

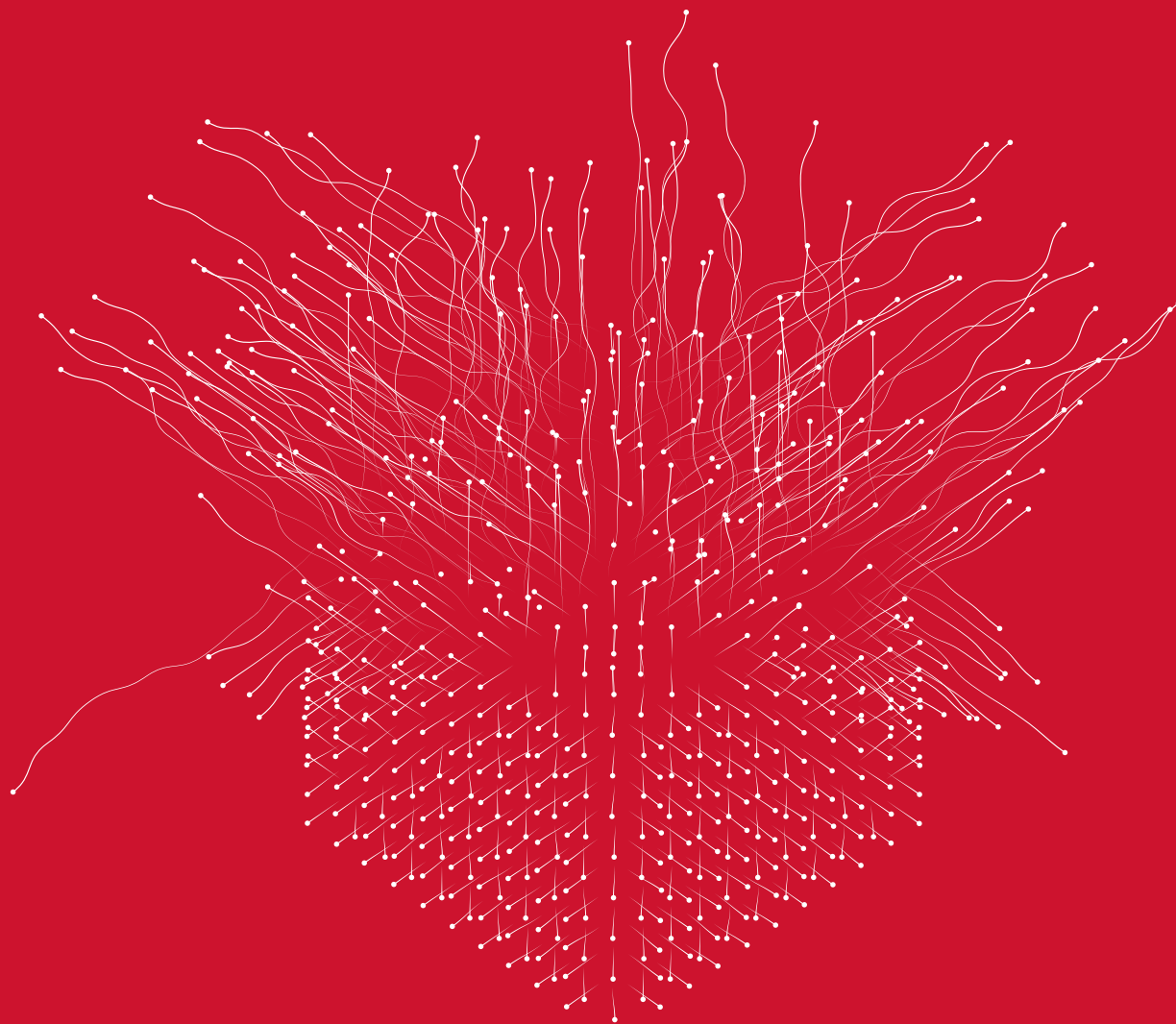
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IFAD

Investing in rural people

Independent Office of Evaluation



# CORPORATE-LEVEL EVALUATION

IFAD's  
decentralization  
experience



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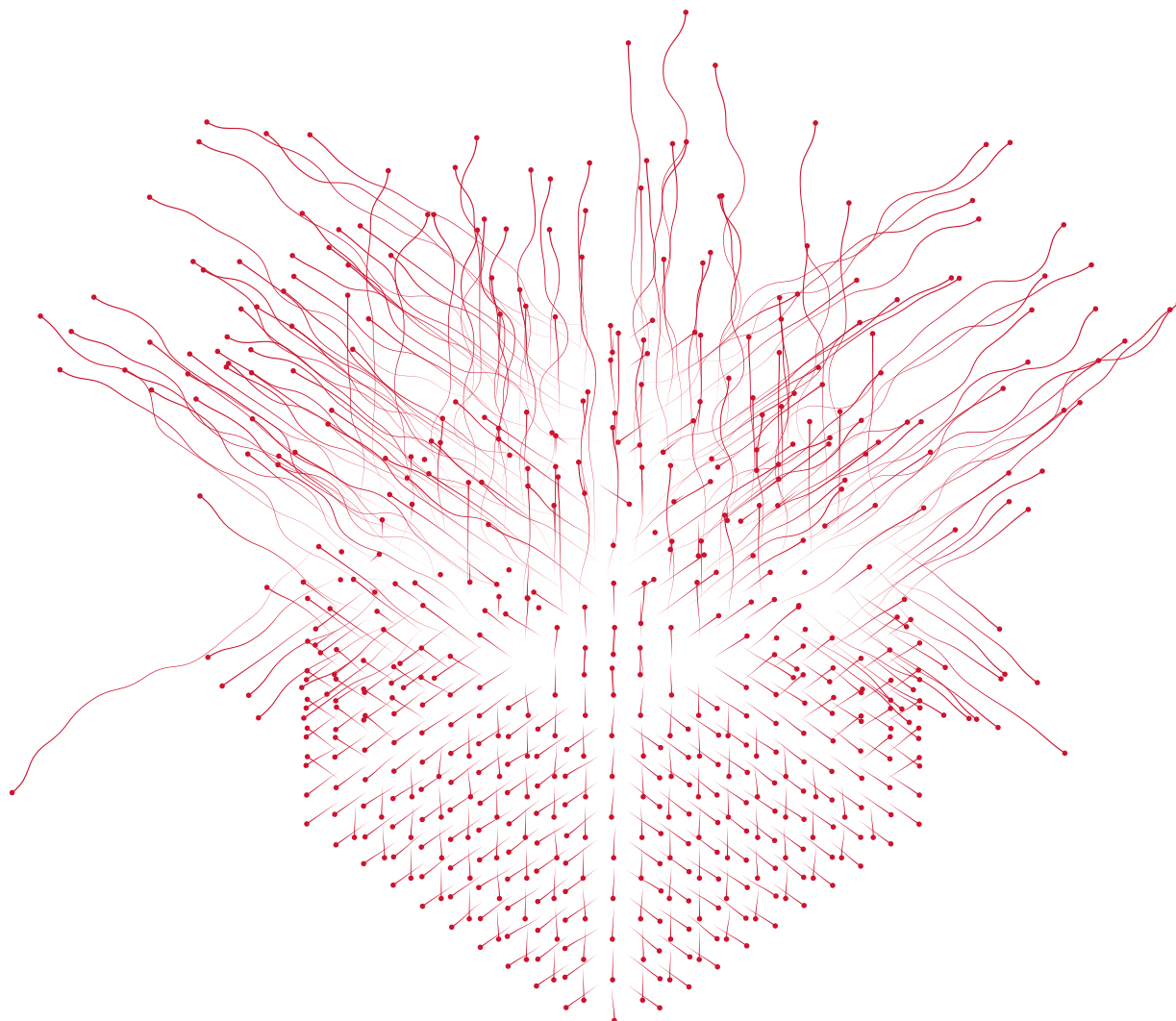


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# Abbreviations and acronyms

ADB	Asian Development Bank
ADM	Administrative Services Division
AfDB	African Development Bank
ALO	Americas Liaison Office
APR	Asia and the Pacific Division
ARIE	Annual Report on the Independent Evaluation of IFAD
ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP+	enhanced Adaptation for Smallholder Agriculture Programme
BIRDP	Butana Integrated Rural Development Project
CCU	central coordination unit
CD	country director
CDI	Change, Delivery and Innovation Unit
CENRAT	National Representation and Technical Assistance Unit
CLE	corporate-level evaluation
CLP	core learning partnership group
COM	Communications Division
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
CPO	country programme officer
CSD	Corporate Services Department
CSPE	country strategy and programme evaluation
D2.0	Decentralization 2.0
DoA	delegation of authority
ECG	Environment, Climate, Gender and Social Inclusion Division
ERG	External Relations and Governance Department
ESA	East and Southern Africa Division
ESR	evaluation synthesis report
FCAS	fragile and conflict-affected situations
FCD	Financial Controller's Division
FAO	Food and Agriculture Organization of the United Nations
FMD	Financial Management Services Division
FOD	Financial Operations Department
FPPP	Field Presence Pilot Programme
FSU	Field Support Unit
FTE	full-time equivalent
GEM	Global Engagement and Multilateral Relations Division
GEWE	gender equality and women's empowerment
GPR	Global Engagement, Partnership and Resource Mobilization Division
HRD	Human Resources Division
IADB	Inter-American Development Bank
ICO	IFAD Country Office
ICT	Information and Communications Technology Division
IFI	international financial institution
ILO	International Labour Organization
IOE	Independent Office of Evaluation of IFAD
IsDB	Islamic Development Bank

<b>KM</b>	knowledge management
<b>LAC</b>	Latin America and the Caribbean
<b>LEG</b>	Office of the General Counsel
<b>MCO</b>	multi-country office
<b>MDB</b>	multilateral development bank
<b>NEN</b>	Near East, North Africa and Europe Division
<b>OpEx</b>	Operational Excellence for Results
<b>OPR</b>	Operational Policy and Results Division
<b>OSB</b>	Office of Strategic Budgeting
<b>OPV</b>	Office of the President and Vice-President
<b>PBAS</b>	performance-based allocation system
<b>PCR</b>	project completion report
<b>PDR</b>	project design report
<b>PMD</b>	Programme Management Department
<b>PO</b>	programme officer
<b>PoLG</b>	programme of loans and grants
<b>PoW</b>	programme of work
<b>ProDAF</b>	Family Farming Development Programme
<b>RBA</b>	Rome-based agency
<b>RMO</b>	Office of Enterprise Risk Management
<b>RO</b>	regional office
<b>RPSF</b>	Rural Poor Stimulus Facility
<b>RTA</b>	reimbursable technical assistance
<b>SDG</b>	Sustainable Development Goal
<b>SKD</b>	Strategy and Knowledge Department
<b>SSTC</b>	South-South and Triangular Cooperation
<b>ToC</b>	theory of change
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNCT</b>	United Nations Country Team
<b>UNHCR</b>	United Nations High Commissioner for Refugees
<b>UNICEF</b>	United Nations Children's Fund
<b>UNOPS</b>	United Nations Office for Project Services
<b>UTaNRMP</b>	Upper Tana Catchment Natural Resources Management Project
<b>WCA</b>	West and Central Africa Division
<b>WFP</b>	World Food Programme



# Foreword

I am pleased to present the 2023 corporate-level evaluation (CLE) of IFAD's decentralization experience. This follows the earlier evaluation conducted by the Independent Office of Evaluation of IFAD (IOE) that covered the organization's decentralization efforts and experience during the period 2003-2015. This report assesses the results, progress and challenges since 2015. It assesses the coherence of decentralization endeavours together with other ongoing reforms in IFAD and considers the implications of these efforts for IFAD's future positioning.

This evaluation has pursued internationally recognized good practices for such evaluations in its methods and approach. The evidence base for the evaluation came from 15 case studies representing different types of field presence, an econometric analysis of 588 completed IFAD projects, 807 responses received from an electronic survey of country-level stakeholders and IFAD staff, interviews with 686 IFAD staff and stakeholders, a comparative study of the decentralization experience of 7 international financial institutions (IFIs) and United Nations agencies and a document review.

The evaluation concludes that decentralization is necessary to improve the development results achieved on the ground and finds that this recognition is shared by other IFIs and United Nations agencies. However, to realize its promise, decentralization needs to be done right and respond effectively to the rural agricultural priorities of benefiting countries.

Decentralization efforts since 2016 have enjoyed strong support and commitment from IFAD's Senior Management. However, there is a clear need for more strategic planning, careful resource deployment and adequate implementation capacity within IFAD. Equally importantly, findings highlight the need for decentralization efforts to be sufficiently gradual to allow for learning to be integrated and course correction where necessary. This evaluation concluded that IFAD could have learned more from its previous experience and from others to facilitate a more fit-for-purpose field presence – one that is equipped with the necessary resources and staff, and with the skills, networks, and experience to ensure high-impact operations.

To address these gaps and pave the way for the next phase of decentralization, the evaluation offers concrete, actionable recommendations to the Executive Board, the President, and Senior Management. These recommendations call for more reflection to make the necessary adjustments to Decentralization 2.0. This will require better resource planning, more dialogue with the Board to agree on necessary trade-offs when faced with resource constraints and learning lessons from earlier decentralization experience (2003-2016). This will ensure a fit-for-purpose country presence, sufficient focus on staff well-being and holistic reporting of decentralization progress to facilitate strategic Board oversight.



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# Executive summary

## A. Context and rationale

1. **Rationale.** The 2016 corporate-level evaluation of IFAD's decentralization experience assessed the Fund's decentralization efforts during the period 2003 to 2015. Since then, IFAD's decentralization approach has been significantly accelerated and deepened under the leadership of the President appointed in 2017. Targets and a timeframe for decentralization were established (to expand the field presence to 50 IFAD Country Offices (ICOs) and outpost 45 per cent of staff by 2024). IFAD headquarters was restructured and its business practices and policies were re-engineered. The speed and scale of decentralization since 2016 led to fundamental changes in IFAD's organizational culture and business model, providing the rationale for a second corporate-level evaluation (CLE) on IFAD's decentralization experience. The Independent Office of Evaluation of IFAD (IOE) work programme that included the evaluation was approved by the Evaluation Committee at its 111<sup>th</sup> session (October 2020).
2. **Purpose.** This second CLE of IFAD's decentralization experience will inform both IFAD's ongoing decentralization efforts and the planning and decision-making process for the Thirteenth Replenishment of IFAD's Resources (IFAD13).
3. **Objective.** The overarching objective of the evaluation was to assess the extent to which decentralization contributed to IFAD delivering better development results in an effective and efficient manner, and the organizational readiness to achieve this.
4. **Scope.** The analysis assessed the extent to which decentralization efforts had improved organizational efficiency and effectiveness and contributed to improving results on the ground in client countries. The evaluation covered decentralization efforts from 2016 to 2022, in both headquarters and field offices, and IFAD interventions (operations and country strategic opportunities programmes [COSOPs]) in client countries. The CLE examined the corporate decentralization strategy, financial resource planning, leadership and governance, delegation of authority, organizational design, related human resources policies and practices, and implementation of the decentralization strategy. Organizational changes made between 2016 and 2022 of relevance to decentralization were reviewed, including changes to corporate structure, operational guidelines and business practices. Particular attention was paid to key corporate priorities such as mainstreaming gender, climate change, youth and nutrition considerations in all IFAD interventions (COSOPs and projects); addressing conditions of fragility and conflict; and pursuing non-lending activities (partnerships, knowledge management and policy engagement).
5. In addition, the evaluation assessed the progress made on addressing any shortcomings identified in the 2016 CLE that were still relevant. For instance, the 2016 CLE had observed that the previous country presence strategies were adequate but made unrealistic assumptions, such as decentralization being cost-neutral; that country presence modalities were developed without a standardized corporate approach; and that field presence was expanded without necessary headquarters reforms. The 2016 CLE recommended that IFAD decentralize more corporate functions – such as financial management – to country offices and increase delegated authority to country directors.
6. The approach, key findings and recommendations of the present CLE are summarized below.

7. **Methodological overview.** The CLE was carried out in line with the Revised IFAD Evaluation Policy (2021) and the IFAD Revised Evaluation Manual (2022). It used a criteria-based methodology and a mix of qualitative and quantitative methods. The CLE's analytical framework and methodology were anchored in four of the six internationally-recognized evaluation criteria of the Organisation for Economic Co-operation and Development (OECD), namely relevance, efficiency, coherence and effectiveness. The decision to focus on these four criteria was based on the key evaluation issues to be addressed (such as improved relevance of IFAD operations to country needs and their strengthened contribution to reducing rural poverty and hunger, efficiency gains, coherence of organizational reforms, and administrative functions in support of country presence). Evaluation questions were formulated by these criteria and were grounded in a theory of change. The theory-based framework guided data collection, data analysis and report-writing.
8. **Evaluation questions.** The evaluation framework (annex II) sets out the evaluation questions and sources of data and information. The CLE sought answers to the following questions.
  - a. **Overarching evaluation question.** To what extent did decentralization contribute to IFAD-supported projects delivering significantly better development results in a more effective and efficient manner?
  - b. **Relevance.** To what extent was decentralization and its architecture relevant to improve alignment with the priorities of the country, smallholder needs, the agenda of the United Nations system and IFAD's mandate to reduce rural poverty and food insecurity?
  - c. **Coherence.** To what extent did IFAD adopt a coherent organizational framework and set of policies and procedures – complemented by strong management, leadership and governance – that could plausibly transform IFAD from a headquarters-centred organization into a decentralized organization on an accelerated basis?
  - d. **Effectiveness.** To what extent did decentralization contribute to IFAD providing better agriculture and rural development services that enhanced development results (lending and non-lending)?
  - e. **Efficiency.** To what extent were the costs of IFAD's field presence transparently managed and budgeted so that decentralization contributed to improving IFAD's efficiency in a manner that did not pose risks to IFAD's ability to deliver quality development results on the ground?
9. **Contribution analysis.** The evaluation focused on assessing the contribution of decentralization as it is only one among many factors influencing the achievement of development results, management of larger allocations from the programme of work and the performance-based allocation system. To analyse the contribution of decentralization, a theory of change was developed. This helped the team to construct plausible pathways through which decentralization contributed to improvements. The initial postulates of the contributions of decentralization and the theory of change were updated based on the evidence gathered during the evaluation process. These updates were made analysing the results observed through the lens of "with and without ICOs", and "before and after ICOs" (became operational in a country) and by type of ICO.
10. While it may take years to fully appreciate the contribution of decentralization to development effectiveness (when projects approved between 2017 and 2022 have been completed and evaluated), a number of findings have emerged. As this evaluation shows, it is essential to address and correct several decentralization measures that do not support the performance of IFAD-funded operations.
11. **The theory of change recognizes that while country presence is necessary to improve development effectiveness, it can do so only if it is fit for purpose.** Country presence becomes fit for purpose when: (i) it has adequate financial and human resources, and motivated staff with adequate delegated authority; (ii) it receives adequate and appropriate support from headquarters; and (iii) there is visible, strong leadership with commitment to manage adaptively, including in crises.

12. **Mixed methods and triangulation.** The evaluation used a mix of quantitative and qualitative methods, including a quantitative analysis of IFAD data and IOE ratings, an e-survey, document reviews, semi-structured interviews with key informants, 15 country and project case studies, and an analysis of selected themes (e.g. decentralization-related budget, human resources, knowledge management, fragile and conflict-affected situations and the decentralization experiences of comparator organizations). The evaluation triangulated evidence collected from different methods and sources to ensure that findings, conclusions and recommendations were robust and well supported by the evaluation evidence.
13. **Limitations.** The paucity of reliable and adequate quantitative data made it challenging to assess intermediate outputs and outputs such as project quality at entry and the likelihood of projects achieving their targets. To address this, the evaluation complemented the quantitative analysis with multiple qualitative methods (e.g. case studies, stakeholder interviews) and triangulated them to find alternative evidence. The rigorous econometric analysis also supplements this data, and provides a sound framework for future analysis of the full effects of decentralization when all relevant data become available.

## B. Key findings

14. The key findings and recommendations of this evaluation recognize that decentralization was implemented under contextual constraints. The challenges faced by IFAD and other international financial institutions (IFIs) and United Nations agencies that had undertaken decentralization were also taken into account. Those organizations also experienced issues with staff discontent, transitional challenges, and ex ante estimation of decentralization costs. In the case of IFAD, the COVID-19 pandemic posed additional challenges to the implementation of Decentralization 2.0 (D2.0) and staff relocating to new duty stations.
15. The CLE took note of these factors and assessed their relevance for IFAD's decentralization efforts since 2016. However, their relevance was partly offset by IFAD's long, prior decentralization experience dating back to 2003, the results of the 2016 decentralization CLE, feedback from Management's stocktaking exercises, and the consistent guidance received from the Board. Recognizing that preparing a detailed ex ante blueprint is not feasible for such a complex exercise, the evaluation focused on the extent to which holistic, strategic planning was pursued to enable IFAD to better anticipate, manage and address strategic risks associated with IFAD's accelerated decentralization.
16. **Decentralization is widely recognized at the Executive Board, Management and staff levels as a necessary step** to improve development results on the ground. Country presence brings IFAD closer to beneficiaries and governments, enhances partnerships with other development actors, and improves IFAD's relevance and development effectiveness. This was confirmed by the case studies undertaken for this evaluation, responses to the CLE e-survey and feedback received at interviews, and a number of IOE evaluations. Multilateral development banks and other United Nations agencies, including the other Rome-based agencies, have reached similar conclusions. The evaluation evidence confirms that, strategically, the decision to further decentralize IFAD was sound. However, the evaluation identified issues and weaknesses in the planning and implementation of IFAD's accelerated decentralization strategy that undermined the strategic intent of improving results achieved on the ground.

17. **IFAD's decentralization efforts since 2016 envisioned an unprecedented level of change during a significantly compressed timeframe (2017–2024) compared with the earlier phase (2004–2016).** The decentralization strategy set a target of increasing the proportion of staff outposted to 45 per cent by 2024. This translated into outposting 27 per cent of staff during an eight-year period. During the previous 14-year period (2003–2016) IFAD outposted 18 per cent of its staff.
18. IFAD has undergone far-reaching organizational change since 2016 as part of its efforts to transform itself from a headquarters-centred organization to a decentralized one. It increased the staff outposted from a baseline of 18 per cent in 2016 to 39.6 per cent by 2022. IFAD also changed the configuration of its ICOs by moving two regional offices (ROs) to the field, establishing 11 multi-country offices (MCOs) (only two subregional hubs existed in 2016), reducing the number of ICOs led by a country programme officer (CPO-ICOs) from 19 to 7, increasing those led by a country director (CD-ICOs) from 18 to 22, and undertaking organizational reforms (e.g. restructuring the Strategy and Knowledge Department [SKD] and Programme Management Department [PMD]). IFAD also re-engineered business processes, procedures, and the delegation of authority and accountability framework to support a decentralized organization. These changes were made possible by the hard work of small units created to coordinate the work of the Operational Excellence for Results (OpEx) Exercise and D2.0 (such as the OpEx team and the Change, Delivery and Innovation Unit for D2.0). **This evaluation recognizes the significant time and effort invested by these units and the dedication and commitment of their staff.**
19. **IFAD's President (2017-2022) and Senior Management were committed to decentralization, and provided leadership to establish accelerated decentralization as a corporate priority.** Transforming IFAD into a fully decentralized organization was a key campaign pledge of the President at that time. The new leadership proceeded to prescribe a timeline and target for outposting staff and established a working group to implement the decentralization agenda. These efforts resulted in fundamental institutional changes in IFAD.
20. **In practice, the decentralization process was top-down, not fully responsive to staff concerns and not adequately informed by the decentralization experiences of other IFIs and United Nations agencies.** Stocktaking exercises were carried out during OpEx and in the middle of D2.0, and key decisions were communicated to staff through town hall meetings, blogs and memos/circulars. However, there was no effective two-way communication strategy. Senior and mid-level managers found that while their feedback influenced some decisions, core issues were not adequately addressed. The e-survey found that five years into IFAD's accelerated decentralization, staff were still evenly split on whether or not Management proactively shared relevant information on decentralization and took staff inputs seriously. Similar issues were identified in the case studies and key informant interviews. This finding raises questions about the measures used to build broad-based staff buy-in and overcome staff resistance to accelerated decentralization. While IFAD is not fully comparable with other agencies in terms of its size and mandate, it did not adequately explore the approaches and strategies used by others that faced similar challenges related to decentralization (e.g. staff relocation and reassignment practices).
21. **Weak resource planning and inadequate funding for country programme delivery pose threats to IFAD's development effectiveness.** Decentralization is not cost-neutral and IFAD's administrative budget was near zero growth in real terms during the period covered. Hence, painful trade-offs became an inevitable necessity in pursuing decentralization. Assessing and balancing such trade-offs required better tracking of the costs of field presence. However, IFAD does not yet have a system to regularly collect and transparently report the detailed, phased cost of field presence in its annual budget documents. In this context, the share of the administrative budget available for core client services (such as supporting the design and implementation of IFAD operations and non-lending activities) declined steeply from 59 per cent in 2016 to 47 per cent by 2022, below the IFI benchmark of 50 per cent. The consequences of this decline became apparent in case studies, where ICOs reported inadequate resources to provide these core client services. The e-survey responses confirmed this finding. The 2023 budget approved in December 2022 attempted to address this situation.



22. **The rationale and the business case for ROs and MCOs were not convincingly analysed.** While the rationale for country offices was clear, the business case for relocating ROs was not supported by adequate analysis. The rationale, functions and necessary structure (i.e. size and composition) of the ROs were not clearly analysed for their value addition and cost-effectiveness. The rationale for MCOs also lacked case-by-case justification based on an assessment of their value addition and cost-effectiveness, particularly in light of the recent opening of ROs in East and Southern Africa, and West and Central Africa.
23. **Qualitative evidence suggests that country presence can help improve IFAD's development effectiveness, including in states with conditions of fragility and conflict.** A number of country case studies, particularly where ICOs have been in existence for many years (e.g. Kenya, Sudan and Viet Nam), showed that country presence was: (i) helping to better reflect country priorities and local conditions in COSOPs and project design; (ii) strengthening project implementation supervision; (iii) fostering linkages with beneficiary organizations and subnational government agencies; (iv) increasing partnerships at the national and subnational levels; (v) strengthening IFAD's role in United Nations Country Teams and the local donor community; (vi) and improving policy engagement. These factors were expected to lead to better results on the ground and influence government practices and policies. The case study findings were broadly confirmed by the responses to the e-survey.
24. **As was the case with the World Bank, quantitative analysis generated mixed findings in relation to the contribution of decentralization to improved development effectiveness when the effect of other factors was taken into account.** Multivariate regression analysis showed that as they gain experience, ICOs make a positive contribution to mobilizing international cofinancing and accelerating project start-ups. However, the multivariate analysis also points to the fact that having field presence does not automatically translate into delivering the promise of decentralization, i.e. greater development effectiveness. In case studies and e-survey responses, concerns were expressed that some factors associated with accelerated decentralization (e.g. churn in staffing, inadequate staffing and insufficient funding for project preparation, supervision and non-lending activities) may have an adverse impact on IFAD's development effectiveness.
25. **Country presence needs to be fit for purpose to improve development effectiveness. The allocation of adequate human resources for decentralization did not fully reflect the lessons of past experience in ensuring ICOs are fit for purpose.** Increasing the number of outposted staff does not automatically translate into better development effectiveness. Case studies of long-standing ICOs found that well-qualified, experienced and motivated staff with adequate financial resources were key to promoting national ownership, building partnerships for results, and supporting the preparation and supervision of project and non-lending activities to achieve high-impact projects within the framework of a small ICO.
26. The case studies identified the key roles played by nationally recruited country programme officers and internationally recruited country directors, along with their experience and skill sets to achieve development effectiveness. The skill sets necessary to deliver IFAD's mandate and commitments in host countries were not reflected in the metric system. In addition, IFAD faced the loss of a significant number of experienced country directors and an influx of country directors who were new to the organization. Field presence was further impacted by delays in filling vacant positions and the slow rate of appointing administrative staff. The timing and logistical approach adopted for reassignment were disruptive for staff and their families, staff morale and IFAD operations.
27. Despite the quadrupling in size of SKD since 2016, deploying a critical mass of technical staff to provide the required support to ICOs continued to be challenging in many locations and SKD's ability to strengthen non-lending activities in ICOs and promote knowledge management across the organization remained constrained.
28. **Evidence-based, adaptive management and learning were insufficiently integrated into the decentralization process.** IFAD failed to adequately plan for and resolve critical challenges and issues that arose during implementation. The decentralization process involved measures to obtain feedback, but the problem-solving was ad hoc, fragmented and insufficient to address the core challenges. The overly ambitious timeline and targets provided limited opportunities to reflect, learn and correct course. IFAD staff responding to the e-survey disagreed that adaptive management and learning were used to identify, manage and mitigate critical problems and risks (61 per cent disagreed).

29. **Under D2.0 there was limited focus on institutionalizing values** (e.g. being results-focused and collaborative, striving for continuous improvement), **policies, practices and ways of working oriented towards effectively delivering IFAD's core services within the decentralized set-up.** Such institutionalization requires prioritizing and integrating appropriate values, ways of working and incentives into core processes such as onboarding, performance management and reward, leadership and recruitment. The small size of ICOs makes such institutionalization important, as replacing even a single staff member (because of turnover or reassignment) can have a negative impact on IFAD's ability to meet its lending and non-lending objectives in the country, especially if it takes a long time to fill the vacancy. Embedding the required values, institutional knowledge and ways of working can help mitigate the risks related to loss and/or change of staff in ICOs and maintain IFAD's presence with minimal or no disruption, allowing key stakeholders and beneficiaries to have a consistent experience of IFAD's support, regardless of the specific ICO staff members.
30. **Stronger Executive Board oversight was needed to help guide the accelerated decentralization efforts.** It is widely recognized that IFAD's decentralization efforts are not cost-neutral and are implemented within the context of a zero-growth administrative budget. IFAD and the Board need to have a realistic discussion about mobilizing the additional resources needed to fund this mandate and identifying potential areas to be scaled back as a result. Such a discussion has yet to take place between the Board and IFAD Management.
31. The Board's oversight role for D2.0 increased during the period covered by the evaluation, particularly since December 2021. The Board's role is to provide strategic guidance and hold the President and Senior Management to account. However, stronger, more targeted Board oversight and guidance were hindered by the absence of holistic reporting of the decentralization progress. Such reporting would include a budget that transparently reflects the cost of the full decentralization agenda; the establishment of strategic time-bound metrics to track the progress towards decentralization targets; a full discussion of the trade-offs required in the context of efficiency gains and a zero-growth budget; and focused reports designed to address and resolve strategic problems discussed at the Board. Most of these requirements were noted in the decisions related to decentralization and budget during the 134th session of the Board in December 2021 (annex VII).

## C. Recommendations

### C.1. Recommendations to the President and Senior Management

32. **Recommendation 1. Before proceeding further, IFAD should take stock of its decentralization efforts to correct the course of Decentralization 2.0. To do so, it should identify and address shortfalls and apply adaptive learning processes to inform future decentralization actions.**
- IFAD should assess how each type of country presence (CPO-ICO, CD-ICO, MCO and regional office [RO]) and the decentralization of other functions (e.g. in SKD and the Financial Management Services Division) adds value to the core functions of IFAD.
  - These assessments should seek stronger justification for the ROs and MCOs and examine whether or not the models, size and staffing are consistent with lessons from past experience in strengthening development results. IFAD should pursue the RO model for the other regions only after conducting a thorough assessment of its value addition. Going forward, such assessments should be conducted periodically to fine-tune necessary changes to address emerging problems. The findings of these assessments should be discussed with the Board.
  - Should the RO model be justified by the above assessment, guidance on the functions, size, roles and responsibilities of ROs, and their interface with country offices and MCOs must be clearly defined based on the assessments and operationalized.
33. The criteria for allocating country presence should be explicitly factored into national commitments and priorities as expressed through the country's rural development policies and strategies on smallholder agriculture. When such national priorities and commitment undergo clear and sustained shifts, IFAD may have to reconsider the ICO model.

34. **Recommendation 2. IFAD should develop a budget and accounting system to identify and track the costs of decentralization.**
- Generate data to support decision-making on incremental costs in the context of the total costs of field presence.
  - Integrate transparently into budget documents the projections of future field presence costs from special purpose papers.
  - Separately report on and monitor the total costs of field presence in annual budget documents.
35. **Recommendation 3. Ensure that an adequate share of IFAD's administrative budget is allocated to country programme design, implementation and non-lending activities, with a clear target.**
- The share of the administrative budget allocated to country programme design, implementation and non-lending activities should be at least in the midrange of the corresponding ratios of the other IFIs.
  - Assess the funds needed to design and implement IFAD interventions (COSOPs and operations) to avoid potential adverse impact on the quality of results delivered by IFAD in the context of countries with and without conditions of fragility and conflict.
  - Propose ways to further improve prioritization/guidance/support for non-lending activities. Such measures should recognize the limitations of the existing approaches, include options for more assured funding, and ensure the adequate and more structured involvement of SKD and PMD.
36. **Recommendation 4. Address the limitations of human resources management in order to achieve better development outcomes through greater consideration of the impact on IFAD operations.**
- Identify critical factors that improve the effective functioning of decentralized offices (including reducing vacancy rates); make certain that country directors and other staff with appropriate skill sets, track records and experience profiles are recruited; augment induction and skills development processes that are commensurate with achieving the critical factors identified above, utilizing more interactive modalities; integrate these factors into routine human resources practices.
  - SKD, while contributing design and implementation support to IFAD operations and COSOPs, needs also to prioritize supporting PMD efforts to strengthen non-lending activities in client countries and promote knowledge management globally and across IFAD.
  - PMD should clarify to the country directors their role as the interlocutors of the President in the country and strengthen its efforts to equip country directors with the skills to lead non-lending activities such as policy engagement and partnership-building, and carry out the added responsibilities resulting from increased delegated authority.

37. **Recommendation 5. Ensure that human resources management, policies and practices focus on improving the well-being of staff.**

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

## C.2. Recommendation to the Executive Board

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

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

# IFAD Management's response

## I. Introduction

1. Management welcomes the corporate-level evaluation (CLE) of IFAD's decentralization experience (2022), and thanks the Independent Office of Evaluation of IFAD (IOE) for a comprehensive review.
2. While noting room for improvement, the CLE acknowledges that IFAD has successfully shifted from a country presence model to a decentralized model in a relatively short timeframe. This followed Management's recalibrated approach to decentralization in 2017, which built on the 2016 CLE on decentralization, and was supported by the Executive Board. Since then, Management has placed emphasis on adaptive management to improve decentralization through: (i) the Operational Excellence for Results (OpEx) reform in 2017-2018; (ii) the 2018-2019 lessons learned exercise; (iii) the establishment of a cross-departmental working group in 2019; and (iv) the evolution to Decentralization 2.0 (D2.0) in January 2021. IOE's findings are valuable inputs in this adaptive management process.
3. Based on its own learning, Management concurs with the CLE findings that effective decentralization planning and delivery depend on many factors including: (i) ensuring timely allocation of adequate resources; (ii) putting proper processes in place for IFAD Country Office (ICO) set-up; and (iii) ensuring focus on staff well-being and adequate communication following reassignment decisions. Additional to the CLE findings, Management also notes that the COVID-19 pandemic greatly constrained the implementation of decentralization and impacted staff well-being.
4. During the review phase of the first draft report, Management expressed some concerns about how evidence and analysis supported the conclusions drawn. Although the final report partially addresses this issue, Management still has a different position on some of the evidence and data presented and their link to the conclusions.

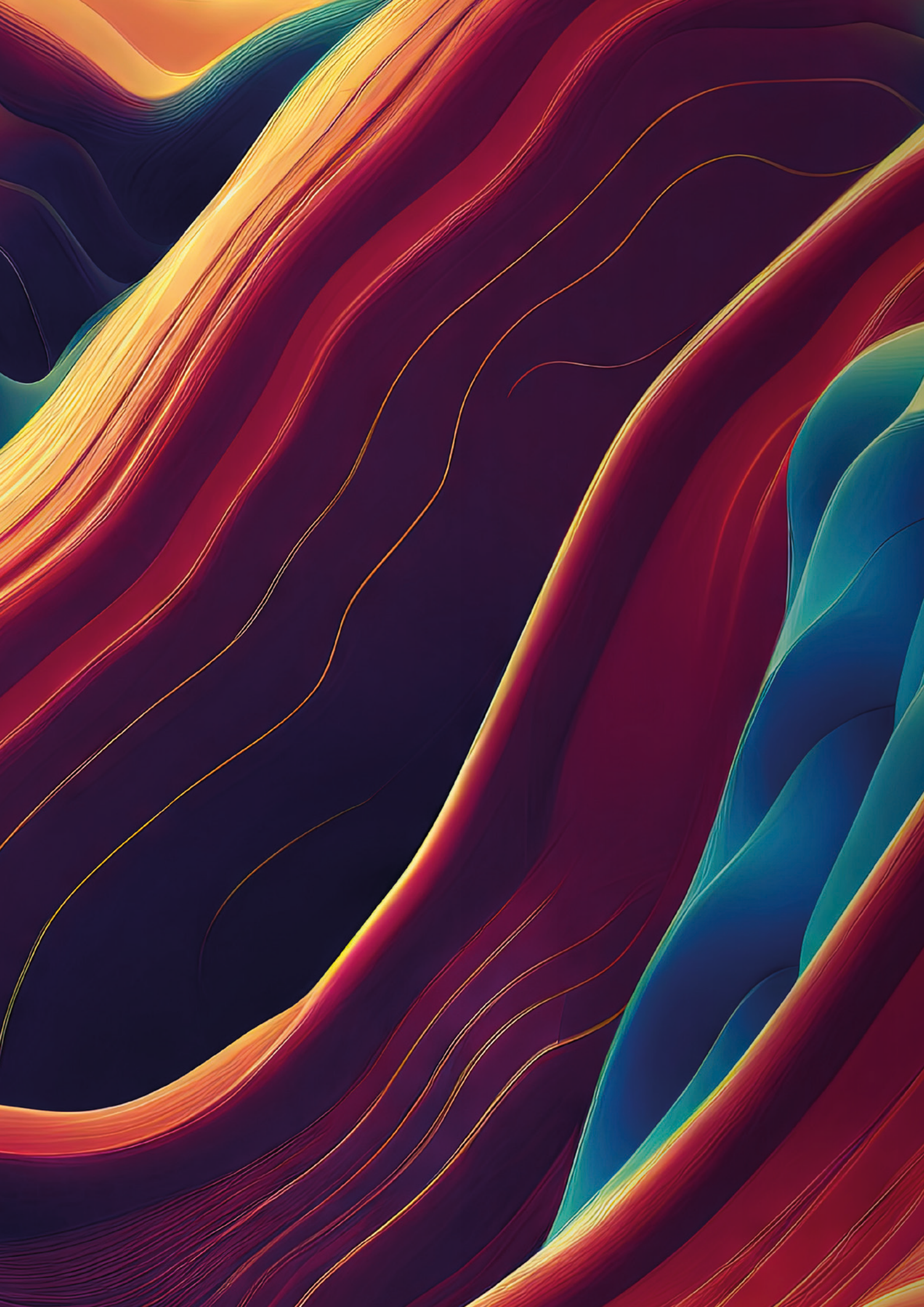
5. Management welcomes the five recommendations under its purview, and finds them reasonable. Section II provides detailed responses to the recommendations. Building on Management's lessons and taking into account the CLE report, Management is formulating a D2.0 Recalibration Plan, which fine-tunes D2.0 implementation while keeping its timeline and overall target unchanged. As part of this, Management is already implementing better onboarding, a new timeline for reassignment that will be rolled out on a yearly basis, and dedicated administrative pool functions in regional offices (ROs) led by corporate services managers. The plan also includes a review of the Asia and the Pacific (APR) and Latin America and the Caribbean (LAC) ROs, and further recalibration of the different office structures and staffing arrangements.

## II. Recommendations and Management response

6. **Recommendation 1. Agreed.** In line with its adaptive management approach, Management is constantly adjusting D2.0 and agrees to incorporate the analysis of the effectiveness of the various ICO models to understand benefits and shortcomings. However, this will be done as a continuous process as opposed to pausing D2.0. By learning from the CLE and its own experiences to date, Management is adjusting D2.0 implementation and fine-tuning the office structures as per the recalibration plan. Following review of the APR and LAC ROs, Management will further refine, as appropriate, the multi-country office (MCO) model by reviewing the latter's effectiveness in the West and Central Africa (WCA) and East and Southern Africa regions, and further recalibrate the APR MCOs vis-à-vis ICOs led by a country director (CD) (e.g. China, India and Viet Nam). Management confirms that the current allocation metrics already factor in national commitment to rural development as prescribed in the last section of the recommendation.

7. **Recommendation 2. Partially agreed.** Management agrees with the sub-recommendation that there is a need to improve granularity in reporting on the costs of decentralization. However, it partially agrees with the overall recommendation on developing a new budget/accounting system, since there are costs associated with procuring and rolling out such a system, and there is already a system in place that can be built upon.
8. Following the 2016 CLE, IFAD improved the budget and accounting system and delegated budget holder authority and low value procurement to CDs in the field with monitoring reports available for each accountable budget holder. However, Management agrees that further enhancements to the budget and accounting system will be required to support a more holistic corporate overview of the staff and non-staff costs of decentralization, and of the cost of design and supervision, where authority has been delegated to an ICO. To support decision-making on decentralization, the D2.0 budget actuals (vis-à-vis the budget envelope) are already tracked regularly in the D2.0 steering committee meetings. Not only does current practice ensure adequate budget utilization to implement the D2.0 plan during the year, but it guarantees accountability for any budget increases endorsed by the Executive Board for expenditures related to decentralization.
9. Management partially agrees with the recommendation to integrate projections of future costs of field presence into budget documents. Management has reported the costs of decentralization, as requested by the Board, and is committed to continuing to do so at a strategic level. For example, the information note on the Operational Excellence for Results (OpEx) Exercise, shared with the Board in September 2018, provided comprehensive information on decentralization costs. Furthermore, D2.0 updates presented at the September and December Board sessions in 2021 included metrics, lessons learned, and information on regional office models, costs and phasing. Lastly, the medium-term outlook budget paper submitted to the Board in April 2022 (appendix IX) presented costs at a granular level, including incremental costs of additional positions and ICOs. To further enhance reporting to the Board, Management proposes to submit an annual progress report in December, with oral updates as needed.
10. Management also partially agrees with the need to report separately on and monitor the total costs of field presence in annual budget documents. As per IOE's comparative study report, none of the consulted organizations assess the cost of decentralization, although they agree that it is not cost-neutral.
11. **Recommendation 3. Agreed.** Management agrees on the need to restore the share of administrative budget allocated to country programme design, implementation and non-lending activities to at least in the mid-range of the other international financial institutions. In fact, the share of IFAD budget allocated to country programme delivery in 2023 is on the rise, as acknowledged in the CLE. Management will strive to ensure that this trend continues going forward.
12. Country programme design and delivery continue to represent the core business of IFAD while the direct trade-off with decentralization is less clear. Management has already started to assess and prioritize funds needed to design and supervise IFAD's projects, particularly given the extra analysis needed for the Social, Environmental and Climate Assessment Procedures (SECAP) and knowledge-based policy advice, for example. It is worth noting that the IFAD 2023 budget, which has been endorsed by the Board, prioritizes country programmes, with an increase of US\$3.49 million allocated to project design/supervision/implementation support. However, the unit costs for design and supervision have increased significantly due to additional requirements associated with SECAP; fragility; mainstreaming climate, nutrition, gender and social inclusion; knowledge and policy; procurement; and financial management. This budget increase will help better integrate these elements into project design and proactively manage portfolios, with a focus on monitoring and evaluation, and fiduciary issues, and on projects classified by SECAP as having high or substantial risk.
13. Management also agrees on the need for increased support to non-lending activities (NLAs). NLAs will continue to be integrated into the design and implementation of country strategic opportunities programmes (COSOPs) and projects to facilitate knowledge generation and sharing, promote innovations and strengthen policy advice. However, better delivery of NLAs will also require commensurate budgets, which has been a challenge so far.
14. **Recommendation 4. Partially agreed.** Management is in overall agreement with the importance of improving human resources management; however, it partially agrees with the sub-recommendations on the role of SKD and CD capacity-building because of budget constraints. On human resources management, IFAD has created regional administrative pools led by corporate services managers to support the functioning of the ROs. Furthermore, IFAD has put in place a plan for reducing the vacancy rate (i.e. appointable rosters, batch recruitments, electronic appointment boards, regular monitoring of vacant positions, and targeted recruitment approaches for specialized job profiles). The ongoing upskilling

- programme will improve the capacity of all newly recruited and reassigned staff. Management is also enhancing staff onboarding mechanisms. IFAD is continuing its routine trainings through departmental/divisional retreats and Operations Academy (OPAC) training (both virtual and in-person). As such, skills development processes are already in place, and IFAD will continue to improve them. While COVID-19 significantly affected staff onboarding and induction, outcomes improved in 2022 when in-person retreats and visits resumed.
15. Management partially agrees on the sub-recommendation that SKD needs to sufficiently prioritize supporting the Programme Management Department's efforts to strengthen NLAs in client countries and promote knowledge management globally and across IFAD. The knowledge function is undergoing change, with a greater focus on data and evidence curation, analysis for advice and diagnostics. In-country and global policy advice is a challenge, and Management will work on improving this.
  16. Management also partially agrees on the sub-recommendation on equipping CDs with clarity and skills. While acknowledging room for improvement, Management has already invested significantly in this (e.g. through OPAC, the upskilling programme and departmental, subregional and regional workshops and retreats) and will continue to do so.
  17. **Recommendation 5. Agreed.** As per the commitment of the new President, Management confirms that numerous efforts are already under way to allocate adequate resources in a timely manner and ensure proper processes for office set-up, and for reassignment and relocation of staff. Management is revising the reassignment approach and frequency to better fit organizational needs, as has been the case since the OpEx exercise. Furthermore, as announced by the President, IFAD has formalized flexible timing of relocations moving forward, in particular to allow staff with families and school-going children to align their move with the academic school year. The Human Resources Division, in collaboration with hiring divisions, has continued to provide staff with flexibility for relocation as needed. The Field Support Unit has developed guidelines and toolkits to provide logistical support to relocated and newly appointed staff as part of the IFAD corporate onboarding initiative.
  18. Management agrees on the need to implement effective communication strategies. The D2.0 communication strategy is being revised, with a strong focus on improved dialogue with staff. This is reflected in the 2023 communication action plan, which is aimed at strengthening the approach to proactively addressing staff concerns. As per current practice, the IFAD Staff Association meets weekly with the Director, Human Resources Division, and regularly with other members of the Management team. In addition, IFAD has revised the D2.0 implementation group meeting structure to enhance its rationale and function, and expand its membership.
  19. Management also agrees on the need to address staff well-being and the organizational culture. A number of initiatives have already been or are in the process of being rolled out, including an immediate action plan to reduce IFAD's vacancy rate in order to ensure the needed resources to fulfil emerging decentralized responsibilities. In addition, the workplace culture initiative builds upon a concrete and time-bound action plan, with priority areas such as role-modelling by Senior Management and emphasizing that everyone in IFAD has a role to play, while factoring in the Fund's increasingly decentralized and global presence.
  20. **Recommendation 6. This recommendation is addressed to the Executive Board.** Management acknowledges that a comprehensive picture of the cost of decentralization has become clearer over time. IFAD's decentralization journey has evolved, and cost assumptions have moved from high-level estimates to more detailed and accurate forecasts based on IFAD's actual experience and evidence. Management has consistently provided the Board with the most up-to-date data available when reporting on decentralization progress, and will continue to do so going forward, including through improved metrics.
  21. Management recognizes the shortcomings in the planning and sequencing of certain aspects of decentralization.
  22. To further enhance reporting to the Board, Management proposes to provide an annual progress report in December, with oral updates as needed.





# Chapter

# I

Introduction



# I. Introduction

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

- Rationale.** The 2016 corporate-level evaluation (CLE) of IFAD's decentralization experience assessed the Fund's decentralization efforts during the period 2003–2015. Since then, IFAD's decentralization approach significantly accelerated and deepened under the leadership of the President appointed in 2017. Targets and a timeframe for decentralization were established (to expand the field presence to 50 country offices and outpost 45 per cent of staff by 2024). Headquarters was restructured and IFAD's business practices and policies were re-engineered. The organizational changes required by the speed and scale of decentralization since 2016 led to fundamental changes in IFAD's organizational culture and business model. This provided the rationale for a follow-up CLE on IFAD's decentralization experience. The Independent Office of Evaluation of IFAD (IOE) workplan to carry out this evaluation was approved by the 111th session of the Evaluation Committee (October 2020).
- Purpose.** This CLE of IFAD's decentralization experience will inform both IFAD's ongoing decentralization efforts and the planning and decision-making process for the Thirteenth Replenishment of IFAD's Resources (IFAD13).
- Objective.** The overarching objective of the evaluation was to assess the extent to which decentralization contributed to IFAD delivering better development results in an effective and efficient manner, and the organizational readiness to achieve this.
- Scope.** The analysis assessed the extent to which decentralization efforts improved organizational efficiency and effectiveness and contributed to improving results on the ground in client countries. This evaluation covered decentralization efforts during 2016–2022, in headquarters and field offices and IFAD interventions (operations and country strategic opportunities programmes [COSOPs]) in client countries. The CLE examined the corporate decentralization strategy, financial resource planning, leadership and governance, delegation of authority, organizational design, related human resources policies and practices, and implementation of the decentralization strategy. The evaluation covered organizational changes during 2016–2022 that were relevant to decentralization, including changes to corporate structure, operational guidelines and business practices. Particular attention was paid to key corporate priorities such as changes related to mainstreaming gender, climate change, youth and nutrition considerations in all IFAD interventions (COSOPs and projects), addressing conditions of fragility and conflict, and pursuit of non-lending activities (partnerships, knowledge management and policy engagement).
- In addition, the evaluation assessed progress toward addressing the shortcomings identified in the 2016 CLE that were still relevant. For example, the 2016 CLE observed that the previous country presence strategies were adequate but made unrealistic assumptions, such as decentralization being cost-neutral. In addition, country presence modalities were developed without a standardized corporate approach, and field presence was expanded without necessary reforms at headquarters. The 2016 CLE recommended that IFAD should decentralize more corporate functions to country offices, such as financial management, and increase delegated authority to country directors.

6. **A definition of decentralization.** The term “decentralization” is generally understood as a process that involves the transfer of the authority and power to plan, make decisions and manage resources from higher to lower levels of an organizational hierarchy to facilitate efficient and effective service delivery.<sup>1</sup>
9. The 2007 evaluation of FPPP conducted by IOE found that increased field presence contributed to enhanced implementation support, policy dialogue, and partnerships. However, the evaluation also found that financial and human resources allocated for FPPP were not sufficient to meet the expected goals. Country office staff were not delegated the authority necessary to represent IFAD in the country or make operational and financial decisions, IFAD was not capturing decentralization costs, knowledge management was weak, and field teams were not adequately coached.

