E

IFAD

Enabling poor rural people
to overcome poverty

IFAD Country Presence Policy – Update

Executive Board — 103rd Session
Rome, 14–15 September 2011

For: **Approval**

Contents

Abbreviations and acronyms

IRAI	IDA Resource Allocation Index
IDA	International Development Association
CPIA	Country Policy and Institutional Assessment
CPM	country programme manager
CPO	country presence officer
CO	country office

<div style="border:1px solid black; padding:10px;">

Recommendation for approval

The Executive Board is invited to approve the paragraphs listed in points (a), (b) and (c). The IFAD Country Presence Policy, adopted by the Executive Board at its 102nd session, shall be revised accordingly::

(a) Updated criteria for opening of country offices (paragraph 6);

(b) Criteria for selecting various models of country offices (paragraphs 15-16); and

(c) Exit strategy for country offices (paragraph 18-21).

The Executive Board is invited to take note of the implementation issues presented in annex III.

</div>

IFAD Country Presence Policy – Update

I. Background

1. Realizing that IFAD's lack of representation in borrowing countries was increasingly placing constraints on its impact, IFAD's Executive Board had approved a pilot programme to establish country offices in December 2003. This pilot programme was initiated in 2004 and evaluated by the IFAD Office of Evaluation in 2006/07. In light of the evaluation findings, IFAD's Executive Board in September 2007 (EB 2007/91/C.R.P.2) decided to mainstream IFAD's country presence initiatives, expand, and undertake further experimentation. It had also instructed IFAD Management to undertake a self-assessment of country presence in 2010 and to present a country presence strategy to the Board in 2011.

2. In response to the September 2007 decision of the Executive Board, IFAD Management presented a country presence policy and strategy for the consideration of the Board at its 102nd session in May 2011. After due deliberation, the Executive Board decided to:

    (a) Approve the policy to establish country offices, with a cap of 40, where they can contribute to improved development and cost effectiveness in recipient countries;

    (b) Within the above policy and cap, adopt a medium-term strategy to establish 10 additional country offices by the end of 2013;

    (c) Of these 10, five will be established in 2011, as proposed in the budgetary framework approved by the Board (EB 2010/101/R.2/Rev.1).

3. In approving the IFAD Country Presence Policy and Strategy, the Executive Board of IFAD requested IFAD Management to submit an updated policy paper containing:

    (a) Updated criteria for opening of country offices;

    (b) Criteria that would guide the decision on leadership of a particular country office, namely, by an outposted country programme manager (CPM) or a locally recruited national officer; and

    (c) Exit strategies for offices that are no longer required.

4. It was further decided that the policy update would contain an annex dealing with implementation issues such as human resources, staff rotation, clarification of roles and responsibilities of various units and delegation of authority.

5. This paper has been prepared in response to the decision of the Board and contains the requested policy update and annex.

II. Updated criteria for opening of country offices

6. In deciding in which countries to open country offices, five empirically verifiable criteria were proposed in the IFAD Country Presence Policy and Strategy.[1] In response to the discussion that took place during the Board session, a new variable was added that measures 'state fragility' – representing weak performance in achieving development outcomes. Higher fragility will mean a higher priority on establishing the country office. As a proxy measure for this variable, the IDA Resource Allocation Index (IRAI) is used. The IRAI is derived from the Country Policy and Institutional Assessment (CPIA), which assesses the quality of a country's present policy and institutional framework and rates countries against a set of 16 criteria grouped in four clusters:

   (a) Economic management;

   (b) Structural policies;

   (c) Policies for social inclusion and equity; and

   (d) Public-sector management and institutions.

7. These criteria essentially assess how conducive a country's framework is to fostering poverty reduction, sustainable growth and the effective use of development assistance.

8. An updated table showing country rankings against each of seven variables has been presented in annex I. At the second stage, a list of 20 countries that could potentially qualify for an IFAD country office was prepared, first by deleting the 30 countries in which a country office has already been established or approved, and second by eliminating those that ranked lower against most variables. The list of the 20 countries derived using the expanded list of criteria is presented in annex II.

9. A comparison of the list of 20 countries selected by applying the five criteria presented in the Country Presence Policy and Strategy paper with the new list derived by also adding the IRAI shows very little difference. The changes are only in terms of the relative rankings of Indonesia and Sierra Leone and the substitution of Eritrea for Peru. However, the list of the 10 potential countries for expanding IFAD's country presence remains unchanged.

