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Enabling poor rural people  
to overcome poverty

## **IFAD's 2014 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2014 and indicative plan for 2015-2016, and the HIPC and PBAS progress reports**

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**For: Approval**

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## Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
CLEE	corporate-level evaluation on IFAD's institutional efficiency and efficiency of IFAD-funded operations
COSOP	country strategic opportunities programme
CPE	country programme evaluation
DMR	divisional management result
DSF	Debt Sustainability Framework
ECD	evaluation capacity development
ECG	Evaluation Cooperation Group
FAO	Food and Agriculture Organization of the United Nations
FTE	full-time equivalent
ICT	information and communications technology
IFAD9	Ninth Replenishment of IFAD's Resources
IFAD10	Tenth Replenishment of IFAD's Resources
IMT	IFAD Management Team
IOE	Independent Office of Evaluation of IFAD
LGS	loans and grants system
NONIE	Network of Networks on Impact Evaluation
OMC	Operations Management Committee
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PCR/V	project completion report validation
PPA	project performance assessment
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
SDC	Swiss Agency for Development and Cooperation
SWP	strategic workforce planning (or plan)
UNEG	United Nations Evaluation Group
WFP	World Food Programme

## Executive summary

1. IFAD 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 a lending level of approximately US\$1.06 billion 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\$225 million in 2014 in IFAD-managed resources from other sources.
2. Some 44 projects and programmes, including three supplementary loans and grants, are currently being prepared for approval in 2014, with eight planned with financing from the ASAP. Management expects to meet the IFAD9 commitment to provide 40 to 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\$1.696 billion), Management expects to support an overall programme of work of approximately US\$2.756 billion in new commitments to smallholder development in 2014. The programme of work will include: the core programme of loans and grants of US\$1.06 billion; US\$0.225 billion in cofinancing directly managed by IFAD; and the balance from international, domestic and private-sector cofinancing. These estimates include recouping the shortfall in the 2013 programme.
4. In response to the commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and the requirements of the United Nations system-wide action plan on gender, IFAD has developed a methodology for providing gender-based data on IFAD's loan portfolio and has attempted to do the same on its regular budget. Details of the gender-sensitivity value of the IFAD loan portfolio and regular budget distribution for gender-related activities are provided in this document.
5. As per commitments made, Management has incorporated the recommendations of the corporate-level evaluation on IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE), completed in early 2013, into an action plan to make IFAD a more effective and efficient institution. The IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency (EB 2013/109/R.12), or the "CLEE action plan", proposes actions to improve IFAD's operational effectiveness, the quality of its project design and delivery, and its institutional efficiency. Several of the actions it recommends have substantial budgetary implications in the short term, but are expected to lead to enhanced operational results/impacts and efficiency gains in the medium term. The specific cost implications of the CLEE action plan for 2014 in terms of capital and/or one-time and recurrent costs are discussed in this document.
6. In preparing the 2014 budget proposal, Management had to make difficult choices to accommodate the CLEE-related 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 impact on the proposed 2014 budget are: (i) CLEE-related recurrent costs; (ii) recurrent costs and depreciation of the new loans and grants system; (iii) other structural budgetary requirements; and (iv) price-related cost increases, which are explained in more detail later in the document.
7. Since presenting the preview document in September 2013, Management has reviewed each component of its costs and now proposes a lower net regular budget for 2014 of US\$149.64 million, representing a 3.8 per cent nominal increase over 2013. This includes an increase of US\$2 million for CLEE-related recurrent costs in 2014 (1.4 per cent); an increase of US\$2.28 million for the recurrent costs

associated with the replacement of the existing loans and grants system (1.6 per cent); and an estimated US\$1.22 million to meet other cost increases (0.8 per cent). The budget proposal assumes a zero increase in staff salaries and that inflation-driven price increases are absorbed.