## B. Evolution of decentralization in IFAD

7. **First steps (2003–2007).** Discussions on the issue of IFAD’s field presence were initiated during the consultations for IFAD5. To enhance the opportunities to achieve greater impact from IFAD-financed projects, policy dialogue, knowledge management, and partnership-building, Member States requested Management to conduct a detailed study of the possibility of increasing IFAD country presence in the field. The findings and recommendations of that study were submitted to the Board in December 2002.<sup>2</sup>
8. In December 2003 the Board approved the three-year Field Presence Pilot Programme (FPPP). The FPPP (2004–2006) was designed to test alternative models of country presence in 15 countries<sup>3</sup> across all five geographical regions, and to determine the contributions of a permanent country presence to strengthening IFAD’s effectiveness towards implementation support, policy dialogue, partnership-building and knowledge management. The FPPP was managed by PMD, and nationally-recruited officers staffed the presence in all 15 pilot countries<sup>4</sup> (box annex IV-1; figure annex IV-1a; and tables annex IV-1 and IV-2).
10. **Field presence from 2007–2015.** The FPPP approach was in place until approval of the 2011 country strategy for decentralized presence. To address the shortcomings observed by the FPPP evaluation, the strategy introduced changes to the criteria for selecting country presence and introduced new types of IFAD Country Office (ICO) models (tables annex IV-3 and annex IV-4). A total of 15 new ICOs were established, adding country programme manager (CPM)-led ICOs and a regional office (RO) in Nairobi to serve East and Southern Africa (ESA) to the existing country programme officer (CPO)-led ICOs; ROs supported financial management services. The strategy sought to have 40 ICOs by 2013. The updated selection criteria for country presence added a consideration of countries with conditions of fragility and conflict that appeared to adversely affect operational performance. The revised 2013 strategy tweaked the ICO models to reflect lessons from experience. Specifically, it introduced the possibility of CPM- or CPO-led ICOs supporting a neighbouring country with a small portfolio. It also expanded the functions of the Nairobi RO to cover programme and technical support to ESA countries in addition to providing financial management support. This evolution is summarized in the table that presents the evolution of ICO models since 2011 (annex IV-3).
11. **Corporate decentralization plan 2016 (2016–2018).** IFAD formulated a corporate decentralization plan<sup>5</sup> in 2016 to guide decentralization during IFAD10 (2016–2018). This plan drew from the Country Presence Policy and Strategy (2011–2013), the revised IFAD Country Presence Strategy (2014–2015), lessons from management self-assessments, and the 2016 CLE.

1 As stated on the 2016 CLE: 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. “Government Decentralization in Comparative Perspective: Developing Countries”, *International Review of Administrative Science*, 47 (1981): 2.

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

3 Plurinational State of Bolivia, China, Congo, Democratic Republic of the Congo, Egypt, Ethiopia, Haiti, India, Nicaragua, Nigeria, Senegal, Sudan, United Republic of Tanzania, Uganda, Viet Nam and Yemen.

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

5 IFAD Corporate Decentralization Plan EB 2016/119/R.11.

12. The plan introduced subregional hubs or service centres that provided technical and programme support to a smaller group of countries in the subregion. The plan also introduced a country programme group that provided only programme support (no technical support) to a group of countries<sup>6</sup> from a single location, managed as a CPM-led office. This reduced the number of single country ICOs. Single country ICOs were established considering a country's strategic importance and/or special circumstances that made their grouping with other countries difficult. The plan sought to establish up to 45 ICOs by the end of IFAD11 (2019–2021), made no changes to the country presence selection criteria, and retained the previous practice of closing offices where ICO criteria were no longer met (table annex IV-4).
13. **Operational Excellence for Results (OpEx) Exercise (June 2017 – December 2018).** In 2017 a new President assumed duties with a commitment to strengthen and prioritize decentralization. Under his leadership, IFAD replaced the 2016 decentralization plan with a new plan titled the Operational Excellence for Results (OpEx) Exercise. OpEx was planned as an 18-month initiative with three goals: (i) to significantly enhance the programme of loans and grants (PoLG); (ii) to improve the quality of IFAD project results; and (iii) to be externally recognized for the impact on rural poverty reduction. The exercise was operationalized in three stages: scoping, design and implementation.<sup>7</sup> A task team was established to implement OpEx.
14. **Reforms during OpEx.** OpEx focused on re-engineering the country-based model to strengthen project design and implementation support and non-lending activities (NLAs) and making organizational changes at headquarters. Organizational changes included: (i) reconfiguring SKD; (ii) shifting technical staff from the Programme Management Department (PMD) to SKD; (iii) creating a new Operational Policy and Results Division (OPR) to strengthen oversight of policies, performance and results; (iv) creating the Global Engagement and Multilateral Relations Division (GEM) within the External Relations and Governance Department (ERG) to consolidate global engagement activities, including South-South and Triangular Cooperation (SSTC) and Rome-based agency (RBA) collaboration; (v) consolidating field security functions to one unit reporting to the Administrative Services Division (ADM); and (vi) relocating the annual corporate planning function to the Office of Budget and Organizational Development.<sup>8</sup> Other changes introduced by OpEx included revisiting the delegation of authority to ICOs, strengthening mechanisms for project design and delivery, and a mobility framework (reassignment) to accompany the relocation of staff under decentralization.
15. **OpEx country presence selection criteria and ICO models.** OpEx retained the criteria for the country presence selection of the 2016 decentralization plan (tables annex IV-3 and IV-4). In terms of the ICO models, OpEx retained the hubs, country director (CD)-led ICOs, and CPO-led ICOs but introduced regional SSTC and knowledge management centres.
16. **Lessons from OpEx.** After the conclusion of the 18-month OpEx exercise during which share of outposted staff increased from 18 to 30 per cent, IFAD conducted missions to hubs<sup>9</sup> to obtain feedback and also conducted a staff survey.<sup>10</sup> The results were reported in May 2021. These studies identified positive improvements such as sustained supervision and implementation support, and bottom-up consultation processes for COSOPs and project designs with higher involvement of local thematic specialists, to name a few. The feedback also pointed to challenges including weak organizational change management; lack of clarity of IFAD's organizational objectives; bureaucratic business processes; inefficient and ineffective country management by hubs; inadequate staffing and capacities to comply with country needs and the fast pace of decentralization process. The key findings of the survey are presented in box I-1. IFAD also conducted self-assessments, an analysis of human resources, and a benchmarking analysis. These were available at the time of design and implementation of Decentralization 2.0.

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

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

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

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

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

## Lessons from OpEx and D2.0

**1. Empowerment in name only.**

- IFAD decentralization approach is widely seen as top-down; and
- Concerns remain about lack of empowerment and lack of delegation of authority.

**2. Clarity needed for roles of head of hubs and regional director (RD).**

- The multi-task function of the hub head is not working as envisioned, e.g. leading the hub, managing host country and coordinating multiple countries.
- There is scope to enhance the strategic and leadership role of the RDs while reducing their administrative burden.

**3. For country teams, “in-country” is better than “near-country”.**

- CD-led offices are seen by many as best to cover the combination of supervision, policy dialogue, and partnership, as well as being the most cost-effective (e.g. reduced travel costs).
- During the COVID-19 crisis, one key lesson was the importance and value addition of teams located in countries.

**4. Location of technical staff needed further thinking.**

- In practice, there are significant challenges to the way technical staff have been spread across hubs. Most seem to call for critical mass to capitalize on the value of co-location, and flexibility based on demand.
- There are still mixed views about how best to locate global technical staff, with a desire to have global staff and “anchors” at headquarters.
- Lessons from COVID-19: IFAD can effectively communicate and work across geographies in a virtual manner, while effective client interface depends more on a physical presence.

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

17. **Decentralization 2.0 (D2.0) (2020–2024).** This effort commenced upon the completion of OpEx (January 2019), with the establishment of a cross-departmental working group to identify lessons learned, and decisions by an IFAD Management Team (IMT) (comprised of senior managers and directors) on ways to move forward. Dedicated mechanisms were set up to coordinate the implementation of D2.0. The Change, Delivery and Innovation Unit (CDI) was created to assist IFAD in coordinating implementation of D2.0. Its core team consisted of three positions<sup>11</sup> and reported directly to the President of IFAD. IFAD also established a D2.0 Working Group to review IFAD’s decentralized structure, propose options for a decentralized structure to ensure IFAD is “fit for purpose” and revise metrics, budget considerations and implementation timelines. The D2.0 Working Group was comprised by members of PMD, SKD, Financial Management Services Division (FMD), Field Support Unit (FSU) and the Human Resources Division (HRD). The CDI facilitated the activities carried out by the working groups (table annex

IV-5). The systemic risks associated with the implementation of D2.0 gained increasing attention well into the implementation of D2.0. The newly established (September 2020) Office of Enterprise Risk Management (RMO) was not part of the D2.0 Working Group.<sup>12</sup>

18. The Working Group revisited the lessons learned exercise at the end of OpEx and found those lessons to be still valid one year into D2.0 (box I-1).

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

<sup>12</sup> Although RMO was not part of the D2.0 Working Group, it submitted an initial assessment of the main risks associated with the decentralization implementation to be used in the discussion of D2.0 held on 26 January 2022 as part of the Executive Management Committee (EMC) retreat.

19. **ICO models.** Under D2.0 there were four types of ICOs. Based on OpEx experience, D2.0 replaced the hubs with multi-country offices (MCOs) and made significant changes to the RO model, while retaining the CD-led and CPO-led ICOs:
- **Regional offices.** Four ROs were to be moved to the respective regions. An RO under D2.0 differed from the previous RO model in that it replaced the regional office at headquarters, was headed by the regional director, serviced the entire region (not just the countries in the vicinity of the RO), and was much larger in scale, housing 50–70 staff from PMD, SKD, FMD, ADM/FSU and the Communications Division (COM) that made it a full-function office.
  - **MCOs.** The office had more than one CD and served several countries. Unlike hubs, it was envisaged to house only PMD staff with administration pool support. It was always headed by a P-5 level staff member.
  - **CD-led ICO.** This model was similar to the earlier CPM-led offices. The ICO had one CD for the host country who might also serve as CD for (usually smaller) neighbouring countries. A CD-led ICO was allocated to countries that had a large (top 20 percentile) or complex portfolio or countries with fragile situations. In general, the ICO was led by a P-4-level CD. It was to be led by P-5-level CD if the portfolio was in the top tenth percentile or in countries with highly complex portfolios.<sup>13</sup>
  - **CPO-led ICO.** As with the planned 2016 decentralization, the ICO had no resident international Professional staff and served only the host country. The CD was located in an RO, MCO or another CD-led ICO. It usually served smaller country programmes. It was led by a country programme officer at mid-level professional (NOC) level.
20. **Selection criteria for country presence (metrics).** D2.0 modified the metrics for CD-led ICOs and CPO-led ICOs and introduced metrics for MCOs and ROs as follows (table annex IV-4):
- **For MCO/RO presence.** Considerations included travel time to countries (weighted by number of projects), hardship level, family/non-family station, cost of national staff (General Service and Professional), office costs (per person) and status of host country agreement.<sup>14</sup> Management added other considerations such as in-country security issues, potential for partnerships, and the location being a centre for development finance, knowledge/innovation and rural policymaking.<sup>15</sup>
  - **For country offices.** Considerations included portfolio size (current and future portfolio as measured by the performance-based allocation system [PBAS]), level of poverty and hunger (headcount and rate) as reflected by the SDG indicator “prevalence of undernourishment”, partnership opportunities (level of cofinancing), fragility status,<sup>16</sup> country income (GDP), partnership opportunities (level of cofinancing), and operational feasibility.<sup>17</sup>
21. **Metrics for allocation of staff.** D2.0 developed metrics to allocate staff to ICOs which are presented as part of the evolution of country selection criteria in table annex IV-4. The metrics system was intended to be an objective mechanism to identify optimal distribution of typology and location of decentralized presence. To accommodate the political and development complexities of countries, the final decisions on the type and locations of ICOs were made in consultation with the regional directors.

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

14 Decentralization 2.0 Working Group presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020, slide 21).

15 Stated in a communication with the evaluation team.

16 The World Bank Classification of Fragile and Conflict-Affected Situations.

17 Decentralization 2.0 Working Group presentation titled *Decentralization 2.0 High level Summary Slides* (October 2020, slides 23, 25–26) and written communication with the evaluation team, dated 26 January 2023.

22. These metrics were aligned with the goal of achieving D2.0 targets, which included increasing the proportion of staff in decentralized units from the baseline value of 18 per cent in 2016 to 45 per cent by 2024 and to increase the number of ICOs from the baseline of 40 to 50 by 2024, capped at 60 ICOs (figure annex IV-1a). D2.0 intended to establish four ROs led by regional directors, and upgrade eight CPO-led offices to CD-led ICOs.<sup>18</sup>
23. IFAD increased the total number of decentralized offices from 40 in 2016 to 42 in 2022 (table I-1). IFAD had established two of four planned ROs by 2022. There was a substantial increase in the number of subregional offices (from 2 hubs in 2016 to 11 MCOs in 2022) and a decline in CPO-led ICOs (decreased from 19 in 2016 to 7 in 2022).

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

TABLE I-1  
Changes to ICO composition 2016 to 2022

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

Source: IOE elaboration based on CDI data.

24. **IFAD reforms during D2.0.** IFAD continued with organizational reforms during D2.0. The Office of Budget and Organizational Development was reconfigured into the Office of Strategic Budgeting (OSB) to strengthen IFAD's budgeting function; the Global Engagement, Partnership and Resource Mobilization Division (GPR) was created by merging the Partnership and Resource Mobilization Office (PRM) and GEM; and HRD was restructured around the core concept of talent management, a mobility framework and a new approach to career development.
25. IFAD revised its procedures for preparing COSOPs and clarifying roles, responsibilities and accountabilities, particularly for country directors and regional directors. IFAD also revised its project design guidelines in 2020 to streamline approval processes, and reduce project approval time from 17 (in 2016) to 8 months.<sup>19</sup> Other changes relevant to country programme support include the following policies: Inclusive Rural Finance Policy 2021 (an update to the 2008 policy), Revised Social, Environmental, and Climate Assessment Procedures (2020), Internal Control Framework (2019), the Knowledge Management Strategy (2019), revised operational guidelines for targeting (2019) and Private Sector Engagement Strategy (2019–2024). Mainstreaming the priority themes of climate change, gender equality and women's empowerment, nutrition and youth in all IFAD operations and COSOPs continued and IFAD12 committed 40 per cent of the PoLG for climate financing.

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



26. **Delegation of authority.** The implementation of the delegation of authority was initially staggered by Management to mitigate risks presented because of skills gaps in some of the decentralized staff. This process created some frustration initially. Increased delegation of authority has occurred as the skills of the decentralized staff have increased over the period. IFAD's Accountability Framework and Delegation of Authority (DoA) Framework were revised during D2.0. To further delegate authority to country directors and unit heads, IFAD issued 43 new or revised delegations covering operations, procurement, human resources, finance/budget, and governance/protocol. The revisions were based on consultations with CDs, selected missions to countries, and having an open space in the internal IFAD website inviting feedback from all IFAD staff. Based on the feedback, the DoA Framework is being periodically updated.

27. **Organization of the report.** The first chapter provides the rationale and context for the evaluation and outlines the evolution of decentralization efforts in IFAD since 2003. Chapter II presents the evaluation methodology and approach, including the theory of change of decentralization efforts and the evaluation criteria-based framework. Chapter III explores IFAD's financial planning for decentralization as well as the contribution of decentralization to organizational and operational efficiencies. Chapter IV presents the assessment of the coherence of the planning and implementation of IFAD's decentralization approach in the context of ongoing organizational and operational reforms. Chapter V assesses the relevance and effectiveness of IFAD's decentralization models, resulting from financial and operational planning and implementation and other ongoing reforms. The final chapter presents the conclusions and recommendations of this evaluation. Annexes elaborate details of the topics covered under each chapter and provide a summary of the background studies and sources of evidence used for this evaluation.

### Key points:

- The 2016 corporate decentralization plan was replaced by the new President in 2017 with OpEx (June 2017 – December 2018), followed by Decentralization 2.0 that commenced in January 2019 and continues.
- IFAD's decentralization approach took a radical shift in 2017. The decision to accelerate decentralization was implemented first through OpEx and continued under Decentralization 2.0. Targets and a timeframe were established to expand the field presence to 50 country offices and outpost 45 per cent of staff by 2024. Decentralization of this scale and pace resulted in fundamental and far-reaching organizational changes.
- Changes to ICO models were introduced:
  - ▶ Regional offices were to be located in the respective regions, headed by regional directors and staffed to provide full-function support to the region.
  - ▶ MCOs that provided only programme support replaced hubs.
  - ▶ CD-led ICOs and CPO-led ICOs continued.
  - ▶ Compared to 2016, the number of CPO-led offices fell (from 19 to 7), the number of subregional offices increased (from 2 hubs to 11 MCOs), while the number of CD-led offices remained nearly the same.
- The metrics used to select country office models and location changed under D2.0; metrics to allocate staff to ICOs were introduced.
- A Lessons Learned exercise conducted at the end of OpEx and one year into D2.0 showed that many of the problems that were observed at the end of OpEx persisted.



# Chapter



Evaluation approach



## II. Evaluation approach

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

### A. Evaluation methodology

29. **Methodological overview.** The evaluation followed the Revised IFAD Evaluation Policy (2021) and the IFAD Evaluation Manual (2022). This evaluation used an evaluation criteria-based methodology and adopted a mix of qualitative and quantitative methods. The evaluation's analytical framework and methodology were anchored in four of the six internationally recognized Organisation for Economic Co-operation and Development evaluation criteria, namely, relevance, efficiency, coherence and effectiveness.<sup>20</sup> The decision to focus on these four criteria was based on the key evaluation issues to be addressed (such as improved relevance of IFAD operations to country needs, their strengthened contribution to reducing rural poverty and hunger, efficiency gains, coherence of IFAD's organizational reforms and administrative functions in support of country presence). Evaluation questions were formulated by criteria and were grounded on a theory of change. The theory-based framework guided data collection, data analysis and report writing.

30. **Evaluation questions.** The evaluation framework (annex II) sets out the evaluation questions and sources of data and information. The evaluation sought answers to the following questions.

- a. **Overarching evaluation question.** To what extent did decentralization contribute to IFAD-supported projects delivering significantly better development results in a more effective and efficient manner?
- b. **Relevance.** To what extent was decentralization and its architecture relevant for improving alignment with the priorities of the country, smallholder needs, the agenda of the United Nations system and IFAD's mandate to reduce rural poverty and food insecurity?
- c. **Coherence.** To what extent did IFAD adopt a coherent organizational framework and set of policies and procedures complemented by strong management, leadership and governance that could plausibly transform IFAD from a headquarters-centred organization into a decentralized organization on an accelerated basis?
- d. **Effectiveness.** To what extent did decentralization contribute to IFAD providing better agriculture and rural development services that enhanced development results (lending and non-lending)?
- e. **Efficiency.** To what extent were the costs of IFAD's field presence transparently managed and budgeted so that decentralization contributed to improving IFAD's efficiency in a manner that did not pose risks to IFAD's ability to deliver quality development results on the ground?

31. The initial evaluation questions set out in the Approach Paper were fine-tuned and revised based on the feedback received during the evaluation design workshop and as new issues emerged during the evaluation.

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

32. **Contribution analysis.** The evaluation focused on assessing the contribution of decentralization as it is only one among many factors influencing the achievement of development results and managing larger programme of work (PoW)/PBAS allocations.<sup>21</sup> To analyse the contribution of decentralization, the theory of change (ToC) was developed. The theory helped the team construct the plausible pathways through which decentralization contributed to improvements. The initial postulates of the contributions of decentralization and the ToC were updated based on evidence gathered during the evaluation process. These updates were made analysing the results observed through the lens of “with and without” ICOs, and “before and after” ICOs became operational in a country and by type of ICO.
33. While the full appreciation of the contribution of decentralization to development effectiveness will not be possible until the projects that were designed and approved during 2017 to 2022 have been implemented and evaluated, a number of emerging effects are already visible. Moreover, as this evaluation shows, it is essential to address and correct several aspects of decentralization that do not support the performance of IFAD-funded operations.
34. **Theory of change** (figure annex I-1). The underlying hypothesis of the ToC is that decentralization helps IFAD to achieve better development results on the ground under the following conditions.
- a. The proximity of the ICOs to beneficiaries, the government and other relevant partners is expected to lead IFAD to better understand the local context and better relate to clients and other stakeholders. This, in turn, allows IFAD to better appreciate the core development challenges facing the rural poor, have a better grasp of the political and institutional realities and the priorities of the national and subnational government actors, IFAD’s comparative advantage compared to other development actors and where IFAD can add the most value.
- b. This understanding enables IFAD to better design and deliver its country strategy and operations, both projects and NLAs, to maximize benefits for the rural poor, provide appropriate and real-time implementation support, better integrate mainstreaming priorities in all its interventions, improve IFAD’s visibility and establish partnerships and cofinancing.
  - c. This in turn improves organizational efficiency and helps IFAD to deliver a larger programme of work, resulting in overall improvements to the financial services available to the rural poor.
35. **The theory recognizes that while country presence is necessary to improve development effectiveness, it can do so only if it is fit for purpose.** Country presence becomes fit for purpose when:
- a. It has adequate financial resources, a staff complement (i.e. numbers, grades and expertise) that matches the functional responsibilities of country presence, and motivated staff with clear roles and responsibilities and adequately delegated authority.
  - b. It receives adequate and appropriate administrative support. To do so, the organization suitably modifies headquarters structures; coordinates and effectively manages decentralization efforts; has in place necessary policies and guidelines; delegates requisite authority within an accountability framework; identifies, tracks and manages risks to portfolio performance and delivery; and establishes two-way communications and feedback loops.
  - c. There is visible, strong leadership with commitment to adaptively manage and which identifies and resolves unexpected risks and problems arising during implementation.
36. **Mixed methods and triangulation.** The evaluation used a mix of quantitative and qualitative methods, including a quantitative analysis of IFAD data, a CLE e-survey, document reviews, semi-structured interviews of key informants, selected country and project case studies, and an analysis of selected themes (e.g. decentralization-related budgets, human resources, knowledge management, fragile and conflict-affected states, decentralization experiences of comparator organizations). The evaluation triangulated evidence collected from different methods and various sources to ensure that findings, conclusions and recommendations were robust and well supported by the evaluation evidence.

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

## B. Collecting evaluation evidence

37. **Document review.** IFAD documents related to decentralization and business process re-engineering were reviewed. These included documents related to the IFAD10, IFAD11 and IFAD12 replenishments; OpEx, CDI and FSU documents; Decentralization 2.0; selected COSOPs, project completion reports and supervision reports; PoWs and PoLGs; PMD annual portfolio stock-take (2021); President's bulletins; Reports on IFAD's Development Effectiveness (RIDE); human resource policies and procedures; DoA and Accountability Framework; budget and financial management reports; IFAD Staff Association communications; and selected internal audit reports. Selected documents related to global developments since 2016 that had IFAD engagement were examined, as well as evaluations of decentralization experience of selected organizations (from the United Nations Development System and international financial institutions [IFIs]). The evaluation team mined IOE evaluation products (2003–2022) for findings related to decentralization and the role and performance of ICOs.
38. **Key informant interviews.** Semi-structured interviews with headquarters staff and stakeholders were conducted (annex V). Interviewees included members of the Evaluation Committee and the Executive Board, the former President and Senior Management, IFAD Staff Association, key staff in PMD, SKD, the Corporate Service Department (CSD), Financial Operations Department (FOD), ERG, Office of the President and Vice-President (OPV), RMO, Office of the General Counsel (LEG), OSB the and Office of Audit and Oversight (AUD). Feedback from interviews was kept confidential and used in a manner that cannot be traced back to the source.
39. **Electronic survey.** An electronic survey (CLE e-survey) was conducted to extend the reach of the evaluation by seeking feedback from a broad spectrum of stakeholders (e.g. IFAD staff at headquarters and in regional offices, MCOs and ICOs, government officials, the local donor community, representatives of civil society, and project staff). The survey sought feedback on: (i) the roles of ICOs; (ii) various dimensions of the performance of ICOs in both programmatic and non-programmatic areas; (iii) engagement, collaboration and alignment with governments, national project managers, Rome-based agencies, the local donor community and civil society; and (iv) organizational issues (e.g. management and decision-making; DoA; accountability; financial management; human resources; ICT issues; and provision of corporate services).
40. The survey reached out to 1,320 IFAD staff and consultants and 1,442 external stakeholders (totalling 2,762). The survey was launched and collected responses during the period from 6 April to 3 October 2022. There were 807 responses corresponding to a response rate of 29 per cent. The response rate among IFAD staff and consultants, to whom most questions were directed, was 35 per cent<sup>22</sup> (458 responses). This response rate is typical of IFAD organizational surveys of this kind. The survey is not based on probability sampling but targeted the entire universe of respondents. The number of responses is deemed adequate to draw findings which were triangulated with other sources of evaluation evidence.
41. **Portfolio analysis: quantitative analysis of project evaluation ratings<sup>23</sup> and key indicators.** The portfolio analysis aimed to determine if decentralization contributed to better project performance, more cofinancing and improved project efficiency. The portfolio analysis included all 588 projects that were approved since 1996 and included all projects that were completed during 2003–2022. The evaluated projects were all approved during or prior to 2014 and hence, were of limited relevance to assess the performance of the current phase of decentralization (2017–2024). See annex III-A for more details on the quantitative analysis.
42. **The quantitative analysis used three approaches to identify decentralization's contribution to improved development results:** (i) a "before and after" analysis, comparing projects before and after a country received an ICO; (ii) a "with and without" analysis comparing projects with and without an ICO; and (iii) a "before, after, and never" analysis that compared projects with an ICO (after), projects in countries that never had an ICO (never), and projects in countries before an ICO was introduced (before).

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

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

43. For the first two analyses, simple t-tests were used to assess differences in project ratings between groups. A more rigorous multivariate regression analysis was used for the third analysis, using two comparisons – before and after and never and after. Contribution was established when both comparisons were statistically significant.
44. The multivariate regressions recognized that the locations of ICOs were not randomly chosen. To isolate the contribution of the presence of ICOs to the performance of projects, these regressions controlled for the contribution of other factors to performance. This involved a two-step process. In the first step, a long list of such factors was identified (over 30 variables) based on IFAD's own criteria for allocating PBAS as well as those from independent evaluation findings.<sup>24</sup> In the second step, the final list of control variables for the multivariate regressions was determined by prioritizing based on the statistical significance of their associations with the locations that received decentralized presence (or not). Thus, the second step empirically identified the confounding variables that were most likely to prevent assessing the effect of decentralization accurately.
45. The analysis tested two different definitions of whether or not the project was under an ICO: (i) an ICO was in place for two years before the project was approved (175 projects conducted under an ICO; 413 projects were not conducted under an ICO); and (ii) an ICO was in place for four years prior to project approval (141 projects conducted under an ICO; 447 projects were not conducted under an ICO). The first case is likely to capture the impacts of an ICO's presence on implementation supervision while the second case captures the ICO's role in both the project design and implementation phases. Projects conducted under a hub or an MCO were grouped together with projects conducted under an ICO.
46. **Comparative study.** The Decentralization 2.0 Working Group undertook a benchmarking exercise of the decentralized models of eight multilateral development banks and United Nations agencies (2021). It covered high-level information (e.g. size of organization, business model, share of staff outposted, staff composition of hubs). The Working Group found resulting information to be of limited relevance for IFAD because of the difference in size and mandates. To overcome this challenge, the CLE's comparative study focused on the lessons of other agencies around key strategic issues faced by IFAD's decentralization process (e.g. staff reassignment exercise, establishing regional and multi-country offices). The comparative study covered the African Development Bank (AfDB), Food and Agriculture Organization of the United Nations (FAO), International Labour Organization (ILO), United Nations Capital Development Fund (UNCDF), United Nations Office for Project Services (UNOPS), United Nations High Commissioner for Refugees (UNHCR) and the World Bank (annex III-C). These agencies were selected because they had relevant experience, mature decentralization efforts and available evaluative evidence. Four of these (AfDB, FAO, UNCDF, and World Bank) were included by the D2.0 Working Group's earlier benchmarking (2020).
47. **Analysis of administrative data.** Data were extracted from IFAD's financial, human resource and administrative systems and relevant divisions. Human resource data was used to analyse trends in the proportion of IFAD staff based in ICOs, the numbers and profiles of staff in ICOs, IFAD's mobility framework, time required to fill vacancies and vacancy rates. IFAD's decision-making processes the DoA Framework were reviewed to determine if they were adequate for a decentralized organization. The ICO case studies complemented this analysis by exploring the degree to which informal decision-making processes supplemented the formal systems. Budget and financial data were used to estimate the incremental and total costs of field presence, the adequacy of budget provisions for operations and corporate efficiency ratios (for details, please refer to annexes III-D and E).
48. **Country case studies.** The selection criteria included: (i) geographic balance (three from each region); (ii) country context (middle-income countries; lower-income countries; fragile and conflict-affected states); (iii) representation for each type of office (regional country offices, MCOs, CD-led ICOs, CPO-led ICOs, no country presence); (iv) a mix of old and new offices; (v) operational considerations (e.g. portfolio size, non-lending activity work and international cofinancing); (vi) staffing arrangements; and (vii) other considerations (e.g. some ICOs covered in the 2016 Decentralization CLE, linkages with other evaluations, COVID-related travel restrictions and logistical considerations). Of the 15 case studies, five involved missions (Côte d'Ivoire, Cuba, Egypt, Kenya, Viet Nam), and 10 were desk-based (Bangladesh, Brazil, Burkina Faso, Cambodia, Djibouti, Eritrea, Ethiopia, Panama, Sudan). A review was also undertaken of IFAD's Liaison Offices, although they were not part of the decentralization strategy (annex III-H).
- <sup>24</sup> The final set of variables for the first treatment scenario included variables such as log of gross national income (GNI); log of rural population; voice (a World Bank governance indicator for citizen participation in policymaking); year a project entered into force; and log funding. The final set of variables for the second treatment scenario included a log of GNI; log of rural population; share of water used on agriculture; log of total water reserves; year a project entered into force.



49. **Project case studies.** Project case studies were embedded in the country case studies. Two projects were purposely selected in each country for assessment (one approved after the ICO was established and that had been under implementation for at least two years; and one that had reached an advanced stage of implementation). The project case studies assessed the role of the ICO throughout the project cycle and reviewed any improvements after the ICO was established and areas for improvement.
50. **Limitations.** The paucity of reliable and adequate quantitative data to assess the intermediate outputs – such as project quality at entry and the likelihood of projects achieving their results targets – was a challenge. The evaluation triangulated data from multiple qualitative methods (e.g. case studies, stakeholder interviews) to find alternative evidence. The rigorous econometric analysis also supplemented this data and provided a sound framework for future analysis of the full effects of decentralization as relevant data become available.
51. **Engagement with core learning partnership (CLP) group and IFAD Management.** IOE engaged with Management and staff throughout the evaluation process to seek information and feedback. The members of the CLP were selected in consultation with heads of divisions. CLP was invited to be part of the evaluation design workshop and management self-assessment workshop. Preliminary key findings and possible areas of recommendations were shared with Senior Management and the CLP to get feedback to refine the analysis as needed and finalize the drafting of the evaluation report. Another workshop was held to discuss the main findings, conclusions and recommendations in the draft final report.
52. **Quality assurance and enhancement.** An independent adviser, Rob D. van den Berg, former Director of the Independent Evaluation Office of the Global Environment Facility and Visiting Professor at King's College, London, provided quality enhancement and quality assurance services to the evaluation. He reviewed the evaluation approach, design and approaches for data collection and analysis. The adviser reviewed the penultimate draft report and provided feedback. The evaluation report submitted to the Board includes his review of the report.
53. **Deliverables.** The Approach Paper was shared at the 115th session of the Evaluation Committee (October 2021). The final report, along with the Management response, was shared with the Evaluation Committee (April 2023) and submitted to the 138th session of the Executive Board (May 2023) (table annex IV-7).

## C. Evaluation process and timeline

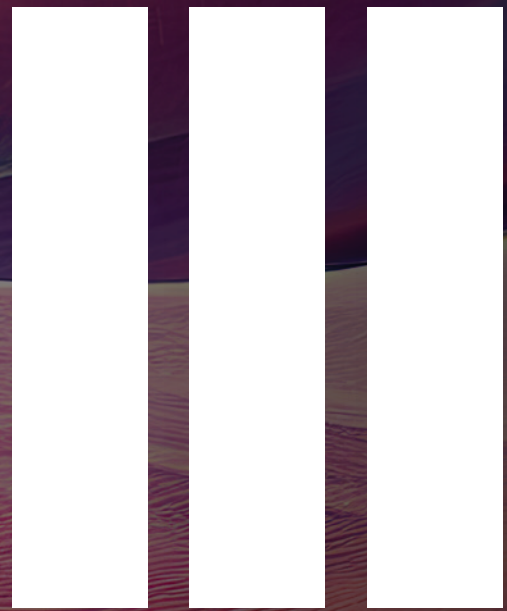
51. **The evaluation phases.** The evaluation involved a preparatory phase (document review, preparation of Approach Paper), a design phase (finalization of Approach Paper, management self-assessment workshop and design workshop), a data collection phase, and a data analysis and reporting phase.

### Key points:

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



# Chapter



Decentralization  
and organizational efficiency



### III. Decentralization and organizational efficiency

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

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

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

TABLE III-1

**Total and additional costs of field presence**  
(Millions of United States dollars)

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

Source: IOE estimates.

57. **The principal cost increases have come from opening or upgrading ICOs, including in fragile and conflict-affected situations that entail higher costs, relocation of international staff to ICOs, and recruitment of more local staff, under the OpEx reforms, IFAD11 change initiatives and D2.0.** As will be discussed in the subsequent sections, these cost increases were partly offset by a number of measures taken by IFAD, including lowering the staff grade mix in PMD, reducing the cost of consultancies, reducing headquarters General Service staff and increasing the share of national staff.
58. **IOE analysed IFAD’s total costs of field presence from 2016 to 2022 by examining the principal drivers of these costs:** (i) the number and types of IFAD’s country presence models; (ii) the proportion of total staff located in country offices; (iii) the staff grade mixes of PMD and SKD; and (iv) the proportion of country offices that are located in fragile and conflict-affected situations where the costs of ICOs are typically higher than in other countries.
59. **Estimating the total costs of field presence was a challenge.** Relevant data and analyses were fragmented among headquarters units such as CDI, FSU, OSB and PMD front desk. Moreover, no cost estimate was provided for the entire field presence envisioned: 50 offices (five regional offices, MCOs, and ICOs), including those new ICOs to be established in fragile and conflict-affected contexts.
60. **The 2016 decentralization CLE recommended that, the IFAD accounting system needs to be adjusted so as to monitor more comprehensively the cost of country programme management under different ICO configurations.** Indicators for ICO monitoring should be simplified and integrated into IFAD’s management information and reporting systems. Finally, the new corporate decentralization plan should allow for periodic revision and reporting to the Executive Board for further guidance. Despite Management agreeing to the recommendation, this issue has not been satisfactorily resolved. Since IFAD has set a target of locating 45 per cent of its staff in country offices by 2024, field presence costs and associated savings will continue to be major drivers of IFAD’s budgets. Indeed, as shown by table III-1, in 2021 the total costs of field presence accounted for a third of its total budget.
61. **There was no evidence that IFAD has a system to collect and transparently report on detailed, phased costs of field presence in its annual budget documents.** IFAD does not budget for and record the cost of country presence separately from departmental budgets, nor does it provide estimates of the full costs of field presence. For 2019–2022, data was available for some ICOs from the ICO sub-cost centre budget information maintained by OSB under a project ID set up to capture D2.0 costs. However, the data recorded was not complete because: (i) a distinction between D2.0 costs and other ICO costs cannot be clearly made; (ii) ICO costs were budgeted as part of divisional budgets; and (iii) entering data under the project ID was not mandatory.
62. **Reporting of field presence costs to the Board lacks transparency.** The budget information provided for field presence was often not supported by details of previous annual budget and actual spending against such budgets. Greater details on field presence cost projections, including multi-year projections of incremental costs over the lives of the OpEx and D2.0 initiatives, were provided to the Board in special purpose documents such as the April 2022 medium-term budget outlook paper and the earlier August 2018 Information Note on OpEx.
63. **The April 2022 document, which responded to a request from the Board to provide more clarity, included greater detail.** It presented: (a) one-time costs of OpEx and IFAD11 totalling US\$6.6 million phased over 2018–2020 and recurrent costs rising to US\$9.2 million in 2021; and (b) one-time costs for D2.0 of US\$11.0 million phased over 2021–2024 and recurrent costs increasing to US\$6.6 million in 2025. However, these special purpose documents on decentralization did not indicate if and when the cost projections were (or will be) fully incorporated in budgets, nor did the budget documents show fully whether and how these incremental costs were funded. The different baselines used by these special purpose documents add to the difficulty in understanding the projections and the provisions shown in budget documents. Furthermore, the incremental approach to presenting decentralization costs in budget documents and special purpose documents obscured the total cost of field presence, including the costs of outposted staff. IFAD aimed to improve transparency from 2023 in budget documents by distinguishing between the direct costs of country programmes and indirect costs that were not directly linked or traceable to country programmes. This will help to provide a clearer picture of the incremental resources required for field presence and thus is a move in the right direction.

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

## A.2 Decentralization and mobilizing cofinancing

64. **There was evidence that ICOs contribute to mobilizing financial resources by increasing the amount of international cofinancing.** The large majority of IFAD CLE e-survey respondents agreed that the presence of ICOs resulted in better partnerships with stakeholders (91 per cent) and that ICO staff contribute to local donor coordination (89 per cent).<sup>25</sup> Both IFAD and external respondents found that ICOs contributed to mobilizing cofinancing from governments and other organizations (86 per cent). External respondents from organizations that had cofinanced IFAD projects rated IFAD's performance as satisfactory regarding project design (88 per cent), implementation supervision (78 per cent) and monitoring and evaluation (78 per cent). These positive findings reflected the external recognition of the work of ICOs in mobilizing financing.
65. **Though the ultimate decision on cofinancing was usually made at the headquarters of bilateral and multilateral development organizations, such decisions were often greatly facilitated by in-country interactions.** Case studies validated the CLE e-survey findings by identifying multiple examples of decentralization which contributed to mobilizing additional financing for IFAD projects (e.g. Brazil, Ethiopia, Guatemala, Kenya, Niger, Sudan and Viet Nam). Sometimes the cofinancing came from multilateral development banks (MDBs).<sup>26</sup> In other cases, cofinancing came from the European Union and bilateral sources or dedicated funds.<sup>27</sup> ICOs also contributed to mobilizing funds from the private sector and local rural development banks (e.g. Brazil, Cambodia, Ethiopia and Kenya). Sometimes the lack of adequate in-country capacity resulted in missed cofinancing opportunities (e.g. Burkina Faso).
66. **T-tests and univariate regression analysis suggested that there was a statistically significant increase in international cofinancing and the positive influence of ICOs increased with the length of time that the ICO had been in operation before a project is approved.** These findings were broadly consistent with the findings reported in the 2016 Decentralization CLE.
67. More rigorous regressions did not show significant contributions of ICOs to cofinancing when the ICOs had limited experience (in operation for less than four years from the time of project approval). For ICOs in operation for a longer period (i.e. four or more years before the project was approved), these regressions found that projects with an ICO have significantly more (4 to 8 per cent) cofinancing, which included a higher level of international cofinancing and higher (but not statistically significant) domestic cofinancing.
68. These findings showed that as ICOs gain experience, their presence led to positive cofinancing outcomes, even though in the short term, little if any impact on financial mobilization may be evident. This is an important lesson for IFAD. **ICOs contributed to IFAD's goal of mobilizing finances for rural agricultural development, which in turn contributed to increasing IFAD's programme of work.**

## A.3 Decentralization and project-level efficiency

69. **There was evidence that ICOs that have been in operation for four or more years contributed to faster project start-up.** Multivariate regressions offered a more rigorous analytical test of whether the presence of an ICO contributed to faster approval and implementation compared to univariate analysis. This was because multivariate analysis accounted for the influence of a number of other factors that contributed to the performance of ICOs (in addition to decentralization), for instance, the development context of the country. As described in chapter II, a number of such relevant factors were identified, and the multivariate regression analysis controlled for their effects. Overall, the analysis was conducted on 588 IFAD projects approved during 1996–2020 (to allow the analysis of with and without, as well as before and after ICOs).

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

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

<sup>27</sup> For example, the Global Environment Facility, Green Climate Fund, International Centre for Research in Agroforestry and the Bill & Melinda Gates Foundation.

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

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

72. In various planning papers, Management stated that decentralization would improve corporate institutional efficiency. However, many other factors also influence corporate efficiency ratios. This evaluation reviewed the trends in efficiency ratios to see if there was a correlation between decentralization and improvements in efficiency. IFAD traditionally presents three efficiency ratios in annual budget documents: (i) ratio 1: total administrative budget-PoLG; (ii) ratio 2: total administrative budget-PoW; and (iii) ratio 3: value of portfolio-total administrative budget (table III-2). IFAD finds the third ratio a more relevant indicator because it is more stable than ratios 1 and 2, which are often affected by large year-to-year variations in the PoLG and PoW. In particular, the 2020 figures were outliers, possibly because of the impact of the COVID-19 pandemic on IFAD's operations.

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

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



73. **The contribution of decentralization to improving efficiency ratios at the corporate level is not clear.** The first three standard efficiency ratios listed in table III-2 showed no statistically significant changes during 2013–2021.<sup>30</sup> To provide more insight into IFAD’s efficiency ratios, IOE examined three additional ratios (table III-2). Ratio 4: total administrative budget-total disbursements; ratio 5: average project size; ratio 6: total full-time equivalent (FTE)-unit of output.<sup>31</sup> An analysis of the trends during the past 10 years of the last three ratios showed that the average value of each before OpEx and D2.0 was statistically different from those during 2017–2022. However, these changes showed a mixed performance in terms of efficiency. Ratio 4 showed a statistically significant improvement to disbursement per unit administrative cost during 2017–2022 compared to 2013–2016. During the

OpEx and D2.0, IFAD disbursed more with every dollar of administrative budget compared to the earlier period, and increased the average size of the projects. Increasing average size of projects (ratio 5) contributed to cost-efficiency because the costs of designing and supervising large projects were not linearly related to increases in project size. IFAD increased its total FTEs by 19 per cent from 2016 to 2021 (an increase from 595 to 709 during this period). This net increase was not accompanied by a corresponding increase in the number of units of output. Consequently, ratio 6 increased from 7.9 to 9.0 FTE during 2016–2021.<sup>32</sup> This trend may be a reflection of IFAD projects becoming larger (see ratio 5) and more complex (e.g. integrating cross-cutting issues).

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

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

<sup>32</sup> See footnote 31.

TABLE III-2

**Efficiency ratios at the corporate level**

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

Source: IFAD databases, Executive Board documents.

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

74. The proportion of IFAD's budget allocated to country programme delivery continuously declined from 2016 to 2022. This merits the attention of Management as it may indicate insufficient priority is being given to resourcing IFAD's core business activities. Country programme delivery constituted the core of IFAD's client services. It included support provided for designing, implementing and supervising country strategies and operations, as well as mainstreaming and non-

lending activities. The budget allocated to country programme delivery covered the costs of these core support services as well as allocable corporate costs.<sup>33</sup> This ratio was stable at 59 per cent from 2013 to 2016 and during the period of accelerated decentralization fell continuously reaching 47 per cent in 2022 (table III-3).

<sup>33</sup> Until 2017, the resource allocations were shown under cluster 1. From 2018, the term "results pillar 1" was used.

TABLE III-3

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

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

Source: IOE estimates from IFAD budget documents.

75. To put it differently, from 2016 to 2022, IFAD's non-operational expenditures grew faster than operational expenditures.<sup>34</sup> To ensure that budget allocation reflects the core priority of the organization, a number of IFIs track this ratio. A ratio less than 50 per cent was taken as a cause for concern in many IFIs. In 2022, IFAD had the lowest value among the IFIs reviewed in this study.<sup>35</sup> Management took steps to address this problem in the 2023 budget, approved in December 2022. While the 2023 budget document shows an increase in the budget share of pillar 1 to 55 per cent, a part of the increase is due to the change in accounting for programme and administration costs introduced as part of the 2023 budget. Thus, the 55 per cent is not directly comparable with the 2022 budget share of 47 per cent. The 2023 budget document states that

due to the "prioritized focus" of the 2023 budget on decentralization, project design and supervision, the resources allocated to the "operational pillars" (i.e. country programme development and knowledge-building, dissemination and policy engagement) increased by 4 per cent compared with 2022.

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

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

76. **This decline from 2016 to 2022 was a consequence of funding the one-time costs of increased field presence and higher non-operational costs within the near zero real growth administrative budget of IFAD.** IFAD's budget has grown in nominal terms at 2.3 per cent average per annum during 2016–2022. In real terms, this translates to near zero growth. In turn, this limited real growth occurred in the context of IFAD's operating expenses since 2016 being higher than its revenue.<sup>36</sup> Cost increases from opening and upgrading ICOs, including in fragile and conflict-affected contexts, and increases in staff and other needs could be partially offset by increasing efficiencies and lowering the grade mix of staff. When these become inadequate to cover the necessary costs, additional cost-saving measures may carry a risk of adversely affecting IFAD's ability to deliver results.
77. While data showed a relative decline in PMD resources and an increase in SKD resources, it is important to recognize that their combined resources declined steadily from 2016 to 2022. This decline was reflected in two key areas: the number and grade mix of operational staff and resources for design, cross-cutting work and implementation support of IFAD operations.
78. PMD staff strength fell from 319 in 2016 to 295 in 2021; its staff grade mix was significantly lower in 2021 than in 2016 – a 45 per cent reduction in P-5s while National Professional Officers (NOAs) quadrupled. SKD expanded from 25 staff in 2016 to 117 in 2021 and had 43 per cent of its total staff in P-5/P-4 and 27 per cent in P-3/P-2. Part of the changes in PMD and SKD staff is attributable to the consolidation of the reform to create SKD and move technical staff in PMD (under the former Policy and Technical Advisory Division) to SKD during 2017–2018. This shift cannot explain the reduction of the average cost per staff of PMD and SKD together from US\$125,900 in 2016 to US\$115,300 in 2021.<sup>37</sup> Some financial savings stem from reducing the number of more experienced staff and hiring more junior staff.
79. The CLE e-survey showed that a large majority of operational staff disagreed that there was sufficient budget and resources allocated for project processing and supervision (75 per cent), and mainstreaming efforts (79 per cent). IFAD's 2022 Global Engagement Survey responses echoed this and found that during Decentralization 2.0, the adequacy of resources became an increasing problem.<sup>38</sup> There were significant cuts to the funds available for project design and supervision, despite the growing complexity and size of IFAD's projects. The average budget for the design of projects declined by 19 per cent – from US\$177,000 during IFAD9 (2013–2015) to US\$144,000 during IFAD11 (2019–2021). The average time allocated for design processes also has been reduced from 17 months in 2016 to 8 months since 2019. The average budget for supervision decreased by 28 per cent, from US\$29,000 to US\$21,000 during the same period. Case studies noted the adverse impact of the reduction in financial and human resources on the quality of project design, supervision, mainstreaming and non-lending activities.<sup>39</sup>
80. **The declining budget allocations for IFAD's country programme delivery came at a time when IFAD projects were becoming larger and more complex to address the multiple mainstreaming needs.** This reduction in the resources was also accompanied by a reduction in the flexibility needed to manage the scarce resources. Case studies noted a lack of predictability in future funding and an inability for ICOs to reallocate funds between project design and project supervision (Egypt, Viet Nam).

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

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

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

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

81. **Only 29 per cent of the CLE e-survey respondents agreed that the decentralization strategy realistically estimated implementation risks, potential costs and challenges.** The effectiveness and performance of projects that were approved during 2017–2022 can be fully assessed only when they are completed, which would be several years from now. In the interim, reliable proxy measures such as trends in quality at entry, and the likelihood of projects achieving stated development targets need to be identified and tracked. Changes in assessing quality at entry by the Quality Assurance Group (starting in 2018) make it difficult to compare trends in design quality of projects and impact of the limited time and resources allocated for project design and implementation. The project-level risk indicators presented in the project design reports do not capture some of the strategic issues (e.g. declining share of budget allocations for programme delivery; lower grade mix in country offices/PMD).
82. **IFAD has recently made progress in introducing an institution-wide risk management system that is continuing to evolve in the right direction.** IFAD established the Office of Enterprise Risk Management (RMO) in September 2020, well after it started OpEx. IFAD’s risk management system defined and tracked financial, operational, programme delivery, and strategic risks, established the Operational Risk Management Unit (May 2021) and the Programme Delivery Risk Management Unit (July 2021) as well as multiple risk committees to focus on specific issues. Though not part of the Decentralization 2.0 Working Group, it commenced providing inputs on the risks associated with decentralization to the Executive Management Committee (EMC) and this group. The metrics reported in the corporate risk dashboard may also highlight some risks related to decentralization. For example, the Enterprise Risk Management Framework includes programme delivery risks,<sup>40</sup> institutional capacity for implementation and sustainability risks.<sup>41</sup> However, within the risk taxonomy and the corporate risk dashboard, the risks associated with the implementation of this major organizational transformation effort are treated as cross-cutting ones and not as a distinct risk category that needs to be tracked and reported.
83. Among other sources, the risk management framework draws on project-level data from PMD, FMD, the Quality Assurance Group and human resource data at the institutional level. Some of the data were not granular enough to capture issues related to decentralization (e.g. institutional staff vacancy and retention indicators).
84. **More is needed to fully align the risk management framework with the needs of IFAD’s accelerated decentralization efforts,** particularly by enabling the units providing the first and second line of defence to identify and track measures of development risks (at the granular and institutional levels, such as suitable proxy indicators for attaining key milestones, and tailoring supervision/implementation support missions to track project performance more comprehensively).

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

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

## Key points:

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



# Chapter IV

Decentralization efforts:  
approach, planning  
and implementation





## IV. Decentralization efforts: approach, planning and implementation

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

### A. Decentralization visioning and planning with targets

86. As noted, IFAD's decentralization efforts under OpEx (June 2017 – December 2018) and D2.0 (2019–2024) constituted a major departure from the earlier decentralization efforts in setting targets and a timeframe for decentralization. The President (2017–2022) sought to outpost an additional 27 per cent of staff within eight years (2017–2024) while the earlier decentralization efforts outposted 18 per cent of staff over a period of 14 years (2003–2016).

87. This significant undertaking could be characterized as transformational in terms of scope and pace of implementation. Recent data published in the Harvard Business Review found high failure rates for organizational transformations.<sup>42</sup> This highlights the challenges and difficulties experienced when attempting to fundamentally transform an organization, which helps to put IFAD's experience into context.

88. **Decentralization targets and timeline were not based on IFAD's past decentralization experience or a feasibility study.** Clear targets and direction may have been necessary to bring about the cultural and institutional shifts necessary for decentralizing a small organization (with about 600 staff) that has functioned as a highly centralized agency since its inception in 1977. This organizational transformation was backed by the highly visible commitment from the highest level of Management. However, there was no evidence to show that the target<sup>43</sup> of outposting 45 per cent of staff by 2024 was based on a study of required financial, human and system resources or broad-based consultations with Management and staff that involved discussions of the full implications on staff. Even if these targets may have been originally intended to be aspirational, they were taken literally by the implementing units to shape the subsequent decentralization efforts.

89. For the recent phase of decentralization, a comparative analysis of decentralization experiences of other IFIs and United Nations agencies was reported in 2021, well after the targets and timeframe were established and OpEx completed. This analysis was conducted by the Decentralization 2.0 Working Group and was presented as part of a presentation to the Board but the report of this analysis was not published.<sup>44</sup> The comparison looked at relevant issues such as reporting arrangements, enhancing efficiencies, but missed the opportunity to compare the core challenges facing IFAD's decentralization such as pursuing adaptive management within the context of an accelerated timeframe, decentralizing technical experts in a small organization, and identifying the principles for choosing different models of country presence (CD-led or CPO-led ICOs, MCOs and ROs).

