haiti	CPC-led	3
China	CD-led/South-South Triangular Cooperation (SSTC)	6	Peru	MCO	11
Fiji	CD-led	5	**Latin America and the Caribbean total**		**52**
India *	MCO	12	Egypt	MCO	25
Indonesia	CD-led	7	Sudan **	CD-led	4
Nepal	CD-led	4	Türkiye	MCO	13
Pakistan	CD-led	6	Uzbekistan	CD-led	4
Viet Nam	CD-led	7	**Near East, North Africa and Europe total**		**47**
Asia and the Pacific total		**91**			
Kenya	RO	48	Côte d'Ivoire	RO	43
Angola	CD-led	4	Benin	CD-led	4
Burundi	CPC-led***	2	Burkina Faso	CD-led	4
Ethiopia	MCO/ SSTC	10	Cameroon	MCO	11
Madagascar	CD-led	6	Chad	CPC-led	1
Malawi	CD-led	5	Democratic Republic of the Congo	CD-led	5
Mozambique	CD-led	5	Ghana	CD-led	5
Rwanda	CD-led	4	Guinea	CPC-led	2
South Africa	MCO	7	Liberia	CD-led	4
South Sudan	CPC-led	2	Mali	CD-led	4
United Republic of Tanzania	CD-led	4	Niger	CD-led	5
Uganda	CD-led	5	Nigeria	CD-led	7
Zambia	CPC-led	3	Senegal	MCO	12
			Sierra Leone	CPC-led	2
East and Southern Africa total		**105**	**West and Central Africa total**		**109**
Grand total				**404**	

*India's office headcount should eventually be eight staff members as it transitions into the steady state.
** Sudan's staff has been temporarily moved to Egypt.
*** country programme coordinator.

IFAD's decentralized organizational structure, including staffing configuration and functions of different country office types under D2.0

Office type	Indicative staffing (regular budget)	Functions	Number [a]
Regional office (RO)	• Staff from the Department for Country Operations (DCO), Office of Technical Delivery (OTD), Financial Operations Department (FOD), External Relations Department (ERD), Corporate Services Department (CSD) • To the extent possible, all technical staff in the field are based in ROs [b] • DCO regional director and front office (NOB and G-5) • DCO country director (P-4 or P-5) and country team, if needed [c] • OTD regional technical leads, Environment, Climate, Gender and Social Inclusion Division and Sustainable Production, Markets and Institutions Division (P-5), senior technical specialists (P-4), technical specialists (P-3) and national staff (NOB or NOC) • FOD staff: senior officer (P-4) and officers (P-3) [d] • Corporate services manager (P-4) and staff from CSD (e.g. Management Services Division (MSD), People and Culture Division (PCD), Information and Communications Technology Division) • Communications Division officer (P-3) and analyst (NOB) • Administrative pool staff to support professionals in RO	• Regional collaboration and engagement (lending and non-lending activities) • Programmatic and administrative backing to country teams • Inter-departmental coordination • Risk oversight and regulatory compliance • Business services • Under the Operational Excellence for Results (OpEx), the majority of staff now in ROs were operating either from headquarters or a field hub • CDs based in RO oversee designated portfolios • G-6 regional liaison associate is based in headquarters	4
Multi-country office (MCO)	• Head of MCO (P-5) • Country programme officer (NOC). A country programme analyst (NOB) may be considered based on portfolio size of host country and other metrics • One country programme assistant (G-5) • Number of country programme assistants is adjusted upwards if supporting more than two CDs • MCO administrative assistant (G-4) • Programme officer (P-3) • Country operations analyst (NOA) • One or more CDs according to the number of countries managed from MCO	• Head of MCO oversees the portfolio of the host country • Engagement and partnerships at the subregional policy level • Subregional lending programmes (e.g. Sahel) • Assistance to CPO-led IFAD Country Offices (ICOs) and countries without an ICO handled from MCO • All of the MCOs were hubs under OpEx. The main difference is that unless there is a justified rationale all technical staff should no longer be based in these offices (only DCO) [e] • CDs based in MCO focus on managing assigned portfolios	8

CD-led office	• CD (P-4 or P-5), country programme officer (NOC)/analyst (NOB), [f] and country programme assistant (G-5)	• CD alongside the country team oversees the host country's portfolio and possibly portfolios of other countries covered by the ICO • Country programme support, non-lending activities communication/outreach and corporate engagement	28
Country programme officer (CPO)-led office	• Country programme officer (NOC)	• Portfolio is always managed from CD-led ICO, MCO or RO by CD with strong backing from in-country CPO	7

[a] Final number of country offices and office types still to be defined, depending on the decision on the office footprint in conflict-affected areas.

