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Enabling poor rural people
to overcome poverty

IFAD's 2013 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2013 and indicative plan for 2014-2015, and the HIPC and PBAS progress reports

Note to Executive Board representatives

Focal points:

Technical questions:

Iain Kellet
Chief Financial Officer and Head
Financial Operations Department
Tel.: +39 06 5459 2403
e-mail: i.kellet@ifad.org

Ashwani Muthoo
Acting Director
Independent Office of Evaluation of IFAD
Tel.: +39 06 5459 2053
e-mail: a.muthoo@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
CMR	corporate management result
COSOP	country strategic opportunities programme
CPE	country programme evaluation
DMR	divisional management result
ECG	Evaluation Cooperation Group
FAO	Food and Agriculture Organization of the United Nations
FTE	full-time equivalent
ICT	information and communications technology
IFAD8	Consultation on the Eighth Replenishment of IFAD's Resources
IFAD9	Consultation on the Ninth Replenishment of IFAD's Resources
IOE	Independent Office of Evaluation of IFAD
LGS	Loans and Grants System
MTP	Medium-term Plan
NONIE	Network of Networks on Impact Evaluation
OMC	Operations Management Committee
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PCRV	project completion report validation
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
SDC	Swiss Agency for Development and Cooperation
SWP	Strategic Workforce Planning
UNEG	United Nations Evaluation Group

Executive summary

1. The Consultation on the Ninth Replenishment of IFAD's Resources (IFAD9), covering the period 2013-2015, called for a three-year operational programme of approximately US\$3 billion, about the same level as the Eighth Replenishment (2010-2012). Emphasis during this period will be placed on achieving the targets and goals set during the Ninth Replenishment Consultations.
2. For the first year of the Ninth Replenishment period, IFAD proposes an annual programme of loans and grants equivalent to US\$1.066 billion. IFAD expects to achieve this core programme with the same overall level of administrative resources. Streamlined processes and procedures will enhance efficiency and targeted interventions will improve effectiveness, freeing up resources to be redirected towards priority areas.
3. In addition, efforts will continue both to mobilize resources to achieve a higher level of cofinancing and to seek out alternative financing arrangements. IFAD's baseline programme of US\$1.066 billion will be leveraged 1.6 times to achieve a total level of commitments of US\$2.77 billion. Meeting this overall programme target will require extensive resource mobilization efforts, given the current economic climate in most donor countries.
4. In terms of planning for the successful implementation of strategic objectives in reducing rural poverty and enhancing food security, the IFAD Strategic Framework 2011-2015 sets out the key strategic directions and the Fund's terms of engagement. The rolling Medium-term Plan (MTP) for the period 2013-2015 translates these strategic directions into activities and outputs. The 2013 annual budgeting process focused on meeting the objectives set out in the MTP by ensuring resource allocation is consistent with MTP priorities.
5. The regular budget proposed for 2013 is US\$144.14 million at the same exchange rate used to calculate the budget for 2012, representing a zero nominal increase over 2012. In order to meet the goal of a zero nominal increase, processes will be streamlined in operations, financial management and administrative areas. The savings achieved from the resulting efficiency gains will be used to redirect resources to core and priority areas committed under IFAD9 and to absorb normal price increases due to inflation. The 2013 budget also enables Management to transparently mainstream the cost of staff performing core functions, some of whom were funded from ad hoc sources in the past. The regular budget for 2013 was prepared on the basis of the Strategic Workforce Plan (SWP) exercise, which determined the staffing levels for 2013.
6. With the substantial increase in the volume of complementary and supplementary funding for projects, the incremental workload associated with such funding sources must be accounted for separately. This becomes even more important in the context of substantial funding under the Adaptation for Smallholder Agriculture Programme (ASAP) and corresponding fee income. Consequently, Management has introduced the concept of gross and net budgeting to improve accountability and transparency in the use of resources required to carry out IFAD's programme of work. The gross budget for 2013 amounts to US\$149.43 million, including resources to manage supplementary funded operations in the amount of US\$5.29 million (over and above the US\$144.14 million net regular budget). This additional amount is fully recoverable from the annual allocable portion of the fee income generated from the management of supplementary funds. Endorsement by the Executive Board and subsequent Governing Council approval are being sought only for the proposed net budget of US\$144.14 million.
7. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows to the Fund from

all sources and projected disbursements based on operational plans covering the same period have been provided in table 2. It should be noted that table 2 is indicative and is provided for information purposes only.

8. The proposed capital budget amounts to US\$3.7 million. With increased needs arising from the establishment of a number of IFAD country offices (ICOs), the 2013 capital budget request includes ICO-related capital expenditures as well as requirements related to compliance with minimum operating security standards (MOSS).
9. The results-based work programme and budget for 2013 and indicative plan for 2014-2015 of the Independent Office of Evaluation of IFAD is set out in part 2 of this document, and the Heavily Indebted Poor Countries Debt Initiative (HIPC) and Performance-based Allocation System (PBAS) progress reports are contained in parts 3 and 4, respectively.
10. Table 1 presents a high-level summary of the total regular budget proposal for 2013 by cluster.

Table 1
IFAD's 2013 proposed results-based budget by cluster and capital budget

Cluster	Outcome	Corporate management result	Net 2013 proposed		Gross 2013 proposed	
			US\$ million	%	US\$ million	%
<i>Operational</i>						
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	85.10	59.0%	90.39	60.5%
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogue for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	12.56	8.7%	12.56	8.4%
<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	34.90	24.2%	34.90	23.3%
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	8.62	6.0%	8.62	5.8%
Total 2013 regular budget proposed for clusters 1-4			141.18	97.9%	146.47	98%
Corporate cost centre (net of portion allocated to clusters)			2.96	2.1%	2.96	2.0%
Total regular budget proposed for 2013			144.14	100%	149.43	100%
Other budgets proposed for 2013:						
2013 capital budget			3.7		3.7	

Table 2

Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)
(Millions of United States dollars)

	<i>Actual</i> 2011	<i>Projected</i> 2012	<i>Projected</i> 2013	<i>Projected</i> 2014
Resource balance carried forward at start of year	2 532	2 473	2 201	2 345
Inflows to IFAD				
Loan reflows	290	291	287	297
Investment income	94	46	43	60
Complementary/supplementary fund fees	4	5	17	15
Subtotal	388	342	347	372
Outflows from IFAD				
Regular and IOE budget	(141)	(145)	(150)	(154)
Other administrative expenses ^a	(8)	(4)	(4)	(3)
Capital budget	(1)	(7)	(9)	(4)
Costs funded by complementary/supplementary fund fees	(4)	(5)	(5)	(5)
Foreign exchange and intra-fund adjustments	4	-	-	-
Subtotal	(150)	(161)	(168)	(166)
Net inflows/outflows to IFAD	238	181	179	206
Programme of work related activities				
Contributions	371	239	538	362
Contributions (ASAP)	-	-	183	153
Disbursements	(668)	(687)	(740)	(806)
Heavily Indebted Poor Countries impact	-	(5)	(16)	(32)
Subtotal	(297)	(453)	(35)	(323)
Net inflows/(outflows) on all activities	(59)	(272)	144	(117)
Resource balance brought forward at end of year	2 473	2 201	2 345	2 228

^a Other administrative expenses include one-time budgets and carry-forward resources.

Recommendation for approval

The Executive Board is invited to approve:

- the recommendation on IFAD's 2013 results-based programme of work and regular and capital budgets and the budget of the Independent Office of Evaluation of IFAD for 2013, as contained in paragraphs 132 and 133;
- proposals for debt relief top-up under the Heavily Indebted Poor Countries (HIPC) Debt Initiative (for Côte d'Ivoire and Guinea), and the submission of the substance of this paper to the thirty-sixth session of the Governing Council for information, in accordance with the recommendation contained in paragraphs 134 and 135;
- the submission of the substance of a progress report on IFAD's participation in the Heavily Indebted Debt Relief Debt Initiative to the thirty-sixth session of the Governing Council for information, in accordance with the recommendation contained in paragraph 136; and
- the submission of a progress report on implementation of the performance-based allocation system (PBAS) to the thirty-sixth session of the Governing Council in 2013, based on this report and its addendum containing the 2012 country scores and 2013-15 allocations, in accordance with the recommendation contained in paragraph 137.

Furthermore, the Executive Board is invited to consider the draft resolution contained in the attachment on page 32 and to submit it, together with its recommendations thereon, to the thirty-sixth session of the Governing Council in February 2013 for consideration and adoption.

IFAD's 2013 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2013 and indicative plan for 2014-2015, and the HIPC and PBAS progress reports

Part one – IFAD's 2013 results-based programme of work and regular and capital budgets

I. Context

Ninth Replenishment of IFAD's Resources and Medium-term Plan 2013-2015

1. IFAD's regular budget proposal for 2013 was prepared so as to meet the first-year commitments made during the IFAD9 Consultation. The allocation of resources in 2013 is consistent with the Medium-term Plan (MTP) priorities. Based on the MTP, the key corporate development and operational objectives are to:
 - (a) Implement a programme of loans and grants of US\$3 billion and mobilize additional cofinancing at the rate of US\$1.6 per US\$1 of IFAD loans and grants;
 - (b) Improve the quality of new loans and grants to meet the Results Measurement Framework (RMF) 2015 targets:
 - (i) Reaching more poor rural people and lifting twice as many out of poverty than under IFAD8 through efficient scaling up, better quality programmes, and more selective targeting of projects and countries;

- (ii) Specifically, enabling 80 million poor rural people to exit poverty;
 - (c) Improve knowledge sharing within IFAD and with partners;
 - (d) Improve ongoing portfolio quality through better project design and supervision;
 - (e) Improve M&E systems and undertake impact assessments; and
 - (f) Become more efficient (less IFAD cost per United States dollar lent or granted).
2. IFAD will engage in a major scaling-up effort to ensure that the innovations it introduces have a significant impact on reducing rural poverty. The target is to lift at least 80 million rural people out of poverty during the 2013-2015 period, and to provide services under IFAD-financed projects to at least 90 million people. Reaching the development targets means obtaining a higher poverty-reduction return on every dollar of loans and grants committed.
 3. IFAD will provide more systematic support for broad country agriculture programmes. Interventions along commodity value chains will make cofinancing with the private sector more important. Although IFAD is already involved in work on the environment and climate change, these areas will be a stronger focus under IFAD9. Additional funding for the Adaptation for Smallholder Agriculture Programme (ASAP) will build on new policies in this area.
 4. IFAD's corporate internal management objectives for 2013 are to make the operational objectives achievable through:
 - (a) Successful resource mobilization and asset management to meet the requirements of the programme of work;
 - (b) Improved human resource management to support key development and administrative functions;
 - (c) Continued strategic workforce planning to determine the optimal staffing levels required to meet IFAD9 deliverables; and
 - (d) An information technology platform that provides the real-time data, automated processes and communications needed for the above.
 5. IFAD will continue to prepare its budgets using a results-based framework and cluster allocation. However, recognizing the greater emphasis placed on efficiency in the IFAD9 Consultation and given the current economic and financial environment, IFAD has planned on a zero nominal growth budget. This zero nominal increase goal will be achieved by streamlining current processes in operations, financial management and administrative areas. The savings achieved from the resulting efficiency gains will be used to redirect resources to core and priority areas committed under IFAD9 as well as to absorb normal price increases due to inflation.
 6. The 2013 budget proposal aligns IFAD's budgetary resources with development results, mainstreams costs previously funded by ad-hoc sources, and introduces gross budgeting to transparently recognize additional resources required to undertake IFAD's entire programme of work.

II. Current perspective

2012 programme of work

7. The lending level for 2012 is expected to be US\$1.091 billion, comprising loans amounting to US\$1.027 billion and grants of US\$64 million. There are 278 projects in the current portfolio as at 30 September 2012, totalling US\$5.74 billion. Projected disbursements for the year are estimated at US\$687 million, as shown in table 2.

Strategic Workforce Plan and job audit update

8. The **Strategic Workforce Plan** (SWP) exercise was carried out in the third quarter of 2012 to ensure that IFAD has the requisite workforce to achieve the results and efficiency gains specified in the IFAD9 RMF and commitment matrix. Within this objective, the SWP exercise also endeavoured to ensure that staff resources were distributed in accordance with organizational needs and priorities.
9. A staffing roster was established for each organizational unit as of mid-2012 to serve as the baseline for the SWP. Based on requests from organizational units for staffing for 2013-2015, the SWP exercise proposed staffing levels for each unit during the MTP period. A conservative approach has been taken for 2013 to avoid any work disruption and to allow adequate time for new business processes to be implemented. Against a staff complement of 571 full-time equivalent staff positions (FTEs) for 2012 funded under the regular budget, the SWP is recommending a headcount of 564 for 2013, inclusive of several core positions brought into the regular budget as part of the rationalization of the use of supplementary fund fees. The effective overall reduction as a result of the SWP exercise is approximately 4 per cent of total IFAD headcount funded by all administrative funding sources, from 600 to 577 FTEs. Staff resources freed up under this exercise have been reallocated to priority areas.
10. A **job audit** was undertaken during 2012 and is currently under implementation. Thus far, 6.5 per cent of the positions audited have been proposed for upgrading, while 1.5 per cent have been downgraded. The remaining positions have been confirmed to be at the right level. The job audit has yet to be completed in several divisions subject to a pending review of job grades and divisional reorganizations. Upon confirmation by the assessment panel that the incumbents meet the eligibility criteria of the upgraded positions, and subsequent approval by the appointments board, the upgrades will be made effective as of 1 January 2013.

Actual and estimated utilization of the 2011 and 2012 regular budget

11. Actual expenditure against the 2011 regular budget amounted to US\$135.11 million or 96 per cent of the approved budget of US\$ 140.59 million (see table 3). The primary reasons for the underspend related to staff vacancies and lower actual unit staff costs than originally anticipated.

Table 3

Regular budget utilization – actual 2011 and forecast 2012

(Millions of United States dollars)

	2011 full year		2012 forecast	
	Budget	Actual	Budget	Forecast
Regular budget	140.59	135.11	144.14	140.50
Percentage utilization	96%		97.5%	

12. Budget utilization is expected to improve in 2012 compared to 2011 with a higher fill ratio for staff and improved budget management through the mid-year review and reallocation. The latest estimate of utilization for the year is expected to be US\$140.50 million or 97.5 per cent of the approved budget for 2012 (see table 3).
13. A more detailed breakdown of actual budget utilization in 2011, disaggregated by cluster, is provided in annex III. A similar table, based on forecasted utilization of 97.5 per cent, has been provided in annex IV for 2012.
14. Table 4 shows the 2011 actual expenses and 2012 forecast broken down by department. The decrease in projected utilization by the Programme Management Department (PMD) in 2012 compared to the approved budget is due primarily to the transfer of staff resources from PMD to the Controller's and Financial Services Division (CFS). The corresponding increase can be seen in the forecast for the

Financial Operations Department (FOD). The lower forecasted utilization in the Corporate Services Support Group (CSSG) is attributable mainly to continued efforts by the Office of the Secretary (SEC) to reduce its costs in line with the IFAD9 commitments for cluster 4.