42 Argenti, Paul A, Berman, Jenifer, Calsbeek, Ryan and Whitehouse, Andrew. "The Secret Behind Successful Corporate Transformations", Harvard Business Review. September 14, 2021. Other studies also confirm this view. For instance, in 2020 the Boston Consulting Group conducted a survey of transformations that found that the success rates declined from 37 per cent in 2019 to 27 per cent in 2020. The same survey showed that when there was a chief transformation officer involved, the success rate became 66 per cent.

43 The United Nations organizations consulted and AfDB did not use explicit decentralization targets, while the World Bank did use the proportion of staff outposted as a corporate indicator and tracked it.

44 Decentralization 2.0 Working Group Staff. "Decentralization 2.0 High-level Summary slides." CDI presentation, IFAD, Rome, 26 October 2020.

90. **Adaptive management practices were not integrated into the system in place for the decentralization. Consequently, IFAD did not adequately address the critical challenges that arose during implementation.** Under the direction of the President (2017–2022), who campaigned on a promise to further decentralize IFAD, the existing 2016 decentralization plan was replaced by OpEx, followed by Decentralization 2.0. Because the decentralization agenda was transformative and the majority of such organizational endeavours fail, anticipating the problems and bottlenecks and putting in place mitigation measures was a key factor in successful transformative changes. Although not everything involved in organizational transformations can be foreseen, some of the bottlenecks faced by the current decentralization could have been anticipated and mitigated had there been feasibility studies and scenario planning.
91. One area that was identified as negatively impacted by the lack of comprehensive planning was recruitment. There were widespread gaps in the timely appointment of administrative support staff and the filling of vacant positions that were created as a result of both decentralization and reassignment.<sup>45</sup> This resulted in high levels of work-life imbalance and hardship for many. This was evidenced by the concerns flagged in IFAD's Staff Engagement and Workplace Culture Action Plan Survey (2021). Of the 15 priority issues identified by the respondents, ten were related to workload and work-life balance.<sup>46</sup> This view was also supported by the CLE e-survey, where only 40 per cent of the respondents agreed that the staff complement (numbers, grades, and expertise) matched the fundamental responsibilities of country offices.
92. All country studies confirmed that IFAD's decentralization efforts needed better planning and implementation. Interviews showed that the ongoing decentralization efforts seem to react to problems as they arose on a case-by-case basis rather than having a holistic approach to identify causes and take preventative action (e.g. Bangladesh, Egypt). Only 39 per cent of CLE e-survey respondents agreed that IFAD pursued adaptive management and learning to identify, manage and mitigate problems associated with implementing decentralization; only 37 per cent agreed that the process of assigning staff to country offices worked well; and 87 per cent felt that there were too frequent changes in staffing and responsibilities.

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

46 Staff Engagement and Workplace Culture Action Plan Survey (2021), pp. 3 and 9.

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

93. **The priorities of decentralization and corporate reforms were not fully aligned. More coherent planning would have helped improve the alignment.** The numerous reforms underway during 2016–2021 were not planned recognizing their implications of the ongoing decentralization efforts.<sup>47</sup> For instance, the grade mix of PMD staff (particularly, the grade level of CDs) was lowered since 2016 (table IV-1), while the complexities of IFAD operations expanded due to the requirement to mainstream the four priority themes<sup>48</sup> in all IFAD operations and COSOPs.
94. **Headquarters support to decentralization was seen as fragmented by the decentralized staff.** This experience was noted in case studies (e.g. Bangladesh, Egypt, Kenya), despite IFAD implementing a kiosk system for staff to have equal access to service regardless of location. The issue was recognized by some headquarters units, such as FSU, which implemented initiatives, including an administrative toolkit for field offices, to address this fragmentation and create a client-facing, service-driven approach, in the absence of a corporate recognition of this shortcoming. This was specifically important in the context of the COVID-19 pandemic that increased the complexity of logistical arrangements linked to relocation of decentralized staff.

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

48 IFAD declared its commitment to mainstream considerations of environment and climate change, gender, youth and nutrition in all its operations and COSOPs under IFAD10 (2016–2018) and beyond.

95. The timing and logistical approach adopted for reassignment were identified by many interviewees as being very disruptive for staff and their families. The CLE e-survey showed that nearly two thirds of the respondents (63 per cent) disagreed that the process of assigning staff to country offices worked well. The timeframes provided for staff to move to their new duty stations were often at odds with schooling requirements and the other personal arrangements that needed to be made. The lack of clarity around where staff were going as well as the short lead times for moving made the process personally disruptive for staff. Feedback from the CLE e-survey shows that 63 per cent of the respondents disagreed that they were given sufficient advance notice regarding relocation or reassignment.<sup>49</sup>
96. **The clarity of reporting relationships within decentralized units and reporting lines between them and the headquarters continued to improve, albeit slowly.** IFAD has improved the clarity of reporting lines since 2016, learning from prior experience. Allocation of roles between regional offices and headquarters was raised as a concern regarding clarity and reporting lines. This was highlighted in the reporting relationships between PMD and SKD and between the country directors in an MCO and the MCO head. Case studies show that these are being addressed (e.g. Cambodia, Egypt, Kenya and Viet Nam). However, challenges persist. Several years after matrix reporting (to the head of RO/MCO and SKD in headquarters) was introduced and experience was gained, the CLE e-survey found that IFAD-affiliated respondents were still nearly evenly split on whether or not it was working well (53 per cent agreed; 47 per cent disagreed). This suggests that there are issues that still need to be addressed. Other organizations have also experienced challenges with matrix management.<sup>50</sup> Another type of challenge arises due to the inadequate onboarding and training of those taking up field management posts. For instance, the Ethiopia MCO case study highlighted the possible confusion that could arise related to the roles and responsibilities of supervising staff in the absence of adequate onboarding training.
97. **The facilitation of the onboarding process and training were not given sufficient attention.** Only 38 per cent of CLE e-survey respondents found that their orientation was adequate when they were assigned to a new office. This problem was confirmed by nearly all case studies. CSD has a checklist to guide staff through the process and contact people to facilitate the onboarding process. Augmented by online training modules, the onboarding introduced staff to IFAD in general and covered issues related to people, processes and technology. However, it did little to orient them to their roles and to the country context. The need for onboarding was constant because of the reassignment process, yet the gap continued to persist.
98. The 2019 McKinsey study commissioned by IFAD identified key skill gaps, such as written and verbal communication, strategic mindset, analytical skills, problem-solving, leadership abilities (advocacy and policy dialogue), digital fluency, and policy dialogue.<sup>51</sup> The headquarters interviews highlighted the following skill gaps: the ability to engage with non-lending activities, media engagement, resource mobilization, communication, policy dialogue, finance management, and procurement. These are aligned with the findings of the McKinsey study. The need for improved training was also recognized as a priority in the stocktaking survey conducted by OpEx (2019). To address these gaps, IFAD has developed online platforms such as the Operations Academy. As of August 2022, 619 e-learning training sessions were completed and 842 were underway, with 224 staff completing at least one e-learning programme. All case studies indicated that while the Academy was a useful start, its effectiveness has been limited. Staff found that face-to-face training, or at least videoconference training, was needed to grasp concepts, clarify doubts and understand the range of issues faced by others. Feedback received from case study respondents indicated that the ability to ask questions and engage with others in the learning process would have been far more effective. While face-to-face training was not viable during the COVID-19 pandemic, Zoom training sessions would have increased the ability to grasp concepts, clarify doubts and understand the range of issues faced by others.

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

50 The World Bank found that the operational demands in the regions made matrix management a challenge. Independent Evaluation Group. *The Matrix System at Work: An Evaluation of the World Bank's Organizational Effectiveness*. (Washington, D.C: World Bank, 2012).

51 Analytical human resources study on IFAD's Current and Future Workforce Composition, 2 October 2019, p. 2.

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

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

100. **The system to locate staff in ICOs did not take into full consideration key lessons from the earlier decentralization (2003–2016).** As noted in chapter III, despite their small size compared to many United Nations agencies and all IFIs, some successful ICOs were able to achieve high-impact projects and high visibility because of the right profile of staff (Cambodia, Sudan, Viet Nam). To determine the appropriate model of country presence and allocate staff in client countries, IFAD developed a metric system, which used the size of the portfolio and presence of conditions of fragility and conflict to determine the staff profile. The staffing within the ICO was determined by the portfolio size and the number of countries being managed from that office. There was some flexibility integrated to address complexity of the projects, development and political context, and partnership opportunities. The profile of the staff, from an experience and network perspective, was not considered in the metric system negating the consideration that the key to success was the ability to navigate the complexities in a specific country context.

101. The staff of successful ICOs under the earlier decentralization efforts were skilled, experienced, and brought in the required networks for close partnerships and established trusted relationships even under complex contexts. The CPO and country programme assistant were the anchors of the office. The CPO was instrumental in establishing ties with the government, key actors, local beneficiary organizations and project implementation units. The CD was key to ensuring high-level links and IFAD's visibility, while ensuring timely technical, finance and other necessary support from headquarter units (see case studies on the CD-led Brazil, Côte d'Ivoire, Sudan and Viet Nam, and CPO-led Cambodia and Niger). Building partnerships and networks is key to the development effectiveness of the ICO model. The staff with adequate experience and the correct skills, experience and networks are essential to achieve successful implementation of the ICO model. However, the D2.0 planning (including metrics, human resources practices) did not adequately acknowledge or integrate these factors into the staffing models developed for ICOs established through the decentralization process.

102. The metrics system also aimed to provide an objective framework to determine the most suitable locations for country offices. A measure of flexibility was introduced for regional directors to provide contextual inputs to suitably modify the outcomes as necessary, which was indeed utilized by some regional directors (e.g. ESA). Some regional directors noted that not all decisions were consistent with the overarching goal of maximizing IFAD's region-wide development effectiveness (e.g. LAC and Asia and the Pacific Region). For instance, Cambodia was assigned to be a CPO-led ICO despite relevant managers in the region pointing out that the volume and high complexity of its portfolio merited a CD-led ICO.

103. The efforts to track the risks and implications of decentralization on ICO operational performance were weak. Clarity of rationale, functions and scope of ROs were yet to be defined and corporate guidance provided. A case-by-case analysis of the cost versus value addition of MCOs, as well as exploring alternative models of country presence was never undertaken, particularly in ESA and WCA, which have regional offices.

104. **The resourcing levels identified by the metrics system were inadequate for the ICOs to meet their mandate and deliver their commitments.** Consequently, the allocation resulted in overburdening the workload of field-based staff. This workload has been exacerbated by the slow rate of appointing administrative support staff<sup>52</sup> and filling vacant positions, particularly those with a specific language requirement (e.g. Brazil, Panama). The lack of administrative staff to support the decentralizing technical staff was observed in many case studies, including in the two ROs (Côte d’Ivoire and Kenya). In addition, the changes in the DoA have also allocated additional work to the ICOs and MCOs, without additional resourcing.
105. CDs, project technical leads and CPOs were trained on financial management, social, environmental and climate assessment procedures and procurement, which supported their expanded roles. Skills and knowledge transfers were also facilitated through annual departmental and subregional workshops and retreats. However, key capacity gaps in the CD role were evident because of the added responsibilities and tasks in establishing partnerships and relationships and pursuing non-lending activities, while leading or participating in a range of technical groups related to the sector. In addition, their role as interlocutor of the President in the country necessitates a good understanding of protocols. The increased level of delegation also required that capacity be built in skills such as financial management and procurement. These gaps were identified in the headquarters interviews as they resulted in departments needing to provide support and address queries that should typically be addressed within the PMD department.
106. **Widespread work-life imbalance and excessive workloads were strongly influenced by high vacancy levels, delays in appointing staff and long working hours for staff in different time zones. These adversely affected staff empowerment and morale.** CDI’s 2019 Lessons Learned exercise identified widespread work-life imbalances due to insufficient human resources to fulfil the decentralized responsibilities. As noted, this message was strongly reiterated in the 2021 IFAD Staff Engagement and Workplace Culture Action Plan Survey. The CLE e-survey found that only 40 per cent of respondents agreed that the staff complement (numbers, grades and expertise) matched the functional responsibilities of country offices. Only 19 per cent of the 2022 Global Staff Survey respondents found that position grades were reviewed and audited fairly and consistently. In addition to this, qualitative data gathered from the case studies (Brazil, Cambodia, Egypt, Panama, Sudan and two headquarters departments) indicated that the time zone difference between headquarters and the ICOs, coupled with the requirements to participate in meetings and activities resulted in staff working either very early, very late or at weekends (some countries have their weekends on a Friday and Saturday, e.g. Egypt and Sudan) to accommodate headquarters requirements.
107. The 2022 IFAD Global Staff Survey reported that only 25 per cent of the respondents found that decentralization had a positive impact on their motivation and engagement. Headquarters interviews found that a plausible rationale for the accelerated pace of decentralization (increase in outposted staff from 17 to 45 per cent in seven years) was that it would help overcome resistance, minimize “pain” and contain disruption. This timeline was challenging for staff: 87 per cent of CLE e-survey respondents reported that the accelerated decentralization had adversely impacted staff morale.<sup>53</sup>

52 As identified in the case studies conducted in Egypt, Kenya, Sudan and headquarters-based department interviews.

53 The comparative study shows that AfDB, UNHCR and the World Bank offer examples of how this can be done differently. Box annex III-1 presents details of the World Bank approach.

108. A key gap in the decentralization process was the lack of an effective and supportive change management process. There were very limited skills and experience in change management in the team driving decentralization. The comparative study of decentralization experiences of other organizations found that the recent experience of UNHCR was relevant. During its recent decentralization efforts, UNHCR had a change management team and a change management governance board to supervise and manage their decentralization and regionalization processes.

109. **Changes to staffing composition (2016–2022).** The total number of PMD staff<sup>54</sup> reduced from 324 to 302 and SKD staff increased from 25 to 134 between 2016 and 2022. Between 2016 and 2022 there was a significant increase in the proportion of P-4-level CDs. There was a slight reduction in the number of P-5-level CDs appointed which was at 27 in 2016 and reduced to 22 in 2022. The number of P-4-level CDs appointed more than doubled from 14 in 2016 to 29 in 2022. This is illustrated in table IV-1.

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

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

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

Source: Data from HRD.

<sup>55</sup> This data reflects the actual grades of the people fulfilling the CD functions as per the HRD data provided. The NOC and P-3 CDs are appointed on an ad interim basis. They are being paid an allowance for acting in the role of CD.

110. During this time interval, the total number of staff in the field increased from 113 to 268. The number of international staff (including Junior Professional Officers) increased from 28 to 124

(an increase of 442 per cent), and the number of national programme staff increased from 42 to 66 (an increase of 57 per cent) (table IV-2).

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

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

Source: HRD data.

111. The gender profile of the Professional staff that were decentralized shifted slightly between 2016 and 2022. SKD and FOD appointed proportionately more women than men into their decentralized

positions, while women constituted just under a third of the decentralized Professional staff in PMD (table IV-3).

TABLE IV-3

Gender profile of decentralized Professional staff (2016–2022)<sup>56</sup>

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

Source: HRD data (F = female; M = male).

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

112. The increase of national staff in PMD<sup>57</sup> was mainly at NOB and NOA level – NOB staff increased from 5 to 20. This is linked to the appointment of country programme analysts at the NOB level to support

the increased capacity requirements in some ICOs. There was a slight reduction of NOD staff and NOC staff strength remained approximately the same (table IV-4).

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

TABLE IV-4

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

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

Source: HRD data.

113. A factor that may constrain the performance of country directors in countries was the proportion of them who were entirely new to IFAD. This required longer learning timeframes as these candidates needed to understand both IFAD as an organization and the country in which they were appointed. The number of country directors that were newly appointed (either deployed or new staff appointed to IFAD) per region in 2016 and 2021 is illustrated below. Table IV-5 shows that the CD turnover varied across regions. In some regions, this change corresponded to acceptable, routine

levels (e.g. two of ten CDs in 2021) in WCA but in regions like LAC the changes could be disruptive (five of six CDs [83 per cent] in WCA in 2021). Another cause for concern was the proportion of newly appointed CDs who were new to IFAD. External recruits bring fresh ideas to the system and add value, provided the ecosystem of the CD network was not disrupted. Careful monitoring and providing mentoring support would be necessary when the share of external recruits was large enough to disrupt the system.

TABLE IV-5

## Number of newly appointed CDs (reassigned or new hire staff) in 2016 and 2021

	2016			2021		
	# of reassigned CDs	# new hire CDs	Total CDs	% of reassigned CDs	% new hire CDs	Total CDs
APR total	5	0	8	5	2	12
ESA total	9	3	14	4	2	9
LAC total	5	3	12	5	1	6
NEN* total	8	2	14	6	2	13
WCA total	7	3	16	2	1	10

\* NEN = Near East, North Africa and Europe Division.

Source: Human resources data and CD country assignment data.

114. **The reassignment process was disruptive and not well planned.** This was first identified in CDI's 2019 Lessons Learned exercise. The subsequent 2021 IFAD Staff Engagement and Workplace Culture Action Plan Survey noted that reassignment and decentralization were adversely affecting staff trust. Specifically, decisions related to reassignment were seen as lacking transparency. The initial approach adopted in 2018 required a full selection process for each person into each position. This was widely seen as exhaustive and time-consuming. The process was reviewed (from desk-based in 2018 to a more comprehensive approach in 2020 and further streamlined in 2021/2022), in line with adaptive management principles, and the most recent (2021/2022) reassignment process made efforts to improve the situation. Despite these efforts, only slightly more than a third (37 per cent) of CLE e-survey respondents felt that staff were given sufficient advance notice regarding relocation/reassignment.

115. The current timeframes for reassignment were disruptive. The period of posting of CDs and their standard duration of assignment, ranges from 2 to 5 years in line with the IFAD mobility strategy approved by the EMC on 15 November 2017.<sup>58</sup>

116. The reassignment process and timing did not consider the programme delivery cycle or the operational requirements and impact. This disruption was further exacerbated by the large number of staff who are changed in one region in a single cycle. For instance, 83 per cent of the CDs in the LAC region were changed in 2021 (table IV-5). The frequent nature of reassignment was likely to be a key contributor to staff turnover and to the loss of senior staff. The frequent reassignment also resulted in vacancies that were sometimes unfilled for long periods of time while a suitable candidate was sourced.

<sup>58</sup> Mobility strategy outlined in Information Circular IC/HRD/02/2018 where standard duration of assignment (SDA) is linked to hardship classification of duty stations undertaken by the International Civil Service Commission. This details an SDA of 5 years for H duty stations and an SDA of 2 years for D and E duty stations.



117. One of the concerns raised by members of the IMT was that they had limited ability to influence the decision on the placement and appointment of staff that they would be directly responsible for managing. This issue was frequently raised, specifically in the context of reassignment. The current system allows for managers to directly determine the shortlist of candidates that are considered. A recommendation on appointment is then made and the final appointment and/or placement decision is made by the President. Many managers were unaware of their ability to direct the placement and appointment process in this manner.

118. **The management of priorities, workload and resources of SKD requires review to better support decentralization.** In supporting decentralization, SKD plays a key role in providing technical support to project design, supervision and non-lending activities. Governments identified the quality of technical support received as a comparative advantage of IFAD. In addition, SKD is central to promoting knowledge management – a key corporate priority. It coordinates the implementation of the IFAD Knowledge Management Strategy and Action Plan and is responsible for ensuring knowledge produced at the project level is shared and used across IFAD and client countries, and that global or regional knowledge benefits IFAD projects. The added complexities of IFAD operations, including those due to requirements to mainstream climate change responses, gender equality and empowerment, youth and nutrition issues, as well as the increasing size of projects make considerable demands on the SKD technical experts, even though SKD staff have nearly quadrupled in the past five years (box IV-1).

#### BOX IV-1

#### Priorities and workload of SKD

In 2021, SKD had 78 staff<sup>59</sup> (of whom 41 were P-4 or P-5 level). Each year, between 20–30 new projects were designed in IFAD. In 2021, the IFAD portfolio had 207 active projects. This implied SKD staff as project team leads would

undertake 207 supervision missions, in addition to taking on between 20–30 missions for new designs. Case studies and the midterm review of the IFAD Knowledge Management Strategy and Action Plan showed that this increasing demand has resulted in SKD being focused on back-stopping ICOs at the expense of guiding and supporting non-lending and knowledge management activities.

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

Source: IOE elaboration.

## D. Governance and leadership

119. **There was commitment and leadership by the President (2017–2022) and senior managers to drive the decentralization process.** A review of documents, communications and interviews showed that the President (2017–2022) clearly communicated to all staff that decentralization was a major organizational priority and was personally visible in leading the process. Mechanisms to steer, coordinate and implement the decentralization process were established and functioned under Presidential guidance.<sup>60</sup>
120. **However, decentralization-related decision-making was top-down, both at headquarters and between headquarters and ICOs.** While the President (2017–2022) involved Senior and middle Management in consultations, interviewees reported that they had limited influence on matters that were central to decentralization efforts (such as the size and location of regional offices). Sixty-five per cent of respondents to the CLE e-survey rated Senior Management’s performance regarding the transparency of decision-making during the accelerated decentralization as unsatisfactory.
121. **Decentralization lacked effective communication and change management.** IFAD did not have a communication strategy for decentralization until 2021. One of the biggest gaps in decentralization efforts was the lack of effective two-way communication.<sup>61</sup> The strategic vision that drove decentralization happened at the most senior level in the organization and did not appear to have been particularly well communicated, despite the numerous outreach activities such as town hall meetings and blogs. Consequently, even after six years of communication, the IFAD Staff Engagement and Workplace Culture Action Plan Survey identified a lack of clarity on the vision and a number of reforms. The CLE e-survey echoed these findings on decentralization. Respondents were nearly evenly split in rating Senior Management’s performance around communicating the rationale for the accelerated decentralization as being satisfactory (52 per cent) or less than satisfactory (48 per cent). This feedback from IFAD staff indicates that despite the efforts that were made over five years, more effective ways are needed to get staff buy-in for IFAD’s accelerated decentralization.
122. **Management took stock of lessons and conducted a number of consultations.** It produced blogs, papers, minutes and background documentation; held town hall meetings where staff were able to ask the President questions; conducted events, including quarterly divisional meetings with Associate Vice-Presidents; established working groups, to name a few efforts. Despite these efforts, IFAD staff responding to the CLE e-survey were nearly evenly split (53 per cent agreeing, 47 per cent disagreeing) that management proactively shared relevant decentralization information with staff. This indicates that about half the staff felt that better information-sharing and a more participatory approach was needed to effectively reach them. The communication approach was event-based as opposed to an ongoing information stream through multiple channels. Moreover, the communications focused on process issues and not how these processes would affect staff and how the impacts could be dealt with. Almost two thirds (65 per cent) of e-survey respondents indicated that they disagreed that the needs and concerns of staff were taken into consideration during the decentralization process. Staff and mid-level managers felt that they were unable to influence decisions that were made regarding decentralization.

<sup>60</sup> A steering committee comprising Associate Vice-Presidents of PMD and SKD (senior managers) and head of OPV was set up to steer the process and a coordinating mechanism was also established – this was one of the responsibilities of CDI. The implementation of the decentralization was driven by the decentralization implementation group, and membership comprising the five regional directors (PMD), the three directors of SKD, directors of communications, FMD, HRD, ICT and OSB, as well as CDI lead officer and ADM security officer.

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

123. **Weak adaptive management of decentralization efforts.** The fast pace of decentralization did not allow sufficient time for effective reflection, lessons to be learned and to take effective action to successfully resolve problems as they arose. This was notwithstanding the number of review processes undertaken (e.g. Lessons Learned missions to IFAD hubs 10 June 2019, review of the mobility framework after the 2018 implementation, approach adopted to updating the delegations of authority). This approach resulted in significant disruption for staff and IFAD operations. This was reflected by the 65 per cent of the respondents to the CLE e-survey who felt that the decentralization process was not well planned and managed, and 61 per cent who disagreed that adaptive management and learning were used to identify, manage and mitigate problems and risks associated with implementing IFAD's accelerated decentralization.

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

## E. Guidance and oversight from the Executive Board

125. Executive Board oversight and guidance are important for far-reaching organizational transformations.<sup>62</sup> The fact that many organizational transformations fail<sup>63</sup> demonstrates how difficult they are to plan and implement.<sup>64</sup> The role of Boards in exercising governance is to set strategic goals, focus on strategic issues and hold Management to account for delivering the defined results while avoiding micromanagement.<sup>65</sup> The Board and Management need to agree on a strategic plan to achieve the goals that includes a financial plan and key strategic metrics that measure how well the organization is achieving the intent of the transformation. Once this plan is approved, Management should be given sufficient flexibility to determine the tactics to be used to implement it without being micromanaged. The evaluation identified four major issues that needed strong strategic oversight for IFAD's accelerated decentralization.

126. **Financial issues.** Decentralization was a major driver of expenditure and a significant component of IFAD's budget. Board oversight in this area was challenging because IFAD did not have a budget system that reflected the true cost of decentralization. The Board called for increased transparency about the cost of decentralization and continued to raise this issue progressively over the years. IFAD responded by providing a more transparent cost estimate for decentralization in April 2022, and further improvements to reporting are planned for 2023.

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

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

<sup>64</sup> Ibid.

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

127. **Strategic trade-offs.** The 2016 decentralization CLE found that decentralization was not cost-neutral. During IFAD11, IFAD pursued accelerated decentralization within the framework of a zero-growth budget. This called for painful trade-offs among budgetary priorities and an aggressive pursuit of efficiency gains. The Board drew Management's attention to the need for clearer information on strategic trade-offs embedded in budget estimates and the need to place greater emphasis on efficiency gains. Over the years, some Board members expressed concern about the decline in PMD's budget and possible adverse effects on IFAD's operations. However, as noted in chapter III, approved budgets resulted in a continuous decline in the share of administrative budget allocated to the delivery of country programmes from 59 per cent in 2016 to 47 per cent in 2022, before increasing in 2023.
128. With the adoption of the four-pillar budget framework, the Board is now better positioned to engage in strategic discussions on trade-offs and whether or not a sufficient share of IFAD's budget is allocated to front-line operations.
129. **Human resource management.** Board members made comments on many human resource issues related to decentralization (e.g. People, Processes and Technology Plan (PPTP); recruitment and onboarding process of new staff; training, requalification/skill development; performance management; reducing staff at headquarters as the number of staff in ICOs increased). However, the evaluation identified unresolved human resource issues related to decentralization, such as lack of transparency in decision-making on relocation and reassignment processes, low staff morale, limited skills development and ongoing work-life balance challenges. Failure to address these issues effectively may adversely affect IFAD's contribution to development effectiveness.
130. **Staff buy-in.** The Board noted statements of the IFAD Staff Association, welcomed the opportunity to hear from it on an annual basis and encouraged an open and constructive dialogue between staff and Management to build a better institution. Related evaluation evidence (e.g. findings regarding staff morale, heavy workloads, work-life balance and the impact of decentralization on families) indicated that there were weaknesses in the mechanisms Management used to get broad-based buy-in from staff. Staff engagement in the organizational transformation merits further attention by the Board to ensure that these issues are addressed by Management.
131. **There was strong Board support for decentralization. At the same time, there were also questions about the execution of the decentralization strategy and results achieved.** Board members raised issues about the coherence between decentralization and other policies and initiatives (e.g. budgets, United Nations reforms; human resource management initiatives; workplace culture and values; risk management; knowledge management; SSTC). Executive Board minutes from 2017 to 2022 show that IFAD submitted many documents on decentralization to the Board (e.g. replenishment reports for IFAD11 and IFAD12, discussions of workplans and budgets, OpEx reports, and special reports on the costs and other aspects of decentralization).
132. **The Board's exercise of its governance function of the accelerated decentralization strategy was particularly evident during the 134th Session of the Executive Board in December 2021 during the discussion of Decentralization 2.0 and the 2022 results-based programme of work and regular and capital budgets.**<sup>66</sup> The Executive Board called upon Management to:
- **Enhance the budget formulation process**, including providing a medium-term budget outlook, which provides indicative budget expenditures by line item and an explanation of the costs associated with key anticipated reforms such as Decentralization 2.0 and the dynamic workforce planning exercise, and allowing for timely consultation;
  - **Enhance transparency** by bringing together all budget lines to provide a comprehensive summary of the budget;
  - **Provide a strategic overview** of Decentralization 2.0 and the Dynamic Workforce Planning exercise and their implementation modalities, including a detailed discussion of the full cost implications, as realized during the IFAD11 period (2019–2021) and projected for IFAD12 (2022–2024);
  - **Ensure costings are provided for all new strategies and policies** to avoid future discussions being purely rhetorical and instead base them on a comprehensive understanding of the objectives of new strategies and policies and their associated costs; and

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

- **Conduct a structural review of priority-setting** for the organization that would identify areas to be prioritized and others to be de-prioritized, given resource and staffing constraints.

133. **There were challenges for the Board in fulfilling its governance function for Decentralization 2.0.** With the notable exception of the 134th Executive Board session, for much of the period covered by the evaluation the Board did not always have the opportunity to discuss decentralization in a holistic manner and received information on separate facets such as finance and human resources. In addition, different aspects of decentralization (e.g. changes in planning, personnel deployment, administrative procedures reform, and budget allocations) were presented in the same session under different agenda items. There was clear follow-up and reporting by Management in 2022 following the 134th Executive Board session. Prior to that there were not always structured mechanisms to resolve strategically important issues identified by the Board

(e.g. structured reports presented to subsequent Board meetings identifying how the issues would be addressed and resolved). In addition, Board oversight of IFAD's transformation to a decentralized organization was constrained by the absence of strategically-selected metrics that measured how well IFAD was achieving the intent of the transformation, and a budget that transparently reflected the cost of field presence.

134. Many List A countries in governing bodies of United Nations organizations and IFIs have a policy of requiring zero budget growth for fiscal discipline. At the same time, the Board encourages IFAD to improve its impact on reducing rural poverty, to pursue solutions that are not always cost-neutral even with efficiency gains (e.g. decentralization, financial architecture reforms, and mainstreaming and thematic work). A stronger reality check of the expectations/goals and the available resource envelope is critical for IFAD and the Board.

### Key points:

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



# Chapter

# V

Decentralization  
and contribution  
to development results





## V. Decentralization and contribution to development results

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

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

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

136. **Country presence strengthens the alignment of IFAD's portfolio with country needs, including in those countries with fragile and conflict-affected situations.** IFAD staff and stakeholder CLE e-survey respondents overwhelmingly agree that country presence enhances national ownership of IFAD's development assistance (93 per cent agree), and that projects (81 per cent agree) and COSOPs (84 per cent agree) are more relevant because of country presence. Case studies confirmed these observations. In Burkina Faso, the CPO-led office helped IFAD strengthen the alignment of the 2021 COSOP and its related portfolio with the National Economic and Social Development Plan and national priorities. Similar observations emerged from other CPO-led and CD-led offices in Brazil, Cambodia, Côte d'Ivoire, Ethiopia, Niger, Sudan and Viet Nam.

137. **Country presence is critical in countries with a federal political system to ensure ownership of IFAD's interventions by the different tiers of government.** Typically, in federated states, project coordination and implementation responsibilities were delegated to subnational units such as states, provinces or districts. Case studies in Brazil, Cambodia, Ethiopia, Sudan and Viet Nam showed that it was necessary for IFAD to have ties not only with national governments but also with governments and beneficiary organizations at subnational levels for improved design relevance and implementation support. These ties were also important for policy dialogue as development planning in these countries takes place at both the national and subnational levels. Establishing subnational ties was challenging without a country presence.

138. As per the metrics system for ICOs, a CD-led ICO has at least five staff – a CD, a programme officer (PO), a CPO, a country programme assistant and a driver. The CD and the PO were international staff and the others were nationally recruited. The country stakeholders interviewed invariably noted the small size of ICOs compared to other United Nations organizations and IFIs, the high level of staff competency and their ability to engage in many forums (such as donor coordination platforms and United Nations country team meetings), in addition to overseeing IFAD's operations.

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

139. **The choice of location and type of ICOs received mixed reviews among stakeholders interviewed.** IFAD used criteria to determine the location and type of ICOs to ensure an objective mechanism of allocation. This was followed by discussions with regional directors to finalize the typology and location of offices to accommodate regional and political realities. The regional director of ESA confirmed that the final choice of locations of ICOs in the region were responsive to the operational realities and agreed in consultation with relevant client countries. However, in LAC and APR there were questions regarding some of the choices of locations and type of country presence. For example, the basis for locating an MCO in Panama that did not have a country portfolio or

assigning a CPO-led status for Cambodia which had a large, complex portfolio. Nearly half of the CLE e-survey respondents (47 per cent) disagreed that the selection criteria for the country presence (types of ICOs, MCO, RO) were appropriate for the type of country and operational needs.

140. **The ICOs provided an effective platform for business continuity and to launch development relief for smallholder farmers facing prolonged global emergencies such as the COVID-19 pandemic.** Lessons from providing relief pointed to the need to make IFAD's operational policies and practices more relevant to deal with such emergencies. See box V-1 below.

#### BOX V-1

#### Decentralization and the COVID-19 response

IFAD launched the Rural Poor Stimulus Facility (RPSF) in April 2020 to offer a comprehensive response to the challenges faced by smallholder farmers due to the COVID-19 pandemic. RPSF started with US\$40 million of IFAD seed funding from grant resources and mobilized a further US\$53 million from Member States. More than US\$23 million in project cofinancing was also mobilized.

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

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

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

Source: Elaboration by IOE based on case studies and the Update the Rural Poor Stimulus Facility (EB 2022/135/R.17).

## A.2 Regional offices

141. **The business case for ROs and their structure was not convincingly analysed and the decision to establish ROs was not based on an analysis of the cost-effectiveness, feasibility and value added of ROs.** Moving ROs based in Rome to the regions (with the exception of NEN) was an important element of D2.0. There were examples of other United Nations organizations that have relocated their regional offices from headquarters (e.g. FAO, ILO, United Nations Population Fund, UNHCR, United Nations Children’s Fund [UNICEF] and UNOPS), along with the regional directors and technical staff (box V-2). In those cases, the agencies were motivated by the need to foster better cooperation with regional, political and development organizations; establish partnerships with regionally based counterparts; respond to regional priorities and development challenges; implement regional programmes; and provide support functions (e.g. financial management, human resources, procurement) to country offices with proximity. FAO undertook studies to assess the value addition of ROs.
142. The evidence and rationale for the chosen RO design was not clear. The staffing size of the RO (50 to 70) and how this was arrived at did not seem to be based on a comprehensive needs analysis. Case studies showed that there was lack of corporate guidance and clarity on the function and value addition of the ROs in ESA and WCA. The relevance of ROs based in regions was widely questioned by IFAD’s senior and middle managers at headquarters. While the concerns were discussed in IMT meetings, those discussions did not impact the decision to establish ROs.
143. **Weak planning of the financial resources and organizational design.** The planning of the accelerated decentralization did not fully consider or budget for establishing the four ROs. ROs in ESA and WCA were intended to be functional in 2021 but their set-up experienced significant delays. Neither was completely operational at the time of IOE’s field visits. Part of the initial delay was due to the insistence that the RO should house at least 70 staff. The ROs in APR and LAC were to be operational in 2022. Their implementation was delayed in part because of a lack of resources.
144. **Interviews with middle and senior managers at headquarters highlighted other concerns.** As stated in the 2016 Decentralization CLE, ensuring smooth working relationships and synergies between SKD and PMD staff was raised as a challenge. The design of the ROs would lead to the creation of five mini-IFADs that carried a potential risk of undermining the “one IFAD” vision. The role of the regional directors included contributing to, and influencing, IFAD policy decisions. Being located away from headquarters makes that more difficult. Another concern was that the regional director would be heading an office where a substantial number of staff would be reporting to their supervisors in headquarters and not to the regional director. The rationale for the relative sizes of the RO and ICOs was questioned by some country directors, particularly from those countries without a regional office.
145. In case studies, governments, United Nations organizations and partners expressed reservations about the comparatively low-grade level of RO heads (as well as MCOs and ICOs), drawing comparisons with the practices of other Rome-based agencies (FAO and the World Food Programme [WFP]).

## The business case for regional offices

IFIs and United Nations agencies consulted have existing ROs (AfDB, FAO, ILO, UNHCR, and UNOPS). These insights reveal that establishing regional offices should not be a presumptive decision but should be based on several critical considerations.

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

Political considerations included liaising and interacting with regional economic commissions, regional bodies, or the United Nations Sustainable Development Group. Another consideration was better opportunities to engage and learn from thematic debates that may occur in the regions. Operational considerations involved regional programmes, if applicable. Functional considerations involve the optimal location to deliver support functions (such as financial management, human resources, and procurement).

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

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

Source: IOE comparative study.

### A.3 Multi-country offices (MCOs)<sup>68</sup>

146. Under D2.0, all client countries were to have a CD, even when IFAD does not have a country presence. MCOs were intended to house a group of CDs serving a subregion following the dictum that in-country is ideal, but when that is not feasible, near-country is better than having CDs in Rome.

147. **Case study interviews showed that the relative value addition of housing multiple CDs in an MCO, compared to locating them at the headquarters, depended on the context.** For example, there was clear preference for MCOs located in the proximity of client countries (e.g. Eritrea); time zone and travel distance were other considerations (value addition of MCOs in LAC and APR); there may be advantages to housing CDs with similar portfolios addressing similar development contexts in an MCO. However, the case studies also pointed to a preference for being located in Rome when the MCO offered minimal advantages (e.g. when travel time was comparable, Rome offered better access to technical and administrative support).

148. **In several cases, IFAD used an alternative model to an MCO, whereby a single CD covered one or more countries from a CD-led ICO.** The CD of the Sudan ICO was also the CD for Djibouti, which did not have an ICO. In conditions of fragility where establishing an ICO is not feasible, CDs pointed to the need to explore different modalities of country presence, such as having a Liaison Office on a consultant basis (e.g. Eritrea).

149. **Hubs and MCOs were conceived when regional divisions of PMD were in Rome. MCOs needs further IFAD scrutiny on a case-by-case basis, taking into account the value addition and cost analysis of options, presence of regional offices in the region, time zone differences and travel time from Rome.** There was no evidence of an analysis of the value added by MCOs in regions that have ROs (ESA, WCA). Together these two regions have five MCOs in addition to the ROs. There is no evidence to show that choice of MCOs were made on a case-by-case basis, assessing the value addition of these offices compared to alternatives.

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

150. Experience from other organizations was instructive. FAO had a senior technical team conducting analytical studies on the value addition of decentralization modalities by looking at the architecture and structures of regional and subregional offices and pathways to improve the country office business models.
151. The World Bank found that while hubs or satellite offices did not provide the same benefits as in-country presence, hubs improved responsiveness to clients. Hubs also mitigated some of the challenges associated with placing World Bank staff in countries with higher security risks or locations with unfavourable living conditions. Locating staff in nearby country or hub offices was a viable interim solution for fragile and conflict-affected situation countries, where security conditions did not allow locating staff in-country.<sup>69</sup>

## B. Decentralization and project effectiveness

152. **A majority of the CLE e-survey respondents and case studies found that the presence of an ICO contributed to better COSOPs, improved project designs, more frequent project supervision and better NLAs and mainstreaming work.** For instance, 92 per cent of the CLE e-survey respondents were of the view that country presence strengthens results achieved; moreover, among external respondents 88 per cent found that project designs are improved; 78 per cent found that implementation supervision is improved; and 95 per cent found that policy dialogue is strengthened.
153. Government counterparts in Ethiopia observed that IFAD's presence in the country and its relationships at the subnational level has strengthened the quality of design and supervision work. In Brazil, the ICO and field office allowed IFAD's operations to effectively target the north-east region, which has the highest levels of rural poverty in the country. Case studies and interviews with project teams confirmed the view that implementation support, an important contributor to project performance, was improved by country presence. Veteran project coordinators who were managing projects before and after an ICO was established attested to the advantages of country presence. In addition to the obvious advantages of being in the same time zone and no longer having to face language or cultural barriers, country presence facilitated better implementation support. Sustained contacts enable better troubleshooting and help speedy resolution of any bottlenecks in dialogue with the government. Ninety per cent of CLE e-survey respondents shared this view. A significant share of respondents felt that the country presence improves the design of projects (81 per cent) or COSOPs (84 per cent).
154. **An analysis of t-tests comparing IOE's project ratings in countries with and without ICOs pointed to higher performance among projects with an ICO.** Projects with an ICO that had been in operation for two or more years before project approval scored higher than projects without an ICO on rural poverty impact, environment and natural resources, scaling up, effectiveness, sustainability, efficiency, and overall quality of design. If the ICO has been in operation for four or more years before project approval, only innovation, sustainability, and women's empowerment did not show statistically significant better ratings (table V-1). These findings are broadly similar to the findings reported in the 2016 Decentralization CLE and by Management in 2021.

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

TABLE V-1

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

Criteria	T- tests with/without ICOs		T- tests before/after ICOs		Multivariate regression for both with/without and before/after ICO effects	
	Years ICO in operation before project approval		Years ICO in operation before project approval		Years ICO in operation before project approval	
	2+ Years	4+ Years	2+ Years	4+ Years	2+ Years	4+ Years
Relevance	Not significant	Significant**	Not significant	Not significant	Not significant	Not significant
Effectiveness	Significant**	Significant**	Not significant	Not significant	Not significant	Not significant
Efficiency	Significant*	Significant***	Not significant	Significant**	Not significant	Not significant
Overall achievement	Significant**	Significant***	Not significant	Significant**	Not significant	Not significant
Sustainability	Significant**	Not significant	Significant*	Significant*	Not significant	Not significant
Rural poverty impact	Significant***	Significant***	Not significant	Significant*	Not significant	Not significant
Project performance	Not significant	Significant**	Not significant	Not significant	Not significant	Not significant
Women's empowerment	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant
Environment and natural resources	Significant***	Significant***	Significant**	Significant***	Not significant	Not significant
Scaling up	Significant**	Significant*	Not significant	Not significant	Not significant	Not significant
Innovation	Not significant	Not significant	Not significant	Not significant	Not significant	Not significant
IFAD performance	Not significant	Significant*	Not significant	Not significant	Not significant	Not significant
Government performance	Not significant	Significant**	Not significant	Not significant	Not significant	Not significant
Overall quality of design	Not significant	Significant**	Significant**	Significant***	Not significant	Not significant

Levels of significance: \*\*\* strong, P value <0.01; \*\* moderate, 0.01 < P value <0.05; weak, 0.05 < P value < 0.10

Source: IOE elaboration.

155. **Similar to the 2016 Decentralization CLE, the t-test analysis of project performance in a country before and after an ICO was established found fewer improvements associated with country presence than the with/without analysis.** If ICOs were in operation two years before a project was approved, there were significant positive improvements in environment and natural resources, overall quality of design, and sustainability ratings. As ICOs gained experience there were more significant differences (i.e. overall quality of design, environment and natural resources management, efficiency, overall achievement, sustainability, rural poverty impact) (table V-1).

156. **The findings of these simple t-tests should be interpreted with caution.** The lack of consistent findings for the with/without and before/after t-tests point to a potential selection bias. The countries that received ICOs were not selected randomly – IFAD used a number of operational criteria to determine the countries in which there was a country presence. Differences in country characteristics may explain some or all of the better project results. IOE explored this hypothesis and found that there were, in fact, statistically significant differences between countries where there was and was not an IFAD presence.<sup>70</sup> Rather than randomly assigning ICOs to countries, IFAD examined a range of operational and country characteristics in selecting the limited number of countries in which ICOs, MCOs and ROs would be located.

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

157. **Multivariate regressions, a rigorous analysis undertaken for this evaluation, points to other critical factors at play that contribute to improved project effectiveness besides country presence (table V-1).** These regressions examined the contribution of ICOs to project success after the influence of other variables was taken into account. These comparisons were conducted with a single regression model with the key explanatory variable being whether the project was conducted with an ICO, before an ICO was introduced, or in a country that never had an ICO. For there to be evidence of significant improvement associated with an ICO, the analysis required that there are positive and significant differences between: (i) projects conducted under an ICO and projects conducted in countries that never had an ICO; and (ii) projects conducted under an ICO and projects in countries before an ICO was established. As seen from table V-1, there were no project rating criteria for which projects under ICOs outperform

both before and after and with and without. These findings were broadly consistent with a recent World Bank evaluation of decentralization, which found that “although field presence may benefit project outcomes and Bank performance through a number of distinct channels, it is also possible that the strength of the association between field presence and outcomes of interest depends on project features and the environment in which the project takes place”.<sup>71</sup> (Box V-3).

<sup>71</sup> IEG, *Enhancing the Effectiveness of the World Bank’s Global Footprint*. (Washington, D.C.: World Bank, 2022), pp. 118–147.

**BOX V-3**

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

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

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

Physical proximity was anticipated to: (i) address project bottlenecks faster, including those related to procurement, financial management and safeguarding issues; (ii) facilitate meetings with government officials at short notice; and (iii) respond to local clients much faster. This support was regarded as particularly important in low-income countries and fragile and conflict-affected situations (FCAS), where project implementation faced more challenges.

Country presence facilitated the World Bank’s COVID-19 response and helped preserve business continuity.

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

Source: Independent Evaluation Group (World Bank) evaluation “Enhancing the effectiveness of the World Bank’s global foot print” (2022).

<sup>72</sup> Ibid.

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

158. **The findings of the multivariate regression indicated that many factors other than the presence of an ICO contribute to the performance ratings of IFAD operations.** Some of these factors were quantified in the regressions<sup>73</sup> but those that did not have consistent data could not be included (e.g. government ownership; quality of local rural institutions and policies; agroecological context). The quality of country presence, defined as how well an ICO was equipped to contribute to performance, was also a contributing factor but lacked consistent data, and hence was not controlled in the multivariate statistical analysis.

159. Case studies confirmed that not all ICOs produced well-performing projects and pursued NLAs effectively.<sup>74</sup> Case studies in Cambodia, Ethiopia, Sudan, and Viet Nam showed that these ICOs were recognized by relevant ministries, the United Nations Country Team, the local donor community and local actors as effective players in the rural agricultural sector with a track record of successful “last mile” operations that have had noticeable, positive impacts in project areas and contributed to agricultural policy processes. They established good working relationships and partnerships with relevant government units at national and subnational levels, donors and other actors, and had productive collaboration with the United Nations Country Team, particularly with the Rome-based agencies. This was further supported by CLE e-survey respondents from the United Nations system in client countries: 95 per cent felt that country presence significantly increased the joint work.

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

73 These were: region; GNI; rural population; share of water used on agriculture; total water reserves; voice in governance indicator; year the project entered into force; funding.

74 These performance measures were based on comparing the averages of the IOE ratings received by all projects evaluated during the period 2011–2020 calculated from the ARIE database and interviews with stakeholders.

### BOX V-4

#### Experiences of well-performing long-standing ICOs in countries with a federal system: Ethiopia

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

Representatives from the Ministry of Agriculture noted that their close collaboration with ICO led to improvements in project performance. For instance, the Community-based Integrated Natural Resources Management Project adopted a transformative gender approach mainly focused on land tenure; the Pastoral Community Development Project III was effective in building pastoral and agropastoral climate resilience as well as the capacities and knowledge of

smallholders to engage in policy dialogue; the Participatory Small-scale Irrigation Development Programme II was effective in building partnerships with government units and research organizations; and the Rural Financial Intermediation Programme III contributed to considerable expansion of smallholder access to finance in rural areas, and income growth of 18 per cent. These positive findings are all the more impressive given the ongoing conflicts and other challenges.

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



#### BOX V-5

### Experiences of well-performing long-standing ICOs in countries with a federal system: Viet Nam

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

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

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

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

Source: IOE elaboration based on IOE case studies.

#### BOX V-6

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

**Sudan:** The Sudan country presence was established in 2005 and became a CPM-led office in 2009 (the CPM is now called a CD). The Sudan CD also covers Djibouti. Sudan is decentralized into 18 states. COSOP 2021–2027 notes that the government is highly committed to enhancing smallholder agriculture in rainfed areas. The CPO has been in post since 2013 and the previous CD held the position for five years (2017–2021).

After making course corrections following a midterm review in 2019, the Livestock Marketing and Resilience Programme (LMRP) (2014–2022) made important contributions to scaling up the co-management of stock routes based on

project experience. The project contributed to minimizing conflict among groups competing for water and rangeland. Actions included effective utilization of available studies and knowledge products to inform the policy agenda, especially in institutionalizing the improved management and natural resource governance of the stock routes. Government officials and international actors interviewed indicated that a country presence significantly contributed to these achievements.

Source: IOE elaboration based on IOE case studies.

- <sup>161.</sup> **Fit-for-purpose ICOs share common features.** Well-performing CD-led ICOs in the case studies (boxes V-4, V-5 and V-6) had the following common features:
- A competent CPO (national staff) with long tenure (over seven years, based on case studies), with strong networks in the government agencies, beneficiary organizations and other key local actors. They brought the contextual knowledge, language capabilities and necessary networks to manage lending and non-lending activities;
  - An internationally recruited CD based in the country who was experienced and had a deep knowledge of policies and procedures and extensive contacts in IFAD, and was capable of establishing high-level relations with the government, donors, United Nations system and other relevant actors. They represented IFAD in the country and managed the country programme, while pursuing non-lending activities to expand IFAD's impact and footprint, leveraging the available capacities of ICO and rest of IFAD. Importantly the CPM/CD remained in post for four or five years;
  - An experienced country programme assistant (national staff) with long tenure and sound understanding of IFAD systems and procedures, the country context and language provided necessary administrative, and, as necessary, programmatic support;
  - NLAs were prioritized with results-orientation, and resources mobilized for NLAs.
- <sup>162.</sup> Among the CPO-led offices in the case studies, Cambodia provided a good example of a CPO-led ICO that consistently delivered a highly complex portfolio and pursued NLAs with resources mobilized (see for details annex IV-D.2).
- <sup>163.</sup> **External factors beyond the control of IFAD can also limit project effectiveness.** Case studies also identified external conditions, such as government ownership of IFAD-supported interventions, capacities of implementing partners and service providers, which shaped the performance of ICOs. In addition, frequently changing governments, weak coherence among line ministries (e.g. agriculture, finance, environment, planning), limited implementation capacities of government units, and weak enabling rural development policy environment, posed constraints on IFAD's operational performance. For example, although there had been a CD-led ICO in Côte d'Ivoire since 2015, the small portfolio was not performing well and partnerships were not established with beneficiaries and research organizations (box V-7).
- <sup>164.</sup> The evaluation synthesis report (ESR) on government performance (2021) found that country presence can be a contributing factor to improving government performance. However, its influence on government performance depended on the technical qualifications and seniority of IFAD staff, as well as other "soft" factors shaping the relationship with government partners. The outposting of a senior IFAD staffer as country director enhanced oversight and contributed to improved implementation in countries like Sudan. The ESR also observed that there were also countries that perform well with limited or no IFAD presence (e.g. Republic of Moldova with no ICO and Niger with a CPO-led ICO). Furthermore, IFAD's presence was usually insufficient in programmes stretching into remote locations and with weak decentralized capacities. In such cases, posting a country director in the capital was not sufficient.

## Challenges to ICO performance: Côte d'Ivoire

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

**Portfolio performance and contextual constraints.**

Government partners acknowledged the strong engagement of CPO in project supervision, regular interactions with the ministries and IFAD-funded projects. Project teams valued the supervision support provided by the ICO, yet portfolio performance was rated as unsatisfactory because of weak capacities of the farmers' organizations, service providers and the project management unit.

