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Invertir en la población rural

Evaluación a nivel institucional de la experiencia del FIDA en materia de descentralización

Nota para los representantes en la Junta Ejecutiva

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Para examen

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Resumen

I. Antecedentes

1. La Oficina de Evaluación Independiente del FIDA (IOE) realizó este año una evaluación a nivel institucional de la experiencia de descentralización del FIDA, de conformidad con la decisión adoptada por la Junta Ejecutiva en diciembre de 2015. La evaluación se llevó a cabo en el marco de la Política de evaluación del FIDA (2011) y de acuerdo con los conceptos metodológicos establecidos en la segunda edición del Manual de evaluación (2015). Esta evaluación servirá de base para elaborar el plan de descentralización institucional que la dirección del FIDA presentará a la Junta Ejecutiva en diciembre de 2016.

2. Los objetivos generales de la evaluación, que se establecieron a fin de reforzar las estrategias y los planes futuros, fueron valorar y generar enseñanzas sobre: i) la experiencia y la labor del FIDA en materia de descentralización, incluidos los supuestos subyacentes, ii) la contribución de la descentralización del FIDA a la mejora del desempeño operativo y los resultados de desarrollo, y iii) los costos del proceso de descentralización en relación con los resultados obtenidos.

3. Metodología de evaluación. En la evaluación se han tenido en cuenta aspectos formativos y sumativos debido a que la estrategia de descentralización del FIDA no se ha aplicado integralmente. Una característica distintiva de la evaluación formativa fue la atención dispensada al aprendizaje y la promoción del diálogo con la dirección del FIDA y otras partes interesadas en instancias clave del proceso de evaluación, especialmente mediante talleres de consulta regionales. En lo que respecta a la parte sumativa de la evaluación, algunas oficinas del FIDA en los países se encuentran operativas desde hace más de una década, por lo que se dispone de suficientes datos sobre el desempeño operativo y los resultados de desarrollo como para evaluar la medida en que se han obtenido los productos y efectos directos previstos y alcanzado los resultados esperados. Estos datos proporcionaron la base para realizar una evaluación general de la labor del FIDA en materia de descentralización y permitieron generar enseñanzas para el futuro.

4. La evaluación abarcó el período comprendido entre inicios de 2003 y mediados de 2016, y se fundó en tres criterios de evaluación internacionalmente reconocidos: la pertinencia, la eficacia y la eficiencia. Asimismo, se utilizó una metodología mixta y se recabaron información y datos cuantitativos y cualitativos de diversas fuentes, entre ellas:

   i) un examen preliminar de documentos pertinentes elaborados por el FIDA y organizaciones que se utilizaron como base de referencia (bancos multilaterales de desarrollo y organismos de las Naciones Unidas con sede en Roma);

   ii) un análisis de datos cuantitativos provenientes de la base de datos del Informe anual sobre los resultados y el impacto de las actividades del FIDA (ARRI) y de otras bases de datos del Fondo;

   iii) cuestionarios electrónicos dirigidos al personal del FIDA y partes interesadas: se encuestó a 1 987 personas entre funcionarios del FIDA y participantes externos, de las cuales respondieron el 62 %;

   iv) entrevistas sostenidas en el FIDA con informantes clave: representantes de los órganos rectores, personal directivo y otros miembros del personal;

   v) cuatro talleres de consulta regionales celebrados entre mayo y julio de 2016 en los siguientes sitios: sede regional del FIDA (región de Cercano Oriente, África del Norte y Europa); Lima (región de América Latina y el Caribe); Nairobi (región de África Oriental y Meridional y región de África Occidental y Central),

y Hanoi (región de Asia y el Pacífico); a los talleres asistieron gerentes de proyectos, representantes gubernamentales, organizaciones internacionales y miembros de la dirección y el personal del FIDA, y

vi) estudios de caso seleccionados en 13 países (con oficinas del FIDA en el país y sin ellas): Burkina Faso, China, el Ecuador, Egipto, Filipinas, Georgia, la India, Kenya, Nicaragua, el Perú, la República Democrática del Congo, la República Unida de Tanzanía y Viet Nam.

5. Calendario. La evaluación se llevó a cabo en tiempo récord. El Comité de Evaluación examinó el documento conceptual en marzo de 2016 y los hallazgos preliminares se remitieron a la dirección en julio de 2016. El borrador del informe se puso a disposición de la dirección a principios de septiembre de 2016 y se finalizó a comienzos de octubre de 2016. El informe final se somete a la consideración del Comité de Evaluación en noviembre, tras lo cual se presentará a la Junta Ejecutiva en su 119º período de sesiones, en diciembre de 2016. Este calendario obedece a la necesidad de aportar datos que sirvan a la dirección para elaborar el plan de descentralización institucional que se presentará a la Junta Ejecutiva en diciembre de 2016.

6. Contexto de descentralización del FIDA. Cuando en 1974 se decidió constituir el FIDA, la estructura que se concibió era sumamente centralizada. El Fondo no iba a establecer oficinas en los países, sino que operaría sobre la base de acuerdos concertados con organismos internacionales. No fue sino hasta después de la Consulta sobre la Quinta Reposición de los Recursos del FIDA que la Junta Ejecutiva aprobó, en 2003, el programa piloto relativo a la presencia sobre el terreno para el período 2004-2006, del cual resultó el establecimiento de 15 oficinas en los países. Tras una evaluación a nivel institucional del programa piloto y la ampliación ulterior del programa, la Junta aprobó la Política y estrategia del FIDA de presencia en los países (2011-2013), limitando a 40 el número de oficinas presentes en ellos. Posteriormente, la Estrategia del FIDA de presencia en los países (2014-2015) aumentó el número máximo a 50. A mediados de 2016, de las 41 oficinas establecidas en los países, 39 se encontraban en funcionamiento.

7. La presencia del FIDA en los países se constituyó sobre la base de cuatro configuraciones principales. La primera consistía en una oficina dirigida por un miembro del personal de contratación nacional —el oficial del programa en el país (OPP)— bajo la supervisión de uno de contratación internacional basado en Roma. La segunda consistía en un miembro del personal de contratación internacional —el gerente del programa en el país— adscrito en un país y apoyado por personal de contratación nacional. La tercera opción era una oficina subregional dirigida por un miembro del personal de contratación internacional que también prestaba servicios a países vecinos. La cuarta se trataba de una oficina regional (establecida únicamente en Kenya) dirigida por un miembro del personal de contratación internacional y con algunas competencias financieras descentralizadas que abarcaban la región de África Oriental y Meridional y parte de la región de África Occidental y Central.

II. Principales hallazgos

A. Pertinencia

8. Los objetivos del proceso de descentralización eran en general válidos. Los objetivos no variaron de manera significativa tras el plan de actividades relativo a la presencia del FIDA en los países (2007), en el cual se señalaba que esta presencia mejoraría la eficacia del FIDA para impulsar el proceso de desarrollo, en particular porque le permitiría: i) adaptar mejor los diseños de los proyectos al contexto del país y proporcionar un apoyo a la ejecución eficaz en función de los costos; ii) desempeñar un papel catalizador en las actividades no crediticias

(diálogo sobre políticas, creación de asociaciones y gestión de los conocimientos); iii) adecuarse mejor a las estrategias de los países y los mecanismos de coordinación de donantes, y iv) participar en la iniciativa “Una ONU”.

9. Algunos supuestos no eran realistas. Se plantearon tres supuestos interrelacionados de carácter esencial: i) la no incidencia en los costos; ii) la experimentación con modalidades de presencia en el país sin un enfoque institucional normalizado claro, y iii) la ampliación de la presencia en los países sin realizar reformas en la Sede.

10. El primer supuesto (la descentralización no incidiría en los costos) no fue respaldado por la experiencia de muchas otras instituciones financieras internacionales y organismos de las Naciones Unidas, la cual ponía en evidencia una mayor eficacia institucional y de las actividades de desarrollo, pero también un aumento de los gastos. Con este supuesto estaba vinculado el enfoque “blando” de presencia en el país (esto es, oficinas muy pequeñas con una dotación escasa de recursos humanos y financieros), pese a que las expectativas en cuanto a las funciones que desempeñarían esas oficinas (por ejemplo, apoyo a la ejecución de la cartera, participación en actividades no crediticias y contribución a la iniciativa “Una ONU”) eran grandes. Cabe señalar que los proyectos financiados por el FIDA suelen ejecutarse en áreas remotas. Eso significa que una parte significativa del tiempo del personal de la oficina en el país se destina a realizar viajes y visitas a esas zonas, lo cual reduce su disponibilidad para dedicarse a actividades no crediticias y de otro tipo. En síntesis, había un desequilibrio entre las expectativas y los recursos a disposición de las oficinas en los países.

11. El segundo supuesto era que cada división regional podía experimentar con diferentes modalidades de presencia en los países sin necesidad de examinar las ventajas y los inconvenientes de opciones alternativas o adoptar un enfoque institucional estructurado. De haberse contado con un enfoque institucional más nítido y un análisis de las necesidades de recursos y los beneficios previstos de las diferentes modalidades de presencia en los países, se podrían haber establecido mucho antes enseñanzas comunes y buenas prácticas.

12. El tercer supuesto era que los cambios debían centrarse en la ampliación de la presencia en los países sin necesidad de realizar grandes ajustes y reformas en la Sede. La experiencia de las organizaciones tomadas como referencia muestra que la descentralización requiere cambios tanto en el centro como en la periferia. Las oficinas en los países requieren distintos tipos de apoyo (por ejemplo, administrativo, operativo, técnico y financiero). Sus centros de gravedad y enfoques necesitan revisarse mediante un análisis funcional del cual podría resultar un traslado de personal y una delegación de facultades de la Sede al terreno. Este aspecto fue reconocido en una etapa avanzada del proceso de descentralización.

13. El contexto propicio interno. Durante el proceso de descentralización la Junta Ejecutiva ha recibido por lo menos una actualización al año sobre la evolución del mismo y ha adoptado las principales decisiones. No obstante, la Junta no ha contado con el respaldo de un sistema adecuado para hacer un seguimiento del desempeño operativo, los resultados y la eficiencia en función de los costos de la presencia en los países, ni elaborar informes al respecto. Los indicadores de seguimiento para las oficinas del FIDA en los países no estaban definidos adecuadamente, carecían de indicadores de gastos y eficiencia y no estaban bien integrados en los sistemas de gestión de la información y presentación de informes del FIDA.

14. En un principio, el personal de la Sede fue reacio a trasladarse o ver sus funciones reducidas, y los directores de las divisiones regionales se opusieron a una disminución de su capacidad de control directo. Más recientemente se ha comenzado a ver una actitud más favorable por parte de los cuadros directivos intermedios y el resto del personal. Aunque en la planificación estratégica de la

fuerza de trabajo se ha tenido en cuenta la descentralización, la dirección se ha mostrado poco dispuesta a llevar a cabo un ajuste importante del personal en la Sede o a volver a examinar el modelo institucional general de la organización.

15. No se aprovecharon al máximo las enseñanzas extraídas de evaluaciones y experiencias anteriores de otros organismos. La evaluación del programa piloto de 2007 había revelado que sin una reestructuración institucional de fondo los costos de la descentralización se incrementarían gradualmente. En un principio este aspecto recibió poca atención debido a que, en ese momento, la prioridad era aumentar la presencia en los países. La evaluación de 2007 también indicó que los modelos subregionales podían reportar importantes beneficios a partir de una mayor eficiencia en función de los costos, y que deberían ponerse a prueba. Si bien en ese momento la recomendación no convenció por completo a la dirección, en la actualidad se está considerando el modelo con gran interés.

16. La experiencia de otras organizaciones internacionales también mostró la necesidad de reestructurar la Sede así como de reorganizar algunas actividades entre aquella y el terreno. En 2013, utilizando su propia experiencia y potencial para lograr economías de escala, el FIDA podría haber realizado un análisis funcional más estructurado de las actividades que se hacían mejor desde la Sede y las que se hacían mejor en los países, lo cual podría haber dado lugar a un enfoque más informado.

B. Eficacia

Contribución a la mejora del desempeño operativo

17. El establecimiento de oficinas en los países contribuyó a mejorar el diseño y los resultados de los programas sobre oportunidades estratégicas nacionales (COSOP). El análisis de las evaluaciones de los programas en los países revela que la presencia de oficinas del FIDA coincide con los COSOP de mayor pertinencia, que responden mejor a las prioridades nacionales y las necesidades locales. La presencia en el país trajo aparejado un mayor conocimiento del contexto institucional y normativo de los países, y ha llevado a que se realicen consultas con los asociados de manera más frecuente y sustanciosa.

18. La presencia en los países ha contribuido notablemente al apoyo a la ejecución de los proyectos, lo que a su vez ha mejorado la eficacia de los proyectos. Incluso en los proyectos bien diseñados y gestionados, la ejecución pueden verse afectada por distintos obstáculos. La presencia de personal del FIDA que puede interactuar con las partes interesadas cuando estas lo necesitan permite una mayor capacidad de respuesta y resolución de problemas, a la vez que agiliza el intercambio de correspondencia y evita los retrasos.

19. En los países con oficinas del FIDA (en funcionamiento al menos dos años antes de la finalización del proyecto) las calificaciones otorgadas a la eficacia de los proyectos fueron considerablemente mejores que en los que no había una oficina. Aunque en los resultados del proyecto influyen muchos factores además de las actividades que desarrollan las oficinas del FIDA en el país, las entrevistas y los estudios de caso utilizados para la evaluación que nos ocupa ilustraron de modo convincente cómo estas oficinas, a través del apoyo a la ejecución, facilitaron la obtención de esos resultados.

20. En la esfera de las actividades no crediticias, la presencia en los países contribuyó notablemente a la creación de asociaciones, pero de manera más limitada en lo que respecta a la gestión de los conocimientos y el diálogo sobre políticas. En lo que se refiere a las asociaciones con los gobiernos, la frecuencia y la calidad del diálogo con las contrapartes nacionales registraron mejoras considerables. Se observó una correlación positiva entre la presencia en los países y el aumento de la financiación proveniente de fuentes internas. La presencia en el país contribuyó también a mejorar el intercambio de información y

a facilitar la participación del FIDA en los grupos sectoriales de coordinación entre donantes. Para un conjunto seleccionado de donantes multilaterales (por ejemplo, la Unión Europea y el Banco Africano de Desarrollo), las oficinas del FIDA en los países contribuyeron a movilizar financiación internacional suplementaria.

21. La presencia en los países ayudó a establecer contactos más frecuentes con los organismos con sede en Roma y otros organismos de las Naciones Unidas, aunque no reforzó la colaboración programática y sobre cuestiones de fondo. El personal del FIDA consideró menos prioritaria su participación en iniciativas de las Naciones Unidas debido a que el modelo operativo del Fondo es diferente y se parece más al de los bancos multilaterales de desarrollo.

22. En lo que respecta a la gestión de los conocimientos, la contribución fue más reducida. Los equipos de proyectos y las oficinas en los países han organizado algunas iniciativas y productos relacionados con los conocimientos, no obstante, estos no fluyen como deberían fluir debido a una serie de factores: i) las deficiencias de los sistemas de seguimiento y evaluación (SyE); ii) la ausencia de una plataforma que simplifique la búsqueda y recuperación de productos de conocimiento elaborados por las oficinas en los países y los equipos de proyectos, y iii) la escasa disponibilidad de recursos financieros y humanos a nivel de las oficinas en los países.

23. Si bien algunos casos ejemplifican el papel positivo que han desempeñado las oficinas en los países para promover el diálogo sobre políticas en la esfera nacional, esto no ha ocurrido de manera sistemática. Debido al tamaño de las oficinas en los países y a las distintas prioridades que estas enfrentan, es relativamente poco el tiempo que los miembros de su personal han dedicado al diálogo sobre políticas. En general, estos interpretan que la mitad del tiempo debería destinarse a cuestiones operativas, pero cada vez más se espera que se ocupen de la labor normativa, la gestión de los conocimientos y el diálogo en las instancias nacionales.

24. La elección de las cuestiones relacionadas con el diálogo sobre políticas incluidas en los COSOP y los documentos de diseño de los proyectos estuvo en gran medida determinada por los intereses, la experiencia y las iniciativas de los gerentes de los programas en los países (GPP). En las evaluaciones del desempeño profesional del personal se tienen más en cuenta la cantidad de proyectos aprobados, la ejecución satisfactoria y la garantía de una sólida gestión fiduciaria que las actividades no crediticias. Esa es una de las razones por las que el personal de las oficinas en los países, que trabaja al límite de sus posibilidades, destina relativamente poco tiempo al diálogo sobre políticas. Además, no hay una diferenciación clara de las expectativas en las distintas categorías de oficinas en los países. Las oficinas dirigidas por OPP cuentan con menos recursos humanos y financieros que las dirigidas por GPP, y no se puede esperar que participen en las misma gama de actividades.

Contribución a los resultados de desarrollo

25. Existen algunos indicios de que la presencia en los países apoyó los esfuerzos del FIDA para reducir la pobreza rural y mejorar la igualdad de género. Las calificaciones de los proyectos otorgadas por la IOE al evaluar los “ingresos y activos de los hogares” y la “seguridad alimentaria y productividad agrícola” fueron significativamente más elevadas en los países con oficinas del FIDA. Si bien intervinieron muchos otros factores externos, es posible que exista cierta relación entre estos resultados de desarrollo y la labor de las oficinas en los países en la esfera del apoyo a la ejecución, la resolución de problemas y la facilitación de contactos con las contrapartes nacionales.

26. Por otra parte, las evaluaciones independientes de los proyectos constataron que los resultados en materia de igualdad de género fueron mejores en los países con oficinas del FIDA, y esto se vio reflejado en calificaciones significativamente más altas que las calificaciones promedio para la “igualdad de género y el

empoderamiento de la mujer". Las oficinas en los países ayudaron a obtener estos resultados mediante labores de sensibilización con gerentes de proyectos y funcionarios gubernamentales respecto de los objetivos de igualdad de género del FIDA y, en un sentido más amplio, sobre la importancia de la igualdad de género para intensificar el desarrollo rural y el impacto de los proyectos.

27. También se pudo establecer una vinculación entre la presencia en los países y mejores perspectivas en cuanto a la sostenibilidad de los beneficios, la innovación y la ampliación de escala. El análisis de evaluaciones independientes de proyectos sugiere una vinculación entre la presencia en el país y calificaciones más altas para la "sostenibilidad de los beneficios". Asimismo, la presencia en los países se relacionaba con dos factores impulsores de la sostenibilidad identificados en el ARRI de 2015: la integración de los objetivos de los proyectos en las estrategias nacionales de desarrollo y el establecimiento de estrategias claras y realistas para la incorporación sistemática de la perspectiva de género. Las calificaciones de las evaluaciones de proyectos para la "innovación y ampliación de escala" fueron significativamente superiores en los países con oficinas del FIDA. Esto podría deberse en parte a las mejores oportunidades que ofrecen las asociaciones sólidas con los gobiernos y otras organizaciones internacionales, en particular con los donantes.

28. Diferencias entre las oficinas en los países dirigidas por personal de contratación internacional y nacional. Contrario a lo que se esperaba inicialmente, si bien hubo ocasiones en que se obtuvieron mejores resultados en oficinas dirigidas por personal de contratación internacional, en muchos de los indicadores no se observaron diferencias entre los dos modelos. Es preciso reconocer que solo unas pocas oficinas dirigidas por personal de contratación internacional han estado en funcionamiento durante un número considerable de años, y que en algunas oficinas ha habido rotación del personal internacional. Por otra parte, el personal de categoría superior de origen nacional, que tiene más experiencia, podría estar más familiarizado con los antecedentes de los proyectos y con cuestiones específicas relacionadas con el gobierno y el contexto local, mientras que el personal de origen internacional debe superar una etapa de aprendizaje.

29. No obstante, esta evaluación a nivel institucional reconoce que el personal internacional adscrito en los países tiene responsabilidades que no pueden ser asumidas por personal nacional y que con frecuencia, a diferencia de este, tiene más posibilidades formales de acceder al gobierno y la comunidad internacional. De todas maneras, de los hallazgos expuestos anteriormente se concluye que el personal de contratación nacional contribuye de manera importante a mejorar el desempeño operativo y los resultados del FIDA en materia de desarrollo.

C. Eficiencia

Costos de gestión

30. Aunque la apertura de oficinas en los países entraña costos adicionales, no ha dado lugar a una escalada de los gastos administrativos. Entre 2007 y 2011, un factor importante que debe tenerse en cuenta fue la terminación del convenio con la Oficina de las Naciones Unidas de Servicios para Proyectos (UNOPS) para la supervisión de proyectos y la decisión adoptada por el FIDA en 2007 de supervisar directamente los proyectos. Esa importante transición permitió al Fondo utilizar el presupuesto que se destinaba previamente a la supervisión dirigida por la UNOPS (y a los gastos generales relacionados) para financiar la supervisión directa del FIDA y los costos de ampliación de la presencia en los países. La ampliación ulterior de la presencia en los países se financió con cargo a un presupuesto fijo del Departamento de Administración de Programas (PMD) entre 2011 y 2015, hasta que en 2016 el

FIDA reconoció que la descentralización entrañaba costos más elevados. En términos generales, el FIDA ha sido capaz de contener los costos asociados con la descentralización.

31. Sin embargo, se pueden hacer dos salvedades. En primer lugar, no se exploraron todas las opciones disponibles para la reorganización y reducción de costos de la Sede, y se podrían haber liberado recursos para afianzar la presencia en los países. En segundo lugar, una de las consecuencias de mantener un presupuesto fijo mientras se ampliaba la presencia en los países fue que la dotación de personal y los recursos de las oficinas en los países no alcanzaban para llevar a cabo toda la gama de actividades previstas. Los hallazgos constatados por esta evaluación a nivel institucional en la esfera de la eficacia sugieren que las oficinas en los países tenían la capacidad suficiente para participar tanto en el diseño de los programas en los países y los proyectos como en el apoyo a la ejecución, pero en menor medida en las actividades no crediticias.

32. La dotación de personal del PMD en la Sede se ha mantenido casi en los mismos niveles desde 2008. El número total de puestos en el presupuesto del PMD aumentó de 194 en 2008 a 305 en 2016, mientras que el número de empleados de las oficinas en los países aumentó durante el mismo período de 5 a 107: esto refleja un ligero aumento del personal de la Sede. Reajustar las funciones y la dotación de personal de la Sede era una posibilidad para proporcionar más recursos a las oficinas en los países y obtener una mayor eficiencia en función de los costos, pero el FIDA no la puso en práctica en grado significativo, con excepción de la adscripción de gerentes de programas en los países de contratación internacional.

33. Una evaluación de los costos que implica la gestión de un programa en el país con una modalidad de presencia distinta podría haber proporcionado al FIDA información más oportuna sobre las opciones más eficientes para ampliar la presencia en los países. A fin de maximizar los beneficios de la descentralización ante un presupuesto limitado, se llevó a cabo un ejercicio, como parte de un análisis funcional general, que consistió en evaluar los costos de gestión de un programa en el país bajo diferentes modalidades (por ejemplo, la gestión por la Sede, como se hace tradicionalmente; la gestión por parte de una oficina en el país y la gestión bajo distintas configuraciones de oficinas en los países).

34. Los costos de gestionar un programa en el país son mayores que los de administrar una oficina en el país (es decir, costos de personal y costos no relacionados con el personal), ya que incluyen gastos por concepto de viajes y, sobre todo, gastos por el tiempo que el personal en la Sede destina a brindar apoyo al programa en el país. Nunca antes se había hecho en el FIDA este tipo de evaluación de costos, que por primera vez se introduce en esta evaluación a nivel institucional. Una de las limitaciones fue la fragmentación de los costos en diversas categorías (por ejemplo, gastos de personal, gastos administrativos no relacionados con el personal, viajes del personal) y en diferentes bases de datos. Por otra parte, la imputación de los costos de la Sede tuvo que calcularse mediante supuestos en función de las distintas configuraciones de presencia en el país. En el informe principal (cuadros 5 y 6) se presenta un cálculo estimativo de los costos promedio de gestión por país y por proyecto, desglosados por modalidad de configuración de la presencia en el país.

35. La configuración en forma de centro subregional es competitiva en comparación con otras modalidades de presencia en el país en cuanto a los costos promedio por país y por proyecto, y presenta ventajas desde el punto de vista institucional. La ventaja con respecto a los costos es que los centros subregionales pueden prestar servicios a varios países (normalmente 3 o 4) sin tener que reproducir la estructura de oficina en el país en cada uno de ellos.

En otras palabras, aunque un centro subregional tenga una mayor dotación de personal y gastos administrativos más elevados en comparación con una oficina dirigida por un miembro del personal de contratación nacional o internacional con competencia en un solo país, el centro subregional genera economías de escala y tiene un alcance más amplio, lo que se traduce en una mayor eficiencia de costos cuando estos se calculan por país o por proyecto.

36. Como se ha podido constatar en esta evaluación a partir de los estudios en los países y las conversaciones mantenidas con representantes gubernamentales, gerentes de proyectos y personal del FIDA durante los talleres regionales, los centros subregionales también presentan ventajas institucionales. Desde el punto de vista estratégico, posibilitan los enfoques transfronterizos y la participación en foros e iniciativas subregionales. Proporcionan una mayor continuidad y flexibilidad en la prestación de los servicios a los países, pese a la rotación del personal. Mejoran la racionalización de la dotación de personal y consultores, y podrían acoger a asesores técnicos regionales o subregionales. Sin embargo, existe cierto riesgo de una desviación hacia centros constituidos sobre la base de la actual estructura sin que medie un análisis funcional de las tareas que deben realizar los centros y de aquellas de competencia de la Sede.

37. Por tanto, hay posibilidades de reforzar la presencia en los países desde una perspectiva institucional y operativa, al tiempo que se logra una mayor eficiencia. Los hallazgos descritos anteriormente se han sometido a una validación adicional por medio de un ejercicio de modelización (véase el anexo VII del informe principal). En este ejercicio se simuló una reorganización de la configuración actual de la oficina en el país que se apoya en gran medida en los centros subregionales y entraña una cierta reorganización en la Sede (por ejemplo, traslado sobre el terreno de personal subalterno de contratación internacional, reducción del personal del cuadro de servicios generales en la Sede y aumento del personal de contratación nacional del cuadro de servicios generales). El ejercicio de modelización ilustra los posibles ahorros en el presupuesto de gastos de personal.

38. La apertura de más oficinas en los países requiere una mejor justificación. A julio de 2016, las 39 oficinas en los países en funcionamiento abarcaban el 76 % de los proyectos activos del FIDA. Si a ello se agregasen 10 oficinas más (de acuerdo con los planes descritos en la actualización presentada a la Junta en abril de 2016), las oficinas en los países abarcarían el 83 % de la cartera activa del FIDA, lo que representa un incremento de tan solo el 7 %, mientras que los costos adicionales rondarían los USD 2,5 millones (cerca del 15 % de los costos ordinarios de las oficinas en los países).

Estructura institucional y disposiciones organizativas

39. Se han observado marcadas diferencias entre las regiones en las modalidades de descentralización. Cada división regional se encuentra ante un contexto diferente en lo que se refiere al tamaño y distribución de la cartera de préstamos, las situaciones de fragilidad, la infraestructura de las comunicaciones, la accesibilidad aérea y la disponibilidad de personal de contratación nacional cualificado. Sin embargo, cada una ha creado sus propias modalidades y no se ha reflexionado, colectivamente, sobre cuáles eran las opciones para fortalecer la presencia en el país, contener los costos y delegar facultades sobre el terreno. Más recientemente, todas las divisiones se han interesado en la modalidad del centro subregional, aunque con distintas interpretaciones de lo que implica en la práctica.

40. El FIDA no ha llevado a la práctica una reorganización significativa del personal de la Sede, incluidos, sobre todo, ajustes de la dotación del personal del cuadro de servicios generales. En la actualidad, la División de Asia y el Pacífico, la División de África Oriental y Meridional y la División de África Occidental y Central cuentan con un presupuesto de personal de plantilla sobre el terreno levemente superior que el de personal en la Sede. Sin embargo, existe la posibilidad de

realizar más ajustes: el 68 % del personal del cuadro orgánico aún se encuentra en la Sede. La División de África Occidental y Central es la única que cuenta con más personal de contratación internacional sobre el terreno que en Roma. Dos tercios del personal del cuadro de servicios generales aún se encuentra en la Sede. Los potenciales ahorros derivados de una mayor reestructuración aún no se han materializado.

41. La mayoría de los bancos multilaterales de desarrollo y gran parte del sistema de las Naciones Unidas han emprendido programas de reorganización y descentralización. Las medidas incluían con frecuencia una combinación de incentivos (la jubilación anticipada y la indemnización por despido), así como la voluntad de rescindir los contratos y ajustar el perfil de los puestos. Está previsto que el personal de contratación internacional de programas de la mayoría de los organismos operativos de las Naciones Unidas cambie de destino al menos una vez cada cinco años, y algunas instituciones financieras internacionales tienen requisitos similares. En 2016, la Dirección de Recursos Humanos y el PMD pusieron en práctica un programa piloto de movilidad dentro del PMD para evaluar la aplicabilidad de un enfoque estructurado y presentarán un informe a la dirección del FIDA a finales de año.

42. El FIDA ha introducido una serie de mejoras en las funciones de apoyo a las oficinas en los países. Sin embargo, el proceso de delegación de autoridad previsto ha avanzado con lentitud. La Dependencia de Apoyo sobre el Terreno del Departamento de Servicios Institucionales ha desempeñado un valioso papel, y las oficinas en los países aprecian su apoyo. Esta dependencia administra los costos de capital vinculados con la apertura de oficinas, los convenios de prestación de servicios con el organismo de acogida y los acuerdos con el país anfitrión, y es responsable de la seguridad y las inversiones de capital para la seguridad en las oficinas del FIDA en los países. Asimismo, tuvo a su cargo la elaboración del Manual de procedimientos administrativos para las oficinas en los países, que es una guía de las políticas y los procedimientos institucionales más pertinentes para estas oficinas.

43. La tecnología de la información y las comunicaciones ha mejorado de manera significativa en lo que respecta a la conectividad a Internet, los servicios de voz y videoconferencia y los sistemas institucionales. Los principales problemas para sacar provecho de estos avances están relacionados con la infraestructura local de los países en cuestión y con aspectos prácticos y organizativos del FIDA (como la programación de los seminarios y talleres teniendo en cuenta las diferencias horarias).

44. La Política y estrategia del FIDA de presencia en los países de 2011 se concibió con una mayor delegación de autoridad en mente. En los últimos cinco años, el avance ha sido lento. A modo de ejemplo, la responsabilidad del presupuesto recae en los directores regionales. En 2016 se puso en marcha una iniciativa piloto de seis meses para descentralizar la responsabilidad presupuestaria y otras tareas administrativas hacia el centro de Viet Nam. La oficina de Viet Nam se mostró en general satisfecha, y la evaluación de la iniciativa piloto será un factor importante para tener en cuenta antes de ampliar esta modalidad a otras oficinas. Los GPP de rango superior adscritos fuera de la Sede conocen el volumen del presupuesto destinado a la supervisión y lo utilizan de manera eficaz. Sin embargo, deben negociar con la oficina de coordinación de su división, lo que lleva a un uso ineficiente del tiempo. La delegación de autoridad para las tareas de comunicación constituye otro motivo de preocupación para muchos GPP a cargo de oficinas en los países, ya que consideran que ha dado lugar a demoras, pérdida de oportunidades y tiempo desperdiciado en tratativas con la Sede.

III. Conclusiones

45. Los objetivos generales y el diseño del proceso de descentralización según fue evolucionando han sido pertinentes para la consecución de mejores resultados de desarrollo, pero hay aspectos importantes que se deben mejorar. Muchos de los supuestos estaban bien justificados. Sin embargo, algunos casos como el enfoque "blando" y la no incidencia en los costos no eran del todo válidos, como ya había ocurrido en las organizaciones de referencia. La adhesión a rajatabla a esos supuestos creó un desajuste entre las expectativas del FIDA y sus clientes respecto de las oficinas en los países y la capacidad de las oficinas pequeñas de prestar todos los servicios deseados, en particular, las actividades no crediticias. Por otra parte, la ampliación de la presencia en los países no se había basado en un análisis funcional para determinar las opciones que pudieran maximizar el apoyo al programa en el país y contener los gastos de la oficina, y no hubo un esfuerzo proporcional para hacer reformas o ajustar las disposiciones en la Sede, que es un elemento clave en todo proceso de descentralización.

46. Los hallazgos constatados sobre el desempeño operativo y los resultados de desarrollo dan fe de importantes mejoras a nivel de la cartera. Hay indicios de que las oficinas en los países contribuyeron de manera importante a adaptar mejor los programas y las estrategias nacionales del FIDA a las necesidades y prioridades locales. El personal destacado en las oficinas en los países garantizó el seguimiento, la continuidad del apoyo y la capacidad resolutiva de los equipos de proyecto, lo que ayudó a mejorar la calidad de la ejecución. En lo que respecta a los resultados de desarrollo, la presencia de oficinas en los países coincidió con mejoras en el impacto en la seguridad alimentaria y los ingresos de los hogares, la productividad agrícola, la igualdad de género y el empoderamiento de la mujer. También se observaron mejoras en la sostenibilidad de los beneficios, la innovación y la ampliación de escala y los logros generales de los proyectos.

47. Sin embargo, las actividades no crediticias, que también forman parte del programa en el país, recibieron un apoyo menor. Se espera que con el tiempo las actividades no crediticias traigan beneficios para la cartera de proyectos financiados por el FIDA y el programa en el país en su conjunto. Existen indicios de importantes mejoras en lo que respecta a las asociaciones con los gobiernos y una mayor participación en grupos de coordinación de donantes. Los contactos con los organismos con sede en Roma y las organizaciones de las Naciones Unidas se han vuelto más frecuentes, aunque esto no se ha visto reflejado en un aumento significativo de la colaboración programática en general.

48. Las mejoras en la gestión de los conocimientos y el diálogo sobre políticas han sido más limitadas, debido principalmente a los escasos recursos adicionales a disposición de las oficinas en los países para llevar a cabo esas actividades y a la ausencia de una plataforma que facilite el acceso a productos de conocimiento específicos del proyecto o país. Debido a la escasez de recursos y a la existencia de otras prioridades, es relativamente poco el tiempo que los miembros del personal de las oficinas en los países han dedicado a la gestión de los conocimientos, y no hubo una línea presupuestaria administrativa específica asignada a actividades no crediticias. La atención dispensada a esas esferas dependió en gran medida del interés del personal de las oficinas en los países, y la experiencia en materia de diálogo sobre políticas no fue uno de los criterios adoptados para su selección.

49. El FIDA logró ampliar la presencia en los países y evitar una escalada de los costos. Sin embargo, no se exploraron todas las oportunidades para obtener una mayor eficiencia en función de los costos. En particular, de 2011 a 2015 el PMD sufragó el aumento de los costos con un presupuesto fijo en valores nominales. Eso no parece haber comprometido la estrategia en los países ni la gestión de los programas, pero limitó las actividades no crediticias. Como se ha

señalado, no se analizó en detalle la mejor manera de asignar tareas entre la Sede, las oficinas en los países y los profesionales de contratación internacional y nacional a nivel de países y subregiones.

50. Aunque la dotación de personal de las oficinas en los países ha aumentado considerablemente, los niveles del PMD en la Sede no se han reducido. Por otra parte, en determinadas condiciones, el doble objetivo de reforzar la presencia en los países y aumentar la eficiencia podría lograrse a través de la modalidad del centro subregional, pero ello debería basarse en un análisis funcional e ir acompañado de una reorganización en la Sede.

51. Inicialmente, el nuevo modelo operativo del FIDA hacía hincapié en la ampliación de la presencia en los países, y el énfasis en la descentralización es un hecho reciente. La prioridad ha cambiado: ya no se trata de explicar los beneficios de la descentralización, sino de justificar el mantenimiento de una organización, unas facultades y unos procesos centralizados. Pese a las expectativas establecidas en la Política y estrategia del FIDA de presencia en los países de 2011, la evaluación constató una limitada delegación de autoridad a los GPP de categoría superior en lo que respecta a la responsabilidad del presupuesto y la comunicación.

52. Si el volumen del programa de préstamos y donaciones del FIDA experimenta un aumento sostenido en los próximos años, será necesario intensificar y reforzar la descentralización para poder responder a las crecientes demandas y desafíos, y mantener/mejorar la calidad del desempeño operativo y los resultados de desarrollo.

IV. Recomendaciones

53. Recomendación 1. Consolidar la presencia del FIDA en los países aumentando al mismo tiempo la eficiencia en función de los costos. La evaluación a nivel institucional de 2013 sobre la eficiencia institucional del FIDA y la eficiencia de las operaciones financiadas por el FIDA ya había puesto de manifiesto la necesidad de aumentar la eficacia y la eficiencia del proceso de descentralización. El FIDA deberá reforzar su presencia en los países/subregiones y su capacidad sobre el terreno consolidando una “masa crítica” y concentrando recursos humanos y financieros, en lugar de distribuirlos en un número cada vez mayor de oficinas. El modelo de centro subregional tiene la capacidad para apoyar este tipo de concentración y lograr economías de escala, si se aplica correctamente.

54. Como esfuerzo complementario para aumentar la eficacia y la eficiencia, el FIDA necesita ejecutar un plan, basado en el análisis funcional, para reducir el personal en la Sede y aumentar el número de personas que trabajan cerca de los programas en los países, es decir, personal de las oficinas en los países, en particular allí donde los programas sean relativamente grandes.

55. Recomendación 2. Aumentar el apoyo a las actividades no crediticias a través de la descentralización para obtener resultados de desarrollo más firmes. El FIDA necesita incluir un programa más selectivo de actividades no crediticias en sus estrategias en los países, basándose en consultas con los asociados nacionales en el desarrollo. Deberá distinguir las actividades no crediticias según el tipo de oficina en el país y su capacidad en materia de recursos, y fijar una partida presupuestaria específica.

56. Recomendación 3. Aumentar la delegación de autoridad. Sobre la base de la evaluación de la experiencia de la iniciativa piloto llevada a cabo en Viet Nam, el FIDA deberá elaborar un plan para delegar autoridad presupuestaria a los directores en los países, que incluya actividades de capacitación. Asimismo, deberá definir un marco con miras a una ulterior delegación de autoridad en la esfera de la comunicación, y para crear una plataforma que facilite el acceso a los productos de análisis y conocimiento elaborados por las oficinas en los países y los equipos de los proyectos.

57. Recomendación 4. Mejorar los incentivos y la capacidad del personal para desarrollar sus actividades en un entorno descentralizado. Existe la necesidad de fortalecer los incentivos del personal adscrito en los países, en particular si se traslada más personal de la Sede. Será importante ampliar y estructurar mejor el programa de orientación y tutoría, especialmente para el personal con poca experiencia en el FIDA. Los miembros del personal de contratación nacional necesitan más reconocimiento y empoderamiento, y en el caso del personal del cuadro orgánico, criterios más claros de clasificación de los puestos.

58. Recomendación 5. Mejorar la calidad de los datos, el seguimiento y la autoevaluación. Es necesario ajustar el sistema contable del FIDA a fin de hacer un seguimiento más integral de los costos de gestión de los programas en los países con diferentes configuraciones de oficinas. Deberán simplificarse los indicadores para el seguimiento de las oficinas en los países e integrarse en los sistemas de gestión de la información y presentación de informes del FIDA. Por último, el nuevo plan de descentralización institucional deberá facilitar el examen y la presentación de informes a la Junta Ejecutiva de manera regular para que esta proporcione orientación adicional.

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Annexes

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Abbreviations and acronyms

ACD	Loan Administration and Disbursement Division
ADB	Asian Development Bank
ADM	Administrative Service Division
AfDB	African Development Bank
APR	Regional Division for Asia and the Pacific
AVP	Assistant Vice President
BOD	Budget and Organizational Development Unit
CFS	Controller's and Financial Services Division
CGIAR	Consultative Group on International Agricultural Research
CLE	Corporate-level Evaluation
COSOP	Country Strategic Opportunities Programme
CPCG	Country Presence Coordination Group
CPE	Country Programme Evaluation
CPM	Country programme manager
CPO	Country Programme Officer
CSD	Corporate Service Department
EB	Executive Board
ESA	Regional Division for East and Southern Africa
FAO	Food and Agriculture Organization of the United Nations
FMD	Financial Management Division
FPPP	Field Presence Pilot Programme
FSU	Field Support Unit
HRD	Human Resources Division
ICO	IFAD Country Office
ICT	Information and Communication Technology Division
ILRI	International Livestock Research Institute
IOE	Independent Office of Evaluation of IFAD
LAC	Regional Division for Latin America and the Caribbean
MDB	Multilateral Development Bank
MOPAN	Multilateral Organization Performance Assessment Network
NEN	Regional Division for Near East, North Africa and Europe
OPV	Office of the President and Vice-President
PCRV	Project Completion Report Validation
PDFF	Programme Development Financing Facility
PES	Performance Evaluation System
PMD	Programme Management Department
PPA/PPE	Project Performance Evaluation Assessment / Evaluation
SKD	Strategy and Knowledge Department
UNDP	United Nations Development Programme
WCA	Regional Division for West and Central Africa
WFP	World Food Programme

Corporate-level evaluation of IFAD's decentralization experience

I. Introduction and background

A. Introduction

1. **Background and definitions**. The term "decentralization" is generally understood as a process that involves the transfer of the authority and power to plan, make decisions and manage resources from higher to lower levels of an organizational hierarchy, to facilitate efficient and effective service delivery.[1] International Financial Institutions (IFIs) such as the World Bank, Asian Development Bank (ADB) and African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD) and the Rome-based UN Agencies have similar definitions.

2. The term was used for the first time in the IFAD 2013 Country Presence Strategy. Moreover, the Executive Board Update of April 2016 when reviewing the evolution of country presence (paragraph 45), states that "it now encompasses many responsibilities at the country level, including portfolio management, policy engagement, knowledge management and partnership building". The April 2016 Update goes on to explain that IFAD Management will present a new Decentralization Plan in 2016 to address: (i) optimal number and mix of country office types; (ii) levels and types of staffing needed in the country offices and headquarters; (iii) further delegation of authority to support decentralized operations, while ensuring financial and fiduciary controls; and (iv) the required human resource framework.

3. Key ingredients of decentralization include: (i) presence in a number of countries; (ii) recruitment of staff in a set of countries; (ii) transfer of staff from headquarters to some country offices; (iii) redistributing functions and some decision-making authority from headquarters to IFAD country offices (ICOs); and (iv) elaborating policies and rules in a number of areas to create an enabling environment while preserving fiduciary checks.

4. The decision to decentralise some of IFAD's functions by developing a country presence and establishing a large number of ICOs, in addition to the introduction of direct supervision, was a transformative organizational change to bring IFAD closer to its in-country partners. The decentralization strategy was viewed as a way for IFAD to improve its development effectiveness and cost efficiency. This change began in 2003 when the Executive Board approved the three-year Field Presence Pilot Programme (FPPP).[2] Until that point in time and in line with the Agreement Establishing IFAD, the organization did not have a permanent presence in developing Member States, other than some ad hoc arrangements for outposting Country Programme Managers (CPMs, i.e., international professional staff) to a few Latin American countries beginning with Peru in the mid-1990s. The FPPP involved establishing field presence in 15 states (three in each of the five geographical regions), with the overall aim of enhancing the development effectiveness of IFAD activities. The Independent Office of Evaluation (IOE) evaluated the FPPP in 2007.[3]

[1] A classical definition of decentralization is that of Rondinelli et al. (1981) and refers to decentralization in the government or civil service: "the transfer of responsibility for planning, management, and resource-raising and allocation from the central government to (a) field units of central government ministries or agencies; (b) subordinate units or levels of government; (c) semi-autonomous public authorities or corporations; (d) area-wide regional or functional authorities; or (e) NGOs/PVOs". See Rondinelli, et al. (1981) Government Decentralization in Comparative Perspective: Developing Countries", *International Review of Administrative Science*, 47(2).
[2] FPPP design document: www.ifad.org/gbdocs/eb/80/e/EB-2003-80-R-4.pdf.
[3] Evaluation report: www.ifad.org/gbdocs/eb/91/e/EB-2007-91-R-6.pdf.

5. The Executive Board adopted IFAD's first country presence strategy in 2011. The strategy underlined the need to consolidate the offices in the 15 pilot countries and to further expand IFAD's country presence through the establishment of new ICOs.

6. The Board adopted a revised country presence strategy in 2013, covering the period 2014-2015. This strategy went further, with the Board approving the establishment of 50 ICOs by the end of 2015. In addition to setting up and staffing the ICOs, IFAD is in the process of developing the management, financial, human resource and administrative policies, practices and procedures to support the organization's decentralization process.

7. **Why this evaluation**. As decided by the IFAD Executive Board in December 2015, IOE conducted a corporate-level evaluation (CLE) of IFAD's decentralization experience in 2016. The evaluation was undertaken within the overall framework of the Revised IFAD Evaluation Policy (2011)[4] and followed the broad methodological fundamentals set out in the second edition of the 2015 IFAD Evaluation Manual.[5]

8. The overarching purpose of the CLE was to independently assess IFAD's decentralization experience. The evaluation was designed to generate findings and recommendations to further strengthen IFAD's organizational decentralization to achieve better development effectiveness on the ground. This evaluation is required as decentralization has changed in a substantial manner the operating model of IFAD, challenging its traditional Headquarter-centric characteristic. While partial aspects of decentralization have been assessed by other independent evaluations (Corporate-level, Country Programme and project-level evaluation), there has not been a comprehensive assessment of the process since the CLE of the FPPP in 2007. In addition, past evaluations have mainly focused on the programmatic side of establishing country offices but not on the organizational implications of reassigning decision making authority and functions, some of which are outside the Programme Management Department of IFAD. This evaluation will inform the preparation of the Corporate Decentralization Plan that the Management of IFAD will present to the Executive Board in December 2016.

9. There are both formative[6] and summative[7] aspects of this evaluation. Because IFAD is still rolling out its decentralization/country presence strategy and implementation and fine-tuning are underway, the formative aspects of the Decentralization CLE were designed to identify findings, conclusions and recommendations intended to improve performance. Although the country presence policy and strategy dates from 2011, IFAD's decentralization process formally started with the FPPP approved by the Executive Board in December 2003. Thus with the passage of over a decade of operations for some ICOs, some data on operational performance and development results are available for the summative aspects of the evaluation to assess the extent to which anticipated outputs and outcomes have been produced and the results that have been achieved. That will provide the basis for an overall assessment of IFAD's decentralization efforts and generate lessons for the future.

10. A key distinguishing feature of the formative aspects of this evaluation was the attention devoted to learning and promoting dialogue with IFAD Management and other concerned stakeholders at key stages in the evaluation process. In particular,

[4] www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-2.pdf.
[5] www.ifad.org/evaluation/process_methodology/doc/manual.pdf. However, the CLE had to utilize past evaluations that were produced following the 2009 Manual and its definition of criteria and domains.
[6] OECD defines formative evaluations as evaluations intended to improve performance, most often conducted during the implementation phase of projects or programs. OECD notes that formative evaluations may also be conducted for other reasons such as compliance, legal requirements or as part of a larger evaluation initiative. A related term is process evaluation, which OECD defines as an evaluation of the internal dynamics of implementing organizations, their policy instruments, their service delivery mechanisms, their management practices, and the linkages among these. See OECD. Glossary of Key Terms in Evaluation and Results Based Management. 2010. Pages 24, 30 and 31.
[7] OECD defines summative evaluations as a study conducted at the end of an intervention (or a phase of that intervention) to determine the extent to which anticipated outcomes were produced. Summative evaluations are intended to provide information about the worth of the program. See OECD. Glossary of Key Terms in Evaluation and Results Based Management. 2010. Page 35.

in the regional workshops both Management and IOE received feedback simultaneously from in-country partners and ICO staff, thus allowing Management to draw on this feedback as it prepared a Corporate Decentralization Plan. Emerging findings were also discussed with senior management and divisional representatives in July 2016.

