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Enabling poor rural people  
to overcome poverty

## **High-level preview of IFAD's 2011 results-based programme of work and administrative and capital budgets, and the preview of the Office of Evaluation's results-based work programme and budget for 2011 and indicative plan for 2012-2013**

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**For: Review**

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## Abbreviations and acronyms

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD's Operations
CLE	corporate-level evaluation
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPMT	country programme management team
DMR	divisional management result
ECG	Evaluation Cooperation Group
IOE	IFAD's Office of Evaluation
M&E	monitoring and evaluation
MTP	Medium-term Plan
NONIE	Network of Networks on Impact Evaluation
OECD/DAC	Development Assistance Committee of the Organisation of Economic Co-operation and Development
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PMD	Programme Management Department
PPA	project performance assessment
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
RMF	Results Measurement Framework
SDC	Swiss Agency for Development and Cooperation
SHIPDET	Shanghai International Programme for Development Evaluation Training
UNEG	United Nations Evaluation Group

## Executive summary

1. The Eighth Replenishment called on IFAD to increase its operational programme by 50 per cent while working within a results-based budget. In the context of IFAD's Results Measurement Framework and Medium-term Plan, IFAD intends to quickly step up its response to the food price and financial crises that have reversed the positive trend in reducing rural poverty and food insecurity. In 2011, the Fund proposes to support approximately US\$2.5 billion in new commitments to smallholder development, a major boost to achievement of the first Millennium Development Goal by 2015. These indicative commitments will include US\$1 billion in loans and grants from IFAD's resources, approximately US\$0.5 billion in cofinancing directly managed and supervised by IFAD, and US\$1 billion in regular loan cofinancing. In 2010 IFAD is striving to surpass its indicative level of US\$800 million to reach US\$890 million in new IFAD commitments against its regular resources, and will endeavour to do the same in 2011 relative to the indicative level of US\$1 billion.
2. The proposed administrative budget for 2011 focuses on delivering this major expansion of the work programme, and on ensuring that resources committed have the maximum development impact. The principal components of IFAD's administrative budget are expenditures on country programme development and implementation; and corporate management, reform and administration. An increase of 10 per cent in real terms is proposed for country programme development and implementation to support the 25 per cent increase in the programme of work and the even larger increase in the broad indicative work programme that combines resources from both within and outside of IFAD. The budget component for corporate management, reform and administration has been managed on a zero real growth basis for several years, notwithstanding growth in the programme of work that it supports (the proposed programme of work for 2011 is double the 2007 level). IFAD proposes to continue this zero real increase approach.
3. The total administrative budget proposed for 2011 is US\$143.5 million at the exchange rate used to calculate the budget for 2010. Of the real increase of US\$8.4 million (6.4 per cent), some US\$7.66 million (91.2 per cent) is for country programme development and implementation. Taking into account the rise in the programme of work and the much smaller increase in the administrative budget, IFAD's efficiency ratio is projected to improve from 16.5 per cent to 14.35 per cent in 2011 (compared to the Results Measurement Framework target of 13.5 per cent for 2012). A broader measure of efficiency that includes external resources directly managed and supervised by IFAD, and the estimated management fees for such resources, is projected at approximately 10 per cent. Once exchange rate movements are factored into the administrative budget proposal in December 2010, the nominal value of the administrative budget is likely to fall, improving the efficiency ratio further.
4. The rapidly growing programme of work will generate significant demand for expanded support services. Management is committed to meeting such demand through reorganization and efficiency gains under its ongoing zero-based budgeting and strategic workforce planning exercises.

## Part one – High-level preview of IFAD’s 2011 results-based programme of work and administrative and capital budgets

### I. IFAD’s programme of work for 2011

1. Pursuant to the Eighth Replenishment of IFAD’s Resources, the Member States provided the resources and mandate to enable the organization to play a material and proactive role in accelerating global investment in smallholder development. Against the background of the food price and financial crises – which have pushed greater numbers of people into food insecurity and hunger, and threaten to dampen official development assistance – IFAD is striving to front-load the delivery of resources available for commitment under the Eighth Replenishment as well as additional resources under new partnerships for rural poverty reduction. IFAD is seeking to increase its commitment level in 2010 from the US\$800 million estimated in December 2009 to as much as US\$890 million. For 2011, a base work programme of US\$1.5 billion is proposed, comprising a programme of work of US\$1 billion from regular resources and an additional US\$0.5 billion in IFAD-managed commitments financed from other sources (including the Global Agriculture and Food Security Program, Spanish funds, the European Commission, the OPEC Fund for International Development and the Global Environment Facility). Not only would this represent by far the largest work programme in IFAD’s history, it would be more than twice the size of the programme planned for 2007 (see table 1). Maintaining the cofinancing ratio achieved on operations approved at the first Executive Board session of the Eighth Replenishment period (April 2010) will mean mobilizing new commitments for smallholder development on the order of US\$2.5 billion per annum. This is IFAD’s indicative work programme for 2011. As in 2010, it will strive to surpass this level – just as it is seeking to accelerate the throughput of resources by reducing the time from project approval to first disbursement and by strengthening project-level financial management.

Table 1  
Indicative and actual work programme of loans and grants  
(Millions of United States dollars)

	2007	2008	2009	2010	2011
IFAD loans and Debt Sustainability Framework (DSF) grants	544.5	607.8	668.5	748	935
IFAD grants	60.5	42.2	46.5	52	65
<b>Total IFAD programme of work</b>	<b>605.0</b>	<b>650.0</b>	<b>715.0</b>	<b>800.0<sup>a</sup></b>	<b>1 000.0</b>
Other funds under IFAD management (estimated) <sup>b</sup>	-	-	200	250	500
<b>Total</b>	<b>605.0</b>	<b>650.0</b>	<b>915.0</b>	<b>1050.0<sup>a</sup></b>	<b>1 500.0</b>

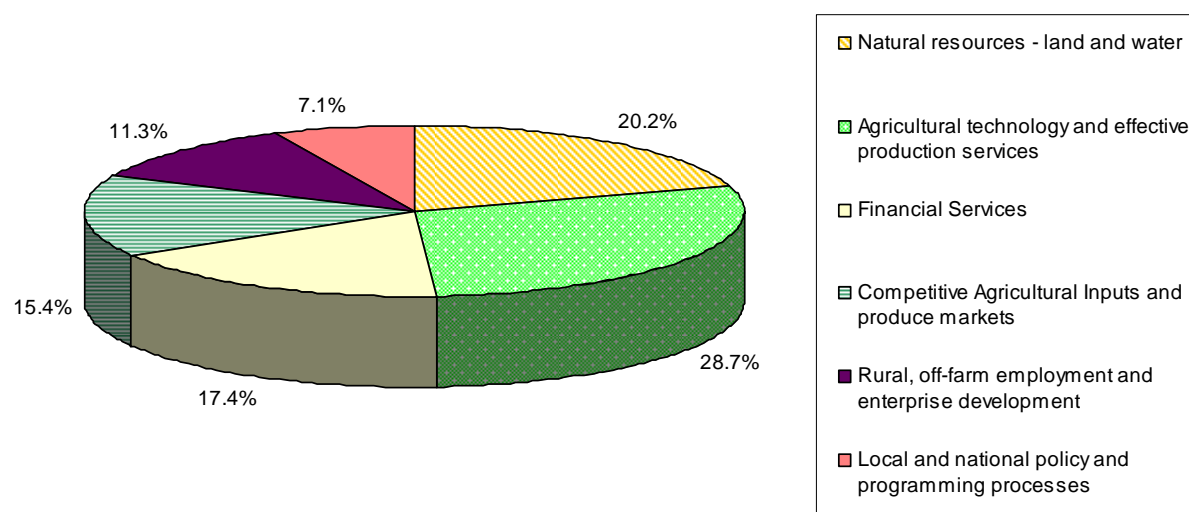
<sup>a</sup> The currently planned level is US\$890 million.

<sup>b</sup> Refers to funds made available mainly through financing mechanisms established after the 2008 food price crisis.

2. The programme of work is delivered through loans, DSF grants and regular grants. Some 40 to 45 projects/programmes and five supplementary loans/DSF grants are being prepared for approval, with at least 40 per cent in sub-Saharan Africa. In line with the objective of increasing average loan size, 12 of the new projects/programmes are over US\$30 million (including those for Bangladesh, Ethiopia, Nepal, the Niger, Rwanda and Senegal) and only nine are below US\$10.0 million (including those for Kiribati, Timor-Leste and Tonga). The anticipated value distribution of the programme of loans and DSF grants among the thrusts established in the Strategic Framework are shown in the figure below: agricultural technology and effective production services (28.7 per cent); natural

resources – land and water (20.2 per cent); financial services (17.4 per cent); competitive agricultural inputs and produce markets (15.4 per cent); rural, off-farm employment and enterprise development (11.3 per cent); and local and national policy and programming processes (7.1 per cent).

**Planned distribution of 2011 lending and DSF grants by IFAD strategic objectives (as of 25 June 2010)**



3. The estimated number of global/regional and country grants in 2011 is 84, for a total IFAD grant value of US\$65 million. The principal thrusts of the regular grant programme are as follows: innovative activities, technologies and approaches in support of IFAD's target group; awareness, advocacy and policy dialogue on issues of importance to poor rural people; capacity-building for partner institutions to deliver a range of services in support of poor rural people; and knowledge management and dissemination of information on issues related to rural poverty reduction.

## **II. IFAD's 2011 results-based administrative, Ninth Replenishment and capital budgets**

### **A. Historical allocation policy, budget levels and results**

4. Successive IFAD administrative budgets have reflected the absolute priority placed on achieving development impact through an expanded programme of work and project portfolio. Resources in the form of staff, consultants and other expenditures to directly support project development and implementation (cluster 1 in the results and process matrix, principally involving the Programme Management Department) have risen in real terms each year, albeit more slowly than the programme of work. In all other areas, encompassing activities that make the work of cluster 1 possible, the aggregate budgeted level of staffing and the real level of non-staff costs have been kept on a zero or negative real growth basis. Significant improvements have been achieved in real costs, reflected in the output ratio for the area of administration and corporate support. In the Finance and Administration Department, for example, a flat staffing level has supported a major increase in the programme of work and associated financial, human resource management and administrative operations.

5. In 2009, the total approved administrative budget and Programme Development Financing Facility (PDFF) was US\$115.3 million. Reflecting the increased programme of work agreed for the Eighth Replenishment period, of which 2010 is the first year, the newly integrated administrative budget for 2010 was approved with a real increase of 4.4 per cent. The entire real increase was again dedicated to strengthening country programme development and implementation. Thus the real increase for cluster 1 expenditures was 7.5 per cent – compared to the then-projected 11.9 per cent increase in the indicative programme of work.
6. A further nominal increase of 3.2 per cent was authorized to offset inflation and the estimated increase in staff unit costs. The total nominal value of the administrative budget for 2010, taking into account the real increase, the adjustment for inflation and staff price increases, and an adjustment for the predicted average exchange rate, was US\$131.99 million (see table 3).
7. The real increases in the budget for country programme development and implementation (cluster 1) have sustained the continuing rapid expansion in the delivery of new loan and grant commitments: new commitments posted a robust increase in 2009, and approvals at the Executive Board session held in April 2010 were nearly 50 per cent higher than one year earlier. Support for the implementation of the already existing portfolio of projects and grants (including loan and grant supervision) is also a major element of activities under cluster 1. The number and value of projects in the portfolio has been expanding, and will increase even faster in future in response to the higher commitment schedule of 2009 and the even higher commitment level planned for 2010-2012.
8. Quantitative growth in the programme of work and project portfolio has been impressive. Important progress has also been made on the qualitative front: in the development impact reported in successive reports on IFAD's development effectiveness (RIDEs) and annual reports on results and impact of IFAD's operations (ARRIs); and in the work that IFAD does to achieve that impact (i.e. IFAD's management results). Some Results Measurement Framework (RMF) targets for 2012 have already been exceeded – the quality of country strategic opportunities programmes (COSOPs) at entry, and project effectiveness in thematic areas at entry – and others are clearly on track for achievement by the target date. IFAD's objective has been not only to reach but to surpass the RMF performance targets, to increase the percentage of activities ranked at a higher level and expand the platform of excellence necessary for the scaling-up of activities that is central to IFAD's broad outreach and impact strategy. In every category, the percentage of projects rated 5 or better is increasing.

## **B. Estimated administrative budget allocations for 2011**

### **Raising efficiency**

9. IFAD has been performing well in key RMF impact areas and plans to do equally well in its value-for-money dimension and cost control. In the context of IFAD's first zero-based budgeting exercise, all managers are engaged in exploring ways to improve resource use and reduce costs, reallocating savings to satisfy new requirements in support of the expanded work programme and enhanced development impact. The first results are being reaped in areas where decisions can take immediate effect without involving complex process and personnel changes – as in staff entitlements and travel management, where savings of US\$1.5 million to US\$2.1 million are projected for 2011. Significant further savings may also be achieved in the pilot programme of a full year of operation of the Common Procurement Unit serving IFAD as well as the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP). Building upon a combination of the zero-based budgeting and strategic workforce planning exercises taking place under the Medium-term Plan (MTP), structural savings in both staff and non-staff costs will be captured from streamlining,

automating and rationalizing transactional and management processes. These are complex exercises, undertaken in IFAD for the first time in 2010. A clearer picture of results will be available by the time IFAD's administrative budget proposal is submitted to the Executive Board at its December 2010 session.

### The Medium-term Plan and results-based budgeting

10. IFAD's MTP, presented to the Executive Board at its September 2010 session, provides the overall framework for IFAD's medium-term results. The programme of work and the administrative and capital budgets for 2011 represent an annualized tranche of the implementation of that plan – within the framework of what will be a rolling programme of zero-based budgeting and strategic workforce planning. Accordingly, the corporate development/operational objectives for 2011 are to:
- (a) achieve the largest ever work programme of new loans and grants (amounting to US\$1.5 billion, including IFAD loans and grants of US\$1 billion) in better designed projects (as measured by RMF level 4 indicators), mobilizing an additional US\$1 billion in regular cofinancing; and
  - (b) maintain and improve the quality of implementation (as measured by RMF level 4 start-up and implementation indicators) of the growing portfolio of ongoing projects to achieve greater impact (as measured by level 2 indicators);
11. IFAD's corporate internal management objectives for 2011 are to make the operational objectives achievable through: successful resource mobilization and asset management to meet the requirements of the programme of work; human resource management to support key development and administration functions at headquarters and in country offices; a results and risk management system to ensure overall focus, performance and coherence; and an information technology platform that provides the real-time data, automated processes and communications needed for the above (as measured by level 5 indicators).

