IFAD

Enabling poor rural people
to overcome poverty

High-level preview of IFAD's 2014 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2014 and indicative plan for 2015-2016

For: **Review**

Contents

Annexes

Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agricultural Programme
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
CLEE	Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations
COSOP	country strategic opportunities programme
CPE	country programme evaluation
ECD	evaluation capacity development
ECG	Evaluation Cooperation Group
FAO	Food and Agriculture Organization of the United Nations
GC	Governing Council
IMT	IFAD Management Team
IOE	Independent Office of Evaluation of IFAD
ICT	information and communications technology
IFAD8	Eighth Replenishment of IFAD's Resources
IFAD9	Ninth Replenishment of IFAD's Resources
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
PMD	Programme Management Department
PoLG	programme of loans and grants
POW	programme of work
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 plan
UNEG	United Nations Evaluation Group
WFP	World Food Programme

Executive summary

1. Management proposes to maintain the planned programme of loans and grants of US$3 billion for the three-year period of the Ninth Replenishment of IFAD's Resources (IFAD9 – 2013-2015), with an approximately US$1.1 billion lending level for 2014 inclusive of a projected US$100 million for the Adaptation for Smallholder Agriculture Programme (ASAP). In addition to this core programme, the Fund will aim to leverage an additional US$300 million in 2014 in IFAD-managed resources from other sources.

2. Some 42 projects and programmes, including four supplementary loans and grants, are currently being prepared for approval in 2014 with nine projects and programmes planned with financing from the ASAP. Management expects to meet the IFAD9 commitment to provide 40-50 per cent of the financing to sub-Saharan Africa. The estimated number of global/regional and country grants in 2014 is 60, for a total of US$50 million.

3. Through its efforts to mobilize additional resources (US$1.86 billion), Management expects to support an overall programme of work (POW) of approximately US$2.86 billion in new commitments to smallholder development in 2014. The POW will include: the core programme of loans and grants of US$1.1 billion; US$0.3 billion in cofinancing directly managed by IFAD; and the remaining balance from international, domestic and private-sector cofinancing. These estimates include recouping the shortfall in the 2013 programme.

4. In response to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements of the United Nations System-wide Action Plan on gender, IFAD is developing a methodology to provide gender-based data on IFAD's loan portfolio and on its regular budget. Further details of regular budget distribution for gender-related activities will be provided in the final budget document in December.

5. Management has committed to incorporate the recommendations of the Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE) as part of the proposed action plan to make IFAD a more effective and efficient institution. Following the CLEE, the Action Plan on Enhancing IFAD's Efficiency (EB 2013/109/R.12) first addresses those actions related to enhancing IFAD's operational effectiveness and improving the quality of IFAD's project design and delivery; the second part of the Action Plan deals with actions proposed to enhance institutional efficiency. Several of the recommendations have substantial budgetary implications in the short run, while the enhanced operational results/impacts and efficiency gains arising from the proposed actions are expected in the medium term. The specific cost implications of the CLEE Action Plan for 2014 in terms of capital and/or one-time as well as recurrent costs are discussed in this document.

6. In preparing the 2014 high-level budget proposal, hard choices had to be made to accommodate the CLEE-driven recurrent cost drivers, address remaining structural budgetary issues and absorb normal price related cost increases in order to limit the overall budget increase. The main cost drivers that will determine final budgetary allocations in 2014 are: (i) CLEE-driven recurrent cost drivers; (ii) other significant cost drivers; and (iii) price-related cost drivers, which are explained in more detail in the document.

7. The high-level net regular budget for 2014 is proposed at US$150.39 million, representing a 4.3 per cent nominal increase over 2013, including an increase of US$5.25 million for CLEE-related recurrent costs (3.6 per cent) and an estimated US$1.0 million to meet other cost increases (0.7 per cent). The final budget

proposal will be refined taking into account the feedback received from the Executive Board in September 2013.

8.   The gross budget for 2014 amounts to US$154.89 million. It includes resources utilized to manage supplementary-funded operations, which amount to US$4.5 million (over and above the US$150.39 million). This additional amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. Endorsement is only being sought for the proposed net regular budget of US$150.39 million.

9.   Management is currently working on the capital budget proposal. Although amounts have not been finalized, it has estimated a capital budget of US$5.0 million, of which US$3.6 million are information and communications technology (ICT) investments specifically related to the CLEE Action Plan. In addition, there is a request for a one-time adjustment cost of US$3.0 million, primarily relating to infrastructure and set-up costs of IFAD country offices, as well as costs related to streamlining processes across IFAD in order to enhance institutional efficiency. These include a further enhancing of country presence and permit more efficient programme delivery.

10.   Table 1 sets out a tentative high-level summary of the total net regular budget proposal for 2014 by cluster.

Table 1
Indicative results and process matrix for results-based budgeting in IFAD and 2014 proposed budgets

Cluster	Outcome	Corporate management result (CMR)	Process	2014 proposed	2014 proposed
	Operational			*US$ million*	*%*
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	Country programme development and implementation	89.29	*59.4*
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	High-level policy dialogue, resource mobilization and strategic communication	12.72	*8.5*
	Institutional support				
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 ICT environment	Corporate management, reform and administration	36.78	*24.5*
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	Support to members' governance activities	8.64	*5.7*
	Total 2014 regular budget proposed for clusters 1-4			**147.43**	
	Corporate cost centre			2.96	1.9
	Total net regular budget proposed for 2014			**150.39**	*100*
	One-time CLEE-related adjustment costs			**3.0**	
	2014 capital budget (estimate)			**5.0**	

11.   In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections have been provided in table 2 on the basis of projected

income flows to the Fund from all sources and projected disbursements based on operational plans covering the same period. It should be noted that table 2 is indicative and for information purposes only.

Table 2
Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)
(Millions of United States dollars)

	Actual 2012	*Projected 2013*	*Projected 2014*	*Projected 2015*
Resource balance carried forward at start of year	2 473	2 290	2 274	2 108
Inflows to IFAD				
Loan reflows	271	305	296	310
Investment income	72	22	19	16
Supplementary fund fees	5	17	15	5
Subtotal	**348**	**344**	**330**	**331**
Outflows from IFAD				
Administrative/regular and IOE budget	(144)	(147)	(156)	(158)
Other administrative expenses*	(4)	(3)	(3)	(1)
Capital budget	(4)	(10)	(5)	(5)
Costs funded by supplementary fund fees	(2)	(17)	(15)	(5)
Foreign exchange and intra-fund adjustments	2	-	-	-
Subtotal	**(152)**	**(177)**	**(179)**	**(169)**
Net inflows/outflows to IFAD	**196**	**167**	**151**	**162**
Programme of work-related activities				
Contributions	332	391	333	288
Contributions (ASAP)	-	183	153	-
Disbursements	(701)	(743)	(771)	(788)
Heavily Indebted Poor Countries impact	(10)	(14)	(32)	(52)
Subtotal	**(379)**	**(183)**	**(317)**	**(552)**
Net inflows/(outflows) on all activities	**(183)**	**(16)**	**(166)**	**(390)**
Resource balance brought forward at end of year	**2 290**	**2 274**	**2 108**	**1 718**

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

Part one – High-level preview of IFAD's 2014 results-based programme of work and regular and capital budgets

I. IFAD's programme of work for 2014

1. In line with the commitment of the Ninth Replenishment of IFAD's Resources (IFAD9), Management proposes to maintain the planned programme of loans and grants of US$3 billion for the three-year period, with an approximately US$1.1 billion lending level for 2014, the second year of IFAD9. In addition to this core programme, the Fund will aim to leverage another US$300 million in IFAD-managed resources from other sources.[1]

Table 1
Actual and projected programme of loans and grants (PoLG) and other IFAD-managed funds
(Millions of United States dollars)

	2010 Actual	2011 Actual	2012 Actual	2013 Forecast	2014 Budget	2015 Estimate
IFAD loans and Debt Sustainability Framework (DSF) grants[a]	794	947	968	760	1 050	1 050
IFAD grants	51	50	69	40	50	50
Total PoLG[b]	**845**	**998**	**1 037**	**800**	**1 100**	**1 100**
Other funds under IFAD management[c]	59	191	231	100	300	300
Total PoLG (incl. other funds)[d]	**904**	**1 189**	**1 268**	**900**	**1 400**	**1 400**

Sources: For the current PoLG, IFAD's *Annual Report 2012*; for projected loans and grants for the period 2013-2015, the Project Portfolio Management System and the new grants system, currently referred to as GRIPS.
[a] The figures for the IFAD programme of loans and DSF grants will be presented to the Executive Board at its December 2013 session as separate items in this table, following updated lending terms.
[b] Includes Adaptation for Smallholder Agricultural Programme (ASAP) resources starting in 2012.
[c] Refers to funds made available mainly through cofinancing mechanisms directly managed by IFAD. For 2014, the amount includes projected funds to be mobilized from the Global Environment Facility, and demand identified for financing from the Global Agriculture and Food Security Program and the Kreditanstalt für Wiederaufbau.
[d] Other funds under IFAD management are part of cofinancing, targeted at US$1.6 for each US$1 of IFAD PoLG.

2. The programme of work (POW) is delivered through loans, DSF grants and regular grants. Some 42 projects and programmes, including four supplementary loans and grants, are currently being prepared for approval. Management expects to meet its IFAD9 commitment to provide 40-50 per cent of the financing to sub-Saharan Africa. Some nine projects and programmes planned for 2014 expect to mobilize financing from the ASAP.

3. Through its efforts to mobilize additional resources (US$1.86 billion), Management expects to support an overall POW of approximately US$2.86 billion in new commitments to smallholder development in 2014. The POW will include: the core PoLG of US$1.1 billion; US$0.3 billion in cofinancing directly managed by IFAD; and the remaining balance from international, domestic and private-sector cofinancing.

4. The anticipated value distribution of the 2014 programme of loans and DSF grants among the areas of thematic engagement established in the IFAD Strategic Framework 2011-2015 is shown in the following chart.
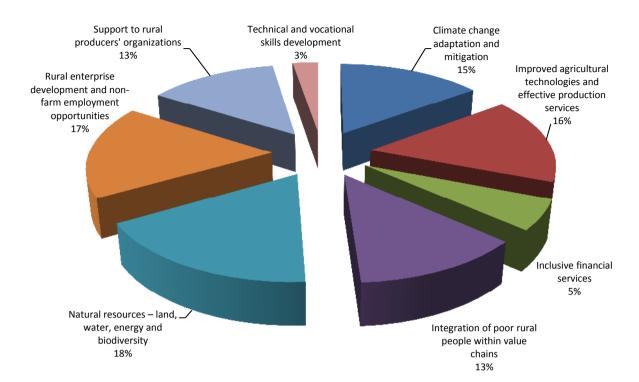
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[1] IFAD has, however, limited additional funds from the Global Environment Facility, which has in the past been an important source of external financing.