11. The CLE findings and recommendations were based on thorough triangulation of evidence and covered different dimensions of IFAD's decentralization, including in the areas of organizational architecture, delegation of authority, ICO models, and related budget and human resource implications.

12. It was timely to evaluate IFAD's decentralization efforts and experience in 2016 because: (i) decentralization is an important area of organizational reform during the Tenth Replenishment of IFAD's Resources (IFAD10) period (2016-2018); and (ii) in December 2016, Management will present a Corporate Decentralization Plan to the Executive Board, which will document IFAD's overall approach and future actions related to the Fund's decentralization in the medium term. The findings of this evaluation will thus inform the preparation of the Corporate Decentralization Plan. The evaluation was conducted in record time compared to similar CLEs and was fully completed in 2016. The Approach Paper was reviewed by the Evaluation Committee in March 2016. The report will be presented to the Executive Board in December 2016.

B. Evolution of decentralization in IFAD

13. **Conceptual evolution**. When IFAD was originally established the intention was to work through, and with, existing IFIs and United Nations agencies rather than for IFAD to have country offices. That principle governed IFAD's organizational structure and operations for the first 20 years or more of its operations. The absence of a local IFAD presence reflects a decision taken at the World Food Conference in November 1974 when it was decided to establish IFAD.[8] [9] The main linkage between IFAD and the borrowing/recipient countries was the missions carried out by headquarters staff, international and local consultants and the cooperating institutions in the country.

14. With the evolution of the development environment at the country and international levels, IFAD gradually recognized that being closely involved in project design and implementation as well as in other in-country non-lending activities would enhance the impact of IFAD financed projects, something that was of strategic importance for IFAD to fulfil its mandate for rural poverty reduction.

15. Discussions on the issue of IFAD's field presence were initiated during the consultations for IFAD's Fifth Replenishment (IFAD5), in which the lack of an institutional presence in its borrowing/recipient countries was identified as a growing constraint on enhancing IFAD's impact. These discussions were continued during the Sixth Replenishment consultations. Because of concerns over implementation performance, the IFAD's Sixth Replenishment recommended that Management further analyse ways to enhance IFAD's field presence and experiment with different models. Possible options included: (i) proxy field presence under which IFAD would recruit a consultant locally who can undertake a range of activities in support of the IFAD country programme, such as attending donor co-ordination meetings; (ii) outposting CPM to lead ICOs; (iii) Country

[8] At that conference the General Secretary of the United Nations stated, "The operations of the Fund would be carried out through existing institutions". Communication from the Commission to the Council, World Food Conference, 9 December 1974. SEC (74) 4955 final

[9] The Lending Policies and Criteria, one of the IFAD's basic legal documents initially approved by IFAD's Governing Council at its second session in December 1978, stipulated that "Project identification and preparation are normally the primary responsibility of the governments seeking IFAD funds. The Fund will secure, where necessary, the services of other international or regional institutions to assist the countries in the identification and preparation of projects." The Lending Policies and Criteria were amended in several occasions. The Governing Council adopted a revised version on 14 February 2013, which is now renamed as "Policies and Criteria for IFAD Financing".

Programme Officer (CPO, i.e. national professional staff))- led ICOs; (iv) regional offices; (v) sub-regional offices covering several countries and/or liaison offices; (vi) use of sub-regional networks; (vii) recruiting a regional field support manager; and (viii) expanded CPM missions.

16. **Field presence (2003-2007)**. During consultations on IFAD5 (2002) and IFAD6 (2005) of IFAD's Resources, the lack of an institutional presence in developing Member States was recognized as a key constraint on achieving greater impact on rural poverty and enhancing the impact of IFAD financed projects, policy dialogue, knowledge management and partnership building.[10] Member States requested Management to conduct a detailed study of the possibility of an IFAD presence in the field and to identify options for enhancing IFAD's role and capacity at the country level. The findings and recommendations of that study were presented to the Executive Board in December 2002.[11]

17. In December 2003 the Board approved a dedicated programme for field presence, the FPPP, for a three-year period (2004-2006). By 2006, 15 ICOs had been established. The objectives of establishing ICOs were to help improve IFAD's development effectiveness and cost efficiency. The main activities of ICOs were: (i) country programme development; (ii) supervision/implementation support;[12] (iii) partnership building; (iv) policy dialogue;[13] and (v) knowledge management, innovation and capacity building. These areas have remained the key focus of ICO activities. The FPPP was IFAD's first programme dedicated to enhancing field presence and IFAD's the first major step towards decentralization.

18. The FPPP was largely managed under the responsibility of the Programme Management Department (PMD). The offices set up under the FPPP were mainly seen as an extension of PMD, to better respond to programmatic needs in the countries concerned. Nationally recruited officers staffed all 15 field presence pilots, though, at the time, outside the FPPP, IFAD had two country programme managers (CPMs) outposted to the Plurinational State of Bolivia and Panama in the Latin America and the Caribbean (LAC) region.

19. As requested by the Executive Board in 2003, IOE evaluated the FPPP at the end of the pilot to help IFAD decide whether to "continue, expand, end or otherwise modify the Field Presence Pilot Programme" (EB2003/80/R.4). The evaluation found that, on the whole, project performance was better in countries with field presence, as compared with countries without. However, it also underlined that the effectiveness of the programme was constrained by lack of training of the field presence officers, insufficient IT support – resulting in lack of access to key IFAD loan and portfolio management systems – and limited delegation of authority.

20. The FPPP evaluation concluded that IFAD had not systematically experimented with alternative field presence models. Most pilot countries followed the same model of appointing a local staff member and arranging for office space. None of the FPPP pilots involved outposting CPMs from headquarters, although the pilot envisaged such experimentation. The FPPP evaluation also concluded that the FPPP did not capture reliable cost data or include a platform for systematic knowledge sharing among FPPP officers and CPMs. Overall, the FPPP did not provide IFAD's management and the Executive Board with appropriate guidance for formulating an authoritative country presence policy. The FPPP evaluation found that decentralization has consequences for the work of headquarters and that ongoing institutional reform processes must take full account of the decentralization of operations.

[10] IFAD (2000) Partnership for Eradicating Rural Poverty: Report of the Consultation to Review the Adequacy of the Resources Available to IFAD 2000 – 2002. GC 24/L.3. 2000.
[11] www.ifad.org/gbdocs/eb/77/e/EB-2002-77-R-9-REV-1.pdf.
[12] ICOs were expected to spend 50% of their time on this activity.
[13] Particularly for ICOs headed by an out posted CPM.

21. An additional thrust to country presence came from the introduction of direct supervision. Prior to February 2006, the Agreement Establishing IFAD stipulated that IFAD should delegate the role of supervision of its development interventions to international cooperating institutions.[14] Evaluations during IFAD5 and IFAD6 found that direct supervision had the potential to improve development effectiveness at the country level and allow IFAD to pay more attention to its broader objectives at the country programme level.[15] Because of these factors, the Governing Council amended the Agreement of Establishing IFAD and the Lending Policies and Criteria (paragraph 43), delegating the decisions on project supervision to the Executive Board. In 2006, the *Policy on IFAD's supervision and implementation support* was approved that resulted in far-reaching changes to IFAD's operational approaches, particularly on IFAD's involvement in the field. IFAD's move to direct supervision provided an added incentive for strengthening IFAD's country presence as a platform to provide implementation support.[16]

22. **Policy framework for IFAD's decentralization 2007 onward**. The 2007 FPPP evaluation recommended that IFAD should:

    i. **Embark on an expanded country presence programme**. In particular, it recommended that the FPPP be transformed into a new programme called the IFAD Country Presence Programme, which would aim to consolidate the evidence behind emerging positive results and to determine the most cost-effective form of IFAD country presence to adopt in the future to enhance overall development effectiveness.

    ii. **Develop a country presence policy after 2010**. The evaluation noted that it was crucial that IFAD develop such a policy, given that the Fund was created as a headquarters-centric institution. Establishment of country presence would represent a fundamental change in the overall structure and operations of the Fund. The evaluation also recommended an evolution in the concept from field presence to country presence to promote a more comprehensive, integrated engagement of the Fund at the country level.

23. **Activity Plan and updates for country presence**. The Executive Board approved a number of key documents providing a framework for implementation of IFAD's decentralization. The Board discussed the Activity Plan for Country Presence, in December 2007. It decided that IFAD should continue its pilot country offices, integrating them more effectively into the normal programming, administrative and budgetary processes and experimenting with different ICO models. In 2008, the Board agreed to expand the programme by upgrading seven informal country presence arrangements to ICOs and establishing three more ICOs. In 2009 the Board approved establishing three more ICOs bringing the total to 30 ICOs.

24. From 2008 to 2010, Management presented to the Board annual progress reports summarizing progress made in strengthening institutional arrangements, results achieved in programmatic activities (e.g. policy dialogue, knowledge management, reporting and monitoring) and financial management (e.g. ICO budgets).

25. **IFAD Country Presence Policy and Strategy**.[17] The 2011 policy set out a midterm strategy from 2011 to 2013, objectives for country offices and criteria for opening these offices, among other features. It stated that more country offices, with a cap of 40, would be established by 2013, which would cover about "two thirds of the number of projects in the portfolio under implementation and three quarters of the value of the portfolio under implementation". An exit strategy was also introduced in the 2011 policy, according to which IFAD would close offices that

[14] The Governing Council authorized a departure from this rule in 1997, allowing up to 15 projects to be directly supervised by IFAD under the Direct Supervision Pilot Programme.
[15] IFAD. President's report on IFAD Policy on supervision and implementation support. EB 2006/89/R.4/Rev.1. 2006.
[16] IFAD. Self-assessment report: IFAD country presence programme. EB 2011/102/R.10/Add.2. 2011.
[17] EB 2011/102/R.10/Rev.2.

had become less relevant to the country programme or those that were judged as not contributing to the objectives of the policy.

26. **IFAD Country Presence Strategy (2014-2015)**.[18] In 2013, based on a review of the 2011 policy, IFAD Management proposed several revisions to be implemented in an IFAD Country Presence Strategy (2014-2015), the first policy document to use the terms "IFAD country office" and the concept of "decentralization". That strategy recommended establishing another 10 ICOs bringing the total to 50 although the overall policy framework remained unchanged. The objective of this updated strategy was to "continue to strengthen existing offices and establish new country offices in recipient countries where they can contribute to improving the development effectiveness and cost efficiency of IFAD's operations". In view of IFAD's field presence experience and considering the changing circumstances of its borrowing/recipient Member States, the relationship between ICOs and headquarters was further explored to ensure that human resource arrangements, the connectivity of ICOs and the delegation of authority to ICOs would enable ICO staff to perform its representative role as expected.

27. The IFAD Country Presence Strategy (2014-2015) underlined the importance of pursuing country presence as an IFAD-wide, rather than a PMD-centric, initiative. The emphasis on decentralization was an explicit recognition that ICOs are an integral part of IFAD's broader organizational architecture, and that attention was needed to systematically decentralize key administrative and support functions. Thus, in addition to programmatic decentralization (e.g., by tasking ICOs to take on lead roles in country programming and project supervision and implementation support), more attention was intended to be devoted to administrative decentralization [e.g., in human resources management, safety and security, information and communications technology (ICT), travel and other services].

28. During 2015, designated by IFAD as the year of country offices, there were a series of events focused on ICOs. The main objectives were to: (i) consolidate the organization achievements; (ii) build a common IFAD identity; and (iii) focus on the challenges of decentralization. Throughout 2015, information regarding ICO work and staff was distributed through the IFAD Intranet, thus enhancing staff knowledge of ICO achievements and the challenges of decentralization.

29. **Update on IFAD's country presence**.[19] A 2016 update to the Board provided an overview of the progress achieved during 2014 and 2015 in consolidating the existing country offices, establishing additional country offices and the operational and policy challenges that had emerged. The document discussed the actions taken to expand IFAD's country presence, including the evolving country office models, human resource challenges and the development of related policies and procedures. It also discussed the impact of IFAD's country presence on its development effectiveness, the evolution of country office costs and associated cost drivers and lessons learned and challenges and opportunities. Management will present a corporate decentralization plan to the Executive Board in December 2016 to guide IFAD in moving from country presence to corporate decentralization.

C. Progress to date

30. **Models for country presence**. Based on the FPPP evaluation's findings of the limits of the proxy presence instruments (notably, limited capacity to represent IFAD in an official manner, weak administrative support and delegation of authority, no access to UN privileges and immunities), IFAD established additional country offices in the borrowing/recipient countries.

31. By 2011, there were two main models of country office. Under the first model, a national staff member, recruited as a country programme officer (CPO), led the

[18] Document EB 2013/110/R.5/Rev.1.
[19] EB 2016/117/R.4.

country office to support a Rome-based CPM. The level of delegated authority to the country office was minimal in this model. Under the second model, an outposted CPM was responsible for managing the office, with the support of national staff. This model was later strengthened, with short-term technical expertise recruited as needed and additional administrative support provided by local General Service (GS) staff and GS staff at headquarters.

32. A third type of country office that emerged later was a sub-regional hub ICO providing services to a neighbouring country (e.g., Guatemala, Vietnam). A fourth model is the regional office, which has only been established in Kenya. It is a regional service centre for the East and Southern Africa (ESA) region, including outposted staff of the Controller's and Financial Services Division serving both ESA and the West and Central Africa (WCA) region. The head of the ESA regional office is also the CPM for Kenya.

33. In addition IFAD is also using local focal points (consultants) in some countries where it has no office as a flexible way of providing some form of country presence. Some MDBs have also used this mechanism to provide a country presence in the small Pacific countries.[20]

34. **Number of ICOs**. Since the FPPP, key selection criteria for countries to have a country presence included: (i) high levels of poverty, particularly in rural areas; (ii) sufficiently conducive environment at the level of government and other development partners; (iii) identified need to strengthen the policy and institutional environment in favour of the target group; (iv) adequate IFAD portfolio size; and (v) adequate regional distribution. Of the 50 ICOs approved by the Executive Board, 40 were operational by the end of 2015 of which 11 in APR, 9 in ESA, 5 in LAC, 4 in the Near East, North Africa and Europe (NEN) region and 11 in WCA. The ICO in Panama was closed in 2013 (as the office in Guatemala was established to cover the Central America sub-region). In 2016 the Yemen country office was closed due to the suspension of the country programme, bringing the total to 39 as of mid-2016 (Table 1). IFAD's planned and operational ICOs worldwide are shown in the map of IFAD's country presence 2016 (page iii). As of December 2015, the operating country offices covered 78 per cent of total IFAD financing (76 per cent at mid-year 2016 point).

Table 1
Status of ICOs

Region	*ICOs approved by 2015*	*ICOs operational in 2016*
APR	13	11
ESA	10	9
LAC	7	5
NEN	6	3
WCA	14*	11
Total	50	39**

*The three remaining offices in WCA (Benin, Liberia and Chad) will be part of an established office serving neighbouring countries.
** Excluding Yemen
Source: Executive Board Update on IFAD's Country Presence, April 2016, Annex I.

[20] Under a three-year pilot ADB used a technical assistance grant to finance long term consultants as Development Coordination Officers to provide a presence in 8 small Pacific countries. In some cases there was strong coordination with the World Bank, which faced similar challenges of having a country presence in small Pacific countries. In 5 of these cases the consultants worked jointly for both ADB and the World Bank. While the consultants went to meetings and undertook coordination and follow-up, they could not officially represent ADB. ADB felt that there were benefits from having a presence in small Pacific countries (e.g., client relationship management; supporting project processing and project implementation). By 2016, 4 of the 8 positions had been converted into ADB staff positions.

35. **Management, coordination, monitoring and reporting**. An interdepartmental steering committee (ISC), chaired by the then Assistant President, PMD was established to coordinate and monitor the implementation of country presence plan. The ISC was reconstituted in 2009 and renamed as Country Presence Coordination Group (CPCG) to further reflect that country presence is "an IFAD effort", not a PMD initiative. The Assistant Vice President (AVP), PMD and the AVP, Financial and Administration Department jointly chaired the new CPCG. The main responsibility of the CPCG was to "coordinate the planning, implementation and monitoring of critical tasks and activities that are needed in improving the management of IFAD's country presence".[21] The CPCG was inactive after 2010. In 2013 it was re-energised and co-chaired by the AVP, PMD and the AVP, Corporate Services Department (CSD). Regular CPCG meetings resulted in better coordination of IFAD's decentralization initiative across the entire organization. The January 2016 President's bulletin further reinforced the corporate nature of IFAD's decentralization by formally defining the responsibilities of the renamed Corporate Decentralization Coordination Group.

36. To better support administrative decentralization, the Field Support Unit was established in 2013 within CSD, with the mandate to manage field security operations, host country- and service-level agreements and provide coordination and advisory services aimed at strengthening the functionality of ICOs. FSU prepared the ICO Handbook, a reference guide to the most salient features of the corporate policies and procedures that are particularly relevant to ICOs.

37. **Institutional arrangements**. In line with its Board-approved country presence policy and strategy, IFAD has established its ICOs under hosting arrangements with United Nations agencies and, in one case, with a publicly funded research institution [the Consultative Group on International Agricultural Research (CGIAR)], see Efficiency Chapter. IFAD initiated discussions with FAO and UNDP and reached agreement on the issue of hosting arrangements in 2007.[22]

38. **Human resources management**. Prior to 2009, the national staff in ICOs were recruited through host agencies. In line with the 2008 amended framework agreement between IFAD and UNDP, the President's Bulletin on administrative procedures for IFAD country offices was amended to allow for IFAD to directly contract national and local staff. Accordingly, the Human Resources Division (HRD) initiated the recruitment process for direct contracting national staff in 2010. Amendments were made to the Human Resources Policy and Human Resources Implementation Procedures in response to the changes necessitated by the establishment of ICOs.

39. **Delegation of authority**. Decentralization is the transfer of responsibility from higher to lower levels of decision-making. An essential feature of decentralization is the delegation of authority and accountability from the headquarters to ICOs so that the field-based staff can effectively and efficiently carry out their tasks. As a first step, IFAD has created the *Delegation of Authority Framework*, which outlines the organization's decision-making structure and the responsibilities, roles and functions of staff, including country office staff. As more experience is gathered from the field, this framework will be further refined.

D. Structure of the report

40. The remainder of the report is structured into five chapters: (i) evaluation objectives and methodology; (ii) relevance of IFAD's decentralization and country presence policy and strategy for the achievement of IFAD's strategic objectives; (iii) effectiveness of IFAD's decentralization: furthering the achievement of

[21] EB2009/98/R.11

[22] To facilitate the process, a framework agreement was signed between IFAD and UNDP in September 2008 with specific provisions covering office space, administrative services and the procurement of goods and services. Apart from UNDP, no corporate agreements have been signed between IFAD and other United Nations Agencies.

institutional and development objectives; (iv) efficiency of IFAD's decentralization: weighing costs and benefits; and (v) conclusions and recommendations.

Key points

- In IFAD decentralization involves redistributing functions, powers, people and some decision-making authority from headquarters to ICOs. The decision to decentralise some of IFAD's functions by establishing a large number of ICOs was a transformative organizational change to bring IFAD closer to its in-country partners and to improve its development effectiveness and cost efficiency.
- The Executive Board has approved establishing up to 50 ICOs. Of those, 40 were operational at the end of 2015 and 39 in mid-2016. Countries with ICOs accounted for about 80 per cent of IFAD's total financing and two-thirds of total domestic financing.
- The main activities of ICOs are: (i) country programme development; (ii) implementation support; (iii) partnership building; (iv) policy dialogue; and (v) knowledge management, innovation and capacity building.
- There are four ICO models: (i) CPM led; (ii) CPO led; (iii) sub-regional hubs providing services to neighbouring countries; and (iv) a regional service centre in Nairobi. In addition, IFAD is using consultants as local focal points in some countries to provide a degree of country presence.
- Initially establishing a country presence was largely a PMD initiative and most progress was made on programmatic decentralization. More recently IFAD moved to a corporate decentralization approach and progress began to be made on administrative decentralization.

II. Evaluation objectives and methodology

A. Objectives of the evaluation

41. The overarching objectives of the CLE were to assess and generate learning to strengthen future strategies and plans on :

    i. IFAD's decentralization experience and efforts, including the underlying assumptions;

    ii. The contribution of IFAD decentralization to better operational performance and to achieving better development results; and

    iii. Costs of the decentralization process in relation to the results achieved.

B. Evaluation methodology

42. **Evaluation coverage**. The evaluation covered IFAD's decentralization experience in the five regions in which IFAD operates, from 2003 – when IFAD initiated the FPPP – through end-2015. However, in line with its formative aspects, the CLE also assessed the main elements and directions of the forthcoming update on IFAD's country presence strategy that Management presented to the Executive Board in April 2016. Although IOE completed a CLE of the FPPP in 2007, the 2016 decentralization CLE has a more comprehensive and broader in scope. While it drew on evidence generated during the FPPP evaluation and assessed the extent to which its recommendations were internalized by the Fund, it did not aim to re-evaluate the pilot programme.

43. **Methodology**. The CLE was anchored in three internationally recognized evaluation criteria: relevance, effectiveness and efficiency. A key dimension that distinguished this evaluation was the added attention devoted to stakeholder engagement and learning at key stages of the evaluation.

44. **Results chain**. In line with international good practice in enhancing the transparency and clarity of the subject being evaluated, Figure 1 presents a simplified version of the CLE's results chain, drawn from IFAD's documentation, complemented by interviews with staff and from selected organizational management literature. The latter posits that decentralization can lead to organizational gains by empowering managers closest to the local information to make decisions, thus more rapidly solving problems and improving service delivery.[23] Decentralization needs to be complemented by effective control, monitoring and performance measurement systems. Thus decentralization has implications for an organization's management, accountability and reporting systems, financial management, human resource management and performance evaluation systems. At the corporate level, these systems and associated procedures need to be in place to gain the full benefits of decentralization. Organization transformations typically involve major changes in policies, strategies, structures, operating procedures, financial and human resource management and organizational culture.[24]

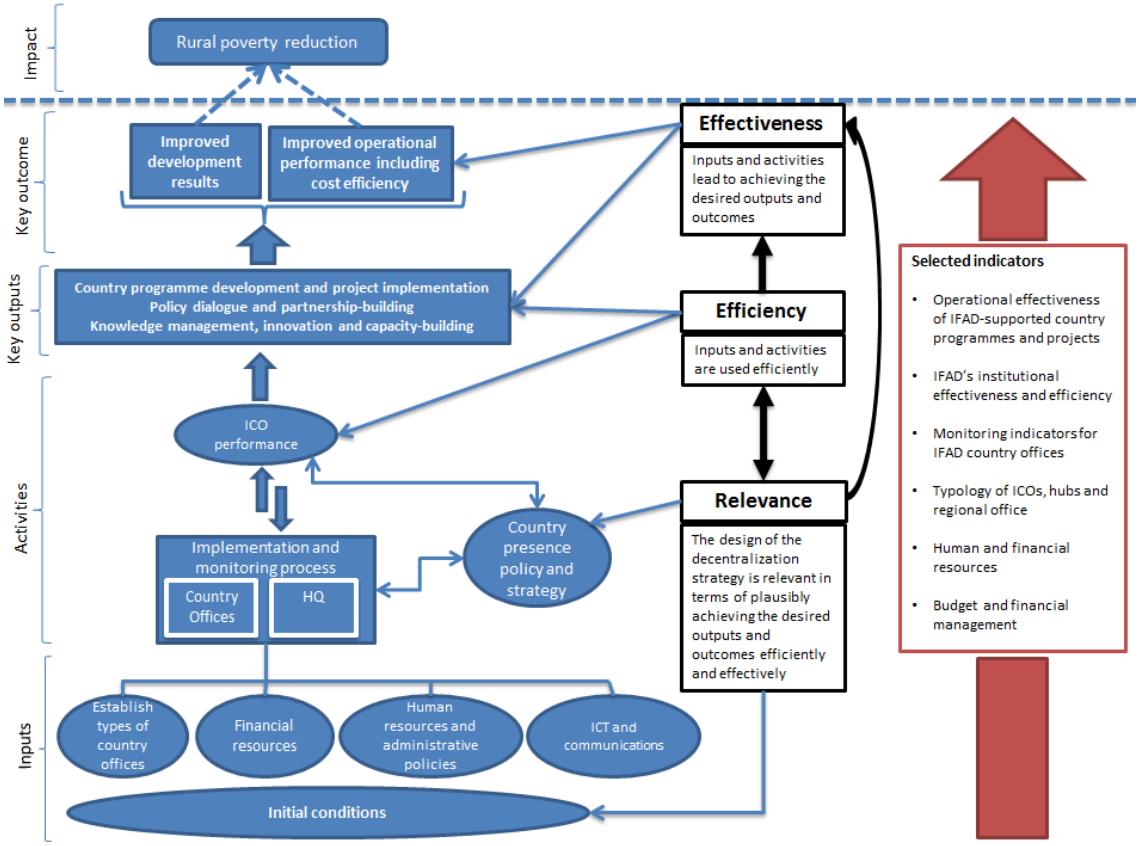
45. The figure maps the results chain to the evaluation criteria that were used to assess the performance of IFAD's decentralization efforts. However, its purpose is not to illustrate explicitly how all other associated corporate policies (e.g. direct supervision and implementation support, or human resources policy) contribute to fulfilling IFAD's decentralization objectives. The CLE was designed to assess initial conditions underlying the decentralization framework and issues at the input, activity, output and outcome levels in the results chain. Outputs and outcomes are affected by many country factors other than decentralization (e.g. local

[23] Jerry M. Silverman. Public Sector Decentralization: Economic Policy and Sector Investment Programs. Volume 188. World Bank. 1992. Page 4.
[24] McKinsey Digital. Changing change management. July 2015. McKinsey Global Survey Results: What successful transformations share. 2010. McKinsey Quarterly. The irrational side of change management. 2009.

beneficiaries, climate, harvests, price movements, macroeconomic conditions, security conditions, governance, institutional capacity issues and availability of counterpart funds). Thus, the CLE focussed on contribution rather than on attribution at this level.

46. The CLE adopted a mixed-method approach, using qualitative and quantitative data collection tools and analysis, to provide a thorough assessment of IFAD's decentralization efforts and experience to date. In particular, IFAD's operational performance and development results in countries were assessed "with and without" country presence, as well as "before and after" and by country presence modality. The broad aim of this analysis was to determine the contribution of decentralization, and notably its country presence component, to furthering IFAD's mandate on the ground, recognizing that it is but one contributing factor.

Figure 1
Results chain for the CLE of IFAD's Decentralization Experience



Source: IOE.

47. **Evaluation framework**. Annex I contains the CLE's evaluation framework, which includes the three criteria (relevance, effectiveness and efficiency) that were used in the evaluation, key questions and sub-questions by criterion, sources of data, and instruments for data and information collection.

48. **Evaluation criteria and key questions**. The following paragraphs present the main evaluation questions and sub-questions, by evaluation criterion covered.

49. **Relevance**. The evaluation analysed: (i) the relevance of the objectives of the decentralization strategy in relation to IFAD's mandate and corporate policies; and (ii) the design and assumptions underlying IFAD's decentralization approach. The key questions in assessing relevance were:

- How relevant were the design and assumptions of the decentralization and country presence strategy to enhancing IFAD's operational performance, results and cost efficiency?

- How relevant are the criteria adopted for establishing ICOs?
- How relevant were decentralization efforts to strengthen IFAD's overall institutional architecture, for example in the area of human resource management?
- How relevant is the results framework of the strategy, including its monitoring and reporting system?
- How relevant was the organizational structure, systems and processes put in place to ensure smooth implementation of the decentralization strategy?

50. **Effectiveness.** The overarching question for assessing effectiveness was the extent to which IFAD's decentralization has led to better results on the ground. The key questions in assessing effectiveness were:

- To what extent has decentralization contributed to better performance of country strategies, lending and non-lending activities, and alignment and coordination?
- Has decentralization enabled IFAD to better inform its corporate policies and strategies based on enhanced knowledge and lessons from the field?
- Has decentralization enhanced cooperation with government authorities, as well as with international development partners, including the UN Rome-based agencies?
- Has decentralization enabled better engagement of non-governmental actors, notably the civil society and private sector organizations?
- Has decentralization had an effect on IFAD's resource mobilization, including cofinancing from both international and domestic sources?
- What are the results in terms of country-level scaling up?

51. **Efficiency.** The evaluation reviewed the administrative resources used in the design, implementation, monitoring and overall management of the decentralization model to answer the following key questions to assess efficiency:

- What has been the overall cost of decentralization and its implications for IFAD headquarters?
- What are the costs of IFAD's decentralization in relation to the benefits accrued (e.g., in terms of operational performance and development results)?
- What are the main cost drivers associated with the decentralization process?
- What are the costs and internal organizational arrangements at headquarters for managing the decentralization process (including arrangements for host country agreements)?
- What are the cost savings and efficiency gains in the decentralization of core functions such as financial and human resource management, ICT, administrative services? Are other lower-cost alternatives available?
- Are country offices and staff adequately supported by the headquarters and by the existing corporate policies, including human resource policies? Is there sufficient delegation of authority? Are country offices provided adequate resources to support the lending portfolio and to engage in non-lending activities?

52. Consistent with good practice, ratings have been applied within an evaluation framework that is based on relevance, effectiveness, and efficiency. Criteria have been rated on the 6-point scale as defined in the Evaluation Manual. The criteria and sub-criteria are illustrated in Chapters III-V and ratings presented at the end of the relevant Chapters.

C. Data collection and information sources

53. The evaluation used mixed methods and collected both quantitative and qualitative information and data from a range of sources. The major information sources are described in the following paragraphs.

54. **Management self-assessment**. In line with the IFAD Evaluation Policy, Management is normally required to conduct a formal self-assessment as an input to CLEs by IOE. However, no formal self-assessment was required for this CLE because Management has undertaken several self-assessments in the past years as inputs towards developing and updating the country presence strategy, the most recent of which was discussed at the Executive Board in April 2016. IOE reviewed the available self-assessments and collected additional information and feedback through interviews with IFAD Management and staff during the evaluation process.

55. **Document review**. The evaluation team reviewed key documents available in IFAD on the topic. These included country presence strategies, management activity plans, self-assessments, final reports from selected IFAD replenishment consultations, the Fund's annual programmes of work and budget, President's bulletins on topics related to decentralization, human resource policies and procedures (e.g. related to delegation of authority to outposted staff), reports produced by the Office of Audit and Oversight and other pertinent documents.

56. The evaluation team mined IOE evaluation reports and project and country strategy and programme ratings, which was a key source of data for the "before and after" and "with and without" analyses. In addition to the FPPP evaluation, many country programme evaluations include pertinent information on IFAD's decentralization. The Annual Reports on Results and Impact of IFAD Operations (ARRIs) and related CLEs (e.g. on IFAD's efficiency) were also reviewed to extract relevant information. A structured approach to analysing the evaluation reports was based on evaluation criteria and questions that the CLE covered.

57. In addition to examining IFAD documents and relevant documents from other MDBs and the Rome based UN agencies, IOE also undertook a survey of management literature on centralised/decentralised organizational models and organizational change management.

58. **Analysis of IFAD's quantitative data**. The evaluation included quantitative analysis based on data available in IOE (such as the ARRI) and IFAD databases [such as the Grants and Investment Projects System (GRIPS), Flexcube] and other data available from PMD. The main purpose of the analysis was to assess whether IFAD's decentralization efforts, through the establishment of different types of ICOs, were contributing to better development effectiveness (Annex IV).

59. Data were analysed for countries with and without ICOs, and within countries, before and after ICOs were established and by type of ICO. Statistical analysis was undertaken to determine whether differences were statistically significant. Data was also extracted from IFAD's financial, human resource and administrative systems to assess the issues highlighted in the evaluation framework. A dedicated assessment of the financial costs related to IFAD's organizational decentralization was part of this analysis.

60. Ratings generated by IOE in past evaluations were a key source of information in assessing the contribution of ICOs to the organization's operational performance and results, including in terms of performance of the project portfolio, non-lending activities (i.e. policy dialogue, knowledge management and partnership-building) and country strategies (i.e. country strategic opportunities programmes [COSOPs]). Similarly, ratings generated through IFAD's self-evaluation system were also drawn on where appropriate (project status reports, etc.), including those assigned by the Quality Assurance Group (for project design).

61. **Electronic survey of IFAD staff and stakeholders**. An anonymous electronic survey was used to extend the reach of the evaluation team to seek feedback from many stakeholders (e.g. Executive Board members, Senior Management, IFAD staff at headquarters and in ICOs, key government officials, project staff, the local donor community and representatives of civil society). IOE coordinated with PMD to ensure synergy between this CLE activity and Management's 2016 client survey. The questionnaire was sent to a total number of 1,987 recipients (502 to Executive Board Members and IFAD staff and 1,485 to non-IFAD recipients). The total response rate was 62 per cent and the complete return rate 53 per cent.

62. The survey was designed to seek feedback on: (i) the roles of ICOs and their relative importance; (ii) various dimensions of the performance of ICOs (e.g., government liaison, programmatic areas; non-programmatic areas); (iii) collaboration with governments, project managers, Rome-based UN agencies, the local donor community and civil society; and (iv) management, delegation, accountability, financial management, human resources and IT issues (Annex V).

63. **Key informant interviews in IFAD**. Semi-structured interviews were a major source of information for the evaluation team. A wide range of people were interviewed at headquarters, including selected members of the Evaluation Committee and the Executive Board, Senior Management and key staff in PMD and other departments dealing with administrative matters, budget/finance, human resources, ICT, corporate support services and internal audit. Some were one-on-one and some were group interviews. Feedback collected through interviews was treated as confidential.

64. **Regional workshops**. Time and resource availability for the CLE limited the number of country visits. However, to ensure credibility of the evaluation's analysis, IOE developed a methodology to gather input from in-country stakeholders, in particular to capture feedback from IFAD clients such as government officials, project staff and other development partners. Four regional consultation workshops were held between May and July 2016: at headquarters for NEN, in Lima in for LAC, in Nairobi with representatives from both ESA and WCA, and in Hanoi for APR. The regional consultations also allowed IOE to assess the functioning of the only IFAD regional office (Nairobi) and of the sub-regional hubs in Peru and Viet Nam.

65. Their main purpose was to obtain feedback and insights of stakeholders on IFAD's decentralization approaches. The workshops provided opportunities for: (i) interactive dialogue to identify strengths and weaknesses of the decentralization; and (ii) deepening the information base for the evaluation. In addition to plenary sessions, participants were divided into separate groups to provide feedback on particular issues: (i) government officials and national project manager: benefits and limitations of having a country office from the governments' point of view; (ii) IFAD staff (from the headquarters and country offices): benefits and limitations of current decentralization of administrative, finance and human resource responsibilities and actions. In addition, iterative discussion adopting the "World Café" modality focused on advantages and disadvantages of different country presence configurations (see Annex IV, Tables 32-36).[25]

66. **Selected ICO case studies**. IOE prepared ICO case studies in countries with different models of ICOs to identify good practices and lessons learned in IFAD's decentralization. The criteria used to select the ICOs for case studies included: (i) type of ICO; (ii) geographic balance; (iii) ease of logistics and combining the ICO case studies with the regional consultation workshops; and (iv) linkage with ongoing evaluations.[26] Based on these criteria, the 13 ICO case studies were

[25] World Café is a technique to organize small-group debates on a given theme and allows all participants to discuss a set of themes and validate the deliberations by moving from one discussion table to another.

[26] To extend the reach of the evaluation and to reduce costs four ICO case studies (i.e., Egypt, Nicaragua, DR Congo and India) were undertaken in conjunction with other 2016 evaluations.

undertaken, four in APR (Vietnam; Philippines; India; China), two in ESA (Kenya; Tanzania), three in LAC (Peru; Ecuador; Nicaragua), two in NEN (Egypt; Georgia) and 2 in WCA (Burkina Faso; Democratic Republic of the Congo). The ICO case study concept note set out three main objectives: (i) examine IFAD's country representation, division of work and related topics to identify good practices and improvement opportunities from the different approaches of IFAD's decentralization models; (ii) assess country representation results through an analysis of the effectiveness and efficiency of IFAD's country representation; and (iii) provide an opportunity for reflection and knowledge sharing of key issues, areas for improvement and good practices of IFAD's decentralization strategy.

67. Drawing on past evaluations and readily available documentation IOE briefly examined the **experience of and lessons from selected comparator institutions** to identify key lessons of relevance to IFAD. The CLE studied the following organizations: AfDB, ADB, EBRD, the Inter-American Development Bank (IADB), the World Bank Group (including the specific case of the International Finance Corporation, IFC), the European Investment Bank, and the Rome based UN agencies (FAO and WFP, see working paper on *Decentralization in Multilateral Development Banks and Rome Based UN Agencies*).

D. Evaluation process

68. **Timeline and phases**. The evaluation was carried out in record time. The Evaluation Committee considered the approach paper in March 2016 and the evaluation was completed in 2016. After consideration by the Evaluation Committee in November the final report was presented to the 119th session of the Executive Board in December 2016. This tight timeline was driven by the need to have the report ready in time to inform Management's planned corporate decentralization plan, which will document IFAD's overall approach and future actions related to the Fund's decentralization in the medium term that will be presented to the Executive Board in December 2016.

69. The CLE of IFAD's Decentralization Experience was undertaken in eight phases: (i) evaluation design; (ii) desk review of documents and analysis of data; (iii) data and information collection; (iv) analytical phase; (v) sharing of emerging findings with Management through PowerPoint presentations; (vi) preparation of draft final report and comments by IFAD management; (vii) finalization of CLE report and preparation of IFAD Management response; and (viii) dissemination of results. These phases were iterative and partially overlapping.

70. **Deliverables, review process and feedback**. The main deliverables of the CLE included the approach paper[27], the final evaluation report and a *Profile* and *Insight*.[28] IOE received comments on the approach paper and draft final report from a senior independent adviser, Richard Manning, former Chair of the Development Assistance Committee of the Organisation for Economic Co-operation and Development and from the Independent Evaluation Department of EBRD. IFAD Management was invited to provide written comments on the draft approach paper and draft final report. The Evaluation Committee also reviewed the draft approach paper, and their comments were duly considered in the design and implementation of the evaluation. IOE prepared an "audit trail" that transparently illustrated how IFAD Management comments were treated in the final report. Several working papers were produced in the course of the evaluation on different topics, which are available on request. Two further key deliverables were the written IFAD Management response and report of the senior independent adviser on the quality

[27] EC 2016/91/W.P.3

[28] *Profiles* and *Insights* are two key IOE communication products, produced at the end of the evaluation once the report has been finalized. Both are two-page brochures of about 500-700 words. The *Profile* will contain a summary of the main evaluation findings and recommendations. The *Insight* will focus on one topic of key interest (e.g. delegation of authority to ICOs, role of subregional offices/hubs) emerging from the evaluation, with the aim of stimulating further debate and reflection among partners concerned.

of the final evaluation report. Both deliverables are included in the published final CLE report.

71. Given the formative aspects of the evaluation, added attention was devoted to organizing consultations with IFAD Management and staff at key stages of the evaluation. The aim of such interactions was to exchange thoughts and discuss selected emerging evaluation issues to ensure wider learning and timely feedback from independent evaluation to IFAD's work in decentralization.

72. **Constraints and limitations to the evaluation**. First, the evaluation had to be conducted under an extremely tight time schedule. It was essential that the preliminary findings be available to inform Management's drafting of IFAD's corporate decentralization plan and the Executive Board's consideration of that document. Second, many ICOs were established relatively recently. Thus, limited time has passed for the full impact of ICOs to be reflected in quantitative performance indicators. The evaluation team undertook quantitative analysis of self-evaluation and independent evaluation ratings and other IFAD databases and of the E-survey. It also undertook qualitative analysis of data and information from interviews, case studies and regional workshops to complement and compare with findings from quantitative analysis. Third, the performance of IFAD-funded portfolio and country programmes is impacted by many factors beyond country presence and the work of ICOs as further explained in the *Effectiveness* Chapter. Fourth, IFAD's financial systems do not provide a comprehensive picture of ICO costs: data are fragmented and not easily available. The CLE had to integrate data from different sources.

73. IOE compensated for these limitations by triangulating a large amount of evaluation evidence and multiple methods and sources in order to reach its conclusions. In addition, this CLE built upon a corpus of evaluation experience and knowledge accumulated by IOE in the past years through project-level, country programme and corporate evaluations.

Key points

- The overarching objectives of the CLE were to assess: (i) IFAD's decentralization experience and efforts; (ii) the contribution of decentralization to better operational performance and development results; (iii) the costs of the decentralization process in relation to the results achieved; and (iv) generate findings and recommendations to further strengthen IFAD's organizational decentralization.
- The evaluation assessed the relevance, effectiveness and efficiency of the decentralization process.
- The evaluation used mixed methods and collect both quantitative and qualitative information and data from a range of sources (e.g., document reviews; semi-structured interviews of key informants; regional/country consultations; quantitative analysis of data available in various IFAD information systems; analysis of relevant evaluations; electronic surveys of stakeholders and ICO case studies).
- Given the formative aspects of the evaluation, added attention was devoted to organizing consultations with IFAD Management and staff at key stages of the evaluation to provide preliminary feedback.

III. Relevance of IFAD's decentralization

A. The objectives and design of the strategy for country presence

The objectives

74. **The overall objectives for decentralization have not markedly changed since 2007 and have remained fully valid**. The Sixth Replenishment Consultation emphasized enhancing IFAD's impact and this was subsequently confirmed as the priority by the Independent External Evaluation of IFAD (2005). Following that evaluation, IFAD developed an Action Plan for Improving Development Effectiveness which was approved in 2005. Following the limited experience of the 2003-07 piloting of country presence in 15 countries and the evaluation of that pilot, the first Activity Plan for IFAD's Country Presence[29] was accepted by IFAD's Executive Board in December 2007. The objectives of country presence were seen as particularly important for better project design and supervision, implementation support and increased country-level dialogue and would "enhance IFAD's development effectiveness by allowing IFAD to:

(a) Work in-country where it is needed, especially in developing project designs better matched to the country context and in providing cost-effective implementation support;

(b) Play a catalytic role at the country level, particularly in relation to policy dialogue, partnership-building, knowledge management and innovation;

(c) Improve its understanding of the changing conditions of rural poverty;

(d) Align itself more closely with the aid effectiveness agenda in support of country ownership and leadership, through improved alignment with country strategies and systems and better donor coordination;

(e) Contribute towards system-wide coherence of the United Nations by actively participating and contributing to the One United Nations Initiative."

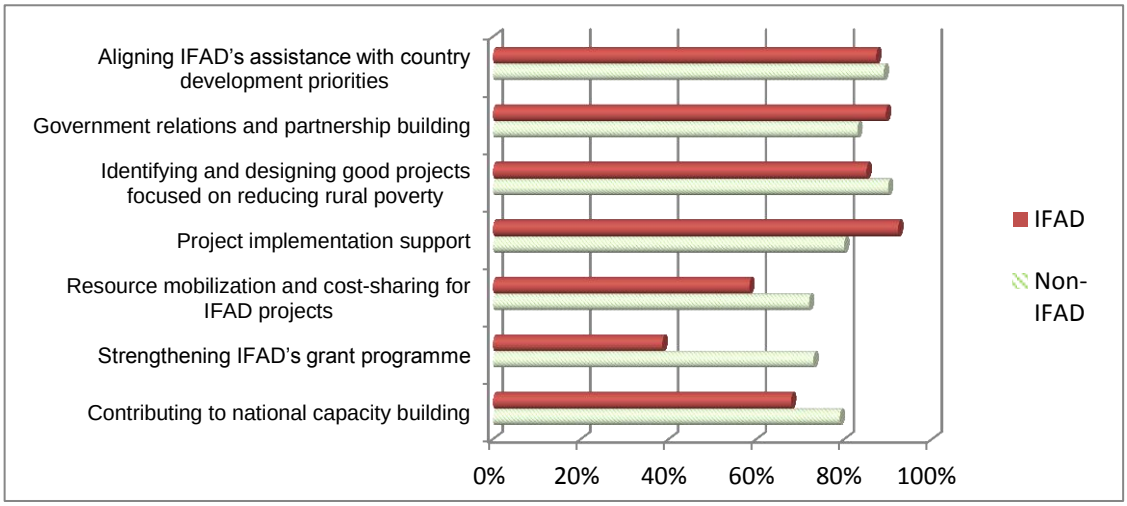
75. The 2011 IFAD Country Presence Policy and Strategy[30] provided a more nuanced but also looser statement of objectives. The emphasis was on programme implementation support as IFAD absorbed supervision from UNOPS and other agencies.[31] The terms of reference for Country Offices specified: (i) country programme development and implementation support; (ii) partnership building; (iii) policy dialogue; (iii) knowledge management and innovation; and (iv) local capacity building.

76. IFAD Country Strategy 2014-15[32] made no change in the objectives for country presence. The 2016 April EB Update on IFAD's country presence[33] also made no change but stated that a corporate decentralization plan would be brought forward by Management in 2016. The objectives for country presence were fully consistent with IFAD's overall objectives but remained objectives for a country presence, rather than decentralization. Items such as enhancing and projecting IFAD's image and resource mobilization were not explicitly articulated as objectives.

[29] EB 2007/92/R.47 Activity Plan for IFAD's Country Presence, November 2007
[30] EB 2011/102/R.10/Rev.2 IFAD Country Presence Policy and Strategy 14 September 2011
[31] It stated that "IFAD's country presence will continue to enhance IFAD's development effectiveness and, to the extent possible, achieve cost efficiency. […] Development effectiveness will be enhanced by: (a) Helping align country strategies and projects with the country context and country plans; (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 with 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."
[32] EB 2013/110/R.5/Rev.1 IFAD Country Presence Strategy 2014-15, 31 December 2013
[33] EB 2016/117/R.4 Update on IFAD's Country Presence, 23 March 2016

77. **Internal and external perspectives of priorities of ICO functions**. Government staff and IFAD staff tended to assign high priority to all the functions of ICOs in responses to the E-survey and in interviews of this CLE. However, for certain functions, a slightly lower proportion of respondents from within IFAD stated that the functions were of the highest priority than that of respondents outside IFAD. Figure 2 summarises the findings (see also Table 4, Annex V) in areas where both IFAD and non-IFAD (mostly Government staff) assigned high priorities (e.g. aligning IFAD's assistance with country development priorities; government relations and partnership building; country strategy and programme development; identifying and designing good projects, project implementation support), as well as areas where non-IFAD respondents tended to assign higher priority compared to IFAD ones (e.g. resource mobilization for IFAD projects, strengthening IFAD's grant programme, contributing to national capacity building).

Figure 2
Proportion of E-Survey Assigning High / Very High Priority to selected Functions of IFAD Country Offices



Source: Responses to this CLE E-Survey (2016).

Design of the strategy

78. **Up until 2011 the approach to decentralization was evolving and remained in a formative stage. Although models of ICOs were identified, there was no formalised trial of different models and there was no evident proving of alternatives**. For the extended pilot phase of country presence, decentralization was subject to annual review by the Executive Board between 2008 and 2010. A Policy and Strategy for Country Presence was then approved by the Executive Board in 2011.[34] This Strategy was clear with respect to:

- The maximum number of offices to the end of 2013 (40) and the schedule;
- The criteria for establishment of country offices, those for posting a CPM to the office and maximum number of CPMs to be decentralised (20), and those for office closure, which were the inverse of those for opening an office;
- What would be monitored as regards ICO progress, costs and performance;
- Resource commitment for ICOs; and
- The hosting and servicing of ICOs by other agencies and agreements with host countries.