Table 4

Regular budget usage by department: 2011 actual, 2012 budget and 2012 forecast
(Millions of United States dollars)

<i>Department</i>	<i>Actual 2011</i>	<i>Budget 2012</i>	<i>Forecast 2012</i>
Office of the President and Vice-President (OPV)	3.21	3.37	3.18
Corporate Services Support Group (CSSG)	15.72	18.14	15.88
Partnership and Resource Mobilization Office (PRM)	2.01	2.99	2.57
Strategy and Knowledge Management Department (SKM)	3.07	4.02	3.76
Programme Management Department (PMD)	75.46	80.70	78.56
Financial Operations Department (FOD)	7.89	8.47	9.62
Corporate Services Department (CSD)	23.66	24.35	24.62
Corporate cost centre	4.09*	2.10	2.31
Total	135.11	144.14	140.50

* The corporate cost centre actual costs include research and development costs for the Loans and Grants System (LGS), which according to International Financial Reporting Standards (IFRS) could not be capitalized.

Update on 2012 budget focus areas

15. In the 2012 budget document, several focus areas were identified. The following actions have been taken in this regard:
 - (i) The quarterly actual utilization reports are used as the basis for budget management and regularly provided to senior Management. Actual utilization numbers for the previous year and a forecast for the current year will be provided to the Executive Board starting with the 2013 budget document;
 - (ii) An improvement has been made in budgetary management of staff costs by implementing new procedures for the treatment of vacant positions and for position control, which served as an input to the SWP exercise. Savings from vacant positions were reallocated to operational areas during the mid-year review;
 - (iii) A highly rigorous mid-year review exercise was undertaken as early as June and more than US\$5 million was reallocated to priority areas to further IFAD's programme of loans and grants and fund core expenses not previously funded under the regular budget; and
 - (iv) Improved matching of expenditures with the corresponding funding sources is a work in progress that has been addressed in part by adopting the gross budget, which separates the regular budget from the incremental workload and costs associated with managing projects with supplementary funding.

2011 carry-forward allocation

16. The 3% carry-forward rule, in place since 2004, states that unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3 per cent of the approved annual budget of the previous year.
17. The 2011 3% carry-forward of US\$4.218 million was allocated in accordance with the eligibility criteria and implementing guidelines contained in the President's

bulletin entitled "Guidelines for use of 3% carry-forward funds" (PB/2012/06). The allocation was performed in two tranches. The allocation against the first tranche, amounting to US\$2.993 million, was approved and made available in June 2012. In accordance with the President's bulletin, a second call for requests was issued in September 2012. At that time, the utilization of the first tranche was reviewed and the portion not expected to be utilized was made available for allocation. A combined total of US\$4.173 million was allocated for the year (see annex X).

III. 2013 programme of work

18. 2013 is the first year of the IFAD9 period and therefore a pivotal year in establishing the IFAD9 work programme, which is expected to consolidate the gains from scaling up during the IFAD8 period. IFAD proposes to maintain a planning programme of loans and grants of US\$3 billion for the three-year period, with lending of approximately US\$1.066 billion for 2013, inclusive of unutilized resources from IFAD8. In addition, this core programme will leverage another US\$250 million in IFAD-managed commitments from other sources. Alternative financing sources will be sought to scale up IFAD's operations by leveraging IFAD's core programme of loans and grants, and the total programme of work will be adjusted accordingly. Table 5 provides comparative information on IFAD's work programme since 2008. The figures for lending during the period 2008-2011 are drawn from IFAD's 2011 Annual Report.

Table 5
Actual and projected work programme

	<i>Actual</i> 2008	<i>Actual</i> 2009	<i>Actual</i> 2010	<i>Actual</i> 2011	<i>Forecast</i> 2012	<i>Proposal</i> 2013
IFAD loans and ASAP grants	439	472	644	731	714	824 ^a
DSF grants	113	190	150	216	313	183
IFAD grants ^b	41	47	51	51	64	59
Total IFAD programme of loans and grants	593	709	845	998	1 091	1 066
Other funds under IFAD management ^c	108	82	59	191	231	250
Total IFAD programme of work	701	791	904	1 189	1 322	1 316

Source for actual amounts: IFAD Annual Report, 2011.

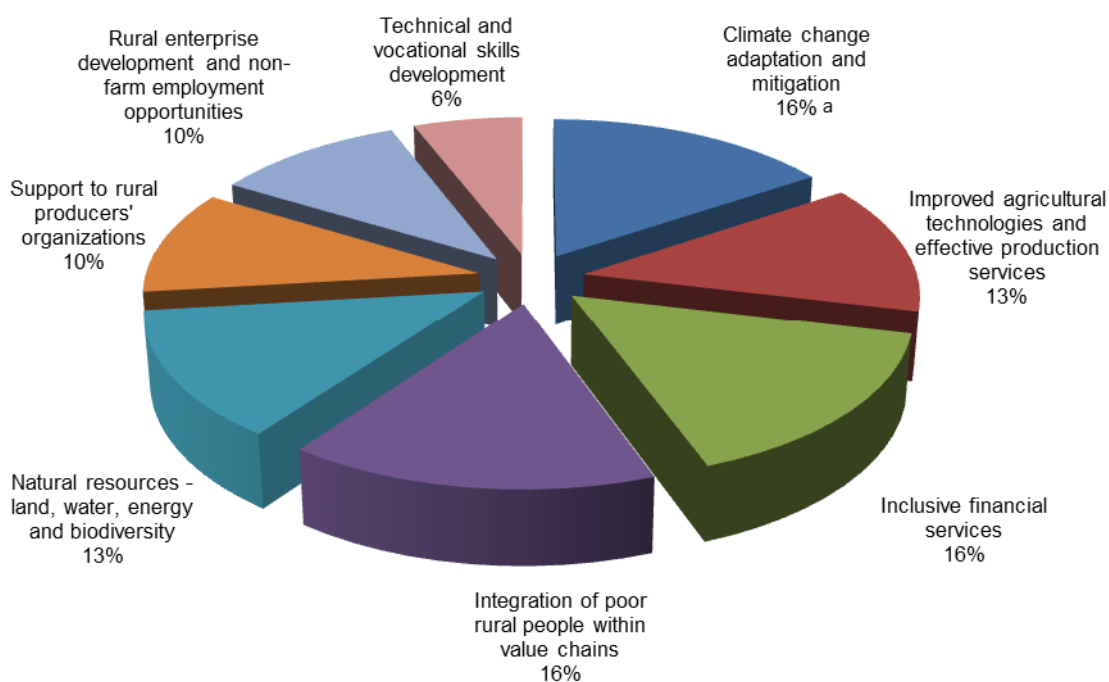
^a Includes unutilized resources from IFAD8 amounting to US\$66 million.

^b Refers to all types of grants except for DSF grants.

^c Refers to funds made available mainly through financing mechanisms established after the 2008 food price crisis. The source for 2008-2012 is the Programme Management Department Medium-term Plan submission, while the amount for 2013 is an estimate.

19. The programme of work is delivered through loans, DSF grants, and regular grants. Some 38 programmes and projects, including 11 supplementary loans and grants, are currently being prepared for approval in 2013 (including reserve projects). As presented below, IFAD expects to mobilize grant financing for 12 programmes and projects from the Adaptation for Smallholder Agriculture Programme (ASAP).
20. The anticipated value distribution of the programme of loans and DSF grants among the eight areas of thematic engagement established in the Strategic Framework 2011-2015 is shown in the following chart.

Indicative distribution of 2013 lending and DSF grants by area of thematic engagement
(as at 2 November 2012)



^a This percentage includes the amount of ASAP grant cofinancing IFAD is programming in 2013. Through ASAP, IFAD will increase the climate resilience of more than one third of IFAD's 2013 work programme. IFAD's thematic engagement on climate change issues in 2013 is therefore much broader than the depicted percentage.

21. The estimated number of global and regional grants in 2013 is 50, for a total of US\$59 million. IFAD will use its grant instrument strategically, maximizing synergies between its loans and grants, using the lending programme to more systematically upscale grant-financed innovations and using grants more proactively as a tool for innovation and building borrower capacity.

IV. IFAD's net regular budget

A. 2013 net regular budget proposal

22. The proposed 2013 net regular budget, at US\$144.14 million, represents a zero nominal increase over 2012. Substantial adjustments had to be made through a rigorous budgeting exercise in order to maintain a zero nominal growth budget for 2013.

Budget process

23. As part of the medium-term planning exercise, departments were requested to submit their baseline budgets to meet basic deliverables under IFAD9. The staffing levels were based on the SWP exercise and departments were required to adhere to the SWP authorized staffing level for 2013. At the same time, departments were requested to take cognizance of the drive for efficiency improvements across IFAD and commitments made under RMF9. Departments also provided a prioritized list of activities over and above the baseline that they would like to undertake if additional funding were made available.
24. The Budget Unit reviewed all the submissions in the context of corporate priorities and directions set by Management. A highly systematic approach was followed, linking resources to deliverables, in reviewing the budget submissions. At the same time, significant costs needed to be included in the 2013 regular budget as part of IFAD's efforts to mainstream costs previously funded by ad-hoc sources. The

Budget Unit also held extensive meetings with all department heads and division directors in conjunction with the SWP team. As a result of the negotiations, additional savings were identified which were then redistributed to operational and priority areas.

2013 staff salary cost assumptions

25. The 2013 budget proposal reflects the following staff salary related costs:
 - (a) The 2012 proposed budget included US\$679,000 in anticipation of Professional staff salary increases which did not materialize. This amount will not be spent, in accordance with commitments made by Management to the Governing Council. The same amount has been set aside in the 2013 budget and placed under the corporate cost centre. If the International Civil Service Commission (ICSC) proposes a salary increase for Professional staff in 2013 the amount will be used to fund the increase, subject to endorsement by the Executive Board. Management will advise the Board should this amount be required for other purposes.
 - (b) The 2013 budget proposal absorbs the effect of lifting the freeze on General Service staff salary increases (ICSC-recommended increases have not been implemented since November 2010), amounting to some US\$480,000.
 - (c) The annual budgetary impact of the upgrades arising from the job audit has been estimated at US\$800,000. This amount was included in the 2013 budget proposal and initially placed in the corporate cost centre under staff costs, pending final implementation effective 1 January 2013.
26. The effects of sections (b) and (c) above will increase the staff salary baseline by a total of US\$1.28 million commencing in 2013.

Staffing level 2013

27. The staffing level for 2013 was determined through the SWP exercise. The departmental breakdown of the proposed staffing requirements for 2013 supported by the regular budget as well as other funding sources is presented in table 6.
28. The 600 FTE level in 2012 was the established baseline for the SWP exercise. It included 571 FTEs funded from the regular budget and another 29 staff performing core functions funded from other sources. In 2013, the proposed SWP staffing level is approximately 577 FTEs (564 FTEs funded from the regular budget and 13.5 FTEs from other sources), representing an overall reduction of almost 23 FTEs or 4 per cent. While the net reduction under the regular budget is 7.4 FTEs, this is after absorbing more than 50% or 15.5 FTEs performing core functions for IFAD that were previously funded from supplementary fund fees. This regularization of over 15 FTEs is a significant achievement for one year. The remaining 13.5 FTEs of staff performing core functions, funded from other sources, will be absorbed into the regular budget in the coming years.
29. The 40 FTE reduction in PMD is primarily due to the transfer of 20 positions as part of the realignment and reallocation of functions to appropriate departments. This involved the transfer of entire work units with their associated functions as follows: (i) the transfer of the loans and grants administration function to CFS resulted in a move of 13 staff positions from PMD, (ii) the transfer of grants secretariat, quality assurance and other functions to the Strategy and Knowledge Management Department (SKM) involved the move of another seven staff positions out of PMD. The remaining reduction of 20 positions in PMD represents the outcome of the SWP exercise and PMD's efforts to streamline operations. Several of the reductions offered by PMD under the SWP exercise were longstanding vacant positions whose functions were being performed in part by consultants.
30. The decrease of FTEs in CSSG is primarily due to reductions in SEC staffing requirements. The substantial increases in FOD and SKM are primarily due to the

transfer of functions from PMD as explained above, as well as additional positions provided as part of the SWP exercise.

Table 6
Indicative staffing requirements, 2012 and 2013
Full-time equivalents (FTEs)

<i>Department</i>	<i>Approved 2012</i>	<i>Proposed 2013</i>	<i>Total change</i>	<i>Change (percentage)</i>
Office of the President and Vice-President	12.00	11.00	(1.00)	(8%)
Corporate Services Support Group	99.92	94.68	(5.24)	(5%)
Partnership and Resource Mobilization Office	11.00	18.00	7.00	64%
Strategy and Knowledge Management Department	13.00	25.00	12.00	92%
Programme Management Department	294.55	254.56	(39.99)	(14%)
Financial Operations Department	46.34	63.84	17.50	38%
Corporate Services Department	94.30	96.66	2.36	3%
Total staff funded by regular budget	571.11	563.74	(7.37)	(1%)
Staff FTEs funded by other IFAD funding sources*	28.97	13.47	(15.50)	(54%)
Total IFAD Staff FTEs	600.08	577.21	(22.87)	(4%)

*In addition, four positions with coterminous contracts have been approved for 2013, to be directly funded from ASAP and Consultative Group on Agricultural Research (CGIAR) fee income.

2013 cost drivers

31. When preparing the 2013 budget proposal, Management had to make difficult choices, prioritizing limited resources to achieve key IFAD9 deliverables and address structural budgetary issues. The main cost drivers that determined resource allocation are detailed below.
32. The reductions and cost cutting measures achieved by departments were used to reallocate resources to: (i) further strengthen SKM and consolidate oversight of the grants programme within SKM; (ii) expand the PRM to leverage additional funding for IFAD's programme of work; (iii) fund the cost implications of the job audit and realignment of General Service staff salaries with the other Rome-based United Nations agencies; (iv) fully fund IFAD's share of the Governing Council annual meeting costs within the regular budget; (v) support the rationalization in the use of supplementary fund fees; and (vi) provide substantial resources for information technology. The reductions and cost cutting measures will be achieved by realigning staff resources through the SWP process, streamlining business processes in administration, loan processing and disbursement, as well as increased selectivity and targeted intervention in operations.

Price increase and volume decrease

33. **Price increase.** The 2013 budget includes the following price increases: (i) higher General Service staff costs compared to 2012 with the lifting of the salary freeze; (ii) increased Professional staff costs due to salary increases arising from the job audit; and (iii) an overall price increase of 2.5 per cent to take account of inflation in areas such as utility costs, consultancy and travel. The inflation rate was provided by the Treasury Services Division based on a review of inflation forecasts for 2013 in Italy and elsewhere in the world, using data from the Bloomberg system.
34. **Volume decrease.** The proposed zero nominal budget assumes that inflation will be offset by real decreases in the regular budget as a result of cost cuts and efficiency gains. The volume decrease is the net effect of the overall reduction in staff FTEs and consultants, offset in part by a volume increase in travel costs.

2013 budget proposal by department

35. The current year's budget proposal by department is set out in table 7.

Table 7

Regular budget by department, 2012 and 2013

(Millions of United States dollars)

<i>Department</i>	<i>Approved 2012</i>	<i>Proposed 2013</i>	<i>Total change</i>	<i>Change (percentage)</i>
Office of the President and Vice-President	3.37	2.74	(0.63)	(18.7%)
Corporate Services Support Group	18.14	17.47	(0.67)	(3.7%)
Partnership and Resource Mobilization Office	2.99	4.08	1.09	36.5%
Strategy and Knowledge Management Department	4.02	6.32	2.30	57.2%
Programme Management Department	80.70	72.57	(8.13)	(10.1%)**
Financial Operations Department	8.47	10.67	2.20	26.0%
Corporate Services Department	24.35	25.03	0.68	2.8%
Corporate cost centre costs (allocated across clusters)*	-	2.30	2.30	100%
Corporate cost centre (portion not allocated across clusters):				
- 2012 Professional salary increases withheld	-	0.68	0.68	100%
- Other corporate costs	2.10	2.28	0.18	8.6%
Total	144.14	144.14	-	0%

* The salary increases related to the job audit and recruitment/assignment costs included in the corporate cost centre in 2013 have been allocated appropriately across the clusters.