Indicative distribution of 2014 lending and DSF grants by thematic area (as at 15 July 2013)

Support to rural producers' organizations
13%

Technical and vocational skills development
3%

Climate change adaptation and mitigation
15%

Improved agricultural technologies and effective production services
16%

Rural enterprise development and non-farm employment opportunities
17%

Inclusive financial services
5%

Natural resources – land, water, energy and biodiversity
18%

Integration of poor rural people within value chains
13%

5.   The number of global/regional and country grants in 2014 is estimated at 60, for a total of US$50 million. Principal outputs of the regular grant programme will be: innovative activities; awareness, advocacy and policy dialogue; capacity of partner institutions strengthened; lessons learned and knowledge management of services in support of poor rural people; and knowledge management and dissemination of information on issues related to rural poverty reduction.

II.   Gender responsive budget of IFAD

6.   In response to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements of the United Nations' System-wide Action Plan on gender, IFAD is developing a methodology to provide gender-disaggregated data in IFAD's loan portfolio and in the regular budget.

7.   The methodology developed for: (i) an ex ante analysis of the gender-sensitivity of IFAD loans; and (ii) identification of the distribution of gender-related activities in the regular budget is set out below.

A.   Ex ante analysis of gender-sensitivity of new IFAD loans (September 2012-April 2013)

8.   An analysis was conducted of the design of 35 loans amounting to US$825 million approved by the Executive Board from September 2012 to April 2013. This coincides with the Report on IFAD's Development Effectiveness (RIDE) reporting period.

9.   Each loan component or subcomponent was analysed from a gender perspective to assess how gender considerations had been taken into account in shaping its activities and implementation mechanisms. A score was assigned to reflect the degree to which gender issues had been addressed in developing the design of these components.

B. Capturing gender-related and supporting activities in the regular budget[2]

10. In the 2014 budget preparation exercise, IFAD will look into the possibility of adjusting its information and communications technology (ICT) budgeting system to create new fields to capture ex ante gender-related and supporting activities.

11. In determining the portion of staff, short-term staff, and consultant costs attributable to gender-related and supporting activities, the following allocation to gender-related activities is proposed: 100 per cent of the cost of personnel whose work is primarily dedicated to gender issues (i.e. gender experts), 20 per cent of the cost of gender focal points, and 5-10 per cent of the cost of all other staff whose work supports gender-related activities, depending on the terms of reference of the position. Other non-staff costs related to gender activities will also be factored in.

III. Medium-term Plan and corporate objectives

12. No changes are envisioned in the rolling Medium-term Plan in 2014. It will follow the same corporate development and operational objectives that were set out for the 2013-2015 period:

    (i) Achieve a PoLG of US$3 billion and mobilize additional cofinancing of US$1.6 for every US$1 of IFAD loans/grants;

    (ii) Improve quality of new and ongoing projects to level of agreed IFAD9 Results Measurement Framework 2015 targets through better project design and supervision;

    (iii) Improve monitoring and evaluation systems and undertake impact assessments;

    (iv) Become more efficient (less IFAD cost per US dollar lent or granted).

13. IFAD will step up its scaling-up effort to ensure that the innovations it introduces have a higher impact on reducing rural poverty. The target is to have brought at least 80 million rural people out of poverty during the 2010-2015 period, and to provide services through IFAD-financed projects to at least 90 million people. IFAD will provide more systematic support for country agriculture programmes. Interventions along commodity value chains will enhance cofinancing with the private sector. Although IFAD is already involved in work on the environment and climate change, these areas will be stressed much more in IFAD9. Additional funding for the ASAP will build on IFAD's new policies in this area.

14. IFAD's corporate internal management objectives to achieve the operational objectives remain as follows:

    (i) Successful resource mobilization and asset management to meet the requirements of the POW;

    (ii) Improved human resource management to support key development and administrative functions;

    (iii) Strategic workforce-planning exercise continued annually to establish the appropriate staffing and consulting resources required – in terms of number, level, mix and contractual status – to achieve IFAD9 deliverables; and

    (iv) An ICT platform that provides real-time data and automated disbursement capability – with new ICT systems supporting process changes and improved communication throughout IFAD and its country offices.

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[2] Further details on the distribution of gender-related activities in the regular budget will be provided in the final budget document in December 2013.

15. As noted last year, there will be no expansion in total PoLG during the IFAD9 three-year period. Instead, consolidation of the significant changes and reforms during the Eighth Replenishment of IFAD's Resources (IFAD8) period will be emphasized in order to: further enhance the quality of IFAD's project design and portfolio; improve IFAD's delivery model to increase effectiveness; and achieve higher efficiencies in the medium term. As front-end investments are required to achieve these results, an increase in costs may be anticipated in the short run.

16. The planned PoLG for 2013 is US$800 million, growing to US$1.1 billion per annum in 2014 and 2015, inclusive of a projected US$100 million annually for the ASAP. The relatively lower PoLG in the first year (2013) of the IFAD9 cycle is due to the normal gearing up process in the first year of a replenishment. The lower start in 2012 is similar to the lower PoLG in the first year (2010) of IFAD8, with increases in the second and third year of the cycle to attain the US$3 billion target.

17. In addition, projects planned for 2013 have been delayed for reasons beyond IFAD's control. Those for Burundi, Georgia, India, Nigeria, the Philippines and Uruguay have been delayed owing to extended negotiations in the respective countries. IFAD expects to deliver some of these projects early in 2014, and all will be presented to the Board within the IFAD9 three-year period. The lending shortfall in 2013 will thus be entirely made up by the higher than planned lending in 2014 and 2015. The revised programme in table 1 reflects this situation, with the total programme of loans and grants remaining at US$3 billion for the IFAD9 period.

IV. MTP implications of the Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE)

18. In the course of IFAD9 consultations, Management committed to incorporating the recommendations of the CLEE, which at the time was under way, as part of the proposed action plan to enhance IFAD's effectiveness and efficiency. In line with CLEE recommendations approved by the Executive Board, Management plans to pursue the following actions: increasing in-house technical capacity to reduce overreliance on consultants; balancing the work load of country programme managers (CPMs); more differentiated, risk-based allocation of resources; better integration between lending and non-lending activities; streamlining of operational processes; and enhancing of staff skills and productivity.

19. Several of the above recommendations have substantial budgetary implications in the short run, while the effectiveness and efficiency gains arising from the actions taken are expected in the medium term. The specific cost implications for 2014 in terms of capital and/or one-time as well as recurrent costs are discussed in the section on cost drivers below.

V. IFAD's regular budget

A. 2012 and 2013 net regular budget usage

20. Actual expenditure against the 2012 regular budget amounted to US$138.3 million or 96 per cent of the approved budget of US$144.14 million. Significant savings arose due to position vacancies and lower unit staff costs, as well as to non-use of the professional salary increase provision, as agreed.

21. Based on current projections, usage of the 2013 budget is expected to reach 98 per cent in 2013. The higher usage is due to increased ICT costs for new systems maintenance, an early start to programming for 2014 projects, and a significantly improved fill ratio due to advanced recruitment action. As in previous years, 2013 third and fourth quarter expenditures are expected to be substantially higher than in the first half of the year, due to the nature of the annual programming cycle.

Table 2
Regular budget usage – actual 2012 and forecast 2013
(Millions of United States dollars)

	2012 full year		2013 forecast	
	Budget	Actual	Budget	Forecast
Regular budget	144.14	138.3	144.14	141.0
Percentage used	96		98	

22. A more detailed breakdown of actual budget usage in 2012, disaggregated by cluster, is provided in annex I. A similar table, based on forecast usage of 98 per cent for 2013, is provided in annex II.

B. 2014 cost drivers

23. In preparing the 2014 high-level budget proposal, Management had to make difficult choices to accommodate the CLEE-driven cost drivers, address structural budgetary issues and incorporate normal price-related cost increases in order to limit the overall budget increase. In the preview, and in the final budget proposal, an attempt will be made to absorb both salary and inflation-related increases while restricting the incremental recurrent expenses, mainly to those related to implementing the CLEE action plan. The latter constitute additional activities and are thus predominantly volume driven. The main cost drivers determining resource allocation are detailed below.

CLEE-driven cost drivers

24. As agreed during discussions of the Evaluation Committee and the Executive Board, implementation of CLEE recommendations is not cost neutral. It will involve ICT-related capital costs, one-time adjustment costs, which will eventually result in improved efficiency and effectiveness, and an increase in recurrent costs. As a result, while results/impact and efficiency gains are expected in the medium term, in the short term there will be significant budgetary needs in 2014 and 2015. It should be noted that the investment in the one-time adjustment and related recurrent costs, as well as several recurrent cost items included as CLEE-driven cost drivers (such as the full-year effect of job audit related grade changes, increased training, improved qualifications and experience, etc.), directly relate to improved quality, delivery on the ground and increased IFAD effectiveness, and thus may not result in immediate efficiency gains.[3]

25. Preliminary estimates by IFAD Management show that: (i) the ICT-related capital costs for various systems development and automation are US$3.6 million, which include a normal provision for project management costs; (ii) one-time adjustment costs are approximately US$3.0 million; and (iii) the increase in recurrent costs in 2014 is US$5.25 million. A substantial part of this relates to the operating, maintenance and depreciation costs of the Loans and Grants System (LGS) replacement project). Further increases in 2015 of US$2.2 million include depreciation of the rollout of the LGS replacement project to borrowers and the depreciation associated with the ICT-related capital costs noted in (i) above. A detailed breakdown of all three types of costs is provided in the IFAD Action Plan to Enhance Operational and Institutional Efficiency, and a detailed summary will be included in the final budget document.