**Other contributions of ICO.** The ICO continued to provide valued design and implementation support to the project team. Government partners appreciated the relationship with the ICO. IFAD interacted with the World Bank on value

chain development and on issues related to peri-urban agriculture in the Agricultural Value Chains Support Project. United Nations Country Teams valued the collaboration with IFAD in the country. In the recent COVID-19 response by ICO, Agriculture Emergency Support Project (2021–2024) explored the potential collaboration with FAO and WFP to put in place a seed production system and use school canteens as market outlets.

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

Source: IOE elaboration based on IOE case studies.

165. **IFAD's decentralization approach constrained project effectiveness.** In addition to the weak prioritization of NLAs in ICOs observed in Côte d'Ivoire, case studies also found constraints to performance posed by frequent changes to office structure (under OpEx and then D2.0), frequent changes in staffing because of IFAD's relocation and reassignment practices, inadequate communication among MCOs, ICOs and project implementation units and government officials. An example of this is ICO Kenya. Within a span of four years Kenya's country presence changed its structure twice – from RO to subregional hub (2018), and from subregional hub to RO (2022). Moreover, ICO Kenya had five CPMs/CDs during the period 2014–2022.

166. **Given their small size, ICOs were highly susceptible to disruptions of one or more of these success elements,** which posed risks to IFAD's development effectiveness, at least in the short term. There were frequent changes of CDs as part of the decentralization and reassignment policies. Under D2.0, 87 per cent of CLE e-survey respondents felt that changes in staffing and responsibilities were too frequent.

167. **As it takes seven to ten years to design and complete IFAD projects, the full impact of the changes introduced during OpEx and D2.0 on project performance may not be fully appreciated until many years in the future when these projects are completed and evaluated.** Current statistical analysis of project performance focused only on projects that were evaluated by IOE (300 of the 589 projects in the portfolio). In other words, the analysis focused on the performance of projects that came into effect during 2006–2014, well before OpEx and D2.0, and may have been supervised for only part of their project life under this new process, if at all.

168. **Country presence had demonstrated potential to strengthen operational effectiveness under conditions of fragility and conflict (FCAS).** About three quarters of the respondents to the CLE e-survey (76 per cent) agreed that country presence helps IFAD perform better in countries with conditions of fragility. By 2030, two thirds of the extreme poor will be living in fragile and conflict-affected situations.<sup>75</sup> IFAD has taken significant steps to address smallholder agriculture in countries with FCAS conditions since the 2016 Decentralization CLE.<sup>76</sup> To assess the contribution of decentralization, this evaluation included five case studies in countries under FCAS (Burkina Faso, Eritrea, Ethiopia, Niger and Sudan) among the 15 conducted as part of this evaluation.
169. The projects in these countries were increasingly attentive to conflicts, although the level of explicit strategic attention paid by IFAD to institutional fragility and root causes of conflicts in COSOPs was not as strong as the attention given to other drivers.
170. The FCAS strategy called for COSOPs to identify the strategic outcomes of fragility and natural resources-related conflicts as a means to improve operational effectiveness under such conditions. This required including the shared responsibilities of IFAD's national partners for fragility and conflict assessments in the assumptions of the theories of change of COSOPs and projects. Such assessments facilitated designs with comprehensive strategies to address fragility. Furthermore, solutions to address fragility required a strong focus on policy dialogue. Related outcomes should be explicit in the ToC of COSOPs and projects and monitored during implementation.
171. **The five case studies selected to focus on countries with conditions of fragility and/or conflict increasingly referred to fragility in the design of COSOPs and projects,** since the approval of the 2016 strategy for engaging in countries with fragile and/or conflict situation (FCAS strategy). IOE's recent subregional evaluation (SRE) of fragile countries in WCA (2022) found that these analyses did not address all fragility drivers, which are in fact, interlinked. For example, these addressed the economic and environment/climate aspects of fragility but not the weak institutions and conflict risks. Moreover, the same evaluation observed that projects may not adequately reflect the fragility analysis in their designs.
172. **Ethiopia, Niger and Sudan provided good examples where country presence facilitated the fragility analyses to inform projects and COSOPs, and to design operations that were able to manage risks and build resilience to face the conditions of fragility.**
173. The designs of more recent projects in fragile contexts have improved the blend of approaches that allow them to address fragility issues in their target regions, and guide poor smallholders towards pathways to resilience. These approaches have included rural infrastructure (roads and markets), water mobilization for irrigated agriculture, natural resources management to address resource-scarcity related conflicts and enhanced social cohesion at community level.
174. Decentralized presence was an asset in the cases of Ethiopia and Sudan that have federal systems. The country presence helped to develop sound knowledge of the influences of the relevant national and subnational institutional processes and socio-political dynamics, and the interplay among the multiple risks (e.g. resource-based community conflicts overlaid by regional/local conflicts in Ethiopia, or military coups d'état in Sudan) and underlying drivers.

<sup>75</sup> World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025 (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/844591582815510521/World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025>.

<sup>76</sup> These steps include IFAD's Strategy for Engagement in Countries with Fragile Situations (approved in 2016), and Special Programme for Countries with Fragile Situations Operationalizing IFAD's Fragility Strategy (2019), which calls for all new COSOPs in the list of harmonized countries to carry out a fragility assessment. IFAD committed to allocate 25 to 30 per cent of its core resources to address fragile conditions under IFAD11 and continues to do so under IFAD12. D2.0 commits to having 50 per cent of the new and upgraded offices located in countries with conditions of fragility (EB 2021/134/R.5).

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

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

### C.1 Decentralization and knowledge management<sup>77</sup>

176. **Half of the 18 country programmes and strategies evaluated during 2018–2021 rated their KM as moderately unsatisfactory.** The thematic study<sup>78</sup> on KM conducted as part of the evaluation identified the following factors contributing to this weakness even in the presence of an ICO (affirming many of the findings of the midterm review of the IFAD Knowledge Management Strategy and Action Plan):

- i. Weak office-wide prioritization of KM in ICOs, lack of explicit integration of KM in COSOPs, and COSOP priorities not sufficiently reflected in the design of new projects.
- ii. Lack of KM strategies at country programme level that systematically use project-level knowledge being generated. Consequently, there is weak use of KM for policy engagement and prevalence of ad hoc, stand-alone efforts.
- iii. Weak monitoring and evaluation (M&E) system that is unable to systematically capture good practices and lessons and update the KM actions.
- iv. Limited platforms for knowledge-sharing and dissemination that often confuse communications as KM.
- v. Limited operational partnerships for KM.
- vi. Absence of designated financial and human resources for KM.

<sup>77</sup> Following the approval of the second IFAD Knowledge Management Strategy and Action Plan (2019), IFAD took actions to improve awareness, provide guidance to project and ICO staff, initiate knowledge management activities, and to create an enabling environment. The midterm review of the knowledge management strategy and action plan found that knowledge is still fragmented across various systems and platforms; that many knowledge activities are still undertaken in silos; that project knowledge is not leveraged to its fullest potential; and that monitoring has focused more on producing knowledge products than on their dissemination and use. The midterm review found that the knowledge management action plan was overly ambitious, given that it has not been supported by dedicated resources and staff time.

<sup>78</sup> The study drew from the 15 case studies, 8 CSPEs (Bangladesh, Burkina Faso, Cambodia, Egypt, Ethiopia, Kenya, Niger and Sudan) available for these case study countries, other IOE evaluations (CSPE, SRE, ESR and TE/CLE) covering the evaluation period (2016–2022), interviews and the CLE e-survey.

177. **Prioritization of KM varied among the case study countries.** Several had KM embedded in COSOPs (e.g. Bangladesh, Brazil, Cambodia, Ethiopia, Sudan). For instance, Brazil COSOP (2016–2021) committed to promoting scaling up best practices, and to improve knowledge-sharing within Brazil’s north-east region, and between Brazil and other countries (the Southern Common Market and African countries). Government ownership and direction helped ICOs to prioritize KM, as illustrated by the example of Brazil. While portfolio-level attention to KM continues to improve, attention to KM in projects varied. Sudan incorporated KM in all projects while Kenya paid limited attention to KM in its projects. KM strategies were more in evidence at project level than at country programme level. Country programme level strategies in Ethiopia and Sudan oriented the KM products towards supporting policy dialogue. Case studies confirmed the finding of the midterm review of the IFAD Knowledge Management Strategy and Action Plan that M&E systems at project level were weak. Without the foundation of an evidence-based knowledge base, successful KM would be elusive.
178. **Case studies identified innovative platforms for knowledge-sharing and dissemination.** A few countries adapted projects, and some representatives took the “learning routes” approach developed by the global NGO PROCASUR.<sup>79</sup> Cambodia convened an annual face-to-face interaction forum to conduct country portfolio reviews involving staff from relevant government agencies, research institutions and NGOs involved in farmers’ organizations and Indigenous Peoples’ organizations, other development partners, and IFAD staff and consultants involved in project supervision and implementation support. Sudan convened periodic internal learning route exercises to facilitate exchanges across projects and involved staff from projects and government as well as community representatives (see box V-8). The accessibility and usefulness of these platforms varied. Cambodia’s face-to-face meetings were not accessible to many, while ICO Sudan has a fraction of the knowledge products online. Partnerships with institutions such as the International Center for Agricultural Research in the Dry Areas (ICO Egypt) and the NGO PROCASUR (ICO Sudan) were established through grants to improve KM, but there is little evidence of the systematic pursuit of partnerships-based KM strategy elsewhere.
179. **Most country offices used grants to promote KM** (e.g. Bangladesh, Cambodia, Egypt, Ethiopia, Kenya, Sudan and Viet Nam). A few have attempted to incorporate KM as part of investment projects (e.g. the Planting Climate Resilience in Rural Communities of the North-east Project, Brazil, the Lowlands Livelihood Resilience Project [LLRP] in Ethiopia and Peru). Doing so required the government to recognize the value of investing part of the loan in KM activities. These three countries had CD-led offices or MCOs based in the country, and had good relationships with the respective governments.
180. **Having a qualified, competent KM officer in an ICO was one of the most important determinants of sustainable KM success.** In two of the case studies (Bangladesh and Sudan), a KM officer was recruited as an ICO staff member. As shown in box V-8, this resulted in demonstrable improvements and offered a promise of continued strengthening of KM in the ICO. However, when the KM officer had to leave due to resource constraints, the gains achieved were eroded or unsustainable. The country strategy and programme evaluation (CSPE) Uganda (2021) found a similar situation in the Uganda ICO where the progress made under a knowledge specialist was reversed upon the departure of that officer.

<sup>79</sup> The learning routes approach consists of a capacity-development methodology bringing together farmers, rural operators, technicians and development practitioners in different countries. Learning routes are considered to have been one of the key methodologies for mainstreaming South-South cooperation across IFAD’s operational portfolio. (IFAD, 2016).

## Decentralization and knowledge management – ICO Sudan

**Prioritization of KM.** ICO Sudan promoted knowledge management by recruiting a KM officer in 2015 (the position lasted till 2017), recruiting a KM coordinator in the central coordination unit (CCU) for IFAD-funded projects, developing a country programme KM strategy (2017–2019), establishing a KM core group (comprising of IFAD, CCU, projects, KM focal points from key line ministries, and the NEN KM officer based in Rome), devoting explicit attention to KM in the COSOP and project designs and mobilizing resources for KM.

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

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

**Accessibility and quality of knowledge products.** A number of knowledge products were prepared, such as Lessons Learned which are good, however not all of them have been posted online, making their use limited.

**Platforms for knowledge-sharing.** The ICO Sudan organized an “internal” learning route in 2016 around the theme of natural resource management and agricultural productivity, together with CCU and PROCASUR. This internal learning route facilitated exchange across the projects and resulted in some projects adapting or replicating successful practices. For instance, the Western Sudan Resources Management Programme Seed Development Project adapted the community networking of the Butana Integrated Rural Development Project (BIRDP), while BIRDP pursued the conflict resolution approach of the Seed Development Project. Apart from this learning route, there were also cross-learning activities between Supporting Small-scale Traditional Rainfed Producers in Sinnar State (SUSTAIN) and the Seed Development Project, which resulted in SUSTAIN adopting terracing/chisel-ploughing from BIRDP.

A **website for the country programme** was also established to capture and disseminate knowledge materials from the projects.

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

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

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

Source: IOE elaboration based on IOE case studies.

## C.2 Decentralization and policy dialogue<sup>80</sup>

181. **Country strategy and programmes have received consistently low ratings for policy dialogue**, with 58 per cent rated as moderately satisfactory or better by IOE evaluations. In the CLE e-survey, 95 per cent of the responding external stakeholders found that country presence improved policy dialogue. T-tests of performance ratings confirmed that country presence could improve policy dialogue (table V-2).
182. **Case studies<sup>81</sup> illustrated the ways in which a country presence could facilitate policy engagement** (Bangladesh, Brazil, Cambodia, Côte d'Ivoire, Niger, Sudan and Viet Nam). They also showed the challenging contextual conditions under which policy engagement may take place, such as political instability involving high turnover of ministers (Egypt, Niger, Sudan), as well as the limitations of IFAD's own practices and capacities, that constrain IFAD's policy dialogue performance.
183. **Contextual constraints to policy engagement exist.** Case studies found constraints such as changing government frameworks in Kenya and Viet Nam that were undergoing devolution and decentralization; the CPE Ethiopia (2016) found that policy dialogue by external partners was not a concept accepted by all key players at the government level who considered policy discussions and decisions largely, and often exclusively, as an internal matter; CPE Egypt (2016) found that IFAD's opportunities to undertake policy dialogue with the government were limited, given that IFAD does not provide budgetary support or policy development loans to financially support a policy agenda; the political instability and ensuing changes of ministers of relevant line ministries in Egypt and Sudan were disruptive to policy engagement. The COVID-19 pandemic-related restrictions disrupted policy engagement efforts.
184. **COSOPs and operations showed increased attention to policy engagement.** Reflecting the need for policy change as a priority in the COSOPs and project design was a precondition for successful policy engagement. Recent COSOPs increasingly recognized the need for policy engagement. For instance, Cambodia's COSOP (2022–2027) addressed the gap in the earlier 2009 COSOP which did not even refer to policy engagement and it spelled out the priorities. A number of COSOPs recognized the importance of KM to policy engagement efforts (e.g. Bangladesh, Brazil, Côte d'Ivoire, Ethiopia and Sudan). A few integrated policy engagement-related activities within projects (e.g. Ethiopia, Niger and Sudan). As noted, country presence was necessary to establish the partnerships and relationships necessary to operationalize policy engagement.
185. **ICOs have identified a number of pathways for policy engagement but not all were equipped to take IFAD to the next level of using the country portfolio experience to engage at the national level.** Case studies identify the range of pathways used by ICOs to pursue policy engagement. Most case studies demonstrated that ICOs used projects to engage with decision makers – they used implementation and supervision missions (e.g. Egypt), COSOP design and exchanges during project steering committee meetings (e.g. Ethiopia); and integrated policy engagement-related interventions in the investment project activities (e.g. Cambodia, Ethiopia, Niger, Sudan, and Viet Nam). The ICO in Viet Nam is an example of national-level influence, leveraging networks and partnerships within the government to engage in dialogue. Some country offices used experience from operations to provide field validation of policy issues (e.g. Cambodia and Kenya). Niger illustrates an alternative model for policy engagement prior to an ICO being established (see box V-9). IFAD transferred the authority to carry out policy engagement to the central coordination unit of all IFAD projects in Niger enabling them to join the National Representation and Technical Assistance Unit (CENRAT). With the exception of Niger and Viet Nam, policy engagement mostly occurred around lending operations and was restricted to engagement with sector working groups.

<sup>80</sup> "Policy dialogue" has been an area of attention at IFAD, but in 2013, there was a shift to use the term "policy engagement". According to the 2013 IFAD document "Country-level policy engagement: Opportunity and necessity", policy engagement is "a process for IFAD to get involved with partner governments and other national stakeholders to influence or inform policy priorities, as well as the design and implementation of public policies that shape the economic opportunities for large numbers of rural people to move out of poverty. IFAD sometimes participates directly in policy dialogue; more often, it facilitates discussion among national stakeholders, strengthens their capacity, and brings evidence to the table that can inform discussion".

<sup>81</sup> Eight of the 15 case studies had CSPs during the period covered by this evaluation, with 4 moderately satisfactory ratings and 4 moderately unsatisfactory ratings. These also provide valuable insights into the opportunities and challenges to policy engagement at the country level.



## Decentralization and policy dialogue – an alternate approach in Niger

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

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

IFAD used three modalities to promote policy dialogue in Niger:

- i. Using projects to directly enter into policy dialogue – several projects have included dialogue on public policies as part of their activities (e.g. the Project to Support Food Security in the Region of Maradi supports national strategies to improve nutrition security [notably the government's Nigeriens Nourishing Nigeriens Initiative] and envisages coordination with other sectors and partners working on nutrition);
- ii. Enter into dialogue during COSOP preparation;
- iii. Delegating authority to engage in policy dialogue to CENRAT.

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

186. **ICOs have produced outputs related to operational-level engagement in policy dialogue but have not systematically pursued engagement with national-level policy changes.**<sup>82</sup> In Viet Nam, ICO contributions informed the formulation of the National Green Growth Strategy and its Action Plan (2021–2030). In Cambodia, ICO influenced the agricultural extension policy and gender mainstreaming in government initiatives for rural agricultural development. In Kenya, the e-voucher modality promoted under the Kenya Cereal Enhancement Programme Climate Resilient Agricultural Livelihoods Window has been taken up by the agricultural sector strategy. In Niger, with the assistance of CENRAT, ProDAF contributed to the formulation of rural development policies and strategies. In Sudan, BIRDP culminated in the development of the natural resource governance framework for the Butana area covering the five states.

187. While these were useful outputs, there were limitations as well. For instance, in Sudan the state-level influence did not translate into national-level policy changes. With the exception of Niger and Viet Nam, other contributions were at the level of lending operations and needed considerable work to lift to the next level of influencing national sector-wide policies.

188. **Without adequate financial resources, capacities and resolution of decentralization-related bottlenecks, IFAD's policy engagement at the country level cannot be taken to a higher level.** Contributing to national policy debates requires the

ability to generate or have access to knowledge and analytical policy research work and a sufficiently substantive presence at an appropriate level which provides access to high-level policy and development platforms. All of the case studies found that ICOs lacked adequate financial and human resources to engage in high-level policy dialogue. This observation echoed the findings in all eight CSPEs conducted in the case study countries. For example, the CPE Ethiopia found that the country director had to use resources from the supervision budget to bring in the necessary experts from Rome to provide inputs to policy engagement.

189. All case studies found that grants were used to support policy engagement. This source of support was necessary but had limitations. For instance, during 2011–2019, the ICO Kenya used six grants for policy engagement. The CSPE Kenya (2019) found limited linkages between the grants and the needs of ICO for policy engagement.

190. In addition to the resource challenges, some offices underwent considerable personnel changes during the period 2017–2022. For instance, ICO Kenya had three CDs during this period, contributing to the challenges in establishing relationships and partnerships to consistently pursue policy engagement.

191. In summary, few examples of strategic and structured support and actions for policy engagement beyond the project level were found, largely because of limited human and financial resource. These limitations were exacerbated by the decentralization-related changes to the ICO leadership.

<sup>82</sup> Retrieved from the CPE/CSPEs of these countries (except for Viet Nam).

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

192. A simple t-test analysis based on CPE/CSPE ratings shows that better country-level policy engagement was weakly associated with country presence. The t-tests did not provide evidence to suggest that country presence improved KM or partnership-

building. A robust statistical analysis to verify the influence of country presence on the performance related to non-lending activities, after controlling for other contributing factors, was not feasible due to the limited number of country-level evaluations that rate non-lending activities (49 CSPEs were produced during 2011–2021).

TABLE V-2

Quantitative evidence on the contribution of country presence to the effectiveness of NLAs

Criteria	T-tests For NLAs with/without ICOs	
	Years ICO in operation before project design approval	
	2+ years	4+ years
Country-level policy engagement	significant* <sup>a</sup>	Significant*
Knowledge management	Not significant	Not significant
Partnership-building	Not significant	Not significant
Overall non-lending activities	Not significant	Not significant

<sup>a</sup> Levels of significance: \*\*\* strong, P value <0.01; \*\* moderate, 0.1 < P value <0.05; \* weak, 0.05 < P value < 0.10

Source: IOE elaboration.

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

195. **Effective mainstreaming requires close collaboration and coordination between SKD and PMD throughout the life cycle of operations** from concept note preparation to project completion reports. Coordination challenges were noted in the early stages of mainstreaming efforts (thematic evaluation of IFAD's support for smallholder farmers' adaptation to climate change [TE CCA], 2021). Corporate reforms to operational guidelines included a project technical lead in all project delivery teams, requiring their agreement in all key milestones of design. Headquarter interviews and case studies showed that while some of the initial coordination issues have been resolved at the headquarter level, some problems persisted in the field. For example, to improve coordination there were regular communications between the regional director and SKD staff in the RO Nairobi and arrangements for the regional director to review the annual workplans of SKD staff based in the RO prior to their finalization. These arrangements were absent in the Abidjan RO.

### D. Decentralization and effectiveness of mainstreaming activities

194. **IFAD committed to mainstream climate considerations in all new COSOPs and operations under IFAD10**, and committed 25 per cent of PoLG to climate financing under IFAD11, increasing to 40 per cent under IFAD12. In addition to climate considerations, IFAD required that all operations and COSOPs mainstream gender, nutrition and youth. The Environment, Climate, Gender and Social Inclusion Division (ECG) was established in SKD to support mainstreaming efforts. The field presence was seen as a key step towards strengthening mainstreaming by the Management and 81 per cent of the CLE e-survey respondents agreed.

196. **Reduced design and supervision budgets also posed constraints on the collaboration between PMD and SKD.** For instance, the head of MCO Viet Nam noted that due to cuts in design costs, SKD staff were only able to join design missions remotely, which adversely affected the quality of mainstreaming design in new projects.

197. Case studies focused on two of the cross-cutting mainstreaming themes, namely, environment and gender<sup>83</sup> and assessed the contributions of country presence to strengthen their mainstreaming. The CLE used purposive sampling to examine different types and ages of offices and country contexts. The goal was not to compare the same conditions, but to test performance under different circumstances.
198. **All case studies found that gender was mainstreamed but the quality of mainstreaming varied.** Sometimes mainstreaming involved gender-transformative interventions. For example, in Bangladesh, most projects contributed to expanding women's access to, and control of, productive assets. The Participatory Small-scale Irrigation Development Programme II in Ethiopia included women both as beneficiaries, and within the constraints of customs and culture, placed them in positions of influence. In Cambodia, attention to gender issues has been part of project designs throughout the portfolio, where gender concerns have been integrated into targeting, training, activities, capacity-building and sex-disaggregated data that led to the portfolio contributing to women's empowerment.
199. **ICOs contributed to these achievements in a number of ways.** In Sudan, the ICO mobilized a country-specific grant that financed the establishment of the Agricultural Bank of Sudan Microfinance Initiative (ABSUMI) units and training. Working with ABSUMI units resulted in improving access to finance by women and enabled increased empowerment. In Kenya, the ICO brokered with international development organization Humanist Institute for Development Cooperation (Hivos) Kenya to train the project implementation team of the Upper Tana Catchment Natural Resources Management Project (UTaNRMP) to integrate gender considerations. According to the project coordinator, this training was instrumental in the project receiving the IFAD gender award in 2021 (box V-10). She also observed that country presence helped improve the design of mainstreaming efforts to be more in line with local realities and improved the implementation support through closer interaction with the project team to address bottlenecks, as well as partnerships with provincial government officials of Upper Tana that would not have been feasible to establish from Rome.
200. **Not all projects of ICOs resulted in sound gender mainstreaming.** For example, the Promotion of Rural Incomes through Market Enhancement Project in Egypt promoted access to resources, assets and services through microloans but many women beneficiaries reported that the terms of microloans were unfavourable to them and that women received a smaller share of the loans disbursed through the small and medium-sized enterprises (37 per cent).
201. **All ongoing and new operations in case studies mainstreamed environment and climate responses. However, the quality of mainstreaming varied.** The Lowlands Livelihood Resilience Project (LLRP) in Ethiopia and UTaNRMP in Kenya were examples of projects where climate change adaptation considerations were seamlessly integrated into livelihood interventions aimed at reducing poverty and also did no harm to the environment. UTaNRMP went beyond doing no harm in some of its activities and promoted restoration of damaged ecosystems in the project's vicinity. The ICO played a critical role, bringing in the contextual knowledge to the design and leveraging its relationships with subnational-level government officials to strengthen project implementation. Technical support was received from the SKD staff based in Nairobi. In the LAC region, government officials interviewed in Honduras and Guatemala reported that recent project designs have placed increased attention on climate change considerations and Indigenous populations. These projects were supported by the SKD technical experts based in MCO Panama.
202. **Not all projects in countries with an ICO resulted in robust integration of environmental and climate adaptation considerations.** An IOE evaluation found that Egypt's Sustainable Agriculture Investments and Livelihoods Project may have led to potential harm to the surrounding ecosystems (TE CCA, 2021). Cambodia's portfolio provided limited support for the management of forest and fisheries resources despite their importance to livelihoods and ecosystems. Interviews with project and ICO staff in those countries found that there was insufficient dedicated capacity to provide the necessary design and implementation support to mainstream.

<sup>83</sup> Eight of the 15 case study countries (Bangladesh, Burkina Faso, Cambodia, Egypt, Ethiopia, Kenya, Niger and Sudan) had recent country strategy and programme evaluations. These evaluations provided the portfolio performance ratings related to gender equality and women's empowerment (GEWE), project support to climate adaptation and environmental and natural resource management and contributed to the evidence base for the subsequent mainstreaming discussion.

## Upper Tana Catchment Natural Resource Management Project - mainstreaming

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

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

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

Source: Elaboration by IOE, based on Kenya case study.

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

## Key points:

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



# Chapter

# V

Conclusions  
and recommendations





# VI. Conclusions and recommendations

## A. Key findings

205. Decentralization is widely recognized at the Executive Board, Management and staff levels as a necessary step to improve the development results achieved on the ground by bringing IFAD closer to beneficiaries and governments, enhancing partnerships with other development actors, and improving IFAD's relevance and development effectiveness. This was confirmed by the case studies undertaken for this evaluation, responses to the CLE e-survey, feedback received from interviews, and by a number of IOE evaluations. Several MDBs and other United Nations agencies, including Rome-based agencies, have reached a similar conclusion.

206. The following key findings and recommendations recognize that decentralization was implemented under contextual constraints and took note of the challenges faced by IFAD and other IFIs and United Nations agencies that decentralized. Those organizations also experienced issues related to staff discontent, transitional challenges and ex ante estimation of decentralization costs. In the case of IFAD, the COVID-19 pandemic posed additional challenges to implementing Decentralization 2.0 and relocating staff to new duty stations.

207. The evaluation took note of these factors and assessed their relevance for IFAD's decentralization efforts since 2016. However, the relevance of these factors was partly offset by IFAD's long, prior decentralization experience dating back to 2003, evidence provided by the 2016 Decentralization CLE, feedback from Management's stocktaking exercises and the consistent guidance received from the Board. Recognizing that preparing a detailed ex ante blueprint is not feasible for such a complex exercise, the evaluation focused on the extent to which holistic, strategic planning was pursued to enable IFAD to better anticipate, manage and address strategic risks associated with IFAD's accelerated decentralization.

208. IFAD's decentralization efforts since 2016 envisioned unprecedented levels of change during a significantly compressed timeframe (2017–2024) compared with the earlier phase of decentralization (2004–2016). The decentralization strategy set a target of increasing the proportion of staff outposted to 45 per cent by 2024. This translated to outposting 27 per cent of staff during an eight-year period. During the previous 14-year period (2003–2016) IFAD outposted 18 per cent of its staff.

209. IFAD has undergone far-reaching organizational changes since 2016 as part of its efforts to transform itself from a headquarters-centred organization to a decentralized organization. It increased the proportion of staff outposted from a baseline of 18 per cent in 2016 to 39.6 per cent by 2022; it changed the composition of its ICOs (e.g. moved 2 ROs to the field, established 11 MCOs [two subregional hubs existed in 2016], reduced the CPO-led ICOs from 19 to 7, increased the CD-led ICOs from 18 to 22, and undertook organizational reforms (e.g. restructuring SKD and PMD). IFAD also re-engineered business processes, procedures and the DoA, as well as the accountability framework to support a decentralized organization. These changes were made possible by the hard work of small units created to coordinate the work of OpEx and D2.0 (such as the task team of OpEx and CDI for D2.0), and the support provided by the decentralization implementation group (comprised of representations from PMD, SKD, FMD, HRD, FSU, CDI and COM) and other divisions and units within CSD (such as ADM and the Information and Communications Technology Division ), FOD, Financial Controller's Division (FCD) and OPV (including OSB, LEG, the Office of Audit and Oversight [AUO] and RMO) with IFAD Staff Association as an observer. **This evaluation recognizes the significant time and effort invested by these units and the dedication and commitment of their staff.**

210. **IFAD's President (2017–2022) and Senior Management were committed to decentralization and provided leadership to establish accelerated decentralization as a corporate priority.** Transforming IFAD to a fully decentralized organization was a key campaign pledge of that President. The new leadership proceeded to prescribe a timeline and target for outposting staff and established a working group to implement the decentralization agenda. These decentralization efforts resulted in fundamental institutional changes.
211. **In practice, the decentralization process was top-down, not fully responsive to the concerns of staff and not adequately informed by the decentralization experiences of other IFIs and United Nations agencies.** The early phases of these accelerated efforts encountered implementation challenges such as the ability to delegate authority while ensuring accountability and resistance from segments of staff to the resulting significant changes to the organizational culture. Stocktaking exercises were carried out during OpEx and in the middle of D2.0 and key decisions were communicated to staff through town hall meetings, blogs, memos and circulars. However, there was no effective two-way communication strategy. Senior and mid-level managers found that while their feedback influenced some decisions, core issues were not adequately addressed. The CLE e-survey found that five years after IFAD's accelerated decentralization began, staff were still evenly split on whether or not Management proactively shared relevant information on decentralization and took staff inputs seriously. Similar issues were identified in the case studies and key informant interviews. This finding raises questions about the measures taken to build broad-based staff buy-in and overcome staff resistance to IFAD's accelerated decentralization. While IFAD is not fully comparable with other agencies in terms of its size and mandate, it did not adequately explore the approaches and strategies used by other agencies that faced similar challenges related to decentralization (e.g. staff relocation and reassignment practices).
212. **Weak resource planning and inadequate resources for country programme delivery pose threats to IFAD's development effectiveness.** IFAD did not have a costed implementation plan for its full decentralization agenda. Decentralization is not cost-neutral and IFAD's administrative budget was near zero-growth in real terms. Hence, painful trade-offs became an inevitable necessity. Assessing and balancing such trade-offs required better tracking of the costs of field presence and investments in IFAD's core client services, such as the support for design and implementation of IFAD operations and non-lending activities. Special purpose documents on decentralization prepared for the Board provided cost projections but they were not integrated into annual budget documents.
- i. IFAD does not yet have a system to systematically collect and transparently report the detailed, phased cost of field presence in its annual budget documents.
  - ii. The share of the administrative budget available for core client services declined steeply from 59 per cent in 2016 to 47 per cent in 2022,<sup>84</sup> well below the IFI benchmark of 50 per cent. Case studies confirmed that resources to support the design and implementation of IFAD operations and non-lending activities in client countries were inadequate. ICOs found that this reduction came at a time when projects were increasing in size and complexity and there was a growing number of compulsory mainstreaming requirements. The 2023 budget approved in December 2023 commits an increase in the budget share of pillar 1 to 55 per cent. This is a step in the right direction. However, this increased allocation for IFAD's core client services partly reflects a change in accounting for programme and administration costs introduced as part of the 2023 budget and hence is not directly comparable with the 47 per cent share in the 2022 budget. The budget document states that the resources allocated to the "operational pillars" (i.e. country programme development and knowledge-building, dissemination and policy engagement) increased by 4 per cent compared with 2022.

<sup>84</sup> Some increases in non-operational expenditures were required to support other IFAD reforms. For example, to support the review of IFAD's financial architecture and to maintain the improved credit rating, IFAD needed to create a risk management office and strengthen its treasury and financial services.

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

217. **The allocation of adequate human resources for decentralization did not fully reflect the lessons of past experience in ensuring ICOs that are fit for purpose.** Increasing the number of outposted staff does not automatically translate into better development effectiveness. Case studies of long-standing ICOs found that well qualified, experienced and motivated staff with adequate financial resources were key to promoting national ownership, improved partnerships for results, and supporting project and non-lending activities preparation and supervision to achieve high-impact projects within the framework of a small ICO. The case studies identified the key roles played by nationally-recruited country programme officers and internationally recruited country directors along with their experience and skill sets to achieve development effectiveness.
- i. The resourcing levels identified by the metric system were inadequate for country presence to deliver its mandate and commitments. This gap was exacerbated by delays in filling vacant positions created by both decentralization and the reassignment policy, the slow rate of appointing administrative support staff and the timing and approach adopted for reassignment. These factors, together with strong headquarters-centric practices, negatively affected work-life balance and staff morale.
  - ii. Effectively decentralizing technical staff remains a challenge. SKD has more than quadrupled in size since 2016, by recruiting to address the expanded operational needs, and partly due to the transfer of technical staff from PMD to SKD as part of the organizational change. Yet achieving a critical technical mass in many locations remains a challenge. Options for locating technical staff in regions without a regional office were not fully studied. SKD's ability to effectively support the decentralization priority of strengthening non-lending activities was constrained by its workload related to design and implementation support for operations and the need for global thematic work.
  - iii. IFAD's loss of a significant number of experienced country directors and the influx of country directors new to the organization posed additional challenges. The Fund did not adequately benefit from learning from the experience of United Nations agencies and IFIs that decentralized, some of which used more incentive-based approaches for staff relocation and reassignment and managed to retain and outpost a significant share of experienced staff.<sup>85</sup>
218. **Evidence-based, adaptive management and learning was insufficiently integrated into the decentralization processes.** As a result, IFAD failed to adequately plan for and resolve critical challenges that arose during implementation. The timeline and targets were not based on any feasibility analysis. The decentralization processes involved measures to obtain feedback, but the problem-solving was ad hoc, fragmented and insufficient to address the core challenges. The overly ambitious timeline and targets constrained the time available to reflect, learn and correct course. IFAD staff responding to the e-survey disagreed that adaptive management and learning were used to identify, manage and mitigate critical problems and risks (61 per cent disagreed).
219. **Under D2.0 there was limited focus on institutionalizing the values** required (for example, being results-focused, striving for continuous improvement, and being collaborative), **policies, practices and ways of working that were oriented towards effectively delivering IFAD's core services within the decentralized setup.** This institutionalizing requires prioritization, integration and incentivizing values and ways of working into core processes such as onboarding, performance management and reward, leadership and recruitment. The small size of ICOs makes this institutionalization important as replacing a single staff member (because of turnover or reassignment) can have a negative impact on IFAD's ability to meet its lending and non-lending objectives in the country, especially if a lengthy time is required to fill the vacancy. Institutionalizing the values, institutional knowledge and ways of working required can help to mitigate the risks related to loss and/or change of staff in ICOs and will support the maintenance of IFAD's presence with minimal or no disruption. This will facilitate key stakeholders and beneficiaries having a consistent experience of IFAD's support, regardless of the specific staff members in an ICO.
220. **Stronger Executive Board oversight was needed to help guide the accelerated decentralization efforts. The Board's oversight role for Decentralization 2.0 strengthened during the period covered by the evaluation, particularly since December 2021.** Board governance of fundamental organizational changes is a challenge. The Board's role is to provide strategic guidance and hold the President and Senior Management to account in a manner that does not result in micromanagement or constrain the ability of the President and Management to make tactical decisions.

<sup>85</sup> See annex III-C, Executive summary of CLE comparative study.

221. However, stronger, more targeted Board oversight and guidance were hindered by the absence of holistic, transparent reporting of the decentralization progress. Such reporting would entail a budget that transparently reflected the cost of the full decentralization agenda, the progress in achieving strategic time-bound metrics to track the decentralization progress in achieving targets, a full discussion of the trade-offs required in the context of zero budget increases and efficiency gains, and focused reports designed to address and resolve strategic problems discussed at the Board. Most of these requirements were noted in the decisions related to decentralization and budget of the 134th Executive Board session (December 2021, annex VII).

222. The decisions of the 134th session of the Executive Board noted that “several List members had a policy of zero-growth discipline for United Nations organizations and IFIs.” At the same time, the Board also strongly supported decentralization as an important measure to enhance IFAD’s development effectiveness to achieve Agenda 2030. As noted by the 2016 CLE of IFAD’s decentralization experience and widely recognized by all United Nations organizations and IFIs, decentralization efforts are not cost-neutral, even after accounting for efficiency gains. This necessitates a realistic discussion between IFAD and the Board on mobilizing the additional resources needed to fund this mandate along with potential areas to be scaled back to manage with available resources. Such a discussion is yet to take place between the Board and IFAD Management.

## B. Recommendations

### B.1. Recommendations to the President and Senior Management

223. **Recommendation 1. Before proceeding further, IFAD should take stock of its decentralization efforts to correct the course of Decentralization 2.0. To do so, it should identify and address shortfalls and apply adaptive learning processes to inform future decentralization actions.**

- IFAD should assess how each type of country presence (CPO-ICO, CD-ICO, MCO and RO) and the decentralization of other functions (e.g. SKD, FMD) add value to the core functions of IFAD.
- The assessments should seek stronger justification for the ROs and MCOs and examine whether or not the models, size and staffing are consistent with the lessons from past experience in strengthening development results. IFAD should pursue the RO model for the other regions only after conducting a thorough assessment. Going forward, such assessments should be conducted periodically to fine-tune necessary changes to address problems. These assessments should be discussed with the Board.
- Should the RO model be justified by the above assessment, guidance on the functions, size, roles and responsibilities of ROs, and their interfaces with country offices and MCOs must be clearly defined based on these assessments and operationalized.
- The criteria to allocate country presence should explicitly factor in the national commitment and priorities as expressed through the country’s rural development policies and strategies towards smallholder agriculture. When these national priorities and commitment undergo clear and sustained shifts, IFAD should be open to reconsider the ICO model.

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

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

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

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

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

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

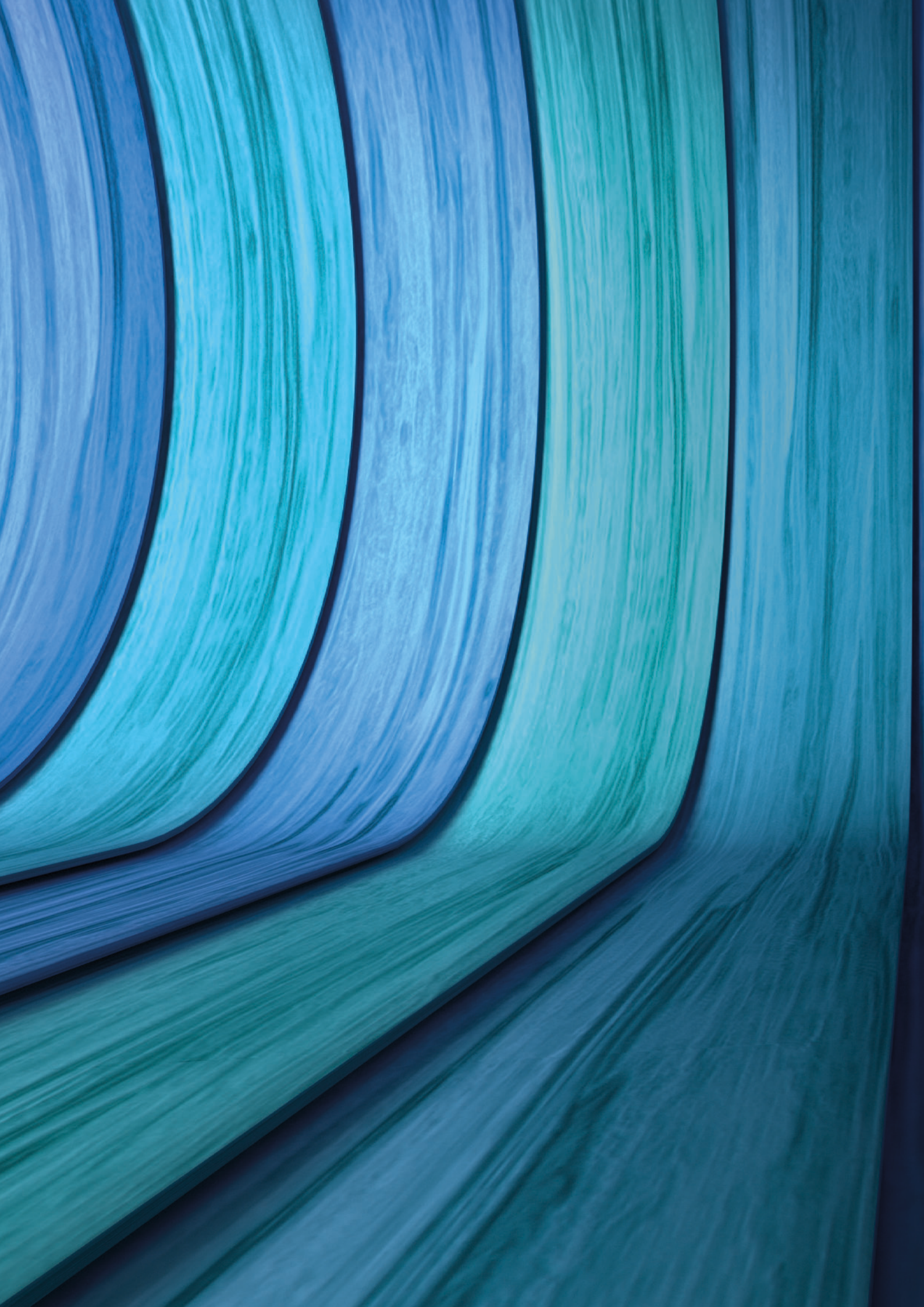
227. **Recommendation 5. Ensure human resource management, policies and practices focus on improving the well-being of staff.**

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

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

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

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





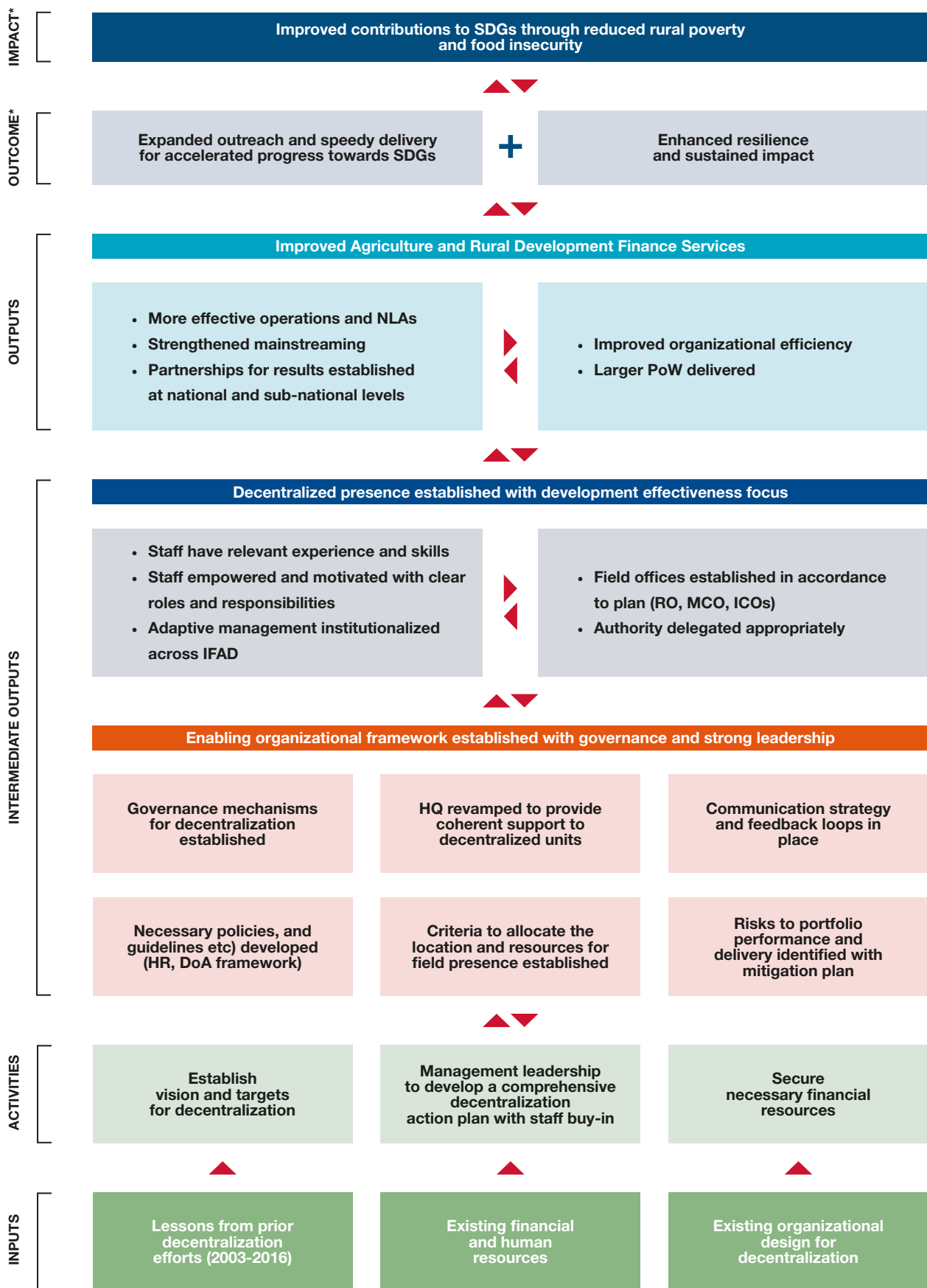
# Annexes

# Annex I.

## Theory of change

FIGURE ANNEX I-1

Theory of change



**Assumptions:**

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

**Risks:**

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

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

Source: IOE elaboration.

# Annex II.

## Evaluation framework

<b>Overarching evaluation question</b>	<b>To what extent did decentralization contribute to IFAD-supported projects delivering significantly better development results in an effective and efficient manner?</b>
<b>Relevance Evaluation question</b>	<b>To what extent was decentralization and its architecture relevant for improving alignment with the priorities of the country, smallholder needs, the agenda of the United Nations system, and IFAD's mandate to reduce rural poverty and food insecurity?</b>
<b>Indicators</b>	<b>Source of evidence</b>
<p>Evidence that decentralization contributed to better alignment with country and IFAD needs.</p> <ul style="list-style-type: none"> <li>• Alignment with country needs, particularly in federated states and in states with decentralized systems.</li> <li>• Alignment with IFAD's commitments in corporate documents.</li> <li>• Alignment with IFAD's need to enhance development effectiveness.</li> <li>• Relevancy ratings for projects with and without ICOs; before and after ICOs.</li> </ul>	<ul style="list-style-type: none"> <li>• Replenishment consultations.</li> <li>• Corporate results management framework and reports.</li> <li>• Case studies, key informant interviews and e-survey.</li> <li>• Reviews of selected COSOPs, project reports and evaluation reports.</li> <li>• Examination of lessons of decentralization experience.</li> <li>• Quantitative analysis of relevance ratings from IOE evaluations.</li> </ul>
<p>Evidence of the relevance of IFAD's decentralization architecture and typology of offices:</p> <ul style="list-style-type: none"> <li>• Regional offices</li> <li>• Multi-country offices</li> <li>• CD-led ICOs</li> <li>• CPO-led ICOs</li> <li>• Evidence from other relevant organizations.</li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of the spatial coverage and structure of the decentralization model.</li> <li>• Case studies.</li> <li>• Key informant interviews.</li> <li>• E-survey.</li> <li>• Analysis of the decentralization experience of other relevant organizations.</li> </ul>
<p>Evidence that decentralization was relevant to better align IFAD with the United Nations system at the country level, particularly the Rome-based agencies.</p> <ul style="list-style-type: none"> <li>• IFAD interaction with the United Nations Country Team.</li> <li>• Recognition of IFAD's contributions to the UNCT.</li> <li>• United Nations Sustainable Development Cooperation Framework (UNSDCF) coverage of IFAD operations and COSOPs.</li> <li>• Extent of interaction and partnerships with the other Rome-based agencies (FAO and the World Food Programme [WFP]) at the country level.</li> </ul>	<ul style="list-style-type: none"> <li>• Interviews with country-level stakeholders.</li> <li>• Key informant interviews, ICO case studies and e- survey.</li> <li>• Document review.</li> </ul>

**Coherence  
Evaluation question**

**To what extent did IFAD adopt a coherent organizational framework and set of policies and procedures complemented by strong management, leadership and governance that could plausibly transform IFAD from a headquarters-centred organization into a decentralized organization on an accelerated basis?**

**Indicators**

**Sources of evidence**

Evidence that IFAD planned and adaptively implemented its decentralization vision and strategy based on well-justified targets.

- Feasibility of the target to have 45 per cent of the staff in the field by 2024.
- Rationale for the 50 decentralized units and their mix.
- Feasibility study of the financial and human resources needed to implement the decentralization strategy in an accelerated timeframe.
- Adaptive management to mitigate development and other risks.

- EMT meeting minutes.
- Analysis of the spatial coverage and structure of the decentralization model.
- Document review, especially OpEx and the Change, Delivery and Innovation Unit (CDI) material.
- IFAD's corporate monitoring and reporting systems
- Case studies
- Key informant interviews
- E-survey
- Administrative data

Evidence that an organizational framework was established for decentralization with strong management leadership and governance.

- Management of risks associated with programme delivery and development effectiveness associated with decentralization.
- Metrics used for locating and allocating resources for ICOs.
- Consistency of the decentralization strategy with other major changes/policies adopted since 2016.
- Headquarters support for decentralization processes and decentralized units.
- Impact of decentralization on staff and their families.

- Document review, including feasibility studies, if any, and OpEx and CDI material and President's communiqués.
- Analysis of IFAD's evolving organizational structure.
- Feedback/self-assessments of decentralization conducted by IFAD.
- Results management framework indicators and monitoring and reporting systems.
- Documentation of changes in IFAD's organizational structure and organization chart (both operational and non-operational departments).
- Analysis of oversight and management.
- Key informant interviews and e-survey.
- Comparative study of the decentralization experience of other relevant organizations.

Evidence of sound management leadership and governance of decentralization.

- Management leadership to generate staff buy-in, ensure adequate financial resources, and an enabling environment (governance) for effective and efficient decentralization.
- Transparency of decision-making.
- Communication with staff and change management strategies.
- Use of adaptive management.
- Delegation of authority and accountability.
- Executive Board oversight and governance.

- Document review, including Executive Board agenda and minutes related to decentralization, President's communiqués and OpEx and CDI material.
- Documentation of changes in IFAD's organizational structure and organization chart (both operational and non-operational departments).
- Key informant interviews, ICO case studies and e-survey.
- IFAD staff engagement survey.
- Review of the delegation of authority and accountability matrix.
- Review of selected published papers.

Evidence that human resource practices during decentralization supported IFAD's programme delivery and effectiveness.

- Changes in staff numbers, composition, mix and grades for international and national staff.
- Procedures to select staff to fill positions and mobility framework (reassignment of staff).
- Timely filling of positions, length of vacancies and succession planning.
- Onboarding and training.
- Career paths.
- Metrics, staff workload and work-life balance.
- Staff morale.