** The reduction in PMD's regular budget is partly offset by the additional resources provided to PMD in relation to ASAP and supplementary funding.

36. The reason for the changes in 2013 departmental allocations compared to 2012 are explained below:

- (a) OPV: The reduction in the OPV budget is primarily due to the transfer of the Quality Assurance function, including non-staff costs, and cost-cutting measures taken.
- (b) CSSG: The decrease in the CSSG budget is mainly due to the savings identified in SEC and reductions in the Communications Division (COM), partly offset by the regularization of core staff positions.
- (c) PRM: The substantial increase in PRM's budget reflects the effort to further strengthen IFAD's partnership and resource mobilization capacity.
- (d) SKM: The significant increase in SKM's budget is attributable to the transfer of functions from PMD and OPV, as well as additional positions provided during the SWP process.
- (e) PMD: The decrease in PMD's budget is primarily due to the transfer of functions to CFS and SKM, the outcome of the SWP exercise, and the department's efforts to contain costs.
- (f) FOD: The increase in FOD's budget is mainly due to the transfer of the loan administration function from PMD to CFS, additional positions provided to TRE during the SWP exercise, and regularization of core staff within the regular budget.
- (g) CSD: The marginal increase in CSD's budget is the net effect of savings identified by all divisions, which enabled CSD to offset the substantial increase in information and communications technology (ICT) costs.

- (h) Corporate cost centre: The costs under this heading are split between those allocable across clusters (i.e. job audit related salary increases and recruitment or assignment costs) and those which are centrally managed (i.e. depreciation, after-service medical costs, external audit fees, etc.).

2013 budget proposal by cluster

37. A comparison of the 2012 approved budget and 2013 budget proposals by cluster is set out in table 8. Annex V provides a matrix setting out the distribution of departmental expenditures broken down by clusters.

Table 8

Analysis of percentage share of regular budget by results cluster, 2012 and 2013

(Millions of United States dollars)

<i>Results cluster</i>	<i>Approved 2012</i>	<i>Proposed 2013</i>	<i>2012 %</i>	<i>2013 %</i>
1 Country programme development and implementation	89.01	85.10	61.8%	59.0%*
2 High-level policy dialogue, resource mobilization and strategic communication	10.45	12.56	7.2%	8.7%
3 Corporate management, reform and administration	32.50	34.90	22.5%	24.2%
4 Support to members' governance activities	10.08	8.62	7.0%	6.0%
Corporate cost centre (portion not allocated across clusters)	2.10	2.96	1.5%	2.1%
Total	144.14	144.14	100%	100%

* As shown in table 1, with the additional resources allocated from ASAP and supplementary funding the share of cluster 1 will increase to 60.5%.

38. With regard to budget distribution by clusters, for a zero nominal growth budget the share of cluster 1 is expected to decrease if there are significant increases in non-cluster 1 costs such as ICT and other non-cluster 1 costs previously funded by ad-hoc sources.
39. If the efficiency targets are to be met, IFAD will need to focus on areas where potential efficiencies can be found and expenditures that are not fixed in nature. Costs outside of cluster 1 – such as security and utilities – tend to be fixed in the short term and allow for only marginal cuts, as basic services have to be maintained. Although Management is seeking efficiencies across all clusters, most discretionary spend is in cluster 1, which therefore holds the greatest potential for achieving significant cost savings.
40. The specific reasons for changes in 2013 cluster allocation compared to 2012 are explained below:
- (a) Cluster 1: The proposed budget shows a reduction in the cluster 1 share of total resources, from 61.8 per cent in 2012 to 59.0 per cent in 2013. This is slightly below the 59.8 per cent estimated at the time of the high-level preview statement provided to the September 2012 session of the Executive Board. The decrease is due to: (i) lower staff position numbers and consultant costs in PMD as part of the drive for efficiency; (ii) the introduction of an allocation of PMD's budget in cluster 2 (US\$2.25 million) to more accurately reflect workload distribution by corporate management result (CMR) area; (iii) the fact that the positions transferred from PMD to SKM are not classified entirely under cluster 1 as was previously the case in PMD; and (iv) the fact that the Professional staff salary increase withheld, under the corporate cost centre, is not being distributed to cluster 1 as was the case in 2012.
- (b) Cluster 2: The increase in the share of cluster 2 is attributable to the substantial increase in PRM and increased allocation from PMD (as explained

above), offset by decreases in CSSG as a result of reductions in the COM budget.

- (c) Cluster 3: The increase in cluster 3 is primarily due to: (i) the inclusion of the Ethics Office in the regular budget; (ii) the reclassification of all audit costs to cluster 3 rather than partial allocation to cluster 1 as in 2012; (iii) the increase in ICT costs, which is largely offset by savings in other CSD divisions; and (iv) the increase in SKM's cluster 3 allocation as a result of the transfer of positions from PMD which are no longer classified as cluster 1.
- (d) Cluster 4: The decline in cluster 4 is primarily due to savings identified in SEC and the Office of the President and Vice-President (OPV), and the reclassification of PRM costs to cluster 2.
41. Although the share of both cluster 1 and PMD will decline in 2013 for the reasons explained above, it should be noted that as shown in table 1, the total cluster 1 share of the gross budget – which includes an increase in budgetary resources relating to incremental work arising from supplementary fund and ASAP activities – rises to 60.5 per cent.

2013 budget proposal by summary cost category

42. The breakdown of the current year's budget proposal across major cost categories is set out in table 9. Annex VI provides an analysis of the 2013 budget proposal by detailed cost category and by department.

Table 9

Analysis of budget by summary cost category, 2012 and 2013 (Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2012</i>	<i>Proposed 2013</i>	<i>Total change</i>	<i>Change (percentage)</i>
Staff	91.54	91.41	(0.13)	(0.1%)
Consultants	23.52	21.54	(1.98)	(8.4%)
Duty travel	8.94	10.36	1.42	15.9%
ICT costs	2.36	4.00	1.64	69.5%
Other costs	17.78	16.83	(0.95)	(5.3%)
Total	144.14	144.14	-	-

43. Staff salaries in 2013 are almost flat compared to 2012 as the cost reduction due to the lower number of FTEs is fully offset by higher General Service staff salaries and the impact of the job audit. The decline in consultancy costs is attributable entirely to PMD's efforts to reduce the use of consultants within the regular budget and is offset in part by non-staff resources provided to PMD under ASAP and supplementary funding. Higher staff travel costs in PMD have in effect partly offset the savings in consultancy costs. The significant increase in ICT costs is a result of rationalizing all information technology (IT) funding requirements within the regular budget. Further increases are anticipated from IT-related investments going forward (including ICO connectivity). The reduction in other costs is primarily due to savings made by CSD and PMD.

B. 2013 gross budget proposal

44. IFAD implements and manages a number of operations for third parties that are external but complementary to IFAD's programme of loans and grants. These operations are financed from supplementary funds. Engaging in these partnership activities involves additional incremental costs to IFAD for design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement.

45. With the substantial increase in the volume of complementary and supplementary fund financed projects, it is necessary to separately reflect the incremental workload associated with increased use of such funding sources. This becomes even more important in the context of substantial ASAP funding and corresponding fee income. Consequently, Management has introduced the concept of gross and net budgeting in order to improve accountability and transparency in the use of resources required to carry out IFAD's programme of work.
46. The gross budget includes the regular budget as well as all resources utilized to administer and support ASAP and supplementary fund related incremental work. The net budget represents only work performed to carry out IFAD's core programme of loans and grants and related activities, which will continue to be funded by the regular budget. Separating the gross and net budgets will ensure that fluctuations in the ASAP and supplementary funded workload do not affect the regular budget on a year-to-year basis. Executive Board endorsement and Governing Council approval are being sought only for the net budget.
47. Departments were requested to provide estimates of the incremental workload and costs associated with managing ASAP and supplementary funded projects. Only incremental non-staff costs (consultants, travel etc.) and dedicated staff costs directly attributable to carrying out ASAP and supplementary fund related work will be included in determining the total incremental resource implication of handling ASAP and supplementary funded projects. Staff time contributed to manage ASAP and supplementary funded projects will be absorbed within the regular budget as part of staff costs. The incremental work and/or resources required to be cost recovered from fee income will not exceed the total annualized management fee income attributable to such projects in any year. This is to ensure that adequate fee income is available throughout the entire life of the supplementary funded project.
48. The cost of supporting ASAP and supplementary funded projects in 2013 is estimated at US\$5.29 million and is entirely related to cluster 1 activity. This additional amount, which is fully recoverable from the annual allocable portion of the fee income generated from the management of ASAP and supplementary funds, includes: (i) US\$3.02 million to design 13 ASAP projects for approval in 2013 and initiate the processing of ASAP loans for 2014; (ii) US\$1.72 million to undertake incremental work related to the Spanish Food Security Cofinancing Facility Trust Fund and supplementary funded projects; and (iii) about US\$0.55 million for CGIAR. Excluding the portion for CGIAR, the rest of the amount will be made available to PMD.
49. As a result, the gross budget for 2013 amounts to US\$149.43 million – US\$5.29 million over and above the regular budget of US\$144.14 million. However, endorsement by the Executive Board and subsequent approval by the Governing Council is being sought only for the proposed net budget of US\$144.14 million.
50. Table 10 provides a summary of the gross and net regular budget.

Table 10

Indicative gross and real regular budget for 2013

(Millions of United States dollars)

<i>Cost category</i>	<i>2013</i>
Net budget	144.14
Costs to support complementary and supplementary fund work*	5.29
Gross budget	149.43

* To be recovered from fee income.

C. Efficiency ratio

51. The administrative efficiency ratio for the IFAD9 period is calculated by dividing the entire programme of work by actual costs, including expenditures financed by management fees. Compared to a ratio of 11 per cent projected for 2012, the efficiency ratio for 2013 is expected to be slightly higher at 11.4 per cent. This is based on the 2013 total costs estimated at US\$149.4 million for 2013 and the IFAD programme of work of US\$1.316 billion. The current efficiency ratio for 2013 is better than projected at the time of the high-level preview of 11.7 per cent due to the latest programme of work estimates.

Table 11

Actual and projected work programme (Millions of United States dollars)

	<i>Actual 2008</i>	<i>Actual 2009</i>	<i>Actual 2010</i>	<i>Actual 2011</i>	<i>Forecast 2012</i>	<i>Budget 2013</i>
Total IFAD programme of work	701	791	904	1 189	1 322	1 316
Regular budget	107.2	111.5	116.5	135.1	140.5	144.1
Costs to support ASAP and supplementary fund activities	4.4	4.1	5.2	3.5	5.0	5.3
Total costs	111.6	115.6	121.7	138.6	145.5	149.4
Total costs divided by total programme of work	15.9%	14.5%	13.5%	11.7%	11.0%	11.4%

D. Capital budget

Initiatives approved (2008-2012)

52. The cumulative capital budget approved for the period 2008 to 2012 amounts to some US\$28.3 million. Of this, US\$15.76 million relates to the LGS replacement project. Excluding this amount, the regular annual capital budget expenditure ranges between US\$3 million and US\$4 million, primarily representing IT costs. A table summarizing capital expenditure approvals to date is provided in annex IX.

2013 capital budget request

53. The total capital budget requested for 2013 is US\$3.7 million, comprising US\$3.3 million for ICT initiatives and US\$0.4 million for country office security and requirements related to compliance with Minimum Operating Security Standards (MOSS).
54. The US\$3.3 million proposal for ICT initiatives includes: (i) human resources systems and dashboard (US\$575,000); (ii) ICO connectivity and videoconferencing facilities (US\$1,170,000); (iii) institutional efficiency projects consisting of corporate information systems (US\$780,000); and (iv) workstation replacement (US\$775,000) under the heading of IT infrastructure.

Table 12
Capital budget request for 2013
 (Thousands of United States dollars)

	<i>2013 proposed</i>
a) ICT initiatives	
Human resources reform	575
ICO infrastructure – IT and communications	1 170
Institutional efficiency	780
IT infrastructure	775
IT initiatives subtotal	3 300
b) Non-ICT initiatives	
ICO security/MOSS compliance	400
Total	3 700

Part two – Results-based work programme and budget for 2013 and indicative plan for 2014-2015 of the Independent Office of Evaluation of IFAD

I. Introduction

55. As requested by the Executive Board, the Independent Office of Evaluation of IFAD (IOE) has prepared its fifth three-year rolling evaluation work programme. The document contains IOE's proposed work programme and budget for 2013 and indicative plan for 2014-2015. Similar to last year, IOE has followed the results-based work programme and budget approach and linked its resource requirements to the achievement of key results.¹
56. Since 2011, IOE has undergone a major strategic reorientation resulting from the Peer Review of IFAD's Office of Evaluation and Evaluation Function² and the adoption of the revised Evaluation Policy. Many adjustments have been made to ensure high-quality, timely and useful independent evaluations that provide value for money. This year the division will continue to build on these efforts to ensure that independent evaluations can further enhance IFAD's contribution to rural poverty reduction globally.
57. This document has six sections. Section II includes an overview of key developments in the external and internal context and their implications for IOE. Section III describes IOE's objectives³ and divisional management results (DMRs) and their linkages with IFAD's corporate management results (CMRs).⁴ Section IV summarizes the achievements with regard to the 2012 evaluation work programme under each objective, whereas section V focuses on the proposed activities for 2013-2015. Section VI outlines the proposed 2013 budget and human resources needed for IOE to implement its evaluation activities and achieve the DMRs and objectives.
58. As in the past, the proposed independent evaluation work programme has been developed in consultation with IFAD Management, including discussions with the regional divisions and the Policy and Technical Advisory Division. The high-level preview of IOE's results-based work programme and budget for 2013 and indicative plan for 2014-2015 were discussed during the Evaluation Committee's seventy-second session in July 2012 and also at the Audit Committee meeting and Executive Board session held in September 2012. After further discussion with the Evaluation Committee at its October 2012 session, IOE's proposed results-based work programme and budget for 2013 and indicative plan for 2014-2015 was discussed by the Audit Committee in November 2012 and the Executive Board at its December 2012 session, together with IFAD's regular budget for 2013. The final budget will be submitted to the Governing Council in 2013 for approval.

II. An evolving environment

59. This results-based work programme and budget has been developed after carefully considering the evolving strategic directions as well as the Change and Reform Agenda within IFAD, the new business model of the Fund, the IFAD Medium-term

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

² The Peer Review was undertaken by the Evaluation Cooperation Group of the multilateral development banks, and the final report was presented to the Executive Board in April 2010.

³ This is the third year that IOE has followed the results-based management approach by identifying its core objectives and results as well as the activities necessary to achieve those results and objectives.

⁴ 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.

Plan 2013-2015 (which is currently under preparation), and the revised Evaluation Policy and the Terms of Reference of the Evaluation Committee, which were adopted in May 2011.