Table 2  
**Analysis of nominal and real administrative budget increases for 2011**  
(Millions of United States dollars)

	<i>Results cluster</i>	2010	2011	Nominal increase	Real increase <sup>a</sup>	Nominal increase %	Real increase <sup>a</sup> %
1	Country programme development and implementation	76.68	86.14	9.46	7.66	12.3%	10%
2	High-level policy dialogue, resource mobilization and strategic communication	9.74	10.49	0.75	0.49	7.7%	5%
3	Corporate management, reform and administration	32.94	33.69	0.75	0	2.3%	0%
4	Support to Members' governance activities	10.81	11.08	0.27	0	2.5%	0%
	Corporate cost centre	1.82	2.10	0.28	0.25	15.4%	13.7%
	<b>Total</b>	<b>131.99</b>	<b>143.50</b>	<b>11.51</b>	<b>8.40</b>	<b>8.7%</b>	<b>6.4%</b>

<sup>a</sup> Real increase at 2010 prices and exchange rate.

12. Since 2006 IFAD has implemented a comprehensive internal system of results-based management and performance monitoring, one product of which is the annual RIDE. Since 2010, and in accordance with Eighth Replenishment recommendations, the administrative budget has been structured within a results-based budgeting system that aligns IFAD's budget resources with its development results and key activity areas. These key activity areas are as follows: country programme development and implementation (cluster 1); high-level policy



dialogue, resource mobilization and strategic communication (cluster 2); corporate management, reform and administration (cluster 3); and support to Members' governance activities (cluster 4). Table 3 indicates the relative weight of these activity clusters in the administrative budget.

13. Outlined below are IFAD's administrative budget proposals by cluster, in order of their weight within the total budget:
  - (a) To support the planned 25 per cent increase in the programme of work relative to the indicative programme of work for 2010 (and the much larger increase in the work programme through partnerships placing external funds effectively under IFAD's management), it is proposed that the administrative budget allocation for country programme development and implementation (cluster 1 of IFAD's results and process matrix) will be increased by 10 per cent in real terms (a nominal increase of US\$9.46 million). Cluster 1 will be as engaged as the other clusters in seeking better resource allocation and efficiency, but the level of new commitments, and the fiduciary management requirements of an expanding project portfolio, dictate that a lower level of real increase may present material risks for the quality of operations, prejudicing the gains called for (and being achieved) in the RMF;
  - (b) The allocation for corporate management, reform and administration (cluster 3) would be frozen in real terms. The rising requirements arising from increased activity levels to service the rapid expansion in the programme of work and the project portfolio would be satisfied on the basis of cost savings and resource re-allocations;
  - (c) The administrative budget allocation for support to Member's governance activities (cluster 4) would be frozen in real terms, notwithstanding the significantly expanded workload foreseen for 2011; and
  - (d) Reflecting the growing demand for resource mobilization to meet IFAD's ambitious cofinancing targets, as well as the cost of changing the competencies profile within the newly-established Office of the Chief Development Strategist, the budget allocation for high-level policy dialogue, resource mobilization and strategic communication would be increased by US\$0.75 million (a 5 per cent real increase).
14. Under the corporate cost centre, IFAD groups two expenditures over which it exercises little direct and immediate control: depreciation and its contribution to the After-Service Medical Coverage Scheme. The nominal increase required to meet these obligations is US\$0.28 million.
15. Table 2 provides a summary of the proposed administrative budget by cluster and the corporate cost centre, before and after cost increases (see paragraphs 28 and 29). The total proposed administrative budget for 2011 is US\$143.5 million, a real increase of 6.4 per cent.

Table 3  
**Analysis of percentage share of administrative budget by results cluster, 2010 and 2011**  
 (Millions of United States dollars)

	<i>Results cluster</i>	<i>2010</i>	<i>2011</i>	<i>Percentage share 2010</i>	<i>Percentage share 2011</i>
1	Country programme development and implementation	76.68	86.14	58.1%	60.0%
2	High-level policy dialogue, resource mobilization and strategic communication	9.74	10.49	7.4%	7.3%
3	Corporate management, reform and administration	32.94	33.69	25.0%	23.5%
4	Support to Members' governance activities	10.81	11.08	8.2%	7.7%
	Corporate cost centre	1.82	2.10	1.3%	1.5%
	<b>Total</b>	<b>131.99</b>	<b>143.50</b>	<b>100%</b>	<b>100%</b>

## C. Operational objectives for 2011

### Country programme development and implementation (cluster 1)

16. The main objectives of country programme development and implementation are designing the projects and grants that constitute the programme of work, and supporting the implementation of IFAD's large and growing stock of already approved projects. Project development and approval is just the beginning of IFAD's project engagement, triggering for each project a partnership of ongoing supervision, implementation support, disbursements and procurement that can last for a decade.
17. A significant increase in activities around the programme of work is anticipated. As indicated in paragraph 2, every attempt is being made to increase the size of IFAD projects. Nonetheless, in the context of the major increase in the proposed programme of work, the number of new projects (as distinct from top-up loans or DSF grants) is expected to rise from the 39 currently planned in 2010 to up to 45 in 2011 (an increase of 15 per cent).
18. Since the adoption of the IFAD Policy on Supervision and Implementation Support by the Executive Board in 2006 (EB 2006/89/R.4/Rev.1), IFAD management has moved swiftly to convert the projects under the supervision of cooperating institutions to IFAD's own supervision. On 1 June 2010, 261 projects financed wholly or in part by IFAD were either under or awaiting implementation (compared with 252 in 2009). Of the projects actually under implementation (232), 211 were under direct supervision, up from only 186 at the end of 2009. By 1 June 2010, the total value of IFAD financing for projects under or awaiting implementation had risen to US\$4.6 billion. The supervision load is expected to increase rapidly as the actual expansion of project approvals in 2009 and the planned increase in 2010 matures from approved projects to projects approved and under implementation. Moreover, plans call for stepping up the level of support provided to ongoing projects encountering implementation issues, as well as collaborating with country-level partners to accelerate project start-up, thus ensuring that increases in loan and grant commitments are translated into equivalent and timely delivery of assistance at the project level.
19. IFAD's country offices are playing a vital role in supporting project implementation. In 2010, IFAD adopted a strategy of consolidation (including bringing personnel mobilized on a variety of different types of contract into the IFAD staffing structure). Only three new offices were proposed, and by 30 June 2010, 28 of the 30 country offices approved had been established. IFAD proposes the establishment of five additional offices in 2011, to be implemented within the framework of the strategy to be discussed with the Executive Board.

20. As indicated in paragraph 13, the activities needed to uphold the increase in the overall work programme and IFAD programme of work for 2011, and rising portfolio implementation support costs, would be financed through a 10 per cent real increase in the cluster 1 allocation.

**High-level policy dialogue, resource mobilization and strategic communication (cluster 2)**

21. IFAD has an important opportunity to achieve a broader impact on global smallholder development through stronger policy analysis, advocacy, communication and new forms of resource mobilization. On the other hand, IFAD's first line of responsibility is to ensure that its direct operational programme delivers the required level of assistance - in high quality projects whose implementation is well supported through, inter alia, close attention to ensuring that the resources IFAD has been given by its members are used properly and effectively. Given the absolute priority of satisfying immediate operational requirements, IFAD will grasp this opportunity mainly by focusing and reorganizing resources at the real level allocated in 2010, as initiated in the corporate reconfiguration that became effective in January 2010. This includes the establishment of the Office of the Chief Development Strategist (and the collateral reallocation of some resources previously managed within the former External Affairs Department) and new reporting lines for both the Communications Division and the Resource Mobilization and Partnership Unit. In the interest of strengthening fact-based policy development for smallholder development, the Office of the Chief Development Strategist will receive a small additional allocation to improve statistical analysis capacities, and IFAD will make a modest additional investment to improve its resource mobilization capacity for cofinancing. The real increase involved is US\$0.49 million.

**Corporate management, reform and administration (cluster 3)**

22. The administrative portion of the administrative budget is considerably smaller than the operational portion and has not grown in real terms, although the lending programme and project portfolio it supports have expanded rapidly. In addition to the overall challenge of ensuring the provision of timely and high quality services in response to dramatically higher demand for recruitment of staff and consultants, management of payments, organization of travel and documents, provision of office and meeting space, and supply of day-to-day computing and communications facilities in support of operational activities, IFAD must sustain a shift from country presence as a pilot and ad hoc phenomenon to a structured and permanent aspect of its organization.
23. As outlined in the paper entitled Change and reform: Implementation (EB 2010/99/R.31/Rev.1), priority areas include:
- (a) **Human resource management.** Tasks in this area include: (i) meeting staff mobilization and management needs arising from the expansion of activities around the programme of work and the integration of the country office workforce into the staffing structure; (ii) pursuing the corporate human resource management agenda in the context of a strategic approach to workforce planning and management (including reforming the contracting system to introduce greater flexibility to operational and performance requirements); (iii) strengthening the effective impact of IFAD's performance evaluation system on staff productivity; (iv) developing clearer career and staff development structures in critical corporate value-adding areas; (v) managing internal rotations; (vi) introducing a strategic balance among the different workforce regimes managed by IFAD; and (vii) streamlining and automating human resource management workflows to permit a shift in the focus of activities from human resource administration.

- (b) **Financial resource management.** Increasingly volatile financial markets require proactive and intensive monitoring and management of IFAD's financial assets. Both investment and liquidity policies are scheduled for review to reflect changing market conditions and anticipated increases in disbursements. Resource mobilization to enhance cofinancing will require new management systems for matching assets and income to obligations. At the same time, the evolution of financial instruments offered by other development institutions and markets will necessitate further review of the adequacy of IFAD's assistance instruments, particularly in middle-income countries.
- (c) **Information and communications technology.** IFAD's continuing ability to raise the level and quality of its development results by expanding and improving its programme of work and portfolio will depend upon its ability to streamline and automate transactional tasks and better manage knowledge, as by implementing a new loan and grant system and by strengthening business continuity. Much of the cost of hardware and software will be financed from IFAD's capital budget. But IFAD must also strengthen its capacity to develop information technology from a corporate business results and process perspective, and to effectively maintain the new systems it is and will be developing – within a strategic approach to outsourcing and greater use of off-the-shelf business solution packages.
- (d) **Risk management and oversight.** Recent global developments have underlined the need for all major organizations to develop and maintain adequate risk management procedures. IFAD operates a suite of risk management tools. Changes in the environment and its operations require that they be strengthened. IFAD must implement a comprehensive and detailed business continuity plan (including, but not restricted to, preservation and access to corporate financial and operational data and data management systems) to ensure that its key development support functions can be maintained in the face of recognized risks and threats.
24. As indicated in paragraph 13, these improvements will be financed out of internal efficiencies and savings identified in the zero-based budget and strategic workforce planning exercises, and no real increase in the administrative budget allocation for this cluster is proposed.
- Support to Members' governance activities (cluster 4)**
25. Cluster 4 activities support IFAD's governance by promoting effective relationships between the Fund and Member States within governing bodies. These expenditures account for a substantial part of the administrative budget, although they are not strictly speaking part of IFAD's administration. There are extensive requirements to provide documentation, translation and interpretation, well-structured and serviced meetings, protocol support and communications. Given the scheduling of replenishment meetings and responsibility assumed for providing secretariat services to the Evaluation Committee, 2011 will be a year of particularly high activity, including one Governing Council session, three Executive Board sessions, six Audit Committee meetings; five Evaluation Committee sessions; three meetings on the performance-based allocation system, five replenishment sessions, five Emolument Committee meetings and seven Convenors and Friends meetings.
26. These increased activities will be financed out of internal savings and efficiencies identified in the zero-based budget and strategic workforce planning exercises. No real increase in the administrative budget allocation for this cluster is proposed.

## D. Aggregate estimated administrative budget allocations for 2011

27. The total administrative budget proposed for 2011 at the exchange rate used to develop the administrative budget for 2010 is US\$143.5 million (see table 4). Of this total, US\$141.4 million is for activities under clusters 1 to 4, and US\$2.1 million for expenditures under the corporate cost centre.

Table 4

### Results and process matrix for results-based budgeting in IFAD and 2011 proposed budgets – administrative and other

Cluster	Outcome	Corporate management result	Process	2011 proposed budget
<i>Operational</i>				US\$ million
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	Country programme development and implementation	86.14
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogues for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	High-level policy dialogue, resource mobilization and strategic communication	10.49
<i>Institutional support</i>				
3	An effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results	CMR 4 – Better financial resource management CMR 5 – Better human resource management CMR 6 – Better results and risk management CMR 7 – Better administrative efficiency and an enabling work and information and communications technology (ICT) environment	Corporate management, reform and administration	33.69
4	IFAD's governing bodies function effectively and efficiently	CMR 9 – Effective and efficient platform for Members' governance of IFAD	Support to Members' governance activities	11.08
<b>Total 2011 administrative budget proposed for clusters 1-4</b>				<b>141.40</b>
Corporate cost centre				2.10
<b>Total administrative budget proposed for 2011</b>				<b>143.50</b>
<b>Other budgets proposed for 2011:</b>				
2011 capital budget				12.50
Ninth Replenishment budget				2.00

28. As indicated in table 2, the nominal increase of US\$11.51 million reflects a real increase of US\$8.4 million, with US\$3.11 million accounted for by price increases (see table 5 for a breakdown of real and price factors used in determining nominal budget factors). IFAD adjusts real cost projections to generate nominal values using two sets of prices: staff prices and other. Changes in staff prices are determined by variations in the elements of standard staff costs, of which salary is but one element (see annex I). As a United Nations organization, and by the express policy approved by the Executive Board, IFAD aligns itself to the recommendations of the International Civil Service Commission (ICSC) on salaries

and benefits. In addition, in the 2010 administrative budget, IFAD specifically aligned itself with the change in staff costs approved in the FAO budget, i.e. 4 per cent per annum for the biennium.

29. Although IFAD continues to subscribe to the underlying methodology involved in estimating standard staff costs, the assumptions behind the biennial rate of 4 per cent have been reviewed as they refer specifically to 2011. On the basis of changed expectations about salary increases, and taking into account the effect of changes in staff benefits and entitlements announced in IFAD in 2010, the currently estimated standard staff cost inflator for 2011 has been reduced to 2.8 per cent. Non-staff expenditures are estimated to be subject to an inflation rate of 1.3 per cent in 2011. The average aggregate annual increase in costs is estimated at 2.3 per cent; the rate varies by cluster according to the relative weight of staff and non-staff costs in the expenditure profile.

Table 5

**Factors contributing to the nominal level of the administrative budget: price factors, exchange rates and real changes**

(Millions of United States dollars)

	2010	Real increase	Price increase	2011
Administrative budget	131.99	8.40	3.11	143.50
Contribution to the increase	100%	6.4%	2.3%	108.7%

**Efficiency ratio**

30. In IFAD's RMF, IFAD's efficiency target for 2012 is 13.5 per cent, compared to 16.5 per cent (planned) in 2010. Assuming a constant exchange rate, the proposed administrative budget for 2011 would post a 14.35 per cent efficiency ratio under the narrow definition of the ratio between the administrative budget and the IFAD programme of work. Under a broader definition of the ratio between the administrative budget and the work programme combining the IFAD programme of work and external resources to be committed and managed by IFAD, the ratio would be approximately 10 per cent (see table 6). Adjusting nominal prices to reflect the projected annual average exchange rate for the United States dollar to the euro for 2011 is likely to drive the efficiency ratio even lower. This underscores the importance of exchange rates in calculating IFAD's efficiency, and explains the difficulties IFAD has encountered in raising nominal efficiency during the previous extended period of depreciation of the United States dollar (IFAD's budget currency) against the euro (IFAD's principal expenditure currency).

