

# profile



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## Corporate-level evaluation IFAD's Decentralization Experience

**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.**

### IFAD's decentralization process

When the International Fund for Agricultural Development (IFAD) was established in 1974, the intention was to work through existing organizations rather than for IFAD to have country offices.

In 2003, following the Consultation on the Fifth Replenishment of IFAD's Resources, the Executive Board approved the Field Presence Pilot Programme for the period 2004-2006, leading to the establishment of 15 country offices.

After a corporate-level evaluation of the Field Presence Pilot Programme was conducted, and the programme expanded, in 2011 the Board approved the IFAD Country Presence Policy and Strategy (2011-2013), setting a cap of 40 country offices. Later, the IFAD Country Presence Strategy (2014-2015), raised the cap to 50. As of mid-2016, IFAD had 40 (of which 39 were operational) covering 79 per cent of total IFAD financing.

IFAD's country presence has included four configurations. The first is based on a national staff member leading the office under the supervision of an international staff member based in Rome. The second is based on an international staff member out-posted in a country and supported by national staff. The third is that of a sub-regional office, led by an international staff member, that also provides services to neighbouring countries. The fourth is that of a regional office, only established in Kenya, led by an international staff member and with some decentralized financial functions.

### Main findings

#### Relevance

The overall objectives of the decentralization process were relevant. They were defined as enhancing IFAD's development effectiveness by: (i) better adapting project designs to the country context and providing cost-effective implementation support; (ii) playing a catalytic role in non-

lending activities (policy dialogue, partnership-building and knowledge management); (iii) aligning with country strategies and donor coordination mechanisms; and (iv) participating in the One United Nations Initiative.

However, some assumptions were not fully realistic. One was that decentralization could be cost-neutral, against the evidence of many other international financial institutions. Linked to this assumption was the approach relying on a “light touch” presence (i.e. very small country offices with limited staff and financial resources), in contrast with a wide range of expected objectives.

Another assumption was that each regional division could experiment with different modalities to country presence without analysing the advantages and disadvantages of alternative options and without a more structured corporate approach.

Initially, it was also assumed that changes should focus on expanding country presence without reforming headquarters significantly. Experience from comparator organizations shows that decentralization requires changes in the “centre” as well as in “periphery”.

### Effectiveness

Country presence brought about better understanding of the institutional and policy context of countries and more regular and in-depth consultation with partners. This resulted in IFAD country strategies that respond better to country priorities and local needs.

Country presence has contributed to project implementation support which, in turn, has helped enhance project effectiveness. The presence of IFAD staff in the country, who can interact with stakeholders upon demand, allows for enhanced responsiveness and problem solving while avoiding protracted correspondence and delays.

Ratings for project performance and development results were significantly higher with country presence. While many other factors influence project performance, there is sufficient evidence to conclude that country presence played an important role.

Regarding non-lending activities, contribution from country presence was notable in the case of partnership-building, but more limited for knowledge management and policy dialogue. This was partly due to the limited human and financial resource available at the country office level. Moreover, coverage of policy dialogue was largely determined by the interests, experience and initiatives of individual staff members.

### Efficiency

While opening country offices implied additional costs, overall IFAD was able to contain the costs associated

with decentralization. However, not all the available options for re-organizing headquarters and reducing costs have been explored.

The evaluation found that sub-regional hubs configuration has advantages, compared to other forms of country presence. In terms of costs, the advantage is that sub-regional hubs can serve multiple countries without having to replicate the country office structure in each of them.

IFAD has introduced a number of improvements in the support functions to the country offices. However, the envisaged process of delegation of authority has progressed slowly. As an example, budget-holder responsibility remains with the regional directors. A pilot initiative of budget-holding delegation has started in Viet Nam. Limited delegation of authority for communication is another area of concern for many international out-posted staff.

## Key recommendations

- **Strengthen IFAD’s country presence and enhance cost-efficiency.** Based on a functional analysis: (i) re-organize country presence around a selected number of sub-regional hubs; and (ii) re-organize staff levels between headquarters and country offices.
- **Better support non-lending activities through decentralization to achieve stronger development results.** Introduce a more selective agenda for non-lending activities, based on consultation with national development partners. Differentiate the non-lending agenda and the expectations by type of country office and resources available.
- **Enhance efficiency of decision making through stronger delegation of authority.** Prepare a plan for delegating budget-holding authority to country directors, and define a framework for further delegating authority for releasing communication material (e.g. country web page, web links for knowledge products, social media).
- **Enhance staff incentives and capacity to operate in a decentralized environment.** Strengthen incentives for out-posted staff (e.g. opportunities for career advancements), notably for those in countries with fragile situations. Develop a plan to better recognize and empower country programme officers.
- **Improve the quality of data, monitoring and self-assessment.** Adjust IFAD financial management and accounting systems to monitor more comprehensively the cost of country programme management.

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#### Further information:

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