Other significant cost drivers

26. The strategic workforce plan (SWP) has assessed IFAD's total human resource requirements for the organization, making a clearer distinction between what is the core staff complement for functions that are clearly needed on a continuous basis

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[3] Higher results and impact in the medium term will of course have the effect of raising IFAD's efficiency at the results/impact level (i.e. costs in relation to impact on poverty).

and short-term and consultancy-type staffing resource requirements. This is also consistent with the regularization of supplementary-funded staff performing core functions initiated in 2012 (see below). This rationalization, which may increase the overall SWP fixed-term staff headcount, will have cost implications due to the unit cost difference between fixed- and short-term staff and consultants.

27. With new systems coming on board, there has been and will be a significant increase in associated ICT maintenance and support, licensing costs and depreciation from capital expenditure projects. These costs will need to be included as part of the regular 2014 budget proposal, which is a continuation of an initiative that consolidated ICT costs within the regular budget.

28. In 2014, Management will continue to transparently mainstream the cost of those remaining staff performing core functions that are still being funded from ad hoc sources. The extent to which this can be carried out will depend on the available budget after meeting other priority budgetary demands.

Price-related cost drivers

29. The 2014 budget includes the following price increases: (i) increased professional staff costs due to the full-year effect of the finalization of the job audit in which some position grades were increased, as reported to the Executive Board in December 2012;[4] (ii) cost of implementing a new rewards and recognition framework as requested by the Executive Board, involving non-pensionable pay for performance bonuses for a limited number of outstanding performers; (iii) a potential increase in compensation costs of 2.5 per cent across the board (of which a significant portion for professional staff salary increases has not been used and has been set aside since 2011); and (iv) an overall price increase of 2.1 per cent to account for inflation in non-staff costs.

30. The exchange rate used in preparing the high-level preview for 2014 has been retained at the same level as 2013 (EUR 0.722:US$1). This rate will be reviewed at the time of preparing the final budget proposal.

C. 2014 net regular budget proposal

31. There has been no or a minimal increase in IFAD's regular budget over the last three years. In particular, the 2013 budget proposal was a zero nominal increase over 2012, despite absorbing the annual cost of the upgrades arising from the 2012 job audit, the regularization of a number of staff previously funded by ad hoc sources, and other normal price increases. Thus, even without the recurrent costs related to CLEE, there would be a need to request a reasonable increase in the 2014 budget to at least meet part of the price and other significant cost drivers noted above.

32. The high-level net regular budget for 2014 is proposed at US$150.39 million, representing a 4.3 per cent nominal increase over 2013, and is based on the following key assumptions in relation to price increases as follows:

(i) It is assumed that professional salaries in 2014 will be treated in the same way as in 2012 and 2013: any incremental increase by the International Civil Service Commission (ICSC) in the salary structure will be offset by a concomitant decrease in the post adjustment, resulting in no increase in the staff budget or take-home pay. As in the past two years, an amount of US$679,000 will be set aside in the corporate cost centre (against the unlikely possibility that the ICSC would propose a salary structure increase without a parallel post adjustment decrease), but it will not be spent without the endorsement of the Board.

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[4] See EB 2012/107/R.41, Update on Change and Reform Implementation.

(ii) For all staff, the normal step increase will be absorbed within the regular budget envelope.

(iii) In relation to non-personnel costs, a general price increase of 2.1 per cent has been assumed to take account of inflation.

33. The 2014 budget proposal of US$150.39 million includes US$5.25 million for CLEE-related recurrent costs and approximately another US$1 million estimated to meet cost increases arising from the other significant cost drivers set out above. Based on Executive Board feedback on this high-level preview, current estimates will be refined and submitted as the 2014 budget proposal for final approval.

34. The current year's budget proposal is set out in table 3.

Table 3
Analysis of percentage share of regular budget by results cluster, 2013 and 2014
(Millions of United States dollars)

	Results cluster	Approved 2013	Proposed 2014	Percentage share 2013	Percentage share 2014
1	Country programme development and implementation	85.10	89.29	59.0	59.4
2	High-level policy dialogue, resource mobilization and strategic communication	12.56	12.72	8.7	8.5
3	Corporate management, reform and administration	34.90	36.78	24.2	24.5
4	Support to members' governance activities	8.62	8.64	6.0	5.7
	Corporate cost centre	2.28	2.28	1.6	1.5
	2012 Professional salary increase (withheld)	0.68	0.68	0.5	0.4
	Total	**144.14**	**150.39**	*100*	*100*

35. The initial estimates of the proposed budget show a slight increase in cluster 1 from 59 per cent of total resources in 2013 to 59.4 per cent in 2014. The increase is due to allocation of incremental CLEE costs directly attributable to the Programme Management Department, as well as appropriate allocation of the recurrent costs of the LGS replacement project, which primarily benefits the operational area. In view of the increasing cost of ICT, in the final budget document it may be necessary to review the way ICT costs are distributed across the clusters.

D. 2014 gross budget proposal

36. 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 in design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement.

37. The gross budget proposed for 2014 amounts to US$154.89 million and includes US$4.5 million in costs to support supplementary-fund-related work. Table 4 provides a summary of the gross and net regular budget. At this stage, the amounts shown are tentative and preliminary. A better picture will emerge once the activities associated with supplementary funds and the extent of supplementary funding are known.

Table 4
Indicative gross and net budget for 2014
(Millions of United States dollars)

Cost category	2013	2014
Gross budget	**149.43**	**154.89**
Costs to support supplementary fund work	(5.29)	(4.50)
Net budget	**144.14**	**150.39**

Efficiency ratio

38. Up to IFAD8, IFAD's efficiency ratio has been measured by dividing actual administrative expenditures by the annual PoLG. The efficiency ratio for 2014 is 13.7 per cent, based on the proposed regular budget and the planned PoLG for 2014. It should be noted that this traditional efficiency measure is only being tracked for IFAD9, as it has been replaced by new, agreed efficiency measures set out below. As a result, this ratio is not shown in table 5 below.

39. In IFAD9, a new administrative efficiency ratio was introduced, which was calculated by dividing actual administrative expenditures (including expenditures financed by management fees) by the IFAD-funded annual PoLG, augmented by the value of the programmes and projects managed by IFAD, but funded by other agencies. The efficiency ratio for 2014 is 11.1 per cent, based on the proposed regular budget inclusive of estimated management fees of US$154.9 million and an augmented PoLG of US$1.4 billion. This is defined as efficiency ratio 1 in table 5.

40. As explained earlier, IFAD expects the shortfall in the 2013 POW, compared with the original projection, to be made up within the IFAD9 period, with the total PoLG element of the programme expected to reach the US$3 billion level. The lower efficiency ratio forecast for 2013 may be considered an interim and temporary drop due to lower PoLG. However, as shown in table 5, the average efficiency ratio for the three-year IFAD9 period is 12.4 per cent, which is within the target set.

41. Efficiency ratio 1, as defined above, fails to capture the extent and impact of the cofinancing element of the total POW. Starting 2014, a second efficiency ratio is being introduced – defined as actual administrative expenditures (including expenditures financed by management fees) divided by POW (i.e. PoLG plus cofinancing) – in order to capture the full extent of what IFAD delivers with the proposed budget. Efficiency ratio 2 again shows a dip in 2013 and improves in subsequent years to result in an average of 5.9 per cent over the IFAD9 period.

Table 5
Efficiency ratio
(Millions of United States dollars)

	Actual 2010	Actual 2011	Actual 2012	Forecast 2013	Budget 2014	Budget 2015	IFAD9 period
PoLG	845	998	1 037	800	1 100	1 100	3 000
Other IFAD-managed funds	59	191	231	100	300	300	700
PoLG (incl. other funds)	**904**	**1 189**	**1 268**	**900**	**1 400**	**1 400**	**3 700**
Cofinancing[a]	1 552	1 056	828	1 180	1 460	1 460	4 100
Total programme of work	**2 456**	**2 245**	**2 096**	**2 080**	**2 860**	**2 860**	**7 800**
Regular budget	116.5	135.1	138.3	141.0	150.4	152.6	444.0
Costs to support supplementary fund activities	5.2	3.5	1.6	5.3	4.5	4.5	14.3
Total costs	**121.7**	**138.6**	**139.9**	**146.3**	**154.9**	**157.1**	**458.3**
Efficiency ratio 1: vs. PoLG incl. other IFAD-managed funds[b]	13.5%	11.7%	11.0%	16.3%	11.1%	11.2%	12.4%
Efficiency ratio 2: vs. POW	5.0%	6.2%	6.7%	7.0%	5.4%	5.5%	5.9%

[a] Amounts shown as cofinancing together with other IFAD-managed funds reflect the target of 1.6 of PoLG for 2013-2015.
[b] Efficiency measure agreed as part of IFAD9.

E. Capital budget and one-time costs for 2014

42. As in prior years, IFAD will report on the performance of projects funded under the capital budget at the December session of the Executive Board. Proposals for new capital projects will be presented at the same time. The capital budget for 2014 is not expected to exceed US$5 million, including the ICT capital costs related to CLEE actions.

43. In addition, a one-time CLEE-related adjustment cost of US$3 million will be proposed for 2014, primarily relating to infrastructure and set-up costs of IFAD country offices, as well as costs related to streamlining of processes across IFAD.

44. A more detailed breakdown of both capital and one-time adjustment costs relating to the CLEE action plan will be provided in the final budget document.

Part two - Preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2014 and indicative plan for 2015-2016

I. Introduction

1. This document contains a preview of IOE's work programme and budget for 2014 and indicative plan for 2015-2016. In line with the IFAD Evaluation Policy, the IOE administrative budget and IFAD administrative budget are developed independently of each other.[5] As in the past, the proposed independent evaluation work programme has been developed building on consultations with IFAD Management and the guidance of the Executive Board and Audit and Evaluation Committees. IOE also met with the Chairs of the Evaluation and Audit Committees to better understand their respective priorities and expectations. Finally, guidance was sought from the Evaluation Committee in an informal consultation with members prior to finalization of this document.

2. This is the first time in more than 10 years that IOE has changed the format and structure of its work programme and budget document, ensuring, inter alia, greater consistency with IFAD's administrative budget document. This document presents the work programme and budget "based on a critical assessment of needs, rather than simply using the current budget as a baseline".[6] It also aims to provide better linkage between the work programme and expenditures and greater detail in the breakdown of budgeted costs, particularly non-staff costs, including costs for consultants. The document provides details of actual expenditures for the previous year, as well as 2013 budget utilization as of the time this document was prepared. Similar updated information will be made available in the final submission to the Board in December 2013.