Table 6

**Evolution of the ratio between the administrative budget and the planned commitment level**

(Millions of United States dollars)

	2009 actual	2010 estimated EUR 0.79:US\$1	2010 estimated EUR 0.72:US\$1	2011 projected EUR 0.72:US\$1
Nominal administrative budget	111.48	124.04	131.99	143.50
Nominal planned IFAD programme of work	716.20	800.00	800.00	1 000.00
<b>Narrow efficiency ratio</b>	<b>15.57%</b>		<b>16.50%</b>	<b>14.35%</b>
Overall work programme	916.20		1 050.00	1 500.00
Nominal administrative budget and estimated administrative fees	116.38		138.24	156.00
<b>Broad efficiency ratio</b>	<b>12.70%</b>		<b>13.17%</b>	<b>10.40%</b>

## E. Relation of the proposed programme of work and administrative budget to projections for the 2010-2012 period

31. In September 2009 IFAD management presented the Executive Board with projections of key financial variables and measures for the Eighth Replenishment period (see table 7). Within these projections, the estimated administrative budget for 2011 was US\$139.03 million at the exchange rate of EUR 0.79:US\$1. The proposed administrative budget for 2011 at the exchange rate of EUR 0.72:US\$1 is US\$143.5 million. Restating the proposed administrative budget for 2011 at the exchange rate of EUR 0.79:US\$1 results in a proposal of US\$134.9 million, below the projection made in 2009 for 2011. The projected real increase in the administrative budget was 6.5 per cent, compared to the 6.4 per cent currently proposed in light of the larger than anticipated work programme arising from the successful mobilization of new project financing partnerships. The real increase proposed in the cluster 1 budget is slightly higher (10 per cent compared to 9 per cent) for the same reason, while the real increase proposed for the aggregate budget of clusters 2, 3 and 4, in the light of the benefits anticipated from implementation of zero-based budgeting and strategic workforce planning, is lower (1 per cent compared to 2 per cent).

Table 7

### Indicative medium-term projections for the programme of work and administrative budget, 2010-2012

(Millions of United States dollars)

	2009 Approved	2010 Original MTP projection	2010 Approved	2011 Original MTP prediction	2011 Proposed	2012 Original MTP prediction
Programme of work	715.00	800.00	800.00	1 000.00	1 000.00	1 200.00
Total administrative budget at EUR 0.72:US\$1 <sup>a</sup>	n/a	n/a	131.99	n/a	143.50	n/a
Total administrative budget at EUR 0.79:US\$1	115.31	125.15	124.04	139.03	134.90	153.63
Real increase in total administrative budget	n/a	4.0%	4.4%	6.5%	6.4%	6.0%
Real increase in cluster 1 budget	n/a	7%	7.5%	9%	10%	8%
Real increase in aggregate budget for clusters 2, 3 and 4	n/a	0%	0%	2%	1%	2%

Note: n/a: not applicable

<sup>a</sup> The medium-term projections prepared in September 2009 used an exchange rate of EUR 0.79:US\$1, while the 2010 budget was actually approved at the exchange rate of EUR 0.72:US\$1.

## F. Supplementary funds and corresponding administrative fees

32. In the context of the strategy of mobilizing partnerships for rural development and poverty reduction, and independently of the newly emerging financing partnerships referred to in part one, paragraph 1, IFAD implements and manages a number of operations with third parties that are complementary to the programme of work. These operations are financed from supplementary funds or on a similar basis. Engaging in these partnership activities involves additional costs to IFAD in design, implementation, supervision and administration. These costs are funded from administration fees provided for in each separate funds agreement and do not represent claims on the administrative budget. The total estimated expenditure to be funded from such fees in 2011 is US\$6.93 million, compared to US\$5.55 million in 2010.

## G. Consultation on the Ninth Replenishment of IFAD's Resources

33. The consultation on the Ninth Replenishment of IFAD's Resources will take place in 2011 and will cost up to an estimated US\$2.0 million (see table 8). Management is budgeting on the assumption that there will be five consultations. With the exception of the external chair and external session, all costs fall under direct management control, and are lower than the Eighth Replenishment budget request.

Table 8

### Estimated budget for the Consultation on the Ninth Replenishment of IFAD's Resources

(Thousands of United States dollars)

	<i>Eighth Replenishment: @ 0.737</i>	<i>Ninth Replenishment: @ 0.722</i>
Language-related services	600	508
Staff costs	450	190
Administration, hospitality, etc.	550	310
External chair	-	250
External session	-	542
Contingency	200	200
<b>Total</b>	<b>1 800</b>	<b>2 000</b>

## H. The capital budget for 2011

34. As in 2009, IFAD will report on the performance of projects funded under the capital budget at the December session of the Executive Board. Proposals for new capital budget projects will be presented at the same time. Key elements of the programme being developed include the design and implementation stage of the new Loan and Grant System, which, as anticipated, will require substantial resources; the automation of labour-intensive human resource administration activities to accelerate processes and free up staff time to focus on strategic human resources management; improvements to IFAD's security infrastructure and completion of business continuity-related IT systems. A preliminary estimate places the 2011 capital budget at US\$12.5 million.



## **Part two – Preview of the Office of Evaluation’s results-based work programme and budget for 2011 and indicative plan for 2012-2013**

### **I. Introduction**

35. As requested by the Executive Board, this is the third three-year rolling evaluation work programme prepared by IFAD’s Office of Evaluation (IOE). The document contains a preview of IOE’s work programme and budget for 2011 and indicative plan for 2012-2013. For the first time, IOE has followed the zero-based budget approach and linked its resource requirements to the achievement of key results,<sup>1</sup> which is the practice followed in IFAD’s annual administrative budget for 2011.
36. This proposal comes at a crucial time of evolving development challenges, major corporate reforms in IFAD and internal changes within IOE resulting from the Peer Review of IFAD’s Office of Evaluation and Evaluation Function.<sup>2</sup> This changing internal and external environment will require more than a "business as usual" approach by the division. Strategic reorientation and adjustments are needed to ensure high-quality, timely and useful independent evaluations that provide value for money.
37. This document has six sections. Section II includes an overview of key changes in both the external and the internal context and their implications for IOE. Section III sets forth IOE’s results chain, including the proposed objectives,<sup>3</sup> IOE’s divisional management results and their linkages with IFAD’s corporate management results.<sup>4</sup> Section IV summarizes the achievements with regard to the 2010 evaluation work programme, whereas section V charts the activities that will contribute to each IOE divisional management result and objective. Section VI outlines the proposed 2011 budget and human resources needed for IOE to implement its evaluation activities and achieve the divisional management results and objectives.
38. Following the incorporation of any comments made by the Evaluation Committee at its sixty-third session in July 2010 and based on guidance and comments provided by the Audit Committee and the Executive Board during their sessions in September 2010, IOE will prepare a comprehensive results-based work programme and budget for 2011 and indicative plan for 2012-2013, for discussion with the Evaluation Committee at its sixty-fourth session in October. The same document will be discussed by the Executive Board in December 2010. Prior to this, as in the past, the budget proposal will be considered by the Audit Committee in November 2010, together with the administrative budget of IFAD for 2011.

### **II. An evolving environment**

39. This results-based work programme has been developed after carefully considering key changes in the external context, the evolving strategic directions within IFAD, the implications of the Peer Review, and the guidance provided by the Evaluation Committee and the Executive Board last year (see annex VII for the

<sup>1</sup> IFAD introduced its first results-based annual programme of work and administrative budget in 2010.

<sup>2</sup> The Peer Review was undertaken by the Evaluation Cooperation Group (ECG) of the multilateral development banks, and the final report was presented to the Executive Board in April 2010.

<sup>3</sup> This is the first year that IOE has followed the results-based management approach by identifying its core objectives and the results and activities necessary to achieve those results and objectives.

<sup>4</sup> IFAD has 10 corporate management results, aimed at sustaining the Fund’s strategic objectives. These are applied across the organization, according to their relevance to each division’s programme of work. Following IFAD’s results-based management approach, IOE has also identified its divisional management results, which aim at sustaining the division’s proposed objectives.

recommendations of the Peer Review and IFAD's governing bodies on the IOE work programme and budget). IOE has also conducted a gap analysis (see paragraph 77) to identify areas that have not been evaluated in the recent past or are new and in need of evaluation attention. The following paragraphs cover the main issues considered by IOE in preparing its 2011-2013 work programme.

40. **Changes in external environment.** The Paris Declaration on Aid Effectiveness (2005), of which IFAD is a signatory, promotes the principles of country ownership, harmonization, partnership, alignment and accountability for results. These principles are reaffirmed in the Accra Agenda for Action (2008). As a consequence the adoption of joint country assistance strategies, joint development programmes and joint evaluations is becoming increasingly important to donor and recipient countries alike.
41. Joint evaluations offer the opportunity for harmonization among the evaluation approaches of different donor agencies and/or partners, and thus support the implementation of the Paris Declaration and Accra Agenda. Joint evaluations also help reduce transaction costs for partner countries; widen the scope of a given evaluation and offer greater possibilities for learning. IOE has experience in undertaking joint evaluations, having completed one last year with the African Development Bank (AfDB) on agriculture and rural development policies and operations in Africa. This joint evaluation was the first of its kind in terms of its joint nature,<sup>5</sup> objectives and coverage. Importantly, the experience demonstrated that compared with evaluations carried out by a single organization, joint evaluations can require more staff time for coordination and communication, in addition to more financial resources and longer implementation periods. These factors must be taken into consideration by IOE when exploring suitable opportunities for joint evaluations in 2011 for inclusion in the final IOE work programme and budget document to be presented to the Evaluation Committee in October 2010.
42. Of special significance to IFAD is climate change, given its impact on agriculture, the main source of livelihood for the majority of IFAD's target group. In response to the growing importance of climate change, IFAD is increasingly integrating climate change adaptation and mitigation activities into its operations. Climate change is currently addressed by IOE as part of the assessment of impact on natural resources and the environment of IFAD-funded operations, but it is not treated as a separate impact domain or evaluation criterion. It is therefore important for IOE to assess the implications of IFAD's climate change activities for IOE evaluation methodology and approaches.
43. There is growing diversity among IFAD's borrowing Member States (e.g. lower-middle-income, middle-income and upper-middle-income countries; fragile states including countries affected by conflict and natural disasters, highly indebted countries). The range of contexts and priorities of these states will require IOE to customize its evaluation methods and approaches in a way that ensures that its evaluations remain useful and independent. For example, IOE will need to devote greater attention to assessing IFAD's non-lending activities (knowledge management, partnership-building and policy dialogue) in middle-income countries. Similarly, evaluations in countries experiencing conflict will require IOE to mobilize specific consultant expertise in conflict issues. The guidance of the Development Assistance Committee (DAC) of the Organisation of Economic Co-operation and Development (OECD) will also be needed with regard to evaluating conflict prevention and peacebuilding activities when defining the methodology and key questions.

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<sup>5</sup> For instance, the joint evaluation was conducted with a single team of consultants, the budget was pooled, and a joint final evaluation report was issued.

44. **IFAD is going through major internal corporate reform initiatives.** These entail, inter alia, the imminent introduction of a new corporate strategic framework for 2011-2014, the preparation of a Medium-term Plan for 2010-2012 (see paragraph 46), human resources reform, zero-based budgeting, wider country presence, greater attention to knowledge management and scaling up and more efforts devoted to self-evaluation.
45. The new strategic framework for 2011-2014 is being developed by IFAD Management and is scheduled to be submitted for Board approval in December 2010. Once the full draft document is available, IOE will analyse the implications of the new strategic framework's objectives and principles of engagement for IOE's work and will reflect these in its final results-based work programme and budget for 2011 and indicative plan for 2012-2013; this will also be presented to the Board in December 2010.
46. The MTP – which covers the Eighth Replenishment period from 2010 to 2012 – is the first of its kind for IFAD and provides a medium-term perspective of the programme of work (i.e. loans and grants) that the Fund intends to deliver during that time frame. It also serves to align IFAD's available resources (both human and financial) to deliver the planned programme of work. In 2009, IOE introduced the practice of preparing a three-year rolling work programme similar to the MTP model.
47. As is the case for the rest of IFAD, IOE's budget proposal for next year is based on the zero-based budget approach. This approach aims to ensure that the budget is focused on providing the appropriate level and type of workforce as well as the financial allocations necessary for delivering the planned work programme in an effective and timely manner.
48. The Fund's administrative budget is earmarked against 10 corporate management results (CMRs), and illustrates the amount of administrative resources used to achieve each CMR. IOE has followed a similar approach in preparing its 2011 work programme and budget, by defining eight specific divisional management results (DMRs) and showing how the division's overall budget will be allocated to meet each DMR (see table 4 in annex VI).
49. Since 2006, the IFAD self-evaluation system has been strengthened, although there is room for further enhancement: project-level monitoring and evaluation (M&E) systems remain generally weak and the quality of the project completion reports (PCRs) prepared by governments is not yet satisfactory overall. In spite of the aforementioned, compared to when the Evaluation Policy was approved in 2003, improvements in IFAD's self-evaluation capabilities have implications for how IOE operates. In particular, the improved self-evaluation system is expected to have an impact on the amount of primary data IOE needs to collect for independent evaluation work. With better self-evaluation, it will be increasingly possible for IOE to base its analysis of IFAD's portfolio performance systematically on the data contained in supervision reports, mid-term reviews, PCRs and other self-evaluation reports. Therefore, it is important for IOE to continue working closely with Management in developing IFAD's self-evaluation system, for example, by undertaking evaluations of such components as the quality enhancement and quality assurance processes, supervision and implementation support, and by providing comments on the annual Report on IFAD's Development Effectiveness.
50. A number of core issues are likely to receive attention during the Consultation on the Ninth Replenishment of IFAD Resources in 2011. These include results measurement, direct supervision and implementation support, country presence, scaling up, gender, engagement of the private sector and efficiency. IOE needs to take these into account in developing its work programme, as it may need to contribute to the debate on these or other topics during Ninth Replenishment consultation.