79. The Strategy was less clear on: (i) posting of international professionals, other than CPMs including up to five technical staff; (ii) issues of delegation of authority; (iii)

[34] EB 2011/102/R.10/Rev.2 IFAD Country Presence Policy and Strategy 14 September 2011

staff rotation and training; and (iv) the model for sub-regional or hub configurations and the variations in staffing for such models.

80. Following a review by Management, IFAD Country Presence Strategy 2014-15[35] was considered by the Executive Board in 2013. The maximum number of offices was increased to 50, of which no more than half would be staffed with CPMs. There was no further move to decentralize administrative and financial services and it was further emphasised that the location of such services at regional or sub-regional hub levels did not change their status as part of corporate services. It was purely a measure to reduce costs and offer timely service. Rotation was specified for CPMs who would not spend more than two periods of assignment in a country office before having an assignment at headquarters. An office serving several countries was designated as a separate country presence model. The Field Support Unit was established in the Corporate Services Department.

81. **Criteria applied in the strategy for opening and closing of offices and for out-posting of CPMs were fully relevant but did not take adequate account of factors for decentralizing CPMs with responsibility for more than one country**. Criteria were developed in the 2011 Policy and Strategy and only minor changes made in the 2014-15 Strategy: (i) size of IFAD's country portfolio (assigned weight 50 per cent); (ii) country's dependence on agriculture measured as proportion of agriculture value added in total national value added (weight 15 per cent); (iii) size of rural population (weight 10 per cent); (iv) prevalence of poverty measured as per capita GDP (weight 15 per cent); (v) "state fragility" – representing weak performance in achieving development outcomes (IDA Resource Allocation Index - weight 10 per cent); and (vi) existence of an enabling policy environment (assigned no weight).

82. Criteria for out-posting CPMs were: - (a) large country programmes; (b) need and opportunity for policy dialogue on rural poverty reduction and smallholder agricultural development; (c) countries with weak institutions and development performance and/or involved in or emerging from conflict; (d) potential for building partnership – leveraging resources; (e) requiring instruments such as knowledge management and support for a broader range of stakeholders; and (f) country offices serving multiple countries.

83. The strategy envisaged that CPMs could be decentralized with responsibility for more than one country but did not build this into criteria for siting of CPMs or ICOs. Such criteria would examine sub-regions rather than single countries to consider where ICOs and CPMs could be best placed to serve a group of countries.

84. The responses to the CLE e-questionnaire survey endorsed the priority choices in siting of ICOs. IFAD staff and Executive Board Members endorsed high priority to ICOs for countries with large programmes (37 per cent) and ICOs covering neighbouring countries (38 per cent). Respondents from outside IFAD, mostly government and project staff, supported size of programme as the main criteria (44 per cent) but some of them also supported offices in most and all countries (29 per cent; residual percentages were for other options).

[35] EB 2013/110/R.5/Rev.1 IFAD Country Presence Strategy 2014-15, 31 December 2013

Assumptions and the use made of prior evaluation findings

85. **While objectives for country presence were by and large justified, some assumptions were not fully valid**. One of the early assumptions was that of relying on a "light touch" approach. This assumption was due to the Executive Board's concern for containing costs and, initially at least, some uncertainty from senior and middle management about a major departure from IFAD's traditional business model.

86. As noted in the Corporate-level Evaluation of the Field Presence Pilot Programme (2007) and of IFAD Efficiency (2013), as well as by several Country Programme Evaluations, there was a discrepancy between having a "light touch" approach (e.g., country offices staffed with one or two professionals) and formulating ambitious goals in certain areas, such as non-lending activities. Moreover, while the size of IFAD's country offices cannot be compared with that of other MDBs, at present it is not entirely correct to consider IFAD's decentralization as "light", at least relative to the size of the Fund. IFAD now has country offices operational in 39 countries covering about 80 percent of its on-going loan volume and CPM-Country Directors widely decentralized, especially in Africa. As further argued in this report and as visible in the evolution of the strategy, leeway was given to regional divisions to experiment different approaches but missing was a systematic approach to identify country presence models and organizational changes to enhance effectiveness and efficiency.

87. Another assumption was about costs. Although IFAD's own internal analysis showed that decentralization had generally increased costs in MDBs, the 2011 Policy and Strategy opted for cost neutrality, following the preference of the Executive Board. The costs of country offices, once established, would be contained as additional posts in country offices would be at lower cost than those in headquarters. In the 2014-15 strategy it was argued, and figures were presented, that showed staffing could be increased to absorb the extra workload of project supervision and a growing programme at lower cost in country offices than the equivalent increase in headquarters. This assumption would have been correct only with a clear shift of functions and staff from headquarters, which has only partially taken place.

88. According to the decentralization strategy documents: all country offices, irrespective of their configuration (e.g., CPM-led, CPO-led) and their staffing level, were expected to deliver on the same full range of services (e.g., implementation support, non-lending activities). This was not realistic, particularly for smaller offices with only one professional staff member. Moreover, country offices have not been given a dedicated budget line for non-lending activities.

89. There were several implicit assumptions with respect to staff and staffing which have not proved fully valid in practice:

- The workload of a country office based CPM is similar to that of a headquarters based CPM;
- Service in a country office by a CPM is attractive enough with a country post allowance to the next grade to attract CPMs to wish to move from headquarters;
- The necessary adjustments to achieve savings by tasking country-based programme assistants can be attained through regular attrition of headquarters programme assistants; without significant reorganization of regional divisions workflows and without major training of country-level staff.

90. **Findings and recommendations from previous evaluations have been utilised in the design and implementation of the decentralization but their application has been sub-optimal**. The Independent External Evaluation of

IFAD[36] in 2005 considered it early to make an overall judgement on decentralization but fully endorsed the principle and considered there was already adequate evidence to undertake greater decentralization of CPMs. This recommendation was only slowly taken up.

91. The 2007 CLE of the FPPP[37] found that the same had demonstrated the value of decentralization but had not been fully implemented and there had been inadequate monitoring of costs and results. The evaluation made a number of recommendations with respect to monitoring which are discussed further below. It also found that experience elsewhere indicated that:

- Without significant institutional reorganization decentralization had an incremental cost. IFAD Management did not reject the finding but asserted that, in view of the need to contain the IFAD administrative regular budget, IFAD would absorb decentralization costs;[38]
- Sub-regional models had significant cost and efficiency benefits and should be piloted. Management was not fully convinced of this recommendation which it feared would introduce an unnecessary layer in the system but the model is now being actively considered.

92. Recommendations with respect to monitoring and increased delegation of authority were not rejected by Management but have not been fully implemented either.

93. **IFAD's decentralization was fully relevant in the light of the experience and benefits gained in other agencies but the experience of those agencies could have been drawn on more systematically**. When IFAD was established, other MDBs and UN agencies had an established country presence. Moving on from a liaison function, the main objectives of decentralization for these organizations rapidly became to improve project implementation and to establish closer relations with in-country stakeholders.[39]

94. In terms of lending volume and number of staff, the MDBs are much larger, and have a more complex management structure, are involved in many sectors, have a wider range of products and experience more challenges with matrix management.[40] Similarly, the purposes and business models of FAO and WFP differ from that of IFAD. IFAD's work is often more concentrated in disadvantaged parts of countries, although this is not always the case and some agencies, such as WFP, work predominantly with the extremely disadvantaged. Each MDB and UN agency is unique and has a different organizational culture and corporate objectives. With all these caveats, the experience of other agencies in establishing and operating resident missions provides some useful lessons for IFAD. For example:

i. Decentralized offices gradually become part of the way the organization does its business and the questions of changes in organizational structure become less about decentralization *per se* and more about continuing functional analysis and overall organizational modernization and change.

[36] Independent External Evaluation of IFAD, September 2005, IFAD Office of Evaluation.
[37] EB 2007/91/R.6 Corporate-level evaluation of the Field Presence Pilot Programme, 14 August 2007
[38] The 2007 Activity Plan stated with respect to the Programme Management Department (PMD) "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".
[39] Although the proportion of IFAD's total staff assigned to ICOs increased substantially from one percent in 2002 to 13 per cent in mid-2016, the corresponding ratios for MDBs and other Rome based agencies range from 25 to over 50 percent for MDBs and up to 92 per cent for WFP. World Bank 40%; AfDB 50%; ADB 25%; EBRD 27%; IADB 33%.
[40] There are management and organizational issues that have been associated with increasing numbers, roles and responsibilities of country offices: (i) reporting lines, delegation of authority and systems of accountability; human resource policies, budget management and information technology and communications technology; (ii) moving international staff to field offices and recruiting more local staff can increase costs; (iii) dispersing sector specialists risks undermining cross-institution knowledge sharing; and (iv) silos can emerge when staff are in many different locations.

ii. Nearly all global UN agencies have regional offices and some such as FAO have sub-regional. Management systems, the amount of delegation and control and human resource policies vary across the organizations and, if sub-regional offices are used, care is needed to ensure that they do not become another bureaucratic layer without adding value.

iii. Decentralization has often been achieved through major organizational change and this has required carefully researched and implemented change management programmes. Corporate leadership has been needed and human resource and management issues have been identified and addressed (e.g., incentives for people to move, delegation of authority, changes in reporting lines, oversight and risk management systems, communications technology). Issues have often concerned transition management for staff, matrix reporting and ensuring both vertical and horizontal communication and knowledge sharing.

iv. Some of the comparators have moved back-office services to low-cost locations.

v. Decentralization and the establishment of country offices has not necessarily been cost neutral. Typically additional costs have been incurred for staff and offices and some organizations, especially in the UN system and IFC, have downsized headquarters (and/or the functions in headquarters) as the field presence grew. Both in the UN and MDBs there have often been budgetary provisions agreed by the governing bodies for staff redeployment and redundancy packages.

95. Evaluations in the MDBs and UN agencies have confirmed the benefits of country offices and movements toward decentralization, notably in terms of stronger client relations, deeper country knowledge, better country programming, better project design and supervision, improved portfolio quality, faster implementation and procurement, enhanced policy dialogue, analytical work and advisory services and stronger in-country partnerships. [41]

96. Compared with these organizations, IFAD can be considered to have decentralized fast. There was a large body of experience to draw upon and the documentation presented to the Executive Board suggests that this was not fully utilised. Initially, for instance, there was limited attention to broader organizational changes, including at the headquarters.

97. **By 2013 IFAD could have made a more structured functional analysis** of what is best done in headquarters and what is best done at country or close to country-level. Such an analysis could well have led to more conscious reform at headquarters level, including options to reduce staff, as well as in the country offices. It could also have meant that more concrete measures were taken to capacitate the decentralized level for the functions, thus identified.

98. **In sum, the overall objectives and evolving design of the strategy for country presence were valid and the functions of the ICOs relevant but there were significant areas for improvement**. Some key assumptions were not fully valid. Importantly, the strategies envisaged a greater number of CPMs in the country offices but did not foresee any significant adjustment in the respective roles of headquarters and the country offices. Lessons from IFAD's own experience

[41] Some weaknesses have been noted in country offices being actively involved in corporate knowledge management and sharing experience and innovation at the country level. See: Evaluation of FAO's Decentralization, PC 92/6a) – FC 108/18 September 2004; Report of the Independent External Evaluation of FAO, September 2007, C2007/7A.1-Rev.1; An Evaluation of the World Bank's Organizational Effectiveness – The Matrix System at Work, Independent Evaluation Group – World Bank April 2012; How WFP Country Offices adapt to change: A Strategic Evaluation - Report number: OE/2012/001 December 2011; Review of Management and Administration in the World Food Programme (WFP) JIU/REP/2009/7; Evaluation of the Results of the IDB Realignment, OVE-IDB, March 2014; Independent Evaluation of the Decentralization Strategy and Process at the African Development Bank Oct 2009. EBRD (2016), EBRD's Experience with Resident Offices.

and from other agencies was not always drawn systematically. Considering that the relevance of the objectives was high but there were gaps in the strategy design, a score of moderately satisfactory is accorded to objectives and design.

B. Internal enabling context, governance and monitoring of the strategy for decentralization

Internal IFAD context and institutional commitment to decentralization

99. **IFAD has evolved, taking on a steadily growing and widening range of both lending and non-lending functions within its organizational mandate**. IFAD's Strategic Plans and Replenishment documents have given steadily more prominence to IFAD's role in policy dialogue; partnership and analysing and disseminating actionable knowledge from its development work. IFAD's Strategic Plan 2016-2025, identifies three outcomes of IFAD's work:

- Enabling policy and regulatory frameworks at national and international levels;
- Increased levels of investment in the rural sector; and
- Improved country-level capacity for rural policy and programme development, implementation and evaluation.

100. In the Strategic Plan, the Pillars of IFAD's Results Delivery include knowledge building, dissemination and policy engagement. The principles of engagement include innovation, learning, scaling-up and partnerships. All of these principles of engagement are difficult to apply in the absence of frequent in-country contact and relationships established with national actors, facilitated by country presence. Several of the areas in which IFAD identifies its particular strengths (e.g., value chain development for the rural poor, rural finance, rural collective organization) require intimate specific in-country knowledge if they are to be operationalised by IFAD or other actors in IFAD's role as a knowledge broker. Although principles may be common across countries, their application varies greatly, even within countries, with levels of development and education, culture, existing institutions, infrastructure, market access and the agro-ecology.

101. **Some major donors have been very conscious of costs and concerned with fiduciary controls, as well as the applicability of decentralization to a Fund with a small staff. Nevertheless, the Executive Board has approved each step in the country presence strategy with a cautious approach**. Although IFAD Executive Board and Replenishments have emphasised ongoing reform for increased effectiveness, it is evident from the minutes of the Executive Board that there has been a lack of uniformity of views on the desirability of decentralization. This was also noted in the CLE of the FPPP in 2007 and has been linked to concerns about the relative size of IFAD's regular budget (to the programme size), which has led to zero growth budgets, including under the current replenishment.[42] For example DFID's Multilateral Aid Review of IFAD (February 2011) found financial resources management to be weak in IFAD and disbursements low in comparison with other agencies. After the funding authorised by the Executive Board for the country presence pilot, there has been an emphasis on absorbing the costs of country presence and no additional finance for country presence was approved until 2016 when an IFAD Regular Budget increase of US$ 2 million was agreed of which US$1.1million can be attributed to ICOs.

[42] As a percentage of the commitments, the administrative efficiency ratio for 2016 is expected to be 15.1 per cent, compared with the equivalent ratio for the first year of IFAD 9 (i.e. 2013) of 14.3 percent. EB 2015/116/R.2 IFAD's 2016 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2016 and indicative plan for 2017-2018, and the HIPC and PBAS progress reports, 25 November 2015.

102. **Initially, staff and middle-level management commitment to decentralization was not clear, but it has improved in the recent years**. There has been a natural reluctance of staff long located in Rome to move or see their roles reduced and it was reported to the evaluation in interviews that, initially, regional division directors resisted a reduction in their direct control but more recently, they and professional staff have embraced decentralization, especially in Africa. At the same time, although strategic work-force planning has considered decentralization, there has been reluctance by management to force through re-balancing in staffing or re-examine the overall organizational model (see also the Efficiency Chapter).

Governance

103. **The Executive Board (EB) has been apprised and has taken all major decisions with respect to country presence but lacked an adequate base for decision making**. Country presence has with very few exceptions been considered at least once a year by the EB and the level of detail at which the EB has entered into which country offices to open and CPMs to decentralise would in many agencies be regarded as micro-management. This being said, in the absence of an adequate monitoring and reporting system, as discussed below, the Executive Board did not have a robust basis for decision making, particularly as there was no tracking of how well country offices conformed to the criteria, the inadequacy of criteria for offices covering more than one country and a paucity of cost-data.

104. **Internally, the Corporate Decentralization Coordination Group is responsible for coordinating the planning, implementation and monitoring of IFAD's country presence. It now meets regularly but did not so in the past**. The Group is co-chaired by the Associate Vice-President, Programmes; and the Associate Vice-President, Corporate Services Department (CSD). It now meets regularly but for several years prior to 2013 it did not and PMD drove decentralization without adequate corporate oversight. This having been said, the approaches of the PMD Regional Divisions have diverged considerably and the extent of mutual lesson-learning has been limited.

Monitoring

105. **The Monitoring indicators for IFAD country offices were inadequately defined and do not include cost or efficiency indicators**. Indicators were defined in the IFAD Country Presence Policy and Strategy[43] approved by the Executive Board in 2011 (see Annex VI Table 2), which stated that each country office is responsible for providing reports on progress towards targets and monitoring indicators. Indicators are in seven categories, which are in line with ICO tasks. Management agreed with the recommendations of the CLE of the FPPP in 2007 to include cost indicators but these were only very partially tracked or reported as the necessary adjustments which management had agreed to make in accounting system codes did not take place.[44]

106. Indicators currently cover: (i) outreach and scaling up, (ii) country programme development, (iii) project implementation, (iv) partnership building, (v) policy dialogue, (vi) knowledge management and innovation; and (vii) country office management. The framework, as introduced, had 25 indicators and six sub indicators (subsequently reduced to 23 indicators and five sub-indicators). The number of indicators is large and unwieldy. Many indicators include no target so a trend can be tracked but not progress towards a target. Many of the indicators could be improved but seven are either inappropriate to what it is intended to measure and/or not adequately defined (See Table 2) below. For example all the indicators of input to COSOP, project design and supervision ask for the percentage of missions in which ICO staff participated without in any way defining what would

[43] EB 2011/102/R.10/Rev.2 IFAD Country Presence Policy and Strategy 14 September 2011
[44] Partial Budget Costs were reported for the period 2008-11

be meaningful participation (e.g., mission leadership). For policy change, there is no definition of what it constitutes or how it is to be verified.

Table 2
Indicators and targets that are not clear, appropriate and/or verifiable

Indicator	*Reason for Inadequacy – Evaluation Judgement*
2.1 Number/percentage of design missions in which country office staff participate	The indicator does not define "participation" or indicate what type of input is desired.
2.2 Number/percentage of RB-COSOPs in which country office staff participate	The indicator does not define "participation" or indicate what type of input is desired.
3.3 Number/percentage of supervision / implementation support missions in which country office staff participate	The indicator does not adequately describe what is considered as "participation".
3.5 Days between submission of withdrawal application and disbursement	This indicator depends also on the work of IFAD divisions that are not decentralized
3.6 Project status report ratings for selected fiduciary aspects	Does not indicate which are the selected fiduciary aspects to consider.
5.1 Number of national forums at which IFAD is represented	The purpose should not be to attend meetings which have little relation to results.
5.3 Policy changes, as a result of IFAD interventions, that address rural poverty issues and changes	The indicator lacks specificity regarding what is policy change and how to assess the change.

Source of indicators: EB 2011/102/R.10/Rev.2 IFAD Country Presence Policy and Strategy 14 September 2011.

107. **The indicators have not been systematically monitored**. When the IFAD country presence was reported in 2013, the monitoring indicators did not show if the targets had been achieved. The Country Presence Strategy (2014-2015) only contained an updated version of the indicator targets. In the Update of IFADs Country Presence (2016), the monitoring framework includes a column of achievements but interviews with IFAD management confirmed that the indicators have not been systematically monitored. The self-assessment report of IFAD Country Presence Programme (2011) was also critical of indicator monitoring.

108. There is a functioning system in place for RIDE data collection, much of which is collected and verified by PMD. It is unclear why the monitoring of ICOs was not integrated into RIDE or more effort was not made to track expenditure or budget by country and by ICO. Such a tracking system would also require a basic staff time tracking system if any form of analysis by function is to take place, as is the practice in several of the comparator agencies. In other IFIs, as the decentralization process progressed, ICO data tended to be mainstreamed in the corporate management information systems.

109. **In synthesis**, the Executive Board has been active in oversight, while the internal governance of the decentralization has only recently been revitalised. IFAD has undertaken an increasing range of functions in both lending and non-lending which were intended to be furthered through decentralization but the commitment from the Executive Board and the budgeting, internal staff and middle management contexts was initially not fully supportive of decentralization, although with some recent improvements. Monitoring and reporting were both not fully appropriate, limiting the basis for both internal governance and Executive Board guidance. The rating for internal enabling context, governance and monitoring of the strategy for decentralization is moderately unsatisfactory.

110. **The overall relevance of the decentralization approach and strategy to IFAD's mandate and corporate policies is found to be in the "positive zone"** when full account is taken of the pertinence of the objectives, the quality of design, the speed of decentralization, the use made of available information and the internal and external contexts and constraints. In particular, decentralization's

efforts were pertinent to enhance IFAD's development results. Some assumptions were not fully valid, such as on cost and "light touch" approach. The decentralization process was only in part informed by IFAD's own experience as well as those of other organizations. Monitoring and governance had significant gaps. Restructuring of the headquarters based on functional analysis should have been part of the decentralization strategy but was not emphasised. Overall it can be argued that **the move towards decentralization was appropriate but an approach better based on structured functional analysis could have emerged earlier**. The rating for relevance is thus moderately satisfactory.

Key points

- IFAD's overall objectives and the design of the strategy were valid. An increasing range of functions in both lending and non-lending came to be furthered through decentralization, and decentralization has proceeded relatively quickly.
- However, some of the initial assumptions (e.g. cost neutrality, "light touch") were not fully valid. Findings and recommendations from previous evaluations have been only in part utilised and decentralization could have proceeded faster if they had been used fully and if the experience of other organizations had been systematically applied.
- Significant adjustment in the respective overall roles of headquarters and the country offices was not foreseen and by 2013 IFAD could have made a more structured functional analysis of what is best done in headquarters and at country level.
- Monitoring and governance of the decentralization were inadequate. The Executive Board approved each step of the decentralization and has been active in oversight, but:
  - Monitoring was not fully appropriate and poorly reported, limiting the basis for Executive Board and internal management governance
  - The budgeting, internal staff and middle management contexts were not fully supportive of decentralization
  - Internal governance of the decentralization has only recently been revitalised.

Ratings by evaluation criteria and sub-criteria. Relevance

Evaluation criteria	*Evaluation sub-criteria*	*Rating*
Relevance	I.A Relevance of objectives and design	moderately satisfactory (4)
	I.B Internal Enabling Context (Governance and Monitoring)	moderately unsatisfactory (3)
	Overall rating for Relevance	moderately satisfactory (4)

IV. Effectiveness of IFAD's decentralization

111. The overarching evaluation questions for effectiveness was assessing the extent that IFAD's decentralization contributed to helping IFAD deliver better on: (A) operational performance (strategy and programme management; non-lending activities; project performance); and (B) development results (impact, gender equality, natural resource management and climate change, sustainability, pro-poor innovation and scaling up). In assessing effectiveness, the evaluation was guided by the more detailed evaluation questions in the evaluation framework (Annex I).

A. Contributing to improved operational performance

A.1.a Contributions to strategy and programme management and project performance

112. Results-based Country Strategic Opportunities Programmes (COSOPs) embody IFAD's strategy in a country towards the goal of poverty reduction and rural development. **Evidence suggests that the establishment of ICOs contributed to better design and performance of COSOPs**. For instance, the analysis of Country Programme Evaluations (CPEs) and their ratings, shows that the presence of ICOs is associated with COSOPs that are more relevant (e.g., better responding to country priorities and local needs) and also performing better in terms of delivering results (this aspect is discussed later in this Chapter). More qualitative observations came from the regional workshops (Annex IV Tables 33-36) and interviews with IFAD's development partners highlighting that country presence had increased IFAD's staff exposure to and understanding of Government priorities, policies, norms local practices as well as operational constraints. This emerged particularly at the time of strategy and project design. Average ratings of COSOP relevance, effectiveness and overall performance are in the moderately satisfactory range and the rating for countries with ICOs[45] was significantly higher than for those without.*** [46] (see Table 10 in Annex IV). This was corroborated by interviews with key national partners as well as by responses obtained through the CLE E-survey. In fact 81 per cent of respondents agreed/strongly agreed that ICOs promoted national ownership and direction of IFAD's development assistance and better alignment of IFAD's assistance with national priorities (see Table 7 and 8, Annex V).

113. **ICOs have helped identify and design projects focused on reducing rural poverty**. This was the perception and experience of national stakeholders conveyed during regional workshops and interviews. Also, the large majority of the E-survey respondents agreed/strongly agreed and rated this dimension as satisfactory (Table 7, Annex V).[47] This was one of the dimensions of ICO performance that received the highest share of satisfactory/highly satisfactory ratings and this positive view of the contributions of ICOs was widely held by all types of respondents.[48]

114. Despite this positive feedback, this CLE noted that project designs in countries with ICOs do not receive higher quality at entrance (QA) ratings than those in countries

[45] Countries with ICOs included those in which ICOs were operational for at least four years before the CPE was completed.

[46] The following labels describe the significance of the difference of means tested: (i) strongly significant if the P value was less than or equal to 0.01 (***); (ii) moderately significant if the P value was greater than 0.01 and less than or equal to 0.05 (**); (iii) weakly significant if the P value was greater than 0.05 and less than or equal to 0.10 (*); (iv) not significant if the P value was greater than 0.10. In inferential statistics, the *p*-value is understood as the probability of obtaining a result equal to or higher /lower (depending on the type of test) than what was actually observed, when a "null hypothesis is true". In this CLE, the null hypothesis is that differences between "with" and "without" ICO observations are equal to zero. If the p-value is lower than a certain cut-off point (say 0.1, 0.05, 0.01) then the finding is not consistent with the null hypothesis which is rejected in favour of the hypothesis that there is in fact a difference between "with" and "without ICO" averages. See Lovric, M. (2011) International Encyclopedia of Statistical Science, Springer-Verlag, Berlin.

[47] 76 per cent of the respondents assigned satisfactory/highly satisfactory ratings.

[48] The others were aligning IFAD's activities with national priorities (76 per cent) and supporting project implementation (77 per cent).

without. The average rating for all projects was in the satisfactory range and the difference was not statistically significant. This is not surprising: IFAD's quality standards are the same for all projects, regardless of whether or not an ICO is involved. If the quality assessment rating is not acceptable the project will not be submitted to the Executive Board. This institutional incentive is likely to reduce rating differences between with and without ICOs.

115. **While rated positively, ICOs are reported to be less strong at strengthening IFAD's grant programme**. Feedback provided during interviews indicated that in some countries IFAD's grants were weakly coordinated with the country strategy and programme. The 2014 CLE on the grant programme also found weaknesses in the linkage between grants and country programmes and limited integration of grants into COSOPs. The CLE recommended that country specific grants receive a larger allocation of resources relative to global regional grants but this recommendation was not followed up.[49] E-survey respondents rated ICO performance in this area on the border between the moderately satisfactory and satisfactory ranges – 56 per cent assigned a satisfactory/highly satisfactory rating, one of the lowest rated performances among the 15 ICO performance categories.[50]

116. In sum, ICOs help to better align IFAD's country strategy and programme with local needs and priorities, by enhancing IFAD's knowledge about the local development context and the government's policies and priorities, and to identify and design projects focused on rural poverty. This is a clear strength of IFAD's country presence. The contribution of decentralization to improving the quality of COSOPs and the project identification and design is rated as satisfactory.

A.1.b Contribution to project supervision and implementation support

117. IFAD and all MDBs recognise that effective project supervision and implementation support are essential for project success and for achieving good development outcomes. It is widely recognised that having staff in the field enhances project supervision and implementation support.[51] When MDBs initially set up their country offices, the main tasks were portfolio management, project supervision and supporting project implementation.

118. **The change in IFAD's operational model by combining direct supervision with country presence was a transformative organizational change**. Direct supervision and developing a country presence are closely linked. Direct supervision had a major impact on the work of CPMs, and set in motion a gradual shift of some of the IFAD's work from headquarters to the field. Providing implementation support covers a wide range of activities (e.g., development; technical; financial; administrative). Many IFAD staff members recalled that the 2007 introduction of direct supervision as the standard modality at IFAD was one of the factors that helped further the country presence agenda. There is evidence through past evaluations and CLE interviews that ICOs help better prepare supervision mission, particularly by coordinating with national partners and more accurately focusing on key project performance issues.

119. **Arguably, one of the most important contributions of ICOs has been to project implementation support**. There was strong consensus on this in regional workshops (Tables 33-36, Annex IV) and country case studies. Relative to

[49] The ceiling of resources allocated for grants is currently set at 6.5 per cent of IFAD's annual programme of loans and grants, of which 5 per cent for global/regional grants and only 1.5 per cent for country-specific grants.
[50] While 66 per cent of non-IFAD respondents rated the performance of ICOs in strengthening IFAD's grant programme as satisfactory/highly satisfactory the corresponding figure for IFAD staff was 40 per cent -- 26 per cent of IFAD staff rated the performance of ICOs below moderately satisfactory in this area.
[51] AfDB. Independent Evaluation of the Decentralisation Strategy and Process at the African Development Bank. 2009. ADB. Resident Mission Policy and Related Operations: Delivering Services to Clients. 2007. ADB: Decentralization: Progress and Operational Performance. 2013.

headquarters, ICOs have comparative advantages and assure better continuity and follow-up: easier communication with counterpart ministries, more frequent follow-up. Even well designed and well managed projects are bound to face some blockages during implementation, due to complicated administrative and bureaucratic procedures and interpretation of rules and requirements. The presence of IFAD staff in the country who can frequently interact with stakeholders, in the local language when needed, avoids cumbersome and protracted correspondence with the headquarters, which can cause delays of weeks or months. Some ICOs put on training courses for various topics related to project supervision and implementation support (e.g., M&E, financial management, procurement) to build project management capacity. Of course, the quality of results achieved depends on ICO staff experience, personality, commitment and standards.

120. E-survey respondents rated ICO performance as satisfactory in terms of supporting project implementation – 77 per cent assigned a satisfactory/highly satisfactory rating (one of the top ratings among 15 ICO performance dimensions) categories.[52] They also agreed that ICOs performed satisfactorily in identifying and resolving problems[53] and in making decisions in a timely manner (Tables 7 and 8, Annex V). Overall, the feedback from survey, interviews and case studies was that country presence helped improve IFAD's overall institutional performance.

121. **There was consistent feedback that ICOs were under-resourced relative to their assigned responsibilities**. This view was most strongly held by clients in countries with ICOs and by IFAD staff, both headquarters and ICO based and concerned financial resources, staffing and expertise available. This aspect is discussed more in detail in the *Efficiency* Chapter.

122. While evidence is robust through triangulation between difference sources on the ICO contribution to quality of supervision and implementation support, **evidence from internal portfolio indicators is more mixed** as explained below.

123. *Country presence contributed to shortening the time from project approval to entry into force.* When countries with and without ICOs were compared, on average 69 fewer days were required for projects to enter into force in countries with ICOs, a difference that was strongly significant.[54] The same pattern held when projects were compared before and after ICOs were established.[55] CPM-led ICOs performed better than CPO led ICOs in accelerating projects entering into force. About 105 fewer days were required for projects to enter into force in countries with CPM-led ICOs than in countries with CPO-led ICOs (see tables 21-22 in Annex IV).

124. *No clear evidence that ICOs contributed to reduce time to process withdrawal applications.* It is important to note that processing withdrawal applications was largely the responsibility of CFS (now moved to ACD) not of ICOs.[56] Because of procedural improvement, during the past few years there has been a marked reduction in the time required to process withdrawal applications across the board. Since January 2012, the formal involvement of CPMs/PMD has been limited to

[52] The other ratings in this top cluster were for aligning IFAD's assistance with country priorities and identifying and designing good projects focused on rural poverty.
[53] 67 per cent of respondents rated the ICOs' performance in identifying and resolving problems as satisfactory/ highly satisfactory. 61 per cent of respondents rated the ICOs' performance in making decisions in a timely manner as satisfactory or highly satisfactory.
[54] On average it took 288 days for projects to enter into force.
[55] The period between approval and entry into force was shorter** by 73 days after ICOs became operational.
[56] In mid-2016, CFS was divided into two divisions: Financial Management (FMD) and Loan Administration and Disbursement (ACD) respectively. ACD is responsible for maintaining IFAD's accounts (including ICO ledgers) whilst also processing the Fund's administrative and operational expenses, including those for IFAD Country Offices; and for loan and grant administration, inclusive of disbursements. Until April 2016, certification by CPM was required for all types of withdrawal applications. At present, ACD reviews withdrawal applications ex ante in headquarters and finance officers and financial management consultants during missions review the documentation ex post. The withdrawal application is reviewed by an assistant and then by a financial officer before it is sent to the Treasury Services Division for payment.

certifying that the withdrawal application was for IFAD-funded procurement and consistent with the Annual Work Plan and Budget before ACD can process the withdrawal application. ICOs also provide in-country advice and sometimes training on IFAD's procedures for withdrawal applications and disbursements. The quantitative analysis of the withdrawal applications processed in 2015 showed that, in fact, it took on average one day longer to process withdrawal applications in countries with ICOs. It is not clear whether this is because ICOs more rigorously screen withdrawal applications or because the ICOs are an added bureaucratic level. [57]

125. *Correlation between ICO presence and reduced time to first disbursement.* In the sample examined (2003-2015), the time taken to make the first disbursement after approval was typically about 1.6 years, regardless of whether or not there was an ICO in the country. Although it took 55 fewer days to make the first disbursement in countries with ICOs compared to countries without ICOs, the difference was not statistically significant. CPM-led ICOs performed better than CPO-led ICOs in improving efficiency by reducing the time from approval to first disbursement. On average it took 1.6 years to make the first disbursement in countries where the ICO was CPO-led compared to 0.9 years in countries with CPM-led ICOs. This difference, about 270 days or 9 months, was strongly significant (see table 19 to 22 in Annex IV).

126. *No evidence of ICOs' contribution to shortening project implementation period.* Many factors have an influence on the time required to implement projects, not all of which are within the control of IFAD or ICOs.[58] The project duration was analysed for the 143 projects that were approved from 2003 and closed by 2015 and there were 57 projects in countries with an operational ICO for at least two years before project closure. Projects were completed in a shorter time in countries without ICOs than in countries with ICOs and the differences were significant: (i) 7.6** months longer with an ICO from approval to completion; and (ii) 9*** months longer from entry into force to completion. However, some of these 57 projects were in an advanced stage of implementation when the ICOs were established. In such cases it was probably beyond the capacity of ICOs to make up for lost time caused by decisions made several years before.

127. *No consistent evidence that ICO significantly contributed to improve project administration indicators.* The analysis was based on the latest cohort of Project Status Reports (2015) rating of 11 dimensions of project administration.[59] The ratings were higher in countries with ICOs for performance of M&E** However, ratings were higher in countries without ICOs compared to countries with ICOs in three areas related to the quality of project financial governance: (i) quality of financial management**; (ii) acceptable disbursement rate**; and (iii) quality and timeliness of audits.** [60]

128. In sum, there is convincing evidence that ICOs were effective in supporting the supervision process and, even more so, improving the quality of implementation

[57] A more detailed analysis was undertaken of the time required to process withdrawal applications by low, medium and high risk ratings. As expected, the time required to process withdrawal applications was shortest (about 10 days) when ICOs risk ratings were low and longest (about 17 days) when risk ratings were high. While ICOs helped to shorten* the time required by 2 days for low risk projects, it took 2 days longer** to process withdrawal applications in high risk countries with ICOs. There was no significant difference for countries with a medium risk rating. The same pattern was evident when a sensitivity analysis was done focusing on ICOs that had been operational for four or more years. In 2016 it was agreed that PMD and CPMs would no longer provide certifications for low risk projects, except for direct payments to suppliers and initial advances to projects.

[58] On average it has taken a little over 8 years to complete an IFAD project after approval, about 1.4 years longer than originally anticipated. There is some evidence that the duration of project implementation is slowly declining over time.

[59] The dimensions are: (i) effectiveness lag; (ii) quality of financial management; (iii) acceptable disbursement rate; (iv) counterpart funds; (v) compliance with financing covenants; (vi) compliance with procurement; (vii) quality and timeliness of audits; (viii) quality of project management; (ix) performance of M&E; (x) coherence between the annual work plan and budget and implementation; (xi) exit strategy (readiness and quality).

[60] Sensitivity tests for cases in which the ICO had been in operation for 4 and 8 or more years were broadly consistent with these findings and did not show any measurable impact of ICOs on these 15 dimensions of project administration.

support (continuity of engagement, availability and follow-up) and this is largely consistent with the findings of past evaluations.[61] The analysis of project-level indicators (pace of implementation, disbursement, administrative issues) yields less consistent findings although it is recognised that some of these are in part beyond control or responsibility of ICOs. All elements considered, the *rating for the contribution to quality of supervision and implementation support is satisfactory.*

A.1.c Contributions to achieving better project performance

129. This section reviews criteria that are part of the "project performance" of independent evaluations. Much of the analysis is based on ratings from Project Completion Report Validations and Project Performance Evaluations available in the IOE ARRI databases.[62] **Three caveats must be born in mind** when interpreting these results (as well as those of this Chapter's further section on development effectiveness). First, many factors other than the work of ICOs influence project performance including the enabling environment (e.g., government policies; local institutional capacity; macro-economic conditions; political stability and security conditions), market conditions and price movements, climatic factors, the availability of counterpart funds, and others.

130. Second, on average it takes 8 years to implement IFAD-financed projects. There are few projects that were identified, designed, approved, implemented and evaluated after an ICO was established. Most of the projects that ICOs helped to identify and design are still under implementation. For the purposes of the analysis it was assumed that ICOs could have an influence on project performance if they were operational for at least two years before project completion.[63]

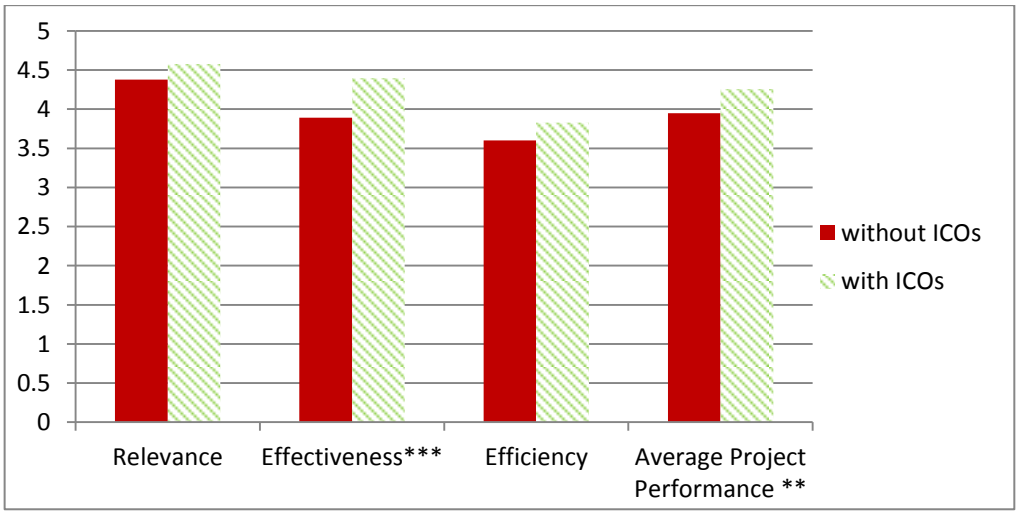
131. Third, the establishment of country offices was not assigned randomly and it cannot be assumed that countries with and without ICOs share the same salient characteristics. The type of dataset and the limited number of observations prevented the use of more sophisticated statistical techniques (e.g., instrumental variables or propensity score matching). However, the evaluation team conducted sensitivity analysis for small vs. large projects[64] that yielded consistent results.

132. **The analysis of project ratings shows that ICOs contributed to better project effectiveness**. Project performance until 2015 was a composite criterion of relevance, effectiveness and efficiency.[65] Key findings from the statistical analysis are displayed in Figure 3 (and further detailed in Table 1 of Annex IV). Ratings for effectiveness are higher in countries with ICO (here defined as having an ICO operational for at least two years before completion) and this is statistically significant.*** It is also to be noted that, moving from "without" to "with" ICO, the average rating shifts from below moderately satisfactory (3.89) to ratings that are well in the positive zone (4.40). While other factors may have been at play, it is plausible that this result is connected to the important work of implementation support done by ICOs, notably problem solving, follow-up to implementation problems and anomalies as well as guidance provided to project management teams. This would be in line with the type of responses received during country case studies and regional workshops and oft-observed patterns during previous evaluative IOE work and validates the expected "chain of results" that moves from implementation support to better delivery of immediate project objectives.

[61] Direct supervision and implementation support was the learning theme of the 2011 ARRI and the subject of the 2013 CLE on IFAD's Supervision and Implementation Support Policy.
[62] The sample considered included 85 PCR validations, 39 project performance assessments, 2 impact evaluations and 30 other project evaluations.
[63] Of the 155 projects, 103 were in the without the ICO group and 52 were in the with the ICO group.
[64] Defined as projects above or below the median loan amount.
[65] It was defined as the arithmetic average of these ratings. In 2016, the definition of performance has changed with the introduction of the second edition of the Evaluation Manual and now includes sustainability of benefits.

133. **Ratings were higher but not statistically significant for relevance and efficiency dimensions of project performance**.[66] With or without ICO, ratings for relevance were in the satisfactory zone and that is where marginal improvements are more challenging. Relevance is also largely determined at the time of project identification and design, although some rectification is possible during implementation. For the majority of projects rated in the databases, no ICO was operational during that phase.

Figure 3
IOE Project Performance Ratings with and without ICOs (projects completed 2007 – 2015)



Source: CLE Analysis of ARRI Database (2016)

134. For both with and without ICO, the average rating for efficiency was below 4 ("moderately satisfactory) and the difference not robust to statistical tests. This finding is on balance not surprising. Efficiency is highly sensitive to project performance, notably capacity and management and technical skills of the project team. In many instances, the ICO was established at a later stage in the project life cycle and it would not be realistic to expect that it could solve efficiency problems that had accumulated during the earlier years of implementation.

135. **Average project performance ratings were significantly higher with ICOs** and this is likely to have been driven by the higher ratings of effectiveness. Again, the rating shifts from below (3.95) to above (4.26) the moderately satisfactory thresholds as the without and with ICO is considered. As has been noted by the past ARRIs, the proportion of projects that IOE rated as moderately satisfactory and satisfactory has gradually increased and has exceeded 80 per cent for projects completed in 2011 or later. It would not be without some foundation to infer that the decentralization process (especially ICOs) has reinforced implementation support and played an important role in fostering this trend.

136. In sum, the *contribution to achieving better project performance is rated as satisfactory*, having taken due considerations of the criteria that can be more / less affected by country presence in the above time frame.

137. *Overall the contribution of decentralization to strategy, programme management and project performance can be assessed as satisfactory,* based on the sub-dimension of strategy preparation, contribution to supervision and to implementation support and project performance. Equally important, this CLE validates one of the assumptions of the implicit theory of change of

[66] Sensitivity testing broadly confirmed these findings. If the ICOs were in operation for 4 or more years before project completion, ICOs had a discernible positive influence on overall project achievements** and effectiveness***. The influence of ICOs in contributing to better project outcomes is clearer for smaller projects than for larger projects. The higher ratings for small projects were significant for overall project achievement**, effectiveness*** and average project performance*. For large projects only the higher rating for effectiveness** was significant.

decentralization, by illustrating the mechanism that better implementation support can lead to better delivery of the immediate project results. It remains to be seen whether in the future, as ICO presence consolidates, criteria such as relevance and efficiency can also be positively affected.

A.2 Contributions to non-lending activities

138. As noted in the Relevance Chapter, non-lending functions have acquired growing importance in IFAD's business model and there were expectations that decentralization would contribute to that. This is explored in the sections below.

A.2.a Contributions to better knowledge management

139. Many divisions and departments contribute to the knowledge management. [67] At the institutional level, key roles are played by SKD (for global and corporate knowledge management) and PMD (for regional, country, thematic and project level knowledge). The Communications Division manages *IFAD.org* and corporate communications. In PMD the regional departments, PTA (through its notes and toolkits), ECD, ICOs and projects are all involved in knowledge generation and management activities. IOE also contributes to knowledge generation, dissemination and management through its evaluation products, learning events, dedicated knowledge products and online material.

140. Many projects produce knowledge products, some of which are supported by PTA and ECD grants. According to the CLE case studies and regional workshops discussions, ICOs have the potential to contribute by: (i) acting as a hub for knowledge management platforms and disseminating knowledge products; (ii) being closely connected with project implementation enables ICO staff to capture and share lessons and best practices,[68] if there is "buy-in" from CPMs; (iii) providing training on knowledge management to local partners; and (iv) organising study visits to other countries/projects. ICO case studies found, however, that many ICOs had limited resources and allocate little time to these activities.

141. The approach to knowledge management varies across PMD divisions. Some regional divisions have dedicated knowledge management positions and in others portfolio advisors, senior CPMs and/or senior economists, with the support of a programme assistant, are knowledge management focal points. Box 1 describes APR's out-posting the division's knowledge management coordinator to the Hanoi hub. In some ICOs (e.g., China; Sudan) associate programme officers work on knowledge management and in others CPAs played an important role.

142. **There is no platform to facilitate access to country/project specific knowledge products**. While there are examples of project level knowledge products,[69] PMD's regional divisions do not systematically track and monitor these products. To be useful, knowledge must be codified, catalogued, retrievable and disseminated (see also the 2016 ARRI where knowledge management was the annual theme). IFAD has not yet been able to establish an electronic platform that people inside and outside IFAD can easily use to identify and retrieve knowledge produced at the ICO, project and country level on topics that are of interest to them. A Knowledge Management Action Plan is being prepared that includes plans for a knowledge management platform and strategy and the creation of new systems. SKD plans to develop a project knowledge series. However, these will not

[67] All MDBs sought to become learning institutions from the mid-1990s onward and have invested resources in knowledge management. IFAD's 2007 knowledge management strategy defines knowledge management as the process of "capturing, creating, distilling, sharing and using know-how" and states that IFAD will strive to be a learning organization that systematically learns from its projects and programmes. IFAD's knowledge management system has learning and adaptation at its core, which is supported by four pillars: (i) innovation and experimentation; (ii) information management; (iii) monitoring and evaluation; and (iv) communications.

[68] Examples given in the LAC workshop of promoting knowledge management and learning included PROCASUR, south-south cooperation and some specific cases (e.g., rural talents, CLAR, rural finance).

[69] One of many examples was the booklet Indonesian Coastal Community Development: Experience and Lessons Learned. December 2015.

replace the need to develop a knowledge management system covering knowledge products at the country, ICO and project level.

143. Several factors constrain the flow of knowledge from the ICO/country/ project levels: (i) there are weaknesses in the M&E systems for knowledge management in COSOPs and projects;[70] (ii) there are different applications within IFAD that manage different elements of project level knowledge;[71] (iii) delivery of knowledge management results are not included in the annual performance reviews of staff; (iv) there are unsatisfied human and financial resource needs at the country office level; and (v) country pages on IFAD.org include relatively little information (few or no country or project knowledge products or links to them),[72] predominantly in English, and contain nothing in local languages limiting dissemination to local stakeholders and sometime leading to sub-optimal situations.[73]

Box 1
Knowledge management and the out-posted APR knowledge management coordinator

APR's core knowledge management team includes a knowledge management coordinator who is one of the out-posted CPMs in the Hanoi hub, the regional economist in headquarters and one dedicated programme assistant in headquarters. CPMs and CPOs are also part of the APR knowledge team and regularly interact with the core members. The approach of APR's knowledge management coordinator is to use knowledge to support country based results management through knowledge driven COSOPs that include knowledge related M&E indicators.

Transforming Hanoi into a regional hub and outposting the APR knowledge coordinator opened up opportunities to use knowledge to raise IFAD's profile in the region and for IFAD to become more closely integrated into regional knowledge systems (e.g., ASEAN; Greater Mekong Sub-region). Managing knowledge through a regional hub helps to: (i) avoid knowledge silos in countries; (ii) share information on common issues and project experience across the region; and (iii) undertake joint cluster case studies, develop regional learning routes and contribute more effectively to IFAD-Asia contents, IFAD's regional knowledge management platform.