[b] However, in some cases, there may be a need for specific positions (e.g. positions funded by supplementary funds) to be based in MCOs or even CD-led ICOs. This does not apply to the Near East, North Africa and Europe region where no regional office is currently planned.

[c] If more than one CD, MCO metrics apply.

[d] In the exceptional case of the East and Southern Africa RO, there is a country analyst (NOA/NOB) and a country associate (G-6).

[e] Management has agreed for technical staff to reside outside the regional office in the following multi-country offices (MCOs): In addition to DCO staff, MCO Egypt has 1 CSD, 1 ERD, and 9 OTD staff members; MCO India has 1 ERD and 2 OTD staff members; MCO Peru has 1 ERD staff member; MCO Senegal has 1 ERD staff member; and MCO Türkiye has 2 FOD staff members.

[f] This may include a second country programme officer/analyst based on host country portfolio size and other metrics.

Metrics determining the IFAD Country Offices and fieldstaff senior leadership distribution

1.   The process to assess and prioritize locations for opening or upgrading an ICO under IFAD's Decentralization 2.0 (D2.0) reform involves a metrics-based approach. Initially, this approach identified three primary factors for each country within IFAD's active portfolio: the future business factor, the Sustainable Development Goals factor and the complexity factor. These factors considered aspects such as poverty gaps and hunger levels, complexity and projected future business. Poverty and hunger data, fragility, governance quality, the current performance-based allocation system allocation and the percentage increase from the previous replenishment cycle were used to calculate these factors. After standardizing and averaging these values, they were multiplied by each country's portfolio size to obtain a weighted portfolio value. The percentage value of the weighted portfolio for each country determined the score used for selecting and prioritizing D2.0 countries. This quantitative analysis was further complemented by discussions with regional directors to assess qualitatively partnership potential, opportunities for country-level policy engagement and operational feasibility.

2.   For regional offices, further consideration was given to the following categories andfactors:

   (i)   **Value for money (35 per cent).** This category includes factors such as labour costs,the cost of office premises or rental costs, inflation rate, currency stability and travel costs.

   (ii)   **Qualitative criteria (40 per cent).** This category encompasses factors such as liveability, hardship and security threats, travel and accessibility, information technology connectivity, openness and security, as well as spousal employment permissibility.

   (iii)   **IFAD-specific criteria (25 per cent).** This category focuses on factors such as thenumber of staff impacted, the presence of international financial institutions and other United Nations agencies, and the existence of a host country agreement.
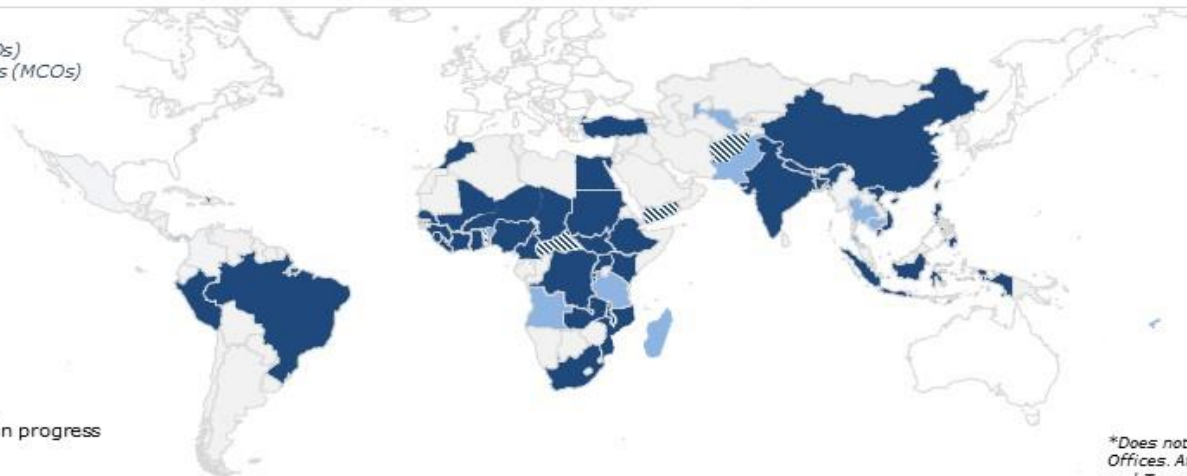
Recalibrated Decentralization 2.0 IFAD Country Office map (as of October 2024)*

47 ICOs
4 Regional Offices (ROs)
8 Multi Country Offices (MCOs)
27 CD-led offices
8 CPC-led offices

— ICO ready
▬ Set-up/upgrade in progress
〰 ICO deferred

*Does not include HQ or Liaison Offices. Afghanistan, Yemen, CAR and Togo have been deferred.