8. Given the substantial increase in the volume of complementary and supplementary funding for projects, the incremental workload associated with such funding sources needs to be accounted for separately. Starting in 2013, Management has introduced the concept of gross and net budgeting to improve accountability and transparency in the use of resources. The gross budget for 2014 amounts to US\$155 million, including resources to manage complementary- and supplementary-funded operations in the amount of US\$5.36 million (over and above the US\$149.64 million net regular budget). This additional amount is fully recoverable from the annual allocable portion of the fee income generated from the management of complementary and supplementary funds. Endorsement by the Executive Board and subsequent Governing Council approval are being sought only for the proposed net budget of US\$149.64 million.
9. The proposed 2014 capital budget amounts to US\$5.4 million, of which US\$3.1 million is for information and communications technology investments specifically related to the CLEE action plan and US\$2.3 million is for normal capital expenditure requirements, including programmed hardware replacement and upgrades. In addition, there is a request for a one-time adjustment cost of US\$2.1 million, primarily relating to infrastructure and set-up costs of IFAD country offices, and to costs relating to the streamlining of processes across IFAD in order to enhance institutional efficiency. These include further enhancement of country presence and permit more efficient programme delivery.
10. The results-based work programme and budget for 2014 and indicative plan for 2015-2016 of the Independent Office of Evaluation of IFAD (IOE) are set out in part two of this document; the Heavily Indebted Poor Countries (HIPC) Debt Initiative and the performance-based allocation system (PBAS) progress reports are contained in parts three and four, respectively; and recommendations are contained in part five.

11. Table 1 presents a high-level summary of the total regular budget proposal for 2014 by cluster.

Table 1  
**IFAD's 2014 proposed results-based budget by cluster and capital budget**

Cluster	Outcome	Corporate management result	Net 2014 proposed		Gross 2014 proposed	
			US\$ million	%	US\$ million	%
<i>Operational</i>						
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	87.73	58.7%	93.09	60.1%
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogue for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	12.24	8.2%	12.24	7.9%
<i>Institutional support</i>						
3	An effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results	CMR 4 – Better financial resource management CMR 5 – Better human resource management CMR 6 – Better results and risk management CMR 7 – Better administrative efficiency and an enabling work and information and communications technology environment	37.47	25.0%	37.47	24.2%
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	8.72	5.8%	8.72	5.6%
<b>Total 2014 regular budget proposed for clusters 1-4</b>			<b>146.16</b>	<b>97.7%</b>	<b>151.52</b>	<b>97.8%</b>
Corporate cost centre (net of portion allocated to clusters)			3.48	2.3%	3.48	2.2%
<b>Total regular budget proposed for 2014</b>			<b>149.64</b>	<b>100%</b>	<b>155.00</b>	<b>100%</b>
<b>Other budgets proposed for 2014:</b>						
2014 capital budget			5.4		5.4	
One-time adjustment cost			2.1		2.1	

12. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows to the Fund from all sources and projected disbursements based on operational plans covering the same period have been provided in table 2. It should be noted that table 2 is indicative and is provided for information purposes only.

Table 2

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

	<i>Actual 2012</i>	<i>Projected 2013</i>	<i>Projected 2014</i>	<i>Projected 2015</i>
Resource balance carried forward at start of year	2 473	2 287	2 187	1 973
<b>Inflows to IFAD</b>				
Loan reflows	271	292	308	310
Investment income	72	(34)	(18)	22
Complementary/supplementary fund fees	5	17	15	5
<b>Subtotal</b>	<b>348</b>	<b>275</b>	<b>305</b>	<b>337</b>
<b>Outflows from IFAD</b>				
Regular and IOE budget	(143)	(146)	(155)	(159)
Other administrative expenses <sup>a</sup>	(4)	(4)	(5)	(4)
Capital budget	(4)	(10)	(5)	(5)
Costs funded by complementary/supplementary fund fees	(5)	(5)	(5)	(5)
Foreign exchange and intra-fund adjustments	1	-	-	-
<b>Subtotal</b>	<b>(155)</b>	<b>(165)</b>	<b>(170)</b>	<b>(173)</b>
<b>Net inflows/outflows to IFAD</b>	<b>193</b>	<b>110</b>	<b>135</b>	<b>164</b>
<b>Programme of work-related activities</b>				
Contributions	332	366	305	344
Contributions (ASAP)	-	180	150	-
Disbursements	(701)	(742)	(772)	(788)
Heavily Indebted Poor Countries impact	(10)	(14)	(32)	(52)
<b>Subtotal</b>	<b>(379)</b>	<b>(210)</b>	<b>(349)</b>	<b>(496)</b>
<b>Net inflows/(outflows) on all activities</b>	<b>(186)</b>	<b>(100)</b>	<b>(214)</b>	<b>(332)</b>
<b>Resource balance brought forward at end of year</b>	<b>2 287</b>	<b>2 187</b>	<b>1 973</b>	<b>1 641</b>

<sup>a</sup> Other administrative expenses include one-time budgets and carry-forward resources.