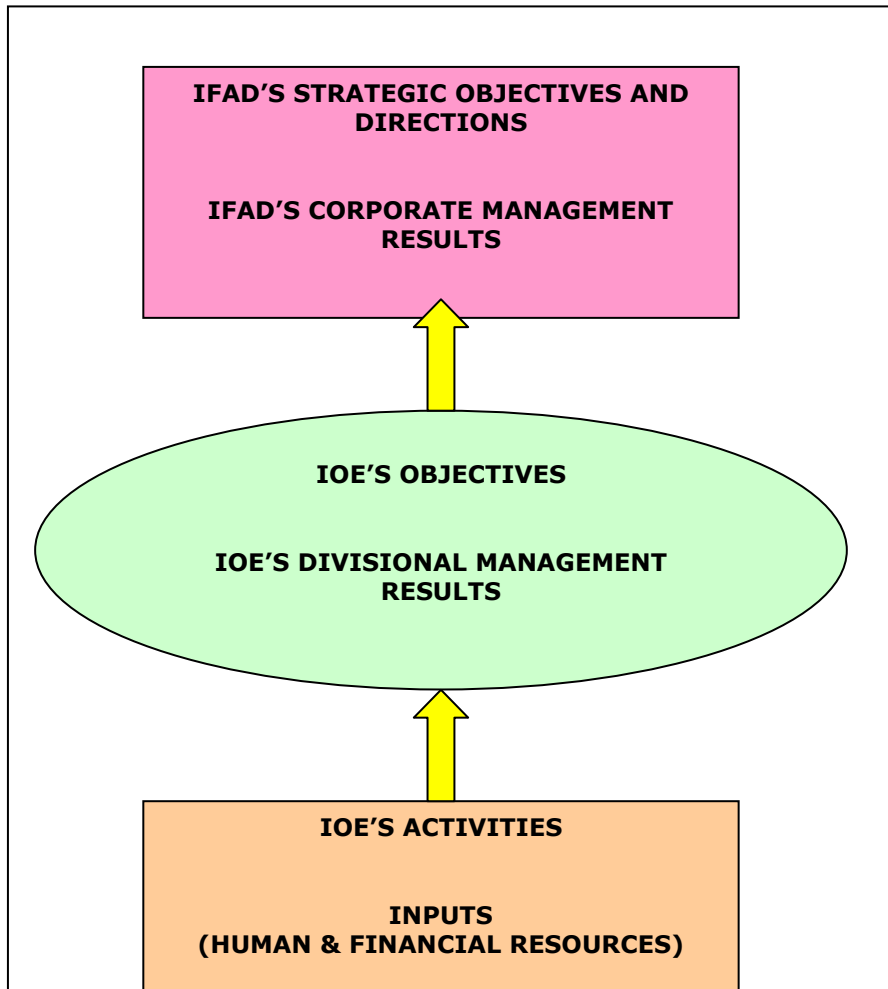
51. **Peer Review of IFAD’s Office of Evaluation and Evaluation Function and the implications for IOE.** The Peer Review made a number of recommendations with important implications for IOE, the Evaluation Committee and IFAD Management.
52. The recommendations affecting IOE’s future evaluation work are:
- (i) Change IOE’s product mix to devote proportionately more resources to higher-plane evaluations. The latter include corporate level-evaluations (CLEs) – such as the one IOE is currently undertaking on gender equality and women’s empowerment – and country programme evaluations (CPEs). The Peer Review also recommended that future CLEs should cover selected aspects of operational corporate management and institutional support, such as loan administration and procurement, quality enhancement and quality assurance, and human resources;
  - (ii) Undertake validation of PCRs. Unlike in other multilateral development banks where PCRs are prepared by Management, in IFAD PCRs are prepared by borrowing governments within six months after the completion of a project. After submission by the government, staff in the office of the Associate Vice-President of IFAD’s Programme Management Department (PMD) review the PCR and assign ratings to the various evaluation criteria covered in the report. Validation of PCRs by IOE would entail reviewing the ratings assigned by PMD as well as the overall quality of the reports prepared by the borrowing governments;
  - (iii) Conduct project performance assessments (PPAs) on a selective basis. In multilateral development banks where PCR validations are conducted, PPAs are undertaken for a sample of projects that have undergone validation. PPAs are normally completed within three months, including the field visit, and require less investment than the comprehensive type of project evaluations done by IOE at present; and
  - (iv) Enhance knowledge management to strengthen the evaluation learning loop. This is essential in order to ensure that lessons learned from evaluation inform the formulation and implementation of IFAD-funded policies and operations and raise attention to key issues related to agriculture and rural development that merit further reflection and debate among development practitioners.
53. The Peer Review noted that IOE’s budget “appears to be high relative to ECG [Evaluation Cooperation Group] members” and recommended that IOE improve its efficiency by using more cost-efficient approaches, while enhancing quality and effectiveness, in carrying out its work programme. This could be done by:
- (i) Moving away from the current comprehensive project evaluations to undertake PCR validations and PPAs, which are lighter, quicker and less costly;
  - (ii) Shifting some of the Evaluation Committee support traditionally provided by IOE to the Office of the Secretary (in particular, the organization of annual country visits);
  - (iii) Finding an appropriate balance between the use of staff and consultants in conducting evaluations;
  - (iv) Strengthening IOE’s financial management and administrative processes; and
  - (v) Ensuring that the structure and layout of IOE’s annual administrative budget are aligned with IFAD’s administrative budget.

54. Annex VII includes a table with the Peer Review recommendations regarding IOE's work programme and budget, and how IOE plans to act upon them.

### III. IOE's results chain

55. As mentioned earlier, the Peer Review suggested that IOE harmonize its budget presentation with that of IFAD's administrative budget. To achieve this, IOE has followed the zero-based budget approach in developing its 2011 administrative budget, and linked its resource requirements to specific results that it aims to achieve. The IOE results chain is displayed in the figure below.

IOE results chain



56. As indicated in the figure above, IOE's human and financial resources will provide the required inputs for the division's evaluation activities. These activities and the corresponding outputs will allow IOE to achieve its DMRs (see table 9), which will in turn enable IOE to meet its own objectives (see paragraphs 57-58), and contribute to the achievement of IFAD's CMRs and, eventually, IFAD's overall strategic objectives.
57. As specified in the IFAD Evaluation Policy, IOE's overarching purpose is to contribute, through its evaluation work, to enhancing the Fund's development effectiveness. Therefore, for 2011 and its indicative plan 2012-2013, IOE proposes the following two strategic objectives:

- (i) **Strategic objective 1: Contribute to improving the performance of IFAD-funded policies and operations.** This strategic objective reflects the twofold purpose of the independent evaluation function at the Fund, namely to promote not only accountability and results assessment, but also learning to improve the performance of IFAD-supported policies and operations.
  - (ii) **Strategic objective 2: Promote effective knowledge management and learning.** The aim of this strategic objective is to enhance evaluation feedback on cross-cutting contemporary themes and issues of corporate priority and interest to IFAD and the development community at large. The knowledge management and learning activities proposed under this strategic objective therefore are more wide-ranging than the learning promoted under strategic objective one, which is specific to individual country programmes and/or projects financed by IFAD.
58. In support of these objectives, IOE has identified the following operational objectives.
- (i) **Operational objective 1: Enhanced IOE efficiency.** More robust internal financial systems and administrative processes are critical to enhancing efficiency and delivering the annual work programme in a timely manner.
  - (ii) **Operational objective 2: Methodology development.** An enhanced methodology and better processes for independent evaluation, together with strengthened self-evaluation systems will provide IOE with valuable instruments to achieve both its strategic objectives.
59. The operational objectives can be considered as “the nuts and bolts” of IOE’s work, and therefore as fundamental to achieving the two strategic objectives. Better budget execution, human resources management, and administrative processes are important for enhancing efficiency and ensuring value for money. On the other hand, methodology development for both independent and self-evaluation functions is not an isolated action but a continuous process that needs to adapt to the evolving requirements of IFAD Management and the Fund’s governing bodies.
60. Following the results-based budgeting approach, eight DMRs have been defined for each IOE objective. The DMRs will allow the division to track the implementation progress and effectiveness of its work programme and report on the achievement of its strategic and operational objectives. The following table summarizes the proposed DMRs, the strategic and operational objectives and their linkages with the CMRs.

Table 9

**IOE's divisional management results, objectives and linkages with IFAD's corporate management results**

<i>IOE DMRs</i>	<i>IOE objectives</i>	<i>Linkages with IFAD CMRs</i>
DMR 1: High-quality annual reports on results and impact of IFAD operations (ARRIs) and CLEs that provide building blocks for the development and implementation of better corporate policies and processes	Strategic objective 1: Contribute to improving the performance of IFAD-funded policies and operations.	CMRs 1, 2 and 3
DMR 2: High-quality CPEs that serve as building blocks for better results-based country strategic opportunities programmes (COSOPs)		
DMR 3: PCR validations and PPAs that contribute to better IFAD-supported operations		
DMR 4: Systematic communication and outreach of IOE's work	Strategic objective 2: Promote effective knowledge management and learning	CMR 8
DMR 5: Production of evaluation syntheses and ARRI learning themes		
DMR 6: More efficient financial, human resource and administrative management	Operational objective 1: Enhanced IOE efficiency	CMRs 4, 5, 6 and 7
DMR 7: Methodology development for independent evaluation work	Operational objective 2: Methodology development	CMRs 1, 2, 3 and 8
DMR 8: Support to the self-evaluation function of IFAD and its Member States		

IFAD corporate management results: CMR 1: Better country programme management; CMR 2: Better project design (loans and grants); CMR 3: Better supervision and implementation support; CMR 4: Better financial resource management; CMR 5: Better human resource management; CMR 6: Better results and risk management; CMR 7: Better administrative efficiency and an enabling work and information-and-communications technology (ICT) environment; CMR 8: Better inputs into global policy dialogues for rural poverty reduction; CMR 9: Effective and efficient platform for Members' governance of IFAD; CMR 10: Increased mobilization of resources for rural poverty reduction.

61. In line with IFAD's results-based budget approach, the 2011 IOE budget (staff and non-staff costs) has been earmarked against each DMR and each strategic and operational objective (see table 4, annex VI for details).

#### **IV. Highlights of 2010 work programme**

62. Overall, by the end of 2010, IOE expects to implement all the activities planned under the four priorities identified by the 2010 work programme, namely: (i) conducting of selected corporate-level, country programme and project evaluations; (ii) specific evaluation work required by the IFAD Evaluation Policy and the Terms of Reference of the Evaluation Committee; (iii) evaluation outreach and partnerships; and (iv) evaluation methodology and effectiveness of IOE. (Details of the implementation progress of evaluations planned in 2010 are provided in annex II, including reasons for any delays.)
63. **Conducting of selected corporate-level, country programme and project evaluations.** IOE presented the final report of the CLE on IFAD's capacity to promote innovation and scaling up to the Evaluation Committee and the Executive Board in April 2010. As requested by the Board, IOE is also implementing various outreach activities related to the AfDB-IFAD joint evaluation of the agriculture and rural development policies and operations in Africa, which was completed in December 2009. A presentation on the findings and recommendations of the joint evaluation is planned at the African Green Revolution Forum, which is being organized by the Alliance for a Green Revolution in Africa in September 2010.

64. The CLE on gender equality and women's empowerment is in full swing. Thus far, a comprehensive desk review<sup>6</sup> and country visits<sup>7</sup> have been completed and the final evaluation report is being prepared. A PowerPoint presentation on the preliminary findings and recommendations will be delivered to the Evaluation Committee in July 2010, to solicit its feedback before the evaluation report is finalized. Moreover, for the first time, IOE is planning to organize jointly with IFAD Management a corporate learning workshop on the topic in September/October. The aim of this event is to discuss the draft final report and capture the views of multiple stakeholders, including participants from developing countries, before completing the evaluation. This final evaluation report will be discussed at the sixty-fifth session of the Evaluation Committee in November 2010 and thereafter with the Executive Board in December 2010.
65. IOE is also working on the CLE of IFAD's Private-Sector Development and Partnership Strategy (2005). The approach paper has been prepared, a portfolio review is being undertaken and country visits have been planned. The evaluation will assess the relevance, implementation and achievements of the strategy. This evaluation is scheduled to be presented to the Evaluation Committee and the Board in 2011.
66. IOE is working on a number of CPEs in 2010. It completed the Mozambique CPE by organizing a national round-table workshop in Maputo in May. The 2010 country visit of the Evaluation Committee to Mozambique coincided with the workshop. The Argentina CPE has been completed and the national round-table workshop was organized in June 2010. The evaluation will be discussed at the Evaluation Committee in October. The Niger CPE will be finalized in the coming months. The report is being sent to the Government for its review and comments.
67. The CPEs in Kenya and Yemen are under way, but at different stages. IOE will soon start the preparatory work for CPEs in Ghana, Rwanda and Viet Nam, which are all scheduled to be completed in 2011. IOE is also providing inputs to the self-evaluation of the country programme in China by the Asia and the Pacific Division, in particular by commenting on the approach paper and the draft final report.
68. IOE is working on six project evaluations in Brazil, the Dominican Republic, Ghana, the Lao People's Democratic Republic, Rwanda and the United Republic of Tanzania. The evaluations are at different stages of implementation. Those for Brazil, Ghana, Rwanda and the United Republic of Tanzania are interim evaluations of projects for which the concerned regional IFAD division is planning a follow-up phase; those for the Dominican Republic and the Lao People's Democratic Republic are project completion evaluations.
69. **Specific evaluation work required by the Evaluation Policy and the Terms of Reference of the Evaluation Committee.** The 2010 ARRI – the eighth edition of the document – is under preparation. The document will be discussed first in the Evaluation Committee, and then with the Executive Board in December 2010. As per past practice, the ARRI devotes due space to learning, in addition to providing an account of the performance and impact of IFAD operations. As agreed with the Board last year, the 2010 ARRI focuses on only one learning theme: efficiency of IFAD operations. In this regard, IOE and PMD are currently preparing a research paper that will be discussed in a dedicated in-house learning workshop with the participation of IFAD Management, country programme managers and other staff, before finalizing the ARRI.

<sup>6</sup> The desk review phase (which includes interviews with IFAD Management and staff) produces the following outputs: (i) a benchmarking study; (ii) a meta-evaluation of IFAD's results on gender equality and women's empowerment; (iii) a review of the ongoing portfolio; and (iv) a review of IFAD's corporate systems and processes to determine how well they support IFAD's ability to contribute to gender equality and women's empowerment.

<sup>7</sup> Visits were undertaken to five countries, one in each IFAD geographic region: Bangladesh, Egypt, Guatemala, Mauritania and Zambia. A working paper was prepared for each country based on the desk review and data collected during the country visit.