IFADAsia contains a wealth of information (e.g., news; blogs; events; discussions; resources; images; videos). The APR knowledge management coordinator uses Google analytics to track the usage of the 3,000 member IFADAsia webpage (i.e., sessions; users; page views; pages/sessions; average session duration; bonce rate; per cent new sessions; users by country).

Sources: Interviews, document reviews and APR Knowledge Management 2016 Action Plan, June 2016.

144. The Communications Division manages "IFAD.org" which is intended as a communication tool to disseminate IFAD's corporate messages to carefully targeted audiences. The Field Communication and Capacity Development Team works in tandem with Regional Communication Officers in place in four regions. A number of separate project or thematic websites and systems are being developed to share information. IFAD is emerging from a highly centralized approach in this area. A more decentralised approach would require training IFAD staff in the use of multiple interfaces and protocols to be put into place. There is an ongoing review of IFAD.org and other possible tools that could be used to promote communications and manage and disseminate information. This includes connecting press releases, publications and other knowledge resources, such as blogs to the country pages. The Communications Division is also investigating how to connect grants information to the country/regional pages.

145. The analysis of CPE ratings for the performance of knowledge management showed no statistically significant differences between the averages of countries with ICO (see table 10 in Annex IV) and those without. E-survey responses corroborated these observations. Less than half (48 per cent) of all E-survey respondents rated

[70] Knowledge management plans are not yet systematically built in to COSOPs and projects that view knowledge as something that will help to achieve objectives and is covered by the associated M&E systems.
[71] http://intranet.ifad.org/jobaids/webapps.htm
[72] In MDB's country home pages, embedded in the corporate webpage, are the first place to visit to find country specific information.
[73] For example in Indonesia several projects translated IFAD guidelines into Bahasan Indonesian. It would be more efficient to translate the guidelines once and make them available to all project offices via IFAD.org/Indonesia.

the knowledge management performance of ICOs as satisfactory/highly satisfactory (IFAD staff's rating were significantly*** lower than those of non-IFAD respondents).

146. In sum, the performance of ICOs in the area of knowledge management is rated as moderately unsatisfactory. While projects and ICOs do, in fact, produce project related knowledge, IFAD's knowledge management systems do not effectively organise this material so that people who might wish to use it can easily retrieve it. Consequently IFAD staff and stakeholders outside of IFAD cannot make full use of this project related knowledge that is produced.

A.2.b Contributions to strengthening partnerships at the country level

147. IFAD recognizes the importance and value of partnerships as a means to achieve its development objectives. **The presence of ICOs increases IFAD's interaction with a broad range of local stakeholders**. [74] ICO staff reported spending considerable time on partnership activities. CPMs, other international staff and national officers each devoted 17/18 per cent of their time to building partnerships and relations. Building IFAD's partnership with governments accounted for most of the time CPMs allocated to partnership activities. Findings were quite distinct according to different types of partnership.

A.2.b.i Partnerships with governments

148. Partnerships with governments were viewed as IFAD's most important ones. According to the ICO fact sheets returned to this CLE, CPMs in ICOs and CPOs spend about 12 per cent and 10 per cent of their time respectively on partnership building with governments and IFAD representation and image building combined.

149. **Evaluation evidence suggests that country presence strengthened IFAD/government partnerships and was positively correlated with domestic financing.** This was consistently the perception of government officials interviewed and participating in workshops (see Tables 33-36, Annex IV). In their E-survey responses, government officials in countries with ICOs rated ICO performance as satisfactory for each of five dimensions.[75] Moreover, 94 per cent of government officials involved with IFAD prior to the establishment of the ICO in their country felt that the ICO improved IFAD's performance (15 per cent, somewhat better; 44 per cent, better; 36 per cent, much better). Further evidence came from the analysis of domestic financing for IFAD projects, despite the fiscal constraints and competing priorities in IFAD's client countries. The share of domestic financing was three percentage points higher and statistically significant* when countries were compared with and without ICOs, comparisons between "before" and "after" ICO yielded even stronger findings (Tables 11-14 in Annex IV).

150. In sum, considering qualitative evidence and data on domestic financing, the contribution of ICOs to building and strengthening IFAD's partnerships with governments is rated as highly satisfactory.

A.2.b.ii Partnerships with the MDBs and Bilateral Aid Agencies

151. **Country presence increased information sharing and IFAD's participation in the local aid community.** Country presence, or presence in a nearby hub,

[74] E-survey responses from local stakeholders reported that 46 per cent met with IFAD staff once a month or more frequently in countries with an ICO. In countries without ICOs 13 per cent had the same degree of contact and 53 per cent met IFAD staff once or twice a year or never. Local stakeholders living in countries with ICOs were more familiar with IFAD's activities and operations than those living in countries without ICOs.

[75] Namely: (i) adequacy of the scope and responsibilities of the office; (ii) adequacy of the decision-making authority of the office; (iii) enhancing national ownership and direction of development assistance; (iv) decreasing the burden on government for formal and informal reporting to IFAD; and (v) effectively managing the IFAD/government relationship. The proportion of government officials rating ICO performance satisfactory/highly satisfactory ranged from a low of 69 per cent for the adequacy of the decision-making authority of the office to a high of 82 per cent for effectively managing the IFAD/government relationship.

made it more likely that IFAD would attend, and sometimes co-chair, the sectoral donor coordination meetings, something that was appreciated by both governments and the local donor community (e.g., Kenya,[76] Laos, Philippines, Tanzania[77] and Vietnam).[78]

152. The amount of cofinancing is an indicator, albeit crude, of the strength of partnerships with international development organizations. Between 2003 and 2015, the international cofinancing mobilized for IFAD projects totalled $3.6 billion, of which $3.0 billion was from multilateral sources and $0.5 billion was from bilateral sources. IFAD's top cofinancing partners were IDA ($1.0 billion), ADB ($0.8 billion), OFID ($0.5 billion), AfDB ($0.3 billion), IsDB ($0.1 billion) and the European Union ($0.1 billion).

153. **At the aggregate level there is no evidence that ICOs catalysed more international cofinancing for IFAD projects**. The share of international cofinancing as a percentage of total project costs was 5 to 6 percentage points lower for both with and without ICO comparisons across countries after ICOs were established* and before and after ICO comparisons in the same country** (see Tables 11-15 in Annex IV). As noted during the country case studies, this reflects a number of factors: (i) many donors have indicative programming figures for countries that cannot always be increased because of a potential cofinancing opportunity with IFAD; (ii) each donor has its own priorities for engagement in countries that may, or may not, be aligned with IFAD's; (iii) some donors make major cofinancing decisions in headquarters rather than in the field;[79] (iv) governments may not prioritise cofinancing an IFAD project in allocating a largely fixed envelop of donor funds and some countries may prefer "specialised donors" according to geographical area or sub-sector; and (v) the work of the Office of Partnerships and Resource Mobilization is headquarters centred and concentrates on mobilising resources and special funds with partners – it is not directly linked to operations at the country level.

154. **However, for some multilateral donors, ICOs contributed to mobilising additional international financing (e.g., ADB; EU; AfDB)**. The evidence is clearest for ADB. Between 2003 and 2015 ADB provided a total of US$847 million to cofinance IFAD projects. Of that, US$721 million, 85 per cent, was provided to countries after ICOs were established. Of the US$721 million in ADB cofinancing that was associated with the presence of ICOs, US$600 million went to countries where the ICO was CPM led and US$121 million went to countries where the ICO was CPO led (see table 15 in Annex IV). ICOs played an important role in helping to strengthen the ADB/IFAD partnership, something that has been documented in both IFAD and ADB evaluations.[80]

[76] In Kenya the CPM, ICO staff and all partners (i.e., government, UN/RBAs, MDBs and the private sector) believed that having an ICO improved IFAD's visibility and possibilities for partnerships. Although AfDB and World Bank staff interviewed did not have much experience working with IFAD in Kenya, they emphasised the importance of participation in the agriculture donor group for knowledge sharing and identification of opportunities for joint work. They gave some positive examples of collaboration with IFAD in other countries with ICOs where they had worked (e.g., Sudan, where IFAD studies were useful for a sector review; Ghana where they had co-financed a project and undertaken joint supervision).

[77] In Tanzania the ICO staff and all partners were convinced that having an ICO increased opportunities for partnerships, although that was somewhat undermined by the rapid turnover of CPMs.

[78] In their E-survey responses, 64 per cent of representatives of local donor community in countries with ICOs agreed/strongly agreed that with a country office: (i) IFAD was well integrated into the country-level or sectoral/thematic donor coordination mechanisms; and (ii) IFAD staff regularly attended local coordination meetings. In comparison, only 41 per cent of local donor respondents from countries without ICOs agreed/strongly agreed.

[79] Australia, Canada, France, and Japan tend to centralize decisions on which partnerships or activities to engage in while the Nordic countries, the Netherlands and the United Kingdom typically leave such decision to their field offices. Source: ADB. Effectiveness of Asian Development Bank Partnerships. 2016.

[80] In addition, interviews with the Development Bank of Latin America (Corporación Andina de Fomento (CAF), undertaken during the Peru ICO case study, found that CAF was interested in working with IFAD on value chains and linking major producers and processors with small producers, an area where IFAD has expertise. A Memorandum of Understanding for expanded collaboration was signed in Rome as a result of headquarters-driven initiative in 2015. However, in implementing the agreement, CAF found it easier to discuss options with the Peru ICO, which could direct

155. In sum, given the mixed nature of the findings, decentralization and ICOs are rated as moderately satisfactory in strengthening IFAD's partnerships with the donor community.

A.2.b.iii Coordination with Rome-based and other UN Agencies

156. Increasing cooperation between the Rome Based Agencies has been a concern of the Executive Board for many years. Since the Rome Based Agencies have thematic affinities and some overlapping in country composition of executive boards, IFAD is a UN agency, the UN has adopted the One UN approach and nearly all ICOs are hosted by UNDP or FAO, the a priori expectation was that ICOs would contribute to deepening IFAD's partnerships with those agencies.

157. **Overall, evidence suggests that ICO helped establish more regular contacts but not significantly strengthen substantive and programmatic collaboration**. For example, ICOs allow IFAD to be better integrated into the existing UN country-level or sectoral coordination mechanism. E-survey respondents from UN agencies were optimistic about opportunities for collaboration and joint work (depending on the specific question, 67 to 79 per cent agreed/strongly agreed about improved opportunities; Table 10 in Annex V).

158. However, in many cases, these opportunities did not translate into reality as shown through ICO case studies and regional consultation workshops. ICOs contributed to sharing of information at the country level between IFAD, the Rome Based Agencies and the UN system but tangible examples of enhanced cooperation beyond sharing of information that could be attributed to the presence of an ICO (e.g., Kenya; Laos; Rwanda) were exceptions rather than the norm. While ICOs were members of the UN country teams, their participation was deliberately limited because such meetings were viewed as time consuming and not adding much value to IFAD's operations. ICOs generally viewed IFAD's participation in the One UN Initiative as a low priority, given that IFAD's operating model is different and more akin to that of MDBs. Given their multiple responsibilities and limited staffing, ICOs made a pragmatic decision to participate selectively in such meetings.[81]

159. While the sectoral coverage of IFAD and FAO are similar, their services differ with IFAD's core business being financing projects and FAO's core business being providing expert services and knowledge products. Much of the cooperation between IFAD and FAO, or its investment centre, is reliant on IFAD mobilising financing from its internal resources or grants to pay for FAO's services.[82]

160. In sum, the contribution of country presence to deepening IFAD's partnerships with the UN and Rome-based Agencies is rated as moderately unsatisfactory. PMD's 2016 functional review calls for, inter alia, stronger partnerships with, and outsourcing some technical work to, FAO's Investment Centre, CGIAR centres, the Rome Based Agencies and the UN Committee on Food Security/High Level Panel of Experts on Food Security and Nutrition. Time will tell if this vision becomes a reality.

A.2.b.iv Non-government stakeholders

161. IFAD has a long tradition of working with organizations representing the rural poor. Most projects involve beneficiary organizations that help identify, design and implement small, community driven project components.

CAF representatives to the right contacts in IFAD. Cofinancing is currently considered in a new project in Ecuador although this is subject to the agreement of the Government.

[81] An analysis of IFAD's cofinancing data with Rome-based agencies and UNDP corroborated the findings of the ICO case studies. Between 2003 and 2015 WFP (US$44.1 million), UNDP (US$7.3 million) and FAO (US$2.1 million) provided at total of US$53.4 million combined to cofinance IFAD projects[81] . All FAO and UNDP cofinancing was in countries without ICOs or prior to ICOs being established in the country. For WFP, 11 per cent of its cofinancing was in countries after an ICO was established and 89 per cent was unrelated to the presence of an ICO.

[82] The 2014 CLE on the grant programme found that between 2004 and 2013 FAO was the largest recipient of IFAD grants [64 grants (9 per cent of the total); US$29 million (7.6 per cent)].

162. Directly involving civil society organizations representing the rural poor in projects is one of IFAD's comparative strengths relative to other MDBs. ADB representatives interviewed felt that complementary institutional comparative advantages – ADB financing rural infrastructure and IFAD's proven track record of successfully working with organizations representing the rural poor – promote a deeper partnership and cofinancing between the two organizations.[83]

163. **The assessment is positive but it is difficult to discern differences between with and without ICOs case**. There was consensus between country case studies, workshops and E-surveys[84] that IFAD performed well at: (i) reaching out to, and consulting with, non-government stakeholders; (ii) involving non-government stakeholders in designing its operations; and (iii) involving non-government stakeholders in assessing its operations. However, there were no clear differences in the above dimensions between countries with and without ICOs, particularly from the survey.[85]

164. **There are cases in which country presence has facilitated partnerships with private sector entrepreneurs. However, these partnerships –when existing- are more often initiated by project management teams than by country offices**. While some examples of established partnerships exist, for example on maize in Ghana, cocoa in Indonesia, tea in Rwanda and oil palm in Uganda,[86] these were often initiated in the absence of a country office, although the latter played a facilitating role later on. During this CLE country visits, there was some evidence of an IFAD/private sector interface with projects in both Kenya and Tanzania: in all cases the initiative had emerged from the private sector and the managers of IFAD-funded projects.[87] Small-scale indigenous entrepreneurs in Vietnam appreciated IFAD's support. While they had some contact with the ICO, most of their interaction was with the relevant project office, beneficiaries and other actors in the marketplace. Similar findings stem from past country programme evaluations. This is consistent with the responses of ICO staff to the E-survey that indicated that they met with private sector representatives less frequently than government officials, staff of project offices, representatives of the local donor community and civil society organizations and beneficiaries.

165. In sum, given the mixed evidence, the contribution of ICOs to strengthening IFAD's partnerships with non-government stakeholders is rated as moderately satisfactory.

166. Overall, the contribution of ICOs to strengthening IFAD's partnerships with in-country partners is rated as moderately satisfactory. This takes into account strong contributions to improvement in strengthening partnerships governments, more mixed findings on partnership with the local donor community and non-government actors, and limited programmatic cooperation with Rome-based agencies.

[83] A good partnership has developed between IFAD and ADB and was initiated by the former out-posted Laos CPM with ADB agriculture staff based in Laos, participated in joint review missions for an on-going co-financed project and was actively involved in the design of a new project and the related policy dialogue. ADB appreciated the fact that the CPM was able to mobilise an IFAD livestock expert, an area in which ADB did not have expertise, IFAD's technical expertise (e.g., integrated pest control, its approach to rural finance) and its long, successful history of working with beneficiary organizations. Key points related to the partnership include: (i) it was driven by committed individuals on both sides who wanted to make it work; (ii) the two organizations have complementary strengths; and (iii) sometimes procedures at headquarters work against such partnerships (this refers to delays in project approval).

[84] The percentage of E-survey respondents assigning a satisfactory or highly satisfactory rating ranged between 63 and 74 per cent depending on the criteria.

[85] Similarly, the 2016 report on the Farmers' Forum, a mechanism to facilitate dialogue on rural development and poverty reduction between apex farmer and rural producer organizations, IFAD and governments, suggested that there was not a strong relationship between the presence/absence of an ICO and the strength of the partnership.

[86] IFAD (2015). Brokering Development: Enabling Factors for Public-Private-Producer Partnerships in Agricultural Value Chains.

[87] IFAD staff (national and international) are more comfortable interfacing with the public sector. In some cases there seems to be a preference for cooperatives and groups for marketing rather than analysing and building on the role of small traders, who often are the point of first interface for both inputs and marketing. Agencies such as IFC, EBRD, USAID and the Gates Foundation have more explicit focus on the private sector.

A.2.c Contributions to strengthening country level policy dialogue

167. At the corporate level, IFAD recognizes the importance of an enabling policy environment to support and accelerate agriculture and rural development. IFAD selectively engages in policy dialogue aimed at reducing rural poverty and empowering beneficiary organizations to gain policy influence. IFAD's policy dialogue initiatives involve governments, rural producer organizations and other donors and partners. Effectively undertaking policy dialogue requires having a well thought out plan that sets priorities by identifying the areas in which IFAD will engage to promote policy reform, the objectives to be achieved and a plan of action that is adequately resourced.

168. In the past IOE and the Brookings Institute have highlighted weaknesses in IFAD's country-level policy work resulting from: (i) over-ambitious policy agendas set out in COSOPs that are not followed through; (ii) IFAD's narrow focus on projects, at the expense of knowledge management and policy engagement; (iii) a lack of capacity in terms of in-country presence and in-house skills; and (iv) lack of instruments and tools to support country-level policy dialogue.

169. **Although there are some positive examples of country-level policy dialogue that involve ICOs**, **this was not a systematic finding across ICOs**. Two general findings stood out from interviews, case studies and workshops. On the one hand, ICOs, particularly CPM-led ones, had opportunities of: (i) long-term engagement (building relationships, trust and understanding of local priorities, constraints) with national policy makers; (ii) basing suggestions for policy reform on good practices documented in knowledge products and grounded in project experience; and (iii) participating in sector working groups and engaging with all relevant actors. Some examples emerged including Vietnam (Box 2).

Box 2
A combination of non-lending products contribute to policy dialogue in Vietnam

> The Vietnam COSOP for 2012-17 was designed to support the National Targeted Program on New Rural Development (NTD-NRD), bringing under one umbrella all programmes implemented in the rural space and with a strong poverty reduction thrust. Because of IFAD's good track record of successful projects, IFAD's knowledge and expertise and the good relationships established with the Hanoi ICO, the government invited IFAD to partner with the World Bank to evaluate phase 1 of the NTP-NRD and make recommendations for phase 2. Because of World Bank staff turnover, IFAD was the lead agency in this initiative. The Hanoi ICO mobilised funding for the consultants to support this work from IMI funding for policy work managed by PTA (US$60,000). The grant approval process was straightforward, involving a simple memo approved by the APR and PTA Directors.
>
> In June 2016 the resulting report was transmitted to the Deputy Prime Minister, the Ministers of Agriculture and Rural Development and Planning and Investment and Vice Ministers of Agriculture and Rural Development and Finance. It included background notes on governance, planning and fiscal decentralization, strategic and design considerations for the 2nd phase of the NTP-NRD 2016-2020 and learning from global experience.
>
> The Ministry of Agriculture and Rural Development confirmed that the government appreciated the work of IFAD and the World Bank. It viewed the analysis, lessons and recommendations as sound. The results of this work were being incorporated into the soon to be completed new five year plan covering the period to 2020, effectively scaling up IFAD's experience to the national level.

Source: Vietnam ICO case study

170. On the other hand, because of their small size and competing priorities, relatively little ICO staff time was allocated to policy dialogue (e.g., Philippines; Kenya, Peru; Ecuador; Bolivia). The ICOs reported that, on average, CPMs, other international staff and CPOs only spend 4 to 5 per cent of their time on policy dialogue and providing policy inputs to governments.

171. The analysis of 36 CPE ratings provides no evidence that the presence of an ICO improved IFAD's policy dialogue performance. Differences were not statistically significant for countries with and without ICOs (see Table 10 in Annex IV). These

findings may partly reflect the fact that many of the evaluations cover COSOPs and projects that were designed, approved and implemented before IFAD began to place increasing priority on policy dialogue. This CLE also analysed the quality of the coverage of policy dialogue in COSOPS using the data assembled for Management's comprehensive 2016 review of IFAD's country level policy engagement.[88] It found there was no difference in the quality of the coverage of policy dialogue in COSOPs and project design documents in countries with and without ICOs (Table 16, Annex IV).

172. Good coverage of policy dialogue issues in COSOPs and project design documents appears to be largely determined by the interests, experience and initiatives of CPMs and how ICO staff allocate a scarce commodity, their time, among the many competing priorities. The fact that some regions are more involved in policy dialogue than others indicates that the leadership provided by regional directors is also an important factor. Some of the ICO case studies (e.g., DRC; Tanzania) found that a turnover of the CPM and long delays in filling the vacancy had an adverse impact on policy dialogue. In other cases (e.g., Vietnam) the arrival of a new CPM energised IFAD's policy dialogue. Many CPMs were recruited for their programmatic skills and are not necessarily experienced in policy dialogue. Experience in policy dialogue is not a required skill set when IFAD recruits new CPMs and training programmes are not yet in place to help existing CPMs develop the required skills.

173. In sum, the formal and informal corporate incentives do not encourage ICOs to undertake policy dialogue. In practice individual performance assessments are more heavily driven by project approval, successful implementation and ensuring sound fiduciary matters than non-lending activities, including policy dialogue. That is probably one reason why over-stretched CPMs and CPOs allocate relatively little of their time to policy dialogue. ICO contribution to country level policy dialogue is rated as moderately unsatisfactory.

174. IFAD's rural-sector performance (RSP) analysis is a tool that has the potential to institutionalise country level policy dialogue and enhance the role of ICOs in that process. Each year IFAD assesses the policy and institutional environment for reducing rural poverty for every country of operation and summarises the findings in the RSP score, which is included as a policy variable in the Performance Based Allocation System formula.[89] The RSP is unique to IFAD in the international community as a knowledge product.[90] If IFAD were to adopt a more rigorous ICO-led approach to the RSP scoring process that involved systematic consultation with local stakeholders, it could serve as a useful tool to identify the policy areas where IFAD would engage.

175. **In synthesis**, the contribution of decentralization and ICOs to improving performance of non-lending activities is rated as moderately unsatisfactory. That rating takes into account the assessments of the contribution to knowledge management (moderately unsatisfactory), partnerships (moderately satisfactory) and policy dialogue (moderately unsatisfactory) and the fact that limited resources were made available to these activities.

176. **On balance**, the contribution of decentralization and ICOs to overall operational performance is rated as moderately satisfactory, based on a satisfactory rating of contributions to programme management and a moderately unsatisfactory rating of contributions to non-lending activities. The 2011 Country Presence Policy and

[88] IFAD (2016). Country-level policy engagement in IFAD A review of experience. The data in this report was a scoring of whether or not policy dialogue was mentioned in the COSOPs and project documents. No judgement was made on the quality of the planned policy dialogue or, in fact, if it actually took place.
[89] The RSP score has a weight of 0.45 in the PBAS.
[90] The 2016 CLE on the PBAS identified some weaknesses in RSP scores and processes: (i) the underlying processes used to determine RSP scoring were not systematic; (ii) the quality assurance of scores varied from division to division; and (iii) the amount of stakeholder input varied significantly across countries. The Technical Working Group for the Fine Tuning of the PBAS is examining ways to strengthening the RSP scoring process and the role that the RSP plays as an instrument to enhancing country-level policy dialogue.

Strategy stated that at least half of the time of ICO staff was to be devoted to project implementation support and supervision. ICO staff responded to that priority in the policy paper by allocating most of their time to programmatic matters and considerably less to non-lending activities.

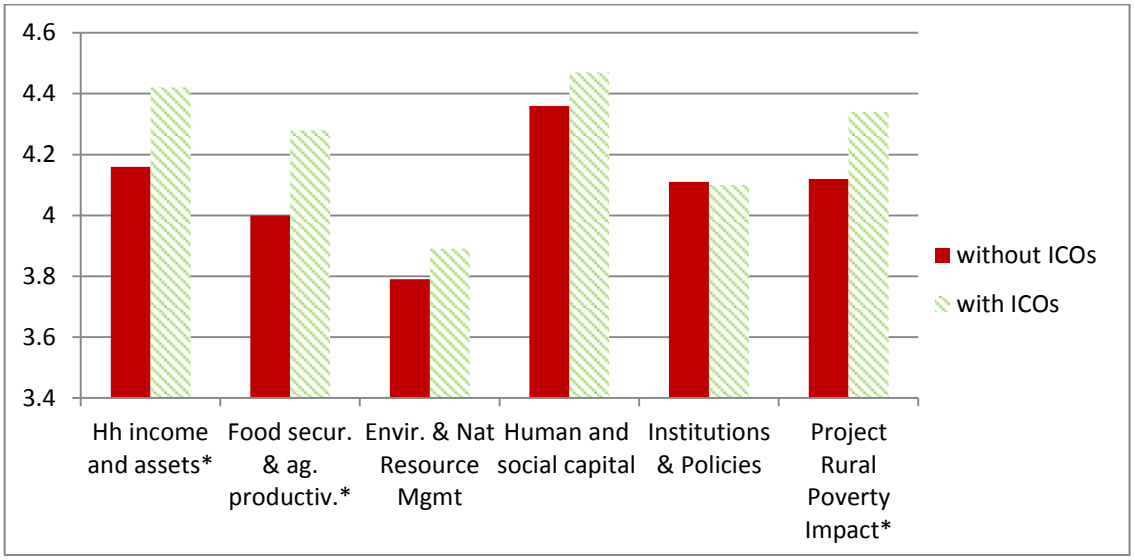
B. Contribution to achieving better development results

B.1 Rural poverty impact

177. The Agreement Establishing IFAD makes it clear that reducing rural poverty is IFAD's overarching objective.[91] The analysis presented in this section proceeds from the premise that most of the development results supported by IFAD are delivered through projects. It is important to appreciate that decentralization (notably country presence) has an indirect influence over development results, mostly through operational performance (e.g. better strategy and design, higher quality implementation support and interactions with national stakeholders).

178. **There is some evidence that ICOs are helping improve IFAD's efforts to reduce rural poverty**. Figure 4 illustrates some of the findings from the analysis of IOE project-level ratings extracted from the ARRI database. The same methodological caveats illustrated in Section A.1.c apply here. Ratings for household incomes and assets and for food security and agriculture productivity were both in the moderately satisfactory range for countries with and without ICOs but higher* in countries with ICOs. Differences in average rating for other individual impact domains[92] were not significant. Overall project ratings on impact on rural poverty were, again, in the moderately satisfactory zone and higher for countries with ICOs.* More detailed analysis is available in Table 2, Annex IV.

Figure 4
IOE Project Impact Ratings with and without ICOs (projects completed 2007 – 2015)



Source: CLE Analysis of ARRI Database (2016).

179. Similar evidence was gathered through self-assessment by the Programme Management Department. The 445 Project Status Report ratings of the active portfolio projects showed higher poverty focus,** food security*** and effectiveness of the targeting approach** ratings for projects in countries with ICOs than for countries without ICOs although there was no difference for physical and financial assets. However, all of those ratings were in the moderately satisfactory range (Tables 17-18, Annex IV).

[91] See Article 2 and Section 1 (d) of Article 7 of the Agreement
[92] Such as impact on assets and human capital, impact on natural resources and environment and climate change, impact on institutions and policies.

180. In sum, ICO contributions to improving the poverty reduction outcomes of IFAD-funded operations can be assessed as satisfactory. Given that it takes an average of eight years to implement IFAD projects and ICOs have been involved in the full project cycle for only a small number of projects, the above results may understate the full impact of ICOs' contribution to strengthening of the poverty reduction outcomes of IFAD's operations. Taking into account the fact that many other factors are at play in generating impacts and that country office presence has at best an indirect effect, these results could not be taken for granted.

B.2 Gender equality and women's empowerment

181. IFAD promotes gender equality and empowering rural poor women as set out in IFAD's 2012 Policy on Gender Equality and Women's Empowerment.

182. **While the country presence policy papers did not identify addressing gender issues as a specific priority for ICOs**, **evidence suggests that ICOs helped deliver better gender results at the country level**. Before examining the results, it is worth identifying the mechanisms through which ICOs may have facilitated certain outcomes, in addition to implementation support. Some ICO staff and some staff in project offices are self-nominated members of the gender thematic group.[93] Technology has been used to strengthen communications and outreach for global gender events and training. Two divisions have full-time regional gender and youth coordinators in ICOs (WCA in Senegal ICO and ESA in Nairobi, see Box 3).

183. Also, the presence of the country office facilitated the organization of in-country gender events – CPMs led 16 of the 25 ICOs in the countries that hosted gender events. These are not examples of development results but of initiatives supported through country offices to help sensitize government staff, project managers and front-line field facilitators on gender equality and women's empowerment and on IFAD's goals and experience in this domain. During interviews, many project managers and government staff stated that it was through this sensitization that they and their colleagues had far better understanding of IFAD goals and of the broader importance of gender equality for rural development. These details illustrate how country presence can, indirectly, further IFAD's agenda. However, government, project and IFAD staff agreed that more can and should be done to use the improved IT/communications facilities to promote online training and self-learning and to brief staff in project offices on the gender aspects of project design. That may require mobilising additional funding.

Box 3
Summary of the activities of the WCA gender and youth coordinator

The WCA regional gender and youth coordinator, based in the Senegal ICO, also covers Benin, Cape Verde and Gambia. The WCA gender coordinator provides three levels of support: (i) at the regional level as part of the WCA team she: (a) provides support from a gender perspective in programmatic areas by reviewing project designs and contributing to supervision, portfolio and midterm project reviews; (b) provides technical support on gender related issues in response to requests from CPMs; and (c) travels in two or three countries a year to provide support to on-going projects; (ii) at the divisional level she works with PTA on value chains, farmers' organizations, women, youth and small business including organising events and preparing and disseminating knowledge products (e.g., the Kinshasa forum in 2014 on targeting and youth; publication on women empowerment in West and Central Africa); and (iii) at the country level she provides technical support on socio economic aspects in the countries covered by the ICO. To comply with the human resource policies of the UN system, as national officers gender coordinators can work outside their home country for a maximum of six months a year.

Source: Interviews and document reviews

184. Project ratings for gender equality and women's empowerment were well above the moderately satisfactory threshold for countries without ICO (4.20) but significantly

[93] About 55 per cent of IFAD-funded projects have a gender focal point.

higher** (4.53) for countries with an ICO established for at least two years before project completion (Figure 5; see also Table 2 Annex IV).[94] Thus, rating had moved from the moderately satisfactory zone to just above the threshold of the satisfactory one. Similar evidence (significant differences) came from PMD's Project Status Report ratings.

185. **In synthesis**, the contribution of ICOs to helping IFAD to deliver better development results in the area of gender is rated as satisfactory, given the consistent positive findings from the quantitative analysis.

B.3 Environmental and natural resource management and climate change

186. It is widely acknowledged that the rural poor are among the most vulnerable in the world in terms of the accelerating environmental degradation, climate change and degradation of natural resources. The goal of IFAD's 2012 environment and natural resource management policy was to enable poor rural people to escape from, and remain out of, poverty through more-productive and resilient livelihoods and ecosystems. To support its environment and natural resource management operations IFAD succeeded in mobilizing considerable grant resources from the Global Environment Facility and the Adaptation Fund, both of which have knowledge management components. There are examples of IFAD projects that target sustainable environment and natural resource management and climate change.[95] The issue analysed in this section is whether ICOs played a discernible role in contributing to IFAD's improved performance in delivering better environment and natural resource management results.

187. The analysis of project evaluation ratings found that they were below the moderately satisfactory threshold for countries with and without ICOs and that in the "with ICO" case the average was higher but the difference was not statistically significant (Figure 4; see also Table 2 Annex IV). The 2015 self-assessment ratings by PMD show similar findings. In fact attention to natural resource management and quality of natural asset improvement and climate resilience had almost identical averages and the difference was not significant. During interactions with IFAD staff and partners in the field, few examples emerged of specific instruments available to country offices, other than project identification and design and some ad hoc seminars, to sensitise national and international partners in this area.[96]

188. In sum, the contribution of country presence to environmental and natural resource management and climate change is rated as moderately unsatisfactory. Given that the decision has been made to appoint four national officers with regional responsibilities over environment and climate change, decentralization performance in this area may improve in the future.

B.4 Contributions to innovation, replication and scaling up

189. IFAD's 2015 Operational Framework for Scaling Up defines scaling up as "expanding, adapting and supporting successful policies, programmes and knowledge, so that they can leverage resources and partners to deliver larger results for a greater number of rural poor in a sustainable way". The Report of the Consultation on IFAD10 stated that IFAD would "Give explicit and consistent attention in all its operations to innovation, learning and scaling up." IFAD has been developing a corporate approach to scaling up since 2009, with support from

[94] The former was in the satisfactory range and the latter was in the moderately satisfactory.
[95] Responsibilities of PMD's Environment and Climate Division (ECD) include supporting project design and implementation, designing and implementing grant and supplementary-funded initiatives, mobilising resources and managing dedicated financial resources, training and capacity building, knowledge management and partnerships and corporate responsibilities.
[96] Training is provided to IFAD staff and project staff in the field in the start-up workshop of projects that have ASAP, GEF, or other green financing initiatives.

the Brookings Institution. While Brookings' 2010[97] and 2013[98] reports documented some improvements, they also confirmed many of the weaknesses found in the 2010 CLE on innovation and scaling up.

190. **There is some evidence that the presence of ICOs is associated with better results on innovation, replication and scaling up**. Feedback from the regional workshops was that ICOs helped IFAD to more easily identify opportunities for scaling up and programme approaches beyond the project. Project evaluation ratings for innovation and scaling up were above the moderately satisfactory threshold in both countries with and without ICOs but significantly higher** in countries with ICOs.

191. **Considering the foregoing**, the contribution of ICOs to innovation and scaling up is rated as moderately satisfactory.

B.5 Contributions to sustainability of benefits

192. The 2015 ARRI found that sustainability is a challenge for many projects.[99] It is a challenge to develop a sound methodology to assess the contributions of ICOs to sustainability. That is because: (i) many factors influence sustainability other than the role of ICOs; and (ii) several years must pass after a project is completed before a definitive judgement can be made about sustainability.

193. **The 2015 ARRI identified four key drivers of sustainability**. **ICOs make positive contributions to some of these**. The first driver was integrating project objectives into national development strategies. This CLE's findings indicate that ICOs made a major contribution to aligning IFAD's assistance with national priorities. The second driver was investing in activities that enhance communities' human and social capital through inclusive development. This is supported by ratings from project status reports although not from independent evaluations.

194. Setting clear and realistic strategies for gender mainstreaming was the third driver of sustainability. ICOs made clear contributions in the area of gender. Compared to countries without ICOs, gender related ratings were significantly higher in countries with ICOs for projects, and project status reports.*** The fourth driver of sustainability was promoting community-level ownership and responsibility. Again, this is supported by findings from project status reports. This is consistent with the views of E-survey respondents who rated the performance of ICOs in supporting sustainability and scaling up in the satisfactory range (Table 8, Annex V).

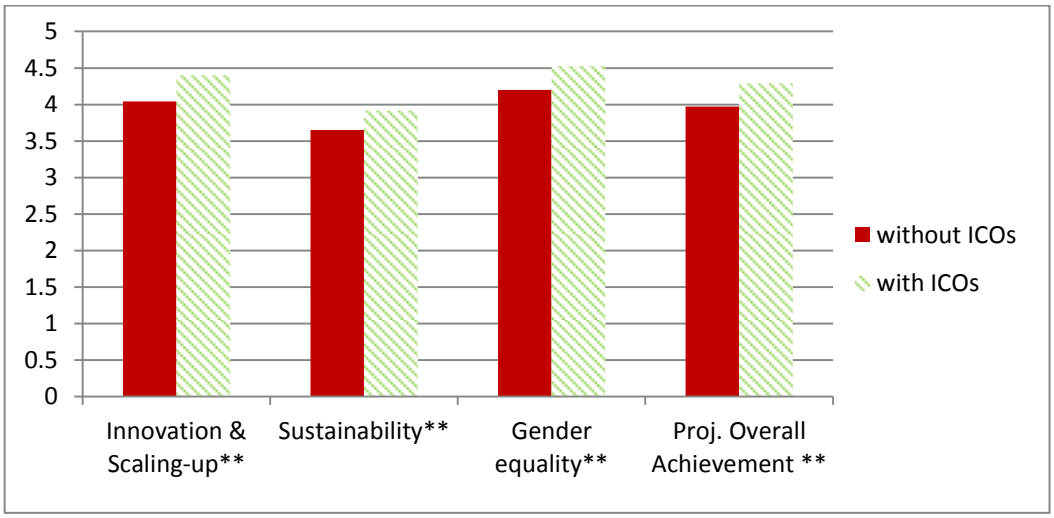
195. The quantitative analysis of project ratings suggests that ICOs are associated with better sustainability performance. Average sustainability ratings were below the "moderately satisfactory" thresholds for projects in countries with and without ICOs. However, sustainability ratings were significantly higher** in countries with ICOs and close to a rating of 4. (Figure 5; see also Table 2, Annex IV).

196. In sum, the contribution of ICOs to improving the sustainability of the benefits associated with IFAD's projects is rated moderately satisfactory, given that ICOs in some way contribute to drivers of sustainability identified in the 2015 ARRI and considering that ratings in countries with ICOs are slightly higher.

197. Figure 5 also shows that ratings for project overall *achievements* were higher for projects in countries with ICO and this meant shifting from an average of 3.97, just below the "moderately satisfactory", to an average of 4.29, suggest better delivery of development results.

[97] Global Economy and Development at Brookings. Scaling up the fight against rural poverty: An institutional review of IFAD's approach. Working Paper 43. 2010.
[98] Global Economy and Development at Brookings. Scaling up programs for the rural poor (phase 2). Working Paper 54. January 2013.
[99] Sustainability was also an issue for many agriculture projects financed by ADB and the World Bank. There was some evidence to suggest that IFAD projects performed better in this are than those of the other two MDBs.

Figure 5
IOE Project Impact Ratings with and without ICOs (projects completed 2007 – 2015)



Source: CLE Analysis of ARRI Database (2016)

198. **On balance**, the contribution of decentralization and ICOs to helping IFAD achieve better development results is rated moderately satisfactory, reflecting satisfactory contributions in the areas of rural poverty and gender; moderately satisfactory for innovation, replication and scaling up and sustainability but moderately unsatisfactory for environment and natural resource management and climate change. These findings are broadly in the positive zone and encouraging. Overall, there is support for the assumption that decentralization would lead not only to better internal and project performance but also to better development results for IFAD final clients.

C. Overall findings about the effectiveness of ICOs

C.1 Overall effectiveness of ICOs

199. **The effectiveness of IFAD's decentralization and establishing country presence is rated as moderately satisfactory**. This takes into account the rating of moderately satisfactory for development results and moderately satisfactory for operational performance. While decentralization processes operate indirectly towards the achievement of development results, this CLE validates the causality chain assumed in the implicit theory of change for decentralization, with some qualifications for the non-lending activities which have also received lower attention, resources and consequently staff time.

C.2 Effectiveness of different ICO models[100]

200. **The evaluation did not find consistent evidence that ICOs led by an international staff (CPM) were more effective than those led by a national staff (CPO)**. Although there were a few instances when CPM led ICOs delivered better results than CPO led ICOs, for the large majority of indicators, there was no difference in the relative effectiveness of the two ICO models. In terms of self-assessment evidence, the quantitative analysis of the most recent Project Status Report Ratings did not show that CPM-led ICOs outperformed CPO-led ICOs for any of the 10 criteria[101] that measure IFAD's contributions to development effectiveness. However, some of the indicators of implementation pace show that

[100] The analysis on the E-survey and quantitative analysis could not assess the effectiveness of hubs, mainly because: of the relatively short time period that some of the ICOs have officially acted as hubs.
[101] Gender focus; poverty focus; effectiveness of the targeting approach; climate and environment focus; institution building; empowerment; quality of beneficiary participation; responsiveness of service providers.

CPM-led ICOs were performing better: smaller time laps between project approval and entry into force and from approval to first disbursement.

201. The small number of CPM-led ICOs that were in operation for a significant number of years did not permit a valid statistical comparison between the differences in performance of CPM vs. CPO-led ICOs based on an analysis of IOE's project and CPE ratings. A longer period of time must pass before IOE ratings can be used to assess the relative effectiveness of CPM and CPO-led ICOs in delivering results.

202. The feedback given to the evaluation team during many interviews by IFAD staff, both in headquarters and in ICOs, was that CPM-led ICOs delivered superior results compared to CPO led ICOs. Factors cited included the greater experience and international exposure of CPMs, the CPMs' greater familiarity with IFAD's policies and procedures, the greater local knowledge and stronger partnerships built by out-posted CPMs and the greater capacity of CPMs to undertake non-lending activities. However, looking at the E-survey responses of IFAD's clients, there was no statistically significant difference in the overall appreciation rating of the two ICO models. Of the 15 more specific dimensions of ICO performance, CPM-led ICOs were rated better for only two: (i) aligning IFAD's assistance with country priorities[*]; and (ii) mobilising financing from other organizations.[**]

203. **A number of factors may have contributed to the above findings**. First, the evaluation found a continuum of realities in terms of the roles and functions of ICOs rather than a strict application of the ICO models defined in the country presence policy papers. CPMs often have responsibilities for neighbouring countries with CPOs. For some ICOs there was a turnover of CPMs and long vacancies before the next CPM arrived. Interactions with government and project representatives from countries with fragile situation (e.g., Sudan, Democratic Republic of Congo) suggest that the problem of turn-over of CPM was a special problem in such case as it added to the volatility of the situation and created further discontinuity to programme management and partnership with national actors. During those periods CPOs effectively led the ICOs. The 3 to 5 year CPM rotation cycle is less than the average time that it takes to implement IFAD projects or the life of a COSOP. Moreover, not all CPM-led ICOs were the same. For example some CPM led ICOs have a CPO and others do not (e.g., LAC CPM-led ICOs).

204. Second, CPOs work in their home country and, for that reason, relative to newly assigned CPMs, experienced senior CPOs may better know the past and present history and lessons of projects, the common issues with the government and the country situation. That would be particularly true if relatively inexperienced staff were out-posted as CPMs, which happened sometimes during the initial implementation of the country presence policy, or if they were newly recruited at IFAD and did not have detailed knowledge of IFAD's policies and procedures.

205. This CLE recognizes that out-posted CPMs have responsibilities that cannot be assumed by national staff. No comparator organization has given all CPM-type responsibilities to national staff and internationals often have a higher formal level of entry to government and the international community than national staff.

206. Since the CPOs led many ICOs for most of the period under review, a corollary of the above findings is that **CPOs can and do play an important role in helping IFAD to deliver better operational performance and development results**.[102] In any case, budget constraints are likely to limit the number of

[102] A case study in the Philippines offers material for reflection. According to the ADB staff interviewed, the CPO actively participated in: (i) joint project processing and recruiting well-qualified local consultants that benefited the project design; and (ii) joint review missions, recruiting consultants and identifying and resolving problems. The CPO coordinated with other donors and represents IFAD effectively in coordination meetings convened by the National Economic and Development Agency. ADB staff viewed the Philippine ICO as being effective because of the CPO who was known and respected both in government and non-government circles. He was an ex-senior government official who: (i) was well qualified; (ii) had a wide range of contacts in the government and good access to senior officials; (iii)

additional CPM positions created. The forgoing is not a complete analysis of the relative performance of the CPM and CPO led ICOs models as it only draws on the evaluation evidence related to effectiveness. More evidence on the various hub models is presented in the efficiency chapter related to both organizational and cost analysis. In the last chapter of the report draws upon all of the evaluation findings to reach broad organizational conclusions on the various ICO models.

Key findings on the effectiveness of IFAD's decentralization

- The evaluation evidence shows that ICOs help to:
  - ✓ Strengthen COSOPs and project design through greater country knowledge and a stronger focus on rural poverty, although not linkages with grants.
  - ✓ Facilitate supervision and strengthen project implementation support with improvements in some of the implementation pace indicators.
  - ✓ Deliver better results at the country level through more successful projects
  - ✓ Deliver better results in addressing rural poverty and gender, innovation and scaling up and sustainability.
- Mixed results on ICO contributions to improving non-lending activities:
  - ✓ CPE ratings do not show that ICOs were associated with better policy dialogue, or knowledge management performance.
  - ✓ There have been improvements in partnership, particularly those with Governments and, with some nuances, with donors and MDBs and some of the non-governmental actors (but not necessarily private sector ones)
  - ✓ Examples of good non-lending performance were not systematic across ICOs reflect more the interests and capabilities of CPMs/CPOs.
  - ✓ ICO staff have limited resources for and spend relatively little time on non-lending activities.
- Inconsistent evidence that CPM led ICOs systematically deliver better results than CPO led ICOs. CPOs can and do play an important role in helping IFAD to deliver better development outcomes.

had good civil society contacts; and (iv) could help ADB identify and fix problems. Because of those characteristics ADB staff valued his input in processing and supervising IFAD/ADB cofinanced projects. The CPO retired in 2016.

Ratings by evaluation criteria and sub-criteria. Effectiveness

Evaluation criteria	*Evaluation sub-criteria*	*Rating*
Effectiveness	A Achieving Improved Operational Performance	moderately satisfactory (4)
	A.1 Contributions to strategy, programme management and project performance	satisfactory (5)
	A.1.a Contributions to Preparing Country Strategies, Project Identification and Design	satisfactory (5)
	A.1.b Contribution to Project Supervision and Implementation Support	satisfactory (5)
	A.1.c Contribution to Achieving Better Project Performance	satisfactory (5)
	A.2 Contribution to non-lending activities	moderately unsatisfactory (3)
	A.2.a Contribution to Knowledge Management	moderately unsatisfactory (3)
	A.2.b Contribution to Partnerships	moderately satisfactory (4)
	A.2.b.i Partnership with Governments	highly satisfactory (6)
	A.2.b.ii Partnership with MDBs and Bilateral Aid Agencies	moderately satisfactory (4)
	A.2.b.iii Partnership with UN and Rome-based Agencies	moderately unsatisfactory (3)
	A.2.b.iv Partnership with non-government stakeholders	moderately satisfactory (4)
	A.2.c Contribution to Policy Dialogue	moderately unsatisfactory (3)
	II.B Contribution to achieving better development results	moderately satisfactory (4)
	B.1 Rural Poverty Impact	satisfactory (5)
	B.2 Gender equality and women's empowerment	satisfactory (5)
	B.3 Environmental and natural resource management and climate change	moderately unsatisfactory (3)
	B.4 Contribution to innovation and scaling up	moderately satisfactory (4)
	B.5 Contribution to sustainability of benefits	moderately satisfactory (4)
	Overall rating for Effectiveness	moderately satisfactory (4)

V. Efficiency of IFAD's decentralization

207. This chapter explores four key dimensions of institutional efficiency related to decentralization: (A) decentralization and management of costs at corporate level; (B) institutional structure and organizational arrangements; (C) human resources aspects; (D) administrative and technical support functions and decentralization of approval authority and responsibilities.

A. Decentralization and management of costs

The context

208. IFAD initiated a 3-year pilot for permanent field presence starting in 2004. In December 2003, the EB had approved a budget of US$3 million for a 3-year Field Presence Pilot Programme (FPPP), involving 15 countries.[103] Even with a small resource envelope, the FPPP had a broad set of country presence objectives, as noted under *Relevance* ("strengthening and integrating four interrelated dimensions: project implementation, policy dialogue, partnership building and knowledge management").