## Recommendation for approval

The Executive Board is invited to approve:

- The recommendation on IFAD's 2014 results-based programme of work, regular and capital budget, and one-time adjustment cost and the budget of the Independent Office of Evaluation of IFAD for 2014, as contained in paragraphs 130 and 131;
- The submission of the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Debt Initiative to the thirty-seventh session of the Governing Council for information, in accordance with the recommendation contained in paragraph 132; and
- The submission of a progress report on implementation of the performance-based allocation system to the thirty-seventh session of the Governing Council in 2014, based on the report provided in part four of the present document and its addendum containing the 2013 country scores and 2013-2015 allocations, in accordance with the recommendation contained in paragraph 133.

Furthermore, the Executive Board is invited to consider the draft resolution contained in the attachment on page 34 and to submit it, together with its recommendations thereon, to the thirty-seventh session of the Governing Council in February 2014 for consideration and adoption.

## **IFAD's 2014 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2014 and indicative plan for 2015-2016, and the HIPC and PBAS progress reports**

### **Part one – IFAD's 2014 results-based programme of work and regular and capital budgets**

#### **I. Context**

##### **Medium-term plan and corporate objectives**

1. 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 programme of loans and grants of US\$3 billion and mobilize additional cofinancing of US\$1.6 for every United States dollar of IFAD loans/grants;
  - (ii) Improve the quality of new and ongoing projects to the level of agreed Results Measurement Framework targets for 2015 through better project design and supervision;
  - (iii) Improve monitoring and evaluation systems and undertake impact assessments; and
  - (iv) Become more efficient (less IFAD cost per United States dollar lent or granted).
2. 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 2013-2015 period, and to

have provided 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 components will be stressed much more during the Ninth Replenishment of IFAD's Resources (IFAD9), 2013-2015. Additional funding for the [Adaptation for Smallholder Agriculture Programme](#) (ASAP) will enable IFAD to expand its work in this area.

3. 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 programme of work;
  - (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 information and communications technology (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.
4. As noted last year, there will be no expansion in the total programme of loans and grants during the three-year IFAD9 period. Instead, the focus will be on consolidating the significant changes and reforms made during the IFAD8 period 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.

**Medium-term plan implications of the corporate-level evaluation on IFAD's efficiency**

5. In the course of the IFAD9 Consultation, Management committed to incorporating the recommendations of the corporate-level evaluation on IFAD's institutional efficiency and efficiency of IFAD-funded operations (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: increase in-house technical capacity to reduce overreliance on consultants; balance workload distribution among country programme managers; achieve a more differentiated, risk-based allocation of resources; realize better integration between lending and non-lending activities; streamline operational processes; and enhance staff skills and productivity. The annex to the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency (EB 2013/109/R.12), or the "CLEE action plan", provides a summary of the recommendations and the proposed actions to be undertaken.
6. Several of the above recommendations and their corresponding actions have substantial budgetary implications in the short run. The effectiveness and efficiency gains arising from the actions taken are expected in the medium term. Some of the actions that have budgetary implications may not result in efficiency gains but are primarily targeted to improve the quality and effectiveness of IFAD's delivery. As a result, the benefits arising from these actions may not be quantifiable at this stage but will bring significant benefits to IFAD's smallholder clients. The specific cost implications for 2014 in terms of capital and/or one-time as well as recurrent costs are discussed in section V, subsection D on cost drivers. In addition, a table

showing only CLEE actions with incremental budgetary implications is provided in annex I together with expected benefits. Other CLEE actions for which the budgetary implication is being absorbed through the regular budget have not been included in the table.