3. Following the incorporation of comments by the Evaluation Committee at its 77th session in June 2013, and based on feedback from the Audit Committee and the Executive Board during their September 2013 sessions, IOE will prepare the final proposed results-based work programme and budget for 2014 and indicative plan for 2015-2016, for discussion with the Evaluation Committee at its 79th session at the beginning of October 2013. The Executive Board will discuss the final document in December 2013. Prior to this, in accordance with past practice, the Audit Committee will consider the budget proposal in November 2013, together with IFAD's 2014 administrative budget. Finally, the budget will be submitted to the Governing Council in 2014 for approval.

II. Key lessons from implementation of the 2013 work programme

4. IOE undertook internal assessments of the implementation of its 2013 work programme and budget prior to preparing this document. During the process, some key lessons emerged, which have been taken into consideration in preparing the proposed 2014 work programme and budget and indicative plan for 2015-2016:

- The importance of continuous, enhanced knowledge-sharing, outreach and communication with IFAD Management, the Evaluation Committee and Executive Board, partner countries and others to further strengthen the evaluation learning and feedback loop to improve IFAD's development effectiveness;

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[5] See IFAD Evaluation Policy, page 13: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other."
[6] See draft minutes of the 107th session of the Executive Board, paragraph 29.

- The importance of further developing the IFAD Evaluation Manual: Methodology and Processes to ensure that these are aligned with international good practice and capture the evolving priorities of the Fund;

- The need for independent evaluation to also gain deeper insights into current operations, with a focus on assessing their relevance as well as the extent to which past lessons are adequately internalized in new policies, strategies and operations; and

- The importance of ensuring rigorous and continuous budget monitoring to optimize use of the available budget according to established priorities and activities, and to appropriately reallocate resources to areas that require additional funding or for additional activities.

III. Current perspective

A. Highlights of 2013

5. IOE has been in transition since the departure of its former director at the end of October 2012.[7] In addition to ensuring effective and efficient implementation of its 2013 work programme, in this transition period IOE has initiated a process of internal change and reform. Some key steps in ensuring high-quality evaluations and a conducive working environment include:

- Earlier allocation and distribution of the 2013 annual evaluation work programme to IOE staff, to enable better forward planning of individual activities;

- Greater emphasis on stronger communication and transparency within IOE through a de-layering of the internal organizational structure, also leading to quicker and smoother decision-making for enhanced efficiency. Further efforts will be made to identify opportunities for efficiency gains and cost savings. For example, in the context of the revision of the Evaluation Manual, IOE will review, analyse and streamline its evaluation processes;

- Clearer articulation of the division of labour between IOE and the Office of the Secretary for a smooth and timely implementation of activities related to the work of the Evaluation Committee; and

- Efforts to enhance the diversity and gender balance of staff and consultants, as well as improve work/life balance.

6. By the end of the year, IOE expects to have implemented all the activities planned in the 2013 work programme, as well as several additional activities. Selected key achievements to date include:

- Completion of the corporate-level evaluation (CLE) on IFAD's institutional efficiency and efficiency of IFAD-funded operations, the first of its kind carried out in multilateral and bilateral development organizations;

- Design and undertaking of IOE's first impact evaluation in Sri Lanka (Dry Zone Livelihood Support and Partnership Programme);

- Preparation of the 2013 Annual Report on Results and Impact of IFAD Operations (ARRI) is ongoing, and this year IOE, together with IFAD Management, is making further efforts to harmonize the cohort of projects to be included in the ARRI and the Report on IFAD's Development Effectiveness (RIDE), so as to provide a clearer overview of the performance of IFAD operations;

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[7] In September 2012, the Board decided to appoint the IOE Deputy Director as Acting Director until a new IOE Director takes office.

- Issuance of the first Joint Statement by the Consultative Group on International Agricultural Research (CGIAR), the Food and Agriculture Organization of the United Nations (FAO), IFAD and the World Food Programme (WFP) to strengthen collaboration in evaluation;

- More-intensive efforts to engage with IFAD Management, the Evaluation Committee and Executive Board, multilateral and bilateral organizations and partners at the country level to foster learning and dialogue on evaluation-based lessons and good practices. In this regard, as one example, in September 2013 at IFAD, IOE will host an extraordinary Annual General Meeting of the United Nations Evaluation Group (UNEG) to discuss UNEG's medium-term strategy and priorities; and

- Preparation and issuance of a dedicated booklet to mark the 10-year anniversary of IFAD's independent evaluation function, launched at the April 2013 Executive Board session. Further activities are planned to celebrate this landmark achievement, including the organization of a key learning event on the role of evaluation in reducing rural poverty, to take place towards the end of 2013.

7. Progress in implementation of the evaluation activities planned for 2013 are summarized in table 1 and detailed in table 2, annex II of this document. The list of additional activities conducted or planned may be seen in table 3 of annex II.

B. Budget utilization 2012-2013

8. The following table provides information on budget utilization by IOE in 2012 and 2013.

Table 1
IOE budget utilization in 2012 and projected utilization in 2013

Evaluation work	Approved budget 2012	Budget utilization 2012 (US$)	Approved budget 2013	2013 commitment as of mid-July (US$)*	Expected utilization as of year-end 2013
Staff travel	350 000	323 817	330 000	348 382	340 000
Consultant fees	1 431 000	1 469 467	1 525 362	1 456 293	1 510 000
Consultant travel and allowances	350 000	354 760	352 007	352 587	395 000
In-country CPE learning events	25 000	24 670	30 000	36 525	45 000
Evaluation outreach, staff training and other costs	133 474	92 669	109 342	200 661	130 000
Non-staff costs	**2 289 474**	**2 265 383**	**2 346 711**	**2 394 448**	**2 420 000**
Staff costs	**3 734 530**	**3 575 753**	**3 667 268**	**3 197 821**	**3 354 246**
Total	**6 024 004**	**5 841 136**	**6 013 979**	**5 592 269**	**5 774 246**
% utilization		**96.96%**			**96%**

* Based on all staff costs committed until year-end.

9. Actual utilization against IOE's 2012 budget amounted to US$5.84 million, or 96.96 per cent. In 2013, against an approved budget of US$6.01 million, utilization (in terms of commitments) as of mid-July was US$5.59 million. This includes full commitment at the beginning of the year of staff costs for the whole of 2013, which is in line with the IFAD-wide established practice. A high utilization rate for 2013 travel costs at this stage is the result of the normal business cycle, with a large number of evaluations being launched in the first part of the year. The expected overall utilization of the total IOE budget in 2013 as of year-end is projected at US$5.77 million or 96 per cent of the approved amount.

10. Less-than-budgeted expense for staff costs reflects the vacant position of Director, IOE, during the year, which is currently under recruitment. Part of the saving in staff costs has been and will be used to fund additional and/or unforeseen activities (see table 3, annex II).

C. Utilization of the 2012 carry-forward

11. The 3 per cent 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.

12. The IOE 3 per cent carry-forward from 2012 amounted to US$180,419, which has been allocated to fund various activities supporting evaluation work. By end-June, approximately US$167,728 had been spent and IOE expects to utilize the full amount to:

   (a) Continue enhancing its evaluation methodology and processes, leading to the full revision and issuance of the second edition of the Evaluation Manual in 2014. No allocation was foreseen for this task under the 2013 budget;

   (b) Undertake the first impact evaluation, which was not fully costed in the 2013 IOE budget; and

   (c) Finalize important evaluation activities carried over from 2012 (e.g. the country programme evaluation [CPE] for Madagascar and the China project performance assessment [PPA]).

IV. IOE strategic objectives

13. IOE proposes that its strategic objectives should henceforth be better aligned with IFAD priorities in the corresponding replenishment periods. As such, IOE has redefined its strategic objectives for the remaining part of the IFAD9 period,[8] that is, for 2014 and 2015. Moreover, in 2015, while preparing its 2016 work programme, IOE will reassess its strategic objectives to ensure continued alignment with corporate priorities for the IFAD10 period (2016-2018).

14. Accordingly, IOE proposes the following two strategic objectives for 2014-2015:

   (i) Strategic objective 1 (SO1): Contribute, through independent evaluation work, to enhancing accountability for results; and

   (ii) Strategic objective 2 (SO2): Promote effective learning and knowledge management to further strengthen the performance of IFAD operations.

15. Since 2010, IOE has had two strategic objectives.[9] These have been further sharpened for 2014-2015 (see SO1 and SO2 above) to better achieve the overarching goal set for independent evaluation as captured in the IFAD Evaluation Policy, namely to promote accountability and foster learning to improve the performance of corporate policies and IFAD-supported operations. SO2 also includes activities related to evaluation capacity development (ECD), given the growing need to strengthen national evaluation capacity in the agriculture and rural sectors in recipient countries.[10] Attention to national ECD would also be consistent with the organization's broader commitments in IFAD9 to enhancing IFAD's business model, which include, among other activities, strengthening national M&E capacity.[11]

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[8] Which runs from 2013 to 2015.
[9] Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations; strategic objective 2: Promote effective learning and knowledge management.
[10] Evaluation groups in several other development organizations also place a high priority on this objective (e.g. the World Bank and the United Nations Development Programme).
[11] See REPL.IX/3/R.5: Report of the Consultation on the Ninth Replenishment of IFAD's Resources.

16. Annex III summarizes IOE's strategic objectives, divisional management results and the outputs the division proposes to deliver in 2014-2015.

V. 2014 work programme and indicative plan 2015-2016

17. The size and nature of the proposed work programme have been carefully determined taking into account a combination of factors, including: IOE's contribution to IFAD's institutional transformation and better performance, as well as the capacity of the Fund's self-evaluation system; the need to achieve IOE's strategic objectives; the commitments to be fulfilled in relation to the IFAD Evaluation Policy and the terms of reference of the Evaluation Committee; and the absorption capacity and resource availability within IFAD Management and the governing bodies to engage systematically in independent evaluation processes and to respond effectively and promptly to recommendations made by such evaluations.

18. This year, IOE developed a "selectivity framework" (see annex IX) to assist in the construction of its 2014 work programme. The framework includes a list of guiding questions for CLEs and evaluation syntheses, CPEs and PPAs, allowing IOE to better identify and prioritize evaluations to be conducted in a given year. In developing the selectivity framework, IOE reviewed the experience of other organizations that have already introduced a similar tool in preparing their respective work programmes (e.g. the Independent Evaluation Group of the World Bank).