209. **Termination of the agreement with UNOPS**. IFAD introduced the Direct Supervision and Implementation Support policy in 2007 and terminated the supervision agreement with UNOPS. The total supervision and implementation support costs were US$ 19.8 million of which half was paid to cooperating institutions (UNOPS held the lion's share).[104] This led to an increase in IFAD's PMD budget and, together with the termination of the agreement with UNOPS, allowed it to accommodate costs for both direct supervision and country presence.

210. **Between 2008 and 2010, the PMD budget increased significantly and integrated the PDFF**. In 2008, the budget of the Programme Development Financing Facility (PDFF) was increased by US$3 million in real terms.[105] In the 2009 budget, the PDFF was further increased by US$2 million, and an unspecified part of the increase was attributed to strengthening of country presence, as IFAD planned to substantially increase the number of existing and planned ICOs in 2009, from 17 to 27. [106] A significant budget increase for country presence was approved for 2010. The PDFF budget (US$42 million in 2009) was integrated with the administrative budget in 2010, and the budget for country presence (excluding outposted staff) was increased by US$2.8 million in real terms, reflecting the planned increase in ICOs from 27 to 30.[107]

211. **Then, between 2011 and 2015, the PMD budget remained almost flat in spite of increasing country presence costs**. In the 2011 budget document, five new country offices were planned for 2011, bringing the total number to 35.[108] The costs of ICOs were budgeted at US$7.3 million, reflecting a real decrease of US$500,000 from the 2010 budget of US$7.7 million. The costs of outposted staff of US$4.2 million were included for the first time in country presence costs, bringing the total costs to US$11.5 million. The PMD budget increased by US$7.6 million (US$6.7 million in real terms), and this was attributed to an expansion of 43 per cent in the programme of work, as well as the budget implication of more intensive project design, supervision and implementation support.

[103] Field Presence Pilot Programme, EB 2003/80/R.4, December 2003.
[104] IFAD estimated that the full implementation of the 2007 supervision and implementation support policy was to increase annual supervision and implementation support costs between 4 and 12 per cent (from US$800,000 to US$2.4 million). IFAD Policy for Direct Supervision and Implementation Support (2007)
[105] No specific reference was made to country presence costs: the increment was partly attributed to a 10 per cent increase in the programme of work. The PDFF was a separate budget from IFAD's administrative budget until 2010, and financed new project / programme development and management of the ongoing project portfolio. EB 2007/92/R.2/Rev.1, December 2007.
[106] EB 2008/95/R.2/Rev.1, December 2008.
[107] EB 2009/98/R.2, November 2009.
[108] EB 2010/101/R.2/Rev.1, December 2010.

212. Budgets for outposted staff and ICO non-staff costs increased in 2012 and 2013 while costs of local staff were lower. In 2012, the budget[109] for country presence costs was US$12.3 million, representing a real increase of US$600,000 over the 2011 budget. The increase reflected higher FTEs and costs of outposted staff and higher non-staff costs that were partly offset by lower costs and FTEs of local staff.

213. Budget increases for country presence in 2014 and 2015 were driven by cost increases for outposted staff, local staff and non-staff costs. Total country presence costs in 2014 were budgeted at US$13.4 million,[110] and the bulk of the increase over 2013 was accounted for by a real increase of US$470,000 in local staff costs. The budgeted total country presence costs in 2015[111] were US$14.2 million, which amounted to an increase of 6 per cent in real terms over 2014.

214. **In 2016, an increase of US$2 million in country presence budgets was approved as Management recognised that decentralization entailed additional costs**. This was the first time since 2011 that a major increment was made to PMD's and IFAD's budget to finance higher country presence costs.[112] Management proposed a budget increment of US$2 million to meet the costs of establishing at least 5 new ICOs and other increased ICO costs.[113] The budget for recurrent administrative costs of ICOs for 2016 (i.e., excluding the costs of outposted staff) was thus set at US$10.3 million.[114] The March 2016 EB Update paper also projected further increases of US$0.5 million in ICO costs each year in 2017 and 2018.[115]

215. **IFAD's ICO budgeted costs have increased from US$11.5 million in 2011 to US$16.2 million in 2016**. Over the five-year period, local staff costs have increased by 13 per cent (but most of the increase occurred between 2015 and 2016), non-staff costs by 55 per cent and outposted staff costs by 40 per cent (Table 3). Thus an increase in the costs of outposted of staff was combined with a more modest overall increase in national staff costs. Non-staff costs have risen significantly, reflecting the increase in outposted staff. The ICO costs increased significantly as a proportion of PMD and IFAD's administrative budget.

216. A comparison with multilateral development banks such as the African Development Bank, the Asian Development Bank and the Inter-American Development Bank shows that, for 2015, their country office costs as percentage of the total cost of operations units ranged from 32 to 42 per cent (compared with 22 per cent in 2016) and country office costs as percentage of total costs of the institution ranged from 18 to 24 per cent (compared with 10 per cent at IFAD).

[109] EB 2011/104/R.2/Rev.1, December 2011.
[110] EB 2013/110/R.2, November 2013.
[111] EB 2014/113/R.2, November 2014.
[112] In 2015, PMD's budget increased by $0.5 million ($0.3 million in real terms); this increase was attributed in part to relocation costs associated with outposting and increased ICO presence.
[113] US$720,000 was for increase in costs of national staff, US$700,000 was for higher IFAD contributions to support UN country-level development coordination through the resident coordinator's office, and US$400,000 was for increases in non-staff administrative costs.
[114] Source: EB Paper – Update on Country Presence, EB 2016/117/R.4, March 2016.
[115] The estimated annual incremental costs are net of projected reductions in headquarters staffing costs of US$0.3 million each year in 2017 and 2018.

Table 3
Country Presence Budgeted Costs (US$ million & Percentage) – 2010-2016

	2011	*2012*	*2013*	*2014*	*2015*	*2016*	*Nominal increase (%) 2011-16*
Local staff costs	4.0	3.6	3.2	3.7	3.8	4.5	13%
Non-staff costs [a]	3.3	3.5	3.9	4.1	4.5 2/	5.8	55% [b]
Outposted staff costs	4.2	5.2	5.4	5.6	5.9	5.9	40%
Total ICO budgeted costs	11.5	12.3	12.5	13.4	14.2	16.2	41%
PMD admin. Budget	79	81	73	74	74	73	-0.8%
IFAD admin. Budget	141	144	144	150	152	157	11%
ICO budget/PMD budget %	15%	15%	17%	18%	19%	22%	46%
ICO budget/IFAD budget %	8%	9%	9%	9%	9%	10%	25%

a/ Excludes the UN Resident Coordinator Fee of US$700,000, which was charged to IFAD for the first time in 2015. It was paid out of the budget carried over from 2014 to 2015.
b/ For proper comparability with earlier years, the percentage increase excludes the UN Resident Coordinator Fee of $700,000 charged to the budget in 2016, as this cost is externally determined by the UN.
Sources: POWB documents for 2011-2015 and March 2016 EB Update paper.

217. **The budget trends discussed above do not provide the necessary degree of insight into the cost implications of country presence**. In particular the budget data do not point to whether country presence has had favourable or adverse effects on cost-efficiency. Therefore, three levels of data analysis were performed in this CLE: (i) 2003-2015 trends in aggregate efficiency at IFAD and PMD levels; (ii) comparison of the unit costs, per on-going project, of ICOs vs. PMD headquarters Divisions; and (iii) comparison of costs of different ICO models, including for countries without ICOs where project supervision is performed by PMD headquarters Divisions. The findings from these three levels of analysis are discussed below, along with caveats relating to the findings.

Implication of decentralization on IFAD's and PMD's overall efficiency

218. Table 4 summarizes the following efficiency trends over the period 2003, the year before the FPPP was initiated, to the last completed fiscal year, 2015. Comparative data for the year 2008 is also shown in the table, as the FPPP was mainstreamed in that year. The five efficiency ratios listed in the table indicate the following trends:

- IFAD and PMD improved efficiency in terms of ratio of lending volume to annual administrative budget. The ratios reflect the increase in the average size of IFAD loans (from US$18 million in 2003 to US$26.8 million in 2015).
- PMD's budget as a percentage of IFAD's total budget shows a decline since 2003. However, the following qualifications apply: (i) PMD's share fluctuated between 50 per cent and 57 per cent between 2003 and 2012, with an average of 54 per cent; (ii) the share fell to 50 per cent in 2012 as 20 PMD positions (9 per cent of PMD's headquarters staffing level) were transferred to CFS and SKM; and (iii) the ratio remained stable from 2013 to 2015. That being said, it is important for IFAD to ensure that the share of budget deployed to client-facing activities (i.e. PMD) remains stable in a constrained budget environment.
- The PMD budget per active project has been increasing in nominal terms.
- In contrast, the PMD budget per project approved has been declining slightly in nominal terms. The decline would be much more significant in real terms in the twelve year time frame, which may reflect lower levels of resources being deployed for the design phase; however, conclusive evidence to analyse this issue is not available.

219. Overall, the ratios shown in Table 4 indicate that decentralization has not had an adverse effect on cost efficiency at the IFAD and PMD levels. This was due to two primary reasons that are not directly connected with decentralization: (i) IFAD's and PMD's budget growth has sharply slowed since 2011, constraining possible growth in unit costs of projects approved and supervised; and (ii) the average size of projects has increased, as mentioned earlier, leading to slower growth of the PMD budget compared to lending volume. During interviews, some PMD staff indicated a decreasing trend in budget for project design. If this were correct, it may lead to deterioration in performance quality in the long term.

Table 4
Trends in IFAD and PMD Efficiency Ratios 2003, 2008 and 2015a (nominal terms)

Ratio / Percentage	*2003*	*2008*	*2015* [b]	*Change 2003-2015*
Ratio of Lending volume to IFAD administrative budget	6:1	5:1	8:1	33%
Percentage of PMD budget to IFAD Lending volume	12%	11%	6%	-50%
PMD budget as a % of total IFAD administrative budget	55%	52%	49%	-11%
PMD budget per active project	US$227,000	US$283,000	US$292,000	29%
PMD budget per project approved	US$2.05 million	US$2.22 million	US$1.93 million	-6%

a/ 2003 – Year before FPPP was started; 2008 – Year in which FPPP was mainstreamed.
b/ The 2015 data reflects the following staffing changes in 2012: 13 PMD positions in loans and grants function, and the related budget, were transferred to CFS; and 7 PMD positions in the grants secretariat, and the related budget, were transferred to SKM.
Source: EB budget documents, PMD data and IOE analysis.

Operational cost-efficiency of ICOs vs. PMD headquarters

220. **Actual costs of ICOs on budget execution and financial expenses are not easily available**. This is a serious gap in data availability which complicated the strategic management of decentralization costs. There are two reasons for it: first, IFAD lacks a cost accounting system that would enable the recording and reporting of costs at the ICO level; for reporting on budget execution, costs are reported only at the PMD Division level, combining headquarters and ICO costs. Second, statements of expenditure from host agencies that process local staff compensation and administrative transactions are often late, reportedly by up to six months in some cases. Such delays hindered the reporting of the actual costs of ICOs in the financial accounting system in a timely manner.[116]

221. Given the above constraints, an estimate of the average operational costs of different modalities of country presence was made by combining data on financial commitments for certain expenditure categories in 2015 (e.g., design and supervision) with budgets for 2016 (staff and non-staff cost budgets). In particular, the cost estimates for the "without ICO" case include design and supervision cost data and imputed headquarters CPM and GS staff costs (whether in the field or at the headquarters, a country programme requires a CPM and a programme assistant). In the "with ICO" case, the estimates include the above as well as ICO staff and non-staff cost data.

[116] At year-ends, CFS estimates actual expenses by calculating accruals (i.e. expenses incurred but not yet reported by host agencies) on the basis of ICOs' budgets. While it is likely that this methodology results in substantial accuracy of reported expenses, it is important to record actual expenses as they are incurred for budget and financial reporting. An alternative option could be to set up each ICO or country as a cost centre and record commitments in each cost centre, which could be used for expense reporting.

222. **Average design and supervision costs and operational costs per on-going project are lower with ICOs**. This can be clearly seen from Table 6 (average supervision costs are US$ 56,370 against US$ 94,078; average operational costs are US$ 137,757 against US$ 179,035). It may be inferred that the cost efficiency gains are related inter alia to: (i) more use of national staff (vs. consultants); and (ii) lower international travel costs.

223. **While the CPM-led ICO is a relatively costly configuration, sub-regional hubs generate cost-efficiency gains**. Table 5 illustrates per-country average operational costs of different ICO modalities. They are higher for countries with a CPO-led office than for countries without an ICO. With a CPM-led office, average costs per country increase but decrease when sub-regional hubs are considered. This is because hubs are serving several countries (typically 3 or 4) without having to replicate the country office structure in all of them.[117] In the case of per-project average operational costs (Table 6), a slightly different pattern is observed. Moving from "without ICO" to CPO-led ICO, average costs per project decline. They increase in correspondence with the CPM-led modality and decline under the sub-regional hub modality.

Table 5
Average per country operational costs of different country presence models (US$)

Models of Country Presence	*Staff Costs (HQ and ICO) [a]*	*Non-Staff ICO Costs [b]*	*Design and Supervision Costs [c]*	*Sum*
Overall Without ICO	58 408	-	64 679	123 087
Overall With ICO	222 880	64 687	199 173	486 740
CPO-led	197 178	43 645	184 926	425 749
CPM-led	266 392	105 228	279 489	651 109
Sub-regional hub	163 978	40 200	152 012	356 190

Table 6
Average per project operational costs of different country presence models (US$)

Models of Country Presence	*Staff Costs (HQ and ICO) [a]*	*Non-Staff ICO Costs [b]*	*Design and Supervision Costs [c]*	*Sum*
Overall Without ICO	84 957		94 078	179 035
Overall With ICO	63 079	18 308	56 370	137 757
CPO-led	52 033	11 518	48 800	112 351
CPM-led	74 777	29 538	68 647	172 962
Sub-regional hub	71 601	8 962	64 320	144 883

a/ Includes the average cost of ICO staff (for "the with-ICO" case) per country / project served and staff at the headquarters (GS and CPM when HQ-based) per country / project served.
b/ Includes average local non-staff costs per country / project served, differentiated by model of country presence.
c/ Average design and supervision costs, per country / project served, differentiated by model of country presence.
Sources of information: PMD and HR data and IOE analysis; costs of with-ICO and without-ICO models are based on 2016 budgets, except for supervision and design costs, based on PMD expenditure commitment data for 2015.

224. **When the headquarters costs of support to ICOs are included, the total costs of decentralization for IFAD are higher than those at the PMD-level reported in EB budget documents**. This CLE estimates costs of country presence in 2016 for IFAD at US$21.3 million. This includes estimated headquarters support costs of US$5.1 million (Table 7) and the US$16.2 million of PMD costs reported in the 2016 budget document. This figure represents a tentative estimate of the total

[117] The case of a regional office of Nairobi is not reported in the table due its peculiarity (it is *de facto* a regional hub with additional staff from CFS) which makes it less clear how to impute costs to individual countries.

resources deployed by IFAD for decentralized operations and is a conservative estimate as it does not take into account, for example, the staff costs of other non-CPM professional staff members at the headquarters who support the country offices. It also does not factor in indirect costs for other service divisions.

Table 7
IFAD – Estimated Costs of Decentralization in 2016

Cost Components	*US$ Million*
Total ICO budgets	10.9
Total outposted staff budget	5.3
Total country presence costs – PMD	16.2
FSU budget	1.0
Imputed costs of PMD headquarters GS staff supporting ICOs[a]	4.1
Total country presence costs – IFAD [b]	21.3

a/ Based on estimated average salaries and benefits of 52 GS staff that support ICOs; data on the number of GS staff was provided by PMD, and salaries and benefits data was obtained from HR. The underlying assumption is that these staff members are engaged full-time in supporting ICOs.
b/ Costs of other business units, e.g., CFS and ADM that could be specifically attributed to country presence are not considered to be material, as most of the activities of these units would need to be performed even without the establishment of ICOs.
Source: PMD and HR data.

Managing future costs

225. **Incremental costs of ICOs – local staff and non-staff – are projected at around US$250,000, which is one measure of the costs of expanding country presence**. The figure of US$250,000 is derived from the projected budget increase of US$1 million over 2017-2018 for establishing 4 new ICOs.[118] This estimate excludes outposted staff costs.

226. **The case for opening additional country offices, beyond the current operational ones, requires clear justification**. As of July 2016, the current 39 functioning ICOs covered 76 per cent of IFAD's current active projects portfolio. If ten additional country offices were added (according to the plans in the EB 2016 April Update), then the country offices would cover 83 per cent of IFAD's active portfolio, an increment of only 7 per cent. This is a minor increase, while incremental costs would be in the order of US$ 2.5 million. Given the incremental costs, the issue of value-added from new offices vs. their costs is an important one.

227. **PMD staffing levels at headquarters have remained unchanged since 2008 when the FPPP was mainstreamed**. The total number of PMD staff has grown from 194 in 2008 to 305 (budgeted positions) in 2016, while the number of ICO staff, including outposted staff, has increased over the same period from 5 to 107 (about 16 per cent of total IFAD staff).[119] [120] The increase in PMD total staff (and its headquarters staff) would have been higher without the transfer of 20 staff to other units in 2012. Thus PMD's Headquarters staffing level has remained virtually unchanged while IFAD has added staff in ICOs.[121] The only way to reap significant

[118] March 2016 Update paper para. 44: Total incremental costs of 4 new ICOs were projected at US$1.59 million, which would be partly offset by savings of US$0.6 million in headquarters staff costs. The average incremental cost for 2017-2018 is higher than the 2016 budget of US$229,000 (US$10.3 million for 45 offices) per ICO.
[119] According to the EB 2016 Update: "Staffing in ICOs has increased significantly in recent years. The recruitment of national staff grew by 10 per cent from 2013 to 2015, bringing the number from 63 to 70. As part of the 2016 strategic workforce exercise, another increase is envisioned, raising the total number of international and nationally recruited field staff to nearly 100. This means that country office staff will constitute 35 per cent of all PMD staff".
[120] As a comparison, in Regional MDBs outposted staff was typically 23 to 38 per cent with an average office size of 18-22 staff members
[121] This trend was also noted in the 2013 corporate level evaluation of IFAD's efficiency: …"it appears that the number of country offices and costs are rising without offsetting reductions in Rome. Such higher costs reduce efficiency unless proportionately higher benefits are achieved."

cost efficiency gains from decentralization would have been to reduce headquarters staff, something which IFAD has been reluctant to do.

228. **The sub-regional hub modality has the potential to increase cost-efficiency under certain conditions**. In the 2016 EB Update paper it was stated that the advantage of the hubs was that they enabled a more optimal sharing of responsibilities and tasks among CPMs and other technical staff. However, the paper also noted the example of the Guatemala hub: "LAC created the hub in order to provide a higher level of attention to countries in the region while avoiding the creation of offices in countries with few projects and limited administrative budgets." The sub-regional hub model offers the potential to increase the cost-efficiency of ICOs. However, this requires supplementary measures such as not creating new ICOs or closing some of the ICOs covered by a hub, and reducing headquarters' staff. A modelling exercise to explore these opportunities is presented later in this Chapter and in Annex VII.

229. **In summary**, while opening country offices implied additional costs, this has not led to uncontrolled PMD and IFAD administrative budget growth. Before 2011, this was possible thanks to: (i) the termination of the agreement with UNOPS, which allowed PMD to use the related budget for incremental costs of direct supervision and country presence; and (ii) PMD budget increases in 2008-2010. PMD managed to expand country presence from 2011 to 2015 within its largely flat budgets. It is possible that the level of resources dedicated to project design has decreased, although there is no conclusive evidence. On the other hand, PMD staffing levels at the headquarters have not been reduced as decentralization has proceeded.

230. Looking at average per project operational costs, those in the "with ICO" case are lower than those in the "without ICO case" (indicating possible efficiency gains of country presence). Between alternative ICO configurations, average operational costs per country and per project are highest for the CPM-led model but sub-regional hubs show some economies of scale (Tables 5 and 6).

231. Overall, PMD budget has been able to absorb a considerable cost increase. Data are not available at the desired disaggregated level and consistently over the years but the findings of the previous chapters suggest that the current resource envelope has allowed PMD to ensure programme management, project design, supervision and implementation support but not a commensurate enhancement in non-lending activities. Taking into account these findings, the rating on management of the costs of decentralization at the corporate level is moderately satisfactory.

B. Institutional structure and organizational arrangements

B.1 Current organizational arrangements for decentralized offices and regional divisions

232. **There is currently a gradation of organizational arrangements at the country level** (see Annex IV Tables 32-36 for a summary of regional workshop discussions on different modalities). The main modalities are:

- *No country presence, where all matters are handled directly from headquarters*. There may also be a consultant on a retainer contract (referred to as focal point) who follows-up matters on behalf of the Regional Division, reporting to the CPM.[122] Strategy, Programme and operational matters are all handled from Headquarters by a CPM assisted by a Programme Assistant (PA). In most cases the HQ based CPM and PA are handling several countries of the Region.
- *An office headed by a national professional officer* who normally has the title of Country Programme Officer (CPO), sometimes with one or more associate

[122] This arrangement has been common in the NEN Division and is also used to varying degrees by other regional divisions for countries in which they do not have offices.

CPOs and with one country programme assistant (CPA), with the reporting line to the CPM who may be in Headquarters, or in another ICO.

- *An office headed by an international CPM*, normally with the title of Country Director and generally with one CPO and one or more CPAs of whom one may be specific to programme and the other to administration.[123] The reporting line of the CPM (Country Director) remains to the Regional Division Director.[124] Many CPM headed offices often cover more than one country. Many CPM headed ICOs have a number of consultants and short-term national staff working in them on a more or less continuous basis. These are employed under the project supervision and design budgets.[125]
- *Hubs serving sub-regions*: in the LAC and Asia and Pacific regions (Guatemala, Peru, Vietnam) there may be more than one CPM in a hub office, in which case one CPM is normally more junior and the lead CPM is the Country Director (or Sub-regional Coordinator). The Nairobi Regional Office is a special case but serves as a hub. Its origins are in the UNOPS office in Nairobi that served supervision of IFAD-funded projects in Africa (see Box 4).

Box 4
The Nairobi Regional Office

Background: Until 2007 there was a UNOPS office in Nairobi for the supervision of IFAD projects in Africa. When UNOPS supervision was terminated and IFAD took up the responsibility, some UNOPS national staff were transferred to IFAD. The former Controller's and Financial Services Division (CFS) out-posted financial management staff for East and Southern Africa and staff working on processing of withdrawal applications for both East and Southern Africa and West and Central Africa to Nairobi. A technical adviser on land tenure moved to Nairobi with responsibilities for programme support in East and Southern Africa but moved back to Rome after two years. A Regional Environment Specialist was based in Nairobi for a few years. A regional gender and youth technical advisor was appointed as a national professional and a national post has also been advertised for an environment and climate change advisor. Previously, an out-posted FSU staff member supported fiduciary management improvement for the region.

Programme support: Kenya is an airline hub with daily flights to East African countries and good telecommunications. There is adequate office space. Overall management of the office was assigned to an out-posted CPM (Country Director), with varying responsibilities for other countries and currently covers Madagascar, Mauritius and Seychelles, in addition to Kenya (some country programme work has been retained in Rome for the Indian Ocean islands). Although the office is referred to as a regional office, it is in reality a hub-office for the purposes of programme support. Nairobi has also provided a good focal point for training events and meetings for East and Southern Africa. Kenya benefits from an educated workforce and provides a good location for regional advisors.

Source: CLE Kenya case study (2016)

233. **The PMD regional divisions have also grouped ICO and Headquarters staff for purposes of mutual support and for knowledge management**. The groups are more fluid than the ICO structure and are at varying stages of institutionalization:[126]

[123] The office may also include other staff and consultants on temporary contracts and can include Junior Professional Officers (JPOs-APOs) paid for by donor governments through trust funds (additional temporary staff are sometimes found in offices headed by CPOs, but to a lesser extent).
[124] The majority of CPM/Country Directors (14 out of 22) have responsibility for one or more neighbouring countries (with or without ICO). Some CPM/Country Directors in large countries, or if they are more junior (P4) serve a single country.
[125] The supervision and design budgets are annual variable cost-allocations managed by the Regional Divisions for travel, consultants, etc. They do not include regular staff or the administrative budgets for ICOs, although savings on vacant posts are fungible and accrue to this allocation (allotment).
[126] Staff also sometime refer to the Groups as Hubs

- Geographical groups have been identified particularly in WCA and APR, including both HQ and staff in a sub-region. Some HQ staff, including CPMs and GS may be included in more than one group. At least on paper, this form of group appears to lack coherence and clarity on reporting lines and it also appears inefficient to have staff responsible for only part of the countries in a group and part in one or more other groups. The reason this has evolved may be due to pragmatic distribution of CPM responsibilities in a manner that is consistent with the availability of staff.
- Groups are also envisaged, but not yet operational, with a wider mandate, based on similarity of the countries, knowledge management and some degree of back-up by CPMs to each other. In the case of LAC two of the three envisaged knowledge management groups are based on existing hubs with two CPMs each. The APR model includes the Vietnam hub and, in NEN, an office is envisaged for Ankara in Turkey with some hub responsibilities vis-à-vis central Asia. In ESA and, to some extent WCA, the groups do not include any particular postings of staff in a single location (e.g., Tanzania, Rwanda and Uganda are envisaged for a group but the CPMs are currently planned to remain in Tanzania and Uganda).

234. **There are considerable differences in the extent to which regional divisions are decentralised and the models they have employed for decentralization**. East and Southern Africa (ESA) currently has two CPMs in headquarters and five P5 senior CPMs in the region cover one or more additional countries and West and Central Africa is similar. However, NEN has only two ICOs with international staff in Sudan and recently Egypt and a nationally headed ICO in Morocco. Latin America has pioneered a hub model and headquarters-based groups have been the norm in Asia and the Pacific with one hub in Hanoi.

235. **In the regional divisions, only slightly above half of the staff are headquarter-based. However, international and general service staff are still predominantly headquarter-based**. Compared to ten years ago, there have been important changes, notably the recruitment of a high number of national staff and some outposting of staff from the headquarters. APR, ESA and WCA have now slightly more budgeted regular staff in the field than at the headquarters. However, there is scope for further adjustments. Staff classified as CPMs fell from 55 in 2011 to 48 in 2016 (only P4-P5 can now be CPMs) but 68 percent of professional staff remain in the headquarters (Table 8) and all divisions have large front office and cross-country teams. Only WCA has more international staff in the field than at the headquarters. The international professional staff in country are almost exclusively P4 and P5 CPMs. The rationale for retaining junior professionals in headquarters rather than supporting CPMs and gaining experience in ICOs is not clear. Moreover, two thirds of general service staff are still at the headquarters. The potential cost-savings of greater restructuring have thus not been realised. With the exception of CPMs, the decentralization has led to an expansion in the numbers of staff (national and international), with large proportions of professional and General Service staff remaining in the headquarters.

236. According to the E-survey, IFAD outposted staff supported the idea of transferring staff from Rome to ICOs while HQ staff were almost equally split between favouring and disagreeing. All categories of staff favoured transferring personnel to the regions (e.g. hubs, no necessarily individual country offices; see Table 9). Also, all categories of staff strongly favoured recruiting more local staff for ICOs: to remain cost-neutral this would require reducing the numbers of staff in headquarters and some consolidation of transaction and administrative type functions to hub offices, rather than dealing with them in all individual ICOs. No evidence was found that there had been a functional analysis on decentralized functions and the pattern of change appears to have been largely left to the individual divisions.

Table 8
Staff Distribution by Regional Division (budgeted regular staff posts) in 2016

		Percentage of Regional Division staff in		*Number of total staff in this group*
		HQ	ICOs	
APR	International Professionals	79%	21%	19
	National Professionals		100%	20
	Total General Service	79%	21%	14
	Total APR Staff	49%	51%	53
ESA	International Professionals	53%	47%	19
	National Professionals		100%	10
	Total General Service	65%	35%	20
	Total ESA Staff	47%	53%	49
LAC	International Professionals	71%	29%	17
	National Professionals		100%	3
	Total General Service	54%	46%	13
	Total LAC Staff	58%	42%	33
NEN	International Professionals	89%	11%	19
	National Professionals		100%	7
	Total General Service	77%	23%	13
	Total NEN Staff	69%	31%	39
WCA	International Professionals	48%	52%	21
	National Professionals		100%	13
	Total General Service	60%	40%	20
	Total WCA Staff	46%	54%	54
Sum Reg. Div.	International Professionals	68%	32%	95
	National Professionals	0%	100%	53
	Total General Service	66%	34%	80
	Total All Staff	53%	47%	228

Source IFAD Staff Tables June 2016.

Table 9
Questionnaire Response Summary Future of ICOs

	Headquarters Staff		*CPMs Serving in Country*		*CPOs*	
	Disagree	Agree	Disagree	Agree	Disagree	Agree
IFAD should: Transfer more staff from Rome to ICOs	48%	52%	15%	85%	28%	72%
Transfer more staff from Rome to the regions	25%	75%	22%	88%	13%	87%
Strengthen ICOs by recruiting more local staff	14%	86%	0%	100%	6%	94%

Responses to the CLE E-survey (2015).

237. There are some inconsistencies in organization at the country level. It was observed during country visits that sometimes CPMs and CPOs seemed to be

duplicating parts of each other's work. There was positive evidence that some functions which require a CPM could be carried out from a hub location such as chairing donor-government sector groups.[127] There were good examples of sharing consultancy services and some GS staff servicing neighbouring countries[128] from the hubs in Kenya, Vietnam, Guatemala and Peru.

238. In sum, in about thirteen years, regional divisions have been able to establish 40 country offices (currently 39 are operational) and have recruited over 100 new national staff members, while outposting some of their staff, especially those serving Africa. This has been a short process when compared to other Multilateral Development Banks. At the same time, there has been no commensurate reorganization of the headquarters divisions. With the exception of CPMs, this has led to an expansion in the numbers of staff (national and international) with large proportions of professional staff and GS staff remaining in the headquarters. The rating for current organizational arrangements for decentralized offices and regional divisions is thus moderately satisfactory.

Organizational questions moving forward

239. **Sub-regional hubs have a number of potential advantages**. Apart from Nairobi, the other hubs have only been in place for a relatively short-time but there is evidence to argue that they can be cost-efficient and effective in servicing countries. These arguments are drawn from cost estimates in this Chapter (Tables 5 and 6) and from interviews with IFAD staff as well as representatives from member state governments and other in-country stakeholders and discussions held at the CLE regional workshops. In synthesis, sub-regional hubs:

- *Strategically:* provide a sub-regional thematic perspective, facilitate cross-border approaches (e.g. in case of similar agro-ecology, institutional and cultural context) and facilitate engagement in sub-regional fora and inter-governmental schemes;
- *Enhance stability, reduce isolation:* provide better continuity and flexibility in serving countries, despite staff turn-over, illness and vacations. They can also provide training ground for national and international staff;
- *Enhance rationalization of staff and consultants*: allow the use of national professionals outside their own country and use consultants more efficiently across countries including for procurement. There is also the possibility to consider some hubs hosting regional or sub-regional advisers (national or international) as is already the case in Africa and is underway for environment advisers in ESA, WCA, APR and LAC. This allows countries to be supported more efficiently and appropriately with small CPO headed ICOs, or without ICOs. Concentration of GS transaction, document processing and monitoring in low-cost duty stations where adequate controls and segregation can be assured improves cost efficiency;
- *Facilitate economies of scale* and ease of access in international travel and help overcome time zone issues. While larger hub offices will have higher costs for space and require more administration, they also allow for efficiencies in administration, downsizing the physical space for some existing non-hub ICOs and more efficient use of GS staff who will be familiar with the tasks they undertake frequently rather than intermittently.

240. However, there is a **danger of a drift toward hubs based on the present structure without functional analysis** of the hub structure or the tasks to be performed by hubs and those to be performed in headquarters.

[127] E.g. Chairing from Hanoi in Cambodia
[128] E.g. The hubs in in Vietnam, Peru and Guatemala and the Tanzania office which also serves Rwanda which has a CPO headed ICO.

241. **A modelling exercise to study the availability of alternative organization arrangements**. To explore the implication of alternative options for regional divisions, this CLE modelled an illustrative direction of change for a hub and ICO network with a restructuring of headquarters regional divisions around a decentralised model with hubs (Annex VII). This is not equivalent to recommending a specific option but the exercise helped substantiate the argument that approaches exist and may provide inputs in devising alternatives.

242. The intention in modelling was to achieve staff cost-neutrality and, if possible, a saving, while increasing efficiency and effectiveness. The modelling exercise only took account of regular staff costs. Establishment costs and administrative costs were not covered in this exercise. Some offices could downsize and there could be some savings. As the model would carry out more work in the regions, travel costs may be neutral.

243. The modelling approach included, with exceptions: (i) a senior CPM in each hub supported by one international professional in the hub and national professionals and GS; (ii) ICOs supported from the hub, generally having no or a single GS and usually no CPM; (iii) headquarters divisions (except NEN) having a front office team and an ICO country support team (with two P5s and 2 senior GS). With the exception of NEN and a few countries with no programme, all the CPMs were decentralised but the possibility for rotation was preserved by maintaining 2 P5s in each country support team.

244. This modelling exercise indicatively achieves an overall reduction in staff budgeted costs of US$ 1.3 million for regional divisions, with lower budgeted costs at the headquarters of US$ 5.5 million and increased budgeted staff costs in the field of US$ 4.2 million. Some modest decrease of budgeted costs is achieved for two divisions (ESA, NEN) and some modest increase for one division (LAC). More sizeable modelled reductions emerged in divisions which had staff concentrated in headquarters (APR, WCA).[129] Most of the modelled divisional savings reflect an assumption of transfer of junior professional responsibilities in part to national professionals and a transfer of GS responsibilities to the field with a net increase in field GS staff and reduction at the headquarters (further details in Annex VII).

B.2 Host country arrangements and service-level agreement with host agencies

245. **Host Country Agreements were initially not seen as essential for piloting IFAD's country presence but have become over time important prerequisites, especially for posting international staff**. During the pilot phase, most staff were national and the ICO was hosted, and staff employed, by another UN agency which had a long-standing presence and the associated privileges and immunities. However, as IFAD moved to establish formal presence, employ staff directly and to deploy CPMs as Representatives, IFAD country offices needed recognition of the privileges and immunities extended to UN system agencies and MDBs.

246. Where countries are signatories to the Convention on the Privileges and Immunities of the Specialized Agencies,[130] specific provisions for IFAD are covered in an Annex to the Convention which only four countries have signed. As of June 2016, out of the 39 countries where ICOs were operational, 12 had not ratified the Specialized

[129] More precisely, the modelling exercise yields a budgeted staff cost reduction of US$ 492,501 for APR; US$ 855,672 for WCA; US$ 126,780 for NEN; US$ 63,246 for ESA; and an increase of US$ 227,975 for LAC.
[130] The specialized Agencies Convention applies to those international organizations that had entered into special relationship agreements with the United Nations pursuant to Article 63 of the Charter and contains approximately the same provisions and immunities as the Convention on the Privileges and Immunities of the United Nations.

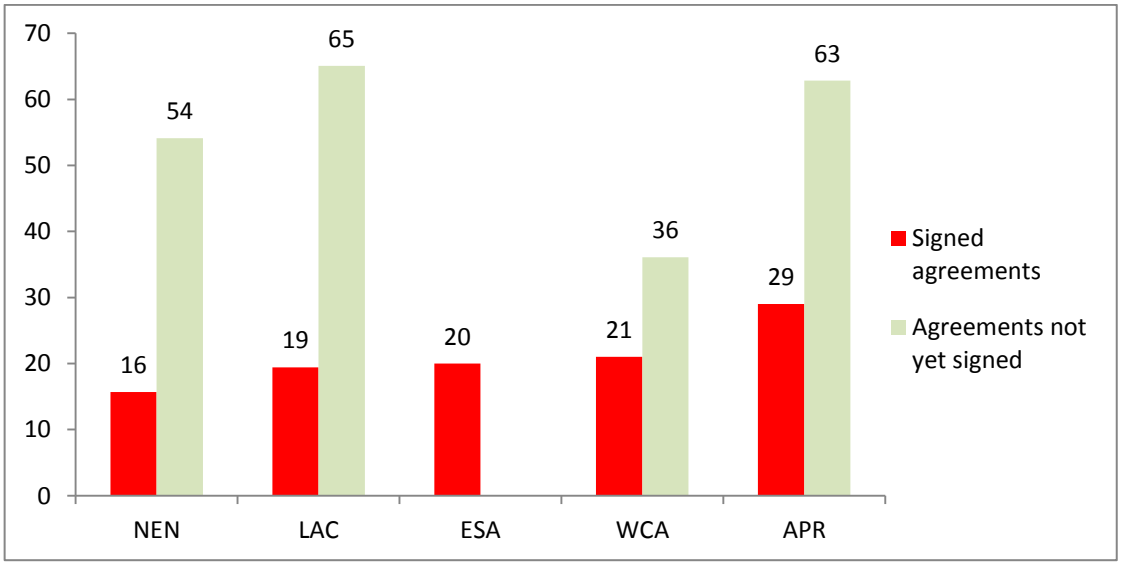
Agencies Convention (out of the 50 countries approved for an ICO by the IFAD Executive Board, 20 had not ratified).[131]

247. In view of this, IFAD has found it important to have host country agreements based on a standard text but adapted to the country, with special focus on immunities for national and international staff, as well as for tax exemption on IFAD procured goods and services and of salaries.

248. As of April 2016, 33 host country agreements had been completed.[132] The majority of countries signed the agreement after the establishment of the country offices but prior to the out-posting of the international staff. In four countries (Bangladesh, Sri Lanka, Bolivia and Sudan) with operational ICOs, of which two have out-posted CPMs,[133] there are neither concluded Host Country Agreements nor is the country a signatory to the Specialized Agencies Convention. The hub office in Guatemala functions smoothly without an agreement and the presence of an agreement did not prove a barrier to closing the Panama office.

249. Negotiating these agreements always takes considerable time (on average 1.5 years) and Figure 6 shows the average time by region from initiating work on an agreement with a *note verbale* from IFAD to the completion of agreement. The time spent in Asia and the Pacific is about 29 months, about one year longer than the time spent for countries in NEN (16 months). Figures are much higher for countries which have not yet completed an agreement (from 36 to 65 months). The delay in India of over four years deferred placement of a CPM in the country and in China deployment of a CPM has continued to be deferred, pending an agreement. In ESA there are no agreements now pending, but in other regions the lapse time for currently outstanding agreements are substantial.

Figure 6
Average Lapse Time in Months from Presentation of IFAD Note Verbale to Signature of Host Country Agreement



Source: IFAD Field Support Unit Data (2016).

250. The reasons for delays have lain partly with IFAD and partly with the host country. The internal process involves both the Office of the General Council (LEG) and for practical issues the Field Support Unit but the CPM is generally the major interface with the country and, according to interviews, some have not attached particular

[131] Afghanistan, Bangladesh, Myanmar, Sri Lanka, Viet Nam, Burundi, Ethiopia, Mozambique, Bolivia, Colombia, Panama, Peru, Kyrgyzstan, Sudan, Turkey, Yemen, Benin, Chad, Cote d'Ivoire, Mali.
[132] The Republic of Congo is an exceptional case. Although it is not in the list of 50 countries where the establishment of ICOs were approved by the Executive Board of IFAD, the Republic of Congo signed a host country agreement with IFAD in 2011.
[133] Bolivia and Sudan

importance to reaching an agreement. On the country side, apart from bureaucratic drawn-out procedures, there may be delays due to the number of Ministries involved, not all of which may attach importance to IFAD, and in some countries, reluctance to agree immunities, especially for national staff (in fact some countries have tried to negotiate reduced immunities for national staff).

Host agencies and service-level agreements

251. IFAD offices have been physically hosted by another agency: even where the office is free-standing, support services are provided by another agency (often UNDP). When offices have become larger with CPMs, FAO and WFP did not necessarily have enough space and UNDP became the service provider, even if an office was rented separately. Only one office is hosted outside of the UN system[134] and the normal hosts have been the other Rome Based Agencies or UNDP (Table 10).

252. There has been discussion of hosting by other IFIs including the regional development banks, which could potentially have synergies. However, IFIs also have concerns about access to their corporate systems and there is no clear evidence that renting physical space from an IFI would lead to the desired benefits or be cost-effective. Other UN agencies work with similar systems to IFAD for HR, travel, and procurement and this has advantages. IFAD also adheres to the UN system for security and must meet UN security standards. Being hosted by a UN-agency does not prevent establishing relationship with IFIs, as shown by the case of the IFAD's country offices in the Philippines and Laos that helped improve partnership and co-financing with the Asian Development Bank. Moreover, the option of being hosted by an IFI would be more likely after a cooperation programme has been put in place rather than before.

Table 10
Host Agencies by Regional Division

	APR	*ESA*	*LAC*	*NEN*	*WCA*	*Total*
UN Food & Agriculture Organization (FAO)	2	4	1	1	2	10
International Livestock Research Institute (ILRI)		1				1
UN Development Programme (UNDP)	3	2	3	3	7	18
UN Offices Nairobi (UNON)		1				1
World Food programme (WFP)	5	1			1	7
UN Environment Programme (UNEP)					1	1
UN Population Fund (UNFPA)			1			1

Source IFAD ICO data base (2016)

253. The CLE found in interviews and regional workshops a consensus view **that the hosting arrangements with UN agencies have been less costly to IFAD than setting up its own office** and have provided services which if IFAD were to provide for itself would have been costly in both time and money. It may sometimes be possible to achieve a saving if the government is prepared to offer premises at a lower rental level, but this may not be without its own problems (e.g. maintenance of building, provision of certain services). There are, of course, exceptions and a pragmatic approach has been demonstrated.[135]

254. **However, there is a perception that services provided by host agencies need to be improved**. In their E-survey responses, only 25 percent of CPOs, but 60 per cent of CPMs serving in-country, were not satisfied (rating of moderately unsatisfactory or lower) with host agency facilities and support. Problems are not

[134] The International Livestock Research Institute (ILRI) part of the CGIAR system of international agricultural research centers. It may be noted that Administrative support continues to be provided by UNDP
[135] In Hanoi, the IFAD hub office is housed in good quality premises provided by the government at a lower cost than was available from the UN system and there are not significant security concerns.

generalised to an agency overall but relate to specific country offices of an agency and can change with the management or staff in that agency. Typical complaints relate to delays in procuring minor items, high charges for making minor payments and delays in IFAD receiving statements of expenditure from the host agency.[136]

255. In sum, host country agreements were initially not emphasised but were later found to be important in some countries prior to the outposting of senior CPMs. Concluding these agreements was a lengthy process due to a combination of bureaucratic complications at IFAD and in the countries, some of which were not eager to grant privileges to new international organizations. Service agreements with host agencies have been a pragmatic decision to guarantee essential services and contain costs, although quality of services has been variable and not assessed systematically. The rating in this area is moderately satisfactory.

B.3 Resources and prioritization of ICO functions

256. The E-survey's 600 responses from people who had personally collaborated with, or worked in, an ICO confirmed the widely held view (stemming from the CLE interviews) that resource constraints limited the ability of ICOs to provide higher levels of service. **Within IFAD, no category of staff believed that the ICOs had sufficient staff or resources to deliver on their mandate** and only headquarters staff and CPOs marginally agreed that the ICOs had adequate expertise (see Table 11). The work load has expanded steadily with the assumption of direct supervision by IFAD and the expanding emphasis on non-lending priorities. This assessment was further reinforced by workshops and country visits, although some offices had overcome the problem by prioritization of work and use of the supervision budget to appoint long-term consultants and short-term staff. While part of the mandate of country offices relates to non-lending activities, there is no specific allocation for these in the budget of the country office. Financial resources need to be taken from savings on other activities (e.g. design or supervision and implementation support) or additional resources (e.g., trust funds, grants) have to be mobilised.

Table 11
Organization Questionnaire Response ICO Resources to deliver on mandate

	Headquarters Staff		*CPMs Serving in Country*		*CPOs Serving in Country*	
	Disagree (1 – 3)	Agree (4 – 6)	Disagree (1 – 3)	Agree (4 – 6)	Disagree (1 – 3)	Agree (4 – 6)
IFAD's country offices have sufficient staff to deliver on their mandate	66%	34%	73%	27%	65%	35%
IFAD's country offices have sufficient resources to deliver on their mandate	57%	43%	63%	37%	50%	50%
IFAD's country offices have sufficient expertise to deliver on their mandate	49%	51%	61%	39%	35%	65%

Source: Responses to the CLE E-survey (2016).

257. **The claim that CPMs based in country office face a higher workload emerged consistently during the course of the CLE. This is highly plausible although not easy to substantiate in quantitative terms**. This claim was very

[136] From interviews and workshops, it is clear that reliance on host agencies for transport or using private hires has not generally worked well and ICOs need a vehicle, which has not been approved for all. The use of host agencies or UNDP (even when it was not the host) to hire staff such as drivers or consultants has in general apparently worked reasonably well, although there is a charge for this service. Petty cash is also said to generally work well, but many CPMs would favour separate IFAD Bank accounts. Currently only the Vietnam decentralization pilot and Ghana ICOs have these and experience is being monitored in view of the extra workload of managing and controlling local accounts (Vietnam includes a web-based reconciliation).

clear from individual interviews and regional workshop discussion. A 2015 Office of Audit and Oversight study of the comparative workloads of headquarters-based and out-posted CPMs found some evidence that decentralization may have contributed to increased workloads for out-posted CPMs (out-posted CPMs handled 6.2 projects on average, compared to 5.4 for CPMs based in headquarters). Analysis undertaken for this CLE, based on data in GRIPS and budgeted regular CPM posts as of end August 2016, did not confirm these findings. On average, headquarters-based CPMs were handling the same number as field-based ones (6.3, Table 12). The results varied by regional division (in APR and WCA, field-based CPMs were handling more projects on average). The average on-going loan amounts per CPM were higher for those working in ICOs (US$176 million) than those based in Rome (US$147million).[137] These averages are sensitive to reassignments of country responsibilities.

258. However, projects are not the only responsibility of CPMs and there are obvious additionalities in the responsibilities for CPMs in the field, due to the need to manage the country office, the higher time (and expectations) to be spent on partnership and relationship building and representation of the Fund. Therefore, it is highly plausible that CPM's workload increases in the field. In the absence of a time recording system, it is difficult to quantify such additionalities.

Table 12
Staffing and portfolio distribution per CPM (regular budgeted posts, mid-2016)

	Div/ Loc of CPMs	*No. of projects handled**	*Approved Loan Amts (US$ million)*	*No. of CPMs*	*Avg. No. Ongoing Proj. per CPM*	*Avg. Ongoing. Loan Amts. Per CPM (US$ million)*
APR	Field	30	980	4	7.5	245.0
	HQ	42	1350	6	7.0	225.0
	Total APR	72	2330	10	7.2	233.0
ESA	Field	48	1 559	7	6.9	222.7
	HQ	15	368	2	7.5	184.0
	Total ESA	63	1927	9	7.0	214.1
LAC	Field	25	380	5	5.0	76.0
	HQ	28	454	4	7.0	113.5
	Total LAC	53	833	9	5.9	92.6
NEN	Field	4	219	2	2.0	109.5
	HQ	46	782	7	6.6	111.7
	Total NEN	50	1001	9	5.6	111.2
WCA	Field	43	1 089	6	7.2	181.5
	HQ	21	434	5	4.2	86.8
	Total WCA	64	1523	11	5.8	138.5
Total	Field	150	4226	24	6.3	176.1
	HQ	152	3389	24	6.3	141.2
	Total	302	7615	48	6.3	158.6

Source: Grants and Investment Project System, IFAD staff: HR database as of August 2016
*Projects handled include projects that are: QA approved, Approved, Signed, Enter into Force, Available for Disbursement, and Completed.