## II. Gender sensitivity of IFAD's loans and budget

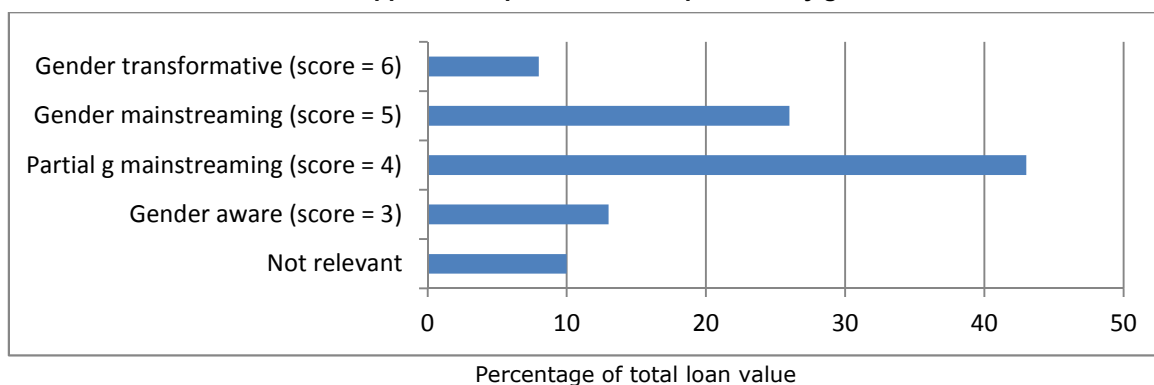
7. In response to the commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and the requirements of the United Nations system-wide action plan on gender, IFAD has developed a methodology for providing gender-based data on IFAD's loan portfolio and has attempted to do the same on its regular budget. This is IFAD's first attempt at capturing the gender sensitivity of its loan portfolio and regular budget. Management will continue to improve the approach and data collection to further enhance reporting on gender sensitivity, and will seek inputs and guidance from other organizations undertaking similar work.
8. Paragraphs 9 and 12 respectively set out the methodology developed for (i) an ex ante analysis of the gender sensitivity of new IFAD loans and (ii) the identification of the distribution of gender-related and supporting activities in the regular budget.

### Ex ante analysis of the gender sensitivity of new IFAD loans

9. Based on the methodology developed for an ex ante analysis of gender sensitivity, 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. The results for the 35 loans approved by the Executive Board between September 2012 and April 2013 (to coincide with the reporting period of the Report on IFAD's Development Effectiveness) – for a total amount of US\$825 million – are presented in figure 1. They show that over 77 per cent of the value of the loans is moderately satisfactory or more with respect to gender.

Figure 1

#### Distribution of total loan value approved September 2012-April 2013 by gender score



10. Overall, 26 per cent of the total loan value can be classified as gender mainstreaming – where the commitment to gender equality is fully integrated within the component activities and is reflected in the allocation of financial and human resources, and in the operational measures and procedures. A further 8 per cent can be described as gender transformative, with activities that go beyond addressing the symptoms of gender inequality to tackling the underlying social norms, attitudes, behaviours and social systems.
11. Most of the loan value (43 per cent) can be described as partial gender mainstreaming, whereby gender considerations have been mainstreamed in some aspects of component design but with limited allocation of resources. A further 13 per cent contributes in a more limited way to gender equality (gender aware). Gender issues were not considered to be relevant to 10 per cent of the loan value

at design stage, such as meteorology and hydrometric systems or seed certification.

#### **Capturing gender-related and supporting activities in the regular budget**

12. During the 2014 budget preparation exercise, IFAD adjusted its budget system to create new fields to identify ex ante gender-related and supporting activities. In determining the portion of staff, short-term staff and consultant costs attributable to gender-related and supporting activities, it used the following allocation to gender-related activities: 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 5-20 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 were also considered to the extent possible.
13. Given the limited time and this being IFAD's first attempt to capture such data, the results should be considered as work in progress. In the course of time, the methodology will be revisited, and the organization's ability to more comprehensively capture gender-related data will improve and higher gender sensitivity percentages are anticipated.
14. The overall results from this pilot initiative indicate that around 6 per cent of total staff costs are spent on direct gender-related activities. The results by division fell into three categories: (i) more than 10 per cent, namely Ethics Office (20 per cent) and Policy and Technical Advisory Division (13 per cent); (ii) around 10 per cent, namely regional divisions (9 per cent), the Statistics and Studies for Development Division (10 per cent) and the Communications Division (9 per cent); and (iii) 5 per cent or less (all other divisions). The relatively low results can be partly attributed to the difficulty for non-operational divisions to capture gender-related data. Outside of divisions directly involved with gender activities (i.e. the Policy and Technical Advisory Division and the Ethics Office), the methodology has to be refined to identify more precisely the staff costs associated with indirect gender-related activities. If the divisions that were unable to fully capture the gender sensitivity of their costs in a meaningful way based on the current methodology were to be excluded, then the overall percentage of staff costs related to gender activities would be 9.5 per cent. Given that the methodology was only established this year, a more rigorous exercise will be initiated early next year to better capture gender-sensitivity data on all costs.