19. Bearing this in mind, IOE proposes to undertake a CLE on IFAD's engagement in fragile states in 2014, and, in line with the selectivity framework, has ensured a good mix of countries for country programme and project evaluations. It also proposes to prepare an evaluation synthesis report on IFAD's engagement in middle-income countries, with the aim of sharpening further the organization's role and approaches in such country contexts.

20. Beyond individual evaluations, IOE will continue to present and discuss key evaluations with the Evaluation Committee and the Executive Board to enable the governing bodies to exercise their oversight role and provide strategic guidance to IFAD management and IOE. The division will also engage in IFAD10 in 2014 by presenting selected evaluation results at key stages during replenishment consultations. For example, in December 2012, the Board decided that IOE should present the ARRI as a standing item in the first meeting of future Replenishment Consultations, starting from IFAD10 in 2014. Moreover, the Evaluation Committee recommended that the evaluation synthesis report on IFAD's engagement in middle-income countries be presented at an appropriate time next year to the IFAD10 Consultation.

21. It is essential to highlight here that in order to continue improving its results-based budgeting process, this year, for the first time, IOE presented its preview work programme to the Evaluation Committee in both base-case and high-case scenarios. The selection of the additional high-case scenario outputs was based on the level of priority assigned to those outputs by responses to the guiding questions of the selectivity framework. Nevertheless, the Evaluation Committee advised IOE to proceed with the zero-growth (base-case) scenario for presentation to the Audit Committee and the Executive Board in September. Committee members also advised IOE to assess whether some planned outputs in the high-case scenario could be included in the base-case scenario of the zero nominal growth budget.

22. Based on this advice, and following further consultations with IFAD Management, IOE will incorporate two activities from the high-case scenario into its 2014 work programme: (i) preparation of an evaluation synthesis report on pastoral development; and (ii) a wider range of activities in relation to ECD, including the

organization of training workshop(s) in partner countries on evaluation methods and processes. The evaluation synthesis on pastoral development should generate lessons and good practices for strengthening the design and implementation of future and ongoing operations using pastoral development to improve incomes and food security, while ECD will enable recipient governments to make greater use of evaluations in the future for learning and improved performance on the ground.

23. As mentioned earlier, IOE will strive to reduce costs in general (e.g. through the use of more regional/national consultants, etc.) and to further streamline internal processes for efficiency gains. This will enable the division to fully integrate these two high-case activities into the low-case scenario. Only if needed will IOE make use of supplementary funds to ensure the full and timely implementation of these activities in 2014. The third activity originally envisaged under the high-case scenario (i.e. a subregional evaluation in the English-speaking Caribbean island countries) will be included in the indicative forward plan for 2015-2016.

24. Table 2 summarizes the major outputs planned for 2014. The full list of proposed evaluation activities and their timelines may be seen in annex V, which also includes the indicative work plan for 2015-2016.

Table 2
Major outputs planned for 2014

Strategic objectives (SOs)	Divisional management results (DMRs)	Outputs
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	DMR 1: ARRIs and CLEs that provide concrete building blocks for development and implementation of better corporate policies and processes	**ARRI** **2 CLEs** (CLE on Revised IFAD Policy for Grant Financing – to be completed; and CLE on IFAD's engagement in fragile states – to start)
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	**7 CPEs** (Bolivia, China, Senegal and Zambia – to be completed; Bangladesh, Sierra Leone and United Republic of Tanzania – to start)
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	Validate **all project completion reports** (PCRs) available in year **8 PPAs**[a] **1 impact evaluation** of an IFAD-funded project (project to be determined)[b]
	DMR 4: Methodology development	Issuance of second edition of **Evaluation Manual**
	DMR 5: Work related to IFAD governing bodies to ensure accountability and learning	Comments on RIDE and PRISMA and selected COSOPs and corporate policies; preparation of IOE work programme and budget; and participation in GC and IFAD10, all sessions of EC and EB, and selected Audit Committee meetings
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	DMR 6: Production of evaluation syntheses and ARRI learning themes	**2 evaluation syntheses**: IFAD's engagement in middle-income countries; and pastoral development **1 learning theme** in context of 2014 ARRI (topic to be decided)
	DMR 7: Systematic communication and outreach of evaluation-based lessons and good practices	Participate in internal platforms (OSCs, OMCs, IMTs, CPMTs, etc.) Organization of in-country learning workshops to discuss main results from CPEs as building blocks for preparation of new COSOPs, as well as learning events in IFAD based on other evaluations (e.g. CLEs, syntheses, ARRI) to share lessons and good practices Partnership (ECG, UNEG, NONIE, SDC and Rome-based agencies FAO/WFP/CGIAR)
	DMR 8: ECD in partner countries	Engage in ECD in context of evaluations (e.g. organize special seminars on evaluation methods and processes, both within framework of an ongoing CPE or PPA) and in other countries where IOE is not undertaking evaluations, on request

[a] The selection of projects to undergo a PPA may only be determined upon submission of PCRs by PMD and the subsequent validation exercise by IOE.
[b] Priority will be given to a project in a country in which a CPE is planned in the near future (2015 or soon thereafter).
Note: GC = Governing Council; EC = Evaluation Committee; EB = Executive Board; OSC = Operational Strategy and Policy Guidance Committee; OMC = Operations Management Committee; IMT = IFAD Management Team; CPMT = Country Programme Management Team; ECG = Evaluation Cooperation Group; and NONIE = Network of Networks on Impact Evaluation.

VI.   2014 resource envelope

A.   Staff resources

25.   As a first step in preparation of the 2014 budget proposal, IOE undertook an internal strategic workforce planning (SWP) exercise. It reviewed current staffing numbers and staff grading composition, and compared these to the estimated workload (in terms of total number of days) to implement the overall proposed work programme for 2014 effectively and promptly.

26.   Based on the results of this exercise, IOE proposes to maintain the same number of staff in 2014 as in 2013. Changes in the staff-level complement are envisaged, to ensure that the division has the right mix of staff resources, taking into account the number, type and complexity of evaluations included in the 2014 work

programme. Human resources required and any proposed changes for 2014 may be seen in annex VI.

B. Budget proposal

27. **Budget process**. In preparing the budget for 2014, IOE took into consideration the need to further improve the linkages between budget and results, as well as the drive for efficiency improvements.

28. During the course of the planning exercise, the division defined its strategic objectives and DMRs for 2014-2015. Using standard coefficients based on historic costs and level of effort by type of evaluation, the workload (in person days) and costs were estimated by types of evaluations to form a basis for developing the budget for 2014. Consultant resource requirements are net of the available staff resources and costed accordingly. Travel costs for both staff and consultants were estimated based on the type of evaluation activity and corresponding evaluation processes, in line with the Evaluation Manual, and the mix of countries where evaluations are expected to take place.

29. **Cost drivers**. The primary cost drivers for the 2014 budget are: (i) salary increases, as for other IFAD staff; (ii) the effect of inflation on non-staff costs; and (iii) increased travel costs due to price increase beyond average inflation assumptions.

30. **The assumption**. The parameters IOE uses in constructing its 2014 budget are suggested by the IFAD Budget Unit, and are consistent with what IFAD will be using for its 2014 administrative budget: (i) inflation rate of 2.1 per cent for non-staff costs; (ii) price increase of 2.5 per cent for staff costs; and (iii) exchange rate of US$1= EUR 0.72 – that of 2013 has been retained for 2014.

31. The total IOE 2014 budget (both staff and non-staff costs) is presented according to three different criteria: (i) type of evaluation activity to be conducted (table 3); (ii) category of expenditure (table 4); and (iii) the two strategic objectives (table 5).

32. Based on historic costs by type of evaluation activity and the number of planned evaluations in 2014, table 3 shows that the largest amount of non-staff costs is allocated to higher-plane evaluations (corporate-level and country programme evaluations, including the ARRI). This is consistent with the increased attention to such evaluations in other international financial institutions, given their unique role in contributing to systemic changes and improvements. Specific allocations are made, respectively, for one new impact evaluation of an IFAD-funded project and preparation of the second edition of the Evaluation Manual (a one-time cost).

Table 3
Proposed budget for 2014 (by type of activity)

Type of activity	Approved 2013 budget	Proposed 2014 budget
ARRI	150 000	150 000
CLEs	430 000	350 000
CPEs	1 300 000	790 000
PCR validations	30 000	50 000
PPAs	200 000	230 000
Impact evaluation	0*	200 000
Evaluation syntheses	50 000	100 000
Second edition of Evaluation Manual	0	150 000
Communication, evaluation outreach, knowledge-sharing, partnership activities	108 000	188 000
ECD, training and other costs	78 711	116 522
Total non-staff costs	**2 346 711**	**2 324 522**
Staff costs	**3 667 268**	**3 684 319**
Total	**6 013 979**	**6 008 841**

* As impact evaluation is a project-level evaluation, it was decided to allocate US$25,000 from the PPA budget line to this evaluative exercise. The remaining balance was funded through the 3 per cent carry-forward from 2012, as well as through supplementary funds.

33. Table 4 shows the budget (non-staff costs) distributed by category of expenditure. For the 2014 proposed budget, the individual categories of expenditure (e.g. consultant fees, staff travel, etc.) include the cumulative costs needed to satisfactorily complete each and every planned activity in the 2014 work programme. Consultant costs include only fees, while their travel and allowances are shown separately. In-country CPE learning workshop expenses have also been separated and will be carefully monitored to ensure adequate and effective allocation to this important activity. In addition, a separate allocation has been provided for IOE staff training costs, given that training is so important to staff development. This budget category also includes communication and outreach costs, but excludes the travel component, which is appropriately reflected in staff travel. Based on experience gathered in 2014, these costs will be analysed and allocations adjusted to further reflect IOE priorities.

34. Table 4 illustrates efforts being made to contain consultant fees. This will be done, inter alia, by mobilizing a greater number of regional/national consultants,[12] using consultants with a high daily honorarium very selectively, and insourcing some activities that would have been done by consultants in the past. Finally, tables 3 and 4 show that there are very minimal increases in staff costs, despite the corresponding price increases. This is due to changes in the staff-level complement (as mentioned in paragraphs 25 and 26).

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[12] That is, consultants based in the geographical region or country where a project or country programme evaluation will be undertaken. Moreover, systematic efforts will be made to further enhance the number of women consultants.