- Human resource management policies, procedures and directives.
- Human resource data.
- Document review including McKinsey & Company's 2019 Analytical Human Resources Study on IFAD's Current and Future Workforce Composition.
- Terms of reference of ICOs and headquarters units and selected job descriptions.
- Key informant interviews, ICO case studies and e-survey.
- IFAD staff engagement survey.
- Information from selected comparator organizations.
- Review of selected published articles.

**Effectiveness  
Evaluation question**

**To what extent did decentralization contribute to IFAD providing better agriculture and rural development services that delivered better development results (lending and non-lending)?**

Indicators	Source of evidence
<p>Evidence that decentralization contributed to better country strategic opportunities programmes (COSOPs) and projects.</p> <ul style="list-style-type: none"> <li>• Engagement with government (high visibility in relevant line ministries, IFAD representation in key committees) and other key stakeholders.</li> <li>• Role of ICOs in COSOP preparation.</li> <li>• Role of ICOs in project design.</li> <li>• Role of ICOs in project implementation supervision.</li> <li>• Engagement in fragile and conflict-affected states.</li> <li>• Project performance, results and ratings.</li> <li>• Roles and functions of the Strategy and Knowledge Department (SKD) and the Programme Management Department (PMD) in ensuring effective delivery of core services of IFAD (support to operations and COSOPS - design, implementation and non-lending activities).</li> </ul>	<ul style="list-style-type: none"> <li>• E-survey.</li> <li>• Case studies – perceptions of staff, government officials, project managers and in-country stakeholders, including NGOs and international development organizations.</li> <li>• Key informant interviews.</li> <li>• Document review (COSOPs, project design reports [PDRs], project supervision reports [PSRs], project completion reports [PCRs] and Independent Office of Evaluation of IFAD [IOE] evaluations).</li> <li>• Grant documentation review.</li> <li>• Desk review and PMD databases.</li> <li>• Quantitative analysis of IOE’s project ratings, including effectiveness ratings.</li> <li>• Review of selected IOE reports.</li> </ul>
<p>Evidence that decentralization and the work of ICOs contributed to better mainstreaming of:</p> <ul style="list-style-type: none"> <li>• Gender</li> <li>• Environment/climate change</li> <li>• Youth</li> <li>• Nutrition</li> </ul>	<ul style="list-style-type: none"> <li>• Key informant interviews.</li> <li>• E-survey.</li> <li>• Case studies.</li> <li>• Quantitative analysis of IOE mainstreaming ratings.</li> <li>• Analysis of funding under grants and project funds allocated to mainstreaming work.</li> <li>• Document review (COSOPs, PDRs, PSRs, PCRs, SKD/PMD reports and data, IOE evaluations).</li> <li>• Perceptions of IFAD staff, government officials, national project managers and in-country development partners.</li> </ul>
<p>Evidence that decentralization and IOCs contribute to better results achieved by non-lending activities (NLAs) (in operations and COSOPs) and the role of support provided by SKD on:</p> <ul style="list-style-type: none"> <li>• Policy dialogue</li> <li>• Partnerships</li> <li>• Knowledge management and South-South and Triangular Cooperation (SSTC)</li> </ul>	<ul style="list-style-type: none"> <li>• Quantitative analysis of IOE ratings of NLAs.</li> <li>• Analysis of funding under grants and project funds allocated to non-lending activities.</li> <li>• Perceptions of IFAD staff, government officials, national project managers and in-country development partners.</li> <li>• Document review (COSOPs, PDRs, PSRs, PCRs, IOE evaluations).</li> <li>• Key informant interviews in case studies and e-survey.</li> </ul>

**Efficiency  
Evaluation question**

**To what extent were the costs of IFAD's field presence transparently managed and budgeted so that decentralization contributed to improving IFAD's efficiency in a manner that did not pose risks to IFAD's ability to deliver quality development results on the ground?**

**Indicators**

**Source of evidence**

Extent to which decentralization contributed to improving IFAD's efficiency ratios.

- Quantitative analysis of IFAD's efficiency ratios of: (i) IFAD's administrative expenditures to the programme of loans and grants (PoLG); (ii) total administrative to the programme of work (PoW); (iii) total administrative expenditures to portfolio under management
- Other relevant efficiency ratios constructed by the evaluation team
- Quantitative analysis of the contribution of ICOs to resource mobilization (i.e. cofinancing from international and domestic sources).

- Statistical analysis of the corporate-level evaluation (CLE) portfolio.
- Case studies.
- E-survey and key informant interviews.
- Global Staff Survey (GSS) and earlier surveys by Management to get feedback on OpEx and D2.0.
- Grants and Investment Projects System (GRIPS).
- FLEXCUBE (banking solution).
- Operational Results Management System (ORMS) business intelligence.
- Board documents (IFAD's annual budget reports and special reports on the cost of decentralization).

Evidence that decentralization contributed to more efficient, faster and better decision-making for the preparation, approval and implementation of projects.

- Quantitative analysis of project efficiency indicators (e.g. project efficiency ratings, time from concept note to approval, time from approval to entry into force, time from approval to first disbursement).
- Feedback on the role of multi-country offices (MCOs)/ICOs, project approval and supervision.

- ICO case studies and project case studies.
- E-survey and key informant interviews.
- Review of selected COSOPs prepared after ICOs became operational and new project preparation procedures were adopted.
- Efficiency ratings from IOE.
- GRIPS and FLEXCUBE.
- PMD data including the annual portfolio stocktaking for 2021.

Evidence that the total and incremental cost of IFAD's field presence were estimated and transparently reported in annual budgets from 2016 to 2021.

- Cost drivers of decentralization (incremental non-recurrent and recurrent costs):
- Number of RO, MCOs and ICOs
- Cost of ICOs in fragile states
- National and international staff in the field and at headquarters
- Changes in grade mix of operational staff
- Policies and processes for budgeting and managing decentralization costs (both recurrent and non-recurrent)

- Document review.
- Data on costs, savings and staffing.
- Budget and financial cost data and corporate databases.
- Desk review, ICO annual progress reports, and the Field Support Unit (FSU) and internal audit reports.
- Key informant interviews.

Evidence that possible trade-offs in managing the cost for decentralization did not adversely affect operations or pose risks to IFAD's ability to deliver quality development results on the ground.

- Budget allocations for the delivery of country programmes.
- Ratio of IFAD's operational costs to IFAD's total administrative budget.
- Allocations for project preparation, supervision and consultants.
- PMD and SKD budgets.

- Document and desk reviews.
- Analysis of budgets for the delivery of country programmes.
- Analysis of PMD and SKD budgets.
- Budget and financial cost data and corporate databases.
- Key informant interviews, ICO case studies, e-survey and IFAD staff engagement survey.



# Annex III.

## Executive summaries of background studies

### A. Report on portfolio analysis

1. IFAD's transformation from a centralized to decentralized organization has had wide-ranging implications, from how the organization is managed to how projects are implemented. The impetus for the transformation stemmed from the core assumption that through being closer to clients, IFAD would be able to better support development results. In order to understand whether this policy has supported the achievement of this objective, the Independent Office of Evaluation of IFAD (IOE) carried out a CLE. This document is part of this evaluation effort, presenting the findings of a portfolio analysis.
2. In addressing this evaluation question, the portfolio analysis in this document builds on two prior efforts, including:
  - i. The 2016 decentralization CLE at IFAD, also conducted at IOE;<sup>1</sup>
  - ii. A 2022 analysis of the impact of the World Bank's global footprint.<sup>2</sup>
3. The first evaluation of IFAD's decentralization policy took place in 2016. For its portfolio analysis, it compared projects that did and did not take place under decentralization (with and without analysis) as well as projects within countries, before and after decentralization took place. The evaluation found that the presence of an ICO was associated with a positive outcome for each of the following indicators, in at least one of the analyses (either before and after or with and without):
  - i. Project criteria ratings (relevance, effectiveness, efficiency, sustainability, rural poverty impact, gender equality and women's empowerment, environmental and natural resources management, scaling up, innovation, and IFAD performance);
  - ii. Efficiency-related indicators (project approval to entry into force timelines and timelines for the first disbursement);
  - iii. Cofinancing-related indicators (domestic and international cofinancing);
  - iv. Context and results-related indicators (household income and assets, food security and agricultural productivity, human and social capital endowment).
4. Notably, this analysis found more positive findings in its with and without analyses than with its before and after analyses. However, the analysis was based on t-tests, rather than regressions or other more advanced multivariate or quasi-experimental approaches, which are relatively stronger statistical approaches.

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

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

5. This evaluation builds upon the above-described analysis, while also expanding on it with more rigorous analysis, as described in greater depth below.
6. The analysis is also informed by the World Bank's 2022 report, *Enhancing the Effectiveness of the World Bank's Global Footprint: An Independent Evaluation*. In a manner analogous to IFAD's decentralization, the World Bank has local representation in countries of operation around the world. Within this report, independent evaluators attempted to test the impact of the World Bank's presence on country operations using multivariate regression analysis. In doing so, they found that the quantitative analyses could not corroborate clear and systematic links between staff location and project ratings.
9. While the former definition looks at a project that received oversight and implementation support from an ICO, the latter definition only includes projects which would also have been designed by the ICO.
10. The analysis in this report explores IFAD IOE's project rating criteria, a variety of implementation efficiency indicators, as measured by how long it takes to complete a variety of stages of projects, and the share of cofinancing from international and domestic sources. In this regard, the assessment of the project rating criteria is limited by the fact that the projects which were most recently completed were originally designed in 2014, meaning that the evaluation only applies to projects designed under Decentralization 1.0. In contrast, data is available for some implementation efficiency indicators as well as cofinancing data for projects which were approved by the Board up to 2020. Therefore, these indicators are more relevant for Decentralization 2.0.

### A.1 Approach to the analysis

7. In this context, the key evaluation question driving this analysis is: to what extent did decentralization contribute to changes in project rating criteria, implementation efficiency or cofinancing? Rather than attempting to attribute impacts to decentralization, the report specifically attempts to look at contribution. As the Approach Paper to this evaluation notes, in addition to the presence or absence of an ICO, numerous other factors ranging from government ownership and quality of local institutions to climate and macroeconomic conditions could also influence the outcomes achieved by the projects.
8. To address this evaluation question, this report makes use of a set of simple and advanced statistical techniques, including analyses of "with and without" decentralized presence, "before and after" decentralized presence, comparing before, after, and never having decentralized presence, and multivariate regression. To define whether a project was conducted under an ICO, two scenarios were used:
  - i. Under the first scenario (referred to in this report as "treatment definition one"), an ICO is considered to be present if it has been in place for two years before a project was approved.
  - ii. In the second scenario (referred to in this report as "treatment definition two"), an ICO is considered to be present if it has been in place for four years prior to the project being approved.
11. The with and without analysis compares projects which were conducted by an ICO and not conducted under an ICO. The before and after analysis compares projects before and after an ICO is introduced into a country. For both these comparisons, t-tests are used.
12. A third analysis compares projects which are: (a) under an ICO; (b) in a country that would later receive an ICO; and (c) projects in countries that never received an ICO. This analysis uses a simple ordinary least squares regression model. This test was conducted for a number of reasons, but primarily to explore whether there was selection bias (i.e. the locations that received ICOs were different from locations that did not receive ICOs), which was suggested by the lack of consistent findings between the with and without and before and after tests, as discussed in greater depth in this report.

13. The fourth and final analysis presented in this report builds on the third analysis by using multivariate regression to control for potentially confounding differences between projects conducted under an ICO, conducted in a country that would eventually receive an ICO, and in countries that never received an ICO. This analysis is the strongest test of the four analyses presented in the report in that it helps to exclude some, though by no means all, of the numerous potential factors which would contribute to project performance. In this regard, the analysis presents the strongest evidence of whether or not ICOs contribute to project performance. Overall, the variables included in the multivariate analysis accurately predict whether or not a project was conducted under an ICO with 70 to 77 per cent accuracy, depending on which version of the treatment variable is explored.
14. Aside from the four above-described analyses, a fifth analysis using matching was attempted. However, the analysis was ultimately not carried out, because preliminary analysis of the data suggested that the analysis would not result in reliable estimates of decentralization's impact, because the locations with and without an ICO had highly different contexts according to the statistical data.

## A.2 Findings

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

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

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

## A.4 Before, after and never

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

## A.5 Results of the multivariate regression analysis

20. A multivariate regression analysis, which controls for significant differences between locations before they received an ICO, after they received an ICO and in locations which never received an ICO, **shows no consistent differences in terms of project criteria ratings, implementation timelines, or cofinancing for the first treatment variable. This leads to the conclusion that the current analysis does not provide evidence to support short-term impact from an ICO on these outcomes. As is common practice in evaluation, this evidence should be taken together with the other data sources explored within this evaluation.**
21. **The same analysis conducted for the second treatment variable, which requires ICOs to be in place for a longer period, suggests no significant changes on project rating criteria associated with ICOs. However, it does suggest some improvements in terms of cofinancing as well as some implementation timeline improvements, i.e. project implementation efficiency indicators. Specifically, the data suggest a 4 to 8 per cent increase in cofinancing, primarily stemming from an increase in the share of international cofinancing. The analysis also points to 140–165 day shorter timelines for Board approval to first disbursement, and 82–88 day improvements in Board approval to entry into force. The analysis does not provide evidence of improvements associated with the other indicators tested.**
22. **The above findings tend to provide a lack of evidence in favour of decentralization, at least for the variables tested within this analysis. However, the data are promising for decentralization insofar as the second definition of treatment points in a positive direction quite consistently. As noted above, two definitions were considered for whether a project was conducted under an ICO. Under the second definition, an ICO had to be in place for at least two years prior to the Board’s approval of the project. In turn, this would enable greater ICO control over the design of a given project. It would further suggest that the ICO was more established, meaning that it would be less concerned with start-up activities, which would allow greater focus on the actual implementation of the project. Taken together, these factors may suggest that projects conducted under ICOs may only benefit after the ICO is fully established and more capable of operating in its context.**
23. **Limitations.** In relation to the analysis carried out in this report, the following factors limit the scope of the multivariate analysis.
- Multivariate regression can only control for characteristics for which data is available.
  - Multivariate regression can only control for a limited number of characteristics, dependent on the sample size of projects under analysis.
  - Multivariate regression attempts to identify an effect from attempting to hold other factors at their average values, based on the available data. If systematic and significant selection bias is present, the average value may not be appropriate for the projects not conducted under ICOs.

TABLE ANNEX III-1

## Project criteria regression results (treatment variable 1)

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

Source: IOE elaboration based on the Annual Report on Results and Impact of IFAD Operations (ARRI) and other databases.

TABLE ANNEX III-2

## Project criteria regression results (treatment variable 2)

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

Source: IOE elaboration based on ARRI and other databases.

TABLE ANNEX III-3

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

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

Source: IOE elaboration based on ARRI and other databases.

TABLE ANNEX III-4

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

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

Source: IOE elaboration based on ARRI and other databases.

TABLE ANNEX III-5

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

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

Source: IOE elaboration based on ARRI and other databases.

TABLE ANNEX III-6

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

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

Source: IOE elaboration based on ARRI and other databases.

## Key findings:

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

## B. Report on electronic survey (2022)

### B.1 Background

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

### B.2 Fieldwork and methodology

25. Following the initial pilot in late March 2022, the survey was launched on 6 April and was closed on 3 October 2022. The data was collected by applying the computer-assisted self-interviewing approach. The total survey universe consisted of 2,762 people (1,320 IFAD-affiliated staff and 1,442 people outside the organization). The list of IFAD staff and consultants was provided by the Human Resource Division (HRD) as of February 2022. The list of external stakeholders was collected and submitted by the relevant IFAD regional representatives. Of the 2,762 potential respondents, 1,027 agreed to take part in the survey and answered the first questions of the questionnaire, however, in the end, only 807 eligible respondents provided valid responses (29 per cent of the overall response rate), with some variation across questions. The response rate for IFAD affiliates was 458 (35 per cent) and 349 (24 per cent) for non-IFAD respondents (including those employed in IFAD projects as project staff). Nevertheless, the survey still yielded a reasonably high response and a sufficient number of observations from which to draw robust findings. The gender ratio of survey participants indicated a near-equal split between female (44 per cent) and male (54 per cent) participants; a small share of participants either indicated other options or preferred not to respond to the gender identification question (2 per cent). As for affiliation, 58 per cent indicated that they were employed by IFAD as a staff member, Junior Professional Officer, Temporary Professional Officer, or consultant, while 42 per cent reported working for an organization other than IFAD.

26. To measure the attitudes of respondents regarding different aspects of the decentralization process (depending on the formulation of the survey questions) the following ordinal scales were applied: 1 = strongly disagree / highly unsatisfactory; 2 = disagree / unsatisfactory; 3 = moderately disagree / moderately unsatisfactory; 4 = moderately agree / moderately satisfactory; 5 = agree / satisfactory; 6 = strongly agree / highly satisfactory; 0 = no knowledge / no opinion. While reporting the key survey responses within the main body of text 1–3 and 4–6 options are presented cumulatively to report the level of support or agreement with the selected survey items. To determine the statistically significant differences across different subgroups of respondents the statistical significance tests were also used.

### B.3 Key findings

27. Both external and internal stakeholders positively evaluate the general idea of decentralization, claiming that it helps to have more focus “on the ground” and increases awareness of country - and region-specific topics. However, respondents are relatively more reserved in appraising decentralization’s impact on the efficiency, effectiveness, and speed of the decision-making process. They also reported problems related to human resources topics, the negative effect of decentralization processes on staff morale, as well as reporting unsatisfactory attitudes regarding how Management responded to the needs and concerns of the staff. Furthermore, questions were raised regarding the effectiveness of Senior Management’s performance in communicating the vision and rationale for IFAD’s accelerated decentralization, as well as the transparency of decisions made during IFAD’s accelerated decentralization.

TABLE ANNEX III-7

CLE e-survey response to Q4. G2. How strongly do you agree or disagree that IFAD Country Offices strengthen: (rate each statement using the scale c)?

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

<sup>a</sup> Rating scale for this question: 1–3 => sum of strongly disagree, disagree, and moderately disagree; 4–6 => sum of moderately agree, agree, and strongly agree.

<sup>b</sup> Note: Percentages are calculated without the no knowledge/no opinion answer option.

<sup>c</sup> \*\*\* \*\* and \* denote significance when comparing IFAD and non-IFAD respondents at 1%, 5%, and 10% levels.



28. In general, respondents tend to agree that IFAD Country Offices (IOCs) strengthen IFAD's focus on rural poverty, IFAD's interaction with project beneficiaries, national ownership, and the direction of IFAD's development assistance, the results IFAD delivers at the country level, IFAD's knowledge of countries or regions, and IFAD's decision-making processes (table annex III-7). Respondents also reported high levels of satisfaction regarding how country offices facilitate partnerships, capacity development, and the development of useful knowledge products. In general, non-IFAD-affiliated respondents tend to evaluate the positive impact in these areas a little higher than IFAD staff.
29. In addition, external stakeholders found that decentralization promoted better coordination with the United Nations system at the country level and makes it possible to better integrate into donor coordination mechanisms. Non-IFAD-affiliated respondents working in United Nations organizations, international financial institutions, and bilateral donors also overwhelmingly agree that IFAD staff are well integrated and actively participate in donor coordination activities.
30. Those non-IFAD respondents working in countries where there is no IFAD country office report that IFAD adequately serves their country (89 per cent agreement), but it would be better (91 per cent agreement) to have a country office there. Moreover, they are more inclined to find that their countries will be best served by an ICO located in the region (74 per cent agreement) compared to the situation when they are served by the IFAD staff located in headquarters.
31. Those with country offices operating in their countries report that the offices correspond to the needed functions and responsibilities, but the size of some offices might be inadequate, and some could lack sufficient relevant delegated powers, as indicated in some comments submitted at the end of the survey.
32. The idea of decentralization is in principle endorsed; however, only a minority of IFAD staff agrees that decentralization has been well planned and managed (35 per cent) and implemented at the correct pace (39 per cent). Most IFAD employees (69 per cent) also found that the entire process of decentralization is being implemented too fast. The IFAD staff supports the idea of country offices more, compared to MCO or regional offices, though all these options receive the support of more than half of survey respondents (figure annex III-1).

TABLE ANNEX III-8

CLE e-survey response to Q15. IFAD1. Please indicate how strongly you agree or disagree with the following statements starting from 2016.

Answer choices	Per cent (In ICO/MCO/regional office)		Per cent (Not in the ICO/MCO/regional office)		Per cent (IFAD-affiliated staff)	
	1-3	4-6	1-3	4-6	1-3	4-6
IFAD's decentralization process was well planned and managed ***	58% <sup>b</sup>	42%	70%	30%	65%	35%
IFAD's decentralization is being implemented at the correct pace ***	49%	51%	67%	33%	61%	39%
IFAD's decentralization is being implemented too fast **	41%	59%	26%	74%	31%	69%
Decentralization has improved monitoring, reporting and accountability in IFAD ***	38%	62%	58%	42%	50%	50%
It is a good idea to create regional offices *	24%	76%	25%	75%	25%	75%
It is a good idea to create multi-country offices ***	20%	80%	31%	69%	27%	73%
It is a good idea to have country offices ***	8%	92%	13%	87%	11%	89%

<sup>a</sup> Rating scale for this question: 1-3 => sum of strongly disagree, disagree and moderately disagree; 4-6 => sum of moderately agree, agree and strongly agree.

<sup>b</sup> Note: Percentages are calculated without the no knowledge/no opinion answer option. \*\*\*, \*\* and \* denote significance when comparing ICO/MCO/regional office and non-ICO/MCO/regional office respondents at 1%, 5%, and 10% levels.

TABLE ANNEX III-9

CLE e-survey response to Q17. IFAD5. Please indicate how strongly you agree or disagree with the following statements: (rate each statement using the scale).

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

<sup>a</sup> Scale for this question: 1-3 => sum of strongly disagree, disagree and moderately disagree; 4-6 => sum of moderately agree, agree, and strongly agree.

<sup>b</sup> Note: Percentages are calculated without the no knowledge/no opinion answer option. \*\*\*, \*\* and \* denote significance when comparing ICO/MCO/regional office and non-ICO/MCO/regional office respondents at 1%, 5%, and 10% levels.

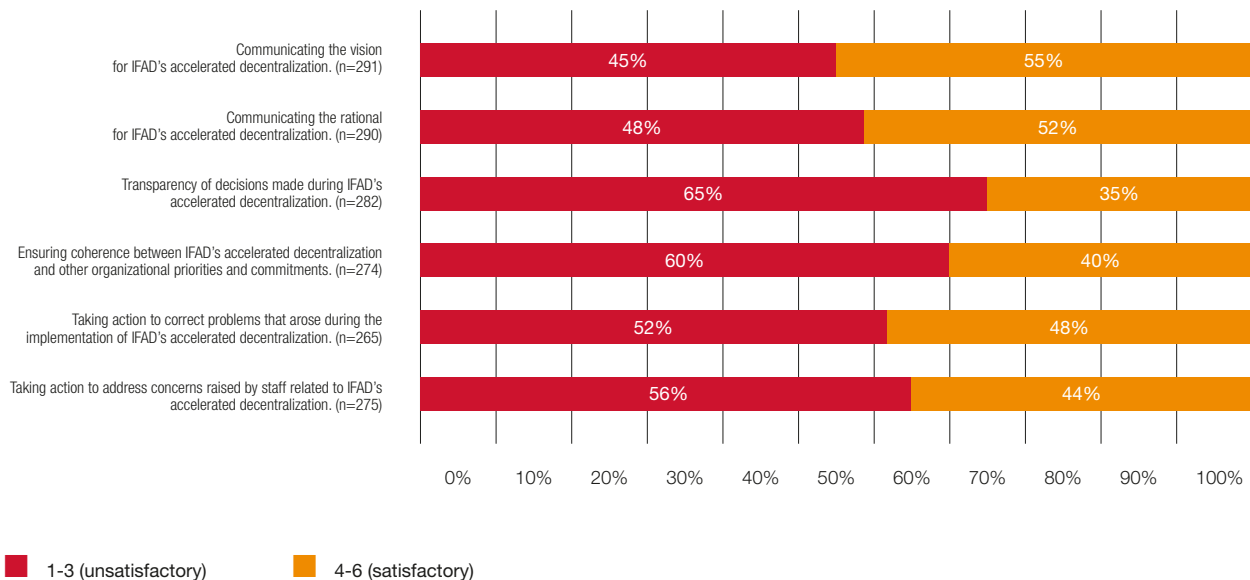
33. IFAD staff found that decentralization lacks harmonious and effective collaboration between headquarters and country offices. For example, 65 per cent disagree that the needs and concerns of staff were taken into consideration during the decentralization process, 59 per cent also disagree that IFAD effectively managed and implemented the accelerated decentralization strategy so that operations were not disrupted, and slightly more than three quarters (77 per cent) also disagree that accelerated decentralization had a positive impact on staff morale. Moreover, proactively sharing relevant information from the Management statement got mostly mixed attitudes – nearly half (47 per cent) reject this idea and 53 per cent agree that information was proactively shared.
34. IFAD staff directly participating in or affected by the decentralization show low levels of agreement with the idea that IFAD's rapid decentralization had a positive impact on the organization's different activities. The human resources-related topics, including assignment, relocation and orientation to new offices are not positively evaluated by the IFAD staff. The instability factor was also highlighted in the context of operations as the clear majority (87 per cent) agreed that there were frequent changes in staffing and responsibilities. Furthermore, 74 per cent disagree that procedures for relocating and transferring staff to other positions during the decentralization process were well planned.

35. In general, relevant IFAD staff do not find that decentralization strategy realistically evaluated the potential costs, implementation risks and challenges (71 per cent disagreed) and adaptive management and learning were used to identify, manage and mitigate problems and risks associated with implementing IFAD's accelerated decentralization (61 per cent disagreed). They similarly disagreed that county offices were sufficiently staffed (60 per cent) and had relevant operational budgets (68 per cent).
36. Many are not satisfied with how the selection criteria for the country office were defined (47 per cent expressed disagreement) and how IFAD provided adequate guidance and clarity on the roles, responsibilities and reporting lines in delegating authority and accountability to country offices (43 per cent disagreement). There is divide (52 per cent disagreement versus 48 per cent agreement) on whether there was a consistency between IFAD's decentralization strategy and other major IFAD institutional reforms. Besides, a sizeable portion of the staff found that project designs remain headquarters-driven (87 per cent) and frequent requests from headquarters divert the focus of staff from in-country work (83 per cent).

37. The coherence of decentralization and the available budget to support operational activities were also problematic according to the survey. While there are more mixed views on whether changes in operational policies complement decentralization and made project and grant-processing more efficient (57 per cent disagree while 43 per cent agree), more than three quarters disagree that there is a sufficient budget and resources for project processing and supervision (75 per cent), for non-lending activities (81 per cent) and managing cross-cutting issues (79 per cent).
38. Communication strategies of Senior Management during the accelerated decentralization were unsatisfactory for significant portions of the IFAD staff in terms of explaining the vision and rationale of the accelerated decentralization (figure annex III-2). The majority (65 per cent) were not satisfied with the transparency of decisions made during the accelerated decentralization. The performance of Senior Management is not very satisfactory in terms of ensuring coherence between the accelerated decentralization and other commitments (60 per cent), taking actions to correct problems (52 per cent) or addressing concerns raised by staff (56 per cent).

FIGURE III-1

CLE e-survey response to Q40. Please evaluate IFAD's Senior Management's performance regarding the following topics.



Rating scale for this question: 1-3 => the sum of highly unsatisfactory, unsatisfactory and moderately unsatisfactory;  
 4-6 => the sum of moderately satisfactory, satisfactory and highly satisfactory.  
 Note: Percentages are calculated without the no knowledge/no opinion answer option.

## C. Report on comparative study

### C.1 Approach

39. The CLE on IFAD's decentralization experience in 2016 found that "IFAD's decentralization was entirely relevant in light of the experience and benefits gained in other agencies, but the experience of those agencies could have been drawn on more systematically". The only benchmarking conducted by the Decentralization Working Group was in 2021 and was never published. That study was based on a high-level comparison of various decentralized models and concluded that these findings were not relevant to IFAD as the Fund differed considerably from any comparator organization in terms of size and mandate. Learning from this experience, this study focused on learning lessons from other organizations regardless of their size and mandate. To this end, this study reviewed IFAD's decentralization experience and identified key challenges the Fund faced in decentralizing, and sought to draw lessons from the experience of selected organizations that addressed similar challenges.

40. **Key challenges to IFAD's decentralization efforts.** The comparative study identified the following four key challenges faced by IFAD's decentralization process based on emerging evidence from case studies, CLE e-survey, interviews with headquarters stakeholders, and the statistical portfolio analysis: the speed of decentralization, the size of the organization and the extent to which it decentralized, what was decentralized and managing the change process associated with decentralization.

41. **Selection of comparator organizations** was based on the extent to which their decentralization experience was relevant in dealing with these four challenges. These organizations were identified based on a document review and interviews with selected stakeholders in a number of organizations. The comparative study selected the following six organizations among the United Nations system and international financial institutions (IFIs) as the most relevant to provide useful lessons in addressing these four challenges: the African Development Bank (AfDB); Food and Agriculture Organization of the United Nations (FAO); International Labour Organization (ILO); United Nations Capital Development Fund (UNCDF); United Nations Office for Project Services (UNOPS); and the World Bank. A seventh organization, the United Nations High Commissioner for Refugees (UNHCR) was added through snowball sampling. Four of these seven overlapped with those studied by the decentralization implementation group benchmarking exercise (2021), namely, AfDB, FAO, UNOPS and the World Bank.

42. **Data collection.** The evidence for the study was collected from in-depth semi-structured interviews with senior managers and the senior technical staff of these organizations, and relevant document review including reviews of related evaluations.

43. **Limitations.** The comparative study relied on insights from specific informants within their organizations and therefore entailed selection bias. To some extent, a document review was used to mitigate this effect.

### C.2 Main findings

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

44. Viewing decentralization as simply putting "boots on the ground" leads to inefficiencies and effectiveness problems and eventually defeats the very purpose of decentralization – to strengthen core client services provided (FAO, ILO, UNHCR, UNOPS and the World Bank). However, this view is mainly common in the early stages of decentralization. With experience, organizations recognize decentralization as addressing the key issues of effectiveness and efficiency in delivering their mandate: how to fulfil the mandate more effectively, how to add more value through services by leveraging an organization's comparative advantage, how to reinforce the critical functions of the organization, and ultimately, how to organize ways of working to deliver enhanced value.

45. As the context evolves (e.g. with increasing frequency of emergencies, fragile and conflict-affected areas and digitalization), the strategies of decentralization (the "how to") also change. The strategies also depend on the growth stage of decentralization, and the resources available; decentralization is an evolving strategy that must be rethought considering the effectiveness question.

46. **In exploring how to increase its global footprint, the World Bank distinguishes between decentralizing and localizing** – between having more staff in countries and establishing local partnerships. It recognizes the latter as the key to achieving the goals of decentralization. An organization may outpost staff from headquarters to countries, but without local partnerships it is likely to be ineffective in delivering its mandate.

## Finding 2: Organizational size matters for decentralization

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

## Finding 3: Drivers of decentralization and rates of decentralization differ

50. **Different factors drive decentralization and its pace.** The most common drivers were the political and institutional will and the directives of the Executive Boards. Another driver was the growth of the organization. For example, UNOPS grew to a level that required decentralization to channel growth efficiently. UNCDF needed to decentralize to grow further. Changes in the business model could also serve as a driver. For example, in FAO the focus shifted from normative, standard-setting and policy advocacy work to managing projects (80 per cent of its delivery was channelled through country offices). This prompted decentralization.
51. **Not all agencies used targets for their decentralization efforts.** For instance, AfDB, ILO and UNCDF did not use targets. The World Bank did set a target to outpost a percentage of managers within a specific timeframe. Having this target helped the World Bank to achieve momentum and push forward. It is important to note that such a target-driven push was complemented by full-scale support to staff who are relocated, with incentives and an improved career trajectory.
52. **Pace of decentralization.** Different organizations decentralized at different rates. UNHCR provides an example of another agency that attempted fast-paced decentralization. However, the organization rapidly realized that such changes entailed a profound organizational transformation that had to be managed carefully as a change management process. UNHCR put in place a change management team to lead the process, and had a dedicated people workstream in charge of managing the human resources part of the process. UNCDF is at the beginning of the “first wave” of its decentralization and believes that the organizational culture should determine the speed of decentralization.

#### Finding 4: Phases and life cycle of decentralization should be considered

53. Decentralization unfolds as a life cycle involving different phases. Consultations with the seven agencies showed that each phase must be appropriately managed and led. All agencies consulted found that each phase required strong leadership and a clear governance structure to succeed.
54. The first phase of decentralization involved relocating staff from headquarters to country offices, as at the start most organizations were heavily centralized. As they gain experience, the business case for decentralization also evolves. In the next phase, what they seek to accomplish with the improved footprint becomes the central question (ILO, World Bank).
55. After its first phase which saw field operations grow substantially, UNOPS is beginning a phase where issues around delegating authority – bringing decision-making closer to the field – has become the central issue of decentralization efforts (similar to UNHCR). In ILO, the organization has ceased to expand without budget to increase the number of offices, but has intensified its delegation of authority and continues to explore footprint modalities.
56. Increasingly, many country-specific decentralization life cycles have ended with country graduation. Some organizations have explored being able to continue the presence with Liaison Offices or keeping a focal point (FAO). Most organizations agree that decentralization is contingent on the demand for delivery and decentralization modalities should be adaptable and aligned with demand. Yet, some are facing difficulties in closing offices that lack ongoing relevance (AfDB, FAO).

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

57. Consultations with the seven agencies showed that decentralization always entailed transformational changes to the organization's business model and culture. In UNHCR, for example, regionalization and decentralization meant adapting and adjusting systems and processes. These included planning and budgeting, resource mobilization, supply management and human resource management (including performance management systems). The process was supervised and managed by a change management team. UNHCR approached decentralization as a change management process because it was part of organizational reform.
58. Most informants pointed out the ways in which decentralization transformed organizational culture. Career expectations were fundamentally altered and some staff turnover took place (but was often too high). Often, these processes offered an opportunity to revitalize the workforce and manage it to the benefit of the organization (UNHCR, World Bank).
59. How decentralization was managed (including leadership and governance) also underwent a transformation. At first, decentralization was led and managed from a specialized unit at headquarters and was decentralized in subsequent phases.<sup>1</sup> For example, in FAO, UNHCR, and UNOPS, the central units overseeing decentralization were dismantled after the first decentralization phase. Now support to the process includes strategic senior technical teams placed at the headquarters (advisers to Vice-Presidents/Deputy Directors). The rest of the operational support for decentralization was provided by regional offices and absorbed by the different divisions across the board. Regional offices liaised directly with divisions (e.g. logistics, emergencies) when dealing with aspects associated with the country offices' operation.

<sup>1</sup> The Centralized Office for Decentralizations (CDI equivalent) closes, and functions are devolved to the regional offices (FAO, UNOPS), i.e. decentralizing the decentralization process.

## Finding 6: What gets decentralized continues to evolve

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

## Finding 7: Rationale for establishing regional offices is complex

64. Insights from AfDB, FAO, ILO, UNHCR and UNOPS found that the case for establishing regional offices required institutional, political, operational and functional political considerations.<sup>2</sup> Institutional and partnership considerations include the possibility of synergies with regionally based counterparts, the demand to respond to regional priorities and conferences, and the need to address regional problems. Political considerations would include coordinating regional agendas, liaising and interacting with regional economic commissions, regional bodies, or the United Nations Sustainable Development Group; another consideration in this regard is that some key debates may take place in the regions (as opposed to headquarters). Operational considerations include whether the organization must implement regional programmes. Functional considerations refer to whether support functions are better dealt with at the regional level (e.g. finance, human resources, procurement).
65. An overarching question is whether ROs will contribute to make the decentralization process more efficient: will ROs involve duplication of authority (headquarters-ROs or ROs-COs) and additional bureaucratic layers? Will the ROs be supported by the appropriate levels of delegation of authority (DoA)? Will they result in silos (regional bureaux based in headquarters may collaborate more closely and interact more intensely with headquarters-based Senior Management)?

<sup>2</sup> The term "presumptive decision" here denotes a decision made a priori, based on presumptions, without examination or analysis.

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

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

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

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

**Finding 10: There are varied approaches to decentralizing technical staff**

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

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

71. The post-COVID setting is characterized by widespread remote working modalities. This has paved the way to rethink the decentralization models. AfDB, FAO and the World Bank are exploring new approaches that share a common thread: leveraging digital communication technologies to rethink decentralization and teams. The World Bank is working on developing networks of experts, AfDB is emphasizing work through cross-country teams, and FAO has started exploring the possibilities of global virtual teams, which often include staff from the company, region and headquarters coordinated from the regions (reportedly FAO-Latin America and the Caribbean (LAC) features a successful case).



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

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

## **D. Report on costs of field presence**

### **D.1 Introduction, scope and methodology**

75. IFAD's major expansion of its field presence in the last six years has significantly increased the proportion of its budgetary resources allocated for operations in country offices (ICOs). Using 2016 (year of completion of the previous CLE on IFAD's decentralization experience) as the baseline, this study examined the principal drivers of IFAD's total costs of field presence: (a) the number and types of IFAD's ICO models; (b) the proportion of total staff located in ICOs; (c) the proportion of ICOs that are located in fragile and conflict-affected situations where the costs of ICOs are found to be typically higher than in other countries; and (d) changes in the staff grade mix, focusing on the two departments (PMD and the Strategy and Knowledge Department [SKD]) that have decentralized to the greatest extent by locating a large proportion of their staff in ICOs. Following the review of cost drivers, we examined two other related areas: (a) whether IFAD's current efficiency ratios – supplemented by other efficiency indicators used in some other IFIs – provide any evidence of the impact of decentralization on IFAD's institutional efficiency; and (b) the effects on resourcing IFAD operations arising from efforts to manage the incremental costs of expansion of decentralized presence within IFAD's constrained budgets, to the extent possible.
76. In Board papers (with the exception of the April 2016 paper, "Update on Country Presence"), Management's presentations on decentralization costs in the budget and special purpose documents have focused on the incremental costs of decentralization (including OpEx and D2.0), measured against previous years' or earlier baselines. A more holistic approach, used in this study, is to look at the evolution of total costs of field and headquarters activities, for the following reasons: (a) the incremental costs of OpEx and D2.0 are subsets (although significant) of the ongoing total costs of field presence; and (b) the cost impact of expanded field presence would be clearer if the incremental costs are presented in the context of the total costs of field presence that cover periods preceding and subsequent to the different baseline years used for reporting incremental costs (2017 for OpEx and 2020 for D2.0).

77. IFAD's total budget for field presence in 2022 is estimated<sup>3</sup> at US\$65 million (39 per cent of IFAD's total budget of US\$167 million), compared with US\$18 million (12 per cent of IFAD's total budget of US\$147 million) in 2016. The total budgets for each year include the major cost elements in four departments – External Relations and Governance Department (ERG), Financial Operations Department (FOD), PMD and SKD – that have decentralized a proportion of their staff to country offices, as well as the Field Support Unit of the Corporate Services Department (CSD).
79. The share of IFAD's active project portfolio in fragile and conflict-affected situations (FCAS) more than doubled between 2016 and 2021, from US\$979 million to US\$2,169 million. ICOs in countries that are considered as FCA are significantly costlier to set up and operate than offices in other countries. In 2016, IFAD had ICOs in 10 countries (out of a total of 41 ICOs) that were considered as FCA situations; in 2021, IFAD had ICOs in 11 countries (out of a total of 40 ICOs) that are similarly designated at present. Of the 11 ICOs in 2021, only 5 existed in the same countries in 2016, meaning that incremental costs were incurred in opening new offices in FCA situations in the intermediate years. The D2.0 expansion of ICOs (over 2021–2025) proposes the establishment of 5 new ICOs and upgrading (from CPO-led to CD-led) of 5 offices in FCA countries out of 22 countries under consideration for ICO expansion or upgrade. In 2022, the opening of two CPO-led offices and three upgrades from CPO-led to CD-led offices in FCA countries was planned, all of which would result in incremental costs.

## D.2 Cost drivers

78. The different ICO models and their numbers constitute one of the major drivers for decentralization costs. While the total number of ICOs remained stable from 2016 to 2021 at between 40 and 42, changes in the distribution of models due to the OpEx and D2.0 initiatives included expansion of the number of subregional hubs, opening of three SSTC centres and a reduction of CD-led offices. In 2021, there were further major changes in the distribution of ICO models, with the closure of all subregional hubs, SSTCs and 2 country programme officer (CPO)-led offices, and opening of 3 CD-led offices, 10 multi-country offices and 2 regional offices. An expansion from 40 to 45 offices was planned for 2022 under D2.0, involving a reduction of CPO-led offices from 17 in 2021 to 10, doubling of CD-led offices from 11 to 22, plus an increase of one multi-country office. Thus, the trend under D2.0 is towards setting up larger offices, i.e. CD-led offices and MCOs, which usually have higher one-time and recurrent costs than CPO-led offices.
80. A third important driver of increases in budgets for field presence from 2016 to 2022 is the greater proportion of Professional (P) staff that have been relocated out of headquarters to country offices. PMD and SKD are the two departments that are now substantially decentralized: in 2022, PMD had 74 per cent of its total staff in country offices (versus 34 per cent in 2016), while SKD had 32 per cent (versus zero in 2016), FOD had 26 per cent (versus 8 per cent in 2016) and ERG had 8 per cent (versus 3 per cent in 2016).
81. PMD's grade mix in 2022 is significantly lower than in 2016: (i) the percentage of Professional staff in total staff fell to 12 per cent in 2022, compared with 18 per cent in 2016; and (ii) among General Service staff, significant reductions have taken place in the numbers of G-5 and G-4 staff, from 14 per cent in 2016 to 4 per cent in 2022. The reduction in the proportion of Professional staff is partly due to the realignment of technical staff in 2018, involving the move of some 40 Professional staff from PMD to SKD. The downward shift in PMD's grade mix from 2016 to 2022, together with the lower costs of national staff, has contributed to a decrease of 16 per cent in PMD's average staff costs over the six-year period. SKD's large increase in total staff from 25 in 2016 to 134 in 2022, starting with the realignment of technical staff in 2018, has led to more than doubling of the proportions of its P-5 and P-3 staff. There were no comparable major changes in the grade mix of staff in ERG and FOD.

<sup>3</sup> Estimation was required because integrated budgets are prepared by headquarters divisions for costs of activities performed at headquarters and country offices.

### D.3 Information on decentralization costs in Board papers

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

### D.4 Budgeting, monitoring and reporting of country office costs

84. IFAD does not have a system for budgeting, monitoring and reporting the costs of field presence separately from divisional and departmental budgets. Integrated budgets continue to be prepared for headquarters divisions and country offices. Budget execution is monitored at the division level, and reporting to the Board in budget documents is at the department level.
85. In commenting on the 2016 Board paper on IFAD corporate decentralization plan, IOE pointed to the importance of modifying IFAD's accounting system to allow better monitoring of actual costs incurred by country offices, as IFAD strengthens its country presence while operating within a framework of constrained budget growth. Management agreed with this recommendation in the 2016 CLE on IFAD's decentralization experience, but it has not yet been implemented.
86. IFAD's current total estimated spending of US\$65 million on field presence and its target of locating 45 per cent of its staff in ICOs by 2024 underline the importance of strengthening its budgeting and accounting systems for better planning and tracking of country office costs.

### D.5 Impact of decentralization on IFAD's institutional efficiency

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

## D.6 Resourcing of operational activities

88. The ratio of operational budgets to total budgets is used in a number of IFIs to assess the aggregate efficiency of allocation of their budgets. The underlying rationale is that as operational services to clients represent the core business of an institution, the allocation of budgets to these services should reflect the priority of adequately resourcing the core business activities. This priority often drives decisions on allocation of incremental budgets as well on the allocation of other resources (so-called “fiscal space”) during a year, such as institutional contingencies and carryovers, for operational needs that were unanticipated at the time of budget construction. In IFAD, the combined shares of the budgets of the two operational departments – PMD and SKD – has fallen from 53 per cent in 2016 to 49 per cent in 2022.
89. The share of IFAD’s total budget allocated to country programme development and implementation has also fallen steadily from 59 per cent in 2013–2016 to 47 per cent in 2022. This trend is likely caused by three factors: IFAD’s essentially unchanged total budgets (when inflation is considered) over the last six years; declining shares of PMD/SKD combined budgets in IFAD’s total budgets; and the need to finance the non-staff costs of expanding field presence. A falling ratio of budget allocations for country programme work is indicative of more rapid growth in the non-operational activities of IFAD within a constrained institutional budget. The declining trend in budget allocations for operational work over the last six years merits the attention of Management as it may indicate insufficient priority being given to resourcing IFAD’s core business activities.

## D.7 Key findings and way forward

90. IFAD’s total costs of field presence have increased from an estimated US\$18 million in 2016 to US\$65 million in 2022. Most of the cost increases to date have arisen from the implementation of the OpEx reforms, IFAD11 change initiatives and D2.0 actions to expand IFAD’s physical footprint in its client countries. The increases in total costs have principally come from: the relocation of Professional staff to ICOs; recruitment of more local staff; and the opening or upgrading of ICOs, including in FCAS that entail higher costs. PMD’s actions to lower its grade mix and reduce headquarters staff (largely through outposting), together with the lower per capita cost of national staff, have offset a substantial part of the cost increases at the departmental and institutional levels.
91. Management has reported the incremental costs of expanding field presence at different times to the Board in budget documents and special purpose Board papers, focusing on decentralization strategy, programmes and costs. The special purpose papers are not prepared as part of budget construction, and as a result there is no evidence that the cost estimates presented in the papers were integrated into the proposed annual budgets for the respective years. Furthermore, a “total costs” approach is not used to present the costs of field presence in Board papers, hence a holistic view of these costs and the context for incremental costs are missing.
92. An important factor causing the underreporting of total costs discussed above is that IFAD’s practice of planning, budgeting and monitoring costs at a divisional level does not provide adequate transparency on the costs of field presence. Despite Management’s agreement to implement a budget accounting system that would provide such functionality – in response to the 2016 CLE on decentralization – no action has been taken to date.
93. The fall in the share of PMD and SKD budgets, as well as the share of budget allocations for project design and supervision as percentages of IFAD’s total budget, provide early signals of potential adverse effects on IFAD’s core business. This arises from efforts to manage an expanding field presence within limited real growth or zero-growth total budgets, channel greater resources to non-operations, and to increase efficiency in operations. IFAD is moving in the right direction under its recent smart budget allocation initiative that aims to classify programme-related costs separately from other administrative costs. However, the significant shortfalls between IFAD’s revenue and operating expenses could hamper adequate funding of client services.

94. The findings of this evaluation highlight the imperatives for Management to implement the following improvement actions:

- Use a total costs approach for planning, budgeting, monitoring and reporting ICO costs, to provide a full picture of resources spent for field presence and to provide a clear baseline for related budget decisions;
- Integrate budget information on decentralization presented in budget documents and special purpose papers, with clear information on the sources of funding of the incremental costs reported in the special purpose papers;
- Implement a budget accounting system that enables budgets for ICO activities to be prepared and costs monitored separately from divisional budgets and costs;
- Implement specific indicators in order to track the efficiency impact of decentralization; and
- Address the steady decline in resources for operational work at the project and PMD/SKD levels, as a high priority in making decisions on institutional resource allocation, using ex ante indicators as suggested in this report.

## **E. Human resources and organizational design for decentralization**

### **E.1 Structures and services**

#### **E.1.1 Decentralized presence/structures**

95. The decentralization process accelerated between 2016 and 2021. This is evident from the increase in the number of staff in the field from 18 per cent in 2016 to 39.6 per cent in 2022.<sup>4</sup> What is also evident is that most decentralization has happened in PMD where the proportion of staff in the field increased from 35 per cent in 2016 to 75 per cent in 2022 as illustrated below. The next largest contributor to decentralization is SKD where the proportion of staff in the field increased from 0 per cent in 2016 to 31 per cent in 2022. Other contributors are FOD (from 8 per cent in 2016 to 26 per cent in 2022) and ERG (from 3 per cent in 2016 to 6 per cent in 2021).
96. While some departments, like IOE and the Office of the President and Vice-President are excluded from decentralization, CSD – that includes HRD, Information and Communications Technology Division (ICT), Administrative Services Division (ADM), FSU and the Medical Support Unit – was still completely centralized with all staff based at headquarters at the time of the evaluation data analysis (July 2022).
97. Information provided during headquarter interviews indicated that the support departments are only at the beginning of considering the appropriate structural changes necessary in line with the overall structural changes implemented by IFAD. Changes made at a headquarters level are reported to be predominately process based as opposed to structural. This is supported by the results of the 2021 IFAD Staff Engagement and Workplace Culture Action Plan Survey, where feedback provided by staff was that “changes focused on processes.”<sup>5</sup>

4 Staff lists from HRD data. For 2022 percentage, latest updated data from CDI as of December 2022.

5 Staff Engagement and Workplace Culture Action Plan Survey 2021, p. 4.

TABLE ANNEX III-10

Percentage of staff decentralized per department 2016 versus 2022<sup>6</sup>

Department	2016 field	2016 headquarters	2016 liaison	2022 field	2022 headquarters	2022 liaison
Corporate Services Support Group	0%	100%	0%	0%	100%	0%
Corporate Services Department	0%	100%	0%	0%	100%	0%
External Relations and Governance Department	3%	92%	5%	6%	83%	11%
Financial Operations Department	8%	92%	0%	26%	74%	0%
IFAD	0%	100%	0%	0%	100%	0%
Independent Office of Evaluation of IFAD	0%	100%	0%	0%	100%	0%
Office of President and Vice-President	0%	100%	0%	0%	100%	0%
Programme Management Department	35%	65%	0%	75%	25%	0%
Strategy and Knowledge Department	0%	100%	0%	31%	69%	0%

Source: HRD data staffing 2016 to 2022.

<sup>6</sup> Staff data is as at 1 July 2016 and 1 July 2022. All staff have been included (both core and supplementary-funded staff).

98. During this time IFAD also embarked on the implementation of an institution-wide process that was captured in the People, Process and Technology Plan (PPTP). Implementation of this plan specifically focused on supporting IFAD to deliver on its mandate, ensuring sufficient human resources with the appropriate capabilities, designing and implementing efficient corporate processes and appropriate technology solutions.<sup>7</sup>

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

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

<sup>7</sup> IFAD, *People, Process and Technology Plan: Implementation of a Targeted Investment in IFAD's Capacity*. (Rome: IFAD, 2020). EB 2020/129/R.3/Rev.2.

TABLE ANNEX III-11

Gender profile of international staff that have been decentralized<sup>8</sup>

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

<sup>a</sup> F= female, M = male.

Source: HRD data 2016 to 2022.

TABLE ANNEX III-12

## Gender profile per location category 2016 and 2022

Location category	2016		2016 Total	2022	
	F	M		F	M
Decentralized staff	38%	62%	<b>49%</b>	51%	38%
Headquarters staff	62%	38%	<b>63%</b>	37%	62%
Liaison Office staff	50%	50%	<b>43%</b>	57%	50%
Total	58%	42%	<b>58%</b>	42%	58%

Source: HRD data 2016 to 2022.

<sup>8</sup> This data only includes IFAD-funded staff on full-time contracts. The numbers were taken from the data provided by HRD. These numbers differ from the numbers provided by the Management.