10. Hence, the list of the five potential countries for establishing country offices in 2012 and 2013 (paragraph 55 of the Country Presence Policy and Strategy) also remains unchanged.[2]

III. Selection of country office model

11. As detailed in the Self-assessment report – IFAD Country Presence Programme (document EB 2011/102/R.10/Add.2), three main models of organizational arrangements have emerged:

   (a) Under the first model, a country national has been employed as the country programme officer (CPO), under the overall supervision and guidance of the CPM concerned;

   (b) Under the second model, the CPM is outposted to the country office and takes full responsibility for managing the office and the country programme – and is supported in this role by staff recruited locally and at headquarters.

---

[1] These criteria were: (i) size of IFAD's country programme; (ii) country's dependence on agriculture; (iii) size of rural population; (iv) prevalence of poverty; and (v) existence of an enabling policy environment.

[2] These countries, based on currently available figures, are: Benin, Burundi, Cambodia, the Niger and Sierra Leone.

(c)   Under a third organizational model, currently adopted only for Kenya, the country office also serves as a regional service centre to support intraregional initiatives. These initiatives include administration of loan and grants for all countries in the region, with some staff covering thematic issues such as gender, knowledge management and land. The regional office is not a layer between country offices and IFAD headquarters, and thus has no supervisory function over other country offices.

12.   In terms of relative effectiveness of CPM-led or national-officer-led country offices, IFAD continues to accumulate valuable experience. Overall, the self-assessment report tends to confirm the findings of the independent evaluation that the CPM-led model produces the best results; however, the number of offices under this model is still limited to a level that restricts generalization. Evidence gathered so far shows that the CPM-led model performs better in terms of undertaking policy dialogue and in expediting implementation immediately following project approval. Regarding partnership, there are examples of CPM-led country offices building a closer relationship with the government and donor partners.

13.   Although the overall approach and strategies for subregional service centres are still evolving, experience gained so far suggests that regional or subregional offices may reduce the need for frequent travel from headquarters, facilitate more effective delivery of services and improve communication. Subregional hubs could also be a cost-effective approach to providing implementation support and ensuring improved oversight/compliance with fiduciary requirements.

14.   In choosing a particular model for a country, IFAD Management will always be guided by the consideration that, while country offices will have some representational responsibilities, their main task will be to contribute directly to the country programme. In this light, and on the basis of the experience gained so far, IFAD Management will apply the following guiding criteria in opting for a CPM outposting model:

(a)   relatively larger country programmes;

(b)   greater need and opportunity for policy dialogue on issues related to rural poverty reduction and smallholder agricultural development;

(c)   countries with weak institutions and development performance or those involved in or emerging from conflict;

(d)   greater potential for building partnership – leveraging resources for rural poverty reduction and smallholder agricultural development;

(e)   countries increasingly requiring other non-lending instruments such as knowledge management and support for a broader range of stakeholders, including farmers' and other civil society organizations; and

(f)   country offices that serve multiple countries.

15.   In selecting a particular model of country office, in addition to the above criteria, IFAD Management will also consider demand on the part of the respective host government.

16.   As stated, of the 40 country offices proposed, about half are likely to be led by outposted CPMs. Similarly, two more offices, at most, will serve as regional offices in the current country presence strategy cycle through end-2013. IFAD Management will decide on the regional offices on a case-by-case basis. These offices will work as service centres and will not have a supervisory function over other country offices.[3] The remainder of the country offices will be led by locally recruited national officers.

---

[3] In other words, these offices will not act as an intermediate layer between IFAD headquarters and country offices.

17. While it helps to look at country offices in terms of a particular model, each office will be established to match the specific programme needs. In other words, IFAD Management will adopt a flexible approach in setting up and running each country office.

IV. Exit strategy

18. In approving the Country Presence Policy and Strategy, the Executive Board adopted the operating principle that IFAD will close offices that have become less relevant to the country programme. This operating principle is closely linked with the basic approach that the main task of a country office is to contribute directly to the country programme. Thus, once the country programme's need for a country office is eliminated or drastically reduced, the country office will lose its relevance and will be closed. In operational terms, this will mean major changes in a number of indicators (paragraph 6, above) that were used initially in selecting a country for establishment of a country office. Admittedly, most of these indicators, such as dependence on agriculture or size of the rural population, or even prevalence of poverty, change only over time. However, variables such as an enabling rural policy environment can change over a relatively short period. Similarly, some countries in which IFAD has established a country office may be nearer to the threshold in terms of eliminating rural poverty, and that point may be reached in a relatively short period of time.