60. The Consultation on the Ninth Replenishment of IFAD's Resources (IFAD9) was successfully concluded in December 2011. The Consultation agreed on a series of operational, institutional and financial commitments to strengthen the Fund's contribution to achieving the first Millennium Development Goal of eradicating poverty and hunger, and to deepen its focus on gender equality and women's empowerment in the IFAD9 period (2013-2015). In particular, the aim is for IFAD to contribute to lifting 80 million rural people out of poverty globally. The IFAD9 commitments are shaped around four themes: (i) operational effectiveness; (ii) institutional effectiveness and efficiency; (iii) financial capacity and management; and (iv) results management.
61. Operational effectiveness will be enhanced through a series of measures focusing on: aid effectiveness, scaling up, private-sector engagement, gender equality and women's empowerment, climate change and sustainable management of environmental resources, project efficiency, country-level decentralization, fragile states, national monitoring and evaluation systems, South-South and triangular cooperation, and partnership and advocacy. IOE's evaluations in recent years have covered a number of these areas⁵ and the division is committed to continue assessing these issues as part of its regular evaluation activities.
62. Institutional effectiveness and efficiency will be improved through new management tools for cost analysis and control, and a combination of consolidation and innovation with regard to human resource management systems, policies and practices. Financial capacity and management will be strengthened in response to changes in the financial environment through actions to upgrade IFAD's financial model in line with industry best practice and the exploration of new forms of internal and external resource mobilization. The corporate-level evaluation (CLE) on IFAD's efficiency currently being undertaken by IOE is expected to shed light on various aspects of institutional efficiency and provide recommendations in these areas.
63. Results management will continue to be the driving force behind stronger and broader impact by the Fund. The Results Measurement Framework 2013-2015 offers a series of important innovations to improve and better demonstrate the results achieved by the Fund. Of these, the increased emphasis on impact evaluation is the most significant. In this regard, based on its accumulated knowledge, IOE plans to support Management in developing its capability to conduct impact evaluations in the future.

III. IOE's results chain

64. IOE has two strategic objectives for its 2013 work programme and indicative plan for 2014-2015:
 - (i) **Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations.** This strategic objective reflects the twofold purpose of the independent evaluation function at the Fund, namely to promote accountability and results assessment, and foster learning to improve the performance of corporate policies and IFAD-supported operations. Over the years, IOE has developed rigorous and state-of-the-art methodology for evaluation and an effective process for interaction with IFAD Management, partners at the country level and the Fund's governing bodies. These are essential instruments to achieve this strategic objective.

⁵ Such as the corporate-level evaluations on innovation and scaling up, gender equality and women's empowerment, private-sector partnership and institutional efficiency.

- (ii) **Strategic objective 2: Promote effective learning and knowledge management.** The aim of this strategic objective is to promote timely evaluation feedback on cross-cutting themes and issues of corporate priority and interest to IFAD and the development community. The learning and knowledge management activities proposed under this strategic objective therefore are more wide-ranging than the learning promoted under strategic objective 1, which is specific to the evaluation of individual corporate policies, country programmes and/or projects financed by IFAD.

65. Following the results-based budgeting approach, seven DMRs have been defined for the two IOE strategic objectives. 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 objectives. The following table summarizes the proposed DMRs, the strategic objectives and their linkages with the CMRs. IOE's key performance indicators and a visual representation of the IOE's results chain are included in annex XVI and XVII respectively. Annex XVI also includes an update on the progress which IOE has made during the year towards achieving the targets of its key performance indicators.

Table 1

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: Annual Reports on Results and Impact of IFAD Operations (ARRIs) and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes		
DMR 2: Country programme evaluations (CPEs) that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	CMRs 1, 2 and 3
DMR 3: Project evaluations that contribute to better IFAD-supported operations		
DMR 4: Methodology development		
DMR 5: Work related to IFAD governing bodies		
DMR 6: Production of evaluation syntheses and ARRI learning themes	Strategic objective 2: Promote effective learning and knowledge management	CMR 8
DMR 7: Systematic communication and outreach of IOE's work		

IFAD CMRs: 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 dialogue 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.

66. In line with IFAD's results-based budget approach, the 2013 IOE budget (staff and non-staff costs) has been earmarked against each DMR and each strategic objective (see table 3, annex XV for details).

IV. Highlights of the 2012 work programme

67. IOE has implemented all the activities planned under the 2012 work programme. Details of the implementation progress of evaluations planned in 2012 are provided in annex XIII.

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

68. The 2012 Annual Report on Results and Impact of IFAD Operations (ARRI) has been prepared. Given that this is the tenth edition, this year the ARRI traces the evolution of the report and makes a proposal for its future structure and content, taking into consideration IFAD's changing context. This year's ARRI also makes a special effort to benchmark more comprehensively the performance of IFAD operations against the agricultural sector operations of other multilateral development organizations as well as bilateral aid agencies. The report was discussed in the Evaluation Committee in November 2012, and then with the Executive Board in December 2012.
69. The CLE on IFAD's efficiency is well under way. Thus far, the inception and interim reports have been completed and the draft final report is being prepared. The CLE analyses IFAD's efficiency in key areas such as operations, governing bodies, human resources, decision-making, and information and communication technology. The final evaluation report will be presented to the Evaluation Committee and Executive Board in April 2013. IOE delivered a comprehensive PowerPoint presentation on the key findings of this evaluation to the Evaluation Committee and interested Board members during the Committee's seventy-fourth session in November 2012.
70. Work on the CLE on direct supervision and implementation support is ongoing. The approach paper has been prepared and was discussed by the Evaluation Committee in April this year. The inception report has also been completed. This evaluation is also scheduled to be presented to the Evaluation Committee and the Executive Board in 2013.
71. As an additional activity, together with the Operations Evaluation Department of the African Development Bank (AfDB), IOE is undertaking a follow-up study on the implementation of the recommendations from the joint evaluation by IFAD and AfDB on agriculture and rural development in Africa. The aim of the study is to serve as a further opportunity to strengthen partnership between the Bank and the Fund in the future in Africa.
72. As per past practice, IOE continues to provide the Evaluation Committee and Executive Board with written comments on IFAD's new corporate policies or strategies in areas where IOE has accumulated evaluative evidence and lessons. Comments were provided on the IFAD Policy on Gender Equality and Women's Empowerment, as well as the IFAD Partnership Strategy.
73. IOE worked on a number of country programme evaluations (CPEs) in 2012. The CPEs for Ghana and Viet Nam were discussed at the Evaluation Committee session in April 2012 and the CPE for Jordan in July 2012. The Mali and Uganda CPEs have been completed. The CPEs for Ecuador, Indonesia, Madagascar, and Nepal are under way. IOE has started preparatory work on the CPE for the Republic of Moldova, which is scheduled for completion in 2013.
74. In 2011, IOE transformed its approach to project evaluations by undertaking project completion report validations (PCRVs)⁶ and project performance assessments (PPAs)⁷ on a selective basis. This year IOE continued to validate all project completion reports (PCRs) available during the year (around 21 PCRVs) and

⁶ The PCRv consists of an independent desk review of the project completion report (PCR) and other available and relevant project documentation. The ratings assigned by the Programme Management Department for project performance are reassessed, revealing any "net disconnect" in reporting on results generated, respectively, through independent and self-evaluation systems.

⁷ The PPA is undertaken for a selected number of projects that have undergone a PCRv. It includes a field visit. The purpose of the PCRVs and PPAs is to assess the results and impact of IFAD-funded projects and to generate findings and recommendations that can inform other projects funded by IFAD.

conducted nine PPAs⁸ (in Armenia, Azerbaijan, Bangladesh, Plurinational State of Bolivia, Cambodia, China, India, Mongolia and the Republic of Moldova). According to the feedback received so far, the PCRVs and PPAs are appreciated by IFAD Management since they highlight lessons for use in the design and implementation of IFAD operations. In particular, the PCRVs serve as an incentive to improve the quality of PCRs, by revealing systemic issues that need to be addressed by Management in the preparation of future reports.

75. With regard to methodology development, the PCRv/PPA methodology was finalized earlier this year, providing IOE staff and consultants with guidance, both on methodology and on processes for undertaking project evaluations. In addition, the revised IOE internal peer review guidelines have been completed, which provide a framework for quality assurance of all main evaluation deliverables as well as knowledge sharing.
76. IOE provided comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), which was presented to the Evaluation Committee in July 2012 and the Board in September 2012. It also provided the Committee and the Board with written comments on the Report on IFAD's Development Effectiveness (RIDE).
77. IOE participated in a workshop on evaluation capacity development organized by the Indonesian Ministry of Foreign Affairs in Jakarta in May 2012. At this workshop, IOE briefed government officials on the IFAD Evaluation Policy and independent evaluation methods and processes. A delegation from the Ministry of Finance of China visited IOE in July to explore the possibility of developing a partnership specifically for evaluation, and to learn about IOE's evaluation methodology and processes. The Government of Armenia has also expressed keen interest in partnership with IOE on evaluation capacity development, which will be pursued in 2013, as appropriate.
78. So far in 2012, IOE has participated in four formal sessions of the Evaluation Committee, as well as the Committee's annual country visit, which this year was held in Ghana. IOE also participated in the April and September sessions of the Executive Board, where evaluation-related items were presented. It will also attend the December Board, as in the past.

Strategic objective 2: Promote effective learning and knowledge management.

79. Evaluation synthesis⁹ is a new product introduced for the first time in 2011. This year, IOE prepared two such syntheses: (i) the role of cooperatives in rural development; and (ii) the country strategic opportunities programme (COSOP) as an instrument, including its structure, development and implementation process. In addition, IOE has been asked by the Evaluation Cooperation Group (ECG) of the multilateral development banks to take the lead in preparing a synthesis report on gender in 2012. The final synthesis report was issued at the ECG meeting held in Paris at the end of November 2012.
80. As per past practice, the ARRI devotes due attention to learning and to reporting on the performance and impact of IFAD operations. As agreed with the Board last year, the 2012 ARRI focuses on policy dialogue as the learning theme. This aspect was discussed with IFAD Management, country programme managers and other staff at a dedicated in-house learning workshop in September 2012. IOE also invited resource persons from other organizations such as the Food and Agriculture

⁸ This is one more than originally planned: the extra PPA was added to enhance the evidence base for the planned CPEs in the same countries.

⁹ An evaluation synthesis identifies and captures evaluative knowledge from a variety of evaluations produced by IFAD and evaluation outfits of other organizations, and presents lessons learned from academic literature and targeted interviews to promote learning and the use of evaluation findings.

Organization of the United Nations (FAO), the Swiss Agency for Development and Cooperation (SDC), and the World Food Programme (WFP) to this workshop to benefit from their lessons and experiences in policy dialogue.

81. IOE continued to strengthen its engagement in several international evaluation platforms and evaluation-related processes. IOE took part in the ECG meeting in Luxembourg in March 2012 where it briefed other members on the status of the preparation of the evaluation synthesis report on gender. It also took part in the fall meeting of the ECG at the end of November in Paris. IOE also participated in the 2012 annual general meeting of the United Nations Evaluation Group (UNEG)¹⁰ organized in Rome in April 2012 in cooperation with FAO and WFP.
82. IOE contributed to the organization of a meeting of the Network of Networks on Impact Evaluation (NONIE)¹¹ which was held at FAO headquarters on 19 and 20 April 2012. The meeting focused on mixed methods for addressing the challenge of attribution in impact evaluation and the role of impact evaluation in M&E systems. IOE provided comments on the following three papers produced by UNEG: (i) impact evaluation in multi-agency interventions; (ii) the role of impact evaluation in United Nations agencies; and (iii) impact evaluation of normative work.
83. IOE has cooperated with the evaluation units of the Global Environment Facility and others (including FAO, the United Nations Educational, Scientific and Cultural Organization [UNESCO] and the World Bank) in conducting a desk review of past independent external evaluations of multilateral development institutions. The aim was to ascertain the value of such evaluations and to draw lessons on their design and execution.
84. In the context of IOE's partnership with SDC, an IOE staff member participated in a meeting of the SDC Agriculture and Rural Development Network organized in Bern. At the meeting, IOE made a presentation focusing on IFAD's processes for the design and review of country strategies, IOE's general findings on these processes and its methodology for CPEs. A review of the partnership with SDC to identify lessons learned for the future was undertaken.
85. IOE staff participated in selected in-house committees, teams and events 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 shared, discussed and eventually internalized in the development of new IFAD policies, strategies and projects. IOE is also a member of the IFAD community of practice on knowledge management. In addition, the Director and Deputy Director also attended the periodic meetings of the IFAD Management Team and the Operations Management Committee (OMC).¹² The division also has close collaboration with the IFAD's Office of Audit and Oversight.¹³
86. The division continues to send its staff on evaluation training. Staff attended the International Program for Development Evaluation Training, various training courses held by the Evaluators' Institute and a course on Development Evaluation Principles and Practice organized by the United Kingdom's Department for International Development and the United Kingdom Evaluation Society. On-the-job training and

¹⁰ Established in 1984, UNEG is a professional network that brings together the heads of units responsible for evaluation in the United Nations system. It currently has 46 members.

¹¹ Established in 2006, NONIE is an evaluation network encompassing the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), the UNEG, the ECG and the International Organization for Cooperation in Evaluation (a network of regional evaluation associations).

¹² IOE is represented now as a permanent observer on the OMC.

¹³ For example, in the context of the corporate level evaluation on efficiency, the IFAD's Office of Audit and Oversight undertook audits on (i) the efficiency of project design process and (ii) country office support structure which provided useful data for the evaluation.

knowledge sharing among staff are promoted to enhance the skills set of IOE staff. In 2012, the division also introduced annual IOE staff awards, to recognize staff for excellent work and innovative approaches that can serve as good practice examples in the future.

87. **Budget utilization.** Table 4 in annex XV provides an update on the utilization of IOE budget in 2012, which reveals that the division is likely to fully use its 2012 budget allocation.

V. The 2013 results-based work programme and indicative plan for 2014-2015

88. This section charts the proposed activities for 2013-2015 to enable IOE to achieve its DMRs and the strategic objectives contained in table 1. Details of the proposed evaluations for 2013 and the indicative plan for 2014-2015 are provided in annex XIII.

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

89. **DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes.** In 2013, IOE will commence the CLEs on the Revised IFAD Policy for Grant Financing and IFAD's approach to and results in policy dialogue.. It will also prepare the eleventh edition of the ARRI and complete the CLEs on efficiency, and direct supervision and implementation support. In addition, IOE plans to undertake an evaluation of the achievements of the replenishments and present its results before the commencement of the Consultation on the Tenth Replenishment of IFAD's Resources in 2014. The broad objectives and scope of this evaluation will be developed in close consultation with the Board and IFAD Management in the near future. In this regard, IOE will present the draft approach paper for the replenishment evaluation to the Evaluation Committee in early 2013.
90. The indicative plan for 2014-2015 includes the preparation of the twelfth and thirteenth editions of the ARRI, as well as the undertaking of a possible joint evaluation with the FAO Office of Evaluation of the reformed Committee on World Food Security. In this regard, further consultation will be undertaken with concerned stakeholders in 2013 to determine more firmly the feasibility and interests for such an evaluation. Moreover, IOE has included in the indicative plan a CLE on IFAD's engagement in fragile states.
91. As required by the revised Evaluation Policy and 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 provide comments only on new corporate policies or strategies in cases where it has accumulated evaluative evidence and lessons on the topic. As per past practice, IOE's comments will be submitted for consideration to the Committee and the Board together with the new policy or strategy proposal.
92. **DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs.** One of the key recommendations of the Peer Review of IFAD's Office of Evaluation and Evaluation Function is for IOE to change its product mix to devote proportionately more resources to higher-plane evaluations (CLEs and CPEs), which have more far-reaching implications for enhancing IFAD's development effectiveness. The Peer Review undertook detailed analysis of some CPEs and found that they all had significant impact, providing very useful information in guiding the direction of future COSOPs, making CPEs a very important instrument. IOE is committed to continuing to devote the required attention to the undertaking of CPEs in the coming years.