### E.1.2 Decentralized structures

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

### E.2 Communication and change management

106. One of the biggest gaps identified was the lack of effective communication. This included communication of the vision and purpose of decentralization through to communicating around the impact of decentralization on staff. There were town hall meetings held with the President where staff were able to ask questions. The communication tended to be event-based as opposed to happening on an ongoing basis through multiple channels. Communication tended to focus on process issues and not how these processes would affect staff and how the impacts would be dealt with. Managers were not a structured part of the communication approach relating to decentralization. This deficiency was identified in the 2019 lessons learned exercise that was conducted within IFAD.<sup>9</sup>
107. Insufficient and incomplete communication was exacerbated by the lack of an effective change management process to support the decentralization. This was identified as a key gap in the process. There were very limited skills and experience in change management in the team driving decentralization. An operational approach was adopted to the organizational transformation. The human resource team did not play a key role in driving the change process.

<sup>9</sup> IFAD, Final Report: Lessons Learned Missions to IFAD Hubs (Rome: IFAD, 10 June 2019). p. 2.



## E.3 Skills development and career path growth

### E.3.1 Onboarding

108. One of the gaps identified in the training environment is onboarding of field staff. Only 39 per cent of staff felt that they received an adequate orientation when they were assigned to a new office.<sup>10</sup> Logistical issues are addressed and the CSD unit has a checklist to guide staff through the process and contact people to facilitate the onboarding process but there is a gap in onboarding staff into their roles and country contexts. The need for onboarding is constant because of the reassignment process. The limitations created by the COVID-19 pandemic and the impact that this may have had on staff perceptions must be recognized.

### E.3.2 Training

109. Effective decentralization requires staff with the appropriate skills located in the different roles and offices of IFAD. McKinsey & Company studied the current and future workforce composition for IFAD in 2019. This identified current and future priority skills gaps which included written and verbal communication, strategic mind-set, analytical skills, policy dialogue, problem-solving, leadership abilities and digital fluency.<sup>11</sup>

110. The skill gaps that were identified in headquarters interviews included the ability to deal with non-lending activities, media engagement, resource mobilization, communication, policy dialogue, finance, management, procurement and advocacy. These skill gaps largely align with the feedback received from the McKinsey study.

111. Training has been provided through the implementation of online platforms such as the Operations Academy. As of August 2022, 619 e-learning training sessions had been completed and 842 are under way. 224 staff, of whom 63 per cent are in the field, have completed at least one e-learning programme.<sup>12</sup>

## E.3.3 Career path and succession planning

112. One of the anticipated benefits of reassignment is the opportunity for career growth. The approach that has been adopted encourages staff to apply for positions in different job families when they are being reassigned. A key underlying principle is that skills can be learned. One of the concerns with this process is that the technical specialists are moving into generalist roles and there is little opportunity for career development for staff who wish to remain technical specialists.

113. The career development opportunities for national staff are seen as primarily focused on these staff becoming international staff. The small office structures within IFAD make it difficult to create viable career paths within ICOs and MCOs. Growth is focused more on the nature of work that national staff are given to do, as opposed to promotions to more senior positions within an ICO or MCO.

114. Mentoring was identified as a key skills development approach that could be more effectively used to support IFAD staff in the field.

115. A key risk identified in the decentralized offices is that of succession planning. Again, the small number of staff in a typical IFAD ICO or MCO means that the ability to develop successors for key positions is unlikely to happen within the office. The mobility approach is seen as supporting succession planning.

## E.4 Staff seniority

### E.4.1 PMD

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

<sup>10</sup> CLE e-survey results.

<sup>11</sup> IFAD, Analytical HR Study on IFAD's Current and Future Workforce Composition (Rome: IFAD, 2 October 2019), p. 2.

<sup>12</sup> OPR communications, 22 August 2022.

TABLE ANNEX III-13

## Percentage of CDs per job grade 2016 to 2022

Grade of CD <sup>13</sup>	2016	2017	2018	2019	2020	2021	2022
NOC							1
P-3			4	10	2	2	1
P-4	14	14	12	15	25	25	29
P-5	27	27	26	23	23	19	22
<b>Total</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>48</b>	<b>50</b>	<b>46</b>	<b>53</b>

Source: HRD.

<sup>13</sup> The two incumbents who are graded at NOC and P-3 level have been appointed ad interim in these roles. They are paid an allowance for assuming responsibility for a role more senior than their grade.

117. The proportion of P-4 positions grew from a low of 12 CDs in 2018 to more than half of CDs in 2022. When combined with the staff holding NOC or P-3 grades who were serving as CD ad interim, the total proportion of CDs appointed at a P-4 or lower level is 58 per cent. Simultaneously the number of P-5 CD positions reduced from a high of 27 in 2017 (66 per cent) to 22 in 2022 (42 per cent). Consistent feedback received from the case studies indicated that the IFAD CDs are graded at substantially lower levels than their peers in other United Nations agencies operating in a specific country.

118. The change in the grade of the CD positions per region between 2016 and 2022 are as follows.

119. This shows that 38 per cent of CD positions across countries in the IFAD portfolio were graded at a lower level in 2022 than they were in 2016. Nine per cent of CD positions were graded at a higher level (P-5) and 52 per cent remained the same.

TABLE ANNEX III-14

## Number of CD grades increased, reduced and kept constant per region between 2016 and 2022

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

Source: HRD data and PMD data country assignment.

## E.4.2 SKD

120. The grades of the staff in the SKD team over the period is as follows.
121. The majority of positions in SKD are at a P-4 level. This has remained the trend since 2016. The seniority trend within SKD has shown growth in the proportion of both P-3 and P-5 positions with P-2 positions reducing as a proportion of the overall team.

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

## E.4.3 International versus national staff

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

TABLE ANNEX III-15

Distribution of SKD international staff per job grade per year 2016 to 2022<sup>14</sup>

Post level	2016	2017	2018	2019	2020	2021	2022
P-1	0%	0%	4%	3%	1%	0%	1%
P-2	29%	20%	14%	17%	24%	19%	15%
P-3	14%	27%	9%	10%	11%	21%	28%
P-4	43%	47%	36%	41%	32%	31%	32%
P-5	14%	7%	38%	28%	32%	29%	24%

Source: HRD data.

TABLE ANNEX III-16

Number of staff in the field per category 2016–2022

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

Source: HRD.

<sup>14</sup> This includes all staff, including those funded by supplementary funding.

## E.5 Resourcing levels and gaps

124. The resourcing levels for the decentralized offices were determined by the metric system. This system considered a range of factors including current and future business, fragility status, income, partnership opportunities and sustainable development goal gaps (for ICOs) and travel time, hardship level, average costs for General Staff positions and national office positions, office costs and the status of the host country agreement (for regional offices).<sup>15</sup> The outcome of the metric system was validated with the business but despite this, the rationale for the location of offices is not clearly understood within IFAD.
125. The resourcing levels identified by the metric system seem disproportionate to the workload. This has been exacerbated by the slow rate of appointment of administrative support staff and filling of vacant positions. A specific concern that was raised was the lack of administrative staff to support the technical staff from SKD that have been decentralized. The changes in the delegation of authority have also allocated additional work to resources in the ICOs and MCOs. This work is allocated without additional resourcing. The concern of workload and work-life balance is also raised in the IFAD Staff Engagement and Workplace Culture Action Plan Survey (2021). This was a priority issue raised in 2018 and accounted for 10 of the top 15 actions prioritized by staff in the 2021 survey.<sup>16</sup> The view is also supported by the CLE e-survey where only 40 per cent of respondents agree that the staff complement (numbers, grades and expertise) match the functional responsibilities of country offices.

## E.6 Leadership

126. Case studies, management stock-takes (2019 and 2020) and the CLE e-survey concur that the decentralization process was top-down within headquarters and between headquarters and the field presence. The target is seen as being set by the President and it forms the basis for the rapid acceleration in pace of decentralization. The strategic visioning that drives the decentralization happened at the most senior level in the organization. Interviews held at headquarters and during case studies provided evidence that this vision was not clearly or well communicated. Senior Management's performance in communicating the vision for IFAD's accelerated decentralization was rated as unsatisfactory by 43 per cent of the CLE e-survey respondents. The IFAD Staff Engagement and Workplace Culture Action Plan Survey (2021) identified a lack of clarity on the vision and number of reforms as being necessary for IFAD's continued relevance.<sup>17</sup> Senior Management's performance on communicating the rationale for the accelerated decentralization was rated as unsatisfactory by 45 per cent of respondents.
127. Decision-making related to the decentralization process was seen as taking place in the most senior office within IFAD. Middle managers were not involved in decisions. This included decisions related to the placement and appointment of staff. Accordingly, 63 per cent of respondents to the CLE e-survey indicated that Senior Management's performance in transparency of decisions made during the accelerated decentralization was unsatisfactory.
128. Almost two thirds (64 per cent) of respondents to the e-survey indicated that they disagreed that the needs and concerns of staff were taken into consideration during the decentralization process. Staff and managers felt that they were unable to influence decisions that were made regarding decentralization.

15 IFAD, Decentralization 2.0 High-level summary slides, Decentralization 2.0 Working Group, slides 21 and 23.

16 IFAD, Staff Engagement and Workplace Culture Action Plan Survey (Rome: IFAD, 2021). pp. 3 and 9

17 Ibid., p.4.

## E.7 Pace of decentralization

129. There is a high level of agreement (90 per cent) that having country offices is a good idea.<sup>18</sup> This indicates that IFAD staff, in the main, support the idea of decentralization to country offices. Country offices enjoy a higher level of support than MCOs (at 74 per cent agreement) and ROs (at 76 per cent). However, most respondents (64 per cent) to the CLE e-survey indicate that the decentralization process has not been well planned and managed. More than half of them (59 per cent) indicated

that decentralization is not being implemented at the correct pace. The feedback received about the pace of decentralization was that it was expedited to overcome resistance, minimize “pain” and contain disruption. This fast pace has been seen as challenging for staff as evidenced in the CLE e-survey where 76 per cent of staff who responded disagreed that the accelerated decentralization had a positive impact on staff morale. The World Bank’s decentralization experience demonstrates how this could be done differently (box annex III-1).

18 CLE e-survey 2022.

### BOX ANNEX III-1

#### World Bank approach to get staff buy-in for decentralization

An alternative path was pursued by the World Bank to increase staff buy-in to achieve its ambitious targets for outposting practice managers. It offered substantial support and incentives to staff to relocate. For instance, practice managers could discuss their preferred locations with the management. The career development framework provided added weight to field experience when considering

promotions. The World Bank also provided support staff to assist practice managers in their field roles. Staff relocated to the field were given housing and higher family allowances and benefits than at the headquarters. Support was provided to their families, such as assisting with spouses’ careers. The World Bank also hired destination service providers to find the right schools and housing for relocated staff.

## E.8 Adaptive learning

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

## E.9 Reassignment

131. Frustrations related to reassignment were raised in the IFAD Staff Engagement and Workplace Culture Action Plan Survey (2021) and the Lessons Learned (2019).

132. The reassignment or mobility process is a necessary consequence of decentralization. A United Nations approach has been adopted to mobility which uses the hardship classification of a duty station to determine the duration of posting for staff. This process has specifically been identified as disruptive. The initial approach adopted in 2018 required a full selection process for each person into each position. This was exhaustive and resulted in a large amount of time and focus being spent on the reassignment process. The process was reviewed and improved, and the most recent (2021/2022) reassignment process took a much lighter-touch approach.

133. There are two views on reassignment. One group of respondents indicated that it is essential to undertake reassignment to manage risk, create opportunities for staff and allow for lessons learned in one country or region to be shared with another. This group also indicated that reassignment must be mandatory because, if it is optional, there will be no appetite for staff to move. Previous reassignment experiences were quoted to provide evidence for this fact.
134. The second, and much larger group of respondents indicated that, while reassignment is necessary, the current timeframes for reassignment are very disruptive and do not take into context the nature of work that IFAD does. The period of posting ranges between two and five years. The context that was provided on the impact of the ongoing reassignment process was that:
- It takes new CDs up to a year to develop the necessary relationships and understanding of the country and programme contexts to enable them to deliver optimally;
  - It also takes time to develop and build relationships to facilitate effective non-lending activities and programme design; and
  - CDs often lose focus on their portfolio in the last year of their deployment because they start focusing on the reassignment process and their next placement.
135. The overriding sense is that the international staff have just started to understand the context, establish relationships and create impact when they are required to move. The reassignment process and timing does not seem to consider the programme delivery cycle or the operational requirements and impact. This is further exacerbated by the large number of people who are changed in one region in a single cycle. The frequent reassignment also results in vacancies that are sometimes unfilled for long periods of time while a suitable candidate is sourced.
136. The timing and logistical approach adopted to reassignment is frequently referenced as being very disruptive for staff and their families. The CLE e-survey indicated that half of the respondents disagreed that the process of assigning staff to country offices worked well. The timeframes provided for staff to move to their new duty stations are often inconsiderate of schooling requirements and personal arrangements that needed to be made. The logistics around making schooling and housing arrangements in some countries are very complicated. The lack of clarity around where staff are going, together with the short lead times for moving once staff have been placed, make the process personally disruptive for staff. Feedback from the CLE e-survey shows that 62 per cent of staff disagreed that they were given sufficient advance notice regarding relocation and reassignment.
137. The frequent nature of reassignment was quoted as contributing to staff turnover, specifically of senior staff. This is demonstrated in the following table that illustrates the percentage of new CDs per region per year from 2016 to 2022 (data taken as of 1 July each year).
138. This table illustrates the cyclical nature of the significant change in CDs per region with peaks in 2016, 2018 and 2021. This data also shows that there were only two years with relatively lower levels of new CDs being appointed (2019 and 2020) before the change escalated again in most regions (WCA being the notable exception). The change in LAC in 2021 shows 83 per cent of the CDs were changed in 2021. This is significantly higher than the change in any other region.
139. The impact of the reassignment on implementing the programme of work is likely to be significant. This will only be determined in the future because of the time it takes to design and implement programmes. When coupled with the general extension of programme periods from five years to between seven and eight years, this impact is likely to be relatively significant.

TABLE ANNEX III-17

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

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

Source: HRD data.

## F. Report on decentralization and knowledge management in IFAD

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

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

### F.2 Approach

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

### F.3 Key findings

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

147. **KM performance was linked to the extent to which KM was prioritized in ICOs** and not all countries prioritized KM sufficiently. The 2020 ARRI found that most COSOPs were focused primarily on lending activities. Countries pursued prioritization through different channels – increasingly ICOs reflect KM as a COSOP priority and embed it in the design and implementation of all operations (Bangladesh, Brazil, Cambodia, Ethiopia and Sudan). The 2022 Annual Report on the Independent Evaluation of IFAD (ARIE) found that of the seven COSOPs that were developed, KM was increasingly recognized as a critical link that connects lending and non-lending activities for better effectiveness. Some KM activities are embedded in investment portfolios while others are strongly linked to grants and/or partnerships. A few ICOs went a step beyond reflecting KM in COSOPs and recruited a KM officer to lead KM efforts (Sudan, Uganda).
148. **Activities backed by well-qualified and dedicated personnel produced good results, but when the right capacities were no longer available, KM performance stalled.** In two of the case studies (Bangladesh and Sudan), a KM officer was recruited as an ICO staff member. This resulted in demonstrable improvements and offered a promise of continued strengthening of KM in the ICO. However, when the KM officer had to leave due to resource constraints, the gains achieved were eroded or unsustainable. CSPE Uganda (2021) found a similar situation in Uganda ICO where the progress made under a knowledge specialist was reversed upon their departure. The regional KM activity in the ESA also fluctuated upon abolishment of the regional KM officer position at headquarters in 2013.
149. **The KM strategies were more in evidence at project level than at country programme level,** except in the case of Sudan and Viet Nam. Case studies showed that governments recognized the impact of IFAD’s operations and the knowledge base they could bring to inform policies. Most of the engagement with government officials appeared to take place through project activities, such as steering committee meetings and conversations around project supervision missions which are restricted at the project level. There is little evidence to show that project-level knowledge was harnessed and absorbed to inform portfolio or sector-level lessons. Few ICOs have knowledge exchanges among project teams to generate portfolio-level knowledge: ICO Sudan has regular meetings of all project coordinators to exchange experiences, but this was not common. Knowledge at the project level is inadequate to influence national-level policy changes.
150. Case studies and a document review found that **there is heavy emphasis on “output” or “effort” in terms of numbers (number of publications, numbers of seminars and study visits, to name a few) with insufficient attention to the results achieved by these outputs.**
151. **The midterm review of the IFAD Knowledge Management Strategy observed that knowledge is still fragmented across various systems and platforms;** that many knowledge activities are still undertaken in silos; that project knowledge is not leveraged to its fullest potential; and that monitoring has focused more on knowledge products than on the use of knowledge. Furthermore, it noted that the KM action plan has proved overly ambitious, given that it has not been supported by dedicated resources and staff time. According to IFAD’s Knowledge Management Strategy (2019), KM is over-structured, excessively elaborate, has an impractically long list of performance indicators to assess it, despite the impossibility of achieving crisp results compared to measuring “delivery” for the investment portfolio performance. Besides, a heavy M&E load is difficult to understand when staff careers depend much more on portfolio delivery. Moreover, the action plan has been implemented during a period of organizational transformation and new pandemic-induced remote ways of working.
152. **It is challenging to conclusively establish the contribution of decentralization to strengthening KM. As noted, there are several examples of ICOs strengthening KM.** At the same time, there are clear instances of successful, region-wide KM initiatives well before the introduction of the KM strategy or decentralization, such as the successful network of IFAD-supported projects in Latin America and the Caribbean (1995–1998) that helped build knowledge and an information system around the internet in Latin America and later in 2007, IFAD’s improvement in the monitoring and evaluation and knowledge management system in Madagascar, that promoted the “knowledge value chain” through integrating KM, communications and M&E. At times, country leadership served as a more powerful driver to promote KM rather than IFAD’s internal practices. Brazil’s leadership and ownership of South-South exchanges helped the ICO Brazil to prioritize KM.



## G. Report on decentralization and IFAD's support to countries with fragile and conflict-affected conditions

153. **Objective and context.** This study analysed the contribution of a decentralized presence to improved design, implementation support, supervision, and non-lending activities in countries with fragile contexts and/or conflict.
154. Fragile and conflict-affected contexts imply circumstances where there is a fundamental failure of the state to perform functions necessary to meet the basic needs and expectations of its citizens, either due to incapacity or lack of political will. The common denominator of fragile settings is the inability of the state to provide security across its territory and to deliver basic services to much of its people.
155. Consequently, rural poverty is disproportionately located in countries with fragile and conflict-affected situations (FCAS) and makes achieving the SDGs a challenge. Therefore, addressing poverty in countries with FCAS is critical for IFAD. Moreover, the Fund's operations in such countries face increased risks and uncertainties to implementing the country programmes and for continued in-country presence.
156. Following the first CLE of IFAD's engagement in fragile and conflict-affected states and situations (2015), IFAD's strategy for engagement in countries with FCAS was approved in 2016. The strategy recognized that successful delivery of tailored country programmes for maximum impact hinges on effective allocation of IFAD's resources according to country needs.
157. According to this FCAS strategy, IFAD will endeavour to ensure that a high level of business continuity is maintained across the portfolio. It further indicates that the local staff bring an in-depth understanding of local fragility contexts to the country programme and are critical to staying engaged during periods of crisis and providing support in crucial areas such as procurement and financial management. It outlines, among other things, the guiding principles for IFAD's engagement in such countries and proposes organizational and operational approaches to enhance the resilience and effectiveness of IFAD operations in those situations, including options for mobilizing and allocating resources (under IFAD10 and IFAD11).
158. The scope of IFAD's work in FCAS is clearly defined in the strategy, which underlines that IFAD's understanding of fragility recognizes it as a continuum of multiple dimensions with no clearly identifiable boundary between the fragile and the non-fragile. The guidance it provided required that IFAD conducted fragility assessments in project areas that could experience symptoms of fragility, even though such conditions may not exist at the national level.
159. **Approach.** To conduct the analysis, this study assessed the value addition of country presence. It took into consideration IFAD's strategy and commitments to address a fragility context, such as the 2016 fragility approach of IFAD, and the follow-up, IFAD's special programme for countries with fragile situations (2019). It drew evidence from the case studies undertaken for the CLE, IFAD's decentralizing experience (2022), in particular the five case studies conducted in countries with FCAS (Burkina Faso, Eritrea, Ethiopia, Niger and Sudan).
160. These case studies were chosen to reflect experience under different types of country presence – no country office (Eritrea), CPO-led country office (Burkina Faso, Niger), CD-led (Sudan), Ethiopia (hub/MCO and CD-led office). The role of special decentralized presence such as the National Representation and Technical Assistance Unit (CENRAT) in Niger was also analysed. In addition, evidence was drawn from a document review of project design reports, supervision mission reports, quality at entry reviews, evaluation reports<sup>19</sup> and an analysis of performance ratings where available. The document also draws from the insights of the IFAD cross-departmental working group proposal on conflict-affected situations working group report (July 2021).
161. **Findings.** This study found that since the approval of the 2016 strategy for engagement in countries with fragile situations, the five case study countries were increasingly integrating fragility analysis in the design of COSOPs and projects. However, they do not explicitly integrate this fragility and conflict analysis in the design and implementation of these operations.

19 IOE. *IOE Subregional Evaluation of Fragile Countries* (forthcoming), and IOE. *Corporate-level Evaluation - IFAD's Engagement in Fragile and Conflict-affected States and Situations* (Rome: IFAD, 2015).

162. In countries with IFAD presence, the alignment of its programmes with the FCAS strategy increased, but to varying degrees across countries. The steering effect of the strategy was the strongest in countries with a federal set-up (e.g. Ethiopia and Sudan). In the five case studies considered, COSOPs designed after 2016 were aligned with the strategy. In some cases, they provided sufficient analysis of the country fragility contexts. In this regard, the two countries with a federal set-up added good value. Their COSOP planning processes largely complied with the guidance of the strategy in understanding the fragility context of the countries.
163. **IFAD was effective in adhering to the seven core principles outlined in its FCAS strategy** – it rolled out appropriate fragility/conflict approaches and embedded them in locally-owned development processes. However, the “risk management and resilience” principle was not used as a common thread in all five country programmes. IFAD has significantly increased its attention on development approaches that were aligned with the seven principles of its FCAS strategy: (i) risk management and resilience; (ii) addressing root causes; (iii) gender mainstreaming and targeting; (iv) building institutions, trust, and social cohesion; (v) flexible and responsive resourcing, instruments, and approaches; (vi) strategic and complementary partnerships; and (vii) achieving, measuring, and learning from results.
164. The resilience approach did not provide the methodological basis to address systemic risks that characterized fragile and conflict-affected contexts. Most programmes and projects have at best limited methodological focus on the livelihoods approach. Resilience approaches emphasize the characteristics and capabilities that allow a system to recover from and adapt to disruption, such as that caused by drivers of fragility and conflict.
165. **Fragility assessments were not conducted to inform the design of COSOPs and projects in the case studies, in any of the ICO models.** Despite IFAD’s engagement in countries with FCAS, the lack of toolboxes to operationalize its strategy for that engagement did not allow for identifying development risks and respective assumptions. The strategy stated that specific guidelines for undertaking fragility assessments could be prepared following its approval, but these have not been prepared yet. However, projects in some countries were using approaches that address root causes of conflicts. These approaches included improving the institutional framework for sustainable natural resources management, and use of community-based mechanisms for conflict management.
166. In general, **IFAD-supported projects in the five case study countries offered opportunities for women to participate in activities that addressed social, economic and organizational issues in fragile settings.** However, except for Ethiopia and Sudan, there was no evidence that the projects’ gender equality and women’s empowerment experience and lessons influenced policies in fragile contexts, in particular those related to women’s land tenure rights. For example, in Burkina Faso and Niger, gender inequalities remain prevalent. Both countries rank among the bottom five countries on the global Human Development Index and neither IFAD’s decentralization nor FCAS strategy show clear evidence of contributing to transform the situation.
167. **Empowering producers’ and farmers’ organizations to deliver effectively and sustainably in fragile settings was a common thread in IFAD -supported projects in the five case studies.** Farmers’ organizations have been instrumental in building resilience capacities in many instances in these settings. In Burkina Faso and Niger, for example, IFAD supports the involvement of regional chambers of agriculture in project implementation and policy dialogue.
168. **IFAD was effective in developing partnerships with government partners at the national and subnational levels. However, there is no evidence that this partnership led to significant progress in policy dialogue with government partners on fragility issues,** which is essential in fragile contexts to achieve transformative changes. Whatever the level of its presence, IFAD has engaged a wide range of stakeholders in the public sector and international agencies. However, there were mixed results in engaging with the civil society organizations and private sector to deliver results in marginalized areas for the populations of fragile and conflict settings. There were a few examples of partnerships developed with civil society and private sector organizations. When these organizations got involved in IFAD’s operations, it was more as short-term service providers than as strategic partners sharing the vision of delivering services to communities not reached by government services in fragile contexts.
169. **Longer-term presence in the country allows knowledge of the patterns of fragility to develop and country programme strategies to be focused on them for highest impact.** The study also found that IFAD’s decentralization, with effective risk-based DoA, accountability frameworks and other corporate mechanisms, managed risks well at country programme level. A programmatic approach would further strengthen this risk management.

170. **Decentralized IFAD country presence has strengthened risk management in the contexts of FCAS in the five case study countries**, through better knowledge of the risks and delegated authority to address them. In all five case studies, the use of accountability and DoA frameworks has proven that it is possible to manage institutional risks. Years of decentralization implementation experience have allowed IFAD to progressively adapt its procedures based on lessons of what worked and what did not.

171. The study found that one of the practices with the potential to contribute to risk management in fragile and conflict-affected statehoods is the use of a programmatic approach. The IFAD Transition Framework<sup>20</sup> of the 125<sup>th</sup> session of the Executive Board outlined a programmatic and tailored approach to providing support to partners at the country level, as a context within which projects would be situated. However, this approach is yet to develop a comprehensive theory of change and show how the programmatic model would be rolled out.

## H. Report on IFAD Liaison Offices

172. IFAD has three Liaison Offices: (i) the Americas Liaison Office (ALO), with offices in Washington, D.C. and New York, has been operating for nearly two decades; (ii) the Arab and Gulf States Liaison Office, established in 2019; and (iii) the Japan Liaison Office, established in 2021. Liaison Office objectives cover: (i) partnership-building, collaboration and liaison; (ii) resource mobilization; (iii) advocacy and policy engagement; (iv) information-gathering and strategic communications; and (v) supporting missions from headquarters.

173. **This review of Liaison Offices is not to be a fully-fledged evaluation.** Rather, it examines Liaison Offices to see if there are lessons to be learned in terms of relevance, coherence, effectiveness and efficiency in the context of Decentralization 2.0. It is based on an examination of similar offices in international organizations, a review of documents and data and semi-structured interviews of the selected Liaison Office and in the Global Engagement, Partnership and Resource Mobilization Division (GPR) staff and non-IFAD contacts.

174. IFAD's decision to establish Liaison Offices was relevant in the context of:

a. **The increasingly challenging G7 fiscal appetite for funding official development assistance (ODA):** All G7 countries are facing fiscal challenges related to aging populations, increasing expenditures on healthcare, social security and domestic spending priorities (e.g. infrastructure, defence, dealing with refugees). During times of fiscal stress governments find it politically easier to cut the foreign aid budget rather than reducing domestic expenditures or raising taxes. IFAD does not have operational relationships with major donor countries and as a result, IFAD is not well known by citizens of donor countries. IFAD cannot just turn up every three years and ask for a replenishment cheque. Rather, relationships must be built that strengthen IFAD's visibility and continuously build the case for supporting IFAD.

b. **Comparator organizations and Liaison Offices:** IFAD's Liaison Offices are relevant in the context of the experience and practices of comparator organizations. The Rome-based agencies (RBAs) and multilateral development banks have Liaison Offices to strengthen and expand relationships by raising profiles and networking. Those Liaison Offices perform roles similar to IFAD's Liaison Offices but are typically larger and are headed by more senior staff.

c. **Assessment of United Nations Liaison Offices:** IFAD's Liaison Offices and their roles and functions are relevant in the context of the findings of an assessment of 18 United Nations Liaison Offices in New York and Geneva.

175. **Despite the fact that establishing Liaison Offices was not part of Decentralization 2.0 or earlier decentralization strategies, there is broad consistency between the presence of Liaison Offices, the principles of Decentralization 2.0 and findings of the 2016 decentralization corporate-level evaluation.** A key principle of decentralization, validated by evaluation findings, is that a local presence is associated with better relationships between IFAD and governments, improved partnerships with civil society organizations, the RBAs and other United Nations agencies and the donor community. A local presence makes it possible for IFAD to better respond to country priorities, better understand the institutional and policy context and it facilitates regular and in-depth consultations with partners.

20 Document EB 2018/125/R.7/Rev.1.

176. **There is also broad institutional policy coherence with IFAD having Liaison Offices.** Some headquarters restructuring during Decentralization 2.0 had implications for Liaison Offices. Because IFAD's new business model underlined the importance of resource mobilization, OpEx concluded that GEM and PRM should be merged to consolidate core functions and clarify reporting lines. The chiefs of the Liaison Offices now report to the director of GPR.
177. **There was some lack of coherence between the special needs of Liaison Offices and aspects of human resource management policies, specifically the three-year reassignment of staff.** The chiefs and most staff in Liaison Offices come from the host countries. This has advantages like networks of contacts, language skills and knowledge of local institutions, customs and business practices gained prior to joining IFAD. The special skills, experience and language skills required by Liaison Office staff suggest that it would be problematic to reassign them every three years. The skills set and experience that are valued for Liaison Office staff may not be as valuable to IFAD in other positions. Similarly, the skills and experience needed for other jobs in IFAD may not as relevant for Liaison Offices.
178. **The evidence indicates that Liaison Offices are broadly effective in delivering outcomes and results.** Given its recent establishment and the fact that the head of the office has been on maternity leave for much of 2022, it is premature to expect that the Japan Liaison Office will have delivered major results. The Washington, D.C., New York and Riyadh offices have: (i) developed working relationships, had high-level engagement and built networks and partnerships with officials in government agencies, selected political actors, United Nations organizations, especially the RBAs, and civil society; (ii) supported resource mobilization; (iii) raised IFAD's profile through advocacy, engaging in policy discussions, disseminating IFAD knowledge products and participating in events; (iv) gathered information to help IFAD remain abreast of relevant policy developments, positions and priorities of governments and United Nations organizations and fed this information to headquarters; and (v) supported missions from headquarters.
179. The focus of the effectiveness analysis was to determine whether outputs like establishing contacts, attending meetings, sharing knowledge products and participating in events delivered tangible outcomes and results. Examples of tangible outcomes and results include:
- **The Washington, D.C. Office contributed significantly to securing United States contributions to IFAD11 and IFAD12.** In 2018 the United States did not pledge financial support for IFAD11. ALO activated an outreach and education campaign to convince the United States Congress to include IFAD funding in the State and Foreign Operations Subcommittee Appropriations Bill. A Friends of IFAD group was created to lobby for IFAD and secure a letter of support from five bipartisan senators. This effort was successful and, eventually, the United States contributed US\$92.5 million to IFAD11. A similar effort was made to support IFAD12. The United States pledged US\$129 million for IFAD12, a 39 per cent increase to its IFAD11 contribution.
  - **The Washington, D.C. Office partnered with well-connected civil society organizations to mobilize American financing for the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+).** These activities were not in ALO's 2021 budget request. ALO was proactive and submitted a memo in November 2021 to secure the US\$15,000 funding for Alliance to End Hunger. An out-of-cycle budget request was submitted in September 2021 to secure US\$45,000 for an interaction initiative and US\$40,000 for a Centre for Strategic and International Studies initiative to support ASAP+.
  - **The Washington, D.C. Office strengthened its relationship with Canada with the filling of P-2 position and hiring a part-time consultant based in Ottawa to cultivate relationships with Canadian NGOs.** In the fall of 2020, a partnership and internship programme was launched with the University of Guelph. The New York Office supported the replenishment process by travelling to Canada and speaking at events (e.g. the University of Saskatchewan). The need for IFAD to strengthen its relationship with Canada was clear. Canada contributed US\$78 million to IFAD10 but that fell to US\$58 million for IFAD11. These efforts were successful and the Canadian pledge for IFAD12 increased to US\$83.22 million.

- **The New York Office made a major contribution to the 2021 Food Systems Summit.** The senior partnership officer was part of the RBA inter-agency team that lead the drafting process for the proposal. In 2020, he was seconded to the Executive Office of the Secretary-General to provide direct support to the Deputy Secretary-General for her leadership of the Summit. He led significant workstreams for the Summit Secretariat.
  - **The New York Office contributed to the international response to the food security crises triggered by the war in Ukraine as part of IFAD's broader corporate effort.** The officer represented IFAD in workstreams to draft policy briefs. He also helped plan IFAD's engagement in a meeting convened by the President of the General Assembly and the Chair of the Committee on World Food Security, which contributed to a coordinated global response to the emerging food crisis. The G7's US\$4.5 billion pledge will support efforts in over 47 countries.
  - **The Arab and Gulf States Liaison Office helped strengthen IFAD's partnership with the Islamic Development Bank (IsDB),** including exchanging documents, attending virtual meetings and travelling to IsDB's headquarters in Jeddah. These efforts cumulated in the 2021 US\$500 million IFAD/IsDB Cooperation and Cofinancing Facility to address climate change and improve food and water security in 57 joint member countries. Each institution contributed US\$250 million.
180. **One area in which the Arab and Gulf States Liaison Office has illustrated its effectiveness relates to reimbursable technical assistance (RTA).** IFAD views RTA as an instrument capable of building deeper relationships with middle- and high-income countries. The 2018 Executive Board paper on the Status of Reimbursable Technical Assistance and Way Forward explicitly mentioned the planned 2018 RTA partnership with the Saudi Arabian Ministry of Environment, Water and Agriculture. The RTA continues to be managed by NEN with the Liaison Office playing a supporting role. Conceptually, a properly staffed and resourced office could play the type of role envisioned during the review of the RTA policy, thus contributing to a stronger two-way partnership between IFAD and Saudi Arabia and capturing some of the benefits attributed to ICOs in the 2016 Decentralization CLE. The Arab and Gulf States Liaison Office should be viewed as an IFAD office rather than an office of the External Relations and Governance Department, which could overcome concerns about departmental rivalries and increase the role of the office in RTAs.
181. **IFAD's flexible and pragmatic approach regarding the appropriate legal documents needed to open Liaison Offices may provide useful precedents if host country agreement negotiations for ICOs, MCOs or regional offices are likely to be a long, drawn-out process requiring parliamentary approval.** The flexible approach improved the process efficiency and timely opening of the offices (e.g. the agreement for the Arab and Gulf States Liaison Office was signed after the office opened and was back-dated; an exchange of letters obviated the need for an agreement for the Japan Liaison Office).
182. **IFAD's Liaison Offices are smaller (one to four people) than those of FAO and WFP and are headed by less senior staff.** The terms of reference and performance expectations for Liaison Offices must be tempered to be consistent with the available human and financial resources, which implies setting priorities and focusing on a limited number of important issues. It is not clear how one P-3 in the Japan Liaison Office can be expected to deliver the same results as larger offices headed by P-5s.

183. **The potential risks of chiefs and staff of IFAD's Liaison Offices being nationals of the host countries can be managed.** This has significant advantages (e.g. networks of in-country contacts established prior to joining IFAD; knowledge of government and institutional structures and political systems; oral, reading and writing capabilities in the local language and knowledge of local customs and procedures). The latter are particularly important for the Arab and Gulf Countries and Japan Liaison Offices. Some may believe that there are risks of nationals heading Liaison Offices. Multilateral development bank (MDB) Liaison Offices are sometimes headed by local nationals and they have found ways to manage potential risks. IFAD can also manage such risks when there are significant benefits to having nationals heading and staffing Liaison Offices.
184. **Human resource issues sometimes had an adverse impact on Liaison Offices.** There was a long delay in filling vacancies that adversely affected the performance of the Washington, D.C. Office, which deteriorated between 2016 and 2018 when the staff complement declined from four, headed by a D-2, to one G-5 staff in 2018. Effectiveness improved with the recruitment of the current chief in 2019 and with increased staffing. Filling vacancies in the ALO sometimes resulted in the selection of the wrong candidate. Such issues might have been avoided if the hiring manager had a stronger voice in the final selection of the candidate.
185. IFAD adopts a cost-efficient approach for Liaison Offices. The ALO budget is much higher than the other two office budgets because: (i) ALO is larger than the others and has offices in both Washington, D.C. and New York; (ii) office space in Washington, D.C. and New York is expensive; (iii) Saudi Arabia provides fully equipped office space rent-free and will pay for an additional financial assistant position. This demonstrates strong government ownership of, and support for the office; (iv) the city of Yokohama provides office space rent-free and pays for the utilities and parking for the Japan Liaison Office, which demonstrates a strong desire to host it.
186. Tight budget/cost control may result in an under-investment so that IFAD does not reap the full benefits of having a Liaison Office or maximize the effectiveness of fixed cost expenditures (wages and salaries of staff and office rent). In some cases, the trade-offs between tight cost control/limited budgets and the incremental benefits for small additional expenditures on items like travel, consultants and events should be re-examined to ensure that the right balance is being struck. For example: (i) small travel budgets limit ALO's outreach activities in Canada and in the United States outside Washington, D.C. and New York; (ii) with more resources the Arab and Gulf States Liaison Office could better fulfil its objectives, including providing greater support for RTAs; (iii) modest expenditures on consultants can amplify the effectiveness of Liaison Offices (e.g. strengthening bonds with Canada; building support for ASAP+); (iv) modest funds for representation and events would increase the abilities of Liaison Offices to raise IFAD's profile, build partnerships and share IFAD's knowledge products.
187. **There is increasing scope to view budget decisions for Liaison Offices through a value for money lens rather than a strict budget control lens to allow IFAD to better capitalize on opportunities where the additional expenditures are minor relative to fixed costs.** IFAD may want to reconsider the trade-offs between cost-efficiency and the results that could be achieved by relatively small additional expenditures that would make it possible to better utilize staff and deliver more outcomes.

# **Annex IV.**














## Annexes to chapters

### **A. Annexes to chapter I**

Evolution of IFAD's decentralization (2016–2022)

FIGURE ANNEX IV-1A

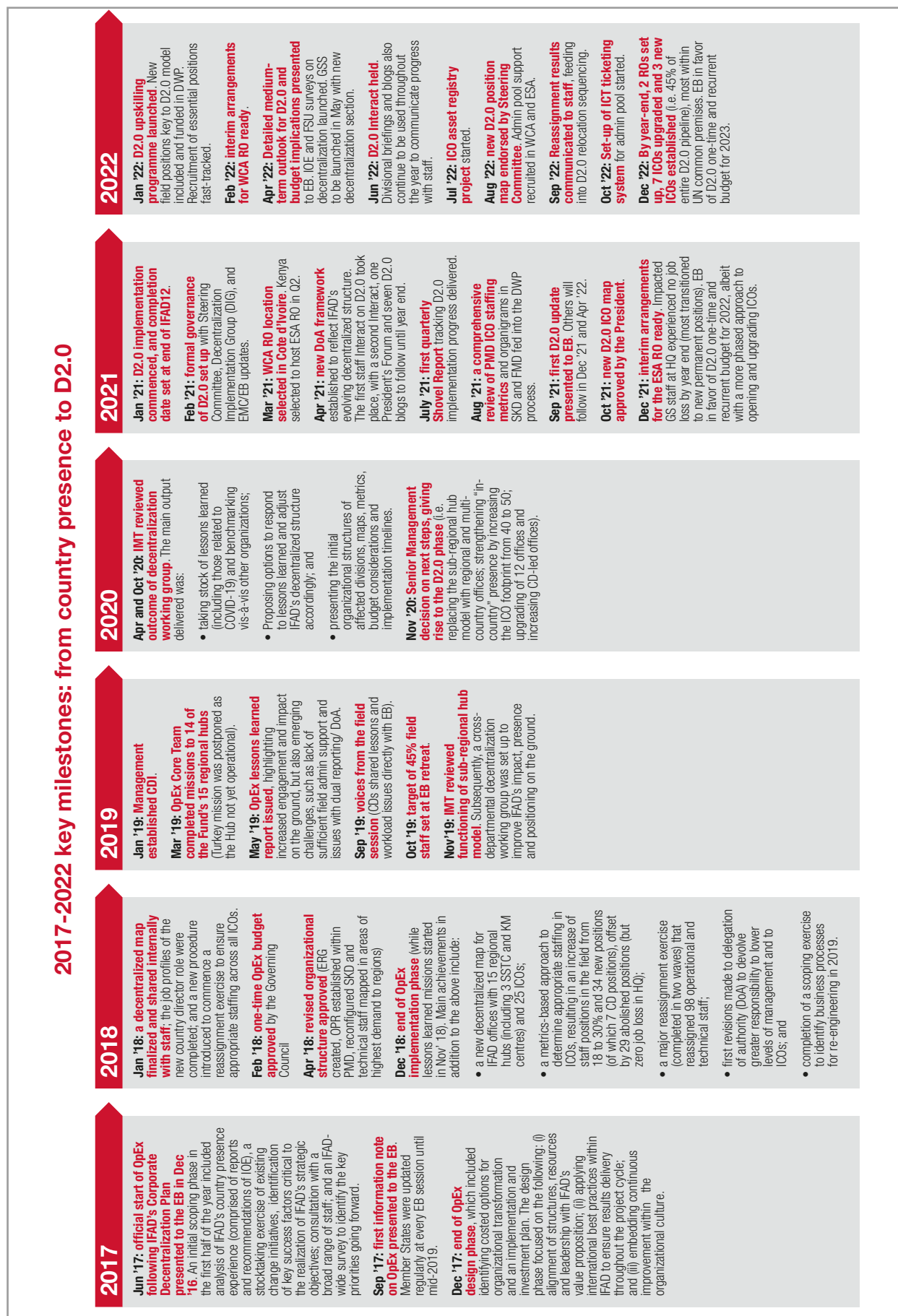
Key milestones in the evolution of decentralization in IFAD

2003		<b>FPPP (2004–2006) approved by the Board</b>		
		A PMD driven process	ICO functions defined	<ul style="list-style-type: none"> <li>• 15 ICOs to be established by 2006</li> <li>• Criteria for country presence established</li> </ul>
2007		<b>FPPP Evaluation completed. Recommends</b>		
		Expand country presence	Establish cost efficiency of field presence	To systematically explore field presence alternatives
2009		<b>Progress report of IFAD's country presence submitted</b>		
		Builds on FPPP evaluation	Maximum number of ICOs set at 30	
2011		<b>Country Presence Policy and Strategy (2011–2013) approved</b>		
		Maximum number of ICOs set at 40	Country presence criteria revised	ICO models revised: CPO-led; CPM-led; regional office
2013		<b>Revised country presence strategy (2014–2015) approved</b>		
		Maximum number of ICOs set at 40	Country presence criteria revised	ICO models revised: CPO-led; CPM-led; regional office
2015		<b>IFAD10 commits to mainstreaming key priority themes</b>		
2016		<b>CLE Evaluation of Decentralization submitted to the Board</b>		
		Increase Hubs	Increase delegation of authority to ICOs	Revise the budget system to transparently estimate the cost of decentralization
		<b>IFAD11 requires mainstreaming in all operations and COSOPs; IFAD strategic framework 2016–2025;</b>		
2016		<b>IFAD Corporate Decentralization Plan (2016)</b>		
		45 ICOs by 2021	Country presence criteria unchanged.	ICO models added: (Sub regional) hubs; Country programme groups (MCO)
2018		<b>Operational Excellence for Results exercise (OpEx ) commenced</b>		
		18-month initiative (06/2017–12/2018); Staff outposted increased from 18% to 31%	Envisaged added focus on NLA	ICO Model revised: <ul style="list-style-type: none"> <li>• SSTC/KM Centres; (Liaison Offices);</li> <li>• Hubs continue to be established</li> <li>• CD-led ICOs; CPO-led ICOs;</li> </ul>
		<b>Organizational reforms at HQ; Task Team for OpEx established</b>		
		SKD reconfigured	OPR established	GEM established in ERG
2019		<b>CDI established (functions included coordinating Decentralization 2.0; and D2.0 Working Group established to steer Decentralization 2.0)</b>		
		<b>Decentralization 2.0 (2019–2024) Initiated</b>		
		New metrics for country presence criteria established	ICO model updated: RO; MCO; CD-led ICO; CPO-led ICO; (4 Liaison offices; 3 SSTC/KM centres)	<ul style="list-style-type: none"> <li>• Target for outposted staff set at 45% by 2024</li> <li>• Number of offices capped at 50</li> </ul>

Source: IOE elaboration.



Decentralization milestones



Source: Change, Delivery and Innovation Unit.

IFAD's field presence under the Field Presence Pilot Programme (FPPP)<sup>1</sup>

**FPPP ICOs:** Plurinational State of Bolivia, China, Democratic Republic of the Congo, Egypt, Ethiopia, Haiti, India, Nicaragua, Nigeria, Senegal, Sudan, Uganda, Viet Nam, United Republic of Tanzania and Yemen.

**FPPP satellite countries:** Congo (covered by Democratic Republic of Congo), The Gambia (covered by Senegal) and Mongolia (covered by China).

**Outposted CPMs:** Panama and Peru.

**Proxy country offices:** Bangladesh, Madagascar, Mozambique, Pakistan, Syrian Arab Republic, Sri Lanka.

<sup>1</sup> As stated on the FPPP evaluation 2007, the outposted CPMs and proxy field presence countries were not part of the FPPP.

TABLE ANNEX IV-1

## Baseline field presence (2016)

Type of country presence	APR	ESA	LAC	NEN	WCA	Total
CD-led	India	Ethiopia	Bolivia (Plurinational State of)	Egypt	Burundi	
	Indonesia	Mozambique	Peru	Sudan	Cameroon	
		United Republic of Tanzania			Côte d'Ivoire	
		Uganda			Democratic Republic of the Congo	<b>18</b>
		Zambia			Ghana	
					Nigeria	
CPO-led	Bangladesh	Madagascar	Haiti	Morocco	Burkina Faso	
	Cambodia	Rwanda	Brazil		Guinea	
	China				Niger	
	Fiji				Mali	
	Lao People's Democratic Republic				Sierra Leone	<b>19</b>
	Nepal					
	Philippines					
	Pakistan					
	Sri Lanka					
SRH	Viet Nam		Guatemala			<b>2</b>
RO		Kenya				<b>1</b>

Source: IOE elaboration, CDI data.

TABLE ANNEX IV-2

## Field presence (2022)

Type of country presence	APR	ESA	LAC	NEN	WCA	Total
CD-led	Bangladesh	Angola	Brazil	Sudan	Burkina Faso	
	China	Madagascar	Haiti		Democratic Republic of the Congo	
	Fiji	Malawi			Liberia	22
	Indonesia	Mozambique			Mali	
	Nepal	Rwanda			Niger	
	Philippines	Uganda			Nigeria	
	Pakistan					
CPO-led	Cambodia	Burundi		Morocco	Guinea	
		United Republic of Tanzania			Sierra Leone	7
		Zambia				
MCO	Viet Nam	South Africa	Panama	Egypt	Cameroon	
	India	Ethiopia	Peru	Türkiye	Ghana	11
					Senegal	
RO		Kenya			Côte d'Ivoire	2

Source: IOE elaboration, CDI data.

TABLE ANNEX IV-3

## Evolution of ICO model

FPPP	2011 country presence strategy	2013 revised country presence strategy	2016 decentralization plan	2017–2018 OpEx	2019 D2.0
	Regional office (RO)-Nairobi (financial management support)	RO-Nairobi (programme, technical, and administrative support functions)			ROs (4)
			Subregional hubs Country programme groups	Subregional hubs	Multi-country offices
	Country programme manager (CPM)-led ICOs	CPM-led ICOs (could serve a neighbouring country with a small portfolio)	CPM-led ICOs	CD-led ICOs	CD-led ICOs
CPO-led ICOs (also provided support to satellite countries)	CPO-led ICOs	CPO-led ICOs (could serve a neighbouring country with a small portfolio)	CPO-led ICOs	CPO-led ICOs	CPO-led ICOs
				SSTC/KM centres	SSTC/KM centres
					Liaison Offices
15 ICOs during 2004–2006; these also supported 3 neighbouring satellite countries	Envisaged 40 ICOs by 2013		Envisaged a total of 45 ICOs		Envisaged a cap of 50 ICOs

Source: IOE elaboration.

TABLE ANNEX IV-4

## Evolution of country presence selection criteria

Key milestone	Country presence selection criteria
FPPP (2004–2006)	(i) Portfolio size; (ii) Prevalence of poverty, particularly in rural areas; (iii) Conducive policy environment at the level of government and other development partners; (iv) Need for strengthening the policy and institutional environment in favour of the target group; and (v) Geographic (regional) distribution.
2011 Country presence strategy	(i) Portfolio size; (ii) Prevalence of poverty; (iii) Conducive policy environment; (iv) Country's dependency on agriculture; (v) Size of rural population; and (vi) Considerations for countries under fragility and conflict situations.
2013 Revised country presence strategy	Unchanged from 2011 strategy. (Added focus on conditions of fragility).
2016 Decentralization plan	Unchanged from 2011 strategy.
2017–2018 OpEx	Unchanged from 2011 strategy.
2019 D2.0	Metrics for MCO/ROs introduced. Regional/MCO: Travel time to countries (weighted by number of projects), hardship level, family/non-family, cost of national staff (General Service and Professional), current office costs (per person), status of host country agreement. ICOs - portfolio size (current and future – performance-based allocation system [PBAS]), poverty level (measured by the SDG indicator 'prevalence of undernourishment'), partnership opportunities (cofinancing value), conditions of fragility and conflict, country income (GDP), and staffing workload factor. (A formula was provided to score countries and rank top 60 countries).

Source: IOE elaboration.

TABLE ANNEX IV-5

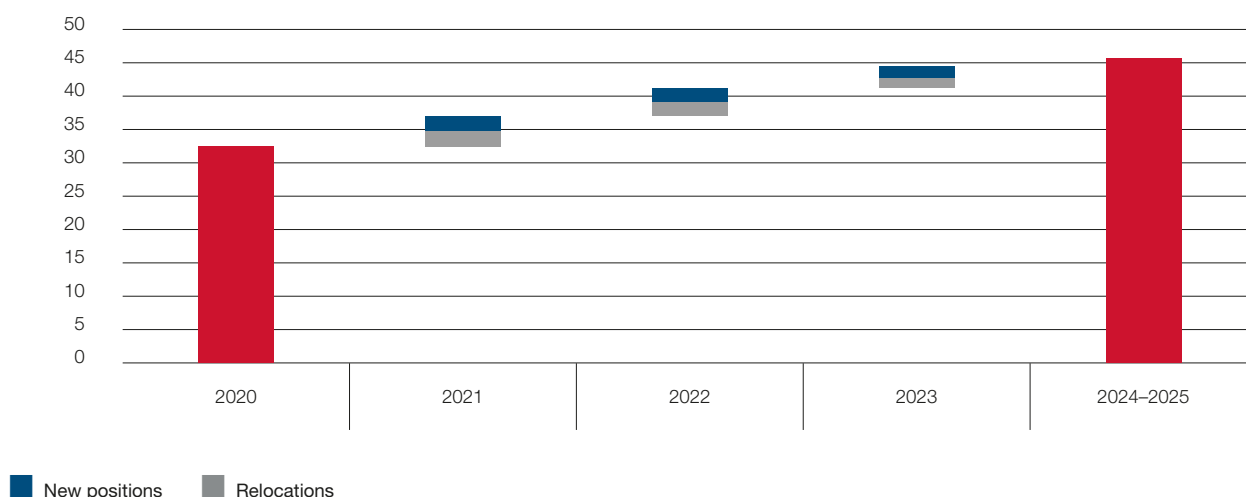
## D2.0 Working Group

Working groups		
Working group 1 - infrastructure	Working group 2 - people	Working group 3 - change
1.1 Decentralized map - Lead: regional directors	2.1 Staffing metrics/plans - Lead: multiple	3.1 Communications - Lead: COM director
	2.1.1 Staffing plan PMD - Lead: PMD directors	
	2.1.2 Staffing plan SKD - Lead: SKD directors	
	2.1.3 Staffing plan Financial Management Services Division (FMD) - Lead: FMD director	
	2.1.4 Staffing plan Communications Division (COM) - Lead: COM director	
	2.1.5 Staffing plan others - Lead: TBD	
	2.1.6 New job profile - Lead HRD director	
	2.1.7 SWP adjusted - Lead: HRD director	
1.2 Field infrastructure - Lead: FSU Chief	2.2 Staffing Implementation - Lead: HRD director	3.2 Change management - Lead: project manager D2.0
1.3 New periphery - Lead: CDI lead officer		

Source: CDI.