19. IFAD's country offices may also be closed temporarily for security reasons. In deciding the temporary closure or reopening of an office, IFAD will follow the advice and guidance of the United Nations security system. In line with IFAD's commitment to serve fragile or weakly performing countries, the Fund will try, to the extent possible, to use the resources freed up by the closure of an office to assist the concerned country from a neighbouring country or from IFAD headquarters.

20. Remaining within the cap of 40 offices set for the period through 2013, IFAD Management may redeploy the resources freed by permanent closure of a country office to open a country office in a new country. In choosing the country, IFAD Management will apply the same process and criteria as detailed in paragraph 52 of the Country Presence Policy and Strategy, as updated in paragraph 6 above.

21. IFAD Management will report to the Executive Board the closure or opening of new country offices as part of the annual programme of work and budget.

V. Implementation issues

22. As requested by the Executive Board, implementation issues such as human resources, staff rotation, clarification of roles and responsibilities, and delegation of authority have been presented in annex III.

Country presence: Ranking of countries against various indicators

S.N.	Country	Country programme rank	Agric. value added as % of GDP rank	GNI rank	Rural population rank	IRAI rank	RSP rank	Economic vulnerability index rank	Year CO established
1	Albania	66	56	89	86		8	103	
2	Argentina	31	58	115	72		13	86	
3	Armenia	58	52	78	97	76	2	103	
4	Azerbaijan	53	66	99	64	68	26	103	
5	Bangladesh	2	7	25	3	50	52	94	
6	Benin	38	32	33	60	45	39	60	
7	Bhutan	59	61	64	111	73	29	24	
8	Bolivia	67	62	57	71	63	55	57	2008
9	Bosnia and Herzegovina	60	8	97	81	58	25	103	
10	Brazil	26	46	117	16	0	6	100	2008
11	Burkina Faso	16	6	21	31	64	27	55	2008
12	Burundi	19	13	1	52	20	56	14	
13	Cambodia	43	29	28	35	32	82	19	
14	Cameroon	34	36	50	45	27	64	84	2009
15	Chad	49	49	26	47	0	111	23	
16	China	6	23	83	2	0	23	96	2003
17	Congo	40	na	61	91	15	101	41	2003
18	Congo, D.R.	33	16	2	11	8	97	38	2007
19	Côte d'Ivoire	62	53	46	37	13	109	83	
20	Djibouti	68	na	54	125	23	84	30	
21	Dominican Republic	56	na	95	73	0	36	64	
22	Ecuador	57	68	88	62	0	28	69	
23	Egypt	24	22	65	9	0	5	99	2004
24	El Salvador	20	45	80	78	0	30	79	
25	Eritrea	50	42	5	65	2	89	20	
26	Ethiopia	18	2	7	7	41	42	82	2004
27	Gambia, the	42	35	13	106	31	51	16	2003
28	Georgia	44	51	72	80	77	11	103	
29	Ghana	17	9	31	33	69	20	52	2008
30	Guatemala	12	37	73	54	0	44	87	
31	Guinea	35	34	10	56	14	88	88	2008
32	Haiti	46	44	29	59	18	80	28	2004
33	Honduras	64	65	60	66	51	69	70	
34	India	1	14	51	1	61	46	105	2003
35	Indonesia	45	40	67	4	0	65	95	
36	Kenya	8	11	34	15	60	50	104	2008
37	Kyrgyzstan	70	48	35	70	52	73	103	
38	Lao P.D.R.	51	41	37	63	26	83	9	
39	Lesotho	65	69	44	89	47	60	34	
40	Madagascar	21	12	12	29	49	45	72	2008
41	Malawi	41	18	4	34	39	61	18	