Table 4
Proposed budget for 2014 (by category of expenditure)

Category of expenditure	Approved 2013 budget	Proposed 2014 budget
Staff travel	330 000	345 000
Consultant fees	1 525 362	1 410 000
Consultant travel and allowances	352 007	380 000
In-country CPE learning events	30 000	35 000
Evaluation outreach, staff training and other costs	109 342	154 522
Total non-staff costs	**2 346 711**	**2 324 522**
Staff costs	**3 667 268**	**3 684 319**
Total	**6 013 979**	**6 008 841**

35. Table 5 shows allocation of the total proposed budget (non-staff and staff components) to achieve the two strategic objectives proposed by IOE. Further detail, including allocation to each DMR, can be found in annex VII, table 3. SO1 receives the greater allocation, mainly because the bulk of consultancy resources will be mobilized for activities that contribute to achieving this objective. However, most of the activities undertaken within this objective also contribute to SO2. For example, preparation of the second edition of the Evaluation Manual (which is budgeted under SO1) will also assist in undertaking ECD in recipient countries.

36. Table 5 also shows that the 2014 budget is directly linked to the planned outputs of IOE in 2014. In coming years, more effort will be made to link IOE's outputs to outcomes, bearing in mind that – in the experience of similar organizations – measureable outcomes may only be seen several years after evaluations have been finalized.

Table 5
Proposed budget allocation (by strategic objective)

	Approved 2013 budget		Proposed 2014 budget	
Strategic objective (SO)	Amount (US$)	Percentage	Amount (US$)	Percentage
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	4 752 846	79	4 379 652	73
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	1 261 133	21	1 629 189	27
Total	**6 013 979**	**100**	**6 008 841**	**100**

37. The proposed 2014 budget is US$6.009 million, which is a zero nominal increase against the 2013 approved budget. In preparing this budget, efforts have been made to further: (i) trim consultant costs, through a more-efficient use of the skills, competencies and experience of IOE staff; and (ii) absorb the effect of the 2.1 per cent inflation rate for non-staff costs. As mentioned above, there is a slight increase in the staff cost estimate, which reflects the 2.5 per cent salary increase assumption, partly offset by savings from changes in the staff-level complement.

Regular budget by cluster and department – 2012 actual versus budget
(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2012 budget	2012 actual	Change	2012 budget	2012 actual	Change	2012 budget	2012 actual	Change	2012 budget	2012 actual	Change	2012 budget	2012 actual	Change
Office of the President and Vice-President	0.50	0.21	(0.29)	1.03	1.17	0.14	0.96	1.00	0.04	0.88	0.25	(0.63)	3.37	2.63	(0.74)
Corporate Services Support Group	3.66	3.03	(0.63)	4.23	3.07	(1.16)	1.98	2.30	0.32	8.27	6.73	(1.54)	18.14	15.13	(3.01)
Partnership and Resource Mobilization Office	0.17	0.11	(0.06)	1.80	2.29	0.49	0.36	0.34	(0.02)	0.66	0.15	(0.51)	2.99	2.89	(0.10)
Strategy and Knowledge Management Department	0	1.50	1.50	3.16	1.45	(1.71)	0.86	0.93	0.07	0	0	0	4.02	3.88	(0.14)
Programme Management Department	80.62	67.82	(12.80)	0.03	1.05	1.02	0.05	0.24	0.19	0	0	0	80.70	69.11	(11.59)
Financial Operations Department	3.13	4.64	1.51	0	0.04	0.04	5.23	5.16	(0.07)	0.11	0.09	(0.02)	8.47	9.93	1.46
Corporate Services Department	0.93	1.22	0.29	0.20	0.16	(0.04)	23.06	25.55	2.49	0.16	0.12	(0.04)	24.35	27.05	2.70
Corporate costs													2.10	7.64	5.54
Total	**89.01**	**78.53**	**(10.48)**	**10.45**	**9.23**	**(1.22)**	**32.50**	**35.52**	**3.02**	**10.08**	**7.34**	**(2.74)**	**144.14**	**138.26**	**(5.88)**
Cluster % (budget vs actual)	61.8%	56.8%		7.2%	6.7%		22.5%	25.7%		7.0%	5.3%				

Regular budget by cluster and department – 2013 budget versus forecast
(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2013 budget	2013 forecast	Change	2013 budget	2013 forecast	Change	2013 budget	2013 forecast	Change	2013 budget	2013 forecast	Change	2013 budget	2013 forecast	Change
Office of the President and Vice-President	-	-	-	1.37	1.40	0.03	1.10	0.93	(0.17)	0.27	0.23	(0.04)	2.74	2.56	(0.18)
Corporate Services Support Group	3.91	3.62	(0.29)	3.23	2.98	(0.25)	2.99	2.98	(0.01)	7.34	7.15	(0.19)	17.47	16.73	(0.74)
Partnership and Resource Mobilization Office	0.17	0.16	(0.01)	3.35	2.87	(0.48)	0.34	0.28	(0.06)	0.22	0.15	(0.07)	4.08	3.46	(0.62)
Strategy and Knowledge Management Department	2.92	2.47	(0.45)	1.86	1.58	(0.28)	1.49	1.26	(0.23)	0.05	0.11	0.06	6.32	5.42	(0.90)
Programme Management Department	70.32	69.34	(0.98)	2.25	2.56	0.31	-	-	-	-	-	-	72.57	71.90	(0.67)
Financial Operations Department	5.42	5.41	(0.01)	0.06	0.05	(0.01)	5.08	5.38	0.30	0.11	0.11	-	10.67	10.95	0.28
Corporate Services Department	1.18	1.27	0.09	0.12	0.07	(0.05)	23.30	24.75	1.45	0.43	0.56	0.13	25.03	26.65	1.62
Corporate costs (allocated to clusters)	1.18	-	(1.18)	0.32	0	(0.32)	0.60	0	(0.60)	0.20	0	(0.20)	2.30	0	(2.30)
Corporate cost centre (not allocated to clusters)	-			-	0		-	0		-	-		2.96	3.33	0.37
Total	**85.10**	**82.27**	**(2.83)**	**12.56**	**11.51**	**(1.05)**	**34.90**	**35.58**	**0.68**	**8.62**	**8.31**	**(0.31)**	**144.14**	**141.0**	**(3.14)**
Cluster % (budget vs. forecast)	59.0%	58.3%		8.7%	8.2%		24.2%	25.2%		6.0%	5.9%				

IOE strategic objectives, DMRs and types of outputs

IOE strategic objective	IOE DMR	Type of output
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	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	ARRI CLE
	DMR 2: CPEs that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	CPE
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	Project performance assessment (PPA) Project completion report validation (PCRV) Impact evaluation
	DMR 4: Methodology development	Second edition of the manual and other related guidelines
	DMR 5: Work related to IFAD governing bodies	IFAD10, GC and EC/EB and Audit Committee sessions
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	DMR 6: Production of evaluation syntheses and ARRI learning themes	Evaluation synthesis ARRI learning theme
	DMR 7: Systematic communication and outreach of IOE's work	Workshop on thematic issues Publications Learning events
	DMR 8: ECD in partner countries	In-country workshops on evaluation methodology and processes and related activities

IOE achievements in 2013

Table 1
IOE work programme 2013 – selected tasks
(summary of projected and current achievements at mid-year)

Task	Year-start projection		Current	Year-end output
Type of activity	To be completed in 2013	To start in 2013 and be completed in 2014	Status at mid-year 2013	Expected year-end achievement
Corporate-level evaluation (CLE)	3	2	2 completed 2 started 1 postponed	3 completed 1 ongoing
Country programme evaluation (CPE)	2	4	1 completed 5 ongoing	2 completed 4 ongoing
Project completion report validation (PCRV)	All PCRs available from PMD in year		18 completed	All PCRs available from PMD in year
Project performance assessment (PPA)	8		6 ongoing 2 to start	8 completed
Impact evaluation (IE)	1		1 started as scheduled and ongoing	IE completed
Evaluation Committee (EC) and Executive Board (EB)	EC sessions: 4 EB sessions: 3 One country visit by EC	N/A	EC sessions: 4 EB sessions: 1 GC: 1 Annual EC country visit (Viet Nam 2013)	EC sessions: 6 (2 extra sessions) EB: 3 GC: 1 One country visit by EC
Evaluation synthesis (ES): water management and conservation; youth	1		1 started as scheduled and ongoing; 1 extra on youth started	ESs on water and youth completed
Annual Report on Results and Impact of IFAD Operations (ARRI)	1	N/A	ARRI started as scheduled and ongoing	1
IOE comments on PRISMA and RIDE	2	N/A	1 completed 1 to start	2

Note: Further details provided in table 2.

Table 2
Progress of 2013 planned activities

Type of work	Evaluation activities	Planned implementation status	Present status
1. Corporate-level evaluation	Assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations	To be completed in April 2013	Completed. Evaluation report presented to Evaluation Committee and Executive Board in April 2013
	Direct supervision and implementation support	To be completed in June 2013	Completed. Final evaluation report discussed by Evaluation Committee in June 2013 and Executive Board in September 2013
	Evaluation of achievements of IFAD replenishments	To be completed in December 2013	In progress as planned
	Revised IFAD Policy for Grant Financing	To start in January 2013	Started as planned and to be completed in 2014
	IFAD's approach to and results in policy dialogue	To start in September 2013	As discussed with IFAD Management, deferred to allow IOE to start CLE on IFAD's engagement in fragile states in January 2014, a topic that deserves attention and has higher priority at this stage
2. Country programme evaluation	Bolivia	To start in January 2013	Started as planned and to be completed in 2014
	China	To start in January 2013	Started as planned and to be completed in 2014
	Madagascar	To be completed in September 2013	Completed ahead of schedule. National round-table workshop organized in May 2013
	Moldova	To be completed in December 2013	In progress as planned. Main mission fielded in March 2013
	Senegal	To start in January 2013	Started as planned. Main mission fielded in April 2013; to be completed in 2014
	Zambia	To start in January 2013	Started as planned. Main mission fielded in July 2013; to be completed in 2014
3. Project completion report validation	Validate all PCRs available during year	To be completed in December 2013	In progress as planned
4. Project performance assessment	About 8 project performance assessments	To be completed in December 2013	In progress as planned
5. Impact evaluation	Sri Lanka Dry Zone Livelihood Support and Partnership Programme	To start in January 2013	In progress as planned. Approach paper discussed by Evaluation Committee in April 2013. Final report to be presented to Evaluation Committee by end 2013
6. Evaluation Committee and Executive Board	Review of implementation of results-based work programme for 2013 and indicative plan for 2014-2015, and preparation of results-based work programme and budget for 2014 and indicative plan for 2015-2016	To be completed in December 2013	In progress as planned