FIGURE ANNEX IV-2

A phased implementation (2016–2024)



Source: CDI.

TABLE ANNEX IV-6

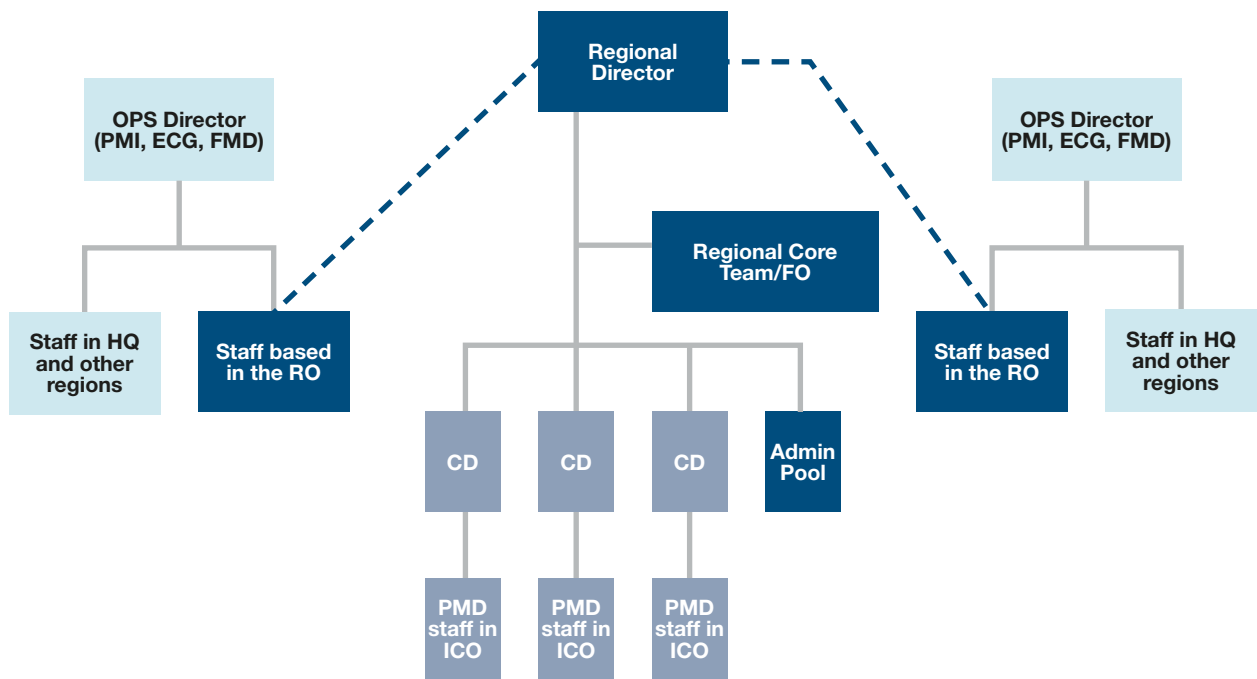
Allocation of human resources to ICOs

CD-led office Minimum ICO staff		
Country director		(P-4/P-5)
Country programme officer		(NOC)
Country programme analyst		(NOB)
Country programme assistant		(G-5)
Potential additional staff		
A programme officer	(P-3)	If the ICO serves additional countries that lack an ICO but have a sizeable portfolio (-> potentially: Democratic Republic of Congo; and Uzbekistan with Kyrgyzstan and Tajikistan).
A second country programme officer	(NOC)	If the portfolio is within the tenth percentile and fragile (-> potentially: Niger and Nigeria).
A country operations analyst	(NOA)	If the portfolio is within the fifth percentile (-> potentially: Bangladesh, Burkina Faso, Chad, Kenya, Mali, Mozambique, Niger, Nigeria and Uganda).
A programme officer	(P-3)	If the ICO serves additional countries that lack an ICO but have a sizeable portfolio (-> potentially: Democratic Republic of Congo; and Uzbekistan with Kyrgyzstan and Tajikistan).
A second country programme officer	(NOC)	If the portfolio is within the tenth percentile and fragile (-> potentially: Niger and Nigeria).
CPO-led office Minimum ICO staff		
Country programme officer		(NOC)
The ICO may have support staff on service contracts, but no General Service Staff on regular staff position.		
Potential additional staff		
Country programme analyst	(NOB)	If the portfolio is within the fourth percentile and fragile (-> potentially: Afghanistan, Angola, Benin, Morocco, United Republic of Tanzania and Zambia).

Source: IOE elaboration based on CDI documents.

FIGURE ANNEX IV-3

IFAD regional office with integrated teams



— Primary reporting line

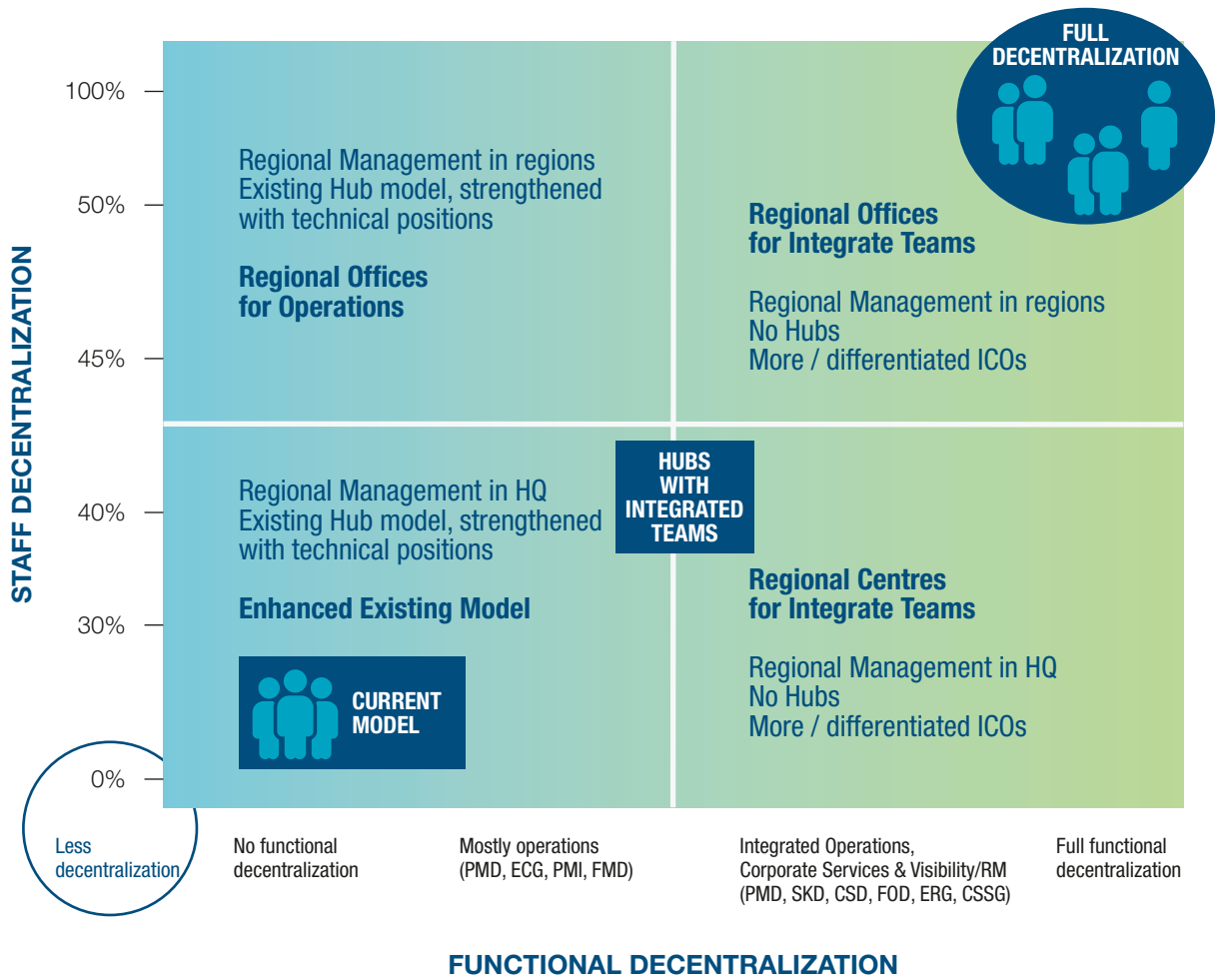
- - - Secondary reporting line

■ Located in RO   ■ Located in ICO   ■ Not part of the Region

Source: CDI.

FIGURE ANNEX IV-4

Options considered for regional offices



Source: CDI.

## A.1 Key conclusions and recommendations from the 2016 CLE on IFAD's decentralization experience

1. The 2016 CLE covered the period from 2003 to mid-2016 and assessed: (i) IFAD's decentralization experience and efforts; (ii) the contribution of decentralization to better operational performance and improved development results; and (iii) the cost of decentralization relative to the results achieved.
2. The eight key conclusions of the 2016 decentralization CLE were:
  - i. The overall objectives and evolving design of the decentralization process were relevant to the achievement of enhanced development results but there were areas for improvement. Many assumptions were valid but others were not well justified (e.g. the "light touch" approach, cost-neutrality). Adhering to these assumptions created a mismatch between the aspirations for ICOs on the part of both IFAD and its clients and the ability of small offices to deliver the full range of desired services, notably NLAs. The expansion of country presence was not based on a functional analysis that identified options to maximize support to country programmes while containing unit costs nor a commensurate attempt to reform or adjust arrangements at headquarters, which is a key element of a decentralization process.
  - ii. Establishing ICOs significantly improved operational performance and development results at the portfolio level. ICOs played an important role in better aligning IFAD's country strategies and programmes with local needs and priorities. Staff based in ICOs ensured follow-up, continuity of support and problem-solving capacity to project teams, which helped to enhance implementation quality. The presence of ICOs was associated with improvements in impact on household income and household food security and agricultural productivity, gender equality and women's empowerment. Improvements were also noted in sustainability of benefits, innovation and scaling up and overall project achievements.
  - iii. ICOs supported NLAs to a lesser extent. There was evidence of improved partnerships with governments and increased participation in donor coordination groups. In-country contacts with RBAs and United Nations organizations became more regular but that was not reflected in a significant increase in overall programmatic collaboration.
  - iv. Improvements in knowledge management and policy dialogue were more limited because additional resources were not made available to ICOs for these activities. Also, there was no platform to facilitate access to country-project-specific knowledge products. Because of limited resources and competing priorities, relatively little ICO staff time was allocated to knowledge management and policy dialogue and there was no specific administrative budget line for country offices allocated to non-lending activities. Attention on these areas depended on the interest of ICO staff. However, policy dialogue experience was not one of the criteria used for their selection.
  - v. IFAD managed to expand country presence and avoid cost escalation, yet not all opportunities for cost-efficiency gains were explored. From 2011 until 2015, PMD absorbed cost increases with a flat budget in nominal terms. This does not appear to have compromised country strategy and programme management but it constrained NLAs. There was been no in-depth analysis of how to best assign functions between headquarters, ICOs and international/national professionals at the country and subregional level.
  - vi. While the number of staff in ICOs increased significantly, PMD staffing levels at headquarters were not reduced. Under certain conditions, the twin objectives of strengthened country presence and greater efficiency gains could have been achieved through the subregional hub modality. However, this needs to be based on a functional analysis and be accompanied by reorganization at headquarters.
  - vii. IFAD's new business model initially emphasized expanding country presence, turning only recently to decentralization. The priority is shifting from explaining the benefits of decentralization towards justifying continuing with centralized organization, authority and processes. Despite the expectations set out in the 2011 country presence policy and strategy, this CLE noted the limited delegation of authority to senior CPMs for country budget-holding authority and communication.
  - viii. Moving forward, if the volume of IFAD's programme of loans and grants experienced a sustained increase in the coming years, decentralization would need to be deepened and strengthened to respond to the increasing demands and challenges and maintaining and enhancing the quality of operational performance and development results.



3. The 2016 decentralization CLE included five recommendations:
  - i. **Recommendation 1.** Consolidate IFAD's country presence while enhancing cost-efficiency. The need to enhance the effectiveness and efficiency of the decentralization process was already identified by the 2013 CLE on IFAD's institutional efficiency. IFAD should strengthen its country/subregional presence and capacity in the field by building a critical mass and concentrating human and financial resources, rather than scattering them across an increasing number of offices. The subregional hub model has the potential to support such a concentration and achieve economies of scale, if properly applied. As a complementary effort to enhance effectiveness and efficiency, IFAD needs to implement a plan, based on functional analysis, to reduce staff at headquarters and increase the number of staff working near the country programmes, i.e. ICO staff, particularly where programmes are relatively large.
  - ii. **Recommendation 2.** Increase support for non-lending activities through decentralization to achieve stronger development results. IFAD needs to introduce a more selective agenda for non-lending activities in its country strategies, based on consultation with national development partners. It should differentiate the non-lending agenda according to type of country office and their resource capacity and establish a dedicated budget line.
  - iii. **Recommendation 3.** Enhance delegation of authority. Based on the assessment of the experience of the pilot in Viet Nam, IFAD should prepare a plan for delegating budget-holding authority to country directors, including provisions for training. It should also define a framework for further delegation of authority in relation to communication and for establishing a platform to facilitate access to analytical and knowledge products prepared by country offices and project teams.
  - iv. **Recommendation 4.** Enhance staff incentives and capacity to operate in a decentralized environment. There is a need to strengthen incentives for outposted staff, particularly if more staff are moved out of headquarters. It will be important to expand and better structure the orientation and mentoring programme, particularly for new staff with little previous exposure to IFAD. National staff need more recognition and empowerment, and in the case of national Professional staff, clearer post-grading criteria.
  - v. **Recommendation 5.** Improve the quality of data, monitoring and self-assessment. The IFAD accounting system needs to be adjusted to monitor more comprehensively the cost of country programme management under different ICO configurations. Indicators for ICO monitoring should be simplified and integrated into IFAD's management information and reporting systems. Finally, the new corporate decentralization plan should allow for periodic revision and reporting to the Executive Board for further guidance.

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

4. **IFAD is increasing its emphasis on contributing to the achievement of the SDGs by 2030.** SDG 1 (end extreme poverty in all forms by 2030) and SDG 2 (end hunger, achieve food security and improved nutrition and promote sustainable agriculture) indicators are directly relevant to IFAD and IFAD's contributions are monitored at the corporate level. IFAD operations also support SDG 5 (achieve gender equality and empower all women and girls), SDG 13 (take urgent action to combat climate change and its impacts), SDG 15 (protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss) and SDG 17 (strengthen the means of implementation and revitalize the global partnership for sustainable development).
5. **2017 United Nations reforms.**<sup>1</sup> These reforms address accountability, transparency and ineffectiveness and cover three areas: (i) development; (ii) management; and (iii) peace and security. Processes were to be simplified, transparency increased and the delivery of mandates improved. The intention of the 2017 United Nations reforms, which were expected to be fully operational by 2019, centred on achieving greater coordination and accountability for its agencies on the ground and included seven key proposals:
  - i. A new generation of United Nations Country Teams that would be demand-driven, skilled and aligned with country-specific priorities.
  - ii. A United Nations resident coordinator who leads a system that coordinates all United Nations organizations dealing with development, regardless of the nature of their presence in the country.<sup>2</sup> The country teams<sup>3</sup> will report to both their agencies and the resident coordinator. The resident coordinator represents the United Nations Development System in national forums including government bodies, as needed. The UNSDCF reflects country priorities and sets out how the United Nations Development System will support the attainment of the SDGs.
  - iii. A coordinated and restructured regional approach to support the work of the United Nations Development System in the field more effectively.
  - iv. Mechanisms for United Nations Member States to ensure coherent, transparent and accountable results underpinned by system-wide evaluations.
  - v. A stronger United Nations institutional response and system-wide approach to partnerships for the 2030 Agenda.
  - vi. A funding compact to bring better quality, quantity and predictability of resources and increased transparency to deliver on the 2030 Agenda. The United Nations resident coordinator is responsible for mobilizing non-core resources from donors at the country level to fund United Nations interventions and supplement core resources.
  - vii. Accelerated alignment of the United Nations Development System with the 2030 Agenda.
6. United Nations General Assembly resolution 72/279 elevated the United Nations Sustainable Development Cooperation Framework (UNSDCF) as "the most important instrument for planning and implementing UN development activities at country level in support of the implementation of the 2030 Agenda for Sustainable Development." UNSDCF now guides the entire programme cycle, driving planning, implementation, monitoring, reporting and evaluation of collective United Nations support for achieving the 2030 Agenda. The UNSDCF is a core instrument for providing a coherent, strategic direction for development activities by all United Nations entities at country level. It guides the United Nations system in planning and implementing development activities at country level, as well as in mobilizing a spectrum of development partners beyond the United Nations.

1 European Parliament. *United Nations Reform*. European Parliamentary Research Service Members' Research Service. PE 635.517. 2019.

2 The aim is to bring together the various United Nations development system entities to improve the impact, efficiency and effectiveness of its development activities at the country level.

3 The United Nations country team, which meets regularly, comprises the country directors of all resident United Nations agencies.

7. The food system includes all activities related to feeding people – growing, harvesting, packaging, processing, transporting, marketing and consuming food.<sup>4</sup> It also covers people’s interactions with land, climate and water to ensure sustainability and impacts on human health, nutrition and diets. The food system also includes the related inputs, institutions, infrastructure and services. In 2021, the United Nations Secretary-General convened a Food Systems Summit as part of the Decade of Action to achieve the SDGs. The Summit launched actions related to healthier, more sustainable and equitable food systems. The preparation for the Food Systems Summit identified five “action tracks” to transform food systems to support the SDGs. IFAD was designated the United Nations anchoring agency for action track 4, “advance equitable livelihoods and value distribution” and contributed to the work of the Summit Secretariat, including seconding two IFAD staff members.
8. The United Nations reforms, UNSDCF and the Food Systems Summit have implications for how country directors and ICO staff interact with United Nations resident coordinators, United Nations agencies in-country and programmatic decisions.
9. **Most multilateral, bilateral development partners and United Nations agencies are decentralized and have adapted their staffing, business processes and budgets accordingly.** These organizations generally began their decentralization journey well before IFAD. The rationale for establishing country/regional offices included: (i) in-country presence leads to better development results; (ii) local presence improves country knowledge and builds stronger partnerships with host countries, the local donor community and other in-country stakeholders, which better aligns development programmes with country objectives and priorities and increases country ownership; (iii) closer proximity to governments and clients leads to better understanding their needs, thus helping to improve client service and operational effectiveness; and (iv) being on the ground improves responsiveness, timeliness and quality of service delivery.
10. **Evaluations undertaken by multilateral development banks and RBAs have generally found evidence that establishing country offices has resulted in the desired benefits and confirmed the rationale for decentralization.** However, decentralization evaluations also identified several lessons:
  - i. **Decentralization is a long process**, sometimes spanning decades, and usually requires multiple iterations to optimize structures and business processes. The initial focus was typically on portfolio implementation, which was gradually broadened to cover the full range of programmatic activities. Often changing management structures, decision-making systems, policies, practices, and corporate support services took place later in the decentralization process.
  - ii. **No one decentralization model fits all organizations** because of differences in organizational culture, mandate, size and operating model. The decentralization model and process must be suitable for the organization.
  - iii. **Operational issues considered during decentralization include:** (a) ensuring clarity in the roles, responsibilities and reporting lines for in-country staff; (b) articulating the roles of country managers, headquarters staff and technical experts in project processing and implementation; (c) control of project design and supervision budgets; and (d) ensuring decentralization will not impede the flow of knowledge and expertise between headquarters and country offices.
  - iv. **Human resource management issues need to be addressed to support decentralization** including career paths for international and national staff, the relocation process and associated incentives, staff recruitment procedures and delegation of authority and accountability.
  - v. **There are incremental costs associated with decentralization that must be balanced against the benefits, which are difficult to quantify in monetary terms.** Containing costs often requires restructuring headquarters and reducing staff in headquarters as the number of staff in the field increases.

<sup>4</sup> IFAD. United Nations Food Systems Summit, 2021.

## B. Annexes to chapter II

### B.1 Evaluation approach

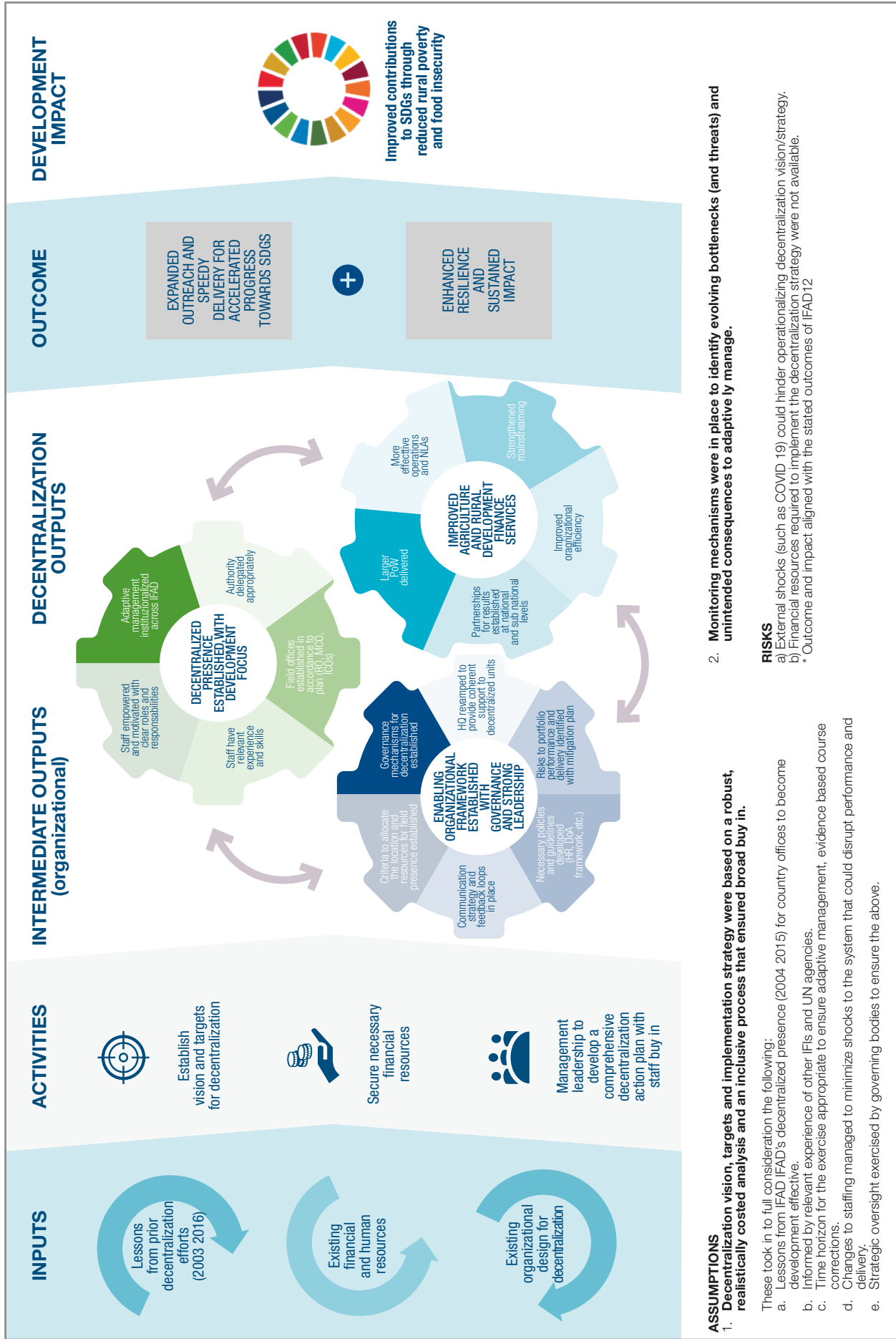
11. **Evaluation framework.** The evaluation framework in annex II sets out the evaluation questions and sources of data and information. It draws on relevant items from the corporate commitments, monitorable actions, Report on IFAD's Development Effectiveness (RIDE), and Results Management Frameworks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

### B.2 Theory of change

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

FIGURE ANNEX IV-5

Theory of change – schematic



15. The OpEx and Decentralization 2.0 efforts required fundamental shifts in IFAD's organizational culture and business model. Published literature suggests that careful planning should precede the implementation of organizational transformations. Such planning should:
  - a. Draw lessons from previous decentralization efforts (2003–2016) and experience from other organizations to identify possible barriers to success;
  - b. Be based on a fully-costed feasibility study that takes stock of the existing human and financial resources as well as organizational design, and identifies the bottlenecks, opportunities and approaches to reach the decentralization goals.
16. The ToC assumes that the decentralization vision, targets and implementation strategy were based on a robust, realistically-costed analysis and an inclusive process that ensured broad buy-in across the organization. It also assumes that monitoring mechanisms and feedback loops were in place and sufficient reflection took place to adaptively manage the process, identify issues, learn from experience and resolve problems.
17. External shocks such as the COVID-19 pandemic that disrupted the activities of IFAD globally and the lack of adequate financial resources were identified as the two key risks facing the decentralization efforts.

### B.3 Collecting evaluation evidence

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

22. The electronic survey followed the methodology used for the 2016 decentralization evaluation and was conducted in Arabic, English, French, Russian and Spanish. The data was collected applying the computer-assisted self-interviewing approach. Prior to launching the survey, the questionnaire was piloted among a few IFAD staff to test the validity and clarity of the survey questions.
23. The survey reached out to 1,320 IFAD staff and consultants and 1,442 external stakeholders (totalling 2,762). The survey was launched and collected responses during the period from 6 April to 3 October 2022. Several reminders were sent out to try to increase the response rate. There were 807 responses corresponding to a response rate of 29 per cent. The response rate among IFAD staff and consultants was 35 per cent<sup>5</sup> (458 responses) and 24 per cent among external stakeholders (349 responses).
24. The first section of the survey was addressed to all respondents and included socio-demographic information and questions about the IFAD decentralization process and its outcomes. IFAD staff and consultants were grouped into three categories – users, enablers and a general group,<sup>6</sup> depending on their functional relationship to decentralization. Each group was directed to relevant questions.
25. The following ordinal scales were used: 1 = strongly disagree/highly unsatisfactory; 2 = disagree/unsatisfactory; 3 = moderately disagree/moderately unsatisfactory; 4 = moderately agree/moderately satisfactory; 5 = agree/satisfactory; 6 = strongly agree/highly satisfactory. Respondents were also given a no knowledge/no opinion option. For reporting purposes, responses 1–3 and 4–6 were, respectively, grouped together. Statistical tests were used to assess the significance of differences across different subgroups of respondents (Mann-Whitney U test).
26. **Limitations of the survey. Because of the challenges in identifying a correct e-mail address, IFAD staff active in the decentralization process in the past but who have left IFAD were not included in the survey universe. The fact that IFAD’s protocols do not allow special features of the electronic survey to be used limited the quality and frequency of follow-ups with non-respondents to increase the survey response rate.**
27. The characteristics of the sample resemble those of the survey universe. However, the self-selective nature of those responding to surveys (non-probabilistic sampling of participants) needs to be considered while generalizing results. This limitation was managed by triangulating e-survey results with other sources of evaluation evidence before reaching a conclusion.
28. **Portfolio analysis: quantitative analysis of project evaluation ratings and key efficiency-related indicators.** The quantitative portfolio analysis was designed to determine if decentralization contributed to better project performance, more cofinancing and improved efficiency.
29. Data and sources. The portfolio analysis included a total of 588 projects that were approved since 1996. This dataset included all projects that were completed during 2003–2022. Project performance ratings across 13 criteria<sup>7</sup> were obtained from the ARIE database of IOE. The database had a total of 294 project-level evaluations. Evaluated projects were all approved during or prior to 2014 and hence, were of limited relevance to assess the performance of the current phase of decentralization (2017–2024). The cofinancing analysis examined both domestic and international cofinancing data available in IFAD’s GRIPS database. The project start-up and time efficiency data were obtained from IFAD’s Oracle Business Intelligence database.

<sup>5</sup> For comparison, the response rate was 36 per cent (166 out of 462 individuals, both staff and consultants, working outside headquarters responded to the decentralization effectiveness survey) for the survey reported in FSU’s Report on IFAD Decentralization Effectiveness Survey on Field Client Satisfaction (November 2022). The response rate for the Staff Engagement and Workplace Culture Action Plan Survey 2021 was 60 per cent.

<sup>6</sup> Users were respondents from PMD (headquarters and all regional offices, MCOs and ICOs, FMD, Sustainable Production, Markets and Institutions Division [PMI], ECG, and SKD); decentralization enablers were ADM, FSU, HRD, ICT, FCD, COM, OSB, and CDI; and the general group was constituted by all other departments and divisions.

<sup>7</sup> All project evaluations provided ratings across these 13 criteria as specified in the 2015 IOE Evaluation Manual, Edition 2: relevance, effectiveness, efficiency, sustainability, rural poverty impact, overall project performance, gender equality and women’s empowerment, innovation, scaling up, environment and natural resources management, support to climate adaptation, government performance, IFAD performance.

30. Approach of the portfolio analysis: Three scenarios were analysed to assess the contribution of decentralization to project performance:
- A before and after analysis, which compared data before and after a country receives an ICO.
  - A with and without analysis, which compared all projects that received support from an ICO with projects that did not have an ICO support.
  - A before, after and never analysis that compared three scenarios: projects with an ICO (after); projects in countries that never had an ICO (without); and projects in countries before an ICO was introduced (before).
31. For the first two analyses, simple t-tests were used to test for statistically significant differences between groups. Three levels of significance were tested: \*\*\* strong,  $P$  value  $<0.01$ ; \*\* moderate,  $0.01 < P$  value  $<0.05$ ; \* weak,  $0.05 < P$  value  $< 0.10$ .
32. A more rigorous multivariate regression analysis was used for the third analysis. In the regression analysis, two comparisons were made – looking at before and after as well as never and after. Contribution was established only when both comparisons were statistically significant. This is because a simple “before” and “after” comparison may become statistically significant due to external changes rather than due to the contribution of an ICO. A “with and without” comparison could become statistically significant as a result of a selection bias (i.e. countries that receive an ICO were different in systematic ways to countries that never received an ICO).
33. The multivariate regressions controlled for the contribution of other factors in addition to the presence/absence of an ICO. The evaluation team generated over 30 variables which could potentially contribute to project performance.<sup>8</sup> These were identified from IFAD’s PBAS allocation criteria, document review, experience of the evaluation team and consistent data availability. Statistical testing was undertaken to identify which of these variables systematically differed between projects conducted under ICOs and projects not conducted under ICOs. These variables were tested in a multivariate regression model to determine which ones were statistically significant. The control variables that remained statistically significant were used to conduct the contribution analysis using multivariate regressions with the before, after and never analysis. Data for the final control variables came from IFAD’s internal databases and the World Bank’s Worldwide Governance Indicators.
34. The analysis tested two different definitions of whether or not the project was under an ICO: (i) an ICO was in place for two years before the project was approved (175 projects conducted under an ICO; 413 projects were not conducted under an ICO); (ii) an ICO was in place for four years prior to project approval (141 projects conducted under an ICO; 447 projects were not conducted under an ICOs). The first case is likely to capture the impacts of an ICO’s presence on implementation supervision while the second case is more likely to capture the full impact of the ICO’s role in both the design and implementation phases. Projects conducted under a hub or an MCO were analysed as projects conducted under an ICO.

<sup>8</sup> The final set of variables for the first treatment scenario included region; log of gross national income; log of rural population; voice (a World Bank Worldwide Governance Indicator for citizen participation in policymaking); the year a project entered into force; and log of funding. The final set of variables for the second treatment scenario included region; log of gross national income; log of rural population; share of water used on agriculture; log of total water reserves and the year a project entered into force.



35. **Comparative study.** The Decentralization 2.0 Working Group undertook a 2021 benchmarking exercise of the decentralized models of eight multilateral development banks and United Nations agencies, which covered high-level information (e.g. size of organization, business model, share of staff outposted, staff composition of hubs). The Working Group found resulting information of limited relevance for IFAD because of the difference in size and mandates. To overcome this challenge of comparability, the CLE focused on the lessons of other agencies around the key strategic issues faced by IFAD's decentralization process. The comparative study involved semi-structured interviews with key informants and collected data was complemented by desk research and documentary review.
36. The strategic challenges (risk factors) to focus the comparative study were identified from the following sources: emerging evidence from case studies, e-survey findings, the portfolio analysis, and interviews with headquarters stakeholders. Interviews were mapped and analysed to identify four critical issues facing IFAD's decentralization efforts: the pace of decentralization, the size of the organization and the extent to which it can decentralize, what gets decentralized and what does not and managing the change process. This preliminary analysis of evidence helped the evaluation team to develop a framework of inquiry for the lessons-learning comparative study that was used as a protocol for the interviews.
37. **Selection of the agencies for the comparative study.** The following criteria were used to select the agencies to learn lessons from: agencies (including those that took part in the 2021 benchmarking) with relevant experience, maturity of decentralization efforts, and availability of evaluation evidence. Based on these criteria, the following seven were identified – AfDB, FAO, ILO, UNCDF, UNHCR, UNOPS, and the World Bank (annex III-C).
38. **Analysis of administrative data.** Data were extracted from IFAD's financial, human resource and administrative systems and relevant divisions. Human resource data was used to analyse trends in the proportion of IFAD staff based in ICOs, numbers and profiles of staff in ICOs, IFAD's mobility framework, time required to fill vacancies, and vacancy rates. IFAD's decision-making processes, DoA and accountability frameworks were reviewed to determine if they are adequate for a decentralized organization. Budget and financial data were used to estimate the total costs of field presence, the adequacy of operational budget provisions and efficiency ratios.
39. **Country case studies.** A total of 15 case studies were conducted. Missions were conducted in 5 (Côte d'Ivoire, Cuba, Egypt, Kenya, Viet Nam), and 10 were desk-based (Bangladesh, Brazil, Burkina Faso, Cambodia, Djibouti, Eritrea, Ethiopia, Panama, Sudan). The criteria used to select the countries for the case studies were:
- i. Representation of the five regions/geographic balance: case studies reflected geographic representation (with three in each region).
  - ii. Representation of country contexts: countries with conditions of fragility and conflict (Burkina Faso, Eritrea, Ethiopia, Niger, Sudan), and linguistic representation (anglophone and francophone countries).
  - iii. Representation of different types of ICO models:
    - ▶ Regional offices – Abidjan, Nairobi;
    - ▶ Multi-country offices – Egypt, Ethiopia, Panama, Viet Nam;
    - ▶ CD-led IFAD Country Offices – Bangladesh, Brazil, Sudan;
    - ▶ CPO-led IFAD Country Offices – Burkina Faso, Cambodia, Niger (noting Burkina Faso and Niger became CD-led offices in 2022);
    - ▶ Countries with no IFAD Country Office – Cuba, Djibouti, Eritrea;
    - ▶ SSTC/KM centres – Brazil, Ethiopia;
    - ▶ Liaison Offices – ALO; Arab and Gulf States Liaison Office; Japan Liaison Office.
  - iv. Representation of age/maturity of country presence: offices established under FPPP (Egypt, Viet Nam), relatively new offices or offices transitioning to new types (Burkina Faso, Niger).
  - v. Portfolio activity: all selected case studies had two or more projects under implementation, ongoing non-lending activity, especially policy dialogue, and international cofinancing.
  - vi. Staffing arrangements: head of office must be in post for at least six months. Presence FMD and PMD staff (in selecting multi-country offices).
  - vii. Other considerations: four of the case studies of 2016 CLE were selected (Burkina Faso, Egypt, Kenya, Viet Nam). Possible linkages with other ongoing or recently completed evaluations (Cuba, Ethiopia, Niger and Sudan) were identified. COVID-19 travel restrictions were a consideration in choosing mission-based case studies.

40. **Country case studies approach.** Case studies covered the following issues:
- a. Strategic issues, including partnerships and relationships with government, international actors and beneficiaries, strategic positioning, visibility of IFAD in the rural agricultural sector, and engagement with the United Nations system, particularly RBAs;
  - b. Operational issues related to the adequacy and quality of support provided for design and implementation of projects, mainstreaming key thematic areas, and non-lending activities;
  - c. Organizational issues such as the adequacy of staffing and financial resources to carry out the functions, onboarding and training, career pathways, workload, vacancy rates and duration of vacancies, clarity of roles and responsibilities, hosting arrangements, staff morale, delegation of authority and accountability, and quality of support from headquarter units.
41. All case studies involved identifying and conducting semi-structured interviews with key stakeholders in government agencies, project teams, donors, the United Nations system, local actors and beneficiaries and a review of relevant documents and evaluations. The process for the desk-based case studies was identical to the mission-based studies except interviews were conducted remotely and site visits were undertaken by national consultants, when permitted by local health regulations. Data collection protocols and instruments were tested in a pilot case study for the Egypt MCO.
42. **Project case studies.** Project case studies were embedded in the country case studies. Two projects were purposely selected in each country for detailed assessment (when feasible, one approved after the ICO was established and that had been under implementation for at least two years; and one that had reached an advanced stage of implementation). The project case studies assessed the role of the ICO throughout the project cycle, any improvements after the ICO was established and areas for improvement. The project case studies covered the following aspects: (i) degree of interaction with, and ownership by the government; (ii) collaboration with in-country stakeholders, including cofinancing; (iii) project supervision and implementation support (including technical and administrative support such as procurement, disbursement, financial management and reporting); (iv) quality of mainstreaming; (v) related non-lending activities; and (vi) time efficiency related aspects – project processing and approval; project start-up and first disbursement.
43. **The review of Liaison Offices.** Liaison Offices were not part of the Decentralization 2.0 efforts. However, this evaluation mined Liaison Offices to see if there were lessons to be learned in terms of relevance, coherence, effectiveness and efficiency in the context of Decentralization 2.0. Liaison Office objectives cover: (i) partnership-building, collaboration and liaison; (ii) resource mobilization; (iii) advocacy and policy engagement; (iv) information-gathering and strategic communications; and (v) supporting missions from headquarters. The Liaison Office review was based on an examination of similar offices in selected international organizations, a review of documents and data and virtual semi-structured interviews of staff in selected Liaison Offices and in GPR and a small number of non-IFAD contacts. The Liaison Office review covered: (i) ALO, with its offices in Washington and New York, which have been operating for nearly two decades; and (ii) the Arab and Gulf States Liaison Office, established in 2019. Because the Japan Liaison Office was established in 2021 and was not fully staffed at the time of the evaluation, it was not covered in the review.
44. **Limitations of the evaluation.** Lack of comparable data on the quality of operations design at entry, and reliable data on the likelihood of completed projects achieving the intended results posed challenges to assessing the potential effects of decentralization on development results. It was challenging to track the costs of field presence as various costs of field presence were collected by different headquarters units. As such, it was difficult to accurately estimate the full costs of decentralization. Ideally the CLE would have devoted more attention to cross-cutting themes such as nutrition, rural youth, gender and women and technical areas (e.g. rural finance, institutions, water, land tenure). However, given the breath of the CLE and time and resource constraints that was not possible. Finally, given that IFAD is yet to complete its decentralization efforts and projects designed and implemented during this period are yet to be completed, the development impact of decentralization could not be directly measured. However, the evaluation lays out a rigorous econometric approach to assess the contribution of decentralization to the impact (and sustainability) of IFAD operations when evaluation ratings of project performance become available.

## B.4 Evaluation process and timeline

45. **The evaluation was undertaken in two major phases**, determined largely by when the WCA and ESA regional offices become fully functional (late 2021). However, some activities begun during the first phase extended into the second phase.
- Phase 1** primarily covered the finalization of the evaluation approach and methodology set out in the Approach Paper, document review, mining relevant IOE reports, the strategic assessment of the relevance and coherence of IFAD's organizational decentralization strategy and progress made on its implementation, the comparator review, the design of the e-survey, preparation of guides for the key informant interviews and country case studies, the quantitative analysis, the analysis of budgets and organizational efficiency indicators, undertaking initial key informant interviews, the project case studies and assessing ICT/communications issues and the provision of corporate services to ICOs.
  - Phase 2** primarily covered the launch and analysis of the e-survey, ICO case studies including the formative assessment of the regional offices, completion of the key informant interviews and project case studies, review of organizational restructuring and management issues, review of decentralization-related costs and financial management issues, review of human resource management and decision-making issues, analysis of the DoA Framework, examination of re-engineered business processes, sharing emerging findings and report preparation and finalization.
46. **Feedback during the evaluation process.** Consultations were organized with Management and core learning partnerships (CPLs) at key stages of the evaluation to provide feedback, exchange thoughts and discuss selected evaluation issues to ensure wider learning and timely feedback. During the design workshop Management stakeholders provided comments that helped IOE to review and revise the ToC, fine-tune the evaluation questions and evaluation approach and methodology and select the country case studies. During the Management self-assessment workshop different IFAD units summarized their perspectives on the progress made in decentralization, strengths and weaknesses, lessons learned and future directions and answered the evaluation questions. Preliminary findings were shared with Management in November 2022 before the report was finalized. Management was invited to comment on the draft report and, as appropriate, IOE considered those comments when finalizing the report.
47. **Core learning partnership group.** To strengthen the evaluation process, consistent with IFAD's 2021 evaluation policy, a CLP group was established.<sup>9</sup> The members of CLP were nominated by the directors of relevant IFAD units, selected based on their technical or managerial expertise and decentralization-related experience. The CLP members provided helpful information for the evaluation team during key evaluation milestones (i.e. Approach Paper; evaluation design; Management self-assessment data collection; reporting and dissemination). Their contributions strengthened the evaluation team's understanding of key issues, ToC, and evolution of the policy/strategy/programming rationale for decentralization and its implementation. The CLP facilitated greater access to data and evaluation evidence. Preliminary findings and possible areas of recommendations were shared with Senior Management and the CLP to get feedback to refine the analysis as needed, and finalize the drafting of the evaluation report. Other workshops with the CLP and Management were held in January 2023 to discuss the main findings, conclusions, and recommendations in the draft final report. In addition to strengthening the inputs to the evaluation, the CLP is expected to promote the dissemination and use of evaluative findings in IFAD after the evaluation is completed.
48. **Quality assurance and enhancement.** In line with IFAD's Revised Evaluation Policy, IOE retained an independent adviser to quality enhance and quality assure the evaluation approach and methodology and the evaluation report. The adviser reviewed and provided feedback on the design and implementation of data collection approaches, and the penultimate final draft of the report. The final report submitted to the Board included their comments.
49. **Evaluation team.** Under the overall strategic direction of Indran A. Naidoo, Director, IOE, the CLE was led by Suppiramaniam Nanthikesan, Lead Evaluation Officer, IOE. Five senior consultants were recruited to provide specific inputs on topics such as corporate-level evaluations, organizational decentralization including organizational design, human resource management, delegation and accountability, and budgeting/financial management. The evaluation team was supported by Massiel Jimenez, Evaluation Research Analyst, IOE, a research team of consultants and interns and an IOE Evaluation Assistant.

<sup>9</sup> See the IFAD Evaluation Manual for country programme and strategy evaluations (2015).

50. **Deliverables.** The main deliverables of the CLE were the Approach Paper, the final evaluation report, and the reports of the independent evaluation advisers, which were included in the final report, and a Profile and Insight. The Approach Paper was shared with the 115<sup>th</sup> session of the Evaluation Committee (October 2021). The final report, with Management’s response, was shared with the Evaluation Committee (April 2023), and submitted to the 138<sup>th</sup> session of the Executive Board (May 2023). Management was invited

to provide written comments on the draft Approach Paper and draft final report. IOE prepared an audit trail to transparently illustrate how IFAD Management comments were treated in the final report. The Evaluation Committee reviewed the draft Approach Paper, and their comments were considered in the design and implementation of the evaluation.

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

TABLE ANNEX IV-7

**CLE decentralization timeline**

Timeline	Activities
October 2020	The 111 <sup>th</sup> session of the IFAD Evaluation Committee includes the second decentralization CLE in IOE’s work programme.
October 2021	Draft Approach Paper discussed by the 115 <sup>th</sup> session of the Evaluation Committee.
November – December 2021	Team recruitment.
December 2021	Design workshop involving Management stakeholders to review/revise the ToC, fine-tune the evaluation questions and select the ICO case studies. Finalization of the evaluation approach and methodology. Continue the document review and information/data collection. Prepare guides for the key informant interviews and ICO case studies. Finalize the selection of ICO case studies. Design and pre-test the e-survey and begin assembling the e-mail list. Begin the key informant interviews.
December 2021	Management self-assessment workshop in which Management presents answers to the evaluation questions. Strategic assessment of the relevance and coherence of IFAD’s organizational decentralization strategy and progress made to date on its implementation. Quantitative analysis portfolio, projects, cofinancing and COSOPs. Review of selected comparator organizations. Launch e-survey and send periodic reminders to non-respondents. Key informant interviews. Assess ICT/communications issues and the provision of corporate services to ICOs.
February – July 2022	ICO case studies and the formative assessment of the regional centres. Selected project case studies. Review of organizational restructuring and management issues. Review of human resource management/decision-making issues. Analysis of the adequacy of the DoA and accountability frameworks and the re-engineered business processes. Analysis of financial management, decentralization-related costs and organizational efficiency indicators.
September 2022	Close, download and analyse the e-survey.
July – October 2022	Prepare first draft of the evaluation report.
November 2022	Presentation of initial findings to IFAD Management.
November 2022	Complete the full draft of the evaluation. Internal peer review of the draft evaluation report in IOE.
December 2022	Draft evaluation report sent to IFAD Management for comment. In-house workshop organized on the main findings and recommendations. IFAD Management prepares written comments on the draft report.
February 2023	Final evaluation report sent to the Office of the Secretary for editing and translation. Management prepares written response.
April 2023	Presentation of the final evaluation report and Management response to the 120 <sup>th</sup> session of the Evaluation Committee.
May 2023	Presentation of the final evaluation report with Management response to the 138 <sup>th</sup> session of the Executive Board.

Source: IOE elaboration.

## C. Annexes to chapter III

TABLE ANNEX IV-8

### Trends in efficiency ratios at the corporate level

Ratio	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average 2013-2016	Average 2017-2021	T-test p value	T-test score	Difference significance level
<b>Ratio 1:</b> Total administrative budget/PoLG	14%	17%	10%	17%	11%	11%	8%	16%	12%	14.36%	12%	0.2277	1.3222	Not significant
<b>Ratio 2:</b> Total administrative budget/PoW	7%	8%	4%	11%	7%	6%	3%	7%	5%	7.74%	6%	0.1903	1.4502	Not significant
<b>Ratio 3:</b> Value of portfolio/total administrative budget	40	41	47	47	45	45	45	58	49	43	49	0.1632	-1.5579	Not significant
<b>Ratio 4:</b> Total administrative budget/total disbursements	30%	30%	30%	27%	24%	24%	25%	26%	24%	29.34%	25%	0.0008	5.6710	at 99% level
<b>Ratio 5:</b> Average size (millions of United States dollars) of approved projects (PoLG/ number of approved projects)	41	34	38	40	45	49	54	50	50	38	50	0.0012	-5.2415	at 99% level
<b>Ratio 6:</b> Total FTE/unit of output	6.6	6.9	6.1	7.9	7.1	7.9	7.4	9.5	9.0	6.9	8.2	0.0753	-2.0868	at 90% level

Source: IFAD databases, Executive Board documents.

## D. Annexes to chapter V

### D.1 ICO Brazil and decentralization

52. IFAD established a presence in Brazil in Salvador (Bahia) in July 2011. The office was led by a CPO. A CPM was appointed in 2013 and served from Rome. In 2018, the ICO in Brazil was upgraded to a CD-led one, which was based in Brasilia. Along with ICO-Brasilia, IFAD maintained the Salvador office as a satellite to remain close to the ground and the state governments. IFAD also established the SSTC and Knowledge Centre for LAC in Brasilia in 2019 to promote knowledge exchange at the regional level with six staff members.
53. IFAD-supported projects concentrate on rural development activities in the north-east semi-arid region, the single largest pocket of rural poverty in Latin America. The ICO in Brazil is managing or has delivered eight projects with financing totalling US\$545.7 million.
54. IFAD's portfolio included innovative projects that are likely to shape the development agenda of the north-east. For example, the Planting Climate Resilience in Rural Communities of the North-east Brazil (approved in June 2021 and expected to be completed in 2027 with a total budget of US\$217 million). An earlier IOE thematic evaluation found that the project was notable for its objective as well as its approach. It sought to restore the degraded agroecosystem to reverse the decline in productivity, thereby reducing the impact of climate change on rural smallholders and increasing the resilience of the affected population. In its highly-integrated approach over a very large scale, the project took a distinguishing stance: the avenue to sustainable smallholder agriculture is through protecting and increasing water reserves achieved through a landscape-scale approach which emphasizes natural solutions and engages farmers in transforming their production systems to protect and grow that resource.
55. Only the Rural Communities Development Project in the Poorest Areas of the State of Bahia project was evaluated by IOE among those completed under the ICO. The project aimed to improve the social and human capital and enhance the productive and market development while addressing water scarcity. The evaluation found the project's rural poverty impact satisfactory and its effectiveness moderately satisfactory. Overall, the 2015 country strategy and programme evaluation of Brazil observed that IFAD could do more to strengthen the effectiveness of its entire portfolio.

56. On matters related to cross-cutting issues, the Ministry of Agriculture and Livestock appreciated the value added by IFAD in promoting gender equality and women's empowerment, in strengthening ties among traditional communities and in its focus on knowledge management products.
57. A case study showed that the country presence enabled IFAD to establish good working relationships with key federal government officials, such as the Ministry of Economy, Ministry of Agriculture and Livestock and Ministry of Foreign Affairs, as well as state-level officials in Bahia. Through these interactions IFAD became a trusted partner to the government units engaged in agricultural policy dialogue to address the needs of smallholder farmers.
58. Interviews with the United Nations resident coordinator's office (RCO) and selected county representatives of the United Nations Development System showed that IFAD regularly participated in relevant thematic groups of United Nations Country Teams (UNCT) (for example, Amazonia), and the contributions to the COVID-19 group by the country director were well recognized. The RCO observed IFAD's alignment with the good practices of the system, and appreciated the participation and contributions of the CD to United Nations efforts in the country.