S.N.	Country	Country programme rank	Agric. value added as % of GDP rank	GNI rank	Rural population rank	IRAI rank	RSP rank	Economic vulnerability index rank	Year CO established
42	Maldives	69	na	87	119	37	86	10	
43	Mali	9	10	30	43	53	41	62	
44	Mauritania	61	57	39	84	29	63	44	
45	Mexico	52	70	122	18	0	31	103	
46	Moldova	25	38	56	79	57	9	103	
47	Morocco	22	31	74	28	0	37	98	
48	Mozambique	11	8	13	27	59	53	39	2008
49	Nepal	27	17	13	19	33	78	77	2008
50	Nicaragua	39	43	41	77	55	68	56	
51	Niger, the	37	24	8	30	35	66	47	
52	Nigeria	23	33	48	6	46	77	61	2004
53	Pakistan	13	19	43	5	24	72	97	2008
54	Panama	54	na	110	100	0	40	75	
55	Peru	48	55	91	44	0	24	81	
56	Philippines, the	30	25	59	13	0	18	90	2009
57	Rwanda	14	5	18	49	61	15	21	2008
58	Senegal	29	30	44	53	53	34	68	2003
59	Sierra Leone	47	27	8	68	28	71	32	
60	Sri Lanka	15	28	63	25	47	43	80	2008
61	Sudan, the	3	20	53	20	3	85	25	2003
62	Swaziland	63	na	69	101	0	75	40	
63	Syria	28	26	70	39	0	17	91	
64	Tanzania, United Rep.of	7	1	20	14	70	7	85	2003
65	Turkey	32	47	121	21	0	12	106	
66	Uganda	5	3	18	17	72	35	29	2008
67	Venezuela, Boliv.Rep.of	55	na	126	85	0	16	73	
68	Viet Nam	4	4	42	8	67	14	89	2004
69	Yemen	10	15	46	26	22	58	49	2003
70	Zambia	36	33	40	46	42	70	26	2009

Potential list of countries for country presence expansion: Top 20 countries by option

(After removal of the 30 countries with existing country offices)

	Option 1		Option 2		Option 3		Option 4		Option 5		Option 6		
	Indicator	Weight	Indicator	Weight	Indicator	Weight	Indicator	Weight	Indicator	Weight	Indicator	w/IRAI	w/o IRAI
	Country programme	100%	Country programme	60%	Country programme	50%	Country programme	40%	Country programme	30%	Country programme	25%	25%
			Agriculture value added	40%	Agriculture value added	30%	Agriculture value added	20%	Agriculture value added	20%	Agriculture value added	20%	25%
					Rural population	20%	Rural population	15%	Rural population	15%	Rural population	20%	20%
							GNI per capita	25%	GNI per capita	20%	GNI per capita	15%	15%
									RSP	15%	RSP	10%	15%
											IRAI	10%	
	Total	100%		100%		100%		100%		100%		100%	100%
1	Bangladesh		Mali		Bangladesh		Bangladesh		Bangladesh		Bangladesh		
2	Mali		Bangladesh		Mali		Mali		Mali		Mali		
3	Guatemala		Burundi		Burundi		Burundi		Malawi		Malawi		
4	Burundi		Malawi		Malawi		Malawi		Burundi		Syria		
5	El Salvador		Syria		Morocco		Niger, the		Niger, the		Burundi		
6	Morocco		Sierra Leone		Syria		Cambodia		Syria		Morocco		
7	Moldova		Guatemala		Cambodia		Sierra Leone		Sierra Leone		Indonesia		
8	Syria		Cambodia		Guatemala		Benin		Cambodia		Turkey		
9	Argentina		Morocco		Niger, the		Syria		Morocco		Niger, the		
10	Turkey		El Salvador		Indonesia		Morocco		Benin		Cambodia		
11	Niger, the		Lao P.D.R		Sierra Leone		Lao P.D.R.		Guatemala		Sierra Leone		
12	Benin		Niger, the		Turkey		Eritrea		Moldova		Guatemala		
13	Nicaragua		Benin		Lao P.D.R.		Guatemala		Lao P.D.R.		Benin		
14	Malawi		Nicaragua		Benin		Chad		Indonesia		Lao P.D.R.		
15	Cambodia		Moldova		El Salvador		Indonesia		Nicaragua		Eritrea		
16	Georgia		Indonesia		Côte d'Ivoire		Nicaragua		El Salvador		Mexico		
17	Sierra Leone		Turkey		Nicaragua		Côte d'Ivoire		Eritrea		Chad		
18	Indonesia		Argentina		Moldova		Moldova		Turkey		Côte d'Ivoire		
19	Chad		Côte d'Ivoire		Chad		El Salvador		Chad		Moldova		
20	Eritrea		Armenia		Argentina		Kyrgyzstan		Kyrgyzstan		El Salvador		

Implementation issues

A.   Human resources

1.   Country office staff are part of IFAD's unified workforce. In line with this concept and the establishment of appropriate contractual arrangements, the following are the related human resource categories forming country office staff.