259. In a context of high workload and resource constraints, clear division of labour and prioritization is key. **IFAD staff considered that there is adequate distinction**

[137] Given that IFAD does not have a formal time recording system, any analysis of workload is challenging and subject to some uncertainty, also reflecting: (i) support that headquarters based CPMs receive from by P2s and P3s and, in some cases CPOs in ICOs supervised by headquarters based CPMs; (ii) the work of headquarters-based CPMs includes the portfolios in countries with CPO led ICOs that report to CPMs in Rome; and (iii) turnover and lengthy time required to fill CPM vacancies in ICOs.

of functions between ICOs and headquarters in substantive programmatic matters. However, there are outstanding issues of differentiation between ICO categories and prioritization. Much of this may relate to delegation of authorities discussed further below in this chapter. The functions of ICOs are clear in broad terms and the understanding is that, when CPMs are in ICOs, they carry with them all the functions they would have performed as a CPM in headquarters. This is confirmed by the CLE interviews and E-Survey results.[138]

260. There is no distinction of function between different categories of ICO (e.g., CPO-led ICOs have a different level of human and financial resources compared to CPM-led ones and cannot be expected to engage in the same envelope of activities). There is lack of clarity of reporting lines when a more junior or equally graded CPM forms part of a hub. ICO tasks are not differentiated in terms of their requirements for country policy and strategy inputs, knowledge management requirements, or the complexity of the loan programme, and national recruitment has not been differentiated on this basis. The generic job profiles for CPMs do reference additional duties when serving in-country but do not fully reflect the very different nature of the job.

261. **Differentiations in the perception of priority of functions**. IFAD in-country staff in their responses to the CLE E-survey confirmed the findings that, while all ICOs functions are considered as priorities, there was a difference in the importance attached between CPMs and CPOs in the countries. A summary of the four functions with highest and lowest priority rating, respectively, is presented in Table 13. In-country staff prioritised programme work, reflecting IFAD's overall operational priority.

Table 13
Perceived priority of functions for in-country CPMs and CPOs

Percentage of in-country CPMs assigning high or very high priority (%)		*Percentage of National Country Programme Officers (CPOs) (%)*	
Four highest	100%	Four highest	100%
Identifying and designing good projects focused on reducing rural poverty		Identifying and designing good projects focused on reducing rural poverty	
Project implementation support	100%	Project implementation support	100%
Government relations and partnership building	100%	Government relations and partnership building	97%
Country strategy and programme development	100%	Aligning IFAD's assistance with country development priorities	94%
Four Lowest		Four Lowest	
Contributing to the development of national capacity	63%	Partnership building with civil society	71%
Resource mobilization and cost-sharing for IFAD projects	63%	Contributing to the development of national capacity	71%
Developing and making available information (knowledge management)	56%	Resource mobilization and cost-sharing for IFAD projects	68%
Strengthening IFAD's grant programme	50%	Strengthening IFAD's grant programme	56%

Responses to the CLE E-survey (2016).

262. Non-lending activities were not rated among the highest priorities by CPMs and CPOs (Table 13). Strengthening the IFAD's grant programme was also consistently rated lowest. The lower weight to collaboration with other agencies and to resource

[138] Both headquarters IFAD staff and CPMs serving in country considered delegation to ICOs adequate for programme matters (69% and 75% respectively) but whereas 57% of HQ considered delegation to ICOs on financial and administrative matters was adequate 63% of CPMs serving in country disagreed (50% firmly disagreed first 2 points on 6 point scale)

mobilization emanates, at least in part, from the time consuming nature of this work and often limited returns to effort, as confirmed by interviews. Some staff argued that time spent in UN system-wide coordination was not always time well spent, due to the very different mandates. Some staff also felt a lack of qualification to undertake resource mobilization.

263. **The relative priorities to functions assigned by in-country staff were largely reflected in the use of staff time**. Country Programme absorbed the majority of effort of all categories of staff in ICOs except those General Service working on administrative support (See Table 14). Among the non-lending priorities, partnership absorbed the most time.

Table 14
Reported Use of Staff Time in ICOs

	Average countries without CPMs			*Average countries with CPMs*			
	National professionals & regular ICO consultants %	General Service (administration & general support) %	Country Programme Manager (if in ICO) %	Other international Professional UN volunteers & APOs %	National professionals & regular ICO consultants %	General Service (programme %)	General Service (administration & general support) %
Country Programme	53.2	62.0	56.6	69.0	64.7	58.8	35.5
Partnership & Relationship Building	18.0	3.0	18.2	17.0	17.3	3.1	4.4
Policy dialogue, knowledge management & capacity development	15.7	2.0	11.4	11.5	11.8	2.4	2.9
ICO management & administration	9.1	29.6	10.3	2.0	3.6	33.4	54.7
IFAD representation & Image Building	3.7	3.4	3.3	0.5	2.3	1.6	1.5
Number of Cases	18	5	22	10	21	11	13

Source: Responses to Evaluation Country Fact Sheet by ICOs

264. **Guidance on prioritization**. If there is total work overload, some functions will not be fulfilled. There is a general understanding that 50 per cent of ICO time should be devoted to operational matters but expectations for broader work in policy, knowledge management and in-country dialogue have been steadily growing. While part of the answer to this problem could be addressed through organizational efficiency improvements, there is also an issue of closer prioritization and definition of tasks, based on country needs and opportunities. As an example, the prioritization within policy dialogue of attendance at meetings requires guidance.[139] IFAD Representation was interpreted by some staff as including extensive participation in events of the diplomatic circuit, which they did not perceive as particularly useful.

265. In sum, in a context of high workload and constrained resources, while functions are reasonably clear between headquarters and ICOs, there is insufficient differentiation of expectations between varying ICO types and inadequate prioritization of functions for individual countries and guidance is not sufficient on

[139] Standard terms of reference for CPMs state that CPMs serving in country offices will participate in and contribute to all international and national meetings/thematic groups meetings

some functions such as inter-agency dialogue. Clarity, prioritization and differentiation of functions is thus rated only moderately unsatisfactory.

266. Overall, the rating for institutional structure and organizational arrangements is moderately satisfactory, taking into account a moderately satisfactory rating for host agencies and service-level agreements and organizational arrangements for decentralized offices and regional divisions, and moderately unsatisfactory for prioritization and differentiation of functions.

C. Human Resources aspects

267. As per a decision of the Executive Board in 1978, IFAD has an observer status in the International Civil Service Commission (ICSC). As stated in the Human Resources Policy adopted by the Executive Board in 2004, the salary and benefit levels of IFAD staff shall follow the methodology of the UN common system, as applied to various duty stations. Any matter of human resources management not specifically treated in the Policy will be decided by the President, in light of practices, rules and procedures adopted in the United Nations Common System, as well as other similar financial institutions.

268. **Duties of staff serving in headquarters and ICOs are specified but with scope for improvement**. The generic job profiles that apply to CPMs state additional responsibilities when serving in an ICO but do not fully reflect the different nature of the job.[140] It emerged from the CLE interviews that placement of international staff in offices has been more on the basis of willingness to move and general qualifications, rather than selection criteria, involving the special requirements of a particular ICO or the managerial skills required to run an office and network with government and donors. The Human Resources Division and the Regional Directors are designing 3-5 new generic job profiles that will take into account the different nature of the jobs (HQ CPM vs ICO CPM and CPO in a CPM-led ICO vs CPO leading an ICO), with an increased focus on the managerial responsibilities.

269. As implemented, staff performance assessment in the Performance Evaluation System (PES)[141] tends to blend knowledge management, policy dialogue and partnership building, while the job profile has distinct functionalities for these. Performance objectives for HR and ICO management and IFAD representation are often lacking.[142] It is expected that the situation may improve when the new generic job profiles are introduced.

270. **National Professional Officers** are part of the locally-recruited professional staff category of the UN system. They are selected through local/national competition to provide expertise and knowledge within the country context. As a measure for career development, deployment of national professionals to serve a wider region has now been resolved with a provision that national professionals can travel for up to six months of the year outside their country. While this is being incorporated in the generic job profile for advisors in gender and the environment, it has not yet been reflected in that for CPOs and they were not recruited on that basis. Although salaries of national professionals are not necessarily lower than P2/P3 international staff, total staff costs are higher for internationals and some national staff complained that they are not recognised as "full professionals".

[140] The generic job profile, after detailing CPM duties for one page of six functions contains a statement that "Out-posted CPMs will additionally (a) serve as the designated representative of IFAD in the country; (b) manage the Country Office, lead the IFAD country team and as such play a central role at the country level in actualizing the coordination of operational activities for development and (c) participate in and contribute to all international and national meetings/thematic groups meetings".

[141] The individual PES staff performance objectives for CPMs are generally grouped around the following broad categories of objectives: a) project design; b) portfolio performance/supervision/ implementation support; c) country programme management/ COSOP; and d) policy/knowledge management/partnership building.

[142] IFAD internal review conducted by AUD of CPM PES, 2015.

271. IFAD's salaries and benefits are competitive for national staff in the local markets. Grading and incentives are ultimately a consideration of IFAD's requirements in the national and international markets and cost. In the CPO responses to the CLE E-survey, 73 per cent reported salaries were competitive in the local market and only 15 per cent strongly disagreed.[143]

272. **Career opportunities for national professionals**. CPOs in offices which were established prior to the deployment of a CPM had their responsibilities and profile reduced with the arrival of the CPM. Nevertheless, 59 per cent of CPOs responding to the CLE survey considered that there were adequate opportunities for career development and only 12 per cent strongly disagreed. It is understood that to date three national professionals have become international professionals with IFAD and there are possibilities for career advancement in the international system at country level with other agencies. IFAD experimented with a scheme where three national professional officers were given the opportunity to work in another country office for six months. The possibility to use national professionals more widely in neighbouring countries enhances their experience but some international staff suggested that many of the senior national staff are not ideal international officers, but are ideal for ICOs, because of their knowledge of the country and their entrée with Government. The Human Resources Division is also working on other opportunities for career development available to national professional officers to acquire new skills, knowledge and experience within and across departments, functions and duty stations and are brought to their attention through briefing sessions (e.g. in Kenya and United Arab Emirates in 2016). In addition to serving in other countries, national officers may also serve at the headquarters on temporary assignments.

273. **Training of national ICO staff is inadequate, especially for General Service staff**. Seventy-four percent of CPOs considered training adequate in their responses to the CLE questionnaire. Nevertheless, during workshops and country visits, major frustrations were expressed with training. The challenge for IFAD in integrating decentralized staff and informing them of IFAD varies substantially with the organizational model which is pursued. ICOs were started with only national staff. These staff knew little of IFAD and it was only through visiting missions, their reading, and from occasional regional meetings that they got to know IFAD. With the movement out from headquarters of existing CPMs, knowledge of IFAD came to those ICOs where they were posted. Provision is now made for exposure of newly recruited CPOs to headquarters and sometimes follow-up visits but in interviews this was generally regarded as inadequate by both staff and supervisors.[144] PMD is organising and facilitating training opportunities for ICOs regionally and globally.

274. GS staff and to some extent national professional staff in ICOs are expected to use IFAD ICT systems, input monitoring data. However, there is little training for them, although some reported, in Africa and Latin America, that they had had visits from HQ General Service staff who provided on the job training. Lacking is a structured briefing and mentored training programme, some of which could be on-line. Training would also be useful for national professionals and GS in both internal procurement and HR procedures, security, and requirements for procurements under loans and grants where CPMs are required to provide "no objection". The Human Resources Division is introducing new initiatives including face-to-face and e-learning (team building, stress and conflict management, working in small and

[143] Most CPOs are graded NOC, but for those few national professional staff at the top of the grade structure (D), there are limited opportunities for advancement, if this is viewed simply as promotion in IFAD (significant upgrading of posts would also have cost implications). Four national professionals are at the top grade (NOD) out of a total of 42.
[144] Many CPOs reported a delay of over a year between their appointment and first visit to headquarters which was seldom for more than a week and interviews in headquarters and the regions confirmed that such briefing was often not well structured.

remote teams, presentation skills, impromptu speaking and meeting management, language).

275. **Most CPMs and other international professional staff were transferred to ICOs from headquarters and had knowledge of IFAD**. A problem has arisen where duty stations are unattractive and IFAD had to recruit CPMs for the ICO from outside (to date this has only occurred in a few cases).[145] If IFAD moves towards greater decentralization, more staff will be recruited directly into the decentralized offices and a more structured approach to their induction and subsequent training would be required. An internal IFAD review (Office of Audit and Oversight, 2015) of briefing and training requirements for CPMs serving in-country indicated that they felt they were the least prepared with respect to IFAD representation/diplomatic protocol, replenishment/resource mobilization, and Head of Office security responsibilities. The Management Development Programme for P4 and P5 IFAD staff was rolled out in 2013 but only six outposted CPMs had participated by early 2015. Training on dealing with the media was provided in 2015 in Nairobi and attended by two CPMs, one Programme Officer, three 3 CPOs and the Regional Gender Coordinator.

276. Provision is made in the **HR procedures for professional staff relocation**, and special post allowances have been paid to CPMs moving to ICOs, equivalent to salary at the next higher grade. While transfer of professional staff to countries has not always been easy, 63 percent of CPMs working in-country reported on the CLE survey that incentives to move to an ICO were adequate (only 56 per cent of headquarters staff held this view). All CPMs serving in-country and most other international staff serving outside headquarters considered service in an ICO a career enhancing move and a challenging professional opportunity, views shared by headquarters staff. Ninety-two percent of CPMs serving in country considered there were unresolved issues in reintegrating into headquarters following an assignment in the field (of which 83 per cent strongly felt this), a view shared by their headquarters colleagues, but this response is in the context of an expectation of returning to headquarters (this is no more part of the mobility framework).[146]

277. IFAD has been cautious to implement significant change in location of staff or job profiles and adjusting staffing at the headquarters (notably GS staff).[147] In a context where IFAD intends to move more rapidly towards functional reorganization and to contain costs, experience from other organizations is pertinent.

278. Reorganization and decentralization has been undertaken in most of the MDBs and much of the UN system. Measures have often included a mixture of incentives, including for early retirement, severance pay, and willingness to terminate staff and adjust job profiles. International programme staff in most operational UN agencies are expected to move at least once every five years and there are similar requirements in some IFIs.[148] The period prior to reassignment is shorter for hardship duty stations. The equivalents of CPMs in UN agencies cannot necessarily expect to serve in headquarters as there are few or no equivalent posts.

279. According to the interviews, among the Rome based agencies, both WFP and FAO have gone through periods of adjustment which have led to short to medium-term

[145] Of the four cases of CPMs recruited from outside in 2016 to serve in an ICO, three came to HQ for 1-3 month briefing periods before taking up the assignment in the ICO (the fourth CPM had previously worked to IFAD as a JPO). During the time in HQ, they attended formal corporate training and at the same time were extensively briefed by their hiring division.

[146] At the same time, the evaluation was provided examples of country frustration with high turnover of in-country CPMs.

[147] On a positive note, in 2016, HRD and PMD have been carrying out a pilot mobility programme within PMD to evaluate the applicability of a managed and structured approach to mobility within IFAD and provide feedback to Senior Management (fourth quarter 2016) on findings and lessons learnt. It is also noted that mobility is part of the HR policy framework and every IFAD staff member now signs a contract that includes a geographical (for professional staff) and functional mobility clause.

[148] In the UN system e.g. UNICEF; UNDP; WFP; FAO; some MDBs (e.g., World Bank).

deteriorations in staff relations but not necessarily in the longer-term. There have been greater issues for Rome recruited general service staff than professionals. As they have far larger staff size than IFAD, there was more opportunity to offer GS staff internal transfers within Rome. They did however make those transfers across the whole organization and had periods of total hiring freezes. Experience has shown that staff need to be well informed of plans for change and why those changes are necessary. In general, the decentralization approach of other organizations could be described as more robust.[149] At the same time, these organizations took care to reduce Rome-based staff with early retirement and agreed compensation packages.

280. In sum, IFAD's salaries for national staff are competitive but there are limitations in career opportunities. Orientation and training for national staff is not adequate. Compared to other organizations, IFAD has been reluctant to force through important changes in location of staff and job profile and the experience of Rome-based agencies suggest that a more robust approach is possible. Given these gaps, the rating for this dimension is thus moderately unsatisfactory.

D. Administrative and technical support functions and decentralization of approval authorities

281. The Administrative, Human Resource and the Financial Operations Divisions are centralised. There is only one case of partial decentralization of financial management and loan administration and disbursement functions in the regional office of Nairobi for ESA also covering part of WCA. The 2013/14 Decision of the Executive Board[150] on Country Presence[151] excluded the development of further regional and sub-regional offices providing financial and administrative services until an Executive Board policy decision in 2015, which will now take place in 2016/17.

282. **The experience with the decentralization of financial management functions to Nairobi has been positive**. IFAD is a smaller agency with less staff in back-office functions and more multi-tasking at professional levels than comparator organizations, but the out-posting of financial management professionals has been found helpful by programme staff and projects where they assist in East Africa in risk assessment and supervision and can provide advice to projects (see Box 5). These functions could become more important, with the move to improve the link between financial management and financial management consultants, currently employed by the PMD regional divisions. In view of the positive experience in Nairobi, there may be scope to decentralise additional financial management officers to the regions, especially where the time zones and travel times are significant (LAC and APR).[152]

[149] Substantive reorganization processes at FAO and WFP have not been challenged in ILO Administrative Tribunal ruling on appeals. This CLE reviewed FAO and WFP appeals to the ILO Administrative Tribunal to which IFAD is also subject, in the period from 1996 to date. Three cases were identified of relevance for this CLE (in 2001, 2006 and 2016 respectively). The Tribunal noted when a substantive reorganization was taking place and in its judgements only ruled against the organizations when they failed to conform to their own rules in making transfers and terminations. The damages awarded in these cases were minor (up to US$ 25,000 approximately).
[150] Following the December 2013 EB discussion approval was by communication in 2014.
[151] EB 2013/110/R.5/Rev.1 IFAD Country Presence Strategy (2014-2015)
[152] There are (August 2016), nine finance officer posts with regional responsibilities of whom two in Nairobi. They are assisted by two senior General Service staff (G6)

Box 5
Out-posted Financial Services in Nairobi

The CFS (now FMD) group operates independently of the rest of the Nairobi Office which falls under PMD and the direct reporting line is to the FMD ESA team leader based in Rome. The two professional staff working on financial management work primarily for PMD-ESA. Staff are better able to understand and deal with financial management issues than if they were outside the region. They participate more easily and cheaply in project design and supervision and can provide local training and mentoring. They travel for a total of about seven weeks a year each (expected to increase to eleven weeks in 2017). Two training workshops of 3-4 days duration were held in 2015 and ICO and project staff passing through Nairobi can arrange to meet and discuss issues with them. They do not consider it an issue that their supervisor is in Rome.

The CFS division is now being split in two with withdrawal processing and disbursement and maintaining IFAD's accounts (ACD) split from financial management (FMD). Staff now handle all documentation electronically working on two screens, which streamlines the process and reduces communication times and document printing and physical handling and improves archiving efficiency. It is expected that the unbundling of CFS and introduction of FMD as a standalone division may enable FMD Finance Officers in Nairobi to significantly increase their annual mission travel, which for outposted staff is less costly and also time saving.

Source: CLE interviews (2016)

283. General Service Staff serving in developing countries tend to be less costly than those in Rome. While most of the regional MDBs are based in developing countries, the World Bank and many UN agencies have concentrated back-office services in procurement, payroll, human resources and withdrawal application processing to low cost locations (usually a single one). For reasons principally of time zones, some have also located auditors, human resource officers outside headquarters. A cost-cutting option for IFAD could be thus to establish a shared services centre offshore. However, the potential cost-saving effects would have to be assessed.[153] According to the E-survey, there was some support for this from staff. The e-survey asked whether administrative functions should be transferred to the regions and lower-cost centres. A majority of responding headquarters staff did not agree with this but 42 percent did agree. In the country offices, the majority of CPMs and CPO agreed (60 and 81 percent respectively).

284. **The Field Support Unit in the Corporate Services Department has been performing a valuable function**. The FSU works closely with the Programme Management Department (PMD). It was found during interviews that the support of the FSU was well appreciated by ICOs. The FSU has five professional and four general service posts. It includes a seconded HR support officer and provides some administrative support function for payment of host agencies. It manages the capital costs of opening offices, the host agency service agreements and the host country agreements. The FSU also has the responsibility for security and for provision of capital investments for security in ICOs. The payment of rents for ICO host agencies is now being centralised which will simplify the task of CPMs who hold the ICO administrative budgets. In day to day negotiation at country level the FSU works through the ICOs and relies on the relevant divisions of IFAD for functions such as major procurements, RBA based agreements for computer and vehicle purchase, and legal implications of host country agreements. Some of the IFIs (e.g. ADB and the World Bank) were reported to have units with similar functions to those of the FSU. Comparators in the UN system sometimes have small offices for liaison or policy coordination on decentralization but these do not generally parallel the functions of the FSU.

285. **ICT and access to corporate IT systems was generally regarded as satisfactory by staff serving in-country**. There have been significant recent improvements in IT and communications with respect to connectivity to the

[153] As of August 2016 there were some 12 General Service Finance Assistants employed on processing withdrawals and on payroll of which 10 were in Rome.

internet voice and video conferencing and connectivity to corporate systems.[154] Improvements are continuing and in a few situations may require bypassing national systems.

286. The main challenges to full fruition of ICT advancements relate to local infrastructure in the concerned countries and practical organizational items at IFAD. For example, download and upload times in some countries continue to be so long that transactions time-out and work becomes inefficient. Electric power cuts can also be a problem. The single biggest remaining difficulty is the limited number of transactions carried out by staff in the ICOs which means they do not become fully familiar with the systems. For meetings, a frustration is the line dropping and the time-lag in the connection. Another complaint is about the lack of attention by headquarters staff to working across time zone differences, particularly when organizing seminars and workshops in Rome.

287. Between 2013 and 2016, ADM implemented decentralized airplane ticketing in countries in Eastern and Southern Africa (Kenya, Zambia, Mozambique, Ethiopia, Tanzania), Latin America and the Caribbean (Guatemala, Peru, Bolivia, Brazil) and Western and Central Africa (Ghana). Where decentralized ticketing is in place, ICOs can benefit from enhanced services available in the country, automated systems, and cheaper locally purchased tickets, especially for travel originating in countries where the ICOs are located. ADM is planning to implement decentralized ticketing in other locations where a local travel agent is available.

288. **Technical Support: all categories of staff were generally satisfied with the support received from technical specialists in headquarters**. This represented 83 percent of HQ staff and 94 percent of CPOs but a slightly lower proportion of in-country CPMs: 72 percent. Technical support by IFAD headquarters to the CPMs and ICOs is provided by the Policy and Technical Advisory Division (PTA) and the Environment and Climate Division (ECD). Support also comes from the regional divisions on economics and portfolio management and other aspects including gender. There are national officers paid by the regional divisions for gender and youth in Nairobi and Dakar to serve the ESA and WCA regions respectively (reporting line is to the Head of Office - CPM).

289. There are a few cases of the expertise of a CPO serving other parts of the sub-region, for example on procurement in Guatemala and India. Consultants continue to be the main source of technical support for CPMs. In 2014, the total consultant full-time equivalents for PMD regional divisions was 188 compared with 211 total regional division staff. Many of these consultants are used on a repeat basis and some have retainers.

290. *The Policy and Technical Advisory Division (PTA)* in the Programme Management Department has 33 professional and higher level posts and 10 GS posts. In all technical areas, except environment and climate change, it provides technical support for the lending and grant programme and also has a role vis-à-vis knowledge management and dissemination together with the Communications Division, and a role in managing IFAD's input to some global knowledge programmes and related grants (reportedly, 20-30 per cent of staff time is spent on global programmes and cooperation). The number of staff in core disciplines is normally two to three.

291. PTA decentralised a land tenure specialist for a period to Nairobi but currently has no decentralised staff. PTA argues that the small number of staff in each discipline makes decentralization impossible and that it is important to maintain global lesson learning and critical mass. PTA reports that the number of support missions in which staff participate has risen markedly (from 2010 to 2015 annual design

[154] The Financial Management Dashboard, an important tool for information sharing, is now accessible to outposted staff.

missions rose from 10 to 64; implementation support and supervision missions from 20 to 101).

292. *The Environment and Climate Division (ECD)* currently supports the implementation of one major donor funded programme "Adaptation for Small holder Agriculture Programme (ASAP)" (US$ 367 million) and a GEF programme of about US$ 700 million. In addition to the Director, four professionals are supported on the IFAD administrative budget and a further three professionals are also distributed between the regions from donor service charges.

293. **The extent to which technical services could be decentralised, under the existing model is limited by numbers of staff**. ECD is exploring lower-cost alternatives and, in a cost sharing arrangement with the regional divisions, is in the process of appointing four national professionals to be posted in Jakarta, Nairobi, Dakar and Lima. Regional divisions expressed appreciation for this flexibility.

294. Emerging from experience of other organizations and from interviews, alternative options could include moving part of the PTA budget to the regional divisions for use of staff on a call-down basis, an option which would provide both an incentive and a signal as to which expertise is in demand. This type of matrix budgeting and management has been used to some extent in IFIs, including the World Bank, and in UN agencies. Consultant networks could also be further developed in hub arrangements, linked to designated staff in PTA and ECD.

Decentralization of approval authority

295. **IFAD has a centralized model of financial and administrative management**. The argument was that the small staffing size and capacity of most ICOs and the low value and small size of their financial transactions make it more efficient to locate the responsibility centrally for financial management in CFS (now FMD), budget management at the PMD Divisional Director level, and administrative management (i.e. for procurement, office space, etc.) in ADM and FSU.[155] However, the 2011 Country Presence Policy and Strategy envisaged stronger delegation of authority and the 2014-2015 Country Presence Strategy stated the need for IFAD's PeopleSoft enterprise resource planning to support decentralization of financial and administrative management to ICOs.[156] After five years, progress has been slow.

296. In general, budget holder responsibility remains with the regional directors. A six-month pilot initiative involving decentralization of budget and other administrative responsibilities to the Vietnam hub started in 2016. The underlying rationale for the pilot is the available staff capacity in the Vietnam hub and the functional capability of IFAD transaction systems to support decentralized decision-making and transaction processing. The CPM in Vietnam expressed general satisfaction with the arrangement which he viewed as an improvement compared with the previous situation. The assessment of the outcomes of the Vietnam pilot initiative will be an important factor before further decisions on the decentralization of budget and other administrative functions are taken.

297. **Senior CPMs serving in country offices were found to be satisfied with the delegation of the office budget but less so with the delegation of budget holding authority**.[157] A little less than half of the staff at HQ and total staff in ICOs found budget holding delegation in the "unsatisfactory zone" (Table 15). The CPMs had an understanding of the size of the supervision budget available and

[155] With regard to procurement, ADM has delegated authority for low-value procurement to PMD Directors who have the option to re-delegate this to their CPMs in the ICOs when the value involved is up to EUR 10,000 per transaction.
[156] According to the 2011 Policy and Strategy, (par. 56-e): "Further delegation of authority and refinement of the accountability framework will take place as needed", and (par 50): "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."
[157] The supervision and design budgets are annual variable cost-allocations managed by the Regional Divisions for travel. They do not include regular staff or the administrative budgets for ICOs, although savings on vacant posts are fungible and accrue to this allocation (allotment).

discretion in using it but this could require some needless negotiation with the front office of their division and with the regional director, leading to inefficient use of staff time and diminish both clarity and responsibility. It is easier for CPMs in headquarters who have immediate access to Division Directors to resolve budget and procurement issues.

298. Headquarter staff and CPOs, but not in-country CPMs, were generally satisfied with delegation for local procurement for the office and contracting for services. In-country CPMs considered that, for small transactions, segregation of authorities should be of less concern and noted that their approval authorities were generally lower than in other agencies and were limited to the ICO budget where transactions were by their very nature small. On the other hand audits have noted a lack of adequate controls in some ICOs for aspects such as use of vehicles.

Table 15
Organization Questionnaire Response Summary Satisfaction with corporate systems

	Headquarters Staff		*CPMs Serving in Country*		*CPOs*	
	Unsatisf. (1-3)	Satisf. (4-6)	Unsatisf. (1-3)	Satisf (4-6)	Unsatisf. (1-3)	Satisf. (4-6)
Areas of Some Concern						
Delegated budget holding authority	45%	55%	46%	54%	45%	55%
Supportive procurement and contracting system	37%	63%	52%	48%	20%	80%
Areas where things work well						
IT and communication systems	14%	86%	26%	74%	12%	82%
Access to corporate systems	13%	87%	16%	84%	6%	94%

Responses to the CLE E-survey (2016).

299. **Communication** was found to be an area of concern for CPM-headed ICOs, in view of the limited delegation for local in-country communication. They perceived that this led to delays, lost opportunities and time consuming discussion with the Communication Division in headquarters.[158] Most other UN agencies and IFIs delegate significantly more authority for local communication to their country offices which is believed to support both their representational and promotional roles and policy influence. Larger agencies often have a communication specialist as a staff member in a country office. IFAD can not recruit a communication specialist in all offices although it might be feasible to have a shared communication consultant within a sub-regional hub arrangement.

300. In sum, provision of administrative, ICT and technical support to ICOs has been satisfactory but there is room for further decentralization of support to projects in financial management, procurement and some technical subject matter areas. Although working level arrangements are in place, there are issues of limited delegation of authority to senior CPMs for country budgets, local procurement, consultant recruitment and communication at country level. The rating for organization of administrative and technical support functions and decentralization of authorities is moderately satisfactory.

301. **On balance**, the rating for efficiency is moderately satisfactory. This takes into account the rating of moderately satisfactory for the management of

[158] According to current practices, staff who have undergone training offered by COM are authorized to serve as IFAD spokespeople with the media, those who follow IFAD's social media guidelines are encouraged to engage in social media, those who obtain the approval of their respective director (since directors hold authority for publishing) and follow IFAD's publishing guidelines may develop publications and so on.

decentralization costs, for the institutional structure and organizational arrangements, and for organization of administrative and technical support functions and decentralization of authorities; but moderately unsatisfactory for human resources aspects.

Key points

- Opening country offices has not led to PMD and IFAD budget escalation. This was also thanks to the absorption of the budget previously dedicated to UNOPs supervision as well as to budget increases in 2008-2010. Available resources allowed PMD to ensure programme management and implementation support but not a commensurate enhancement in non-lending activities.
- PMD staffing levels at headquarters have not been reduced as decentralization has proceeded. There is potential for cost-efficiency to be realized from sub-regional hubs, although IFAD has not yet fully analyzed and explored it so far.
- In about thirteen years, regional divisions have been able to establish 40 (39 operational) country offices. There has been no commensurate functional analysis and reorganization of the headquarters divisions. A CLE modelling exercise suggests that options are available to further improve cost efficiency.
- Host country agreements were initially not emphasised but were later found to be important in some countries prior to the outposting of senior CPMs. Service-level agreements with host agencies have been a pragmatic decision to guarantee essential services and contain costs, even if the quality of services has been variable
- In a context of high workload and constrained resources, while functions are reasonably clear between headquarters and ICOs, there is insufficient differentiation of expectations between varying ICO types and prioritization of functions for individual countries.
- There is room for further decentralization of support to projects in financial management, procurement and some technical subject matter areas. Although working level arrangements are in place, there are issues of limited delegation of authority to senior CPMs for country budgets, local procurement, consultant recruitment and communication: given the expectations set in the 2011 Country Presence Policy and Strategy, progress has been slow in this area.

Ratings by evaluation criteria and sub-criteria. Efficiency

Evaluation criteria	*Evaluation sub-criteria*	*Rating*
Efficiency	A Management of Costs of Decentralization	moderately satisfactory (4)
	B Institutional Structure and Organizational Arrangements	moderately satisfactory (4)
	B.1 Current Arrangements for Country Offices and Regional Divisions	moderately satisfactory (4)
	B.2 Host Agencies and Service-level Agreements	moderately satisfactory (4)
	B.3 Resources and Prioritization of ICO Functions	moderately unsatisfactory (3)
	C Human Resources Aspects	moderately unsatisfactory (3)
	D Administrative and Technical Support Functions and Decentralization of Approval Authorities	moderately satisfactory (4)
	Overall rating for Efficiency	moderately satisfactory (4)

VI. Conclusions and recommendations

A. Conclusions

302. **The overall objectives and evolving design of the decentralization process were relevant but with significant areas for improvement**. Functions assigned to ICOs were generally regarded as of high priority by both developing country government representatives and IFAD staff. Many assumptions were well justified but some not entirely valid, such as in the case of the "light touch" approach and cost neutrality. In particular, these two assumptions were not consistent with the broad set of objectives assigned to country offices, including the support to non-lending activities. Combined with the priority assigned to portfolio management and implementation support, this translated into under-resourcing of non-lending activities. Although IFAD emphasised country presence, it did not foresee significant adjustment in the respective overall roles of headquarters and the country offices.

303. Findings from previous evaluations and the experience of other organizations have been considered in the design and implementation of the decentralization but their application has not been immediate and has thus been sub-optimal. The Executive Board approved each step of the decentralization and has been active in oversight. However, the monitoring system was weak, thus limiting the basis for both Executive Board governance and internal management guidance.

304. **Findings on operational performance and development results attest to significant improvements**. There is evidence that country offices played an important role in better aligning IFAD's country strategies and programmes with local needs and priorities. Presence in the countries was a fundamental cornerstone of IFAD's agenda to engage in direct supervision and, even more so, implementation support. Staff based in ICOs ensured follow-up, continuity of support and problem-solving capacity to project teams, thus helping enhance implementation quality. This led to enhanced project implementation performance, notably for project effectiveness, as shown by the analysis of independent evaluation ratings.

305. In terms of development results, the presence of country offices was associated with improvements in overall rural poverty impacts and particularly impact on household income and household food security and agricultural productivity. Results in terms of gender equality and women's empowerment were also higher in countries with ICOs. Similarly, some improvements were noted in terms of sustainability of benefits, innovation and scaling up and overall project achievement. In sum, evidence available to this CLE validates the implicit "chain of results" of the decentralization strategy. The latter has mainly operated through country presence, programme design and implementation support, bolstering the delivery of project's immediate objectives and, thereupon, contributed to development effectiveness.

306. **So far decentralization has supported non-lending activities to a lesser extent than originally envisaged**. Non-lending activities were given prominence in the decentralization process. While partnerships with governments and, to some extent, with donors and non-governmental organizations were improved, there was little evidence that programmatic collaboration with Rome-based agencies and UN organizations increased as a result of country presence.

307. Enhancements in engagement and results in policy dialogue did not happen consistently. Country presence opened up opportunities to build relationships and trust with policy makers, participating in sector working groups and providing input to policy discussions based on practical experience. However, because of limited resources and competing priorities, relatively little ICO staff time was allocated to policy dialogue and there was no specific administrative budget line for country

offices allocated to non-lending activities, meaning that these offices would need to finance them through budget balances on other activities (e.g., supervision, implementation support). This area was largely left to the interest of country office staff. Policy dialogue experience was not one of the criteria adopted for their selection. Moreover, as noted by the recent CLE on the Performance-based Allocation System, IFAD has not made sufficient use of the rural-sector performance assessment, a tool that can be revamped through country presence.

308. Similar issues of resource constraints affected ICOs' capacity to engage in knowledge management. In addition, there was no system in place to facilitate access to country/project specific knowledge products. Country offices were not provided with resources commensurate with the ambitions set in policy documents.

309. More in general, this CLE found that **there was a mismatch between the aspirations for ICOs on the part of both IFAD and its clients and the ability of small offices to deliver the full range of desired services** and notably non-lending activities. Consistent with the guidance set in the 2011 Country Presence Policy and Strategy, ICOs prioritised programmatic matters over non-lending activities in allocating their time. Also, there has been little differentiation of priorities in non-lending activities according to countries and ICOs, some of which are very small but expected to be involved in the same scope of activities as others. Guidance for ICOs was also limited on the involvement in representation activities and inter-agency affairs, particularly in the UN system.

310. **There is no clear evidence that CPM-led offices outperform CPO-led ones**. While there were some areas related to operational efficiency with higher performance of CPM-led ICOs, this was not a generalized finding. Turn-over of CPM and some lack of clarity of the division of labour and roles may help explain this finding (in addition, few country offices had a CPM for a significant number of years). Turn-over of CPMs and country office staff in general is a special concern in countries affected by fragility situations, causing discontinuity in strategic guidance and partnerships.

311. The fact remains that CPO-led ICOs played an important role in helping IFAD to deliver better development outcomes in many areas. Noting their important role, the CLE found that the orientation and training of CPOs, as well as that of national staff in general, has been inadequate. At the time of their recruitment, these staff knew little about IFAD and faced a steep learning curve. They were expected to use IFAD ICT systems, input monitoring data, but little training was available to them.

312. Out-posted CPMs have some responsibilities that cannot be assumed by national staff. At the same time, there is a limited number of CPMs at IFAD and the CPM-based country presence model entails higher costs. This has implications for the choice of future country presence modalities.

313. **Cost neutrality was an over-optimistic goal but IFAD managed to keep control over its administrative budget. Yet there are opportunities for further cost- efficiency gains**, as already observed by the 2013 CLE on Efficiency. Opening country offices implied additional costs. Initially, by terminating the supervision agreement with UNOPS, PMD absorbed the related budget which made it possible to pay for direct supervision and country presence costs. From 2011 until 2015, PMD absorbed cost increases with a flat budget profile in nominal terms. This does not appear to have significantly compromised capacity for strategy and programme management but has not supported the achievement of non-lending objectives as these activities have been penalised in terms of resource allocation.

314. IFAD's decentralization has evolved with a degree of experimentation but **there has not been in-depth analysis of which functions can be best carried out by headquarters and which by ICOs or other decentralised offices** and what

functions can be best undertaken by international professionals and by national professionals at the country and sub-regional level. While country office staff size increased significantly, PMD staffing levels at headquarters have not been reduced. Compared to other organizations, IFAD has not implemented major headquarters restructuring. The experience of Rome-based agencies suggest that a more robust approach is possible.

315. There has not been a thorough analysis of costs implications of different alternatives to country presence. At certain conditions, there is potential for cost-efficiency to be realized from sub-regional hub offices which display lower per country and per project costs compared with CPM-led ICOs. This has not yet been fully explored. Instead, opening new offices entails sizeable additional costs but limited increases in the portfolio coverage because countries with a larger loan portfolio have already been covered. In addition to cost-efficiency considerations, the sub-regional hub model offers a number of advantages from the programmatic point of view (e.g. sub-regional and transboundary strategic positioning) as well as from the perspective of stability of human resources, reducing isolation, rationalizing staff and consultants and generating economies of scale, including for administrative functions. A modelling exercise conducted by this CLE exemplifies such opportunities.

316. IFAD evolved from a traditional highly centralised structure and business model. The evolution from that model has been important and rapid but IFAD's business change process has initially emphasized expanding country presence and only recently has it turned towards decentralization.

317. In consideration of the findings of this evaluation and the experience of other IFIs and UN agencies, **the main issue is now shifting from explaining the benefits of decentralization towards justifying where and why to maintain centralized organization, authority and processes**. In particular, despite the expectations set out in the 2011 Country Presence Policy and Strategy, this CLE noted issues of limited delegation of authority to senior CPMs for country budgets, local procurement, consultant recruitment and communication. Human resource procedures have been updated to match out-posting requirements of professional staff but there is space for improvement in providing incentives for outposting of international staff, training and career development path for national staff. Also, IFAD's financial management systems do not capture the type of information that is necessary to identify and strategically manage the costs associated with decentralization.

318. Moving forward, if IFAD embarked on a sustained increase in the size of the programme of loans and grants, under a zero-growth budget profile, this would presumably lead to increasing volume of work and demand to the headquarters and, even more so, to the country offices. Decentralization would need to be deepened and strengthened, in order to be able to respond to these challenges, in order to maintain and enhance the quality of operational performance and development results.

B. Recommendations

319. Building on the findings and conclusions of this CLE, the goal of these recommendation is to help IFAD enhance operational performance and, through that, development results. They are meant to inform future strategies and plans for decentralization, such as the corporate decentralization plan which Management will present to the Executive Board in December 2016.

320. **Recommendation 1**. **Strengthen IFAD's country presence while pursuing options for enhancive cost-efficiency**. This priority was already identified by the 2013 CLE on IFAD's Institutional Efficiency. After conducting a functional analysis exercise, IFAD should strengthen its country/sub-regional presence and capacity in the field by building "critical mass" and concentrating rather than

dispersing human and financial resources. In a parallel effort to enhance effectiveness and efficiency, it should reduce staff at the headquarters and increase staff in country offices, closer to the country programmes, particularly where programmes are relatively large. The modelling exercise of this CLE exemplifies possible approaches (see Efficiency and Annex VII). *This will entail the following measures:*

321. **1.a** Re-organize country presence around a selected number of sub-regional hubs, supporting other country offices (CPO or CPM-led). Establishing of hubs should be guided by functional analysis, taking into account, inter alia, size of the portfolio, planned non-lending activities, country characteristics (e.g., accessibility via international travels, ICT connectivity, and security) and opportunities to support other offices. Hubs could be grown out of existing ICOs and reduce pressure to establish new ones. Conversely, IFAD should be ready to downsize or close country offices when portfolio size or other criteria do not justify their recurrent costs.

322. **1.b** Based on a functional analysis exercise, identify options to rebalance staffing levels from the headquarters (professional and GS) to regional hubs and country offices which could perform some functions now performed by headquarters regional divisions. Headquarters divisions will need to retain focused but functional support teams including senior professionals which would also allow some rotation between country-based CPMs and headquarters. While this change process may entail initial investment costs, it should be devised so as to generate savings in recurrent costs at PMD level.

323. **1.c** Consider further decentralization of other functions (such as financial management, based on the positive experience in Nairobi) to the regions, especially LAC and APR which have time zone issues and high travel costs from Rome. Consultants and national staff could also be managed sub-regionally for support in such areas as procurement and financial management.

324. **Recommendation 2. In order to achieve stronger development results, better support to non-lending activities through decentralization is needed.** Benefiting from greater proximity with national stakeholders, in its country strategies, IFAD should prepare a realistic agenda for non-lending activities with specific resources allocated. *This will entail the following measures*:

325. **2.a** Introduce, in country strategies, greater selectivity in the agenda for non-lending activities, based on consultation with governments, participation in coordination groups with other organization and interaction with non-government actors. Differentiate the non-lending agenda and the expectations by type of country office (e.g. CPO-led, CPM-led, hubs) and according to their resources. As shown by the recent CLE on the Performance-based Allocation System, the annual rural-sector performance assessment can be a tool for articulating non-lending activities

326. **2.b** Estimate the required resources (staff, type of expertise, financial) for non-lending activities and establish a dedicated budget line for the same in country offices and sub-regional hubs. Enhance collaboration and synergy between PTA, SKD and country offices. Linkages should also be strengthened between country programmes and the grant programme. Allocating a larger share of the grants to country programmes, as already recommended by the CLE on the IFAD Grant Policy (2014), would be an important step forward.

327. **2.c** Include skills and professional experience in non-lending activities as criteria for staff recruitment in country offices and monitor progress and achievements as a part of the country office and staff performance evaluation process. Provide opportunities for training opportunities as well as exchanges of experiences in non-lending activities.

328. **Recommendation 3. Enhance the efficiency of decentralized decision-making in country offices and sub-regional hubs through stronger delegation of authority**. Within a strengthened decentralization setting, there will be scope and need for further delegation of authority, notably for budget holding (supported by sound internal financial control) and communication. *This will entail the following measures:*

329. **3.a** Based on an assessment of the pilot in Vietnam, prepare a plan (including provisions for training and for internal financial control) for delegating further budget holding authority to country directors, particularly when the same are also heads of sub-regional hubs, as this entails a higher volume of transactions to be approved.

330. **3.b** Define a framework for further delegation of authority to country directors and heads of sub-regional hubs as it concerns communication, as well as for establishing a platform to facilitate access to analytical and knowledge products prepared by country offices and project teams, including material prepared in local languages, which should be easily tracked and retrieved.

331. **Recommendation 4. Enhance staff incentives and capacity to operate in a decentralized environment**. IFAD needs to create an enabling environment for decentralization by addressing incentives, skills and competencies of national and international staff. *This will entail the following measures*:

332. **4.a** Strengthen incentives for out-posted staff (e.g., monetary incentives, opportunities for career advancements, other benefits), notably for those in countries with fragility situations where frequent staff moves have the most disruptive effects.

333. **4.b** Expand and better structure the orientation and mentoring programme, particularly for new staff (national and international), with little previous exposure to IFAD. While training would naturally include the mandate, strategies and policies of IFAD, there is also special need to train staff in the country offices on the functionality of IT systems, security, internal procurement and requirements for procurements under loans and grants where "no objection" from IFAD is required.

334. **4.c** Given the demonstrated importance of their function, IFAD Management should develop a plan to better recognise and empower CPOs, particularly those heading country offices. This may involve developing better career management and providing more training to develop the skills sets needed by CPOs, revisiting the generic job profiles for NOA, NOB, NOC and NOD to ensure that the levels are clearly defined, and more explicitly recognising and rewarding the work of CPOs.

335. **Recommendation 5. Improve the quality of data, monitoring and self-assessment.** IFAD needs to generate and report data that allow Management and EB to provide strategic guidance on decentralization, based on assessment of performance and cost-efficiency of different options. *The following priorities are noted:*

336. **5.a** Adjust the IFAD accounting system so as to monitor more comprehensively the cost of country programme management under different ICO configurations, which has been so far presented in a fragmented manner (e.g., separately for country staff costs, administrative costs, supervision costs) and report on them clearly in the official documentation.

337. **5.b** Reduce the number of indicators for ICO monitoring, revise the definition of selected indicators (e.g., Table 2 Chapter III) and integrate them in IFAD-wide management information systems and RIDE reporting.

338. **5.c** Allow for a periodic revision of the IFAD Corporate Decentralization Plan and report back to the Executive Board for further guidance.