93. In this regard, IOE will complete the CPEs in Madagascar and the Republic of Moldova. The division will commence CPEs for China, the Plurinational State of Bolivia, Senegal, and Zambia for completion in 2014. The indicative plan for 2014-2015 also includes CPEs for Armenia, Bangladesh, Brazil, Burkina Faso, Burundi, Cameroon, Egypt, Malawi, Pakistan, Peru, Sri Lanka, the United Republic of Tanzania, Turkey, and the Bolivarian Republic of Venezuela. As in the past, priority will be given to countries with large portfolios and where the concerned IFAD regional division intends to develop a new COSOP after the CPE is completed. Overall, IOE plans to allocate around 56 per cent of its resources to DMRs 1 and 2 – which is consistent with the practice in other multilateral development banks – to ensure that adequate attention is devoted to higher-plane evaluations such as CLEs and CPEs.
94. **DMR 3: Project evaluations that contribute to better IFAD-supported operations.** IOE has received an indication from IFAD Management that there will be a rapid increase in the number of PCRs (around 30 PCRs are foreseen in 2013, and the number may reach 40 in 2014). This has an implication for the IOE workload in terms of PCRVs. According to the ECG Good Practice Standards for the Evaluation of Public Sector Operations, to which IOE has also subscribed, 100 per cent of PCRs must undergo validation. If this percentage of PCRs cannot be validated, then a statistically representative sample must be selected. For the time being, IOE plans to validate all the PCRs available in 2013 (around 30 PCRVs). However, next year, depending on the actual number of PCRs available for validation and given the likelihood of a continued increase, IOE will undertake a more detailed analysis of the workload and available resources, and make a proposal on whether it will: (i) continue to validate all PCRs available in 2014 and onwards; or (ii) validate only around 25 PCRs out of the total PCRs available, with the projects being selected on a random basis as per ECG Good Practice Standards. Nonetheless, the increasing number of PCRVs undertaken by IOE will allow for a relatively rapid expansion over time of the sample size of independent evaluation ratings available for inclusion in the ARRI, and enable IOE to provide an even more reliable account, through the ARRI, of the performance of the IFAD-funded project portfolio, based on a larger sample of evaluated projects.
95. About eight PPAs are scheduled next year. PPAs are found to be useful for both the concerned governments and IFAD to document lessons and good practices that can be used in the design of new and implementation of ongoing operations. The criteria¹⁴ for selecting projects for assessment and the methodology and processes developed by IOE during the PCR/PPA pilot exercise in 2010, and enhanced in 2011-2012, will continue to be used.
96. **DMR 4: Methodology development.** As mentioned in paragraph 63, in order to fulfil IFAD's commitments related to impact evaluation, in 2013, IOE will: (i) participate in international debates and in-house discussions on impact evaluation, including in NONIE; and (ii) provide input for the design of the impact evaluations undertaken by IFAD Management, as well as review the draft final report of such evaluations.¹⁵ Finally, IOE itself will in 2013 conduct one impact evaluation, allowing the division to gain deeper experience in this type of evaluation.
97. Methodology development is not an isolated, one-time activity but rather a continuous process. Therefore, IOE will continue to make adjustments as needed to

¹⁴ The selection criteria for PPA are: (i) major information gaps, inconsistencies, and analytical weaknesses in the PCR found by IOE during the validation process; (ii) innovative project approaches; (iii) need to build an evidence base for higher-plane evaluations planned in the future; (iv) geographical balance; and (v) any disconnect between the ratings contained in the PCR and those generated by IOE during the validation process.

¹⁵ In this regard, a senior evaluation officer from IOE is currently participating in an inter-departmental working group within IFAD on developing impact evaluation methods and processes.

the Evaluation Manual and to the guidelines for undertaking PCRVs/PPAs to reflect key emerging issues. IOE will also continue to participate actively in ECG, UNEG, NONIE and other evaluation platforms to keep in step with evolving approaches in the international arena for state-of-the-art independent evaluation methodology.

98. 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. In 2013, IOE will continue to work with IFAD Management to further the implementation of the revised harmonization agreement between IFAD Management and IOE regarding self-evaluation and independent evaluation methodologies and processes. Also, through the PCRV and PPA exercises, IOE will gain an overview of the self-evaluation function within IFAD and provide recommendations for its improvement.
99. As in the past, IOE will review and prepare comments on the PRISMA and the RIDE. It will also continue to assess the quality of monitoring and evaluation systems at the project and country level through its regular evaluation work.
100. IOE will continue its engagement in evaluation capacity development (ECD) in the context of regular evaluation processes and, among other activities, will invite national evaluation associations to participate in core learning partnerships as appropriate. IOE will maintain its partnerships with interested governments on ECD.
101. **DMR 5: Work related to IFAD governing bodies.** In 2013, IOE will continue to participate in all Evaluation Committee sessions, as per the revised Evaluation Policy as well as Terms of Reference and Rules of Procedures of the Evaluation Committee. In this regard, the Committee's provisional agenda for the sessions to be held in 2013 will be considered by members at the last session before the end of 2012. IOE will participate and make presentations, as required, in all Executive Board sessions where evaluation-related items are to be presented.

Strategic objective 2: Promote effective learning and knowledge management

102. **DMR 6: Production of evaluation syntheses and ARRI learning themes.** In 2013, IOE proposes to prepare an evaluation synthesis report on water management and conservation. The broad aim of this synthesis is to, inter alia, assess IFAD activities in promoting sustainable use of water resources for small agriculture development and for domestic purposes, and review the institutional development support provided through IFAD operations. IOE will capture knowledge on this topic from a variety of independent evaluations undertaken by IFAD as well as the evaluation outfits of other organizations. IOE has also added to its indicative plan 2014-2015, two evaluation syntheses: one on youth followed by another one on pastoral development.
103. The division will continue its in-depth treatment of a specific learning theme in ARRI each year (for example, the learning theme covered by the 2012 ARRI is policy dialogue). In-house workshops will be organized on this learning theme and/or the evaluation syntheses selected. The proposal for the 2013 ARRI learning theme(s) will be included in the 2012 ARRI for the consideration of the Committee and the Executive Board.
104. **DMR 7: Systematic communication and outreach of IOE's work.** Activities under this DMR include the dissemination of evaluation reports and Evaluation Profiles¹⁶ and Insights¹⁷ to Executive Board members and IFAD Management, as

¹⁶ 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.

¹⁷ 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.

well as to governments and partners in developing Member States. Efforts will be made to regularly update 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.¹⁸ For selected CLEs and CPEs, IOE will also issue a press release to inform a wider audience of the main results and lessons yielded by these evaluations.

105. In-country learning workshops will be organized for each CPE and for selected PPAs to discuss evaluation results and lessons learned with multiple stakeholders. With regard to CLEs, given their institution-wide implications, workshops and informal seminars will be organized with IFAD Management and Board members as appropriate.
106. IOE will continue to participate in IFAD's internal platforms (e.g. IFAD Management Team, OMC, OSC and CPMT) to improve the understanding of evaluation lessons and recommendations, as well as the IFAD community of practice on knowledge management. As per practice over the last three years, quarterly meetings will continue to be held between IOE and the Office of the President and Vice-President to exchange information and share knowledge on emerging evaluation issues.
107. IOE will participate in three international evaluation groups – ECG, UNEG and NONIE – and continue to enhance its cooperation with the other Rome-based agencies. 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. IOE and SDC will explore opportunities to develop a further phase of their partnership, subject to the results and recommendations of the current partnership review (see paragraph 84).

VI. 2013 resource issues

108. **Human resources.** In 2011/2012, IOE took part in the IFAD-wide job audit exercise. The findings of the job auditors revealed that the majority of jobs within IOE were already graded at the appropriate level. Only upward grade movements were recommended for two staff positions.
109. Before implementing the results of the job audit, like the rest of IFAD, IOE reviewed its staffing mix to ensure that the division had the required staff composition in terms of skills and competencies to ensure the achievement of its strategic objectives in the future. The results of this review and proposals for the future staff composition are reflected in annex XIV of this document.
110. In the context of the above-mentioned review of staffing levels, IOE proposes to abolish two vacant General Service staff positions. This measure further contributes to the downward trend since 2007 in the number of General Service staff in IOE (making it one of the IFAD divisions with the most realistic ratio between Professional and General Service staff) and will achieve savings in the overall resources required by IOE or allow for their reallocation to more strategically important tasks such as the undertaking of key evaluations. In this context, IOE proposes to create one Professional staff position for an evaluation research analyst. The function of the analyst will be to undertake the essential data collection and analysis required to support the division's increasing attention to higher-plane evaluations (CLEs, CPEs and evaluation synthesis), which have

¹⁸ Such as the Knowledge Networking for Rural Development in Asia/Pacific Region (ENRAP) and FIDAMERICA.

significant value for improving IFAD's development effectiveness. Overall, the staffing review has resulted in the reduction of one staff position.

111. **A zero increase budget in 2013.** As mentioned in the high-level preview document, IOE is committed to requesting, at most, the same nominal level of administrative budget for 2013. In this regard, using the inflation factor of 2.5 per cent for non-staff costs, the exchange rate of US\$1=EUR 0.72, and the standard staff costs provided by the IFAD Budget Unit, IOE's budget proposal for 2013 is around US\$6 million, reflecting a 1.4 per cent decrease in real terms compared to its 2012 administrative budget.
112. The proposed IOE 2013 budget is presented, as in the past, by cost category in tables 1 and 2 of annex XV. As per usual practice, the IOE budget proposal is divided into staff and non-staff cost sub-items. The latter also includes the estimated costs for consultancy services in support of evaluation activities. In the same annex, table 3 illustrates IOE's results-based budget, in which the total staff and non-staff resources required have been earmarked against the seven DMRs. The total resources required to achieve each strategic objective are shown in the same table.

Part three – Heavily Indebted Poor Countries Debt Initiative progress report for 2012

I. Introduction

113. The objective of this progress report for 2012 is to:

- Seek Executive Board approval for debt relief top-ups at completion point for Côte d'Ivoire and Guinea under the Heavily Indebted Poor Countries (HIPC) Debt Initiative;
- Inform the Executive Board of the status of implementation of the HIPC Debt Initiative and of IFAD's participation in the Initiative; and
- Seek Executive Board approval for submitting the substance of this progress report to the forthcoming session of the Governing Council for information.

II. Country case for top-up: Côte d'Ivoire

114. In December 2008, Côte d'Ivoire reached its decision point under the enhanced HIPC Debt Initiative. The Executive Board, at its ninety-fifth session (document EB 2008/95/R.10/Rev.1), approved debt relief for the country in the amount of SDR 1,629,519 in 2007 net present value (NPV) terms. This was equivalent to a 23.6 per cent reduction of the Côte d'Ivoire debt outstanding with IFAD in December 2007. The approved debt relief amounted to SDR 1.7 million in nominal debt-service relief on a pay-as-you-go basis.
115. In June 2012, the Executive Boards of the International Monetary Fund (IMF) and the International Development Association (IDA) informed IFAD that Côte d'Ivoire had reached its completion point. In approving the completion point the Boards noted that, as a result of the debt reconciliation exercise for the completion point, the NPV of eligible external debt at end-2007 after traditional debt relief had been revised¹⁹ and the common debt reduction factor had increased slightly from 23.6 per cent to 24.1 per cent as of end-December 2007.
116. IFAD's Executive Board is therefore requested to approve a top-up of the debt relief approved for Côte d'Ivoire in an amount equivalent to SDR 1,161,717 (US\$1,787,813) in December 2007 NPV terms. The total amount of debt relief to be provided by IFAD would thereby amount to SDR 2.8 million in December 2007 NPV terms.

III. Country case for top-up: Guinea

117. In April 2001, the Republic of Guinea reached its decision point under the enhanced HIPC Debt Initiative. The Executive Board, at its seventy-second session (document EB 2001/72/R.11), approved debt relief for the country in the amount of SDR 5,109,475 in December 1999 NPV terms. This was equivalent to a 31.6 per cent reduction of the debt of Guinea outstanding with IFAD in December 1999. The approved debt relief amounted to SDR 11.8 million in nominal debt-service relief on a pay-as-you-go basis.
118. In September 2012, the IMF and IDA Executive Boards informed IFAD that Guinea had reached its completion point. In approving the completion point the Boards noted that the required HIPC Initiative assistance had been revised upwards from the amount estimated at the decision point because of changes in reconciled debt stock data and discount rate.²⁰ As a result, the common debt reduction factor had

¹⁹ The discount rate decreased from 5.27 per cent to 3.09 per cent. The discount rate used is the average Commercial Interest Reference Rate (CIRR) over the six-month period ending in December 2011 for the completion point and in December 1999 for the decision point.

²⁰ The discount factor decreased from 5.59 per cent to 3.09 per cent.

significantly increased from 31.6 per cent to 36.2 per cent as of end-December 1999.

119. IFAD's Executive Board is therefore requested to approve a top-up of the debt relief approved for the Republic of Guinea in an amount equivalent to SDR 9,030,358 (US\$13,897,179) in December 1999 NPV terms. The total amount of debt relief to be provided by IFAD would thereby amount to SDR 14.1 million in December 1999 NPV terms.

IV. Progress in HIPC Debt Initiative implementation

120. Substantial progress has been made on implementation of HIPC debt relief since the Initiative's inception. Nearly 93 per cent of eligible countries (35 out of 39) have reached the decision point and qualified for HIPC assistance. Thirty-three countries have now reached the completion point and two are in the interim period between the decision and completion points (see table below). The pace at which countries in the interim period reach their completion points has accelerated over the past two years as countries have made progress in implementing their macroeconomic programmes and poverty reduction strategies. Since December 2010, the Democratic Republic of the Congo, the Togolese Republic and the Republic of Guinea-Bissau have all reached their completion points, and IFAD has made debt relief available as agreed at decision point, together with additional debt relief, approved at its December 2011 session, upon completion point.
121. Maintaining debt sustainability beyond completion point remains a concern, particularly during the current financial crisis. Debt sustainability analyses confirm that post-completion point countries are in a better debt situation than other HIPCs and also than non-HIPCs. But their debt sustainability outlook remains vulnerable to shocks and is highly sensitive to the terms of new financing. Only about 40 per cent of post-completion point HIPCs currently have a low risk of debt distress according to the most recent debt sustainability analyses; and the number with a high risk rating is increasing. This highlights the need for post-completion point HIPCs to implement sound borrowing policies and strengthen their public debt management capacity. Efforts continue to monitor debt relief provided by all multilateral creditors that have committed to participating in the HIPC Initiative. According to the latest annual survey carried out by the World Bank, IFAD continues to support such efforts through its participation in the Debt Sustainability Framework, reporting of all debt information, and liaison with the World Bank and regional development banks.

V. Total cost of the HIPC Debt Initiative to IFAD

122. The total NPV cost of the Fund's participation in the overall HIPC Debt Initiative²¹ is currently estimated at SDR 317.2 million (equivalent to approximately US\$488.1 million), which corresponds to an approximate nominal cost of SDR 481.7 million (about US\$741.6 million).²² The current cost estimates may increase if there are any further delays in the remaining countries reaching decision and completion points, changes in economic conditions or continuing low discount rates. Total debt relief payments are estimated at US\$34.5 million for 2012.

VI. IFAD commitments to date

123. To date, IFAD has committed the required debt relief to all 35 HIPCs having reached the decision point. IFAD's total commitments so far amount to SDR 253.9 million (approximately US\$390.8 million) in NPV terms, which amounts to

²¹ IFAD participation comprises all eligible HIPC Debt Initiative countries, including pre-decision point countries that have confirmed their participation in the Initiative.

²² Base estimates at exchange rates prevailing on 30 September 2012.

SDR 385.4 million (approximately US\$593.4 million) of debt service relief in nominal terms.