LAC (4 ICOs)		
Brazil	CD-led	●
Haiti	CPC-led	●
Panama	RO (U)	●
Peru	MCO	●
Upgrade (U) New (N)		

WCA (14-16 ICOs)		
Benin	CD-led (N)	●
B. Faso	CD-led (U)	●
Cameroon	MCO	●
CAR	TBC CPC-led (N)	⊘
Chad	CPC-led (N)	●
DRC	CD-led	●
C. D'Ivoire	RO (U)	●
Ghana	CD-led	●
Guinea	CPC-led	●
Liberia	CD-led (N)	●
Mali	CD-led (U)	●
Niger	CD-led (U)	●
Nigeria	CD-led	●
Senegal	MCO	●
S. Leone	CPC-led	●
Togo	TBC CPC-led (N)	⊘

ESA (13 ICOs)		
Angola	CD-led (U)	●
Burundi	CPC-led	●
Ethiopia	MCO	●
Kenya	RO (U)	●
Madagascar	CD-led (U)	●
Malawi	CD-led (N)	●
Mozambique	CD-led (U)	●
Rwanda	CD-led (U)	●
South Africa	MCO	●
South Sudan	CPC-led (N)	●
Tanzania	CD-led (U)	●
Uganda	CD-led (U)	●
Zambia	CPC-led	●

APR (11-12 ICOs)		
Afghanistan	TBC CD-led (N)	⊘
Bangladesh	CD-led	●
Cambodia	CD-led (U)	●
China	CD-led and SSTC	●
Fiji	CD-led (U)	●
India	MCO	●
Indonesia	CD-led	●
Nepal	CD-led (U)	●
Pakistan	CD-led (U)	●
Philippines	CD-led	●
Thailand	RO (N)	●
Vietnam	CD-led	●

NEN (5-6 ICOs)		
Egypt	MCO	●
Morocco	CPC-led	●
Sudan	CD-led	●
Turkey	MCO	●
Uzbekistan	CD-led (N)	●
Yemen	TBC CPC-led (N)	⊘

2017-2024 key milestones: from country presence to D2.0

2017

June: **Official start of OpEx following IFAD's Corporate Decentralization Plan presented to the EB in Dec '16**. An initial scoping phase in the first half of the year included analysis of IFAD's country presence experience (comprised of reports and recommendations of IOE), a stocktaking exercise of existing change initiatives, identification of key success factors critical to the realization of IFAD's strategic objectives; consultation with a broad range of staff; and an IFAD-wide survey to identify the key priorities going forward.

September: **first information note on OpEx presented to the EB**. Member States were updated regularly at every EB session until mid-2019.

December: **end of OpEx design phase**, which included identifying costed options for organizational transformation and an implementation and investment plan. The design phase focused on the following:

a. alignment of structures, resources and leadership with IFAD's value proposition;
b. applying international best practices within IFAD to ensure results delivery throughout the project cycle; and
c. (iii) embedding continuous improvement within the organizational culture.

2018

January: **A decentralized map finalized and shared internally with staff**; the job profiles of the new country director role were completed; and a new procedure introduced to commence a reassignment exercise to ensure appropriate staffing across all ICOs.

February: **one-time OpEx budget approved** by the Governing Council

April: **revised organizational structure approved** (ERG created, OPR established within PMD, reconfigured SKD and technical staff mapped in areas of highest demand to regions)

December: **end of OpEx implementation phase** (while lessons learned missions started in Nov' 18). Main achievements in addition to the above include:

a. A new decentralized map for IFAD offices with 15 regional hubs (including 3 SSTC and KM centres) and 25 ICOs;
b. A metrics-based approach to determine appropriate staffing in ICOs, resulting in an increase of staff positions in the field from 18 to 30% and 34 new positions (of which 9 CD positions), offset by 29 abolished positions (but zero job loss);
c. A major reassignment exercise (completed in two waves) that reassigned 98 operational and technical staff;
d. Revisions to delegation of authority (DoA) to devolve greater responsibility to lower levels of management and to ICOs; and
e. Completion of a scoping exercise to identify business processes for re-engineering in 2019.

2019

January: **Management established CDI.**

Mar '19: **Management completed missions to 14 of the Fund's 15 regional hubs** (Turkey mission was postponed as the Hub not yet operational).

May: **OpEx lessons learned report issued**, highlighting increased engagement and impact on the ground, but also emerging challenges, such as lack of sufficient field admin support and issues with dual reporting/ DoA.

September: **voices from the field session** (CDs shared lessons and workload issues directly with EB).

October: **target of 45% field staff set at EB retreat.**

November: **IMT to review functioning of sub-regional hub model.** Subsequently, a cross-departmental decentralization working group was set up to improve IFAD's impact, presence and positioning on the ground.