70. So far in 2010, IOE has organized three formal sessions of the Evaluation Committee in January, April and July, in addition to an informal session (related to the Mozambique country visit) and an orientation session for new members. As mentioned above, the annual country visit of the Committee was organized in May, this year to Mozambique, as part of the national round-table learning workshop in the country.
71. **Evaluation outreach and partnerships.** IOE continued to strengthen its engagement in a limited number of international evaluation platforms and evaluation-related processes. The office took part in the 2010 annual general meeting of the United Nations Evaluation Group (UNEG) and is involved in a number of UNEG task forces. Similarly, IOE participated in meetings of the ECG of the multilateral development banks and the Network of Networks on Impact Evaluation (NONIE). The third phase of the partnership agreement between IOE and the Swiss Agency for Development and Cooperation (SDC) came into effect last year and is now under implementation. The partnership allows IOE to finance additional activities of an innovative and experimental nature, which would not be covered by IOE's annual administrative budget.<sup>8</sup>
72. IOE staff participated in selected in-house committees and platforms, such as meetings of the Operational Strategy and Policy Guidance Committee (OSC) and country programme management teams (CPMTs), to ensure that lessons learned from evaluations are adequately internalized in the development of new IFAD policies, strategies and projects.
73. **Evaluation methodology and effectiveness of IOE.** Training on IOE's Evaluation Manual will be organized for all IOE staff before the end of 2010. The division continues to apply a systematic approach to internal peer reviews, and as agreed with the Board, hires senior independent advisers for all higher-plane evaluations to provide guidance and comment on key evaluation deliverables throughout the evaluation process.
74. The final report of the Peer Review of IFAD's Office of Evaluation and Evaluation Function was completed and presented to the Evaluation Committee and the Board in April 2010. IOE prepared a comprehensive self-evaluation report, and provided the requested information as well as logistic and administrative support to the Peer Review team. IOE also prepared written comments on the draft final and the final Peer Review report. The Peer Review absorbed significantly more IOE staff time than initially anticipated.
75. **Additional activities undertaken by IOE in 2010.** While the Evaluation Committee will discuss during its July 2010 session ways and means to move forward with the Peer Review process, IOE has already taken steps towards implementing the main Peer Review recommendations, which the Board broadly endorsed at its April 2010 session:
- (i) Pilot project to introduce PCR validations and PPAs into the array of IOE products. The objective is for IOE to develop this year a customized PCR validation system and approach to conducting PPAs. As part of this pilot, IOE intends to undertake four to five PCR validations and one PPA before the end of the year using supplementary funds as required. This will allow IOE to learn from the pilot and fine-tune the system as required, and therefore be better prepared for when PCR validations and PPAs become an integral part of its work programme starting from 2011.
  - (ii) Measures to strengthen IOE's financial systems, human resource management and administrative processes. Fifty per cent time of one

<sup>8</sup> In 2010, IOE expects to receive maximum CHF 400,000 of supplementary funds under the partnership with SDC.

existing IOE Professional staff position has been allocated to financial and administrative functions in 2010. Taking into account the recommendations of the Peer Review, this staff member has developed an activity plan to enhance IOE's financial systems, human resource management and administrative processes. The main elements of the plan are: (a) ensuring full tracking of all expenditures and commitments; (b) streamlining process for identifying, selecting, contracting and managing consultants; and (c) tracking the implementation progress of evaluation activities. Numerous tasks have already been undertaken under the plan. For example, detailed budget estimates<sup>9</sup> are now prepared at the outset of each evaluation and submitted for approval to the Director, IOE. A standard spreadsheet template has been developed to allow evaluation officers and evaluation assistants to monitor closely the commitments and disbursements made and ensure that IFAD rules (on human resources, travel, etc.) have been followed. Last, a concept note has been prepared to develop a second version of IOE's Evaluation Processes Tracking System. The latter is a tool to facilitate tracking of the implementation progress of all evaluations under way and serve as a repository for information and knowledge on the evaluations included in the work programme.

- (iii) Recast the process leading up to the signature of the agreement at completion point.<sup>10</sup> IOE is presently working with Management to develop and introduce before the end of 2010 a new process and format for this document. This is necessary since, at present, there is no provision for articulating in a transparent manner any potential differences of opinion among Management, the government or IOE on any aspect contained in the agreement at completion point. The new process will also clarify the role of the Evaluation Committee and Executive Board, especially in cases where a difference of opinion arises.

## **V. The 2011 results-based work programme and indicative plan for 2012-2013**

- 76. This section charts the proposed activities to enable IOE to achieve its DMRs and the strategic and operational objectives contained in table 9. Once IOE has received feedback from the Evaluation Committee and the Board on the objectives and DMRs proposed, it will develop the key performance indicators to measure the achievements of those DMRs and include them in the final IOE work programme and budget document to be presented to the Evaluation Committee in October 2010. These indicators will allow IOE to report year by year on the achievement of the DMRs and objectives while submitting its work programme and budget document to the Committee and the Board.
- 77. As mentioned, a gap analysis was undertaken to review the nature of evaluations recently conducted by IOE and the areas that should be prioritized to respond to the changing context. The gap analysis included assessing evaluations conducted in the five geographic regions covered by IFAD operations with the aim of identifying corporate issues, countries, and projects that need to be prioritized in the evaluation work programme.

<sup>9</sup> This would include the number of consultants required and number of days for consultants, fee rates, travel, etc.

<sup>10</sup> Agreement at completion point is a document signed by IFAD Management and the government. It captures their understanding of key evaluation findings, as well as their commitment to adopt and implement evaluation recommendations within specific time frames. The role of IOE is to facilitate the agreement at completion point process and bring it to a conclusion in a timely manner.

78. Details of the proposed evaluations for 2011 and the indicative plan for 2012-13 are provided in annex III. Moreover, as suggested by the Peer Review, annex IV contains a list of evaluations included in the 2011-2012 work programme that are now proposed to be dropped or deferred until a later date, and provides the rationale for doing so.

**Strategic objective 1: Contribute to improving the performance of IFAD-funded policies and operations**

79. **DMR 1: High-quality ARRI and CLEs that provide building blocks for the development and implementation of better corporate policies and processes.** Under this DMR, IOE will complete the CLE on IFAD's Private-Sector Development and Partnership Strategy. IOE will prepare the ninth edition of the ARRI and start the CLE on efficiency in 2011, which will also cover selected corporate processes such as loan administration, procurement, consultants management, and the quality enhancement and quality assurance processes.
80. The indicative plan for 2012-2013 includes the preparation of the tenth and eleventh editions of the ARRI, as well as the undertaking of two further corporate-level evaluations: (i) a CLE on supervision and implementation support to be undertaken in 2012;<sup>11</sup> and (ii) a CLE on the Revised IFAD Policy on Grant Financing to be undertaken in 2013, as decided by the Board in December 2009.
81. Also under this DMR, as required by the Terms of Reference of the Evaluation Committee, IOE will prepare written comments on selected corporate policy proposals submitted by Management to the Board. IOE will only provide comments on new corporate policies or strategies where it has accumulated evaluative evidence and lessons<sup>12</sup> on the topic. As per past practice, IOE's comments will be submitted for the consideration to the Committee and the Board together with the new policy or strategy proposal. In 2011, IOE foresees that it will be required to prepare comments on corporate policies/strategies prepared by Management on country presence, gender and the private sector. There may be other policies or strategies for comments by IOE next year; requirements will be more clearly defined as the work programme and budget process advances.
82. **DMR 2: High-quality CPEs that serve as building blocks for better results-based COSOPs.** Under this DMR, IOE will complete the CPEs in Ghana, Rwanda, Viet Nam and Yemen. The division will commence CPEs in Haiti, Jordan, Nepal and Uganda, for completion in 2012. The indicative plan for 2012-2013 also includes CPEs for Burkina Faso, Ecuador, Guatemala, Madagascar, Mauritania, the Philippines, the Plurinational State of Bolivia, Senegal, the Syrian Arab Republic and the United Republic of Tanzania. As in the past, priority will be given to countries with large portfolios and where the regional division intends to develop a new COSOP after the CPE is completed.
83. IOE intends to undertake one of the CPEs as a joint exercise and this will be reflected in the final IOE work programme and budget document to be presented to the Evaluation Committee in October. Based on the experience of the joint evaluation undertaken with the AfDB (see paragraph 41), IOE is considering what form this collaboration should take. For example, a joint evaluation between two organizations could focus on exchanging experiences and lessons throughout the process rather than establishing a single evaluation team and preparing a joint final report, as was the case for the joint Africa evaluation.

<sup>11</sup> Six years after the Board's approval of the IFAD Policy on Supervision and Implementation Support.

<sup>12</sup> For example, IOE prepared written comments on the new grants policy in December 2009, given that it had previously undertaken a CLE on the agricultural research component of IFAD's grants programme and because an assessment of grants is made as part of CPEs on a systematic basis.

84. **DMR 3: PCR validations and PPAs that contribute to better IFAD-supported operations.** The Peer Review has recommended IOE's portfolio and project assessments rely more heavily on validated PCRs. The validation of PCRs will be IOE's responsibility in the future. The review also recommended that IOE's project evaluations be replaced by PPAs, and that the mandatory undertaking of an interim project evaluation before preparing a subsequent phase be abolished. PPAs will be carried out for a sample of completed projects for which PCRs have been validated. Therefore, all project evaluations included in the rolling work programme discussed by the Board in December 2009 have been removed from both the proposed work programme 2011 and the indicative plan 2012-2013, and replaced by PCR validations and PPAs.
85. IOE proposes to follow the practice of other international financial institutions<sup>13</sup> by validating PCRs for all closed projects within a given period. In IFAD at present, around 35 projects are closed each year, which implies that IOE will conduct 35 PCR validation exercises in one calendar year. This will allow for a relatively rapid expansion over time of the sample size of evaluation ratings available for inclusion in the ARRI, and enable IOE to provide a more reliable account, through the ARRI, of the performance of the IFAD-funded project portfolio at large, based on a larger sample of evaluated projects.
86. It is proposed that PPAs be undertaken for about 25 per cent of closed projects, which will mean conducting about eight PPAs per year. The criteria for selecting projects for assessment and the appropriate methodology and process will be developed by IOE in the latter half of 2010, after a review of the lessons learned from the pilot project (see paragraph 75(i)), and outlined in the final work programme and budget document.<sup>14</sup>

### **Strategic objective 2: Promote effective knowledge management and learning**

87. **DMR 4: Systematic communication and outreach of IOE's work.** Activities under this DMR include the dissemination of printed copies of evaluation reports and evaluation Profiles<sup>15</sup> and Insights<sup>16</sup> to Executive Board members, Management, and governments and partners in developing countries and regular updating of the evaluation section on the IFAD website. Evaluation reports will also be made available through external websites, such as those maintained by the ECG, UNEG, and IFAD's regional knowledge networks.<sup>17</sup> For example, although the CLE on gender will be completed in 2010, key outreach activities will be undertaken in 2011 to ensure a wider dissemination of the evaluation's main findings.
88. IOE will continue to participate in IFAD's internal platforms (e.g. OSC and CPMT) to improve the understanding of evaluation lessons and recommendations. Furthermore, IOE will assess the feasibility of more systematic involvement with the in-house quality enhancement and quality assurance groups, as they offer specific possibilities for ensuring that evaluation-based knowledge inform the design of new policies, strategies and operations. IOE's limited resources do not

<sup>13</sup> IOE has had meetings with staff from the Independent Evaluation Group of the World Bank and the Evaluation Office of the European Bank for Reconstruction and Development on the topic.

<sup>14</sup> Some of the criteria that could be applied in selecting projects for PPAs include: projects that are innovative and offer specific opportunities for learning and scaling up; projects for which IOE's validated ratings for one or more evaluation criteria are significantly different from the ratings by PMD as contained in the PCRs; projects in a country where a CPE may be planned in the near future; and ensuring adequate geographic coverage across all the regions in which IFAD works.

<sup>15</sup> Evaluation Profiles are two-page summaries of the main conclusions and recommendations arising from each IFAD evaluation. They provide a sampling of evaluation results and an incentive for readers to delve deeper and follow up on interesting issues in the full report.

<sup>16</sup> Evaluation Insights focus on one learning issue emerging from corporate, thematic, or country programme evaluations. The hypothesis presented in the insights will form the basis for debate and discussion among development professionals and policymakers within IFAD and outside the institution.

<sup>17</sup> Such as ENRAP and FIDAMERICA.

allow it to participate in all such internal platforms. It will therefore develop specific criteria to identify the platforms where the evaluative knowledge and experience that it has accumulated over the years will be of maximum benefit.

89. As in 2010, quarterly meetings will be held between IOE and the Office of the President to exchange information and share knowledge on emerging evaluation issues. Given their institution-wide implications, informal seminars will be organized with Board members on CLEs as appropriate, before the final reports are considered by the Board.
90. In-country learning workshops will be organized for each CPE undertaken to discuss evaluation results and lessons learned with multiple stakeholders. As in the recent past, learning workshops will be held with greater support from the governments concerned. This will help lower the costs for IOE and enhance country ownership and follow-up.
91. IOE will participate actively in the following international evaluation groups: (i) UNEG, a professional network that brings together the heads of units responsible for evaluation in the United Nations system, of which IOE is a full member. It will continue to engage in a number of UNEG task forces;<sup>18</sup> (ii) the ECG which brings together the heads of the evaluation units of the multilateral development banks, of which IOE is an aspiring member; and (iii) NONIE, which comprises the OECD/DAC evaluation network, UNEG, ECG and the International Organization for Cooperation in Evaluation, which is a network of regional evaluation associations. The purpose of NONIE is to foster a programme of "impact evaluation" activities based on a common understanding of the term and using approaches suited to this type of evaluation. IOE has been a member of NONIE since its establishment in 2006. Moreover, IOE will take part in key international and regional conferences on evaluation, including those organized by selected evaluation societies and associations (e.g. the African Evaluation Association and the European Evaluation Society). The aim of IOE's participation in these platforms is to exchange knowledge and lessons learned, remain engaged in the international debate on evaluation and network with evaluators from different organizations and from developing countries.
92. IOE will continue to strengthen its partnership with SDC, which will allow IOE to pilot innovative evaluation methods and processes that cannot be financed through its regular administrative budget (see paragraph 71).
93. **DMR 5: Production of evaluation syntheses and ARRI learning themes.** In order to enhance its engagement in knowledge management, in 2011, IOE will start preparing evaluation syntheses. These will identify and capture evaluative knowledge from a variety of evaluations produced by IFAD and evaluation outfits of other organizations, and present lessons learned from academic literature and targeted interviews to promote learning and the use of evaluation findings. A possible topic for an evaluation synthesis in 2011 is supervision and implementation support. This is a critical issue and could provide the basis for the proposed CLE on the same subject provisionally planned to commence in 2012.
94. The division will also continue its in-depth treatment of a specific learning theme in ARRI each year (for example, the learning theme covered by the 2010 ARRI is the efficiency of IFAD operations). An in-house workshop will be organized on the learning theme selected. The proposal for next year's theme will be included in this year's ARRI, which will be considered by the Evaluation Committee and Executive Board before the end of 2010. One option is to choose supervision and implementation as the theme for 2011. The corresponding ARRI learning workshop would be an opportunity to discuss and disseminate the findings of the evaluation

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<sup>18</sup> These include task forces on (i) impact evaluation; (ii) evaluation of the evaluation function; and (iii) evaluation capacity development.

synthesis; both activities would provide the basis for the proposed CLE on the same subject in 2012.