Evaluation framework

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
Relevance	KEY QUESTIONS**:** ***What is the International Context for Decentralization and its relevance to IFAD?*** • Paris/Accra/Busan and the policy perspective of donors and developing countries • MDGs/SDGs • Trends toward decentralization in international agencies, including United Nations agencies and Rome-based Agencies ***Is the decentralization, as it developed, coherent with IFAD's stated objectives?*** ***What was the level of institutional commitment to decentralization?*** • Clarity of decisions and commitment by the Executive Board and by senior management. • Commitment of staff to decentralization. ***Relevance of the strategy design as it was initiated and as it evolved formally and informally*** • Quality and clarity of the design as originally specified • Coherence of the decentralization strategy with other major IFAD institutional reforms (e.g. assumption of direct supervision). • Plausibility of underlying assumptions including those for costs and benefits. • Conformity of the implementation to the evolving design/plan. • Relevance of the decentralization as implemented, including any divergences from Plan • Relevance for the future including flexibility of the corporate structure ***What is the Relevance of decentralization to national ownership and direction?*** • Enhanced national ownership and direction of development assistance • Decreased burden on government for formalised reporting to IFAD • Coherent action at country level with international partners	Declarations of intents Extent of decentralization in other agencies Functions decentralized in other agencies Coherence of decentralization with Strategic Framework (2007-10; 2011-15; 2016-25) EB Decisions; Management Decisions Logic, gaps, specification of functions to be decentralized including those for programme and those for administration, time frames Evidence of how rapidly IFAD has changed structures, staffing and functions in the past Perception of Governments Evidence of joint projects, joint policy or knowledge work, IFAD programme integration with other donor/UN programmes Information to and guidance from the EB on policy and strategy (avoidance of operational decision making) Comprehensiveness of management guidance Monitoring, reporting and accountability frameworks, coverage by evaluation and audit	Public documents including Strategic Framework and EB Comparator studies EB and Management Documents Questionnaires and interviews EB, Replenishment and management Documents, including budget, HR and internal audit documents and evaluations. Views from Questionnaires, interviews and workshops

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
	How appropriate was the Institutional governance for the decentralization including the Executive Board and Management? • Oversight and management. • Monitoring reporting and accountability.		
Effectiveness	KEY QUESTIONS: **To what extent has decentralization and the establishment of ICOs contributed to the achievement of IFAD's institutional objectives?** • How did decentralization contribute to preparing country strategies, loan/grant identification and preparation and project preparation of project? • How did decentralization contribute to better supervision and more efficient project implementation? • How did decentralization contribute to strengthening IFAD's partnerships with in-country stakeholders? ➢ Governments (including counterpart funding) ➢ UN agencies and the local donor community ✓ Enhanced harmonisation of IFAD's programme with other donors and UN agencies, including the Rome based agencies. ✓ Resource mobilisation and cofinancing ➢ Non-government stakeholders (including civil society organisations representing farmers and beneficiaries and the private sector) • How did decentralization contribute to IFAD's policy dialogue? • How did decentralization contribute to knowledge management? • How did decentralization contribute to innovation, replication and scaling up? **To what extent has decentralization contributed to achieving better development results including:** • relevance, effectiveness and efficiency and overall results • impact on rural poverty • gender equity	Quality at entry ratings of the COSOPs Survey perception ratings of, and feedback from, ICO case studies and regional consultation workshops on issues related to project design, implementation, partnerships, policy dialogue, knowledge management and capacity building. Number of projects and value of IFAD financing in countries with country offices Quantitative analysis of portfolio data (e.g., time from loan approval to entry into force and first disbursement; disbursement profile; average time for processing withdrawal applications; projects at risk; delays in implementation; project status report ratings for selected fiduciary aspects) Analysis of indicators in the monitoring framework for outreach and scaling up, country programme development, partnership building, policy dialogue and knowledge management and innovation. Analysis of indicators in the annual portfolio reviews (i.e., development achievement, food security, gender focus, poverty focus; climate and environment focus) IOE project and country programme evaluation ratings.	Desk review, databases, project status reports, internal audit reports, evaluation reports, online survey, interviews, regional consultation workshops, ICO case studies. Grant-related documentation. The quantitative analysis of the country office monitoring frameworks, portfolio data and online survey will be done for with and without and before and after (when possible) comparisons.

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
	• environment and natural resource management		
Efficiency	KEY QUESTIONS: ***What is the efficiency and functionality of the Institutional Structure and Organizational Arrangements - Decentralization in the Corporate Structure*** • Distribution of functional responsibilities by typology of ICOs – progress to date • Reporting lines delegation of authority by typology of ICOs • Independent and Service-level Agreement for hosting agency (advantages and disadvantages) • Host Country Agreement ***What was the contribution to Efficiency of Decentralization of Administrative and Financial Business Processes*** • Decentralization of disbursement functions • ITC systems and connectivity • Transaction and service handling for ICOs by host and/or co-located agencies. • IFAD's policies and processes for managing decentralization costs – (both recurrent and non-recurrent) and their effectiveness • Contributions of decentralization/ICOs to improving the efficiency of IFAD's business processes • Opportunities for further efficiency gains, including potential for decentralizing administrative functions to lower cost countries. • Risks and oversight. **How did decentralization support programmatic and managerial efficiency?** • Programmatic efficiency indicators by typology of ICOs (with and without ICO and before and after ICOs). ➢ Adequacy of current systems, indicators and definition of targets ➢ Adequacy for managerial decision-making and Executive Board oversight. **What was the contribution to Efficiency of Human Resource Management?** • Trend and current human resource placement – office staffing including	Clarity, duplications, capacities Costs and estimated savings (including in managerial time) Security Qualitative interaction and synergies Visibility and Image Adequacy of ICO/Headquarters connectivity for different categories of function and transaction Adequacy for remote transaction handling, including delegated authorities and controls (separation of initiation, entry and authorization). Adequacy of staff in ICOs to handle decentralized transactions. Period between approval and entry into force Country office costs, administrative and programmatic Number of host country agreements signed Number of supervision/ implementation support missions in which country office staff participate Number of country offices with access to the IFAD Intranet Staff views. Willingness to move from Rome. Views on functions to decentralise. Selection criteria for ICOs, the different ICO models, budget and staffing criteria; terms of reference of ICOs and HQ units and staff).	Data on costs, savings and staffing Questionnaires, Interviews, Regional workshops Comparator studies Audit reports Electronic survey Desk review, databases, ICO annual progress reports, internal audit reports, online survey, interviews, regional consultation workshops Desk review, databases, ICO annual progress reports, internal audit reports, online survey, interviews, regional consultation workshops

Evaluation criteria	*Evaluation questions*	*Indicators*	*Data sources*
	consultants and use of host agency staff) • Staffing profile of ICOs including terms of reference (clarity) and match of staff with terms of reference in terms of seniority and capacities • Policies for international staff (selection, rotation, career and capacity development, maintaining country knowledge and Headquarters connectedness, incentives). • Policies for national staff, including potential for career development, knowledge of IFAD and staff improvement. **What were the overall costs and savings of decentralization?** • Costs and savings by Headquarters Divisions and typology of ICOs (with and without ICO and before and after ICOs); functional breakdown below is desirable but will depend upon data availability. ➢ By Development Support Function ➢ Administrative and Financial Support Function • Costs of oversight of ICOs • Any duplication of functions and efficiency implications • Trends in objects of expenditure including travel, salaries, consultants and communications (ICOs and Headquarters Divisions) Impact of cost drivers such as salary scales, mix of headquarters-based and local staff, and country requirements for security		

Definition of the evaluation criteria used by IOE

Criteria	*Definition* [a]
Project performance	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
Rural poverty impact [b]	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
Natural resources, the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
Other performance criteria	
Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
Innovation and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Gender equality and women's empowerment	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
Overall project achievement	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
Performance of partners IFAD Government	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. It also assesses the performance of individual partners against their expected role and responsibilities in the project life cycle.

a These definitions have been taken from the Organisation for Economic Co-operation and Development/Development Assistance Committee Glossary of Key Terms in Evaluation and Results-Based Management and from the IFAD Evaluation Manual (2009).

b The IFAD Evaluation Manual also deals with the 'lack of intervention', that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention 'not applicable') is assigned.

Evolution of IFAD's decentralization

Timeline	Main events
2016	IOE undertakes a corporate-level evaluation on IFAD's decentralization
2013	The Executive Board approved the IFAD country presence strategy (2014-2015) with revisions proposed by Management captured therein
2011	The Executive Board approved the IFAD country presence policy and strategy
2008 - 2010	Annual progress report on the Activity plan for IFAD's country presence prepared by Management
2007	Corporate-level evaluation on IFAD's Field Presence Pilot Programme conducted by IOE IFAD Management presented the Activity plan for IFAD's country presence
2006	The Executive Board approved IFAD policy on supervision and implementation support
2003	The first country presence initiative, the three-year Field Presence Pilot Programme, was approved by the Executive Board
2002	A proposal to enhance IFAD's field presence by strengthening in-country capacity was presented to the Executive Board
2000 - 2002	The issue of IFAD's presence in countries was discussed during the Consultation of the Fifth Replenishment

Effectiveness data analysis

1. The main purpose of the quantitative analysis of various databases was to assess whether IFAD's decentralization efforts, through the establishment of different types of ICOs, contributed to better helping IFAD to deliver better development results. The analysis included qualitative and quantitative sources based on data available in IOE (such as the ARRI) and IFAD databases (e.g. PSR database; GRIPS; Flexcube).

2. The time frame of the analysis was generally from 2003 to 2015. However, given the different sources and material used, the coverage varies within the evaluation coverage.

3. The databases analysed were divided to **classify the information** by different groups, to assess IFAD's operational performance and development results in countries "with and without" ICOs and "before and after" the establishment of the respective ICOs. These cases provided a partial counterfactual to help address the question of what would have happened if ICOs were not established.

   - **With and without an ICO.** With ICO: projects were located in countries in which an ICO was operational for two or more years before the project was completed.[159] Without ICO: projects located in countries where there was no ICO or the ICO was operational for less than two years. Countries without their own ICO that were covered by a hub were included in the "without an ICO" case. Hubs are a relatively new occurrence and it was not always possible to determine with precision exactly when a hub became responsible for covering other countries.
   - **Before and After**. These cases only included countries with an ICO. The evaluated projects were analysed as: (i) before: the ICO was not established or had not been operational for two years before project completion; and, (ii) after: the ICO was operational for two or more years before project completion.
   - **CPO-led, CPM-led and ICO operational for longer periods of time.** The third level of analysis examined ICOs by different sub categories:
     - CPM-led: ICOs where the first CPM was outposted for two years or more before the project was completed.
     - CPO-led: ICOs without an outposted CPM in that specific office.
     - ICO operational for *x* number of years: projects with an operational ICO for more than four or more or eight or more years before project completion.

4. The **validation of the results** consisted in running a series of statistical tests[160]. If the statistical tests returned a P-value smaller than 0.10 the evaluators assessed the results as moderately statistically significant (*), values smaller than 0.05 as statistically significant (**) and; smaller than 0.01 as highly statistically significant (***). An additional validation method consisted in crosschecking data with published documents such as the ARRI and the IFAD Annual Reports.

[159] The "with ICO" category varied, depending on the data sample size and its balance for the "with" and "without" cases. In some cases, it was considered "with ICO" when the ICO was operational for at least half of the project's duration and/or if the ICO was operational before the project approval.
[160] The statistical test used was a two sample t-test for the equality of means, which is commonly used to determine whether the mean of a population significantly differs from the mean of another population (e.g. projects with and without an ICO). The statistical software used is STATA: Data Analysis and Statistical Software, version 13.

PCRV/PPA/PE ratings database

5. The PCRV/PPA data series was introduced for the first time in the 2013 ARRI and contains ratings from PCRVs, PPAs and impact evaluations. The following data analysis includes Project Evaluations (PE) for projects completed after 2007. The database of the PCRV/PPA/PE ratings for 156 evaluated projects.[161] The database includes only completed projects from 2007 to 2015. Only since 2006 have all evaluations been based on a consistent methodology including the use of ratings. From the total sample, 96 projects closed in 2007-2011 and 60 in 2012-2015.

With and Without Analysis

Table 1
Average score of the PCRV/PPA data series. Countries with ICO 2 years before the project was completed

	Project Overall Achievement	*Relevance*	*Effectiveness*	*Efficiency*	*Average Project Performance*	*Partner Performance*	*IFAD*	*Cooperating Institution*	*Government*	*NG/ Other*	*Co-Financiers*
Countries without ICOs	3.97	4.38	3.89	3.60	3.95	.	4.13	4.10	3.80	4.43	5.00
Number of observations	103	104	104	103	101	.	104	31	104	7	1
Countries with ICOs	4.29	4.58	4.40	3.83	4.26	.	4.40	4.31	3.98	4.75	4.50
Number of observations	52	52	52	52	52	.	52	13	52	4	5
Mean difference	0.32**	0.19	0.51***	0.22	0.32**	.	0.28***	0.21	0.18	-.32	0.50
P value	0.0114	0.1680	0.0002	0.1513	0.0137	.	0.0101	0.4253	0.2049	0.7158	.
Total average	4.08	4.45	4.06	3.68	4.05	.	4.22	4.16	3.86	4.55	4.58

Source: ARRI database Note: ***, ** and * denote significance at 1%, 5%, and 10% level.

[161] The database includes: 85 PCRVs, 39 PPAs, 2 IEs, and 30 PEs.

Table 2
Average score of the PCRV/PPA data series. Countries with ICO 2 years before the project was completed

	Household income and assets	*Food security and agric productivity*	*Environ & Nat Resource Mgmt*	*Human and social capital and empowerment*	*Institutions & Policies*	*Project Rural Poverty Impact*	*Innovation & Scaling-up*	*Sustainability*	*Gender equality & women's empowerment*
Countries without ICOs	4.16	4.00	3.79	4.36	4.11	4.12	4.04	3.65	4.20
Number of observations	94	89	80	98	93	98	104	103	84
Countries with ICOs	4.42	4.28	3.89	4.47	4.10	4.34	4.40	3.92	4.53
Number of observations	50	47	38	51	49	50	52	52	43
Mean difference	0.26*	0.28*	0.11	0.11	-0.01	0.22*	0.37**	0.27**	0.33**
P value	0.0587	0.0737	0.5661	0.4696	0.9736	0.0707	0.0123	0.0447	0.0405
Total average	4.25	4.10	3.82	4.40	4.11	4.19	4.16	3.74	4.31

Source: ARRI database Note: ***, ** and * denote significance at 1%, 5%, and 10% level.

With and Without analysis of projects with a loan amount below or above the median amount.

6. The analysis shows the average ratings separating the projects with and without ICO by their median project loan size. The median project loan size for projects with an ICO was US$21.14 million and the median loan size of projects without an ICO was US$11.5 million. The results are show in the tables below.

Table 3

Average score of the PCRV/PPA data series. Countries with ICO for 2 years or more before the project was completed disaggregated by projects with a loan amount below or above the median loan amount.

		Project Overall Achievement	*Project Performance*	*Relevance*	*Effectiveness*	*Efficiency*	*Average Project Performance*	*Partner Performance*	*IFAD*	*Cooperating Institution*	*Government*
Projects loan size below the median	Without ICO	3.81		4.25	3.71	3.50	3.76		3.92	na	3.59
	Number of observations	52		52	52	51	51		52	na	52
	With ICO	4.15		4.50	4.31	3.58	4.12		4.38	na	3.88
	Number of observations	26		26	26	26	26		26	na	26
	Mean difference	0.34**		0.25	0.6***	0.08	0.36*		0.46***	na	0.29
	P value	0.0401		0.2254	0.0027	0.7008	0.0530		0.0059	na	0.1585
	Total	3.92		4.33	3.91	3.5	3.88		4.08	na	3.69
Projects loan size above the median	Without ICO	4.13		4.52	4.08	3.70	4.13		4.33	na	4.00
	Number of observations	51		52	52	51	51		52	na	52
	With ICO	4.42		4.65	4.50	4.08	4.40		4.42	na	4.07
	Number of observations	26		26	26	26	26		26	na	26
	Mean difference	0.29		0.13	0.42**	0.38	0.27		0.09	na	0.07
	P value	0.1174		0.4787	0.0242	0.1144	0.1173		0.5654	na	0.7032
	Total	4.23		4.56	4.22	3.83	4.225		4.36	na	4.02

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.

Table 4

Average score of the PCRV/PPA data series. Countries with ICO for 2 years or more before the project was completed disaggregated by projects with a loan amount below or above their median.

		Household income and assets	*Food security and agric productivity*	*Environ & Nat Resource Mgmt*	*Human and social capital and empowerment*	*Institutions & Policies*	*Project Rural Poverty Impact*	*Overarching Factors*	*Innovation & Scaling-up*	*Sustainability*	*Gender equality & women's empowerment*
Projects loan size below the median	Without ICO	3.91	3.76	3.67	4.12	4.04	3.96		3.94	3.57	4.09
	Number of observations	47	47	37	50	46	49		52	51	44
	With ICO	4.34	4.40	4.12	4.50	4.16	4.32		4.31	3.81	4.43
	Number of observations	26	25	16.00	26	24	25		26	26	21
	Mean difference	0.43**	0.64***	0.45*	0.38*	0.12	0.36**		0.37**	0.24	0.34*
	P value	0.0353	0.0021	0.0739	0.0697	0.5795	0.0260		0.0500	0.1425	0.0953
	Total	4.07	3.98	3.81	4.25	4.08	4.08		4.06	3.65	4.2
Projects loan size above the median	Without ICO	4.40	4.26	3.88	4.60	4.17	4.27		4.13	4	4.33
	Number of observations	47	42	43	48	47	49		52	52	40
	With ICO	4.50	4.13	3.73	4.44	4.04	4.36		4.50	4	4.64
	Number of observations	24	22	22	25	25	25		26	26	22
	Mean difference	0.10	-0.13	-0.15	-0.16	-0.13	0.09		0.37	0	0.32
	P value	0.5981	0.5899	0.5602	0.4882	0.6023	0.6559		0.1061	0	0.2237
	Total	4.44	4.22	3.83	4.55	4.12	4.3		4.25	4	4.43

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.

Before and After analysis

Table 5
Average evaluation scores for the PCRV/PPA/PE data series (Before and After)

	Project Overall Achievement	*Project Performance*	*Relevance*	*Effectiveness*	*Efficiency*	*Average Project Performance*	*Partner Performance*	*IFAD*	*Cooperating Institution*	*Government*	*NGO/Other*	*Co-Financiers*
Before ICO	4.06		4.56	4.02	3.73	4.08		4.15	4.07	3.90	3.50	
Number of observations	48		48	48	48	47		48	15	48	4	0
After ICO	4.29		4.58	4.40	3.83	4.26		4.40	4.31	3.98	4.75	4.50
Number of observations	52		52	52	52	52		52	13	52	4	5
Mean difference	0.23		0.01	0.38**	0.10	0.18		0.26	0.24	0.08	1.25	4.50
P value	0.1400		0.925	0.0165	0.5987	0.2282		0.1046	0.4424	0.6321	na	na
Total	4.18		4.57	4.22	3.78	4.17		4.28	4.18	3.94	4.13	4.50

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.

Table 6
Average evaluation scores for the PCRV/PPA/PE data series (Before and After)

	Household income and assets	*Food security and agric productivity*	*Environ & Nat Resource Mgmt*	*Human and social capital and empowerment*	*Institutions & Policies*	*Project Rural Poverty Impact*	*Overarching Factors*	*Innovation & Scaling-up*	*Sustainability*	*Gender equality & women's empowerment*
Before ICO	4.37	4.12	3.82	4.46	4.29	4.20		4.17	3.69	4.31
Number of observations	43	41	38	46	42	46		48	48	36
After ICO	4.42	4.28	3.89	4.47	4.10	4.34		4.40	3.92	4.53
Number of observations	50	47	38	51	49	50		52	52	43
Mean difference	0.05	0.15	0.08	0.01	-0.18	0.14		0.24	0.24	0.23
P value	0.7739	0.4351	0.2731	0.9357	0.3442	0.3202		0.1699	0.1425	0.2489
Total	4.40	4.20	3.86	4.46	4.19	4.27		4.29	3.81	4.43

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.

Country Programme Managers and Country Programme Officers headed offices analysis

Table 7
Average evaluation ratings of the PCRV/PPA/PE data series by ICO type.

	Project Overall Achievement	*Project Performance*	*Relevance*	*Effectiveness*	*Efficiency*	*Average Project Performance*	*Partner Performance*	*IFAD*	*Cooperating Institution*	*Government*	*NGO/Other*	*Co-Financiers*
Countries with ICOs headed by CPOs	4.30		4.62	4.40	3.79	4.26		4.40	4.25	4.02	4.75	4.50
Number of observations	47		47	47	47	47		47	12	47	4	5
Countries with ICOs headed by CPMs	4.20		4.20	4.40	4.20	4.26		4.40	5.00	3.60		
Number of observations [a]	5		5	5	5	5		5	1	5		
Mean difference	-0.10		-0.42	0.00	0.41	0.00		0.00	0.75	-0.42	-4.75	-4.50
P value	0.811		0.3399	0.9922	0.4545	0.9971		0.9876	na	0.361	na	na
Mean of Countries with ICO	4.29		4.58	4.40	3.83	4.26		4.40	4.31	3.98	4.75	4.50

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.

Table 8
Average evaluation ratings of the PCRV/PPA/PE data series by ICO type. CPMs outposted for 2 or more years at the ICO

	Household income and assets	*Food security and agric productivity*	*Environ & Nat Resource Mgmt*	*Human and social capital and empowerment*	*Institutions & Policies*	*Project Rural Poverty Impact*	*Overarching Factors*	*Innovation & Scaling-up*	*Sustainability*	*Gender equality & women's empowerment*
CPO-led ICO	4.41	4.27	3.91	4.46	4.11	4.33		4.38	3.94	4.56
Number of observations	46	44	35	46	44	46		47	47	39
CPM-led ICO	4.50	4.33	3.67	4.60	4.00	4.50		4.60	3.80	4.25
Number of observations [a]	4	3	3	5	5	4		5	5	4
Mean difference	0.09	0.06	-0.25	0.14	-0.11	0.17		0.22	-0.14	-0.31
P value	0.7918	0.8764	0.5546	0.7478	0.8491	0.6011		0.6971	0.7428	0.7059
Mean of Countries with ICO	4.42	4.28	3.89	4.47	4.10	4.34		4.40	3.92	4.53

Source: ARRI database, ***, ** and * denote significance at 1%, 5%, and 10% level.
a Given the small sample of evaluated projects that finished two years after the CPM was outposted (5), the small sample size limits the possibility of the t-test to show statistically significant results, this issue happened when comparing: CPO-led offices and CPM-led offices, and; CPM-led offices and projects with no ICO.

Country Programme Evaluation ratings (2006 – 2015)

7. Using the ARRI database, the evaluation also assessed the performance of IFAD country programmes beyond the project level, using the assessments contained in CPEs. A total of 36 CPEs have been produced since 2006 based on a consistent methodology including the use of ratings, which allows for the aggregation of results across country programmes. For this analysis the "with ICO" case includes those countries in which the ICO was operational for at least four years before the CPE was completed.

Table 9
CPE database for Countries in with and without ICO.

Score average	*Relevance*	*Effectiveness*	*Efficiency*	*Overall project performance*	*Rural poverty impact*	*Sustainability*	*Innovations, replication and scaling up*	*Gender*	*Overall portfolio achievement*	*Performance of IFAD*	*Performance of Government*	*Performance of cooperating institutions*
Countries without ICOs	4.28	3.89	3.67	3.89	4.11	3.56	3.83	3.91	3.83	3.94	3.83	3.78
Number of observations	18	18	18	18	18	18	18	11	18	18	18	9
Countries with ICOs	4.61	4.17	3.83	4.29	4.41	3.89	4.33	4.69	4.29	4.50	4.17	4.00
Number of observations	18	18	18	17	17	18	18	13	17	18	18	6
Mean difference	0.33*	0.28	0.17	0.4**	0.30	0.33*	0.5**	0.78***	0.46***	0.55***	0.33	0.22
P value	0.0726	0.1018	0.5025	0.0300	0.1127	0.0771	0.0108	0.0013	0.0091	0.0033	0.1151	0.1690
Total	4.44	4.03	3.75	4.08	4.26	3.72	4.08	4.33	4.06	4.22	4	3.87

Source: ARRI database, Note: ***, ** and * denote significance at 1%, 5%, and 10% level .

Table 10
CPE database for Countries in with and without ICO.

Score average	*Policy dialogue*	*Partnership building*	*Knowledge management*	*Overall NLA*	*COSOP relevance*	*COSOP effectiveness*	*COSOP performance*
Countries without ICOs	3.33	3.78	3.78	3.72	3.82	3.54	3.75
Number of observations	18	18	18	18	17	13	16
Countries with ICOs	3.72	3.89	3.67	3.78	4.50	4.14	4.40
Number of observations	18	18	18	18	18	14	15
Mean difference	0.39	0.11	-0.11	0.06	0.68***	0.60***	0.65***
P value	0.1547	0.6177	0.6750	0.7684	0.0017	0.0063	0.0054
Total	3.53	3.83	3.72	3.75	4.17	3.85	4.06

Source: ARRI database, Note: ***, ** and * denote significance at 1%, 5%, and 10% level.

Portfolio Indicators

Cofinancing

8. Cofinancing includes: domestic contributions from recipient governments, from beneficiaries, and international resources from bilateral and multilateral organizations. The levels of cofinancing are affected by many external factors and approvals vary greatly from year to year. The objective of this analysis was to test whether there was a trend or any relation between the level of cofinancing and the presence of an IFAD country Office. The analysis includes all IFAD investment projects approved from 2003 to 2015 (sample size: 427 projects). The "with ICO" case included projects approved in countries when ICOs were operational and in the case of CPM-led ICOs if the CPM was outposted before project approval. The before and after ICO analysis included projects in countries that were approved after the ICO became operational

Table 11
Average financing of IFAD Investment Projects (2003-2015) With and without ICOs

	Domestic	*IFAD*	*International*
Without ICO	24%	58%	19%
Number of observations	270	270	270
With ICO	27%	59%	14%
Number of observations	157	157	157
Average difference	3%*	1%	-5%**
p value	0.0860	0.5699	0.0275
Total Average	*25%*	*58%*	*17%*

Source: Grants and Investment Project System (Grips), Note: ***, ** and * denote significance at 1%, 5%, and 10% level .

Table 12
Average financing of IFAD Investment Project, 2003-2015 for CPO and CPM led ICOs

	Domestic	*IFAD*	*International*
CPO-led	29%	59%	13%
Number of observations	121	121	121
CPM-led	21%	61%	19%
Number of observations	36	36	36
Average diff. CPM vs. CPO	-8%***	2%	6%
p value	0.0386	0.7246	0.2132
Total Average	*27%*	*59%*	*14%*

Source: Grants and Investment Project System (Grips), Note: ***, ** and * denote significance at 1%, 5%, and 10% level .

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Table 13
Average financing of IFAD Investment Project, 2003-2015 before and after ICOs

	Domestic	*IFAD*	*International*
Before ICO	20%	60%	19%
Number of observations	107	107	107
After ICO	27%	59%	14%
Number of observations	157	157	157
Average diff. After vs Before	7%***	-1%	-6%*
p value	0.0013	0.6678	0.0525
Total Average	*25%*	*60%*	*16%*

Source: Grants and Investment Project System (Grips), Note: ***, ** and * denote significance at 1%, 5%, and 10% level.

Table 14
Average financing of IFAD Investment Project, 2003-2015 for ICOs that were operational for 5 years before project approval

	Domestic	*IFAD*	*International*
Without ICO	24%	58%	19%
Number of observations	270	270	270
ICO opp 5y+	29%	62%	8%
Number of observations	64	64	64
Average diff. ICO vs without ICO	6%*	5%	-10%***
p value	0.0770	0.1797	0.0003
Total Average	25%	58%	17%

Source: Grants and Investment Project System (Grips), Note: ***, ** and * denote significance at 1%, 5%, and 10% level.

Table 15
IFAD approved investment projects cofinanced by multilateral donors, 2003 – 2015 (US$ million)

	ADB	*AFDB*	*European Union*	*FAO*	*GEF*	*IDA*	*IsDB*	*OFID*	*WFP*	*UNDP*
With ICO	721	171	73	-	51	535	37	96	5	-
Without ICO	126	142	36	2	97	471	81	350	39	7
CPM led ICO	600	163	12	-	9	110	-	29	-	-
CPO led ICO	121	8	61	-	41	425	37	67	5	-
ICO operational for 5+y	-	93	28	-	31	110	15	10	-	-
ICO operational for 10+y	-	30	-	-	-	-	-	10	-	-
After the ICO	721	171	73	-	51	535	37	96	5	-
Before ICO	126	134	27	2	35	331	-	129	38	3
Total by Organization	847	313	110	2	147	1 005	119	447	44	7

Source: Grants and Investment Project System (Grips).

Policy Dialogue

9. The policy dialogue analysis consisted in extracting data from the country-level policy engagement in IFAD, the 2016 Management review of policy engagement experience. As in the previous analysis, the data was divided by different criteria. The results are shown in the tables below.

Table 16
With or without operational ICO after the COSOP was produced

	COSOP Policy Dialogue Articulation Score	*% of projects in a country's portfolio in which the design document describes policy engagement*
Without ICO (Countries Where the ICO was Established After the COSOP Was Produced)	2.58	50%
Number of observations	45	47
With ICO (Countries Where the ICO was Established Before the COSOP Was Produced)	2.16	52%
Number of observations	25	25
Mean difference	-0.42	2%
P value	0.1661	0.8023
Total average	2.4286	51%

Source: Country-level policy engagement in IFAD (2016).

Project Status Reports (2015)

10. The PSR, prepared by IFAD's Management, are a key source of information on performance of ongoing projects. They are produced annually for all loan or DSF-funded investment projects and must be submitted for all projects that have been under implementation for more than six months. The PSR data used consists of all PSRs done in 2015. Out of the 445 Project Status Reports revised, 237 had an operational ICO for two years or more before the PSR was conducted and 208 did not have an ICO or the ICO was not operational for two years. Given the length and the number of indicators, the tables below only show a selected number of indicators.

With and Without an ICO

Table 17
Project Status Reports (2015). Countries with ICO: when ICOs had been operational for two years or more before the PSR was conducted).

	Gender focus	*Poverty focus*	*Effectiveness of targeting approach*	*Innovation and learning*	*Climate and environment focus*	*Institution building (organizations, etc.)*	*Empowerment*	*Quality of beneficiary participation*
Countries without ICOs	4.19	4.35	4.25	4.08	4.17	3.98	4.06	4.17
Number of observations	208	208	204	203	204	205	205	208
Countries with ICOs	4.42	4.45	4.38	4.18	4.12	4.03	4.21	4.32
Number of observations	240	240	239	235	236	237	237	240
Mean difference	0.23***	0.10*	0.13**	0.10	-0.05	0.05	0.15**	0.14**
P value	0.0006	0.0857	0.0307	0.1238	0.31	0.4313	0.0254	0.0217
Total	4.31	4.41	4.33	4.13	4.14	4.00	4.14	4.25

Source: PSR database. IOE CLE-Decentralization.

Table 18
Project Status Reports (2015). Countries with ICO: when the ICO had been operational for two years or more before the PSR was conducted.

	Responsiveness of service providers	*Potential for scaling up and replication*	*Physical / financial assets*	*Food security*	*Likelihood of achieving the development objectives (section B3 and B4)*	*Quality of natural asset improvement and climate resilience*
Countries without ICOs	4.11	4.28	4.02	3.99	4.09	4.03
Number of observations	208	200	205	205	208	205
Countries with ICOs	4.11	4.31	4.07	4.12	4.12	4.04
Number of observations	240	236	235	235	240	235
Mean difference	0.00	0.03	0.05	0.14	0.03	0.01
P value	0.9752	0.6632	0.4628	0.0327**	0.5963	0.8137
Total	4.11	4.29	4.05	4.06	4.10	4.04

Source: PSR database. IOE CLE-Decentralization.

Portfolio Performance indicators

11. The analysis consisted in measuring a number of performance indicators to test differences for projects with an ICO (at project approval). The database included all IFAD projects approved from 2013 to 2015, the performance indicators were:

- Time difference (years): Measures the time difference from key project milestones: (i) project approval to entry into force; (ii) project approval to first disbursement; and (iii) entry into force to first disbursement.
- Average number of extensions: Analysing the number of extensions for IFAD projects stated as: financially closed, projects completed and ongoing projects that already have extensions.
- Average percent of time overrun: Including only the IFAD projects stated as: financially closed and/or projects completed. The percent of time overrun is calculated using the following formula

$$\%Time\ Overrun = \left(\frac{Current\ Completion\ Date - Date\ of\ Entry\ Into\ Force}{Original\ Completion\ Date - Date\ of\ Entry\ Into\ Force}\right) - 1$$

Results

With and Without an ICO

Table 19
Time lapse comparison between countries with and without an ICO at time of project approval.

	Time from: INVPR Approval to Entry into Force (years)	*Time from: INVPR Approval to First Disbursement (years)*	*Time from: Entry into force to First Disbursement (years)*
Without ICO	0.90	1.63	0.71
Number of observations	395	367	364
With ICO	0.71	1.48	0.75
Number of observations	216	187	186
Mean difference	-0.19***	-0.15	0.04
P value	0.0013	0.1235	0.5603
Total	0.83	1.58	0.72

Source: Grants and Investment Project System.

Before and After ICO

Table 20
Time lapse comparison for countries before and after the establishment of the ICO

	Time from: INVPR Approval to Entry into Force (years)	*Time from: INVPR Approval to First Disbursement (years)*	*Time from: Entry into force to First Disbursement (years)*
Before ICO	0.91	1.62	0.70
Number of observations	152	151	151
After the ICO	0.71	1.48	0.75
Number of observations	219	187	187
Mean difference	-0.21**	-0.13	0.05
P value	0.0115	0.2502	0.5652
Total	0.79	1.54	0.73

Source: Grants and Investment Project System.

CPM and CPO headed offices and projects with ICOs for a longer period of time

Table 21
Time lapse comparison CPO-led and CPM-led offices at project approval

	Time from: INVPR Approval to Entry into Force (years)	*Time from: INVPR Approval to First Disbursement (years)*	*Time from: Entry into force to First Disbursement (years)*
CPO led ICO	0.77	1.62	0.81
Number of observations	170	153	152
CPM led ICO	0.48	0.88	0.44
Number of observations	46	34	34
Mean difference	-0.29***	-0.74***	-0.37***
P value	0.0002	0.00001	0.00001
Total	0.66	1.33	0.64

Source: Grants and Investment Project System.

Table 22
Time lapse comparison of ICOs operational for longer period of time

	Time from: INVPR Approval to Entry into Force (years)	*Time from: INVPR Approval to First Disbursement (years)*	*Time from: Entry into force to First Disbursement (years)*
ICO operational for 5+y	0.57	1.43	0.84
Number of observations	78	70	70
ICO operational for 10+y	0.38	1.01	0.63
Number of observations	20	18	18
CPM led office for 2+y	0.38	0.92	0.53
Number of observations	25	23	23
Average (with ICOs)	0.71	1.48	0.75
Number of observations	218	189	188

Source: Grants and Investment Project System.

Withdrawal applications

12. The analysis compares the time difference in days from the withdrawal applications receipt to the value date, for all withdrawal applications (WA) processed in 2015 (sample size: 1,487). He with the ICO case included countries in which the ICO was operational for two or more years. CPM-led ICOs included countries in which the first CPM was outposted for two years or more before receiving the WA was submitted.
Definitions:

Withdrawal application receipt: The day the WA was received by IFAD.

Value date: Delivery date of funds traded.

Inherent risk: Determined to each project by the IFAD Finance Officer, based on international finance index and reports that rate the countries financial risk.

Results

With and Without an ICO

Table 23
Time lapse from WA receipt to Value (days) by country risk rating.

	Low	*Medium*	*High*	*Total*
Countries without ICOs	10.87	15.01	15.60	15.03
Number of observations	37	366	287	690
Countries with ICOs	8.79	15.41	17.66	16.16
Number of observations	43	360	394	797
Mean difference	-2.08*	0.40	2.06**	1.13**
P value	0.0947	0.5348	0.0048	0.0157
Total	9.75	15.21	16.79	15.64

Source: Flexcube.

Table 24
Time lapse from WA receipt to Value (days) by country risk rating for CPM and CPO-led ICOs

	Low	*Medium*	*High*	*Total*
Countries with CPO	7.42	15.53	17.38	16.06
Number of observations	27	187	252	466
Countries with CPM	11.09	15.27	18.16	16.31
Number of observations	16	173	142	331
Mean difference	3.67**	-0.26	0.78	0.25
P value	0.0228	0.7687	0.3992	0.6940
Total	8.79	15.41	17.66	16.16

Source: Flexcube.

Table 25
Time lapse from WA receipt to Value (days) by country risk ratings when the ICO was operational for four years or more

	Low	*Medium*	*High*	*Total*
Countries without ICOs	10.87	15.01	15.84	15.23
Number of observations	37	389	406	832
Countries with ICOs	8.79	15.44	18.20	16.16
Number of observations	43	337	275	655
Mean difference	-2.08*	0.43	2.36***	0.93**
P value	0.0947	0.4985	0.001	0.0456
Total	9.75	15.21	16.79	15.64

Source: Flexcube.

Project duration

13. The analysis compares the time difference in years for all IFAD investment project approved from 2003 onwards, and completed/financially closed before 2016. The sample size consisted of 143 projects. Of those 22 were in countries in which the ICO was operational for the full project cycle. There were 57 completed projects for which the ICO was operational for two or more years before project completion.

Table 26
Project duration for projects that were approved and completed between 2003 and 2016 and the ICO was operational for the full project cycle (years)

	Time from project approval to original completion	*Time from project approval to current completion*	*Time from entry into force to original completion*	*Time from entry into force to current completion*	*Delay from original completion to current completion*
Without ICO	7.15	7.39	6.09	6.33	0.23
Number of observations	121	121	121	121	121
With ICO	6.86	6.97	5.77	5.88	0.11
Number of observations	22	22	22	22	22
Mean difference	-0.29	-0.42	-0.32	-0.45	-0.12
P value	0.5081	0.2461	0.3290	0.11	0.5267
Total	7.11	7.32	6.04	6.26	0.22

Source: Grants and Investment Project System.

Table 27
Project duration for projects that were approved and completed between 2003 and 2016 and the ICO was operational for two or more years before project completion (years)

	Time from project approval to original completion	*Time from project approval to current completion*	*Time from entry into force to original completion*	*Time from entry into force to current completion*	*Delay from original completion to current completion*
Without ICO	6.94	7.07	5.83	5.96	0.13
Number of observations	86	86	86	86	86
With ICO 2y+	7.37	7.71	6.37	6.71	0.34
Number of observations	57	57	57	57	57
Mean difference	0.43	0.64**	0.54**	0.75***	0.21
P value	0.5081	0.0211	0.0256	0.0023	0.1961
Total	7.11	7.32	6.04	6.26	0.21

Source: Grants and Investment Project System.

The ongoing project portfolio and coverage by ICOs

14. The following tables show the ICO coverage of the active investment project portfolio and value of IFAD financing (US$) by: (i) projects in countries with ICOs; (ii) projects covered through ICOs; and (iii) estimated number and value of projects that would be covered by all the approved ICOs.

Table 28
Number of ongoing project portfolio through ICOs * (July 2016)

	Number of ongoing projects	*% of projects (active portfolio) in countries currently with ICO*	*% of projects (active portfolio) that would be covered by the 49 approved ICOs*
APR	65	80%	94%
ESA	44	75%	91%
LAC	35	37%	66%
NEN**	37	43%	57%
WCA	44	66%	95%
Total	225	64%	72%

Source: Grants and Investment Project System.
*Ongoing project portfolio consists of: approved projects and projects available for disbursement.
**Yemen ICO is considered as operational

Table 29
Value of ongoing project portfolio coverage through ICOs* (July 2016)

	Total approved IFAD financing (US$)	*% of the Approved IFAD financing to projects in countries currently with ICO*	*% of the Approved IFAD financing that would be covered by the 49 approved ICOs*
APR	2 132 477 288	89%	96%
ESA	1 409 249 837	89%	93%
LAC	532 897 801	49%	55%
NEN**	803 309 217	55%	69%
WCA	1 230 155 296	80%	89%
Total	6 108 089 439	79%	87%

Source: Grants and Investment Project System.
*Amounts include loans and DSF grants for investment projects (US$)
**Yemen ICO is considered as operational

Project Status Reports (2015) – subset portfolio operational indicators

15. The PSR data consists of all PSR produced in 2015. Out of the 445, 237 PSRs were in countries in which an ICO had been operational for two years or more years before the PSR was produced and 208 did not have an ICO or the ICO was operational for less than two years. The below tables include the PSR scores of a set of operational indicators.

Table 30
PSRs, countries with ICO: when ICO were operational for two years or more before the PSR was produced.

	Effectiveness lag	*Quality of financial management*	*Acceptable disbursement rate*	*Counterpart funds*	*Compliance with financing covenants*	*Compliance with procurement*	*Performance of M&E*
Countries without ICOs	9.73	4.11	3.61	4.23	4.21	4.07	3.80
Number of observations	208	207	208	208	208	208	208
Countries with ICOs	10.55	3.98	3.34	4.15	4.19	4.00	3.95
Number of observations	237	240	240	240	240	240	240
Mean difference	0.82	-0.14	-0.26	-0.08	-0.02	-0.07	0.15
P value	0.3548	0.0448	0.0339	0.3514	0.7181	0.3185	0.0349
Total	10.17	4.04	3.46	4.19	4.20	4.03	3.88

Source: PSR database. IOE CLE-Decentralization.

Table 31
PSRs, countries with ICO: when ICO was operational for two years or more before the PSR was produced.

	Overall implementation progress	*Quality of project management*	*Coherence between AWPB & implementation*	*Exit strategy (readiness and quality)*	*Quality and timeliness of audits*
Countries without ICOs	4.01	4.14	3.83	3.81	4.33
Number of observations	208	208	205	189	208
Countries with ICOs	4.06	4.09	3.79	3.92	4.16
Number of observations	240	240	240	221	240
Mean difference	0.04	-0.06	-0.04	0.11	-0.16
P value	0.4784	0.4232	0.5611	0.1261	0.0217
Total	4.04	4.11	3.81	3.87	4.24

Source: PSR database. IOE CLE-Decentralization.

Comparison of advantages and disadvantages of different ICO modalities

16. **Background.** Four regional workshops were organized by IOE for the CLE Decentralisation, covering all geographic regions where IFAD has operations. These regional workshops provided opportunities for the evaluation team to receive feedback on the perspectives of CPMs and programme assistants (both out-posted and Rome-based), country programme officers, government representatives, project directors and other in-country stakeholders on the different models of ICOs, especially in the "World Cafés".

Comparison of different ICO modalities

Table 32
Model 1: No ICO

Thematic area	*Advantages*[162]	*Disadvantages*
A. Project implementation and supervision support	1. Project coordination more empowered-representation (contextual); 2. Reduced risk of micromanagement 3. Building national ownership and capacity; 4. No expectations for core business allows(CPMs) to focus on projects 5. More ownership in the government 6. Wider variety of expertise through recruitment of short-term consultants 7. IFAD missions get focused government's attention	1. Limited knowledge of country context and the country culture; 2. Limited implementation support to projects; 3. Heavy workload on project managers to include representational roles; 4. Delays in non-objections; 5. Limited institutional memory due to turnover of project directors; 6. Less support to project implementation 7. Longer time for approvals (e.g. no-objection, withdrawal applications) 8. No hand-holding on an on-going basis 9. Difficulty in communication (language and formality of communications with IFAD) 10. Quality of supervision and implementation support is affected 11. No dedicated attention to specific country issues 12. Lack of regular follow-up 13. Nobody to "coach" project teams
B. Policy dialogue		1. Less dialogue between the government and IFAD; 2. Limited policy engagement 3. Limited visibility/ representation; 4. No constant dialogue that can help to negotiate new projects with the government.

[162] It is highlighted in the regional workshop in Hanoi that these advantages depend on the country context and on the assumptions that projects are running smoothly. Some advantages are relevant to IFAD and some to governments.

Thematic area		*Advantages*[162]		*Disadvantages*
C.	Partnership building	1. Allows Government to be strengthened	1. Limited engagement/ interaction with partners; 2. Limited accountability to the partners /government; 3. Lack of coordination between Government and IFAD; 4. Credibility with the Government affected (due to limited knowledge of local reality); 5. IFAD's development agenda /leadership in the sector is affected; 6. IFAD is vulnerable to criticism by development partners and IFAD may be perceived as irrelevant.
D.	Knowledge management		1. Limited opportunities for the programs to learn & share lessons.
E.	HR and delegation of authority	1. Skills developed/enhanced; 2. More possibilities of career development and/or changing jobs inside the organization	1. High workload for CPM; 2. High consultancy costs to follow up with implementation support; 3. Limited flexibility in decision making; 4. Slow decision making processes.
F.	Administrative management	1. Less time needed for some administrative internal processes given that they are in the same time zone and can do a stronger follow up; 2. Encourages use of IT for communication; 3. Less burden on IFAD administrative staff in Headquarters of IFAD	1. Increases administrative and logistical burden on Government
G.	Cost	1. No establishment cost for IFAD 2. No administrative expenses for managing an office; 3. Provides opportunity for IFAD to find creative solutions/cost effective alternatives 4. If IFAD opts for budget support / basket funding, ICO not needed (particularly for small portfolio)	1. High supervision costs. 2. Increase in travel costs and burden on CPM
H.	Others cross-cutting issues	1. More engagement at corporate level, including CPM has more interaction between the other IFAD divisions. 2. Multi-country coverage (HQ based CPM could cover more than one country)	1. Less focus on clients and more on IFAD HQ; 2. Issue of communication due to language and time difference. 3. Not being present in some of the county key moments. 4. Less county-level engagement

Source: Regional Workshop 2016.

Table 33
Model 2: ICO – led by national staff

Thematic area	*Advantages*	*Disadvantages*
A. Project implementation and supervision support	1. Good connection and contact with government and familiar with national procedure and policy. Providing updates of country context to HQ; 2. Regular update of projects/COSOP and regular report to the Government and IFAD 3. Local knowledge and language, enabling faster/easier communication; 4. Timely and better preparation of supervision and project support missions; 5. Proper support to visiting mission (country specific); 6. Easy approval of non-objection (shorter delays); 7. Timely follow-up of recommendation of supervision; 8. Better and easier identification of local consultants; 9. Contributions to COSOP & project design; 10. Builds confidence/trust among projects/government; 11. Continuity of portfolio and institutional memory; 12. Opportunities for better linkage with loans and grants; 13. Better environment for taking new initiative	
B. Policy dialogue	1. Network among donors (country specific), policy dialogue issues can be addressed; 2. Easier intervention and participation to policy formulation and dialogue.	1. Exposure to pressure/political interference; 2. No proper policy engagement 3. Lack of access to services and support from different divisions in IFAD HQ (e.g. LEG, CFS) 4. Country behaviour to international and national staff may be different
C. Partnership building	1. Ensure some country presence and visibility of IFAD 2. Knowledge/network of government and vice versa; 3. Briefing with government/development partners on IFAD policy; 4. Liaison with government (informal/formal); 5. Partnership with private sector/ institution; 6. Integration with cooperating groups and partners.	
D. Knowledge management	1. Updated knowledge and understanding of IFAD procedures.	
E. HR and delegation of authority	1. Stronger continuity of CPOs than CPMs 2. The CPM helps to do IFAD internal procedures from HQ while providing guidance and help to the CPO. 3. More freedom (CPO/CPM dynamics for initiative)	1. High expectations / hierarchy / beyond TORs, responsibility/accountability. Mismatch between the job descriptions and regional tasks 2. Frustrations-tasks vs commensurate (grade/status) 3. Guidance / mentorship / backup limited 4. Lack of clarity in rules for hauling a CPA support 5. Heavy workload for CPO

Thematic area		*Advantages*	*Disadvantages*
			6. Lack of career opportunities; 7. Limited delegation of authority (decision at the end is done by the CPM); 8. Very little mobility capacity for the CPOs. 9. CPO led office leads to a situation of conflict of interest or conflict of allegiance for the CPO between government and IFAD. 10. Initial investment in training and professional development is missing 11. When the CPO is the head of the office, clear TORs should be developed and disseminated to the Government.
F.	Administrative management		1. Lack of support at the country level. Responsible for all administrative functions on the office (Burden) 2. Dangers that the country office is like a post office. Slow down all processing as it is an additional layer
G.	Cost	1. Cost effective 2. Low cost compared to CPM or sub regional offices. 3. Lower cost, compared with the more complicated model (e.g. CPM-led model)	1. Less value for money
H.	Others cross-cutting issues	1. Capacity building of CPO; 2. Good connection and cooperation with HQ through the CPM. 3. Possible exposure to the neighbouring countries	1. CPO being alone and overloaded/missed concurrent opportunities & tasks; 2. Resolving diplomatic issues; 3. Misunderstood by HQ & government (caught in-between); 4. Potential conflict of interest given that the office is managed by a national officer; 5. CPO led office leads to a situation of conflict of interest or conflict of allegiance for the CPO between government and IFAD; 6. Lack of access to services and support from different divisions in IFAD HQ (e.g. LEG, CFS); 7. Lack of participation in decision making meetings for resources allocation and other strategic planning issues in HQ;

Source: Regional Workshop 2016.