VII. Debt relief provided

124. As at 30 September 2012, IFAD has provided US\$393.8 million in debt relief to the 33 completion point countries.

IFAD Member States participating in the HIPC Debt Initiative, by stage

<i>Completion point countries (33)</i>	<i>Decision point countries (2)</i>	<i>Pre-decision point countries (3)</i>
Benin	Chad	Eritrea
Bolivia (Plurinational State of)	Comoros	Somalia
Burkina Faso		Sudan
Burundi		
Cameroon		
Central African Republic		
Congo		
Côte d'Ivoire		
Democratic Republic of the Congo		
Ethiopia		
Gambia (The)		
Ghana		
Guinea		
Guinea-Bissau		
Guyana		
Haiti		
Honduras		
Liberia		
Madagascar		
Malawi		
Mali		
Mauritania		
Mozambique		
Nicaragua		
Niger		
Rwanda		
Sao Tome and Principe		
Senegal		
Sierra Leone		
Togo		
Uganda		
United Republic of Tanzania		
Zambia		

VIII. Financing debt relief

125. IFAD funds its participation in the HIPC Debt Initiative with external contributions (either paid directly to IFAD or transferred through the HIPC Trust Fund administered by the World Bank) and own resources. External contributions (paid or pledged) amount to about US\$266.2 million (65.1 per cent), and contributions from IFAD's own resources amount to about US\$134.7 million (32.9 per cent) for transfers in 1998, 1999 and 2002 approved by the Executive Board and further transfers in 2007, 2010 and September 2012. The remainder has been covered by investment income from the IFAD HIPC Trust Fund balance; as at end-September 2012 the balance in IFAD's HIPC Trust Fund stood at US\$8.0 million.
126. To mitigate the impact of debt relief on resources available for commitment to new loans and grants, Member States have supported IFAD's formal access to the HIPC Trust Fund administered by the World Bank. This was agreed at the HIPC information and funding meeting held on 19 November 2006 in Washington, D.C., recognizing that it would add to the overall financing requirements of the HIPC Trust Fund. The first transfer from the HIPC Trust Fund (US\$104.1 million), following signature of the grant agreement, was received by IFAD in October 2007. Further grant agreements followed in May 2009, and January and December 2011, bringing the total received to date to US\$194.7 million. Grant agreements for a fifth

tranche from the HIPC Trust Fund for approximately US\$17.5 million are under final preparation for transfer to IFAD in 2013.

127. While giving priority to ensuring that the HIPC Trust Fund is adequately financed, Management will also continue to encourage IFAD's Member States to provide the Fund with additional resources directly to help finance its participation in the HIPC Initiative.

Part four – Progress report on implementation of the Performance-based Allocation System

I. Application of the PBAS in 2012

128. During the 2010-2012 allocation period, which coincides with the Eighth Replenishment period, PBAS allocations have been made to 120 member countries based on project activities planned by regional divisions under country strategic opportunities programmes (COSOPs). To better manage allocations over the three-year period, countries that are expected to use only part of their potential allocation have been capped at the projected financing level. This has reduced the need for reallocations in 2012 and has provided better planning parameters for other countries.
129. On this basis, following the PBAS methodology, final scores – based on the 2011 country scores – were provided for 2012 together with an overall country allocation for the three-year allocation period. With the move to uniform allocations, the data have been subject to interregional review and benchmarking to ensure consistency in assessments and, as a result, improvements have been made in the scoring approach for rural sector performance assessment indicators. In this regard, the Latin America and the Caribbean Division has continued to work closely with the Regional Unit for Technical Assistance (RUTA) in Costa Rica on the 2012 rural sector performance assessment indicators to assess and compare scores throughout the region.

II. Updating of 2012 country scores and 2013-15 country allocations

130. During the fourth quarter of 2012, updated data on portfolio and rural sector performance became available and the process of updating country scores for 2012 began. The updated data will be reflected in the final 2012 country scores and 2013-15 country allocations, which will be tabled at the December session of the Executive Board and subsequently disclosed in accordance with the procedures agreed for disclosure of PBAS information on the IFAD website (www.ifad.org/operations/pbas). As in the previous allocation period, the allocations provided for 2013 are final, and the scores for 2014 and 2015 are provisional.
131. In 2010 and 2011, the first two years of the allocation period, no reallocations between countries were needed. The same is true in other agencies having adopted similar PBAS. However, in developing the PBAS for IFAD, the Executive Board recognized that situations could arise in which it would not be possible to deliver commitments against ex ante country allocations within the allocation period – owing, for example, to a lack of demand for IFAD loans or the absence of opportunities to engage in priority activities as identified in results-based COSOPs. In such cases, the unused allocation would be reabsorbed into the allocable resource pool²³ for redistribution through the prevailing PBAS (document EB 2003/79/R.2/Rev.1, paragraph 40). In 2012, therefore, all unused PBA resources from the 2010-12 allocation period were treated as part of the allocable pool of resources for the final year of the allocation period. The unused resources were allocated according to the PBA methodology.

²³ The concept of the pool as a source of funds for reallocation was also noted in the section on reallocation of uncommitted resources in document EB 2003/79/C.R.P.3.

Part five – Recommendations

132. In accordance with article 7, section 2(b) of the Agreement Establishing IFAD, it is recommended that the Executive Board:
- Approve the programme of work for 2013 at a level of SDR 682 million (US\$1,066 million), which comprises a lending programme of SDR 644 million (US\$1,007 million) and a gross grant programme of US\$59 million. It is proposed that the programme of work be approved at this level for planning purposes and adjusted as needed during 2013 in accordance with available resources.
133. In accordance with article 6, section 10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, it is recommended that the Executive Board:
- Transmit to the thirty-sixth session of the Governing Council the administrative budget comprising of, first, the regular budget of IFAD for 2013 in the amount of US\$144.14 million; second, the capital budget of IFAD for 2013 in the amount of US\$3.7 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2013 in the amount of US\$6.01 million.
134. Approve the proposed top-up of IFAD's contribution to the reduction of the debt of the Republic of Côte d'Ivoire to IFAD as of December 2007, in an amount equivalent to SDR 1,617,717. This relief will be provided in accordance with the terms of the following resolution:
- "RESOLVED: that the Fund, upon the decision of the Executive Board, shall reduce the value of the debt of the Republic of Côte d'Ivoire to IFAD through the reduction by up to 100 per cent of its respective semi-annual debt-service obligations to IFAD (principal and service charge/interest payments), as these fall due, up to the aggregate NPV amount of SDR 2,791,236 in end-2007 NPV terms;
135. Approve the proposed top-up of IFAD's contribution to the reduction of the debt of the Republic of Guinea to IFAD as of December 1999, in an amount equivalent to SDR 9,030,358. This relief will be provided in accordance with the terms of the following resolution:
- "RESOLVED: that the Fund, upon the decision of the Executive Board, shall reduce the value of the Republic of Guinea's debt to IFAD through the reduction by up to 100 per cent of its respective semi-annual debt-service obligations to IFAD (principal and service charge/interest payments), as these fall due, up to the aggregate NPV amount of SDR 14,139,833 in end-1999 NPV terms;
136. Recommend the submission of the substance of the progress report on IFAD's participation in the Heavily Indebted Debt Relief Debt Initiative to the thirty-sixth session of the Governing Council for information; and
137. Recommend the submission of a progress report on implementation of the performance-based allocation system to the thirty-sixth session of the Governing Council in 2013, based on the report provided in part four of the present document and its addendum containing the 2012 country scores and 2013-15 allocations.

Draft resolution .../XXXVI

Administrative budget comprising the regular and capital budgets of IFAD for 2013 and the budget of the Independent Office of Evaluation of IFAD for 2013

The Governing Council of IFAD,

Bearing in mind article 6.10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD;

Noting that, at its 107th session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2013 at a level of SDR 682 million (US\$1,066 million), which comprises a lending programme of SDR 644 million (US\$1,007 million) and a gross grant programme of US\$59 million;

Having considered the review of the 107th session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2013 and the budget of the Independent Office of Evaluation of IFAD for 2013;

Approves the administrative budget, comprising: firstly, the regular budget of IFAD for 2013 in the amount of US\$144.14 million; secondly, the capital budget of IFAD for 2013 in the amount of US\$3.7 million; and thirdly, the budget of the Independent Office of Evaluation of IFAD for 2013 in the amount of US\$6.01 million, as set forth in document GC 36/XX, determined on the basis of a rate of exchange of EUR 0.72/US\$1.00; and

Determines that in the event the average value of the United States dollar in 2013 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2013 bears to the budget exchange rate.

2013 indicative number of projects by country²⁴

<i>West and Central Africa</i>	<i>East and Southern Africa</i>	<i>Asia and the Pacific</i>	<i>Latin America and the Caribbean</i>	<i>Near East, North Africa and Europe</i>	
Cameroon	Angola	Bangladesh (2)	Bolivia (Plurinational State of)	Djibouti	
Guinea	Burundi	China	Brazil (2)	Republic of Moldova	
Guinea-Bissau	Eritrea	Laos (2)	Cuba	Yemen	
Liberia	Ethiopia (2)	Pakistan	Honduras		
Mali	Kenya	Philippines	Nicaragua		
Nigeria	Rwanda (2)	Viet Nam (2)			
Senegal	Seychelles				
Sierra Leone	Uganda				
	Zambia (2)				
Total	8	12	9	6	3

²⁴ Including ASAP grants and supplementary loans/grants.

Staff costs

1. The budget for staff costs is generally 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 standard costs represent the best estimate at the time of preparation of the budget document.
3. The overall increase of 1.4 per cent over 2012 standard costs reflects the effects of lifting the freeze on General Service staff costs and the job audit costs. The following table shows the average percentage increase for each staff entitlement and its impact on the cost of the 2013 proposed full-time equivalents (FTEs).

Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2013 FTEs at 2012 rates</i>	<i>2013 FTEs at 2013 rates</i>	<i>Percentage increase</i>	<i>Notes</i>
Professional staff				
Salaries	24.92	25.02	0.4	(a)
Post adjustment	17.07	16.24	(4.9)	(a)
Pension and medical	10.86	10.45	(3.8)	(b)
Education grants	4.19	4.20	0.2	
Repatriation, separation and annual leave	2.27	2.05	(9.7)	(c)
Home leave	1.26	1.12	(11.1)	(c)
Dependency allowances	0.97	0.97	-	
United States tax reimbursement	0.81	0.81	-	
Other allowances	1.55	1.54	(0.6)	
Centralized recruitment/assignment costs	-	1.50		
Subtotal	63.90	63.90	-	
General Service staff				
Salaries	15.02	15.48	3.1	(a)
Pension and medical	5.13	5.07	(1.2)	(b)
Language allowance	0.57	0.59	3.5	
Repatriation and separation	1.38	1.39	0.7	
Other allowances	0.77	0.79	2.6	
Subtotal	22.87	23.32	2.0	
Locally recruited country presence staff	3.39	3.39	n/a	
Salary increases related to job audit	-	0.80	n/a	
Total regular staff costs	90.16	91.41	1.4	

4. Significant movements in 2013 compared to 2012 standard costs are explained below:
- (a) **Salaries and post adjustment.** In accordance with information available from the ICSC, an increase of 0.12 per cent is foreseen for Professional staff in 2012 and will be offset by a lower post adjustment. A review of actual experience in 2012 in relation to post adjustment has indicated that a reduction in this element of standard costs is appropriate. Management proposes to lift the freeze on General Service staff costs that has been in place since 2011 in order to align IFAD with the other Rome-based agencies.
 - (b) **Pension and medical.** Based on a review of actual 2012 costs compared to the cost of pension and medical contributions, a reduction in this element of standard costs is proposed.
 - (c) **Repatriation and home leave.** Management has changed the benefit structure for the repatriation and home leave, and the resulting savings are reflected in the standard costs above.

Regular budget by cluster and department – 2011 actual vs budget

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2011 Budget	2011 Actual	Change	2011 Budget	2011 Actual	Change	2011 Budget	2011 Actual	Change	2011 Budget	2011 Actual	Change	2011 Budget	2011 Actual	Change
Office of the President and Vice-President	0.84	0.56	-0.28	0.93	0.98	0.05	1.04	0.91	-0.13	0.56	0.76	0.20	3.37	3.21	-0.16
Corporate Services Support Group	3.27	3.12	-0.15	4.19	3.41	-0.78	1.74	2.29	0.55	8.67	6.90	-1.77	17.87	15.72	-2.15
Partnership and Resource Mobilization Office	0.18	0.12	-0.06	2.09	1.19	-0.9	0.01	0.26	0.25	0.57	0.44	-0.13	2.85	2.01	-0.84
Strategy and Knowledge Management Department	0.51	0	-0.51	2.18	2.65	0.47	0.35	0.42	0.07	0.38	0	-0.38	3.42	3.07	-0.35
Programme Management Department	79.17	73.83	-5.34	0	1.22	1.22	0	0.28	0.28	0	0.13	0.13	79.17	75.46	-3.71
Financial Operations Department	2.37	2.75	0.38	0	0.01	0.01	5.99	5.03	-0.96	0.17	0.10	-0.07	8.53	7.89	-0.64
Corporate Services Department	0.02	0.56	0.54	0.48	0.26	-0.22	22.61	22.73	0.12	0.17	0.11	-0.06	23.28	23.66	0.38
Corporate costs		-	-	-	-	-	-	-	-	-	-	-	2.1	4.09	1.99
Total	86.36	80.94	-5.42	9.87	9.72	-0.15	31.74	31.92	0.18	10.52	8.44	-2.08	140.59	135.11	-5.48

Regular budget by cluster and department – 2012 budget vs forecast

(Millions of United States dollars)

Annex IV

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2012 budget	2012 forecast	Change	2012 budget	2012 forecast	Change	2012 budget	2012 forecast	Change	2012 budget	2012 forecast	Change	2012 budget	2012 forecast	Change
Office of the President and Vice-President	0.50	0.56	0.06	1.03	0.99	-0.04	0.96	0.86	-0.10	0.88	0.77	-0.11	3.37	3.18	-0.19
Corporate Services Support Group	3.66	2.84	-0.82	4.23	3.67	-0.56	1.98	2.31	0.33	8.27	7.06	-1.21	18.14	15.88	-2.26
Partnership and Resource Mobilization Office	0.17	0.15	-0.02	1.80	1.62	-0.18	0.36	0.28	-0.08	0.66	0.52	-0.14	2.99	2.57	-0.42
Strategy and Knowledge Management Department	0	0.68	0.68	3.16	2.63	-0.53	0.86	0.45	-0.41	0	0	0	4.02	3.76	-0.26
Programme Management Department	80.62	76.81	-3.81	0.03	1.38	1.35	0.05	0.33	0.28	0	0.04	0.04	80.70	78.56	-2.14
Financial Operations Department	3.13	3.38	0.25	0	0	0	5.23	6.11	0.88	0.11	0.13	0.02	8.47	9.62	1.15
Corporate Services Department	0.93	0.62	-0.31	0.20	0.25	0.05	23.06	23.65	0.59	0.16	0.10	-0.06	24.35	24.62	0.27
Corporate costs													2.10	2.31	0.21
Total	89.01	85.04	-3.97	10.45	10.54	0.09	32.50	33.99	1.49	10.08	8.62	-1.46	144.14	140.50	-3.64