**Operational objective 1: Enhanced IOE efficiency**

95. **DMR 6: More efficient financial, human resources and administrative management.** As recommended by the Peer Review, in 2011 the division will continue implementing various activities included in its plan to strengthen its financial and administrative management (see paragraph 75(ii)). This activity plan will be completed and its results will be mainstreamed into IOE's regular operations. The supervision of the improved financial and administration processes will require allocating 50 per cent of a professional staff member's time on a permanent basis. The planned activities for 2011 include:
- (i) Defining more clearly the respective roles, responsibilities and standard level of effort of IOE staff and consultants for each type of evaluation. This would help optimize the use of staff time and consultant resources throughout the evaluation process. In this regard, it is expected that IOE evaluation officers will, in addition to ensuring the quality of the entire evaluation process as in the past, have a greater role in preparing the final evaluation report, thus "in-sourcing" a number of related tasks that in the past were outsourced to consultants;
  - (ii) Developing a tool for improving overall divisional work planning and staffing decisions. This tool will assist IOE to optimize the use of divisional resources by improving the balance and distribution of tasks among staff. In particular, IOE will aim to pre-identify peaks of activity within the standard evaluation cycle and then sequence the start and end dates of individual evaluations to make the best use of the skills and time available;
  - (iii) Consolidating the activities already implemented in 2010 (see paragraph 75(ii)) and mainstreaming them into IOE's regular operations. These include streamlining process for identifying, selecting and managing consultants; undertaking quarterly stock-taking of the division's overall budget execution; and ensuring compliance with IFAD's financial and human resource rules through detailed internal scrutiny of all proposed financial commitments by the division.
96. Moreover, in response to the Peer Review's suggestion to strengthen the skill sets of IOE staff, a new training working group has been introduced within the division. The role of this group will be to identify individual and collective training requirements and organize corresponding training events.
97. Regarding human resources, the Peer Review found that IOE's conflict of interest provisions for the hiring of consultants<sup>19</sup> were effective in ensuring that the consultants chosen are in a position to perform their duties and formulate evaluative judgements and conclusions objectively. In line with the Peer Review's recommendation, next year IOE plans to develop more explicit conflict of interest provisions also for its regular staff members.
98. Finally, next year IOE will prepare a results-based work programme and budget for 2012, together with an indicative plan for 2013-2014. This document will also include an account of the achievement of the eight DMRs, and four divisional objectives and a summary of the main opportunities and challenges faced in the implementation of the annual work programme and budget.

<sup>19</sup> For example, the conflict of interest provisions would prevent IOE from hiring a consultant if he/she had previously worked on designing or implementing a strategy or operation subject to evaluation by the division. Each consultant is required to sign a specific conflict of interest declaration before IOE will agree to their recruitment for independent evaluation work. The full IOE conflict of interest provisions for consultants are provided in annex VI of the Evaluation Manual ([http://www.ifad.org/evaluation/process\\_methodology/index.htm](http://www.ifad.org/evaluation/process_methodology/index.htm))

**Operational objective 2: Methodology development****99. DMR 7: Methodology development for independent evaluation work.**

Methodology development is not a isolated action but rather a continuous process. The following activities are planned:

- (i) As next year will be the first year of implementing PCR validations and PPAs, IOE will take stock of its experience and enhance the corresponding system accordingly.
- (ii) IOE will continue to make adjustments to the Evaluation Manual to reflect key emerging issues (such as climate change and scaling up). Efforts and resources will continue to be invested in understanding the proximate causes of performance (i.e. the "why factor").
- (iii) The international development community has long debated the issue of impact. In response, evaluation networks such as NONIE have been formed to focus on impact evaluation. At this stage, no consensus has emerged regarding agreed methodologies for rigorously attributing the impact of development projects and programmes on society to specific factors or causes. This ongoing debate needs to be carefully tracked by IOE in view of the special importance that the Executive Board attributes to impact assessment. Therefore, IOE will remain engaged in NONIE's discussions on this topic.
- (iv) IOE's active participation in ECG, UNEG, and other evaluation conferences (see paragraph 91) will contribute to achieving this DMR because these platforms enable IOE to keep in step with evolving approaches in the international arena for state-of-the-art independent evaluations.
- (v) Rigorous methodology is essential for the quality of each evaluation. Therefore, the practice of hiring senior independent advisors for higher-plane evaluations such as CLEs and CPEs will continue. In addition to reviewing and preparing written comments on key evaluation deliverables produced throughout the evaluation process, these senior independent advisors play a critical role in the design of evaluations, especially in providing inputs on the methodology to be applied. The use of senior independent advisers will reassure Management and the Board of the soundness of the evaluation conclusions and recommendations.

**100. DMR 8: Support to the self-evaluation function of IFAD and its Member States.**

The division will contribute to improving the quality of IFAD's self-evaluation system, which is critical both for improving IFAD's performance and for conducting independent evaluations (see paragraph 49). In 2011, IOE will work with Management to further harmonize IFAD's self-evaluation and independent evaluation methodologies and processes. In particular, the introduction of the new Evaluation Manual in 2009, and the forthcoming PCR validations and PPAs by IOE will require adjustments to IFAD's PCRs, its supervision guidelines and the other building blocks of the self-evaluation system. In this regard, a new harmonization agreement<sup>20</sup> will be signed in 2011 between IOE and IFAD Management. This will document, among other issues, the respective roles and responsibilities of IOE and Management in ensuring an effective and efficient evaluation system within IFAD.

101. As in the past, IOE will review and prepare comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and the Report on IFAD's Development Effectiveness (RIDE). It will also continue to assess the quality of monitoring and evaluation systems at the

<sup>20</sup> The previous agreement was signed in 2006.

project and country level, through its regular evaluation work, and participate in any in-house task forces on results measurement.

102. IOE will contribute to strengthening the evaluation capabilities of Member States by supporting evaluation capacity development (ECD). As requested by the Board, IOE's engagement in ECD will be commensurate with its priorities and available resources. IOE will continue to strengthen its partnership with the Asia-Pacific Finance and Development Center in Shanghai, which serves as an evaluation knowledge provider and is currently in charge of organizing the Shanghai International Programme for Development Evaluation Training (SHIPDET), whose outreach covers the Asia and the Pacific region. In the context of this partnership, IOE will hold a training session on evaluation criteria and methods applicable to the agriculture and rural development sector. In addition, IOE will continue its engagement in ECD in the context of regular evaluation processes, and will also invite national evaluation associations to participate in the core learning partnership. IOE will continue its partnership with government oversight authorities to provide on-the-job training during evaluation field work.

## **VI. 2011 resource issues**

### **A. Efficiency gains**

103. As mentioned in section II, the Peer Review underlined the importance for IOE to improve its efficiency. This section outlines the main efficiency gains that IOE plans to achieve by implementing various cost-saving initiatives.
104. The most important of these is the discontinuation of project evaluations, to be replaced by PCR validations and a limited number of PPAs, which require less time and are less costly. In the past, each year IOE undertook around six project evaluations, which cost US\$540,000 and 360 days of staff time in total.<sup>21</sup>
105. In the future, IOE plans to undertake 35 PCR validations annually using exclusively IOE staff resources. IOE is currently developing customized methods and a system for PCR validations based on a thorough review of good international practice and the experiences of other multilateral development banks that have similar evaluation instruments. Based on an initial analysis, IOE plans to allocate six working days for undertaking each PCR validation, which will amount to a total of 210 working days for validating all PCRs produced in a given year.<sup>22</sup>
106. With regard to PPAs, IOE plans to assess eight closed projects per year that have previously undergone the PCR validation process. Before the submission of the final work programme and budget proposal in October 2010, IOE will define the specific criteria for selecting projects to be exposed to PPA and, for PCR validation, it will conduct a pilot PPA and subsequently refine its methods and processes accordingly. Footnote 14 provides possible criteria for use in selecting projects for assessment.
107. IOE estimates that each PPA will require about 20 IOE staff days. This is significantly lower than the 60 days allocated in the past to project evaluations by IOE. In addition, each PPA will require the use of one consultant for approximately 15 days, which is expected to cost around US\$20,000, inclusive of any travel costs. Again, this figure is significantly lower than the costs (US\$90,000) associated with

<sup>21</sup> The unit cost for each project evaluation in the past was US\$90,000, with 60 days of staff time allocated per evaluation.

<sup>22</sup> This is higher than the time allocated by the evaluation outfits in other multilateral development banks (which allocate around 3-4 days for each PCR validation). The main reason for proposing a higher allocation in IOE is due to the high variability in the quality of PCRs currently produced and the fact that 2011 will be an experimental year both for IOE and the Management, and therefore provisions need to be made for some contingency time. IOE will however assess and revisit the time allocation per PCR validation at the end of 2011, based on the experiences accumulated in 2011.



hiring consultants for project evaluations. Therefore, IOE plans to budget 160 days of staff time and US\$160,000 for conducting eight PPAs in 2011.<sup>23</sup>

108. The second initiative to save costs – and in line the Peer Review recommendation – is to shift some of the support currently provided by IOE to the Evaluation Committee over to the Office of the Secretary of IFAD. Up to now, each year significant IOE staff time was needed for administrative support to the Evaluation Committee (e.g. for preparing agendas, drafting minutes). In addition, IOE allocated US\$100,000 plus staff time for the Committee’s annual country visit. In line with the Peer Review’s suggestion, it is proposed that responsibility for organizing visits for Board members be transferred to the Office of the Secretary. However, IOE will still need to allocate adequate staff time to the functioning of the Evaluation Committee (e.g. briefing the Evaluation Committee chairperson on evaluation issues, providing members with information and clarification of key topics being considered by the Committee), over and above the time normally allocated to preparing documents and participating in regular Committee sessions. This is extremely important, especially in 2011, when the Office of the Secretary will begin assuming a greater role in supporting the Evaluation Committee. The efficiency gains described in the preceding paragraphs are summarized in table 10.

Table 10

**Efficiency gains in project evaluations and annual country visit of the Evaluation Committee**

Activity type	'As is' situation		From 2011 onwards		
	Staff time (per unit)	Non-staff cost (per unit)	Activity type	Staff time (per unit)	Non-staff cost (per unit)
Project evaluation	60 days	US\$90 000	PCR validation	6 days	-
Total for six project evaluations /year	360 days	US\$540 000	Total for 35 PCR validations/year	210 days	-
			PPA	20 days	US\$20 000
			Total for 8 PPAs/year	160 days	US\$160 000
Annual country visit of the Evaluation Committee	20 days	US\$100 000	-	-	-
<b>Total</b>	<b>380 days</b>	<b>US\$640 000</b>	<b>Total</b>	<b>370 days</b>	<b>US\$160 000</b>
			<b>Total savings</b>	<b>10 days</b>	<b>US\$480 000</b>

109. Other efficiency gains have already been or are currently being achieved through the ongoing IOE team-building and renewal initiative<sup>24</sup> and as a result of the implementation of IOE’s activity plan to strengthen financial and human resource management and administrative management (see paragraph 75). This includes better processes for the recruitment and management of consultants, improved relationships between supervisor and supervisee, and decentralization of budget execution to evaluation officers within a framework of rigorous checks and balances. Other measures to achieve savings include ensuring that governments take the lead in organizing and sharing the costs of evaluation learning workshops. Overall, these efforts result in considerable saving of resources (see paragraph 115).

<sup>23</sup> As for PCR validations, it is to be noted that following the piloting this year, IOE is likely to have a better idea of the resource requirements for those tasks. If there are any differences with the aforementioned estimates, IOE will reflect them in the final 2011 work programme and budget document, to be discussed by the Evaluation Committee in October 2010.

<sup>24</sup> As part of this initiative, which started in 2007, a number of improvement working groups have been established within the division. The main objective is to improve communication, consultants management, knowledge sharing and team work in IOE.

## B. Proposed budget for 2011

110. This is the first time IOE has prepared a results-based work programme and budget, and followed the zero-based budget approach (see paragraph 47). The next two sections provide an overview of the human resource requirement and budget proposal for 2011.
111. **Human resources.** The gap analysis undertaken (see paragraph 77), as well as the consultations with each regional division and IFAD Senior Management undertaken by IOE in developing its work programme, reveal that the demand for independent evaluations is high, and exceeds the level of human resources available to the division. Evaluation work that will require additional staff resources, as compared with 2010, includes:
- (i) IOE's plans to undertake more higher-plane evaluations (1.8 full-time equivalent CLEs and 4.8 full-time equivalent CPEs in 2011 compared with 1.8 full-time equivalent CLEs and 2.8 full-time equivalent CPEs in 2010).
  - (ii) The preparation of a new product: evaluation syntheses.
  - (iii) The formulation and implementation of the revised harmonization agreement between IOE and IFAD Management.
  - (iv) More contributions to internal and external knowledge management platforms and learning processes, including the in-house quality enhancement and quality assurance groups.
  - (v) An appropriate contribution to discussions during the Consultation on the Ninth Replenishment of IFAD's Resources (see paragraph 50).
112. Finally, in 2010, IOE made a provisional allocation of 50 per cent of a Professional staff member's time to supervise the financial and administrative management of the division (see paragraph 75(ii)). IOE needs to fill the resulting gap in the professional resources available for evaluation work, given the division's decision to establish the permanent post of finance and administration officer.
113. While part of these additional human resource requirements will be offset by the savings reflected in table 10 and paragraph 109, it is difficult at this stage to assess whether the above-mentioned activities can be performed with the current level of human resources. More analysis is required, including the finalization of the list of evaluations proposed for 2011 – something that is possible only in the second part of the year. Therefore, for the time being, IOE does not plan to request an increase in the number of staff. Instead, before making the final proposal for the IOE 2011 work programme and budget for consideration by the Evaluation Committee in October 2010, IOE will make a more systematic assessment of its human resource requirements, including whether it would be necessary and feasible to propose the conversion of an existing vacant General Service staff position<sup>25</sup> into professional positions. Annex V provides details of the division's human resource requirements.
114. The Peer Review underlined the importance for the division to enhance the knowledge and competencies of its staff in state-of-the-art evaluation methods and systems. In this regard, the division will utilize international training programmes, such as the International Program for Development Evaluation Training (IPDET),<sup>26</sup> to build expertise. IOE plans to finance training needs specific to its staff through

<sup>25</sup> The Peer Review found that, as in the rest of IFAD, the General Service-Professional staff ratio was high in IOE.

<sup>26</sup> IPDET is an intensive four-week training programme for evaluation managers and professionals. It is an initiative of the Independent Evaluation Group of the World Bank and Carleton University. The training provides comprehensive knowledge of development monitoring and evaluation, and focuses on certain topics for in-depth understanding and knowledge exchange.

supplementary funds, and will also participate in relevant corporate training programmes organized by the Human Resources Division.

115. **Budget.** IOE has sought to quantify the costs of achieving each DMR, both in terms of staff time and non-staff costs. Using the inflation factors (1.3 per cent for non-staff costs and 2.8 per cent for staff costs) and the exchange rate (US\$/EUR = 0.8) suggested by the Strategic Planning and Budget Division and applied by the Fund in the construction of its preview document on the 2011 annual administrative budget, IOE's budget proposal for 2011 is approximately US\$5.65 million (see annex VI). This reflects a decrease of 5.3 per cent (US\$330,000) in real terms or 9.2 per cent in nominal terms compared with IOE's 2010 administrative budget.
116. Tables 1 and 3 in annex VI present the proposed IOE 2011 budget by cost category, as in the past. Table 4 instead illustrates IOE's results-based budget, in which the total resources required in terms of both staff and non-staff have been earmarked against the eight DMRs. The total resources required to achieve each strategic and operational objective are shown in the same table.
117. Finally, as requested by the Audit Committee and the Executive Board in 2008, starting from 2009, IOE introduced a cap on its administrative budget. In particular, the Board decided that the total IOE budget should remain within 0.9 per cent of IFAD's annual programme of work. The proposed administrative budget for 2011 is around 0.56 per cent of the Fund's proposed programme of work (foreseen at US\$1 billion for next year), as compared with 0.78 per cent in 2010. Table 2 in annex VI presents the evolution of the IOE budget as a percentage of IFAD's programme of work since 2005.