Type of work	Evaluation activities	Planned implementation status	Present status
	11th Annual Report on Results and Impact of IFAD's Operations (ARRI)	To be completed in December 2013	In progress as planned
	IOE comments on President's Report on Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2013	Completed
	IOE comments on Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2013	To be undertaken as planned. RIDE with IOE comments to be discussed with Evaluation Committee and thereafter by Executive Board in December 2013
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by Evaluation Committee	To be completed in December 2013	N/A
	Participation in all sessions of Evaluation Committee, according to terms of reference and rules of procedure of EC	To be completed in December 2013	Four formal sessions held. Two more sessions planned in October and November, respectively. IOE participated in EC field visit to Viet Nam, and made presentation on results of CPE
7. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, IOE website, etc.	January-December 2013	In progress as planned
	Evaluation synthesis on water management and conservation	To be completed in December 2013	In progress as planned. Another evaluation synthesis started on youth – originally planned to start in January 2014
	Attend IFAD Management Team meetings; OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; participate selectively in CPMTs; and attend (as observer) Operational Management Committee meetings	January-December 2013	In progress as planned
	IOE-OPV quarterly meetings	January-December 2013	In progress as planned
8. Partnership	ECG, NONIE, UNEG and SDC partnership	January-December 2013	In progress as planned. IOE participated in ECG Spring Meeting and UNEG Annual General Meeting. New partnership formally established with Swiss Development Cooperation Agency to strengthen cooperation in evaluation
9. Methodology	Fine-tune methodology for PCR validations and PPAs as needed	January-December 2013	In progress as planned
	Contribute to in-house and external debate on impact evaluations	January-December 2013	In progress as planned
	Continue to fine-tune Evaluation Manual to reflect key emerging issues as required	January-December 2013	Process launched for preparing second edition of Evaluation Manual, to be issued in 2014

Type of work	Evaluation activities	Planned implementation status	Present status
	Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	January-December 2013	In progress as planned
10. ECD	Implementation of activities in partner countries related to ECD	January-December 2013	In progress as planned. Seminar on evaluation methodology held in context of Madagascar CPE; a statement of intent with Government of China in preparation

Table 3
Key additional activities in 2013

Description of activities	Time line
Joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation. Examples of collaborative activities already undertaken include: (i) sharing of consultant databases; (ii) participation in recruitment process of P-2 Professional staff member in IOE; (iii) participation in recruitment process of P-5 Professional staff member in CGIAR; and (iv) participation of evaluators from Rome-based agencies in learning event on impact evaluation organized by IOE	Joint statement effective 2 April 2013
Hosting extraordinary Annual General Meeting of United Nations Evaluation Group (UNEG) to discuss strategy and priorities of UNEG	26-27 September 2013
Follow-up study to review implementation of agreed recommendations from Joint Evaluation with AfDB on Agriculture and Rural Development in Africa	January-June 2013
Preparation of dedicated booklet to mark 10 years of IFAD's independent evaluation function, launched at April 2013 session of Executive Board	January-April 2013
Planned conference on role of evaluation in reducing rural poverty (in context of 10 years of IFAD's independent evaluation function)	November 2013
Discussion of CPE reports at Executive Board sessions scheduled in 2013: • Uganda in April; • Kenya, Nepal and Rwanda in September; and • Others (to be determined) in December 2013	January-December 2013
Preparation of IOE notes on COSOPs for Executive Board: • Kenya, Nepal and Rwanda in September; • Others in December 2013	January-December 2013
External peer reviews: • Asian Development Bank annual evaluation review report; • Global Environmental Facility (GEF) Fifth Overall Performance Study	January-December 2013
Disclosure of evaluation ratings database	Made public in May 2013

Proposed IOE evaluation activities for 2014 and indicative plan for 2015-2016

Table 1
Proposed IOE work programme for 2014 by type of activity

Type of work	Proposed activities for 2014	Start date	Expected finish	Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	2015
				Expected delivery time[a]				
1. Corporate-level evaluation	Revised IFAD Policy for Grant Financing	Jan-13	Jun-14		X			
	IFAD's engagement in fragile states	Jan-14	Jun-15					X
2. Country programme evaluation	Bolivia	Jan-13	Mar-14	X				
	Bangladesh	May-14	Jul-15					X
	China	Jan-13	Mar-14	X				
	Senegal	Jan-13	Mar-14	X				
	Sierra Leone	Jan-14	Mar-15					X
	United Republic of Tanzania	Jan-14	Mar-15					X
	Zambia	Jan-13	Mar-14	X				
3. Project completion report validation	Validate all PCRs available in year	Jan-14	Dec-14	X	X	X	X	
4. Project performance assessment	About 8 PPAs	Jan-14	Dec-14			X	X	
5. Impact evaluation	One (project to be determined)	Jan-14	Dec-14				X	
6. Engagement with governing bodies	Review of implementation of results-based work programme for 2014 and indicative plan for 2015-2016, and preparation of results-based work programme and budget for 2015 and indicative plan for 2016-2017	Jan-14	Dec-14					
	12th ARRI	Jan-14	Dec-14				X	
	IOE comments on PRISMA	Jun-14	Sep-14			X		
	IOE comments on RIDE	Oct-14	Dec-14				X	
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by Evaluation Committee	Jan-14	Dec-14					
	Participation in all sessions of Evaluation Committee, according to revised terms of reference and rules of procedure of EC	Jan-14	Dec-14		X	X	X	
	IOE notes on COSOPs when related CPEs are available	Jan-14	Dec-14		X	X	X	
	IOE engagement in IFAD10 (activities to be determined)	Jan-14	Dec-14					

Type of work	Proposed activities for 2014	Start date	Expected finish	Expected delivery time[a]				
				Jan-Mar 2014	*Apr-Jun 2014*	*Jul-Sep 2014*	*Oct-Dec 2014*	*2015*
7. Communication and knowledge management activities	Evaluation synthesis on IFAD's engagement in middle-income countries	Jan-14	Jun-14		**X**			
	Evaluation synthesis on pastoral development	Jun-14	Dec-14				**X**	
	Evaluation reports, Profiles, Insights, website, etc.	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	Organization of in-country CPE learning workshops, as well as learning events in IFAD	Jan-14	Dec-14					
	Participate and share knowledge in selected external platforms such as learning events or meetings of evaluation groups	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	IOE-OPV quarterly meetings	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMCs, IMTs and selected CPMTs	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
8. Partnership	ECG, UNEG, NONIE and SDC partnerships	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	Contribute as external peer reviewer to key evaluations by other multilateral/bilateral organizations as requested	Jan-14	Dec-14					
	Implement Joint Statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
9. Methodology	Second edition of Evaluation Manual	Jan-14	Dec-14				**X**	
	Contribute to in-house and external debate on impact evaluations	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
10. ECD	Engage in ECD in context of regular evaluation process	Jan-14	Dec-14	**X**	**X**	**X**	**X**	
	Organization of workshops in partner countries (as per request) on evaluation methodology and processes	Jan-14	Dec-14	**X**	**X**	**X**	**X**	

[a] The quarterly delivery time is marked with an **X** only for an expected specific deliverable.

Table 2
IOE indicative plan for 2015-2016 by type of activity

Type of work	Indicative plan for 2015-2016	Year
1. Corporate-level evaluation	Joint evaluation with FAO and WFP of Reformed Committee on World Food Security	2015-2016
	IFAD's approach and results in policy dialogue	2015-2016
	IFAD's efforts in conducting impact evaluations	2015-2016
	Targeting	2016-2017
2. Country programme evaluation	Brazil	2015-2016
	Burkina Faso	2015
	Burundi	2015
	Cameroon	2016
	India	2016
	Malawi	2015
	Pakistan	2015
	Indian Ocean small island developing states	2015
	Subregional evaluation in English-speaking Caribbean island countries	2015-2016
3. Project completion report validation	Validate all PCRs available in year	2015-2016
4. Project performance assessment	About 8 PPAs/year	2015-2016
5. Impact evaluation	1 per year (project to be determined)	
6. Engagement with governing bodies	Review of implementation of results-based work programme for 2015 and indicative plan for 2016-2017, and preparation of results-based work programme and budget for 2016 and indicative plan for 2017-2018	2015
	Review of implementation of results-based work programme for 2016 and indicative plan for 2017-2018, and preparation of results-based work programme and budget for 2017 and indicative plan for 2018-2019	2016
	13th and 14th ARRIs	2015-2016
	IOE comments on PRISMA	2015-2016
	IOE comments on RIDE	2015-2016
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by Evaluation Committee	2015-2016
	Participation in all sessions of Evaluation Committee, according to revised terms of reference and rules of procedure of Evaluation Committee	2015-2016
	IOE notes on COSOPs when related CPEs are available	2015-2016

Type of work	Indicative plan for 2015-2016	Year
7. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	2015-2016
	Evaluation synthesis (on indigenous peoples)	2015
	Activities related to International Year of Evaluation (2015)	2015
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMC, IMT and selected CPMTs	2015-2016
8. Partnership	ECG, UNEG, NONIE and SDC partnerships	2015-2016
	Implement Joint Statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	2015-2016
9. Methodology	Contribute to in-house and external debate on impact evaluation	2015-2016
	Training of IOE staff and consultants on 2nd edition of Evaluation Manual	2015
	Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	2015-2016
10. ECD	Implementation of activities in partner countries related to ECD	2015-2016

IOE staff levels for 2014

2010 level	2011 level	2012 level	2013 level	2014		
				Professional staff	*General Service staff*	*Total*
19.5	19.5	19.5	18.5	**12.5**	**6**	**18.5**

Human resource category

Category	*2013*	*2014*
Director	1	1
Deputy Director	1	1
Senior evaluation officers	4	3
Evaluation officers	5	6
Evaluation research analyst	1	1
Evaluation knowledge and communication officer	0.5	0.5
Total Professional staff	**12.5**	**12.5**
Administrative assistant	1	1
Assistant to Director	1	1
Assistant to Deputy Director	1	1
Evaluation assistants	3	3
Total General Service staff	**6**	**6**
Grand total	**18.5**	**18.5**

IOE General Service staff levels

2006	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014 (proposed)*
9.5	9.5	8.5	8.5	8	8	8	6	6

Proposed IOE budget for 2014

Table 1
IOE proposed budget 2014
(United States dollars)

Evaluation work	2010 budget[a]	2011 budget[a]	2012 budget[a]	2013 budget[a] (1)	Proposed 2014 budget			
					Real increase/decrease (2)	Price increase[b] (3)	Exchange rate increase/decrease[c] (4)	Total 2014 budget at US$1 = EUR 0.72 (5)=(1)+(2)+(3)+/-(4)
Non-staff costs	2 600 000	2 238 000	2 289 474	2 346 711	-70 000	47 811	0	2 324 522
Staff costs	3 620 204	3 645 576	3 734 530	3 667 268	-72 810	89 861	0	3 684 319
Total	6 220 204	5 883 576	6 024 004	6 013 979	-142 810	137 672	0	6 008 841

[a] As approved by the Governing Council (at the exchange rate of US$1 = EUR 0.722 in 2010, 2011, 2012 and 2013).