Regular budget by cluster and department – 2012 budget vs 2013 proposal

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change	2012	2013	Change
Office of the President and Vice-President	0.50	-	(0.50)	1.03	1.37	0.34	0.96	1.10	0.14	0.88	0.27	(0.61)	3.37	2.74	(0.63)
Corporate Services Support Group	3.66	3.91	0.25	4.23	3.23	(1.00)	1.98	2.99	1.01	8.27	7.34	(0.93)	18.14	17.47	(0.67)
Partnership and Resource Mobilization Office	0.17	0.17	-	1.80	3.35	1.55	0.36	0.34	(0.02)	0.66	0.22	(0.44)	2.99	4.08	1.09
Strategy and Knowledge Management Department	-	2.92	2.92	3.16	1.86	(1.30)	0.86	1.49	0.63	-	0.05	0.05	4.02	6.32	2.30
Programme Management Department	80.62	70.32	(10.30)	0.03	2.25	2.22	0.05	-	(0.05)	-	-	-	80.7	72.57	(8.13)
Financial Operations Department	3.13	5.42	2.29	-	0.06	0.06	5.23	5.08	(0.15)	0.11	0.11	-	8.47	10.67	2.20
Corporate Services Department	0.93	1.18	0.25	0.20	0.12	(0.08)	23.06	23.30	0.24	0.16	0.43	0.27	24.35	25.03	0.68
Corporate costs (allocated to clusters)	-	1.18	1.18	-	0.32	0.32	-	0.60	0.60	-	0.20	0.2	-	2.30	2.30
Corporate cost centre (not allocated to clusters)	-	-	-	-	-	-	-	-	-	-	-	-	2.10	2.96	0.86
Total	89.01	85.10	(3.91)	10.45	12.56	2.11	32.50	34.90	2.40	10.08	8.62	(1.46)	144.14	144.14	-

Regular budget by cost category and department – 2012 budget vs 2013 proposal

(Millions of United States dollars)

Department	Staff		Consultants		Duty travel		ICT		Other		Total		Change
	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	
Office of the President and Vice-President	2.68	2.43	0.20	-	-	0.18	-	-	0.49	0.13	3.37	2.74	(0.63)
Corporate Services Support Group	15.53	14.22	0.47	0.78	0.55	0.50	-	-	1.59	1.97	18.14	17.47	(0.67)
Partnership and Resource Mobilization and Office	2.10	3.26	0.13	0.11	0.22	0.35	-	-	0.54	0.36	2.99	4.08	1.09
Strategy and Knowledge Management Department	3.03	4.98	0.47	0.82	0.35	0.45	-	-	0.17	0.07	4.02	6.32	2.30
Programme Management Department	46.33	40.19	21.52	19.37	7.52	8.52	0.05	-	5.28	4.49	80.70	72.57	(8.13)
Financial Operations Department	7.88	10.04	0.15	0.11	0.17	0.24	0.05	0.04	0.22	0.24	8.47	10.67	2.20
Corporate Services Department	13.99	13.99	0.34	0.15	0.13	0.12	2.26	3.96	7.63	6.81	24.35	25.03	0.68
Corporate costs (allocated to clusters)	-	2.30	-	-	-	-	-	-	-	-	-	2.30	2.30
Corporate cost centre (not allocated to clusters)	-	-	0.24	0.20	-	-	-	-	1.86	2.76	2.10	2.96	0.86
Total	91.54	91.41	23.52	21.54	8.94	10.36	2.36	4.00	17.78	16.83	144.14	144.14	-

Indicative 2013 staff levels – regular budget only

(Full-time equivalents)^a

Department ^b	Continuing and fixed-term staff				Locally recruited field staff	Total 2013
	Prof. and higher	General Service	Total continuing and fixed-term staff	Short-term staff		
Office of the President and Vice-President (OPV)	6.00	5.00	11.00	-	-	11.00
Corporate Services Support Group (CSSG)						
Office of the General Counsel	12.78	6.00	18.78	-	-	18.78
Office of the Secretary	13.00	20.00	33.00	10.27	-	43.27
Office of Audit and Oversight	6.00	2.63	8.63	-	-	8.63
Communications Division	13.00	9.00	22.00	-	-	22.00
Ethics Office	1.00	1.00	2.00	-	-	2.00
Total CSSG	45.78	38.63	84.41	10.27	-	94.68
Partnership and Resource Mobilization Office (PRM)						
Partnership and Resource Mobilization front office	8.00	3.00	11.00	-	-	11.00
North American Liaison Office	3.00	1.00	4.00	-	-	4.00
Arab and Gulf States Liaison Office	2.00	1.00	3.00	-	-	3.00
Total RMP	13.00	5.00	18.00	-	-	18.00
Strategy and Knowledge Management Department (SKM)	18.00	7.00	25.00	-	-	25.00
Programme Management Department (PMD)						
PMD front office	7.00	4.00	11.00	-	-	11.00
Policy and Technical Advisory Division	23.00	8.00	31.00	-	-	31.00
West and Central Africa Division	20.50	11.00	31.50	-	17.00	48.50
East and Southern Africa Division	21.00	11.00	32.00	-	15.00	47.00
Asia and the Pacific Division	18.00	12.00	30.00	1.06	18.00	49.06
Latin America and the Caribbean Division	17.00	6.00	23.00	-	-	23.00
Near East, North Africa and Europe Division	16.00	9.00	25.00	-	6.00	31.00
Environment and Climate Division	10.00	4.00	14.00	-	-	14.00
Total PMD	132.50	65.00	197.50	1.06	56.00	254.56
Financial Operations Department (FOD)						
FOD front office	2.00	1.00	3.00	-	-	3.00
Controller's and Financial Services Division	24.34	15.00	39.34	-	4.00	43.34
Treasury Services Division	7.00	5.00	12.00	-	-	12.00
ALM and Budget Unit	4.50	1.00	5.50	-	-	5.50
Total FOD	37.84	22.00	59.84	-	4.00	63.84
Corporate Services Department (CSD)						
CSD front office	2.00	1.00	3.00	0.50	-	3.50
Human Resources Division	13.00	10.00	23.00	-	-	23.00
Administrative Services Division	7.50	22.17	29.67	2.29	-	31.96
Security Unit	3.00	7.00	10.00	0.20	-	10.20
Information and Communications Technology Division	14.00	14.00	28.00	-	-	28.00
Total CSD	39.50	54.17	93.67	2.99	-	96.66
Grand total – 2013	292.62	196.80	489.42	14.32	60.00	563.74
Grand total – 2012	290.82	198.05	488.87	15.84	66.40	571.11

^a 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.

^b The distribution of staff by department is indicative and subject to change during 2013.

Indicative 2013 staffing by department and grade

(Full-time equivalents)

Category	Grade	OPV	CSSG	PRM	SKM	PMD	FOD	CSD	2013 Total	2012 Total
Professional and higher ^a	Department Head and above	2.00	-	-	1.00	1.00	1.00	1.0	6.00	6.00
	D-2	1.00	2.00	1.00	1.00	1.00	-	1.0	7.00	7.00
	D-1	-	2.00	3.00	1.00	6.00	2.00	2.00	16.00	14.00
	P-5	1.00	6.00	-	5.00	54.00	5.50	8.00	79.50	77.84
	P-4	1.00	12.00	3.00	7.00	34.00	11.00	9.00	77.00	76.81
	P-3	-	16.00	4.00	1.00	25.50	10.00	12.50	69.00	64.95
	P-2	1.00	7.78	2.00	2.00	10.00	7.34	6.00	36.12	43.22
	P-1	-	-	-	-	1.00	1.00	-	2.00	1.00
Subtotal		6.00	45.78	13.00	18.00	132.50	37.84	39.50	292.62	290.82
General Service ^a	G-7	-	-	-	-	-	-	2.00	2.00	3.00
	G-6	3.00	14.00	-	1.00	26.00	9.50	16.00	69.50	73.25
	G-5	1.00	10.00	2.00	3.00	22.00	7.50	10.67	56.17	59.80
	G-4	1.00	9.63	3.00	3.00	16.00	4.00	17.50	54.13	49.50
	G-3	-	4.00	-	-	1.00	-	3.00	8.00	6.00
	G-2	-	1.00	-	-	-	1.00	5.00	7.00	6.50
Subtotal		5.00	38.63	5.00	7.00	65.00	22.00	54.17	196.80	198.05
Total		11.00	84.41	18.00	25.00	197.50	59.84	93.67	489.42	488.87
Percentage Professional category		55%	54%	72%	72%	67%	63%	42%	60%	59%
Percentage General Service category		45%	46%	28%	28%	33%	37%	58%	40%	41%
Ratio Professional to General Service		1.20	1.19	2.60	2.57	2.04	1.72	0.73	1.49	1.47

^a Excluding locally recruited field staff and short-term staff.

Capital budget by thematic focus, 2008-2012

(Thousands of United States dollars)

	2008	2009	2010	2011	2012	Total approved
ICT initiatives						
Loans and grants (LGS replacement)	710	1 050	2 000	12 000	-	15 760
Human resources (HR) reform	134	541	400	500	-	1 575
Institutional efficiency	556	300	470	1 423	-	2 749
Delivering as One	-	440	300	-	-	740
IT infrastructure	600	1 200	360	375	3 215	5 750
ICT initiatives subtotal	2 000	3 531	3 530	14 298	3 215	26 574
Non-IT headquarters projects	-	550	-	889	-	1 439
ICO Security	-	-	-	-	281	281
Total	2 000	4 081	3 530	15 187	3 496	28 294

Carry-forward funds allocation

(Thousands of United States dollars)

<i>Department</i>	<i>Description of use of carry-forward funds</i>	<i>2011 3% carry forward</i>
OPV	Consultancy and performance enhancement	51
CSSG	Ethics Office: Financial disclosure programme	20
	Communications Division: Baseline perception study	150
	Office of Audit and Oversight: External quality assessment and internal controls testing	45
	Office of General Counsel: Legal costs	45
PRM	Support for alternative resource mobilization activities	126
SKM	Launch of book on smallholder agriculture	135
PMD	Support for project activities	472
FOD	Treasury Division: Treasury Manual	40
CSD	Administrative Services Division: Governing Council costs	406
	Information and Communications Technology Division: Support for business continuity	1 208
	Human Resources Division: Backdated General Service salaries	1100
	Human Resources Division: SWP related consultancy and separation costs	300
	Human Resources Division: Implementing dual salary scales for GS staff	75
	Contingency	45
Total		4 218

Country presence budget information

Proposed 2013 country presence budget by region (Millions of United States dollars)

Region	2012			2013		
	Staff	Non-staff	Total	Staff	Non-staff	Total
West and Central Africa	2.66	1.20	3.86	2.60	1.20	3.80
East and Southern Africa	3.13	1.27	4.40	2.34	1.30	3.64
Asia and the Pacific	1.29	-	1.29	2.12	0.29	2.41
Latin America and the Caribbean	0.98	0.71	1.69	0.88	0.67	1.55
Near East and North Africa	0.74	0.36	1.10	0.71	0.40	1.11
Total	8.80	3.54	12.34	8.65	3.86	12.51

2013 country presence budget staff analysis (internationally/locally recruited staff) by region

Region	Internationally recruited Professional staff		Locally recruited staff		Total	
	FTEs	US\$ million	FTEs	US\$ million	FTEs	US\$ million
West and Central Africa	8	1.75	17	0.85	25	2.60
East and Southern Africa	7	1.47	15	0.87	22	2.34
Asia and the Pacific	5	1.10	18	1.02	23	2.12
Latin America and the Caribbean	4	0.88	-	-	4	0.88
Near East and North Africa	1	0.26	6	0.45	7	0.71
2013 Total	25	5.46	56	3.19	81	8.65
2012 Total	23.75	5.18	66.40	3.62	90.15	8.80

IOE achievements in 2012

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. Corporate-level evaluations	An assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations	To be completed in September 2012.	In progress. The final evaluation report will be presented to the Executive Board in April 2013. A comprehensive PowerPoint presentation was delivered to the Evaluation Committee and interested Board members in November 2012.
	Direct supervision and implementation support	To be completed in June 2013.	In progress as planned.
	Additional activity: Follow-up study on the implementation of the recommendations of the joint AfDB/IFAD evaluation on agriculture in Africa	N/A	To be completed in the first quarter of 2013.
2. Country programme evaluations	Burundi	To start in November 2012.	This evaluation will be postponed for a year, to allow IOE to commence the evaluation in Zambia, given that this is a higher priority for the regional division.
	Ecuador	To be completed in December 2012.	In progress as planned. Main mission was fielded in May 2012.
	Indonesia	To start in November 2012.	Started ahead of schedule. The preparatory mission was fielded in February 2012 and the main mission was fielded in April-May 2012. The evaluation will be completed in March/April 2013.
	Jordan	To be completed in March 2012.	Completed.
	Madagascar	To start in June 2012.	Started ahead of schedule. The preparatory mission was fielded in May 2012 and the main mission was fielded in September 2012.
	Mali	To be completed in December 2012.	Completed.
	Nepal	To be completed in December 2012.	Undertaken as planned. Main mission was fielded in March-April 2012 and the report has been prepared.
	Republic of Moldova	To start in September 2012.	Started as planned.
	Uganda	To be completed in March 2012.	Completed.
	3. Project completion report validation	Around 25 project completion report validations	To be completed in December 2012.
4. Project performance assessment	Around 8 project performance assessments	To be completed in December 2012.	In progress as planned. One additional PPA was undertaken given the need to enhance evidence base for the planned CPEs in the same countries.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
5. Evaluation Committee and Executive Board	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	To be completed in December 2012.	Completed.
	Tenth Annual Report on Results and Impact of IFAD's Operations (ARRI)	To be completed in December 2012.	Completed.
	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2012.	Completed.
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2012.	Completed.
	IOE comments on selected IFAD operations policies prepared by IFAD management for consideration by the Evaluation Committee	To be completed in December 2012.	Completed. IFAD's policy on gender equality and women's empowerment with IOE's comments were discussed at the April sessions of the Evaluation Committee and the Executive Board. IFAD's partnership strategy with IOE comments were discussed at the July session of the Evaluation Committee and September session of the Executive Board.
	Participation in all sessions of the Evaluation Committee, according to the Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed in December 2012.	Thus far, four formal sessions have been held. IOE participated in the Evaluation Committee field visit to Ghana, and made a presentation on the results of the evaluation.
6. Communication and knowledge-management activities	Evaluation reports, Profiles, Insights, IOE website, etc.	January-December 2012.	In progress as planned.
	Evaluation syntheses on: (i) Role of cooperatives in rural development; (ii) COSOP as an instrument, including its structure, development and implementation process; and (iii) Gender	To be completed in December 2012.	Completed.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Participate selectively in CPMTs.	January-December 2012.	In progress as planned. IOE has become a permanent observer in mid-2012 in OMC and took part in the IMTs held thus far.
7. Partnerships	ECG, NONIE, UNEG and SDC partnership	January-December 2012.	In progress as planned.
8. Methodology	Fine-tune the methodology for PCR validations and PPAs as needed.	January-December 2012.	PCRVs/PPAs guidelines completed.
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes.	January-December 2012.	In progress as planned.
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development.	January-December 2012.	IOE participated in a workshop on evaluation capacity development organized by the Ministry of Foreign Affairs of Indonesia. A delegation from the Ministry of Finance of China visited IOE in July to explore the possibility to develop a specific partnership in evaluation, and to learn about IOE's evaluation methodology and processes.