## Staff costs

1. The budget for staff costs is prepared in accordance with the rules and regulations applied to salaries, allowances and benefits for staff members of the United Nations, who are largely governed by the recommendations of the International Civil Service Commission (ICSC) of the United Nations Common System.
2. Standard rates are developed for each grade level based on an analysis of statistical data for the IFAD population and actual expenditures relating to IFAD staff. The various components of the rates represent the best estimate at the time of preparation of the budget document.
3. The 2011 standard costs have increased by an average of 2.8 per cent, which compares to equivalent increases of 7.8 and 4.1 per cent for 2009 and 2010, respectively. The table below shows the average percentage increase for each staff entitlement and its impact on the cost of the 2011 proposed full-time equivalents (FTEs).

### Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2010 FTEs at 2010 rates</i>	<i>2010 FTEs at 2011 rates</i>	<i>Increase as a percentage of total increase</i>	<i>Notes</i>
<b>Professional staff</b>				
Salaries	21.54	22.29	1.3%	(a)
Post adjustment	15.28	15.13	(0.3%)	(a)
Pension	6.83	7.19	0.6%	(b)
Education grants	3.51	3.68	0.3%	(c)
Medical scheme	2.29	2.45	0.3%	(d)
Repatriation, separation and annual leave	2.11	2.17	0.1%	
Home leave	1.41	1.41	(0.0%)	(e)
Dependency allowances	0.74	0.79	0.1%	(f)
United States tax reimbursement	0.72	0.73	0.0%	
Other allowances	1.73	1.76	0.1%	
<b>Subtotal</b>	<b>56.16</b>	<b>57.60</b>	<b>2.5%</b>	
<b>General Service staff</b>				
Salaries	15.73	16.23	2.1%	(a)
Pension	3.27	3.43	0.7%	(b)
Medical scheme	2.01	2.13	0.5%	(d)
Language allowance	0.57	0.58	0.0%	
Repatriation and separation	1.46	1.49	0.1%	
Other allowances	0.93	0.94	0.0%	
<b>Subtotal</b>	<b>23.97</b>	<b>24.80</b>	<b>3.4%</b>	
<b>Total administrative staff costs</b>	<b>80.13</b>	<b>82.40</b>	<b>2.8%</b>	

- (a) **Salaries and post adjustment:** Following the actual increase for General Service and Professional staff recommended by the ICSC in relation to the current year – 3.41 and 2.33 per cent, respectively – a 2 per cent salary increase has been assumed for all staff categories in 2011. However, it should also be noted that the increase in Professional salary costs in 2010 was offset by a corresponding reduction in the post adjustment. This has resulted in an expected increase in the combined Professional salary and post adjustment element representing only 1 per cent of the total increase of 2.5 per cent between 2010 and 2011.
- (b) **Pension:** As with staff salaries, a 2 per cent pensionable remuneration increase has been assumed for both General Service and Professional staff. The increases shown in the table above indicate the impact of applying these increases to the IFAD staff population.
- (c) **Education grants:** From initial correspondence with ICSC, it is expected that the Commission will propose an increase in education grants in 2011 for Italy. Although it is too early to identify the extent of the increase, 5 per cent has been assumed in the above calculations.
- (d) **Medical scheme:** Following a discussion with the Food and Agriculture Organization of the United Nations (FAO) in relation to the higher-than-estimated cost of the medical scheme, a 5.0 per cent increase in the scheme's unit costs has been assumed. The increases shown in the table above indicate the impact of applying these increases to IFAD's current staff population, as well as providing for the additional costs arising from the cost-capping mechanism for staff members, which is borne by IFAD.
- (e) **Home leave:** The slight reduction in home leave relates to the fact that IFAD is reducing home leave benefits for staff as part of an overall drive for efficiency.
- (f) **Dependency allowances:** From initial correspondence with the ICSC, it is expected that a further increase in dependency-allowance unit costs will be recommended by the ICSC for 2011. As with medical costs, the increases reflected in the table above indicate the impact of applying these increases to IFAD's proposed staff population in 2011.

#### **Non-staff costs**

4. Within the administrative budget, a price increase of 1.3 per cent has been applied to non-staff costs and is felt to be a reasonable estimate of non-staff cost inflation, given the uncertainty that exists in the current global economy. In addition, the following increases forecast in consumer prices were considered before finalizing the rate of 1.3 per cent:
- The increase in consumer prices globally is forecast to fall from 2.0 per cent at the end of 2010 to 1.8 per cent at the end of 2011;
  - The equivalent forecasts for Italy are expected to be 1.4 per cent at the end of 2010, falling to 1.3 per cent at the end of 2011.

## IOE achievements in 2010

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
Priority A: Conducting of selected corporate-level, country programme and project evaluations	1. Corporate-level evaluations	Completion of the Peer Review of IFAD's Office of Evaluation and Evaluation Function and implementation of the recommendations of the Peer Review	Peer Review discussed at the Evaluation Committee and the Executive Board in April 2010	Peer Review completed and discussed as planned. In July 2010, the Evaluation Committee will discuss the way forward in the Peer Review process.
		Approaches and results in promoting gender equality and women's empowerment in IFAD operations	To be completed in December 2010	Will be completed and discussed with the Evaluation Committee in November 2010 and the Executive Board in December 2010. Some outreach activities will be carried out in 2011.
		IFAD's Private-Sector Development and Partnership Strategy	To be completed in April 2011	Undertaken as planned.
		AfDB-IFAD joint evaluation on agriculture and rural development policies and operations in Africa	Various outreach activities scheduled in 2010	Undertaken as planned.
	2. Country programme evaluations	Innovation and scaling up	In December 2009, the Board decided to defer the consideration of this evaluation to the April 2010 Evaluation Committee and Executive Board sessions	Completed.
		Argentina	To be completed in June 2010	Evaluation report finalized and learning workshop undertaken in June. Agreement at completion point being finalized. Evaluation will be fully completed in early September.
		China: Support PMD in undertaking the self-evaluation	To be completed in December 2010	Undertaken as planned.
		Ghana	To start in November 2010	Will start as planned.
Kenya	To be completed in December 2010	Undertaken as planned.		
Mozambique (only national round-table workshop)	To be completed in April 2010	Completed.		
Niger (only national round-table workshop)	To be completed in April 2010	Delayed due to the unforeseen departure of the lead evaluator at the beginning of 2010. CPE will be completed in the last quarter of 2010.		

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
		Rwanda	To start in November 2010	Will start as planned.
		Viet Nam	To start in November 2010	Will start as planned.
		Yemen	To be completed in December 2010	Main mission will be fielded in September-October 2010 and CPE will be completed in the first part of 2011. Delayed due to difficulties in identifying consultants' team leader, who has been now selected.
	3. Project evaluations 3.1. Interim evaluations	Brazil: Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East	To be completed in October 2010	Undertaken as planned.
		Ghana: Rural Enterprises Project – Phase II	To be completed in December 2010	Undertaken as planned.
		Rwanda: Smallholder Cash and Export Crops Development Project	To be completed in December 2010	Undertaken as planned.
		United Republic of Tanzania: Rural Financial Services Programme	To be completed in December 2010	Undertaken as planned.
	3.2. Completion evaluations	Dominican Republic: South Western Region Small Farmers Project – Phase II	To be completed in June 2010	Will be completed in September 2010. Delayed due to departure of designated lead evaluator.
		Lao People's Democratic Republic: Oudomxai Community Initiatives Support Project	To be completed in December 2010	Undertaken as planned.
Priority B: Specific evaluation work required by the Evaluation Policy and the Terms of Reference of the Evaluation Committee	4. Evaluation Committee and Executive Board	Country visit of the Evaluation Committee to Mozambique	To be completed in May 2010	Completed. Evaluation Committee Chairperson will provide written report to the Board in September 2010 with the Committee's observations on the country visit.
		Review of the implementation of the three-year rolling work programme and budget 2010-2012 and preparation of the work programme and budget for 2011 and indicative plan for 2012-2013	To be completed in December 2010	Undertaken as planned.
		Eighth Annual Report on Results and Impact of IFAD's Operations (ARRI)	To be completed in December 2010	Undertaken as planned.
		IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2010	Completed.
		IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2010	Will be undertaken as planned. RIDE with comments will be discussed with the Evaluation

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
				Committee at its November session and thereafter in the Board in December 2010.
		IOE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	To be completed in December 2010	Middle-income countries strategy with IOE's comments will be discussed at the November session of the Evaluation Committee and the December 2010 session of the Executive Board.
		Holding of four regular sessions, and additional ad hoc sessions, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed in December 2010	Thus far, three formal and two informal sessions have been held. Two more formal sessions are planned in October and November respectively.
Priority C: Evaluation outreach and partnerships	5. Communication activities	Evaluation reports, Profiles, Insights, IOE website, etc.	January-December 2010	Undertaken as planned.
	6. Partnerships	ECG, NONIE, UNEG and SDC	January-December 2010	Undertaken as planned.
	7. Participation in CPMTs and OSCs	Attend all OSCs that discuss corporate policies and strategies, COSOPs and projects evaluated by IOE being considered for a follow-up phase. Attend selectively CPMTs.	January-December 2010	Undertaken as planned. In addition, staff participated in several seminars on scaling up, to ensure adequate internalization of lessons from the CLE on innovation and scaling up.
	8. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	January-December 2010	IOE will build on its 2009 experience in supporting the SHIPDET by contributing to the course curriculum related to agriculture and rural development type evaluation. SHIPDET is a regional training programme supported by the Government of China, the Asian Development Bank (AsDB) and the World Bank.
Priority D: Evaluation methodology and effectiveness of IOE	9. Methodological work	Quality assurance and supervision of methodology application	January-December 2010	Undertaken as planned.
		Implementation of the results measurement matrix for monitoring and strengthening the effectiveness and quality of IOE's work, including reporting to the Evaluation Committee	January-December 2010	The former results measurement matrix has been discontinued with the move in 2011 to a results- based work



<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
		and Executive Board		programme and budget. Elements from the former results measurement matrix have been used to define IOE's objectives and DMRs.
		IOE internal peer reviews of all evaluations	January-December 2010	Undertaken as planned.
<b>Additional activities</b>				
		A pilot project for PCR validation and PPAs (4-5 PCRs validations and one PPA)	July-December 2010	Preparatory work commenced and pilot will be undertaken in the last quarter of 2010.
		Strengthen IOE's financial and human resource management, and administrative management	February-December 2010	Activity plan developed and being implemented to address key issues raised by the Peer Review.
		Development of new process and format for the agreement at completion point	June-September 2010	Being undertaken: the current format and process do not make provisions for dealing potential differences of opinion between Management, the Government or IOE.

## Proposed IOE activities for 2011 and indicative plan for 2012-2013

**Table 1: Provisional IOE's proposed activities according to types of activities**

<i>Type of work</i>	<i>IOE proposed activities for 2011</i>	<i>IOE proposed indicative plan for 2012-2013</i>
1. Corporate-level evaluation	IFAD's Private-Sector Development and Partnership Strategy	Supervision and implementation support (2012)
	Approaches and results in promoting gender equity and women's empowerment in IFAD operations (outreach activities only)	Grants policy (2013)
	Efficiency	
2. Country programme evaluation	Ghana	Bolivia (Plurinational State of)
	Haiti	Burkina Faso
	Jordan	Ecuador
	Nepal	Guatemala
	Rwanda	Madagascar
	Uganda	Mauritania
	Viet Nam	Philippines
	Yemen	Senegal
		Syrian Arab Republic
		United Republic of Tanzania
3. Project completion report validation	Around 35 PCR validations	Around 35 PCR validations/year
4. Project performance assessment	Around 8 PPAs	Around 8 PPAs/year
5. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2011 and indicative plan for 2012-2013, and preparation of the results-based work programme and budget for 2012 and indicative plan for 2013-2014	Review of the implementation of the results-based work programme for 2012 and indicative plan for 2013-2014 and preparation of the results-based work programme and budget for 2013 and indicative plan for 2014-2015
		Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget for 2014 and indicative plan for 2015-2016
	Ninth Annual Report on Results and Impact of IFAD Operations (ARRI)	Tenth and eleventh ARRIs
	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)
IOE comments on selected IFAD operations policies (on country presence, gender and private sector) prepared by	IOE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	

<i>Type of work</i>	<i>IOE proposed activities for 2011</i>	<i>IOE proposed indicative plan for 2012-2013</i>
	IFAD Management for consideration by the Evaluation Committee	
	Holding of four regular sessions, and additional ad hoc sessions, according to the Terms of Reference and Rules of Procedure of the Evaluation Committee	Holding of four regular sessions, and additional ad hoc sessions, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee
6. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	Evaluation reports, Profiles, Insights, website, etc.
	<u>Evaluation syntheses</u>	<u>Evaluation syntheses</u>
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend selectively CPMTs, and define criteria for engagement in quality enhancement and quality assurance groups	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend selectively CPMTs, and define criteria for engagement in quality enhancement and quality assurance groups
7. Partnerships	ECG, NONIE, SDC and UNEG partnership	ECG, NONIE, SDC and UNEG partnership
8. Methodology	Fine-tune, as needed, the methodology for PCR validation and PPAs	Fine-tune, as needed, the methodology for PCR validation and PPAs
	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues
	Revise and implement harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development
10. Financial, human resources and administrative management	Activities for strengthening financial, human resources and administrative management including, inter alia, consultants management, evaluation planning and budget monitoring	Activities for strengthening financial, human resources and administrative management including, inter alia, consultants management, evaluation planning and budget monitoring
	Establish the post of IOE Finance and Administration Officer (50 per cent)	

Table 2:  
Provisional IOE's proposed activities according to IOE divisional management results and objectives

<i>IOE's objectives</i>	<i>IOE divisional management results</i>	<i>IOE proposed activities for 2011</i>	<i>IOE proposed indicative plan for 2012-2013</i>
Strategic objective 1: Contribute to improving the performance of IFAD-funded policies and operations	DMR 1: High-quality ARRIs and CLEs that provide building blocks for the development and implementation of better corporate policies and processes	Ninth ARRI CLE on IFAD's Private-Sector Development and Partnership Strategy. CLE on efficiency	Tenth and eleventh ARRIs 2012: CLE on supervision and implementation support 2013: CLE on grants policy
		Comments on policies (country presence, gender and private sector)	Comments on policies, as required
	DMR 2: High-quality CPEs that serve as building blocks for better results-based COSOPs	Complete CPEs in Ghana, Rwanda, Viet Nam and Yemen Start CPEs in Haiti, Jordan, Nepal, Uganda to be completed in 2012	Options to be selected from include: the Plurinational State of Bolivia, Burkina Faso, Ecuador, Guatemala, Madagascar, Mauritania, the Philippines, Senegal, the Syrian Arab Republic and the United Republic of Tanzania
Strategic objective 2: Promote effective knowledge management and learning	DMR 3: PCR validations and PPAs that contribute to better IFAD-supported operations	PCR validations (around 35/year) PPAs (around 8/year)	PCR validations (around 35/year) PPAs (around 8/year)
	DMR 4: Systematic communication and outreach of IOE work	Evaluation reports, Profiles, Insights, and website Internal platforms (OSCs, CPMTs, quality enhancement and quality assurance) In-country learning workshops Partnership: ECG, UNEG, NONIE, SDC Participation in learning events or meetings of evaluation societies Other outreach activities (i.e. CLE gender, CLE private sector, etc.)	Evaluation reports, Profiles, Insights, and website Internal platforms (OSCs, CPMTs, quality enhancement and quality assurance) In-country learning workshops Partnership: ECG, UNEG, NONIE, SDC Participation in learning events or meetings of evaluation societies Other outreach activities
	DMR 5: Production of evaluation syntheses and ARRI learning themes	Evaluation syntheses Analysis of one ARRI learning theme	Evaluation syntheses Analysis of one ARRI learning theme each year
Operational objective 1: Enhanced IOE efficiency	DMR 6: More efficient financial, human resource and administrative management	Activities for strengthening financial, human resources and administrative management including consultants management, evaluation planning and budget monitoring Review of the implementation of the results-based work programme for 2011 and indicative plan for 2012-2013, and preparation of the results-based work programme and budget for 2012 and indicative plan 2013-2014	Activities for strengthening financial, human resources and administrative management including consultants management, evaluation planning and budget monitoring Review of the implementation of the results-based work programme for 2012 and indicative plan for 2013-2014 and preparation of the results-based work programme and budget 2013 and indicative plan 2014-2015