[b] As for the rest of IFAD and conveyed by the Budget Unit. Price increase for non-staff costs is 2.1 per cent, and for staff costs 2.5 per cent.

[c] As conveyed by the Budget Unit, the exchange rate to be applied at this stage is the same exchange rate as applied for the 2013 budget, i.e. US$1 = EUR 0.72 to facilitate comparison, with the proviso that final exchange rate will be set in detailed budget preparation phase.

Table 2
2014 IOE budget proposal breakdown for non-staff costs

Type of activity	Absolute number	Relative number in terms of % of work done[a]	Standard unit costs[b] (US$)	Proposed non-staff costs in 2014 (US$)
ARRI	1	1	150 000	150 000
Corporate-level evaluation	2	1	Differentiated cost based on scope and nature of issues to be assessed: 200 000-450 000	350 000
Country programme evaluation	7	3.3	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 235 000-315 000	790 000
PCR validation	About 30	About 30	-	50 000
PPA	About 8	About 8	25 000-30 000	220 000
Impact evaluation	1	1	200 000-300 000	200 000
Evaluation synthesis	2	2	50 000	100 000
Revision of IOE Evaluation Manual	1	1	-	150 000
Communication, evaluation outreach, knowledge-sharing and partnership activities	-	-		188 000
ECD, training and other costs	-	-		116 522
Total				**2 324 522**

[a] Often evaluations are begun one year and completed the following year. This figure represents percentage of work done for those evaluations in 2014.

[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
(United States dollars)

IOE objectives	IOE DMRs	Proposed budget (staff and non-staff cost)	Percentage overall total proposed budget
Strategic objective 1: Contribute, through independent evaluation work, to enhancing accountability for results	DMR 1: ARRIs and CLEs that provide concrete building blocks for development and implementation of better corporate policies and processes	903 018	15
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	1 649 589	27
	DMR 3: Project evaluations that contribute to better IFAD–supported operations	1 112 059	19
	DMR 4: Methodology development	476 556	8
	DMR 5: Work related to IFAD governing bodies	238 430	4
Total for strategic objective 1		**4 379 652**	**73**
Strategic objective 2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	DMR 6: Production of evaluation syntheses and ARRI learning themes	496 350	8
	DMR 7: Systematic communication and outreach of IOE's work	822 642	14
	DMR 8: ECD in partner countries	310 197	5
Total for strategic objective 2		**1 629 189**	**27**
GRAND TOTAL		**6 008 841**	**100**

Key performance indicators

- These key performance indicators (KPIs) were adopted in 2011. Progress against them will be reported in the final submission to the Board in December 2013.

- IOE plans to develop a **new results framework** with KPIs that will better link inputs to outputs and outcomes. This will be done in the revised document that will be considered by the Evaluation Committee in its session planned for 4 October 2013.

IOE objectives	Key performance indicators	IOE DMRs[a]	Means of verification	2011 baseline	2014 target
Strategic objective 1: Contribute, through independent evaluation work, to enhancing accountability for results	1. Percentage of evaluations completed in full compliance with IFAD Evaluation Policy and IOE evaluation methodology	DMRs 1, 2 and 3	IOE's internal peer review	100%	100%
	2. Senior independent advisers certify quality of evaluation process and methodology used, for CLEs and selectively for CPEs	DMRs 1, 2 and 3	SIA reports	100%	100%
	3. Number of events attended by IOE staff, related to self-evaluation and ECD	DMR 4	IOE record	1 event	3 events
	4. Number of IOE staff members sent on evaluation training each year, on a rotational basis	DMR 4	IOE record	3 staff	3 staff
	5. Number of planned Evaluation Committee sessions held in accordance with Committee's terms of reference	DMR 5	IOE record	4 regular sessions	At least 4 regular sessions
	6. IOE participation as required in sessions of Audit Committee, Executive Board, Governing Council and Evaluation Committee annual country visit	DMR 5	IOE record	100%	100%
Strategic objective 2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	7. Number of key learning events organized by IOE within IFAD	DMRs 6 and 7	IOE record	2 events	4 events
	8. Number of in-country learning events co-organized by IOE with governments	DMR 7	IOE record	4 events	5 events
	9. Number of in-house learning events attended by IOE staff for knowledge-sharing	DMR 7	IOE record	2 events	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
	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 ACP is signed)	DMRs 6 and 7	IOE record	80%	100%

IOE objectives	Key performance indicators	IOE DMRs[a]	Means of verification	2011 baseline	2014 target
	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	NA	100%
	13. Number of workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes	DMR 8	IOE record	NA	

[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; DMR 8: ECD in partner countries.

Selectivity framework

Table 1
Guiding questions for selection and prioritization of evaluations for inclusion in IOE's work programme

Corporate-level evaluations/evaluation syntheses	*Country programme evaluations*	*Project performance assessments*
1. Is this an area of interest/priority for IFAD stakeholders?	1. Is this a country of interest/priority to regional division?	1. Are there major information gaps, inconsistencies and analytical weaknesses in PCR found by IOE during validation process?
2. Is this in line with IFAD's strategic priorities and replenishment commitments?	2. How does this evaluation fit within geographical balance of IOE evaluation portfolio?	2. Does project have successful innovative approaches that can be scaled up elsewhere?
3. Will this address a knowledge gap in IFAD?	3. Is there a critical decision point in IFAD that would drive timing of this evaluation?	3. Is there high disconnect between ratings contained in PCR and those generated by IOE during validation process?
4. What is evaluation expected to impact?	4. How does this evaluation fit within IOE's objective?	4. How does this evaluation fit within geographical balance of IOE evaluation portfolio?
5. Is there a critical decision point in IFAD that would drive timing of this evaluation?	5. What other IOE deliverables would this evaluation draw on and/or contribute to?	5. What other IOE deliverables would this evaluation draw on and/or contribute to?
6. How does this evaluation fit within IOE's objectives?	6. Does IOE have resources (financial and human) to conduct this evaluation?	6. Does IOE have resources (financial and human) to conduct this evaluation?
7. What other IOE deliverables would this evaluation draw on and/or contribute to?		
8. Does IOE have resources (financial and human) to conduct this evaluation?		

Table 2
Application of selectivity framework for CLEs and evaluation syntheses[a]

Guiding questions for CLEs/evaluation syntheses	CLE on IFAD's engagement in fragile states	CLE on IFAD's approach and results in policy dialogue	Evaluation synthesis on IFAD's engagement in middle-income countries	Evaluation synthesis on pastoral development
1. Is this an area of interest/priority for IFAD stakeholders?	5	4	5	3
2. Is this in line with IFAD's strategic priorities and replenishment commitments?	5	4	5	4
3. Will this address a knowledge gap in IFAD?	Yes	Yes, to a lesser extent, as 2012 ARRI included a learning theme on policy dialogue	Yes	Yes
4. What is evaluation expected to impact?	IFAD's approach to its engagement in fragile states	IFAD's approach to policy dialogue	IFAD's approach to its engagement in middle-income countries	IFAD's operations related to pastoral development
5. Is there a critical decision point in IFAD that would drive timing of this evaluation?	Yes	To some extent	Yes	No
6. How does this evaluation fit within IOE's objectives?	Contribute to strategic objectives 1 and 2	Contribute to strategic objectives 1 and 2	Contribute to strategic objective 2	Contribute to strategic objective 2
7. What other IOE deliverables would this evaluation draw on and/or contribute to?	Draw on CPEs and project-level evaluations	Draw on CPEs and project-level evaluations, as well as 2012 ARRI learning theme on policy dialogue	Draw on CPEs and project-level evaluations undertaken in middle-income countries. Contribute to future CLE on this topic	Draw on CPEs and project-level evaluations where there are pastoral development activities
8. Does IOE have resources (financial and human) to conduct this evaluation?	Yes	Only one new CLE can be carried out in a given year.	Yes	Yes

[a] In constructing the work programme, each proposed evaluation has been validated against the guiding questions, using a five-point score, where 5 represents the highest score and 1 the lowest.

Table 3
Application of selectivity framework for CPEs

Guiding questions for CPEs	Bangladesh	Sierra Leone	United Republic of Tanzania	English-speaking Caribbean island countries
1. Is this a country of interest/priority to regional division?	5	5	5	3
2. How does this evaluation fit within geographical balance of IOE evaluation portfolio?	5	5	5	5
3. Is there a critical decision point in IFAD that would drive timing of this evaluation?	Yes (current COSOP covers 2012-2018; CPE will contribute to COSOP mid-term review)	Yes (current COSOP covers 2010-2015; CPE will contribute to formulation of new COSOP)	Yes (current COSOP covers 2007-2013; CPE will contribute to formulation of new COSOP)	At present IFAD has no subregional strategy in region
4. How does this evaluation fit within IOE's objectives?	Contribute to strategic objectives 1 and 2	Contribute to strategic objectives 1 and 2	Contribute to strategic objectives 1 and 2	Contribute to strategic objectives 1 and 2
5. What other IOE deliverables would this evaluation draw on and/or contribute to?	Draw on project-level evaluations in Bangladesh and on previous CPE of 2005; contribute to CLE on policy dialogue	Contribute to CLEs on fragile states and policy dialogue	Draw on project-level evaluations in United Republic of Tanzania and on previous CPE of 2003; contribute to CLE on policy dialogue	Contribute to CLE on policy dialogue
6. Does IOE have resources (financial and human) to conduct this evaluation?	Yes	Yes	Yes	No, thus it is proposed that this evaluation be included in indicative forward work programme 2015-2016