2.   <u>International staff</u> are professional staff internationally recruited by IFAD, who may be assigned to work in a country office. IFAD rules and procedures governing human resources (including remuneration, pension, other benefits, performance management, etc.) shall apply to international staff assigned to a country office.

3.   <u>National staff</u> are Professional (national officer) and General Service staff locally recruited by IFAD to work in a country office. National staff are nationals or permanent residents of the country in which they are to serve, whose service is limited to that country. In accordance with paragraph 9.3 of the Human Resources Policy, the salary and benefit levels of national staff shall follow the methodology applied by the United Nations common system in their duty station. They are part of IFAD's performance management system. IFAD may:

   (a)   directly recruit and employ national staff in the Professional and General Service categories, using the services of a host agency for logistic and payroll purposes upon appointment; or

   (b)   request a hosting agency to recruit and employ national professionals (except for CPOs, who must hold an IFAD contract) and local administrative personnel ('assigned staff') on its behalf, with service limited to IFAD in its country office. Recruitment procedures for such personnel shall be agreed between IFAD and the hosting agency.

4.   <u>Consultants</u>: IFAD rules and procedures (fee rates, terms of reference, work experience, performance evaluation, etc.) shall apply to the recruitment of consultants for country offices. In addition, a service agreement may be used at the discretion of the CPM to hire local services to provide short-term temporary support capacity (usually of a secretarial/clerical nature).

B.   Staff rotation

5.   Staff rotation is being addressed under the Staff Rules and their Implementing Procedures, as a corporate matter.

C.   Roles, authority and responsibility

6.   IFAD Management will establish country offices in accordance with the Country Presence Policy and Strategy. Although the following section provides elements relating to roles, authority and delegated responsibility, details will be provided in the IFAD Manual as a corporate matter.

7.   The President of IFAD or an authorized delegate will sign:

   •   Host country agreements
   •   Framework agreements

8.   Overall responsibility for country offices rests with the Associate Vice-President, Programmes. Under the supervision of the relevant regional division director ('the Director'), management responsibility for a particular country office rests with the relevant CPM.

9.   The Country Presence Coordination Group (CPCG) is responsible for coordinating the planning, implementation and monitoring of critical tasks and activities needed to improve the management of IFAD's country presence. The CPCG is co-chaired by the Associate Vice-President, Programmes, and the Head, Corporate Services Department (CSD).

10. The Head, CSD shall be responsible for ensuring that support services for country offices are provided in a timely and efficient manner in accordance with IFAD rules and procedures.

11. Within the overall guidance of the CPCG, supervision of individual country offices shall be the responsibility of regional divisional directors. Country offices are accountable to and work under the line management of the respective regional divisions.

    (a) The Director shall:

        (i) Manage country offices in the overall context of the regional division's human and financial resources management and approve the country office annual work plan and budget (AWP/B);

        (ii) Supervise the country office responsibilities of the CPM and contribute, where appropriate, to the performance evaluations of country office staff; and

        (iii) Sign the country office arrangement on behalf of IFAD.

    (b) The CPM shall:

        (i) Be responsible for management of the country office in line with the goals and objectives of the country programme;

        (ii) Define the terms of reference of country office staff and carry out or contribute to the performance evaluations of such staff;

        (iii) Set the country office AWP/B;

        (iv) Prepare an annual report assessing the activities of the country office in terms of outcomes and results achieved, and how these support achievement of the country programme objectives; and

        (v) Ensure compliance with IFAD policies and procedures and with the host country agreement and the country office agreement.

12. Whether based at headquarters or in the field, the CPM leads the country team, providing regular guidance on a range of subjects, especially on issues related to policy, project development and supervision and procurement. Within this overall framework, IFAD is increasingly moving towards a more-decentralized approach to decision-making. The tasks and responsibilities for country offices led by locally recruited national officers are increasingly defined in advance through the AWP/B process and funds transferred in bulk at the beginning of the year, which allows country offices to undertake agreed activities without case-by-case approval from headquarters.