<i>IOE's objectives</i>	<i>IOE divisional management results</i>	<i>IOE proposed activities for 2011</i>	<i>IOE proposed indicative plan for 2012-2013</i>
		Establish the post of IOE Finance and Administration Officer (50 per cent)	Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget 2014 and indicative plan 2015-2016
Operational objective 2: Methodology development	DMR 7: Methodology development for independent evaluation work	Enhance the methodology for PCR validation and PPAs, harmonize independent and self-evaluation methodology	Enhance the methodology for PCR validation and PPAs
		Continue to make adjustments to the Evaluation Manual to reflect key emerging issues	Continue to make adjustments to the Evaluation Manual to reflect key emerging issues
		Partnership: ECG, NONIE, SDC, UNEG (indirect contribution to this DMR)	Partnership: ECG, NONIE, SDC, UNEG (indirect contribution to this DMR)
	DMR 8: Support to the self-evaluation function of IFAD and its Member States.	Revise and implement harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Implement revised harmonization agreement on independent and self-evaluation methodology and processes.
		Comments on RIDE, PRISMA	Comments on RIDE, PRISMA
		Assessing quality of M&E systems at the project and country level and participating in in-house task force on results measurement	Assessing quality of M&E systems at the project and country level and participating in in-house task force on results measurement
		Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development

## Evaluations included in the 2011-2012 work programme, which are now proposed to be dropped or deferred

<i>Nature of evaluation</i>	<i>IOE's proposal to drop or defer and rationale</i>
CLE on IFAD Policy on Supervision and Implementation Support in 2013	The proposal is to conduct this evaluation in 2012, six years after the Board's approval of the supervision policy.
CLE on IFAD's policy dialogue approaches and results in 2012	This evaluation will be deferred to a later date, to make space for other priority CLEs. Policy dialogue performance is being covered in all CPEs done by IOE, and in corporate-level evaluations on specific subjects (e.g. gender, private sector).
Thematic evaluation of a portfolio of projects and programmes on small island developing states in 2012 in the Asia and the Pacific region	This evaluation will be dropped, especially as IFAD has not financed sizeable operations in small island developing states in the past decade.
Thematic evaluation of emergency responses in the Asia and the Pacific region to be undertaken in 2012	Such a thematic evaluation is not considered a priority given IFAD's mandate to promote sustainable rural poverty reduction through investment projects in agriculture and rural development.
Technical assistance in the Latin American and the Caribbean region – time to be determined	This evaluation has been dropped as it is no longer a priority for the relevant regional division.
<p><b>Project completion evaluations:</b>            Cape Verde: Rural Poverty Alleviation Programme in 2011            Egypt: East Delta Newlands Agricultural Services Project in 2012            Haiti: Food Crops Intensification Project – Phase II in 2011            Madagascar: North–East Agricultural Improvement and Development Project in 2011            Mongolia: Rural Poverty-Reduction Programme in 2011            Peru: Market Strengthening and Livelihood Diversification in the Southern Highlands Project in 2012            Senegal: Agricultural Development Project in Matam – Phase II in 2011            Uruguay: National Smallholder Support Programme – Phase II (PRONAPPA II) in 2011</p> <p><b>Project interim evaluation:</b>            Morocco: Rural Development Project in the Mountain Zones of Al-Haouz Province in 2011            Uganda: Rural Financial Services Programme            Tunisia: Agropastoral Development and Local Initiatives Promotion Programme for the South-East</p>	<p>All project completion evaluations will be dropped as per the recommendation of the Peer Review of IFAD's Office of Evaluation and Evaluation Function for IOE to move to PCR validations and PPAs.</p> <p>All project interim evaluations will be dropped as the Peer Review of IFAD's Office of Evaluation and Evaluation Function has recommended abolishing the mandatory undertaking of interim evaluations before the preparation and approval of a subsequent phase of a project.</p>

## IOE staff levels for 2011

2007 level	2008 level	2009 level	2010 level	2011		
				Professional staff	General Service staff	Total
20	18.5	19.5	19.5	<b>11.5</b>	<b>8</b>	<b>19.5</b>

### Human resource category

Human resource category	Number in 2010	Number in 2011
Director	1	1
Deputy Director	1	1
Senior evaluation officers	3	3
Evaluation officers	4	4
Evaluation/communication officer	1.5	1.5
Evaluation research analyst/Finance and administration officer	1	1
<b>Total Professional staff</b>	<b>11.5</b>	<b>11.5</b>
Administrative assistant	1	1
Assistant to the Director	1	1
Evaluation assistants	6	6
<b>Total General Service staff</b>	<b>8</b>	<b>8</b>
<b>Grand total</b>	<b>19.5</b>	<b>19.5</b>

In 2011, IOE will also benefit from the services of three associate professional officers from Belgium, Germany and Sweden.

### IOE's general service staff level over years

2005	2006	2007	2008	2009	2010	2011 (proposed)
9.5	9.5	9.5	8.5	8.5	8	8

## Proposed IOE budget for 2011

Table 1  
**IOE's overall budget 2011**  
(In United States dollars)

	2007 budget <sup>a</sup>	2008 budget <sup>a</sup>	2009 budget <sup>b</sup>	2010 budget <sup>b</sup> (1)	Proposed 2011 budget			
					Real decrease (2)	Price increase <sup>c</sup> (3)	Exchange rate decrease <sup>d</sup> (4)	Total 2011 budget at US\$/EUR=0.8 (5)=(1)-(2)+(3)-(4)
Evaluation work								
Non-staff costs	2 990 565	2 465 565	2 696 000	2 600 000	330 297	29 506	11 209	2 288 000 <sup>e</sup>
Evaluation work								
Staff costs	2 835 130	2 777 012	3 157 851	3 620 204	0	101 366	362 853	3 358 717
<b>Total</b>	<b>5 825 695</b>	<b>5 242 577</b>	<b>5 853 851</b>	<b>6 220 204</b>	<b>330 297</b>	<b>130 872</b>	<b>374 062</b>	<b>5 646 717</b>
<b>Percentage over 2010 budget</b>				<b>100%</b>	<b>5.3%</b>	<b>2.1%</b>	<b>6.0%</b>	<b>90.8%</b>

<sup>a</sup> Restated budget. As for the rest of IFAD, figures are restated during the year by IFAD's Strategic Planning and Budget Division to take into account fluctuations of the EUR/US\$ exchange rate.

<sup>b</sup> As approved by the Governing Council (at the exchange rate of US\$/EUR = 0.79 in 2009 and US\$/EUR = 0.722 in 2010).

<sup>c</sup> As for the rest of IFAD and conveyed by the Strategic Planning and Budget Division. Price increase for non-staff costs is 1.3 per cent and for staff costs is 2.8 per cent.

<sup>d</sup> As conveyed by the Strategic Planning and Budget Division, the exchange rate to be applied is US\$/EUR = 0.8, and 100% of staff costs need to be restated with the new exchange rate. It is estimated that around 5 per cent of IOE's non staff costs are in euro and therefore need to be restated.

<sup>e</sup> See table 3 for further details on non-staff costs

Table 2  
**IOE budget as a percentage of IFAD's programme of work**  
(In millions of United States dollars)

	2005	2006	2007	2008	2009	2010	2011 (proposed)
IOE budget	4.69	4.79	5.69	5.47	5.85	6.22	5.65
IFAD programme of work	500	550	605	650	715	800	1000
<b>Percentage</b>	<b>0.94%</b>	<b>0.87%</b>	<b>0.94%</b>	<b>0.84%</b>	<b>0.82%</b>	<b>0.78%</b>	<b>0.56%</b>

↑  
IOE introduced a cap on its administrative budget following the Executive Board's decision (0.9% of IFAD's annual programme of work)



Table 3  
IOE budget proposal breakdown for non-staff costs

<i>Cost category</i>	<i>Absolute number</i>	<i>Number in full time equivalent<sup>a</sup></i>	<i>Standard unit costs<sup>b</sup>(US\$)</i>	<i>Proposed non-staff costs in 2011 (US\$)</i>
ARRI	1	1	150 000	150 000
Corporate-level evaluations	3	1.8	Differentiated cost based on the scope and nature of issues to be assessed: 300 000-450 000	480 000
Country programme evaluations	8	4.8	Differentiated cost based on the size of the portfolio, size of the country, travel cost and the availability of evaluative evidence: 235 000-315 000	1 195 000
PCR validations	Around 35	Around 35	-	- <sup>c</sup>
PPAs	Around 8	Around 8	20 000	160 000
Evaluation syntheses	1	1	-	100 000
Communication, outreach, knowledge sharing and partnership activities	-	-	-	88 000
Methodology	-	-	-	30 000
Evaluation capacity development	-	-	-	25 000
Overhead and miscellaneous costs	-	-	-	60 000
<b>Total</b>				<b>2 288 000</b>

<sup>a</sup> Many evaluations start in a particular year but are completed in the following year. This figure represents the percentage of time that IOE will devote to such evaluations in 2011.

<sup>b</sup> Standard unit costs include also the costs for staff travel when necessary.

<sup>c</sup> However, this activity will involve around 210 days of staff time (the standard unit cost in terms of staff time is six days/PCR validation).

Table 4

**IOE proposed budget allocation (staff and non staff costs) by objective and divisional management result**

(In United States dollars)

<i>IOE objectives</i>	<i>IOE DMR</i>	<i>Proposed budget (staff and non-staff cost)</i>	<i>Percentage overall total proposed budget</i>
Strategic objective 1: Contribute to improving the performance of IFAD-funded policies and operations	DMR 1: High-quality ARRI and CLEs that provide building blocks for the development and implementation of better corporate policies and processes	999 446	18%
	DMR 2: High-quality CPEs that serve as building blocks for better results-based COSOPs	1 907 277	34%
	DMR 3: PCR validations and PPAs that contribute to better IFAD-supported operations	689 218	12%
<b>Total for strategic objective 1</b>		<b>3 595 941</b>	<b>64%</b>
Strategic objective 2: Promote effective knowledge management and learning	DMR 4: Systematic communication and outreach of IOE's work	693 008	12%
	DMR 5: Production of evaluation syntheses and ARRI learning themes	461 183	8%
<b>Total for strategic objective 2</b>		<b>1 154 191</b>	<b>20%</b>
Operational objective 1: Enhanced IOE efficiency	DMR 6: More efficient financial, human resource and administrative management	344 802	6%
<b>Total for operational objective 1</b>		<b>344 802</b>	<b>6%</b>
Operational objective 2: Methodology development	DMR 7: Methodology development for independent evaluation work	352 909	6%
	DMR 8: Support to the self-evaluation function of IFAD and its Member States	198 874	4%
<b>Total for operational objective 2</b>		<b>551 783</b>	<b>10%</b>
<b>GRAND TOTAL</b>		<b>5 646 717</b>	<b>100%</b>

## Recommendations of the Peer Review and IFAD's governing bodies on IOE's work programme and budget

<i>Recommendations of the Peer Review and IFAD's governing bodies on IOE's work programme and budget</i>	<i>IOE's responses</i>
<b>A. Recommendations of the Peer Review</b>	
The documentation for IOE's workplan submitted to the Evaluation Committee should include an appendix providing the criteria used to set priorities for inclusion of evaluations in the work programme; and listing the requested evaluations that were not included, as well as the evaluations included in the previous work programme approved by the Executive Board that were dropped or deferred	Criteria used to set priorities for inclusion of evaluations in the work programme are described in section V  Annex IV provides a list of requested evaluations that were not included, as well as evaluations included in the previous work programme approved by the Executive Board but now proposed for elimination or deferral.
IOE should provide a more detailed financial breakdown in the budget submissions to the Evaluation Committee in order for the Committee to assess IOE's budget request and the efficiency with which financial resources are being used	IOE provides more budget information in this document (see annex VI)
IOE should present its budget in conformity with IFAD's rules for budget structure and layout	Similar to IFAD's annual administrative budget for 2011, this is the first time IOE has followed the zero-based budget approach and linked its resource requirements to the achievement of key results
Shift the primary responsibility for providing support to the Evaluation Committee and its Chair from IOE to the Office of the Secretary (administrative support and field visit)	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). There is no provision for the Evaluation Committee visit to be organized by IOE
IOE should move to a scenario in which evaluation of the core operations portfolio is based on validated evidence from PCRs and IOE's project performance assessments. IOE should adopt a lighter, less costly approach for project evaluations - particularly for projects for which satisfactory PCRs have been produced - and drop the costly, intensive project evaluations, replacing them with project assessments drawing more heavily on the available PCRs	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). IOE will no longer undertake project evaluations, and will start validating all PCRs and undertaking selected project performance assessments
PMD and IOE should ensure full harmonization of their approach in order to facilitate the transition to PCR validation by IOE	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). The harmonization agreement will be amended to reflect the new roles and responsibilities of IOE and PMD
Transfer responsibility for the agreement at completion point process from IOE to PMD	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). New process and format for the agreement at completion point will be developed
IOE should produce more syntheses to facilitate learning and the use of evaluation findings	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). Syntheses will be produced from 2011
IOE should seek opportunities to present evaluation findings in various external forums organized by others	This has been taken into consideration by IOE in preparing its work programme and budget (see annex III). IOE will participate in both internal and external platforms and forum to present evaluation findings
<b>B. Recommendations of IFAD's governing bodies</b>	
In developing the list of CLEs, IOE should consider the commitments that IFAD has to fulfil during the Eighth Replenishment period	This has been taken into consideration by IOE when developing its plan for CLEs (see sections II and IV)

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IOE should reflect upon the implications for its work programme and resources of the planned increases in IFAD's overall programme of work in the Eighth Replenishment period	This has been taken into consideration by IOE when developing its work programme (see section II)
IOE should provide more details with respect to its requirements in terms of human and financial resources, including cost of different evaluation activities	More detailed budget information has been provided in this document (see annexes V and VI)

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