Table 34
Model 3 – ICO led by out-posted CPM

Thematic area	*Advantages*	*Disadvantages*
A. Project implementation and supervision support	1. Improve the quality of project design; 2. Better programme implementation; 3. Proximity and alignment of IFAD with the country; 4. Continuous project follow up and Close follow up of project-at-risk 5. Easy to take preventive action (Help solve small problems at an early stage, before the issues getting more seriously) 6. Better crisis response, and more understanding or country interpretation; 7. Can identify and solve problems more quickly – speed up decision making process 8. Greater alignment with COSOP with national priorities/policies 9. CPMs can develop a better network of the local consultants and have better local knowledge; 10. Supporting value chain development and small scale business	1. Ownership by the government; 2. Less understanding of the country day to day situation; 3. Need for increased support from HQ (e.g. procurement, financial management); 4. Language can be an issue; 5. Risk of "going native". CPMs becoming more like government staff instead of IFAD staff; 6. CPMs may micro manage the work of project directors; Note: Dependent on the quality of CPMs
B. Policy dialogue	1. Partnership with government/ private sector/ institution; 2. Participation in policy dialogue by regular dialogue with government; 3. Accessibility from the government part; 4. Establishment of mutual accountability; 5. Greater alignment with COSOP with national priorities/policies 6. Raise the profile of ICO at HQ and government	
C. Partnership building	1. Build partnerships between development partners (although this can also apply to the CPO-led model) and government partners 2. Greater alignment with COSOP with national priorities/policies 3. Raise the profile of ICO at HQ and government	1. High expectation from all partners; 2. Time spent "co-opted" by local duties - need for maturity and empowerment
D. Knowledge management	1. Knowledge management improves (learning & sharing); 2. Improved efficiency and increased coverage and in-depth of non-lending activities	1. Less possibilities for learning from other countries
E. HR and delegation of authority	1. Proximity for decision making=> quick and easy 2. Reduction of the workload of the ICO 3. Faster decision making for operational matters. 4. Better division of labour between CPM/CD and CPO	1. CPO's capacity is limited (in some cases); 2. Micro management; 3. CPM serving other countries; 4. Time focus, the CPO and CPM may duplicate work load; 5. Little delegation of authority; 6. Need to have a standard job description for CPMs on duration parameters /sufficient incentives on disadvantaged countries/regions; 7. Notion of rotation has to be part of the model;

Thematic area		*Advantages*	*Disadvantages*
			8. Some CPMs not willing to be out-posted (this is decreasing)
F.	Cost		1. Can be more costly to outpost CPMs
G.	Others cross-cutting issues	1. Capacity building CPO (ICO team); 2. Client focused; 3. Better accountability; 4. More resources for ICO; 5. Visibility of IFAD; 6. Relevance of IFAD. 7. More country visibility. 8. Life quality, better work life balance	1. High pressure; 2. Corporate isolation; 3. Less capacity to follow up on corporative topics; 4. Les capacity to "sell" the country projects in HQ; 5. Better visibility for IFAD and proximity to partners Limited corporate-level engagement; 6. Higher (and sometimes unrealistic) expectations from partners; 7. Time spent "co-opted" by local duties - need for maturity and empowerment; 8. Current model not sustainable, given the current number of CPMs in IFAD (According to IFAD's policy, no more than 50% could be out-posted) 9. IFAD needs to stop using the term "out-posted".

Source: Regional Workshop 2016.

Table 35
Model 4: Sub-regional hub

Thematic area		*Advantages*	*Disadvantages*
A.	Project implementation and supervision support	1. Facilitates the elaboration of projects through a better interaction between institutions; 1. Be able to have a critical mass of personnel dedicated to a specific region; 2. Allows for a faster capacity to act if there is any problem or issue with the projects; 3. If there is a critical mass the office can help to explore new markets, other target groups and other possibilities of cooperation and co-financing; 4. Notion of rotation has to be part of the model 5. Modality of working between HQ Programme Assistant and an out-posted CPM can cause difficulties, due to time difference; 6. Some CPMs not willing to be out-posted (this is decreasing) 7. Decentralized budgeting improves the efficiency 8. Can make collective planning for missions and activities to countries covered by the hub; 9. Timely support to countries that have an ICO as well as to those without 10. Same level of support to all counties within the Hub	1. The work load is divided among countries, not allowing a full focus on the hosted country; 2. Countries covered by the sub regional office may not get enough attention, for a sufficient IFAD country interaction; 3. If we have fewer CPMs: more time required for review and decision (e.g. no-objection); 4. With fewer CPMs, reduced accountability of individual ICOs vs Hub

Thematic area		*Advantages*		*Disadvantages*	
B.	Policy dialogue	1.	Can provide support for sub regional policy dialogue interactions.	1.	If reducing number of CPMs, fewer chances for policy dialogue and partnership building in member countries (e.g., sector working groups)
C.	Partnership building	1.	Having a bigger number of CPMs and technical experts in one office allows for more active presence in the country, to share experiences and cooperation.	1.	There will be more tasks for CPOs (e.g. representation of IFAD, partnership building) in addition to the "traditional" tasks of the CPO (e.g. project design, implementation, supervision)
D.	Knowledge management	1. 2. 3.	Allows for a vision beyond the country level, allowing to share experiences and knowledge at a sub-regional level; Helps for knowledge sharing and innovation at the sub regional level; Cross country learning / CPO and project teams can get international experience		
E.	HR and delegation of authority	1.	CPM / hub director receives more authority / power to make decision (e.g. decentralised planning, budgeting and contracting of consultants)	1. 2. 3. 4.	To have a sub-regional impact, the office should have enough technical, human and financial resources. Without enough personnel the office may not be considered functional. There is a need for clearer responsibilities and relationships among staff within the Hub but also between ICOs, Hub and HQs (who supervises whom and who reports to whom?) Also need a clearer division of labour between ICOs, Hub and HQ Work overload if reducing number of CPMs based in the sub-regional hub
F.	Cost	1.	Reduces the cost, compared to having many country offices.		
G.	Others cross-cutting issues	1. 2.	The Hub can support regional organizations (e.g., ASEAN, GMS) Staff in the hub are less isolated	1. 2. 3.	Sub regional offices raise a lot of expectations for offices that sometimes are composed of one person. One person is not an office; May cause issues in the region in terms of choosing the country for sub-regional office; If any sub regional conflict occurs the relationship might be affected given that the office is in a specific country.

Source: Regional Workshop 2016.

Table 36
Model 5: Regional office (the case of country office in Nairobi)

Thematic area	*Advantages*	*Disadvantages*
A. Project implementation and supervision support	1. Reducing work load in Rome 2. Proximity to project area	
B. Policy dialogue	1. Policy dialogue, experience on local aspects. knowledge of best practices	
C. Partnership building	1. Established networks at country level.	
D. Knowledge management	1. Enables information sharing within the region.	
E. HR and delegation of authority	1. Posting into IRON (M&E, Environment specialist).	1. Over stretched with demands from the region & HQ; 2. Cross departmental Management of Human resources 3. Heavy workload for country directors; 4. Different reporting lines across divisions; 5. Double structure (IFAD HQ & Country office)
F. Cost and financial management	1. Reduced transaction cost	1. Establishment cost
G. Others cross-cutting issues	1. Capacity building/pool of competencies & expertise; 2. Linkages (easy outreach to neighbouring countries)	1. Limited attention to other countries 2. Language barrier 3. Unclear definition of a regional office

Source: Regional Workshop 2016.

Evaluation Electronic Survey Results

1. The methodology for the CLE Decentralisation included the design, implementation and analysis of an electronic survey. The objective was to receive feedback on the role and function of IFAD and its country offices. The survey was launched on 5 May 2016 using Survey Monkey and was closed on 29 June 2015. The total survey population included 1,987 people. Of these 502 where: (i) IFAD Executive Board members, (ii) IFAD senior management; and (iii) IFAD professional staff. The 1,485 non-IFAD people in the population included: (i) government counterparts, (ii) IFAD project managers, (iii) the in-country donor community and (iv) non-government national stakeholders.

2. To ensure a good response rate, several measures were taken including: (i) translation of the questionnaires into IFAD's four official languages, (ii) personalization of communications; and (iii) several follow-ups. There were 1,184 responses, equivalent to a net response rate of 62%.[163, 164] There were 1,022 complete returns (324 for Executive Board Members and IFAD staff and 698 for non-IFAD recipients) when the survey was closed in June (51 per cent response rate for completed questionnaires – 65 per cent for IFAD and 47 per cent for non-IFAD recipients). Because of the large number of respondents, the survey results are robust.

3. **Data analysis.** Given the variety of respondents, the survey had some indicative questions which, depending on their answer, led respondents to specific questions that were directly relevant to them. This indicative set of questions also helped to categorize and disaggregate the results by the different groups of respondents. The results shown below are not disaggregated by all the sub categories; rather they are only disaggregated by IFAD respondents and non-IFAD respondents.

4. Depending on the formulation of the survey questions, the rating scale can be interpreted in the following way: 1 = highly unsatisfactory/highly disagree; 2 = unsatisfactory/disagree; 3 = moderately unsatisfactory/moderately disagree; 4 = moderately satisfactory/moderately agree; 5 = satisfactory/agree; 6 = highly satisfactory/strongly agree. The disaggregation of key survey responses by the rating scale/level of agreement helps to display the survey results.

5. A statistical significance test was done for key results[165] to determine whether differences were statistically significant for subgroups of respondents. Note that ***, ** and * denote significance at the 1%, 5%, and 10% levels.

[163] Of the 1,987 invitations sent, 74 bounced or opted out. To calculate the response rate the evaluators only included the number of invitations received 1,913.

[164] The American Association of Public Opinion Research (AAPOR) states that errors of estimate cannot be calculated for surveys in which the respondents are self-selected because the statistical theory on which survey errors of estimate is based assumes random selection. Respondents for this survey were selected from among those who have volunteered to participate in the CLE decentralization online surveys. The data was not weighted to reflect the demographic composition of the survey population. Because the responses were from those who self-selected for participation rather than a probability sample, no estimates of sampling error can be calculated. All sample surveys and polls may be subject to multiple sources of error, including, but not limited to sampling error, coverage error and measurement error.

[165] Two sample t-test for the equality of means. The statistical software used is STATA: Data Analysis and Statistical Software, version 13.

E-survey Selected Questions and responses

Table 1
How familiar are you with IFAD's activities and operations?

Answer Options	*Percent (IFAD)*	*Percent (Not IFAD)*	*Percent (Total)*
Highly familiar	42.3%	10%	19.4%
Very familiar	30.2%	32%	30.5%
Familiar	23.8%	41%	35.5%
Some knowledge	3.7%	17%	12.3%
Very little knowledge	0.0%	0%	1.9%
No knowledge	0.0%	0%	0.3%

Source: IOE, CLE-Decentralization E-survey.

Table 2
Please choose the option that best reflects your opinion to complete the following sentence: To focus effectively and efficiently on reducing rural poverty, IFAD should have:

Answer Options	*Percent (IFAD)*	*Percent (Not IFAD)*	*Percent (Total)*
Offices in almost every borrowing country	7.4%	18%	15.0%
Offices in a large majority of borrowing countries	3.7%	10%	8.0%
Offices in all countries where it is justified by the size of the IFAD's programme	36.7%	44%	41.5%
Offices in selected borrowing countries that also cover nearby countries	38.3%	20%	26.1%
Only five large regional offices, one covering each region (APR, ESA, LAC, NEN and WCA)	12.3%	5%	7.4%
All staff based in IFAD's Rome Headquarters (i.e. no country offices)	0.6%	1%	0.6%
No opinion	0.9%	2%	1.5%

Table 3
Do you agree or disagree that country offices strengthen IFAD's:

Answer Options	*Average (IFAD)*		*Average (Not IFAD)*	
Rating scale	1-3	4-6	1-3	4-6
Focus on rural poverty at the country level***	13%	87%	7%	93%
Focus on gender at the country level***	21%	79%	10%	90%
Focus on environment and natural resource management sustainability at the country level***	19%	81%	8%	92%
Promotion of national ownership and direction of IFAD's development assistance	8%	92%	7%	93%
Improving the results delivered by IFAD at the country level	8%	92%	5%	95%

Note: ***, ** and * denote significant difference at 1%, 5%, and 10% level.

Table 4
Please indicate the level of priority that you would assign to the following potential functions of an IFAD country office:

Answer Options	*Average (IFAD)*	*Average (Not IFAD)*	*Average (Total)*
Country strategy and programme development***	5.2	5.08	5.1
Aligning IFAD's assistance with country development priorities	5.3	5.29	5.3
Identifying and designing good projects focused on reducing rural poverty	5.3	5.33	5.3
Strengthening IFAD's grant programme***	4.3	4.89	4.7
Project implementation support***	5.5	5.12	5.2
Government relations and partnership building***	5.3	5.15	5.2
Partnership building with civil society***	4.9	4.73	4.8
Partnership building with the private sector*	4.9	4.75	4.8
Partnership building and coordination with international development partners working in the country (i.e., UN agencies; International Financial Institutions; bilateral donors)	5.0	5.04	5.0
Providing inputs for policy engagement to the government (policy dialogue) related to agriculture and rural development.	5.2	5.08	5.1
Developing and making available information (knowledge management)***	4.7	4.95	4.9
Contributing to the development of national capacity building (capacity-development)**	4.8	5.07	5.0
Following-up for sustainability and scaling up results	5.0	5.12	5.1
Resource mobilization and cost-sharing for IFAD projects***	4.7	4.90	4.8
IFAD representation	4.9	4.98	5.0

Note: ***, ** and * denote significant difference at 1%, 5%, and 10% level.

Table 5
Please rate the overall performance of the IFAD Country Office that you are most familiar with?

Average (IFAD)	*Average (Not IFAD)*	*Total*
4.88	4.87	4.87

Table 6
Please indicate whether you agree or disagree with the following statements

Answer Options	*Average (IFAD)*		*Average (Not IFAD)*	
Rating scale	1-3	4-6	1-3	4-6
IFAD's country office has sufficient staff to deliver its mandate***	64%	36%	50%	50%
IFAD's country office has sufficient resources to deliver its mandate	54%	46%	38%	62%
IFAD's country office has sufficient expertise to deliver its mandate***	46%	54%	29%	71%

Note: ***, ** and * denote significant difference at 1%, 5%, and 10% level.

Table 7
Please rate the performance of the IFAD Country Office that you are most familiar with in strengthening IFAD's:

Answer Options	*Average (IFAD)*	*Average (Not IFAD)*	Average (Not IFAD) CPM-led ICOs	Average (Not IFAD) CPO-led ICOs	*Average (Total)*
Alignment of assistance with country development priorities [o]	5.0	5.01	5.1	5.0	5.0
Policy engagement related to agriculture and rural development***	4.5	4.9	4.9	4.9	4.7
Contribution to local donor coordination	4.4	4.5	4.6	4.4	4.4
Identification and design of good projects focussed on reducing rural poverty	4.9	5.0	5.1	5.0	5.0
Supporting IFAD's work related to gender	4.4	4.6	4.8	4.5	4.6
Supporting IFAD's work related to the environment and natural resource management***	4.3	4.7	4.8	4.7	4.6
Support for project implementation	5.0	4.9	5.0	5.0	5.0
Strengthening IFAD's grant programme***	4.1	4.7	4.9	4.6	4.5

Note: ***, ** and * denote significant difference when comparing IFAD and non IFAD respondents and : and [o] denote significance when comparing countries with CPM-led ICOs and CPO led ICOs at 1%, 5%, and 10% level.

Table 8
Please rate the performance of the IFAD country office that you are most familiar with

Answer Options	*Average (IFAD)*	*Average (Not IFAD)*	Average (Not IFAD) CPM-led ICOs	Average (Not IFAD) CPO-led ICOs	*Average (Total)*
Identifying and resolving problems	4.7	4.8	4.9	4.8	4.8
Making decisions in a timely manner	4.6	4.6	4.7	4.7	4.6
Producing and disseminating useful knowledge products (e.g., seminars; publications)***	4.1	4.4	4.5	4.5	4.3
Contributing to local capacity development***	4.3	4.6	4.6	4.6	4.5
Fostering innovation**	4.2	4.5	4.6	4.5	4.4
Supporting sustainability and scaling up of projects**	4.5	4.7	4.8	4.7	4.6
Mobilizing financial resources from other organisations (cost-sharing and supplementary funding)** [oo]	4.2	4.4	4.6	4.3	4.3

Note: ***, ** and * denote significance when comparing IFAD and non IFAD respondents; and [oo] denote significance when comparing countries with CPM-led ICOs and CPO led ICOs at 1%, 5%, and 10% level.

Table 9
Which type of organization best describes the one you belong to?

Answer Options	*Percent (Not IFAD)*
IFAD project manager	6%
Government ministry or agency	40%
UN organization other than IFAD	12%
International financial institution	5%
Bilateral donor	6%
Non-government stakeholder (e.g. civil society organisation; non-government organisation; private sector)	18%
Other (please specify)	13%

*Question for non IFAD staff.

Table 10
For the country in which you work, do you agree or disagree that the presence of an IFAD country office

Answer Options	*Percent (Not IFAD)*		
Rating scale	1-3	4	5-6
Improves the integration of IFAD into the existing UN country-level or sectoral coordination mechanism	4%	17%	79%
Significantly increases the amount of joint work between IFAD and UN agencies than would have been the case in the absence of a country office	12%	21%	67%
Significantly increases in-country collaboration between IFAD and the Rome Based Agencies (FAO and WFP) than is possible in the absence of a country office	8%	14%	78%

*Question for UN organizations other than IFAD.

Table 11
For the country in which you work do you agree or disagree that the presence of an IFAD country office

Answer Options	*Percent (Not IFAD)*		
Rating scale	1-3	4	5-6
IFAD is well integrated into the country-level or sectoral/thematic donor coordination mechanisms	13%	31%	56%
IFAD staff regularly attend local donor coordination meetings and/or sectoral/thematic coordination meetings	17%	26%	57%
Our agency and IFAD jointly undertake policy dialogue with the government	27%	26%	47%

*Question for International financing institutions and bilateral donors.

Table 12
For the cofinanced projects or grants, how well does IFAD perform in joint

Answer Options	*Average (Not IFAD)*
Identification, design and/or processing with your agency	4.85
Implementation supervision with your agency	4.75
Monitoring and evaluation with your agency	4.77

*Question for International financing institutions and bilateral donors.

Table13
How well does IFAD perform in terms of

Answer Options	*Average (Not IFAD)*
Reaching out to and consulting with non-government stakeholders	4.87
Involving non-government stakeholders in designing its operations	4.68
Involving non-government stakeholders in assessing the results and impact of its operations	4.62
Monitoring and evaluation of IFAD projects	4.99

*Question for non-government stakeholders.

Table 14
For your cofinanced project or grant how well does IFAD perform?

Answer Options	*Average (Not IFAD)*
Effectively supports your project office	5.15
Provides timely feedback and decisions	4.97
Actively helps your project office to raise and resolve issues with the government	5.00
Provides clear explanations and training about IFAD's policies and procedures	4.67
Helps to reduce IFAD's reporting requirements (e.g., makes reports more concise and easier to prepare)	4.79
Assists with project monitoring and reporting	4.76

*Question for IFAD project managers.

Table 15
Does your country have an IFAD country office?

Answer Options	*Percent (IFAD)*	*Percent (Not IFAD)*
Yes	63%	
No	37%	

*Question for government officials.

Table 16
Were you involved in IFAD's operations before the country office was established?

Answer Options	*Percent (Not IFAD)*
Yes	40%
No	60%

*Question for government officials.

Table 17
Assess the change in IFAD's performance after the country office was established

Answer Options	*Percent (Not IFAD)*
Much worse after the office was established	2%
Worse after the office was established	0%
Somewhat worse after the office was established	2%
Somewhat better after the office was established	13%
Better after the office was established	37%
Much better after the office was established	30%
No knowledge/No opinion	15%

*Question for government officials.

Table 18
Please rate the IFAD country office in your country in the following areas

Answer Options	*Average (Not IFAD)*
Adequacy of the scope and responsibilities of the office	4.93
Adequacy of the decision-making authority of the office	4.69
Enhancing national ownership and direction of development assistance	5.04
Decreasing the burden on government for formal and informal reporting to IFAD	4.93
Effectively managing the IFAD/government relationship	5.24

*Question for government officials.

Table 19
Given the size and scale of IFAD's operations in your country, should IFAD establish a country office in your country?

Answer Options	*Percent (Not IFAD)*
Yes	61%
No	10%
Maybe	25%
No knowledge/No opinion	3%

*Question for government officials.

Table 20
Please rate the adequacy of IFAD's support to country offices in the following areas

Answer Options	*Average (IFAD)*
Delegated authority and decision making power for programmatic matters	4.1
Support provided by technical specialists based in Headquarters	4.3
Delegated authority and decision making power for administrative matters	3.9
Delegated budget holding authority	3.8
Supportive procurement and contracting system	3.9
Supportive system for processing withdrawal applications and disbursements	4.4
Supporting human resource management policies	3.8
Supporting administrative systems (e.g., travel authorization)	4.4
Supporting communications facilities (e.g., access to the internet telephones; video conferencing facilities)	4.6
Supporting external communications	4.2
Providing online access to IFAD's corporate systems	4.6
Facilities and support provided by the hosting agencies	3.9

*Question for IFAD staff.

Table 21
Are you an international staff or national officer?

Answer Options	*Percent (IFAD)*
International staff	77.9%
National staff	22.1%

*Question for IFAD staff.

Table 22
Do you agree or disagree that

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
An assignment in a country office is a challenging professional opportunity	6%	11%	83%
An assignment in a country office is a career-enhancing move	14%	19%	67%
There are sufficient incentives for international staff to consider seeking an assignment in a country office	44%	25%	31%
There are unresolved issues with staff reintegrating into headquarters after completing an assignment in a country office	10%	19%	71%

*Question for IFAD international staff.

Table 23
Do you agree or disagree that

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
IFAD's salary structure and benefits are competitive in the local market	27%	36%	37%
There are adequate opportunities for career development	37%	23%	40%
There are adequate training opportunities	32%	30%	38%
I feel part of the IFAD family	15%	15%	70%

*Question for IFAD national staff.

Table 24
Approximately how many times a year do you meet with the following local stakeholders

Answer Options	*Average (IFAD)*			
	% meet once or more a week	% once or more time a month	% meet once or more times a year	% Never
Officials in central government ministries/agencies	10%	45%	43%	3%
Officials in local government ministries/agencies	5%	28%	65%	2%
Project officers for IFAD projects	24%	31%	44%	1%
Rome based UN agencies	1%	40%	53%	6%
Other UN agencies	1%	33%	61%	5%
Bilateral donors	0%	26%	66%	8%
International Financial Institutions	0%	20%	70%	10%
Nongovernment stakeholders	3%	28%	62%	7%
Private sector partners	2%	21%	68%	9%
Beneficiaries	4%	32%	61%	3%
Visit a project site	2%	30%	64%	4%

*Question for CPMs and CPOs.

Table 25
Do you agree or disagree that there is a clear definition of the roles and responsibilities between the country office and headquarters and a matching definition of the delegated authorities and accountabilities for:

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
Substantive programmatic matters	24%	27%	49%
Administrative, financial and human resource authorities	35%	27%	38%

*Question for IFAD staff and IFAD Executive Board Members.

Table 26
Please rate IFAD's performance related to

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
Country programme management decentralization (e.g. country strategy; programme implementation and supervision)	16%	28%	56%
Administrative decentralization necessary to effectively support the country offices (e.g. delegated decision-making; authority related to financial and human resource issues)	38%	32%	30%
Establishing a strong accountability system for country offices	39%	31%	30%
Developing coherence between IFAD's decentralization strategy and other major IFAD institutional reforms (e.g. assumption of direct supervision)	34%	29%	37%

*Question for IFAD staff and IFAD Executive Board Members.

Table 27
Please indicate whether you agree or disagree that IFAD

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
Has too many country offices for small IFAD programmes	56%	19%	25%
Needs to cover more countries with country offices	36%	20%	44%
Has made substantial progress in decentralizing decision-making authority to country offices	20%	44%	36%
Remains a headquarter centred organisation	24%	29%	47%
Has lost critical mass at Headquarters to carry out essential functions because of decentralization	70%	15%	15%
Has better knowledge of country contexts and needs because of decentralization	13%	20%	67%
Has struck the right balance in decentralization	48%	33%	19%

*Question for IFAD staff and IFAD Executive Board Members.

Table 28
Do you agree or disagree that going forward IFAD should

Answer Options	*Average (IFAD)*		
Rating scale	1-3	4	5-6
Close some offices in countries with small programmes	30%	22%	48%
Transfer more staff from Rome to country offices	37%	25%	38%
Transfer more staff from Rome to sub-regional and/or regional offices	22%	28%	50%
Strengthen country offices by recruiting more local staff	10%	23%	67%
Transfer IFAD's regional directors from Rome to regional offices	52%	12%	36%
Transfer some technical specialists from Rome to regional offices	24%	22%	54%
Transfer some procurement specialists from Rome to regional offices	19%	22%	59%
Transfer some staff involved in processing withdrawal applications and making disbursements from Rome to regional offices	27%	21%	52%
Transfer administrative functions from Rome to a centre in a lower cost country	47%	16%	37

*Question for IFAD staff and IFAD Executive Board Members.

IFAD country offices

Table 1
List of IFAD country offices

Region	*Approved (December 2015)*	*Actually established (November 2015)*	*Effective/operational (November 2015)*
APR	13	11	11
	Afghanistan	Bangladesh	Bangladesh
	Bangladesh	Cambodia	Cambodia
	Cambodia	China	China
	China	India	India
	India	Indonesia	Indonesia
	Indonesia	Lao PDR	Lao PDR
	Lao PDR	Nepal	Nepal
	Myanmar	Pakistan	Pakistan
	Nepal	Philippines	Philippines
	Pakistan	Sri Lanka	Sri Lanka
	Philippines	Viet Nam	Viet Nam
	Sri Lanka		
	Viet Nam		
ESA	10	9	9
	Burundi	Burundi	Burundi
	Ethiopia	Ethiopia	Ethiopia
	Kenya	Kenya	Kenya
	Madagascar	Madagascar	Madagascar
	Malawi	Mozambique	Mozambique
	Mozambique	Rwanda	Rwanda
	Rwanda	Uganda	Uganda
	Uganda	United Republic of Tanzania	United Republic of Tanzania
	United Republic of Tanzania	Zambia	Zambia
	Zambia		
LAC	7	6	5
	Bolivia (Plurinational State of)	Bolivia (Plurinational State of)	Bolivia (Plurinational State of)
	Brazil	Brazil	Brazil
	Colombia	Guatemala	Guatemala
	Guatemala	Haiti	Haiti
	Haiti	Panama (closed in 2013)	Peru
	Panama	Peru	
	Peru		
NEN	6	4	4
	Egypt	Egypt	Egypt
	Kyrgyzstan/Tajikistan	Morocco	Morocco
	Morocco	Sudan	Sudan
	Sudan	Yemen	Yemen
	Turkey		

Region	*Approved (December 2015)*	*Actually established (November 2015)*	*Effective/operational (November 2015)*
	Yemen		
WCA	14	11	11
	Benin		
	Burkina Faso	Burkina Faso	Burkina Faso
	Cameroon	Cameroon	Cameroon
	Chad	Côte d'Ivoire	Côte d'Ivoire
	Côte d'Ivoire	Democratic Republic of the Congo	Democratic Republic of the Congo
	Democratic Republic of the Congo	Ghana	Ghana
	Ghana	Guinea	Guinea
	Guinea	Mali	Mali
	Liberia	Niger	Niger
	Mali	Nigeria	Nigeria
	Niger	Senegal	Senegal
	Nigeria	Sierra Leone	Sierra Leone
	Senegal		
	Sierra Leone		
Total	50	41	40

Source: IFAD Country Presence Strategy (2014-2015) and data provided by Field Support Unit.

Table 2
Intended ICO Indicators

Indicator	*Tracked - target*
Number of countries covered by country offices	Tracked
Number of IFAD-financed activities/projects scaled up by government or other donors	Tracked
Number of design missions in which country office staff participate	100%
Number of RB-COSOPs in which country office staff participate	100%
Number of supervision / implementation support missions in which country office staff participate	100%
Percentage of financing disbursed as a percentage of disbursable funds	Increase from 2010 average of 15%
Days between submission of withdrawal application and disbursement	Reduction from 2010 average
Project status report ratings for selected fiduciary aspects	Improvement from 2010 average
Cofinancing (domestic and external) as a percentage of total project cost	Tracked
Enhanced harmonization of IFAD programmes with other donors	Tracked - Client survey
Number of national forums at which IFAD is represented:	Tracked
Enhanced alignment of IFAD programmes with national mechanisms and objectives in relation to rural poverty reduction	Tracked MOPAN reports, client survey
Policy changes, as a result of IFAD interventions, that address rural poverty issues and changes	Tracked
Number of in-country Country Programme Management Teams [CPMTs]	At least one per year
Number of country offices approved	Reported - Executive Board approvals
Number of host country agreements signed	100% of country offices, by 2014

Indicator	*Tracked - target*
Period between note verbale sent and agreement signed	Tracked
Country office costs available – administrative and programmatic	Complete by end-2011
Number of international staff posted to country offices	Monitor

Source: Update on IFAD's Country Presence. EB 2016/117/R.4.

Modelling Exercise of Alternative Organization Arrangements for Regional Divisions

1. The intention in modelling was to achieve staff cost-neutrality and if possible a saving while increasing efficiency and effectiveness. The modelling exercise only takes account of staff costs. Establishment costs are not covered. Some office rentals would cost more and some hub offices might need to transfer from their present locations. Some offices could downsize and there could be some savings. As the model would carry out more work in the regions, the travel costs may be neutral.

2. Most of the modelled divisional savings reflect an assumption of transfer of junior professional responsibilities in part to national professionals and a transfer of GS responsibilities to the field with a net increase in field GS staff and reduction at the headquarters.

3. In siting hubs, the following modelling criteria were considered:

    - The size of programme to be served, not just in the hub country but in the other countries being served from the hub;
    - The links by air to other countries in the hub and ICT connectivity;
    - The availability of well qualified national staff who can also serve other countries of the sub-region and share a common language;
    - The security situation and attractiveness of the duty station to international staff.

4. There was an assumption that there could be some flexibility of countries between regions. This did not lead to major changes but did, for example lead to an assumption of Eritrea being considered for servicing from Cairo where there is a daily air connection. Djibouti which has a daily short connection to Addis Ababa on the other hand was assumed as better served from there and Somalia from Nairobi (this would entail some reallocation of countries between current regional divisions). There was also an assumption that the currently envisaged hub structure could be modified with implications for Latin America and NEN. The model which emerged was one where:

    - Most hubs would be headed by a P5 CPM and staffed by a P3 or sometimes P4 international officer. They would also have a national professional responsible for the host country and usually one or more national professionals responsible for support to other countries of the sub-region. There would be adequate GS staff for sub-regional support on People Soft and entering of monitoring data and report finalization. In some cases a larger hub might provide some back-office support to a smaller one (e.g., Nairobi to Addis Ababa, Dakar to Kinshasa);
    - There would be some downsizing of ICOs in the sub-region although a few would still have P4 or P5 CPMs (the difference in country performance between ICOs headed by CPMs and those headed by CPOs is not as great as might be expected and the cost much less). The CPO headed ICOs would not always have GS staff and would be serviced from the hub;
    - The responsibility for managing and authorizing expenditures against the supervision and preparation budgets would be delegated to the Senior CPMs responsible for the countries of each hub. This envisages an indicative budget and allotment by country. A relatively small proportion of the budget would be retained at divisional level and at departmental level to facilitate the necessary flexibility between countries and regions as needs arise. Division Directors would also have the authority to recoup part of the indicative

budget if there was major under-spending. The change from the present is that there would be full clarity and authority to spend by country for senior CPMs heading hubs against agreed work programme up to the limit of the indicative budget.

- Headquarters divisions would be reorganised to support the decentralized structure with a senior country support team with two P5s and a front office. In APR, ESA and WCA there would be no countries managed from headquarters and in the case of LAC only a few Caribbean countries and for the immediate future the Southern Cone would be managed from Rome by the support team (the budgeted model includes the establishment of the Southern cone office). The structure of NEN at headquarters was not changed but a hub was established for the Russophone countries.
- This modelling exercise indicatively achieves an overall reduction in staff budgeted costs of US$1.4 million with lower budgeted staff costs in headquarters of US$5.5 million and increased budgeted staff costs in the field of US$4.0 million (Table 10). Some modest decrease of budgeted costs is achieved for two divisions (ESA, NEN), some modest increase for one division (LAC). More sizeable modelled reductions emerged in divisions which had staff concentrated in headquarters (APR, WCA). Most of the modelled divisional savings reflect an assumption of transfer of junior professional responsibilities in part to national professionals and a transfer of GS responsibilities to the field with a net increase in field GS staff and reduction at the headquarters.

Table 1
Results of Decentralization Restructuring Modelling Exercise on budgeted staff costs

	Change in Staff Budget Headquarters (US$)	*Change in Staff Budget Field (US$)*	*Net Change in Staff Budgeted Costs (US$)*
APR	-1,789,053	+1,296,552	-492,501
ESA	-821,844	+758,599	-63,246
LAC	-1 267 396	+1 495 371	+227 975
NEN	-590,819	+464,038	-126,780
WCA	-1 001 330	145 658	-855 672
Total	-5,470,442	+4,160,218	-1,310,224

Source CLE modelling based on IFAD Data.

Table 2
Modelling of a Future Scenario – With HQ Support Teams and Hubs serving ICOs and Countries

Region	*Hubs and Free Standing CPM headed ICOs*	*Countries served in addition to hub country*
Asia & Pacific Headquarters structure: Front Office Director 2- P5 Regional advisors; 1-P3 3 GS ICO Support Team (also responsible for Iran & Rep Korea: 2 P5 2, 1-P4, 1-P3 2-GS	China: P5, P3, NOC, 2 NOA, 1 GS	Countries without ICOs: DPR Korea; Mongolia
	India hub: P5, P4, NOD, 2 NOC, 2 GS	Countries with ICOs: Afghanistan (NOC); Bangladesh (NOC); Nepal (NOC); Sri Lanka - Sri Lanka senior CPO responsible also for Maldives Countries without ICOs: Bhutan
	Indonesia hub: P5, P3, 1 NOD, 1NOB, 2GS	Countries with ICOs All Pacific Islands –Fiji (NOC); Countries without ICOs Malaysia, Timor L'Este
	Vietnam hub: P5, P4, NOD, NOC, 2 GS	Countries with ICOs: Cambodia (NOC); Laos (NOB); Myanmar (NOC); Countries without ICOs: Thailand
	Countries with CPMs not served by a hub except for help on transaction processing	Pakistan: P5; NOC, GS; Philippines P5; NOD, GS
East and Southern Africa: Headquarters structure: Front Office Director 2- P5 Regional advisors 1- P3 3-GS ICO Support Team: 2 P5s 1-P3, 2-GS	Kenya Hub Nairobi P5; P3; NOC Kenya; 2 NOC/NOD sub-region	Countries with ICOs: Burundi (NOC); Madagascar (NOC); Rwanda (NOC); Uganda P4; Tanzania P5; Counties without ICO: South Sudan; Somalia; Comoros
	Ethiopia Hub Addis Ababa: P5; P3; NOC Ethiopia NOC/NOD sub-region	Countries served – no ICOs: Djibouti; Seychelles
	Southern Africa Hub: Pretoria, south Africa	Countries with ICOs: Mozambique P4; Zambia P4; Malawi NOC; Possible future NOC Zimbabwe Countries without ICOs: Angola; Botswana; Lesotho; Namibia; Swaziland
West and Central Africa Headquarters structure: Front Office Director 2- P5 Regional advisors 1- P3 3-GS ICO Support Team: 2 P5s, 1 P4, 1-P3, 2-GS	Cameroon Yaoundé Hub: P5, P3, NOC, 2 GS	Countries with ICOs Chad (NOC); Countries without ICOs Central African Rep, Equatorial Guinea, Gabon
	DR Congo – mini hub (help from Dakar transaction processing) P5, NOC, 1 GS	Countries served Congo NOC
	Cote d'Ivoire Abidjan Hub: P5, NOC, 2 GS	Countries with ICOs Benin (NOC) Burkina Faso (NOC); Niger (NOC); Togo (NOC) Countries without ICOs
	Ghana Accra Hub: P5, NOC, 2 GS	Countries with ICOs: Nigeria with CPM; Sierra Leone (NOC) Countries without ICOs: Liberia; San Tome e Principe
	Senegal Dakar Hub: P5, P4, NOD, 3 GS	Countries with ICOs: Guinea (NOC), Mali (NOC) Countries without ICOs: Cabo Verde, Gambia, Guinea Bissau
Latin America and the Caribbean Headquarters structure: Front Office Director 2- P5 Regional advisors 1- P2 3-GS ICO Support Team and English speaking Caribbean: 1-P5, 1 P4, 3 GS ICO Support Team: 2 P5s, 1P3, 2 GS	Central America Hub Managua, Nicaragua P5; P3; NOC Nicaragua; 2 NOC/NOD sub-region	Countries with ICOs Guatemala (NOC), El Salvador (NOC), Countries without ICOs: Belize, Costa Rica, Cuba, Dominican Republic, Guyana, Honduras, Mexico, Panama
	Andean Hub Lima, Peru: P5; P3; NOC Peru; 2 NOC/NOD sub-region	Countries with ICOs Bolivia NOC, Colombia (NOC), Ecuador (NOC) Countries without ICOs : Venezuela
	Countries not served by a hub except for help on transaction processing	Brazil – Brasilia P5; Salvador de Bahia NOC ----- also serving Suriname Haiti P4
	Possible Future Hub if programme grows – Buenos Ares P5, NOC/NOD	Countries served – no ICOs Chile, Paraguay, Uruguay

Region	*Hubs and Free Standing CPM headed ICOs*	*Countries served in addition to hub country*
Near East, North Africa, Central Asia and Europe	NEN model does not restructure Headquarters and in addition to the budgeted ICO in Turkey, establishes a hub in Bishkek, Tajikistan to serve the central Asian Russophone countries (headquarters is reduced by 1 P5, 1 P3, and 2 senior GS. Bishkek is staffed with 1 P5, 1 P3, 1 NOC and 2 GS. The CPM headed ICO in Cairo is envisaged as taking responsibility for Eritrea to which there is a daily flight connection and might take some responsibilities for Sudan to which it also has a daily short flight connection. Somalia would be handled from Nairobi and Djibouti from Addis Ababa.	

Source CLE modelling based on IFAD Data.

Table 3
Post change summary

	Change in HQ number of posts HQ	*Change in number of Posts Field*	*Net Change in Total number of Posts Region*		*Change in HQ number of posts HQ*	*Change in number of Posts Field*	*Net Change in Total number of Posts Region*
APR	0-D1	0 D1	0 D1	ESA	0-D1	0-D1	0-D1
	-2 P5	+2-P5	0-P5		1- P5	-1-P5	0-P5
	-2 P4	+2-P4	0P4		-1 P4	+1 P4	0-P4
	- 2 P3	+2-P3	0-P3		-1P3	+2-P3	+1-P3
	-1 P2	0-P2	-1		-1 P2	-1-P2	-2-P2
		+4-NOD	+4-NOD			+3-NOD	+3-NOD
		-1-NOC	-1-NOC			+4-NOC	+4-NOC
		0-NOB	0-NOB			0-NOB	0-NOB
		-3-NOA	-3-NOA				
	-2 G6	0-G6	-2-G6		-1G6	0-G6	-1G6
	0 G5	0-G5	0-G5		-3G5	-1-G5	-4G5
	-4 G4	+2-G4	-2-G4		-1G4	+3-G4	+2-G4
	0 G3	+4-G3	+4-G3		-1G3	0-G3	-1G3
LAC	0-D1	0-D1	0-D1	NEN	0-D1	0-D1	0-D1
	-2 P5	+2-P5	+0-P5		-1 P5	+1-P5	0-P5
	O-P4	-2-P4	-2-P4		O-P4	0-P4	0-P4
	-2- P3	+2-P3	0-P3		-1- P3	+1-P3	0-P3
	-2-P2	0	-2-P2		0-P2	0-P2	0-P2
		+3-NOD	+3-NOD			0-NOD	0-NOD
		+8-NOC	+8-NOC			+2-NOC	+2-NOC
		-1-NOB	-1-NOB			0-NOB	0-NOB
		-0-NOA	0-NOA			0-NOA	0-NOA
	O -G6	0-G6	0-G6		-1 -G6	0-G6	-1-G6
	-1-G5	0-G5	0-G5		-1-G5	0-G5	-1-G5
	-1-G4	+1-G4	+1-G4		0-G4	+1-G4	+1-G4
	0 G3	+3-G3	+3-G3		0-G3	+1-G3	+1-G3
WCA	0-D1	0-D1	0-D1	Grand Total	0-D1	0-D1	0-D1
	+1-P5	+1P5	+2P-5		-3-P5	+7-P5	+4-P5

Change in HQ number of posts HQ	*Change in number of Posts Field*	*Net Change in Total number of Posts Region*	*Change in HQ number of posts HQ*	*Change in number of Posts Field*	*Net Change in Total number of Posts Region*
-1-P4	0	-1 P4	-4-P4	+3-P4	-1-P4
0-P3	-1P3	-1P3	-6-P3	+6-P3	0-P3
-3-P2	-2P2	-5P2	-6-P2	-3-P2	-9-P2
	+1NOD	+1NOD		+11-NOD	+11-NOD
	+4NOC	+4NOC		+17-NOC	+17-NOC
				0-NOB	0-NOB
-3-G6	-1G6	-4G6		-3-NOA	-3-NOA
-3-G5	+3G4/G5	0 G5	-7-G6	-1G-6	-8-G6
0 G4	+3G3	+3G3	-15-G3/G5	+21-G3/G5	+6-G3/G5

Source: CLE modelling.

Report of the Senior Independent Advisor Richard Manning

1. I was retained by the Independent Office of Evaluation of IFAD (IOE) to act as a Senior Independent Advisor for the Corporate-level evaluation on IFAD's Decentralization Experience.

Activities

2. My first task was to review the Approach Paper. I found this in the main to be well-constructed. My comments were mainly to ensure that the approach to the CLE did not contain any assumption that decentralization was necessarily an appropriate policy for IFAD and so risk skewing the findings. I appreciated that the Board had given consistent support to decentralization over a long period, but it is important that an evaluation looks at the evidence without presuppositions.

3. In September, I then reviewed the emerging draft report. Again, I was encouraged by its quality. Although I gave the Evaluation Department quite a number of comments on the draft, which were substantially accepted, I found it logically constructed, demonstrating an impressive search for relevant evidence and with findings and conclusions that appeared very reasonable in the light of that evidence. The final version has the same virtues, now with a number of improvements of detail.

Comments on Methodology

4. It is necessarily difficult to construct unarguable conclusions from an evaluation in the absence of a fully-robust counterfactual. In this case, such a counterfactual is not available, since one cannot test decentralization and its absence in the same population of countries over the same period. The methodology used by the CLE, while comparing performance and cost in decentralized and centralized situations in different countries or in different time periods, therefore buttresses the results of that analysis with the use of surveys of staff and (importantly) of host country governments and other stakeholders, including through regional workshops and interviews with key informants. I support this diversified approach, which provides a form of triangulation that strengthens the findings from the comparative analysis.

Comments on Findings and Conclusions

5. As I have said above, the findings and conclusions seem to me to follow directly from the evidence. It is perhaps useful for me to add to that brief judgement some points from my own direct experience in decentralization in Department for International Development (DFID) and its predecessor agencies in the 1990s and the early years of this century, and from observing other agencies, both those that have embraced decentralization (from the World Bank to Japan International Cooperation Agency) and those that have kept to a model without a direct country presence (such as Global Alliance for Vaccines and Immunization and the Global Fund for AIDS, TB and Malaria).

6. The finding that some assumptions about the decentralization process were not realistic chimes with the experience of at least some other agencies. Cost neutrality is a tough target, and some cost increase may indeed be justified if effectiveness increases more than proportionately. In fact, in IFAD’s case, costs were seemingly quite well controlled overall. And while a degree of experimentation with alternative country presence modalities may well be a sound policy, it should certainly lead to a clear standardized corporate approach sooner rather than later. In DFID and its predecessors, the necessity of reforming the roles and responsibilities of HQ was, after a fair amount of trial and error, fully recognized; and I consider the need for this an important finding of the CLE.

7. It is on the other hand very encouraging that there seems to be a wider recognition by staff of the value of decentralization. In my experience, this is a good test of whether the process is seen to be delivering results.

8. It is encouraging, but not at all surprising, to see that decentralization appears to have contributed to improved operational performance, whether of COSOPs, of project implementation support or of project effectiveness.

9. I welcome the frank recognition of the three caveats which apply to all the judgements on outcomes and development results:

   - many factors other than the work of ICOs influence project performance;
   - there are few projects that were identified, designed, approved, implemented and evaluated after an ICO was established;
   - the establishment of country offices was not assigned randomly and it cannot be assumed that countries with and without ICOs share the same salient characteristics.

10. As noted above, the CLE has done well in triangulating evidence from several different sources in order to take account of these limitations.

11. I would just note that some care is needed in interpreting the word 'significant', much used in the assessment of effectiveness. The report does an excellent job of highlighting which differences are statistically significant, which is a robust and widely accepted measure. How far improvements are to be seen as 'significant' in terms, say, of percentage increase in outcomes, is however a matter of judgement. For example, while the report finds that 'Average project performance ratings were significantly [in the statistical sense] higher with ICOs', the fact that the rating rises from 3.95 to 4.26 on a five-point scale (i.e., about 5%) might or might not be seen as a 'significant' increase. Of course, if IFAD were to see really transformative increases in project outcomes from decentralization, that would probably suggest that the HQ-based system was seriously dysfunctional, which is unlikely to have been the case. To find, as the report does, useful but moderate percentage improvement in many outcomes is to my knowledge fairly typical of decentralization also in other agencies.

12. The report seems to me to do a good job of explaining why the impact of country presence was notable in the case of partnership building but more limited for knowledge management and policy dialogue.

13. The assessment of IFAD's contribution to development results seems very fair. Again, the limitations above apply, and some (but not all) of the statistically significant improvements are again quite modest.

14. I was interested to read the comments on differences between country offices led by international and by national staff, which turned out to be quite minor. Most agencies place international staff at the head of most offices, while also drawing heavily on the skills and experience of national staff. I fully support, from my own experience, the positive comments about the role that national staff can be encouraged to play, within an appropriate framework set either by HQ or by locally or regionally-posted international staff.

15. The analysis of efficiency shows that, overall, costs of decentralization have been well controlled, though not fully cost-neutral. The report has done good service in trying to bring together cost data in a way that permits useful analysis, and is right to express concerns about how well the costs have been monitored (a conclusion that is not unique to IFAD). I also welcome the encouragement to explore some readjustment of headquarters functions and staff as an avenue to provide more resources to the country offices and to reap efficiency gains. It should however be borne in mind that in some areas there may be a need for some selective

strengthening of HQ functions. For example, there may be a need to strengthen internal audit particularly where financial responsibilities are delegated, as may well be desirable.

16. The analysis of the costs of the various models is thought-provoking. My experience would support the exploration of sub-regional approaches where the size of individual country programmes is modest (as often the case for IFAD), and also the caution about unrestricted expansion of country presence.

17. I welcome the attention given in the report to HR aspects, which are always an important issue in structural change. Based on my own experience, I particularly welcome the proposals to invest in national staff and to consider their career progression, and to manage sensitively but firmly any necessary shrinkage of some categories of HQ staff.

18. The conclusions and recommendations seem to me to follow well from the analysis.

Conclusion

19. I commend the report to readers as well-designed, well-written and strongly evidence-based. I should add that it is very much to the credit of the team that this complex evaluation has been completed so quickly.

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