2020

April and October: **IMT reviewed outcome of decentralization working group.** The main output delivered was:

a. taking stock of lessons learned (including those related to COVID-19) and benchmarking vis-à-vis other organizations;
b. Proposing options to respond to lessons learned and adjust IFAD's decentralized structure accordingly; and
c. presenting the initial organizational structures of affected divisions, maps, metrics, budget considerations and implementation timelines.

November: **Senior Management decision on next steps, giving rise to the D2.0 phase** (i.e. replacing the sub-regional hub model with regional and multi-country offices; strengthening "in-country" presence by increasing the ICO footprint from 40 to 50; upgrading of 12 offices and increasing CD-led offices).

2021

January: **D2.0 implementation commenced, and completion date set at end of IFAD12.**

February: **formal governance of D2.0 set up** with Steering Committee, Decentralization Implementation Group (DIG), and EMC/EB updates.

March: **WCA RO location selected in Cote d'Ivoire**. Kenya selected to host ESA RO in Q2.

April: **new DoA framework** established to reflect IFAD's evolving decentralized structure. The first staff Interact on D2.0 took place, with a second Interact, one President's Forum and seven D2.0 blogs to follow until year end.

July: **first quarterly Shovel Report** tracking D2.0 implementation progress delivered.

August: **a comprehensive review of PMD ICO staffing metrics** and organigrams in SKD and FMD fed into the DWP process.

September: **first D2.0 update presented to EB**. Others will follow in Dec '21 and Apr '22.

October: **new D2.0 ICO map approved by the President**.

December: **interim arrangements for the ESA RO ready**. Impacted GS staff at HQ experienced no job loss by year end (most transitioned to new permanent positions). EB in favor of D2.0 one-time and recurrent budget for 2022, albeit with a more phased approach to opening and upgrading ICOs.

2022

January: **D2.0 upskilling programme launched.** New field positions key to D2.0 model included and funded in DWP. Recruitment of essential positions fast-tracked.

February: **interim arrangements for WCA RO ready.**

April: **Detailed medium-term outlook for D2.0 and budget implications presented to EB**. IOE and FSU surveys on decentralization launched. GSS to be launched in May with new decentralization section.

June: **D2.0 Interact held**. Divisional briefings and blogs also continue to be used throughout the year to communicate progress with staff.

July: **ICO asset registry project** started.

August: **new D2.0 position map endorsed by Steering Committee.** Admin pool support recruited in WCA and ESA.

September: **Reassignment results communicated to staff**, feeding into D2.0 relocation sequencing.

October: **Set-up of ICT ticketing system** for admin pool started.

December: **By year-end, two ROs set up, seven ICOs upgraded and three new ICOs established** (i.e. 45% of entire D2.0 pipeline, most within UN common premises. EB in favor of D2.0 one-time and annual recurrent budget for 2023.

2023

April and May: **CLE on IFAD's Decentralization Experience (2022) discussed at the Evaluation Committee and the EB**. Three recommendations out of five to Management fully accepted (1, 3 and 5); and two partially accepted (2 and 4). Recommendation 6 addressed to the Board. **Interact on Reassignment held** in May.

June: **D2.0 Interact held**. **Rapid Pulse Survey on Decentralization launched**. It assessed field perspectives, both the current engagement status and future improvements for better delivery. Findings were discussed at an IMT and acted upon by the D2.0 Steering Committee.

July: **The D2.0 Recalibration Plan approved** and under implementation. **ICT Footprints ticketing system piloted in ESA RO**, led by ICT.

August: Bangkok selected as location of the **APR Regional Office. D2.0 Interact held,** including 2 dedicated sessions with affected staff and AVPs, as well as one-to-one meetings.

September: **Oral update on D2.0 Progress** presented to the Board.

October: **EB Informal Seminar** on D2.0 Implementation Progress held.

November: **IOE-led Learning Event on Decentralization** held.

December: **Progress Report on D2.0** presented to the Audit Committee in November and the EB in December.

2024

April: **Panama selected as LAC Regional Office.** A Decentralization Interact was subsequently held to inform staff.

May: **Decentralization Effectiveness Survey held.** The survey assessed the quality of corporate services provided by IFAD and local hosting agencies in field duty stations, achieving a satisfaction rate of more than 80% across most areas and services.

June: **ICT Footprints ticketing system goes live in WCA RO.**

October: **HCA signed between IFAD and Thailand**, paving the way for the opening of the APR Regional Office in 2025. On the back of this, an APR regional retreat was held in Bangkok. Moreover, a new HCA was also signed with Panama for the LAC Regional Office opening.

December: **By the end of IFAD12, key D2.0 targets have been successfully achieved: more than 45% of field staff positions decentralized and 47 ICOs are either operational or in final implementation phases.**