### D.2 ICO Cambodia and decentralization

59. Cambodia ICO was established as a CPO-led office in 2016. A CD for Cambodia was housed in MCO-Hanoi since 2018. The current CPO has been with the ICO since its inception. The ICO benefits from the support provided by MCO-Hanoi, particularly for administrative, technical and fiduciary support.
60. From 2016 to date, the ICO has implemented a total of five projects with US\$273 million in IFAD loans and grants and mobilized US\$579 million as domestic and international cofinancing. In Cambodia, IFAD projects have focused on poverty reduction through value chain development, access to extension services by farmer organizations, increasing farmers' incomes and assets, improving nutritional outcomes and increased the participation of women in rural institutions. IFAD's portfolio has had a high participation of women in beneficiary groups.

61. The Cambodia case study showed that IFAD was well aligned with the government's own decentralization policy. It was one of the first major IFIs to channel investments through the country's emerging decentralized structures and frameworks. It worked closely with the provincial representatives, local governments and local partners as well as the central government.
62. The office collaborated well with the United Nations system and other relevant actors. For instance, it collaborates with FAO on activities to promote rural agriculture sector-related KM and policy dialogue; the MDBs in the country, such as the Asian Infrastructure Investment Bank, have also expressed interest in working with IFAD given its ability to attract funding from agencies such as the Green Climate Fund.
63. The Ministry of Agriculture, Forestry and Fisheries, Ministry of Rural Development and Ministry of Commerce noted the contributions of the ICO in establishing knowledge management platforms for key rural stakeholders and the private sector, providing quality technical assistance, and its tailored support to smallholder farmers and vulnerable groups in rural areas. Through the Agriculture Services Programme for Innovation, Resilience and Extension project, IFAD supported establishing a formal stakeholder platform for IFAD-funded projects. This platform provides a forum for farmer organizations, the private sector, local NGOs and government officials to meet regularly to discuss bottlenecks, lessons learned, and new pathways for achieving effective project results. Interviewees observed that the platform has contributed to improved management and effectiveness of the project. For knowledge management, the ICO also promotes the participation of project partners and beneficiaries in training and learning best practices of rural interventions in the region at least every three months.
64. IFAD's contributions to the policy dialogue have been limited due to the restrained human resources available for non-lending activities. An example of IFAD's engagement in the policy dialogue despite the resource constraints is its participation in the technical working group on agriculture and water. This working group provides a conduit for IFAD to contribute to shaping the country's rural development policies.
65. Case study interviews showed that the contextual knowledge of the CPO has contributed to better design and supervision of projects and improved results on the ground. The long tenure of the CPO (six years) that allowed sufficient time to build trust and partnerships, his technical and project management competency, and the government's commitment to rural agricultural development and ownership of IFAD-funded projects were some of the key factors that contributed to the development successes achieved by the ICO.

### D.3 ICO Ethiopia and decentralization

66. IFAD established its country presence in Ethiopia in 2005 and in 2010 a CPM was outposted. In 2012, the office was upgraded to a hub (which became a multi-country office in 2021) covering the portfolios of Ethiopia, Eritrea and South Sudan. The current office workforce comprises nine staff, including a MCO/country director for Ethiopia (who commenced 2021) and a CD for Eritrea and South Sudan (commenced 2020). For support functions, the office relies on staff located in headquarters, RO in Nairobi, MCO in Johannesburg, and Kampala.
67. The ICO has delivered altogether 13 projects during the period 2005–2022, with total IFAD loans of US\$690 million and the domestic and international cofinancing of US\$1,253 million.
68. Representatives from the Ministry of Agriculture noted that the close collaboration with ICO led to improvements in project relevance, effectiveness (through improved quality of design and supervision and capacity-building), and efficiency (through better alignment of IFAD procurement practices with government requirements, and reduced delays by faster loan applications and “no objection” processing). For example, the Rural Financial Intermediation Programme, (2020–2026), with a total budget of US\$300.6 million (of which IFAD's contribution was US\$39 million), has contributed to the considerable expansion of smallholder access to finance in rural areas and income growth of 18 per cent from the baseline (and engendered the establishment of the Association of Microfinance Institutions).

69. IFAD's country presence also facilitated productive collaboration with the donor community. For example, IFAD was a co-chair of the minister-level government/donor Working Group on Rural Development and Food Security during the past two years. IFAD is also co-chair of the donor-government task force on water, which promotes coordination among partners. In the United Nations system, there was evidence of collaboration with United Nations agencies, in particular with FAO. For example, an interview with the FAO representative highlighted that in the (pre-war) Tigray region FAO provided technical assistance to boost productivity of IFAD-funded projects. IFAD was also active in the UNCT, especially on issues of climate resilience, showing its demonstrated compliance with the Paris Agreement, which it also exercises under the rural development and food security partnership.
70. Ethiopia has undergone decentralization of its own and delegates responsibilities for rural development to its nine regional states. Many IFAD-funded projects are implemented by regional state officials and peoples' institutions. The ability of IFAD to establish close relationships with relevant officials at the regional state-level would not have been feasible without country presence. They were also in a position to cooperate better with regional state officials as they advocated for enabling policies with the federal government. This was confirmed by the officials of the government, the United Nations system, MDBs, and research institutions interviewed.
71. The Sudan ICO was established in 2005 and became a CD-led office in 2017. Since its establishment, the ICO has supported the delivery of 13 projects with IFAD loans and grants totalling US\$336 million and US\$248 million from domestic and international cofinancing.
72. IFAD-funded projects addressed key rural development challenges in Sudan and focused on community-level capacity development, women's empowerment, natural resource management and governance. Interviewees in the Ministry of Animal Resources and Fisheries and the Ministry of Agriculture and Forestry indicated that they were satisfied with the support provided by the ICO, its responsiveness to the country context, and its relationship with project implementation units. Government officials also noted with appreciation the ICO's uninterrupted support and efforts to ensure the continuity of project activities in the aftermath of a conflict-related crisis and an unexpected change of government within the past two years. They also noted that the limited human resources of the ICO was a concern and more capacities to support procurement and M&E activities were needed.
73. Evaluative evidence shows that IFAD-funded projects generated results in crop and livestock production and natural resource management and had significant impact on human and social capital, and the empowerment of rural communities and women. Projects also contributed to notable progress in gender representation, women's engagement in public life, and enhanced their voice in community decision-making. IFAD interventions helped reduce conflicts around natural resources by strengthening and promoting community-level institutions and dispute resolution mechanisms.
74. Overall, IFAD's operations have had substantial policy dialogue achievements, particularly in supporting policies towards improved access to rural finance by women, governance of natural resource management and national value chain strategy. For example, the Butana Integrated Rural Development Project (BIRDIP) helped establish a natural resource governance framework, developed capacities at the institutional and community level, and improved target group access to markets and other services. More work was needed to develop the government's institutional capacity to make effective use of analyses and studies, to inform and adopt new policies and implement them.
75. United Nations agencies recognized IFAD's added value and its close collaboration with RBAs. A joint operation with WFP is in the pipeline and IFAD and FAO also collaborated in selected projects, with FAO providing training support. ICO efforts to promote KM declined somewhat after 2019, following the departure of the staff member supporting KM. Regular meetings of all project coordinators convened by the CD provided a platform to promote cross-project learning.
76. Government officials indicated that the country presence significantly contributed to the achievements of the ICO. ICO presence enabled daily communications with officials at the federal and state levels that was necessary for smooth implementation coordination and close contact with beneficiaries. The presence also allowed for a better contextual understanding of rural development challenges.

#### D.4 ICO Sudan and decentralization



77. IFAD's country presence is characterized by the long tenure of the CPO and by CDs/CPMs being in post for a sufficiently long time. Government representatives at the central and federal levels noted the quality and commitment of the ICO staff. Although there were frequent changes to the government, the bureaucracy responsible for implementing IFAD-funded projects stayed relatively stable throughout the presence of IFAD in the country. The long tenure of the CPO and his networks within the bureaucracy facilitated building trust and good working relationships with decision makers. The seasoned and experienced CD/CPMs working to establish partnerships with the United Nations system and donors, a CPO with robust working relationships with decision makers and beneficiary organizations, and a stable bureaucracy committed to rural agriculture and exercising ownership of IFAD-funded projects were all instrumental in the lending and non-lending achievements of IFAD in Sudan.
80. The Ministry of Agriculture and Rural Development and the Ministry of Planning and Investment noted the technical contributions of the ICO in reviewing and formulating policies and approaches to grassroots-level rural development, such as the Action Plan for the National Green Growth Strategy and National Strategy for Rural Agricultural Development. The high-level officials interviewed in these ministries rated IFAD as among the top five of the 40+ international agencies in terms of rural agricultural development expertise. The ministries recognized the multidimensional impact achieved by IFAD-funded projects at the grassroots level.

#### D.5 ICO Viet Nam and decentralization

81. IFAD has also contributed to mobilizing smallholder farmers into farmer unions and establish producer cooperatives at the village level. The effectiveness of these networks were recognized by the World Bank in Viet Nam, which relied on them to strengthen its interventions. The ICO has established close working relationships with the United Nations system in the country, as exemplified by the recent joint efforts with FAO and the United Nations Industrial Development Organization (UNIDO) to provide post-COVID relief to rural farmers.
78. The ICO was established in 2005, became a CD-led office and upgraded to a hub in 2016. The current CPO joined the ICO in 2005 and the CPA in 2012. The ICO has also benefited from the services of experienced CDs who served their full tenure of duration in post. The veteran CPO was instrumental in establishing key networks with relevant government decision makers and beneficiary organizations while the CDs provided high-level partnerships with United Nations system, donors and senior decision makers.
82. Viet Nam is also undergoing decentralization and is in its third and final phase (2021–2025) the earlier phases were 2011–2015 and 2016–2020. Under decentralization, responsibility for rural development, including implementation of agricultural projects funded by donors and IFIs, was delegated to Viet Nam's 58 provinces. The ability of IFAD to establish close relationships with relevant officials at the decentralized level would not have been feasible without country presence. The country team was also in a position to cooperate better with the provincial officials as they advocated for enabling policies with the central government. This was confirmed by the officials of the government, the United Nations system, MDBs, and research institutions interviewed. These relationships and partnerships led to the achievements for which IFAD came to be recognized.
79. Projects funded by IFAD contributed to sustainable poverty reduction and strengthening the climate resilience of poor and near-poor farm households, while promoting participatory planning and private sector involvement. The ICO has delivered 17 projects involving IFAD loans totalling US\$420.4 million, and US\$281 million in domestic and international cofinances.
83. The officials also noted the limited authority of the ICO to make decisions compared with MDBs and others in the United Nations system and the need for the ICO to be ready to meet the emerging sectoral needs in Viet Nam, such as digital agricultural technologies.

# Annex V.

## List of people met<sup>1</sup>

Name	Function / organization
<b>IFAD stakeholders</b>	
<b>Corporate Services Support Group</b>	
Gilbert Hougbo	Former President, IFAD
Dominik Ziller	Vice-President, IFAD
Charles Tellier	Director and Chief of Staff, OPV
Stephane Mousset	Retired Chief of Staff, OPV
Maria Elena Chavez Hertig	Chief of Protocol, OPV
Nii Quaye Kumah	Senior Adviser to the President, OPV
Constanza Di Nucci	Senior Adviser to the President, OPV
Charalambos Constantinides	Director, Office of Audit and Oversight
Edward Gallagher	Lead Officer, CDI
Juan Jose Leguia	D2.0 Project Manager, CDI
Mattia Barina	Programme Analyst/TPO, CDI
Katherine Meighan	Associate Vice-President & General Counsel, LEG
Itziar Miren Garcia Villanueva	Senior Legal Officer, LEG
Saheed Adegbite	Director, OSB
Christian Hackel	Senior Budget Specialist, OSB
Eduardo Camardelli	Budget Specialist (Management and Planning), OSB
Silvia Di Pilla	Budget Analyst, OSB
Ashwani Kaul Muthoo	Director, QAG
David Cuming	Quality Assurance Specialist, QAG
Alberto Cogliati	Associate Vice-President and Chief Risk Officer, RMO
Laura Berardino	Lead Operational Risk Officer, RMO
<b>Corporate Services Department</b>	
Guoqi Wu	Associate Vice-President, CSD
Matthias Meyerhans	Director, ADM
Monica Bugghi	Travel and Visa Manager, ADM
Kare Pugerup	Manager, Administrative Services, ADM
Giorgia Salucci	Chief Field Support Unit, FSU
Sarah Mirmotahari	Senior Operations Specialist, FSU
Dave Nolan	Regional Operations Specialist, FSU
Candida Sansone	Director, HRD
Richard Aiello	Chief, Business Partner Unit, HRD
Jean Blackstock	Consultant (D2.0), HRD
Saadia Imad	Chief, Talent Management Unit, HRD
Yan Liu	HR Specialist, HR Advisory Team, HRD
Francesca Maselli	Chief, Policy and Strategic Support Unit, HRD

<sup>1</sup> Titles at time of writing.

Name	Function / organization
Pierre Moreau-Peron	Former Director, HRD
Willy Ong	Application Services Lead, ICT
<b>External Relations and Governance</b>	
Satu Leena Elina Santala	Associate Vice-President, ERG
Hélène Papper	Director, COM
Ronald Hartman	Director, GPR
<b>Financial Operations Department</b>	
Alvaro Lario	Associate Vice-President, FOD
Advit Nath	Director and Controller, FCD
Ruth Farrant	Director, FMD
Gulnara Yunusova	Director, Treasury Services Division
<b>Programme Management Department</b>	
Donal Brown	Associate Vice-President, PMD
Tim Balint	Former Senior Technical Advisor to the Associate Vice-President, PMD / Former OpEx team member
Nigel Brett	Regional Director, APR
Carla Dellanave	Financial Management Consultant, APR
Luisa Migliaccio	Former Lead Portfolio Advisor, ESA
Rossana Polastri	Regional Director, LAC
Carlos Manuel Icaza Lara	Programme Analyst, LAC
Daniel Anavitarte	Regional Specialist, LAC
Mirka Ferrise	Administrative Associate Resource Management, LAC
Patrizia D'Amico	Programme Liaison Associate, LAC
Carina Giorgi-Moreni	Programme Liaison Associate, LAC
Dina Saleh	Regional Director, NEN
Aziz Al-Athwari	Senior Regional Financial Management Officer, FMD-NEN
Sara Aya Kouakou	Senior Portfolio Adviser, NEN
Isabelle Stordeur	Regional, Log Frame Analyst, NEN
Sandrine Jacqueson	Programme Liaison Associate, NEN
Chitra Deshpande	Lead Advisor, Results and Resources, OPR
Thomas Eriksson	Former Director, OPR
Lauren Phillips	Former Lead Advisor, Policy and Results, OPR
Thomas Rath	Lead Advisor, Operational Policy and Programme Delivery Risk, OPR
Priscilla Torres	Lead Advisor, Project Procurement, OPR
Sana Jatta	Regional Director a.i., WCA
Benoit Thierry	Former Head of Hub/Country Director, WCA
<b>Strategy and Knowledge Department</b>	
Jyotsna Puri	Associate Vice-President, SKD
Meike van Ginneken	Former Associate Vice-President, SKD
Paul Winters	Former Associate Vice-President, SKD
Tom Mwangi Anyonge	Director a.i./Lead Technical Specialist - Youth - Rural Development and Institutions, ECG
Margarita Astralaga	Former Director, ECG
Thouraya Triki	Director, Sustainable Production, Markets and Institutions Division, PMI
Audrey Nepveu	Project Technical Lead for Soil and Water Management Programme and Integrated Water Resources Management Project and Global Technical Specialist – Water and Rural Infrastructure, PMI
Elizabeth Ssendiwala	Senior Regional Technical Specialist, Institutions, PMI
Sara Savastano	Director, Research and Impact Assessment Division

Name	Function / organization
<b>Executive Board Representatives</b>	
Abigail Demopolos	Director, Office of International Development Policy Department of the Treasury, USA
Yuanhou Gao	Principal Officer, Department of International Economic and Financial Cooperation, Ministry of Finance of the People's Republic of China
Yves Francis Guinand	Counsellor, Alternate Permanent Representative of the Swiss Confederation to FAO, IFAD and WFP
Carolina Hernandez	Alternate Permanent Representative of the Argentine Republic to FAO, IFAD and WFP
Fang Liu	Director, Permanent Mission of the People's Republic of China to the United Nations Agencies for Food and Agriculture in Rome
Yi Lyu	Third Secretary, Permanent Mission of the People's Republic of China to the United Nations Agencies for Food and Agriculture in Rome
Hongyong Mei	Counsellor, Deputy Permanent Representative of the People's Republic of China to the United Nations Agencies for Food and Agriculture in Rome
Ronald Meyer	Minister, Alternate Permanent Representative of the Federal Republic of Germany to the International Organizations in Rome
Jette Michelsen	Minister Counsellor, Deputy Permanent Representative of the Kingdom of Denmark to IFAD
Yaya O. Olaniran	Minister, Permanent Representative of the Federal Republic of Nigeria to the United Nations Food and Agriculture Agencies in Rome
María Cristina Laureano Pena	First Secretary, Alternate Permanent Representative of the Dominican Republic to IFAD
Judith Randel	Agricultural Development and Food Systems Advisor, Development Cooperation and Africa Division, Department of Foreign Affairs of Ireland
Patricia Rodríguez	Counsellor, Alternate Permanent Representative of the Dominican Republic to IFAD
Gian Paolo Ruggiero	Director, International Financial Relations, Ministry of Economy and Finance, Italy
Prasanna V. Salian	Deputy Secretary, Department of Economic Affairs, Ministry of Finance of the Republic of India
Larissa Caridad Veloz Santana	Minister Counsellor, Alternate Permanent Representative of the Dominican Republic to IFAD
Günther Schönleitner	Senior Advisor, International Financial Institutions, Federal Ministry of Finance of the Republic of Austria
Anatoliy Shatkovskyy	Senior Analyst, Acting Deputy Director, Agriculture and Food Systems Division, Global Issues and Development Branch, Global Affairs Canada
Sandra Paola Ramírez Valenzuela	First Secretary, Alternate Permanent Representative of the United Mexican States to IFAD
Miguel Jorge Garcia Winder	Ambassador, Permanent Representative of the United Mexican States to IFAD
Shiyang Zeng	Second Secretary, Permanent Mission of the People's Republic of China to the United Nations Agencies for Food and Agriculture in Rome
Xin Zeng	Attaché, Permanent Mission of the People's Republic of China to the United Nations Agencies for Food and Agriculture in Rome
<b>Liaison Offices</b>	
Bart Eddes	Former ADB North American Resident Representative
Suliman Alsawi	Senior/Lead Partnership Officer, GPR, Arab and the Gulf
Zachary Bleicher	Senior Partnership Officer, Americas and Multilateral Relations, GPR, New York
Akiko Muto	Partnership Officer, GPR
Marcelo Norsworthy	US Treasury
Travis Renz	Temporary Professional Officer, Americas and Multilateral Relations, GPR, New York
Coco Ushiyama	Director, United Nations System and Multilateral Engagement Division, WFP
Joanna Veltri	Chief Partnership Officer and Head Americas and Multilateral Relations, GPR, Washington DC
Xiaozhe Zhang	Regional SSTC Manager, GPR

Name	Function / organization
<b>Country Office Bangladesh</b>	
Arnoud Hameleers	Country Director, APR
Nabil Rahaman	Country Programme Analyst, APR
Mehri Ismaili	Programme Liaison Associate, APR
<b>Country Office Burkina Faso</b>	
Mame Awa Mbaye	Regional Financial Management Officer, FMD-WCA
Ann Turinayo	Country Director, WCA
<b>Country Office Brazil</b>	
Mena Grossmann	Junior Professional Officer – ECG
Claus Reiner	Country Director SSTC & KM, LAC
Emmanuel Bayle	Consultant, LAC
Rodrigo Dias	Consultant, LAC
Frederico Lacerda	Country Operations Analyst, LAC
Alexandra Teixeira	Consultant, LAC
Cintia Guzman Valdivia	Country Programme Officer, LAC
Hardi Michael Wulf Vieira	Country Programme Officer, LAC
Julio Worman	SSTC and Operations Analyst, LAC
Gleice Meneses	Country Programme Assistant, LAC
Norberto Filho	Administrative Assistant (temporary), LAC
<b>Country Office Cambodia</b>	
Thu Hoai Nguyen	Country Programme Analyst, APR
Meng Sakphouseth	Country Programme Officer, APR
Francesca Tarabella	Programme Liaison Associate, APR
<b>Country Office Eritrea</b>	
Naomi Andebrhan	Liaison and Coordination Consultant, Eritrea Liaison Office, ESA
Bernadette Mukonyora	Country Director, ESA
Yisehak Naizghi	Technical & Policy Coordination Consultant, Eritrea Liaison Office, ESA
<b>Country Office Niger</b>	
Eric Rwabidadi	Country Director, WCA
Valantine Achancho	Former Country Director, WCA
Lawan Cherif	Country Programme Officer, WCA
<b>Country Office Sudan</b>	
Rasha Omar	Country Director, NEN
Alessia Marazzi	Programme Officer, NEN
Ahmed Subahi	Country Programme Officer, NEN
Wisam Mohamed	Country Programme assistant, NEN
<b>Multi-Country Office Egypt</b>	
Christa Ketting	Social Inclusion Analyst, ECG
Tarek Abdel Monem	Environment and Climate Programme Officer, ECG
Nicolas Tremblay	Regional Climate and Environment Specialist, ECG
Mohamed Abdelgadir	Country Director (a.i), NEN
Omar Ebrima Njie	Country Director, Somalia & Syria, NEN
Vrej Jijyan	Country Director, Jordan & Lebanon, NEN
Mohamed Adam	Communication Analyst, COM
Mohamed El-Ghazaly	Country Programme Officer, NEN
Amira Mekheimer	Country Programme Analyst, NEN
Umit Mansiz	Programme Officer, NEN
Nagula Meera Shaik	Senior Technical Expert, Digital Agriculture and Extension Systems, NEN
Samar Abdallah	Country Administrative Assistant, NEN
Daniela Marra	Programme Liaison Assistant, NEN
Daniel Martin	Senior Regional Technical Specialist – Rural Infrastructure & Renewable Energy, PMI
Marie Edward Mikhail	Country Technical Analyst, PMI
Nadhem Mtimet	Senior Regional Technical Specialist – Rural Finance, Markets and Value Chains, PMI
Esha Singh	Global Technical Specialist, ICT4D in Agriculture, PMI

Name	Function / organization
<b>Multi-Country Office Ethiopia</b>	
Mawira ChitimC	Hub Director, ESA
Han Ulac Demirag	Former Country Director, ESA
Dagim Kassahun	Country Operations Analyst, ESA
Seyoum Tesfa	Country Programme Officer, ESA
Demeke Yeshanew	Country Programme Analyst, ESA
Siele Wondifraw	Country Programme Assistant, ESA
<b>Multi-Country Office Panama</b>	
Oliver Page	Regional Climate Change and Environmental Specialist, ECG
Juan Diego Ruiz Cumplido	MesoAmerica and the Caribbean Hub Head, LAC
Maine Astonitas	Senior Portfolio Advisor, LAC
Patricia Bustamante	Country Operations Analyst, LAC
Vera Salazar Canziani	Programme Officer, LAC
Rene Castro	Country Director, LAC
Johanna Herremans	Regional Financial Management Officer, LAC
Perla Carias Mossi	Consultant, LAC
Maija Peltola	Country Director, LAC
Isabel De La Peña	Programme Officer, LAC
Juan Jose Pineda	Consultant, LAC
Dario Rimedio	Senior Regional Financial Management Officer, LAC
Alba Patricia Sanchez Rodriguez	Senior Procurement Officer, LAC
Rene Lopez Steiner	Consultant, LAC
Andrijana Nestorovic Strezov	Gender and Social Inclusion Analyst, LAC
Berneth Cristina Morales Montenegro	Country Administrative Assistant, LAC
Susana Sanchez	Country Programme Assistant, LAC
<b>Multi-country office Viet Nam</b>	
Francisco Pichon	Head of the Viet Nam Hub and Country Director a.i. for Cambodia, APR
Rachele Arcese	Programme Officer, APR
Le Chi Dung	Financial Management Officer, APR
Elin Kjellin	Financial Management Analyst, APR
Nguyen Thanh Tung	Country Programme Officer, APR
Nguyen Thu Hoai	Country Programme Analyst Cambodia and Viet Nam, APR
Nguyen Thi Khanh	Country Programme Assistant, APR
Nguyen Thanh Tu	Country Administrative Assistant, APR
<b>Regional office Kenya</b>	
Nomindelger Bayasgalanbat	Senior Technical Specialist-Nutrition, ECG
Sara Mbago-Bhunu	Regional Director, ESA
Mariatu Kamara	Country Director, ESA
Lakshmi Moola	Country Director, ESA
Francesco Rispoli	Country Director, ESA
Ronald Ajengo	Country Programme Officer, ESA
Moses Abukari	EU-funded Regional Programme Manager, ESA
Joseph Rostand Olinga Biwole	Programme Officer, ESA
Daniel Higgins	Programme Officer, ESA
Peter Kinyanjui	Regional Office Admin and Resource Analyst, ESA
Linda Odhiambo	Communication Analyst, ESA
Luigi Armando Raino	Junior Professional Officer, ESA
Laura Amayo	Country Programme Assistant, ESA
Sophy Isabwa	Regional Office Administrative Assistant, ESA
Stella Kasura	Regional Office Assistant, ESA
Agnes Kiragu	Country Programme Assistant, ESA
Zainab Zitta Sengalawe	Lead Regional Technical Specialist, Institutions, ESA
Elisabeth Dombori	Country Finance Associate & Finance Officer Delegate, FMD
David Savino Berno	Remittances and inclusive Digital Finance Officer (Financing Facility for Remittances), PMI
Brenda Gunde	Senior Technical Specialist, PMI
Sauli Hurri	Senior Regional Technical Specialist-Rural Finance, Markets and Value Chains, PMI
Aliou Diouf Mballo	Technical Specialist (Economist), RIA

Name	Function / organization
<b>Regional office Côte d'Ivoire</b>	
Fanny Minjauw	Monitoring & Results Specialist, Environment and Climate, ECG
Pathe Amath Sene	Lead Regional Climate and Environmental Specialist, ECG
Radu Damianov	Senior Regional Financial Manager, FMD
Jonathan Agwe	Lead Regional Technical Specialist for Rural Finance, Markets and Enterprises, PMI
Fanny Grandval	Senior Technical Specialist - Rural Institutions sustainable Productions, Market & Division Institutions, PMI
Mathilde Iweins	Senior Global Technical Specialist, Natural Resources Management, PMI
Pascaline Barankeba	Country Director Liberia and Sierra Leone, WCA
Alessandro Marini	Country Director, WCA
Tarek Ahmed	Portfolio Advisor, WCA
Andreas Amethier	Consultant, WCA
Ibrahima Bamba	Lead Regional Economist, WCA
Isaac Mensah	Regional Analyst, WCA
Yanne Nouroumby	Country Operations Analyst, WCA
Odile Sarassoro	Country Programme Officer, WCA
Claudia Savarese	Programme Officer, WCA
Yemitia Carine Toure	Regional Senior Procurement Officer, WCA
Ornella Diara	Country Programme Assistant, WCA
Nicole Guehi	Regional Office Assistant, WCA
Jaqueline Coulibaly Kouadio	Regional Administrative Assistant, WCA
Prisca Kouame	Country Administrative Assistant, WCA
<b>External stakeholders</b>	
<b>Bangladesh</b>	
<b>Government and project staff</b>	
Ms. Shantana Halder	Monitoring and Evaluation Specialist, National Agricultural Technology Program, Phase 2 Project, Ministry of Agriculture
Md Emdadul Haque	Interim Project Director, Smallholder Agricultural Competitiveness Project, Ministry of Agriculture
Mr. Sayeed Ahammad	Project Coordinator Director Char Development Settlement Project, Bangladesh Water Development Board
Dr Akhond Md Rafiqul Islam	Project Director Promoting Agricultural Commercialization and Enterprises, Rural Microenterprise Transformation Project, Palli Karma Sahayak Foundation
Anisul Wahab Khan	Project Director Promoting Resilience of Vulnerable through Access to Infrastructure, Improved Skills and Information, Local Government Engineering Department
Gopal Chandra Sarker	Project Director Haor Infrastructure and Livelihood Improvement Project – Climate Adaptation and Livelihood Protection, Local Government Engineering Department
<b>United Nations system, IFIs and donors</b>	
Bart Eddes	Former North American Resident Representative, Asian Development Bank
Folkert G.J. de Jager	First Secretary Water Management and Food Security, Embassy of Netherlands
Talukder Mohammad Badrul Alam	Programme Advisor, Danish Government Development Agency
Marjana Chowdhury	Water Resources Specialist, Asian Development Bank
Robert Simpson	Country Representative, FAO
Samina Yasmin	Agriculture Economist, World Bank
<b>Civil society organizations</b>	
Zahirul Alam	Executive Director, Integrated Development Foundation
Md. Alamgir	Executive Director, Young Power in Social Action
Md. Shamsul Haque	Executive Director, Social Development Initiatives
Md. Shahid Uz Zaman	Executive Director, Eco-Social Development Organization

Name	Function / organization
<b>Brazil</b>	
<b>Government and project staff</b>	
Carlos Eduardo Lampert Costa	Deputy Secretary for International Affairs, Ministry of Planning, Budget and Management
Cleivaldo de Sousa Ribeiro	Project Director, Ministry of Agriculture, Livestock and Supply
Regina Cavalcante	Coordinator of Productive Component of the Productive and Capacity Development in the State of Ceará - Paulo Freire Project
Aristeu Chaves	Project Coordinator for the Cariri and Seridó Sustainable Development Project
<b>United Nations system, IFIs and donors</b>	
Maristela Baioni	Country Representative, UNDP
Octavio Jorge Damiani Marti	Senior Rural Development Specialist, IADB
Silvia Rucks	Head of United Nations Resident Coordinator's Office
Rafael Zavala	Country Representative, FAO
Civil society organizations	
Paola Cortez Bianchini	Research Coordinator, Brazilian Agricultural Research Corporation
Marcelo Braga	University of Viçosa
Ana Clara Cavalcante	General Manager, Brazilian Agricultural Research Corporation
Rodolfo Daldegan	Technical Coordinator, the Inter-American Institute for Cooperation on Agriculture
Gabriel Delgado	National Representative, the Inter-American Institute for Cooperation on Agriculture
Dalvanir Duarte	Paulo Friere Project (PPF) Coordinator, Centre for Labor Studies and Worker Assistance
Pedro Xavier da Silva	Coordinator, Slow Food
Mário Ávila UnB	University of Brasília
Mireya Valencia	Country Coordinator, Regional Programme for Rural Development Training
<b>Beneficiaries</b>	
Francisco Barbosa	President, Community Association of Pau D'Arquinho and Vertente
Fabiana Lima	Vice-President, Community Association of Pau D'Arquinho and Vertente
Thales Mendonça	Inter-continental Network of Organic Farmers' Organisations
Luis Pia	President, Community Association of Residents of Contendas Farm
Jandira da Silva Nascimento	Community Association of Residents of Contendas Farm
Regina Rodrigues de Souza	President, Family Productions Association "Maria Zilda da Silva"
<b>Burkina Faso</b>	
<b>Government and project staff</b>	
Wendné Victor Bonogo	Secretary General, Ministry of Agriculture, Hydro-Agricultural Development, Mechanization and Animal and Fisheries Resources
Tongnoma Caroline Ouedraogo	Head of Knowledge Management and Communications and Project Manager, Neer-Tamba
Kambou Sié Salif Stéphan	National Coordinator, Project Manager – Agricultural Value Chains Promotion Project and Agricultural Value Chains Support Project in the Southwest, Haut-Bassins, Cascades and Boucle du Mouhoun Regions
Koudrègma Zongo	National Coordinator and Project Manager, Project Neer-Tamba
<b>United Nations system, IFIs and donors</b>	
Daniel Ndoye	Country Manager, AfDB
Ernest Ruzindaza	Senior Agriculture Specialist, World Bank
<b>Cambodia</b>	
<b>Government and project staff</b>	
H.E Dr. Meas Pyseth	Under-Secretary of State, Ministry of Agriculture, Forestry and Fisheries
Chheng Kimchhon	Deputy Office Chief HR, Department of Extension for Agriculture, Forestry and Fisheries
Yim Malen	Technical Officer, Department of Extension for Agriculture, Forestry and Fisheries
Seng Sithat	Deputy Office Chief, Department of Extension for Agriculture, Forestry and Fisheries
Tith Socheat	Assistance to Finance, Department of Extension for Agriculture, Forestry and Fisheries



Name	Function / organization
Chhun Sopheak	Extension and Social Media Officer, Department of Extension for Agriculture, Forestry and Fisheries
Hou Sopor	Deputy Director, Department of Extension for Agriculture, Forestry and Fisheries
H. E Chreay Pom	Director General of Technical Affairs, Provincial Department of Rural Development, Ministry of Rural Development
H.E Samrith Sakura	Director General of Domestic Trade Directorate, Ministry of Commerce
Sun Boreth	Advisory Team Leader, Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Yeang Chetra	MIS Specialist, Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Mao Narith	M&E Specialist, Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Svay Sanbunna	Financial Specialist, Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Suon Sila	PMS Advisor Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project, Provincial Department of Agriculture, Forestry and Fishery
Vong Try	Executive Assistant to Director of Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Sorn Vichet	Secretariat Support Team Manager for Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Pen Vuth	Marketing Consultant, Agriculture Services Programme for an Inclusive Rural Economy and Agricultural Trade project
Chhum Bunnara	Program Coordinator, National Committee for Sub-National Democratic Development
Chhreay Chamroeun	Advisor, Infrastructure, National Committee for Sub-National Democratic Development
Kong Chantah	Advisor, Climate Change, National Committee for Sub-National Democratic Development
Chhim Vichra	Director, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Chim Dararoth	Technical Officer, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Sia Kimnoy	Technical Officer, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Rom Ra	Project Support Management Advisor, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Sorn Sangvath	Technical Officer, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Tol Saret	Marketing staff, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Rong Vanreth	Finance Officer, Provincial Department of Agriculture, Forestry and Fisheries, Battambang
Tea Kimsoth	Director, Provincial Department of Agriculture, Forestry and Fisheries, Siem Reap
Pen Bunthoern	Deputy Director, Provincial Department of Agriculture, Forestry and Fisheries, Siem Reap
Prak Khamrina	Deputy District of Forestry, Provincial Department of Agriculture, Forestry and Fisheries, Siem Reap
He Veasna	Deputy Director, Provincial Department of Agriculture, Forestry and Fisheries, Siem Reap
Sokhem Pech	Project Manager, Sustainable Assets for Agriculture Markets, Business and Trade project
Tuy Seng	Project Manager, Scaling up of Renewable Energy Technology Project

Name	Function / organization
<b>United Nations system, IFIs and donors</b>	
Oum Kosal	Assistant to Country Representative, FAO
Bo Zhang	Investment Operations Officer, Asian Infrastructure Investment Bank
<b>Civil society organizations</b>	
Samreth Uth	Executive Director, Environmental Protection and Development Organization
Sun Phalla	Head of Program, Environmental Protection and Development Organization
Rith Kunthea	Technical staff, Environmental Protection and Development Organization
Khut Sokha	Technical staff, Environmental Protection and Development Organization
Pan Sopheap	Farmer and Nature Net
Sim Chanborina	Executive Director, Ponleu Komar Organization
Sok Sotha	Executive Director, Cambodian Farmers' Federation Association of Agricultural Producers
Tim Sophea	Deputy Program Manager, Royal University of Agriculture
Visal Kith	CEO Bronx Technologies
Yun Mane	Technical Advisor at Cambodia Indigenous Peoples Organization
<b>Beneficiaries</b>	
8 beneficiaries	Sambok Ark village, Kampong Pring commune, Sangke district, Battambang
10 Agricultural Cooperative leaders and members	Tasey Samaki Agricultural Cooperative
7 Agricultural Cooperative leaders and members	Tbeng Meanchey Agricultural Cooperative
<b>Côte d'Ivoire</b>	
<b>Government and project staff</b>	
Sery Wrolly Danielle Sepe	Ambassador, State Minister, Ministry of Foreign Affairs
Allou Lambert Yao	Director of Legal Affairs, Ministry of Foreign Affairs
Kouakou Bruno Tano	Technical Advisor of the Minister of Economy and Finances
Soumahoro Déely	Financial Services Administrator, Ministry of Economy and Finances
Bi Irie Marius Tre	Research Officer/Project Evaluation Directorate, Ministry of Agriculture and Rural Development
Clement Kouadio	Monitoring, Evaluation and Knowledge Management Officer, Project Coordination Unit, Agricultural Value Chain Development Support
Edja Messou	Project Director, Agricultural Value Chain Development Support Programme, Korhogo
Soro K. Abdoulaye	Agricultural Value Chains Development Specialist, Agricultural Value Chain Development Support
Thierry Kouame	Procurement, Project Coordination Unit, Agricultural Value Chain Development Support
Kassime Cissoko	Administrative and Finance, Project Coordination Unit, Agricultural Value Chain Development Support
Etienne Niavah	Knowledge Management and Communication Assistant, Agricultural Value Chain Development Support
Aude Viviane Goullivas-Calle	Project Director 2016-2019, Support to Agricultural Production and Marketing Project West
Henri Joel Ndo Koukou N'guettia	Project Director, Agricultural Emergency Project
Aimé Guilahoux	Monitoring, Evaluation and Knowledge Management Officer, Project Coordination Unit, Agricultural Emergency Project
Patrice Bosson Moro	Administrative and Finance, Project Coordination Unit, Agricultural Emergency Project
<b>United Nations system, IFIs and donors</b>	
Samy Gaiji	Country Representative, FAO
Akoko Lawson	Chief of Staff, United Nations Resident Coordinator's Office
Jean Philippe Tre	Senior Economist, World Bank
Philippe Poinstot	Head of United Nations Resident Coordinator's Office

Name	Function / organization
<b>Cuba</b>	
<b>Project staff</b>	
Frank Carbonell de Armas	General Coordinator, Project Coordination Unit, Cooperative Rural Development Project in the Oriental Region
<b>United Nations system, IFIs and donors</b>	
Consuelo Vidal Bruce	United Nations Resident Coordinator, Cuba
Yaima Doimeadios Reyes	Coordination Officer/ Economist, United Nations Resident Coordinator's Office
José Manuel Mariscal	General Coordinator, Spanish Agency for International Development Cooperation
<b>Djibouti</b>	
<b>Government and project staff</b>	
Abdallah Mohamed Bourhan	Deputy Director, Responsible for Project Monitoring and Disbursements, Ministry of Finance
Ibrahim Elmi	Secretary General, Ministry for Agriculture
Said Khaireh	Project Coordinator – Directorate of Rural Hydraulics, Integrated Water Resources Management Project
Beydane Mohamed Miyir	Deputy Project Coordinator, Integrated Water Resources Management Project
Baragoita Said Mohamed	Project Coordinator, Soil and Water Management Programme
<b>United Nations system, IFIs and donors</b>	
Mohamed Medouar	Retired Task Team Leader, World Bank
Pissang Dademanao	Country Representative, FAO
Kadr Houssein	Programme Policy Officer, Relief - Emergency- Preparedness, WFP
Mary Njoroge	Country Representative, WFP
Nicolas Guinard	Head of Office, United Nations Resident Coordinator's Office
<b>Egypt</b>	
<b>Government and project staff</b>	
Counselor Haytham Abdel Hady	Office of Deputy Minister of Foreign Affairs for International Specialized Agenda
Mohamed Negm	Deputy Assistant Minister of Foreign Affairs
Rania Al-Mashat	Minister of International Cooperation
Doaa Oraby	Team Leader for Regional Cooperation, Ministry of International Cooperation
Mohamed Abdel Gawad	Minister Plenipotentiary (commercial), Head of Sector, Multilateral Cooperation with United Nations and IFIs
Moustafa Al Sayad	Deputy Minister for Livestock, Fisheries and Poultry, Ministry of Agriculture
H.E. Ambassador Hisham Badr	Former Executive Director of Egypt to IFAD and Rome-based United Nations organizations
Mahmoud Abdel Halim	Head of Foreign Agreements' Monitoring and Evaluation Sector, Medium, Small and Micro Enterprise Development Agency
El Kersh	Project Manager, Promotion of Rural Incomes through Market Enhancement Project
Hany Darwish	Executive Director, Sustainable Agriculture Investments and Livelihoods Project
Wael Said	Director of Documentation and Knowledge Management, Sustainable Agriculture Investments and Livelihoods Project
Taysir Ahmed	M&E specialist, Sustainable Agriculture Investments and Livelihoods Project
Manal Zein Al Abdeen	M&E Consultant, Sustainable Agriculture Investments and Livelihoods Project
Madgy Allam	Green Environment Facility Coordinator, Sustainable Agriculture Investments and Livelihoods Project
Nabila El Kady	Mobilization Officer, Sustainable Agriculture Investments and Livelihoods Project
Ramadan Hamdi Elsharkawy	Community Component Manager, Sustainable Agriculture Investments and Livelihoods Project
Yousry Hanfy	Agriculture Component Manager, Sustainable Agriculture Investments and Livelihoods Project
Abd El Monged Mohamed	Financial Manager, Sustainable Agriculture Investments and Livelihoods Project
Karim Ismail Mahmoud	M&E Manager, Sustainable Agriculture Investments and Livelihoods Project
Mostafa Sadek	Civil works Director, Sustainable Agriculture Investments and Livelihoods Project

Name	Function / organization
<b>United Nations system, IFIs and donors</b>	
Elena Panova	United Nations Resident Coordinator, Egypt
Nasreldin Hag Elamini	Representative, FAO
Mohamed Yacoub	Assistant Representative, FAO
Sylvain Merlen	Deputy Resident Representative, UNDP
<b>Civil society organizations</b>	
Aladdin Hamwiah	Country Manager, International Centre for Agricultural Research in the Dry Areas,
Mahmoud Khedr	Partnership and communication Office, International Centre for Agricultural Research in the Dry Areas
Marie-Margaret McRae	Resource Mobilization Director, International Centre for Agricultural Research in the Dry Areas
Yumna Kassim	Senior Research Officer, International Food Policy Research Institute
Heba Handoussa	Managing Director, Egypt Network for Integrated Development/ Rural Development NGO
Shadan Arram	Senior Program Consultant, Egypt Network for Integrated Development /Rural Development NGO
Ramy Hassan	Business Development manager, Egypt Network for Integrated Development / Rural Development NGO
Marina Iskandar	Senior Program and M&E Officer, Egypt Network for Integrated Development / Rural Development NGO
Ahmed Shaaban	Senior Accountant, Egypt Network for Integrated Development/Rural Development NGO
<b>Beneficiaries</b>	
Abdelsalam Abdelatif Eid	Member of the Board
Saad Attya Ayaad	Water Users' Associations
Hanan Abdel Atti	Natural community leader
Elsaied Abdelsalam El Zeaky	General Manager of Motobus Region for Youth Graduates
Hadeer Mohamed Elsaadani	Member of the Early Warning Committee
Mohamed Fathi Elshazly	Chairman of the Board of Ibrahim Eldessouki Village
Mahmoud Gabala	FAO Coordinator
Nasr Ahmed Abou Ghalia	Chairman of the Board of AC Elsayed Elbadawi Village
Lamyaa Saad Abdel Hamid	Literacy class teacher
Fadl Hashem	Agricultural Research Centre
Fadia Mohamed Ibrahim	Beneficiary cow breeding owner
Shehab Eldine Khalifa	Training Manager
Waheed Khamis Khedr	Board member of AC Ibrahim Eldessouki Village
Mousataf Talha Osman	Responsible for land protection
Safaa Abd El Rahman Ramadan	Womens' rural leader in Ibrahim El Desoukey Village
Fekri Hassan Rezk	Board member of AC Sidi Talha Village
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Name	Function / organization
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<b>Total number of IFAD staff interviewed</b>	<b>226</b>
<b>Total number of external stakeholders interviewed</b>	<b>460</b>

# Annex VI.

## Bibliography

### Selected IFAD documents

All COSOPs, project-related documents (design, supervision, midterm review and completion), country programme and project evaluation reports were reviewed. For brevity, these are not included in this list.

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## **Annex VII.**

# 134<sup>th</sup> Executive Board session: decisions related to decentralization

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

- I. **Agenda item 4 - corporate**
  - a. **Programme of work and budgets of IFAD  
and the Independent Office of Evaluation of  
IFAD**
    - i. IFAD's 2022 results-based programme of  
work of regular and capital budgets, and the  
Independent Office of Evaluation of IFAD's  
results-based work programme and budget  
for 2022 and indicative plan for 2023-2024

**Outcomes:**

- The Executive Board approved the programme of work for 2022 at a level of up to SDR 846.28 million (US\$1,200 million), which comprises a lending programme of SDR 828.65 million (US\$1,175 million) and a gross grant programme of SDR 17.63 million (US\$25 million). It is noted that the programme of loans and grants has been approved at this level for planning purposes and will be adjusted as needed during 2022 in accordance with available resources;
- The Executive Board considered options A and B set out in the conference room paper (EB 2021/134/C.R.P1) and decided to submit option B for approval by the Governing Council in 2022 in respect of IFAD's 2022 results-based programme of work and regular and capital budgets. In so doing, the Executive Board recommended that the Governing Council approve the administrative budget comprised of:
  - First, the regular budget of IFAD for 2022 in the amount of US\$166.93 million;
  - Second, the capital budget of IFAD for 2022 in the amount of US\$6.5 million; and
  - Third, the budget of the Independent Office of Evaluation of IFAD for 2022 in the amount of US\$5.85 million.
- Management will also ensure that adjustments are equitably distributed among departments. The Board noted that this significant real increase in the regular and capital budgets is being approved on an exceptional basis to support the costs associated with Decentralization 2.0 and the dynamic workforce planning exercise and does not set a precedent for future budget discussions. Therefore, budget execution in 2022 should not pre-empt increases in the budget envelope for subsequent years;
- The Board called upon Management to:
  - Enhance the budget formulation process, including through the provision of a medium-term budget outlook;
  - Ensure costings are provided for all new strategies and policies to avoid future discussions being purely rhetorical and instead base them on a comprehensive understanding of the objectives of new strategies and policies and their associated costs; and
- The Executive Board further recommended for approval by the Governing Council at its forty-fifth session the carry-forward of unobligated appropriations at the close of the 2021 financial year into the 2022 financial year up to an amount not exceeding 5 per cent of the corresponding appropriations, on an exceptional basis with the understanding that this exceeds the 3 per cent cap stipulated in the Financial Regulations of IFAD and with the expectation that the carry-forward from 2022 to 2023 will return to below the stipulated level;
- Furthermore, the Executive Board wished to submit to the Governing Council at its forty-fifth session for information:
  - The substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Initiative; and
  - A progress report on implementation of the performance-based allocation system (PBAS), based on the report provided in part four of document EB 2021/134/R.3/Rev.1.
- Further discussion would be held with the Working Group on the Performance-Based Allocation System to finalize the country allocations for the IFAD12 period and a final proposal would be presented to a special session of the Executive Board for approval.

## ii. Update on IFAD's Decentralization 2.0

**Outcome:**

- The Executive Board reviewed and welcomed document EB 2021/134/R.5 containing updates on the Decentralization 2.0 exercise and looked forward to the additional information requested from Management.

14. The Board considered the proposals for the IFAD and Independent Office of Evaluation of IFAD (IOE) programmes of work and budgets for 2022 and the update on Decentralization 2.0 together, the latter being the main driver of the requested increase in IFAD's budget.
15. The Chair informed the meeting that the indicative IFAD 12 allocation of PBAS and Borrowed Resource Access Mechanism resources was being developed and would be put forward for consideration to the PBAS Working Group and subsequently submitted to the Executive Board for approval at a special session to be held prior to the Governing Council session.
16. The Board took note of the summaries provided by the Chairpersons of the Audit and Evaluation Committees. Both committees had expressed support for the work done in the preparation of budgets proposed for 2022 by IFAD and IOE. However, major reservations had been expressed during the amount of the proposed carry-forward.
17. In a joint statement, List A recalled that some members could accept the proposed budget increase while recognizing the planned implementation of reforms in 2022 and efforts to double its impact by 2030, bearing in mind that the associated drivers might have an impact in the form of future budget increases.
18. In a joint statement, List C expressed support for the revised budget at a level of 5.24 per cent nominal increase (option A) and urged members to ensure that IFAD was adequately resourced in order to invest in recovery, in rebuilding and in strengthening resilience.
19. Board members voiced their support for the IOE work programme and budget and welcomed the proposal for 2022. A robust evaluation function was key to enabling the Fund to achieve a higher level of development effectiveness and efficiency.
20. Members expressed appreciation for the information provided in the Decentralization 2.0 document and reiterated their strong support for the decentralization process as a means of increasing IFAD's impact at country level. Clarifications were sought with respect to, *inter alia*, the criteria adopted.
21. Management advised that a number of factors were taken into consideration when selecting locations for country and regional offices, such as the size of the portfolio, future business, complexity, development challenges, knowledge management and partnership opportunities, accessibility and living conditions for IFAD staff and in particular the availability of a host country agreement. In-country presence had a proven impact on improved relations with governments and other partners, thus positively influencing policy engagement as well as capacity-building, developing new partnerships and fostering ownership and sustainability of benefits.
22. After rich discussion and consultation among representatives and Management, a revised budget proposal was presented by Management with the aim of striking a balance between the need to support IFAD's organizational evolution and reform (option B).
23. Sub-List C1 and a number of Member States expressed their preference for option A as set out in conference room paper 1 but, in the spirit of consensus-building, agreed to endorse option B as presented by Management.
24. The representative of the United States advised that her country could not join in the consensus approval of the IFAD budget proposal.
25. The representative of France requested that the minutes reflect that the increase in the budget was to be considered exceptional and justified by the decentralization process, which had incurred one-off cost increases. The increase did not in any way constitute a precedent for IFAD or for other international organizations.
26. Noting the concerns expressed regarding the proposed carry-forward level, which exceeded the ceiling prescribed in the financial regulations, Management committed to ensuring that the carry-forward from 2022 to 2023 would return to below the ceiling.

# Annex VIII.

## Senior independent adviser's report

### Statement of Rob D. van den Berg on the final report of the corporate-level evaluation on IFAD's decentralization experience 2023

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

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

brings a wealth of information, evidence and lessons learned to contribute to further work.

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

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

It is important to note that the issue of efficiency versus effectiveness is discussed thoroughly in the report. While there is no improvement in efficiency noted, effectiveness has increased. This is somewhat counter-intuitive, as lower efficiency tends to lead to lower effectiveness. The evaluation literature and practice has many examples of how this has worked out in cases where investments and interventions aimed to solve complex problems by involving all partners in an inclusive way to reach a solution. These partnership programmes are often necessary to work on the societal and economic change that is acceptable to a wide range of societal partners. Such partnerships are generally evaluated as more effective in reaching a broad consensus on solutions, and more effective in implementation. They are also less efficient, as brokering joint action with a wide range of partners can take time, and involving multiple partners has higher transaction costs. What is important to note is that efficiency indicators and rules for partnership programmes should be different from efficiency indicators and rules for project interventions that will be delivered by one or two agencies or consultancy firms. This differentiation in efficiency indicators is not yet standard practice in international, bilateral or country-level organizations. IFAD could potentially help on this issue, as it is moving in the direction of more complex interventions, for example through including climate change issues. This work on better efficiency standards for complex multi-party investment programmes could be a collaborative issue for IOE and Management.

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

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







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