Proposed IOE activities for 2013 and indicative plan for 2014-2015

Table 1
Proposed IOE work programme for 2013 according to type of activity

Type of work	Proposed activities for 2013	Start date	Expected finish
1. Corporate-level evaluation	An assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations	Jan-11	Apr-13
	Direct supervision and implementation support	Jan-12	Jun-13
	Evaluation of the achievements of IFAD replenishments	Jan-13	Dec-13
	Revised IFAD Policy for Grant Financing	Jan-13	Jun-14
	IFAD's approach to and results in policy dialogue	Sep-13	Dec-14
2. Country programme evaluation	Bolivia (Plurinational State of)	Jan-13	Mar-14
	China	Jan-13	Mar-14
	Madagascar	Jun-12	Sep-13
	Republic of Moldova	Sep-12	Dec-13
	Senegal	Jan-13	Mar-14
	Zambia	Jan-13	Mar-14
3. Project completion report validation	Validate all PCRs available in the year (around 30 PCRs)	Jan-13	Dec-13
4. Project performance assessment	Around 8 PPAs	Jan-13	Dec-13
5. Impact evaluation	1 Impact evaluation (project to be determined)	Jan-13	Dec-13
6. Evaluation Committee and Executive Board	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	Jan-13	Dec-13
	Eleventh ARRI	Jan-13	Dec-13
	IOE comments on the PRISMA	Jun-13	Sep-13
	IOE comments on the RIDE	Oct-13	Dec-13
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by the Evaluation Committee	Jan-13	Dec-13
	Participation in all sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	Jan-13	Dec-13
7. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	Jan-13	Dec-13
	Evaluation synthesis (water management and conservation)	Jan-13	Dec-13
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMCs, IMTs and selected CPMTs.	Jan-13	Dec-13
8. Partnerships	ECG, UNEG, NONIE and SDC partnerships	Jan-13	Dec-13

<i>Type of work</i>	<i>Proposed activities for 2013</i>	<i>Start date</i>	<i>Expected finish</i>
9. Methodology	Contribute to the in-house and external debate on impact evaluations	Jan-13	Dec-13
	Fine-tune, as needed, the methodology for PCR validation and PPAs	Jan-13	Dec-13
	Continue to fine tune the Evaluation Manual to reflect key emerging issues as required	Jan-13	Dec-13
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Jan-13	Dec-13
10. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	Jan-13	Dec-13

Table 2
IOE indicative plan for 2014-2015 according to type of activity

<i>Type of work</i>	<i>Indicative plan for 2014-2015</i>	<i>Year</i>
1. Corporate-level evaluation	Joint evaluation of the Reformed Committee on World Food Security	2014-2015
	IFAD's engagement in fragile states	2014-2015
2. Country programme evaluation	Bangladesh	2014
	Brazil	2014
	Burundi	2014
	Cameroon	2014
	Egypt	2014
	Malawi	2014
	Pakistan	2014
	Bolivarian Republic of Venezuela	2014
	Armenia	2015
	Burkina Faso	2015
	Peru	2015
	Sri Lanka	2015
	United Republic of Tanzania	2015
	Turkey	2015
Indian Ocean small islands developing states	2015	
3. Project completion report validation	Validate all PCRs available in the year	2014-2015
4. Project performance assessment	Around 8 PPAs/year	2014-2015
5. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016, and preparation of the results-based work programme and budget for 2015 and indicative plan for 2016-2017	2014
	Review of the implementation of the results-based work programme for 2015 and indicative plan for 2016-2017, and preparation of the results-based work programme and budget for 2016 and indicative plan for 2017-2018	2015
	Twelfth and thirteenth ARRIs	2014-2015

Type of work	Indicative plan for 2014-2015	Year
	IOE comments on the PRISMA	2014-2015
	IOE comments on the RIDE	2014-2015
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by the Evaluation Committee	2014-2015
	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	2014-2015
6. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	2014-2015
	Evaluation synthesis on youth	2014
	Evaluation synthesis on pastoral development	2015
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMC, IMT and selected CPMTs	2014-2015
7. Partnerships	ECG, UNEG, NONIE, and SDC partnerships	2014-2015
8. Methodology	Contribute to the in-house and external debate on impact evaluation	2014-2015
	Fine-tune, as needed, the methodology for PCR validation and PPAs	2014-2015
	Continue to fine tune the Evaluation Manual to reflect key emerging issues as required	2014-2015
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	2014-2015
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	2014-2015

Table 3
Provisional activities according to IOE divisional management results and objectives

Objectives	IOE divisional management results	Proposed activities for 2013	Proposed indicative plan for 2014-2015
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	Eleventh ARRI CLE on direct supervision and implementation support (Jan 2012-Jun 2013), Evaluation of the achievements of IFAD replenishments (Jan 2013-Dec 2013), CLE on revised IFAD Policy on Grant Financing (Jan 2013-Jun 2014), CLE on IFAD's approach to and results in policy dialogue (Sep 2013-Dec 2014). Comments on policies, as required	Twelfth and thirteenth ARRI Joint evaluation of the Reformed Committee on World Food Security (2014-2015); IFAD's engagement in fragile states (2014-2015)
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	Bolivia (Plurinational State of), China, Madagascar, Republic of Moldova, Senegal and Zambia	Armenia, Bangladesh, Brazil, Burkina Faso, Burundi, Cameroon, Egypt, Malawi, Pakistan, Peru, Sri Lanka, United Republic of Tanzania, Turkey, Venezuela (Bolivarian Republic of) and Indian Ocean small islands developing states

	DMR 3: Project evaluations that contribute to better IFAD-supported operations	PCR validations	PCR validations
		PPAs	PPAs
		Impact evaluation (project to be determined)	
	DMR 4: Methodology development	Continue to fine-tune the methodology for PCR validation and PPAs, as required	Continue to fine-tune the methodology for PCR validation and PPAs, as required
		Contribute to the in-house and external debate on impact evaluation	Contribute to the in-house and external debate on impact evaluation
		Continue to fine-tune the Evaluation Manual to reflect key emerging issues, as required	Continue to fine-tune the Evaluation Manual to reflect key emerging issues, as required
		Partnership: ECG, UNEG, NONIE, SDC (indirect contribution to this DMR)	Partnership: ECG, UNEG, NONIE, SDC (indirect contribution to this DMR)
		Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes.
		Comments on RIDE, PRISMA	Comments on RIDE, PRISMA
		Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development
	DMR 5: Work related to IFAD governing bodies	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee
		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	Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016 and preparation of the results-based work programme and budget for 2015 and indicative plan for 2016-2017
			Review of the implementation of the results-based work programme for 2015 and indicative plan for 2016-2017 and preparation of the results-based work programme and budget for 2016 and indicative plan for 2017-2018
Strategic objective 2: Promote effective learning and knowledge management	DMR 6: Production of evaluation syntheses and ARRI learning themes	Evaluation synthesis (water management and conservation)	Evaluation syntheses (Youth (2014), Pastoral development (2015))
		Analysis of one ARRI learning theme	Analysis of one ARRI learning theme each year
	DMR 7: Systematic communication and outreach of IOE's work	Evaluation reports, Profiles, Insights, and website	Evaluation reports, Profiles, Insights, and website
		Internal platforms (OSCs, OMCs, IMTs, CPMTs)	Internal platforms (OSCs, OMCs, IMTs, CPMTs)
		In-country learning workshops	In-country learning workshops
		Partnership: ECG, UNEG, NONIE, SDC	Partnership: ECG, UNEG, NONIE, SDC
		Participation in learning events or meetings of evaluation societies	Participation in learning events or meetings of evaluation societies
		Other learning and outreach activities	Other learning and outreach activities

IOE staff levels for 2013

2009 level	2010 level	2011 level	2012 level	2013		
				Professional staff	General Service staff	Total
19.5	19.5	19.5	19.5	12.5*	6	18.5

Human resource category

Category	2012	2013
Director	1	1
Deputy Director	1	1
Senior evaluation officers	4	4
Evaluation officers	4	5
Evaluation/finance officer	1	-
Evaluation knowledge and communication officer	0.5	0.5
Evaluation research analyst	-	1*
Total Professional staff	11.5	12.5
Administrative assistant	1	1
Assistant to the Director	1	1
Assistant to the Deputy Director	1	1
Evaluation assistants	5	3*
Total General Service staff	8	6
Grand total	19.5	18.5

* Based on its staffing review, IOE proposes to cancel two General Services staff positions, and use some of the resources to create a new position of evaluation research analyst, to support the increasing number of higher-plane evaluations that the division will be undertaking in the coming years.

IOE General Service staff levels

2005	2006	2007	2008	2009	2010	2011	2012	2013 (proposed)
9.5	9.5	9.5	8.5	8.5	8	8	8	6

Proposed IOE budget for 2013

Table 1
IOE overall budget 2013
(In United States dollars)

	2009 budget ^a	2010 budget ^a	2011 budget ^a	2012 budget ^a (1)	Proposed 2013 budget			
					Real increase/ decrease (2)	Price increase ^b (3)	Exchange rate increase/decrease ^c (4)	Total 2013 budget at US\$1=EUR 0.72 (5)=(1)+(2)+(3)+/- (4)
Evaluation work								
Non-staff costs	2 696 000	2 600 000	2 238 000	2 289 474	0	57 237	0	2 346 711 ^d
<i>Consultant costs</i>								1 877 369 ^e
<i>Fees</i>								1 525 362
<i>Travels</i>								352 007]
Staff costs	3 157 851	3 620 204	3 645 576	3 734 530	-82 660	15 398	0	3 667 268
Total	5 853 851	6 220 204	5 883 576	6 024 004	-82 660	72 635	0	6 013 979^d

^a As approved by the Governing Council (at the exchange rate of US\$1=EUR 0.79 in 2009 and US\$1=EUR 0.722 in 2010, 2011 and 2012).

^b As for the rest of IFAD and conveyed by the IFAD's Budget Unit. Price increase for non-staff costs is 2.5 per cent. For staff costs, this increase is the difference between 2012 and 2013 total standard costs as provided by the IFAD Budget Unit.

^c As conveyed by the Budget Unit, the exchange rate to be applied at this stage is the same exchange rate applied for the 2012 budget, i.e. US\$1=EUR 0.72 to facilitate comparison, with the proviso that final exchange rate will be set towards the end of the year.

^d See table 2 for further details on non-staff costs.

^e Consultant costs are expected to be around 80 per cent of non-staff costs, based on historical figures. Of this amount, 65 per cent is for fees and 15 per cent for travel. Other non-staff costs include, inter alia, provisions for organization of in-country learning workshops at the end of CPEs, evaluation knowledge sharing activities and staff travel.

Table 2
2013 IOE budget proposal breakdown for non-staff costs

<i>Cost category</i>	<i>Absolute number</i>	<i>Number in full-time equivalent^a</i>	<i>Standard unit costs^b(US\$)</i>	<i>Proposed non-staff costs in 2013 (US\$)</i>
ARRI	1	1	150 000	150 000
CLEs	4	2.1	Differentiated cost based on scope and nature of issues to be assessed: 200 000-450 000	430 000
CPEs	8	5.5	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 235 000-315 000	1 300 000
PCR validations	Around 30	Around 30	-	30 000
PPAs	Around 8	Around 8	25 000	200 000
Evaluation syntheses	1	1	50 000	50 000
Communication, outreach, knowledge sharing and partnership activities	-	-		108 000
Training	-	-		20 000
Overhead and miscellaneous costs	-	-		58 711
Total				2 346 711

^a Often evaluations are begun one year and completed the following year. This figure represents the percentage of time that IOE will devote to such evaluations in 2013.

^b Standard unit costs also include staff travel when necessary.

Table 3
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 corporate policies and IFAD-funded operations	DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	1 124 960	19%
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	2 225 605	37%
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	793 988	13%
	DMR 4: Methodology development	383 673	6%
	DMR 5: Work related to IFAD governing bodies	224 620	4%
Total for strategic objective 1		4 752 846	79%
Strategic objective 2: Promote effective learning and knowledge management	DMR 6: Production of evaluation syntheses and ARRI learning themes	558 760	9%
	DMR 7: Systematic communication and outreach of IOE's work	702 373	12%
Total for strategic objective 2		1 261 133	21%
GRAND TOTAL		6 013 979	100%

Table 4
IOE overall budget utilization in 2012

<i>Evaluation work</i>	<i>Approved budget 2012 (US\$)</i>	<i>Utilized as of 24/10/12 (US\$)</i>	<i>Utilized as of 24/10/12 (percentage)</i>
Non-staff costs	2 289 474	2 118 258	92.5%
Staff costs	3 734 530	3 697 344*	99.0%
Total	6 024 004	5 815 602	96.5%

* Consistent with the practice for the rest of IFAD, commitments for all staff costs are inserted for the whole year at the beginning of the year.

Key performance indicators

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE DMRs^a</i>	<i>Means of verification</i>	<i>2011 baseline</i>	<i>2012 performance</i>	<i>2014 target</i>
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	1. Percentage of evaluations completed in full compliance with the IFAD Evaluation Policy and IOE evaluation methodology	DMRs 1, 2, and 3	IOE's internal peer review	100%	100%	100%
	2. Senior independent advisers certify the quality of evaluation process and methodology used, for CLEs and selectively for CPEs	DMRs 1, 2 and 3	SIA reports	100%	n/a ^b	100%
	3. Number of events attended by IOE staff, related to self-evaluation and evaluation capacity development	DMR 4	IOE record	1 event	2 events (China and Indonesia)	3 events
	4. Number of IOE staff members sent on evaluation training each year, on a rotational basis	DMR 4	IOE record	3 staff	5 staff	3 staff
	5. Number of planned Evaluation Committee sessions held in accordance with the Committee's Terms of Reference	DMR 5	IOE record	4 regular sessions	4 regular sessions	At least 4 regular sessions
	6. IOE participation as required in sessions of the Audit Committee, Executive Board, Governing Council and Evaluation Committee annual country visit	DMR 5	IOE record	100%	100%	100%
Strategic objective 2: Promote effective learning and knowledge management	7. Number of key learning events organized by IOE within IFAD	DMRs 6 and 7	IOE record	2 events	5 events (on policy dialogue, engagement with cooperatives, development in conflict, results-based COSOPs, ARRI)	4 events
	8. Number of in-country learning events co-organized by IOE with Governments	DMR 7	IOE record	4 events	3 events (Armenia, Mali and Uganda)	5 events
	9. Number of in-house learning events attended by IOE staff for knowledge sharing	DMR 7	IOE record	2 events	4 events (gender and partnership policy reference groups, food security learning agenda, regional workshop with IFAD and Indigenous Peoples), 6 Portfolio Reviews and 7 OSCs	4 events
	10. Number of external knowledge events with IOE staff participation to share lessons from evaluation	DMR 7	IOE record	3 events	5 events (ECG, UNEG, NONIE, European Evaluation Society, UNDP's Evaluation Office Peer Review)	5 events
	11. Evaluation reports, and related products (i.e. Profiles and Insights) of corporate level and country programme evaluations published within three months of established completion date and disseminated to internal and external audiences (once the agreement at completion point (ACP) is signed)	DMRs 6 and 7	IOE record	80%	100%	100%

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE DMRs^a</i>	<i>Means of verification</i>	<i>2011 baseline</i>	<i>2012 performance</i>	<i>2014 target</i>
	12. Project performance assessment reports published within three months of established completion date and disseminated to internal and external audiences	DMRs 6 and 7	IOE record	n/a ^c	n/a ^c	100%

^a DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes; DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs; DMR 3: Project evaluations that contribute to better IFAD-supported operations; DMR 4: Methodology development; DMR 5: Work related to IFAD governing bodies; DMR 6: Production of evaluation syntheses and ARRI learning themes; DMR 7: Systematic communication and outreach of IOE's work.

^b None of the CPEs completed in 2012 necessitated the intervention of senior independent advisers (SIAs).

^c This is a new indicator introduced this year to monitor the timely publication of a new IOE product. Performance will be reported from 2013 onwards.

IOE's results chain