### **III. Current perspective**

#### **2013 programme of loans and grants**

15. The lending level for 2013 is expected to be US\$891 million, comprising loans amounting to US\$831 million and grants of US\$60 million. In addition, Management is forecasting additional funds under IFAD management of US\$122 million, bringing the total programme of loans and grants to US\$1.013 billion projected for 2013. There are 260 projects in the current portfolio as at 30 September 2013, totalling US\$5.7 billion. Projected disbursements for the year are estimated at US\$742 million, as shown in table 2 in the executive summary.
16. The relatively lower programme of loans and grants forecast for 2013 is due both to the normal trend in the first year of every replenishment and to projects delayed for reasons beyond IFAD's control. In 2013 projects in Burundi, Georgia, India, the Philippines and Uruguay were delayed as a result of extended negotiations in the respective countries; these projects are expected to be delivered early in 2014. IFAD anticipates maintaining the overall US\$3 billion lending level for the IFAD9 period (2013-2015).

### Strategic workforce planning update

17. The annual strategic workforce planning (SWP) exercise was carried out starting from mid-2013 to determine the staffing level for 2014. As previously, the fundamental objective of the exercise was to ensure that IFAD had the requisite workforce in terms of numbers, competencies and skills to deliver on the key strategic objectives set for IFAD9.
18. In the SWP exercise for 2014, special attention is given to making a clearer distinction between what is the core staff complement for functions that are needed on a continuous basis versus intermittent short-term and consultancy-type staffing resource requirements. The use of short-term workforce using non-staff costs constitutes a substantial "invisible workforce". While the use of such resources is a legitimate and cost-effective way for carrying out IFAD's programme of work, it is necessary to distinguish between core functions and fluctuating requirements arising from the programme of work. This is consistent with the regularization of supplementary-funded staff performing core functions initiated in 2012. This rationalization reflects a more accurate and transparent representation of continuing staff resource requirements of the organization. This will increase the overall SWP fixed-term staff headcount and will have cost implications due to the unit cost difference between fixed- and short-term staff and consultants.

### Actual and estimated utilization of the 2012 and 2013 regular budget

19. 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 from position vacancies and lower actual unit staff costs, as well as from the non-utilization of the Professional salary provision since 2012, as agreed.
20. 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 resulting from advanced recruitment action. As in previous years, expenditures in the second half of 2013 are expected to be substantially higher than in the first half of the year, due to the nature of the annual programming cycle.

Table 1

#### 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%	

21. Table 2 shows 2012 actual expenses and 2013 budgeted and forecast expenses, by department. The decrease in projected utilization by the Corporate Services Support Group in 2013 compared with the approved budget is primarily the result of the transfer of staff resources from the Communications Division to the Programme Management Department and to the Strategy and Knowledge Management Department; and significant savings in the Office of the Secretary arising from implementation of the approved reduction of document length as well as senior staff vacancy. The lower utilization in the Strategy and Knowledge Management Department is due to staff vacancies. The higher forecast for the Corporate Services Department relates almost entirely to the additional new system maintenance and licensing costs.

Table 2

**Regular budget usage by department: 2012 actual, 2013 budget and 2013 forecast**  
(Millions of United States dollars)

<i>Department</i>	<i>Actual 2012</i>	<i>Budget 2013</i>	<i>Forecast 2013</i>
Office of the President and Vice-President	2.63	2.74	2.56
Corporate Services Support Group	15.13	17.47	17.13
Partnership and Resource Mobilization Office	2.89	4.08	3.46
Strategy and Knowledge Management Department	3.88	6.32	5.42
Programme Management Department	69.11	72.57	72.35
Financial Operations Department	9.93	10.67	10.15
Corporate Services Department	27.05	25.03	26.60
Corporate cost centre*	7.64	2.30	3.33
<b>Total</b>	<b>138.26</b>	<b>144.14</b>	<b>141.00</b>

\* In addition to the normal corporate costs, the 2012 actual cost amount recorded in the corporate cost centre includes a provision for legal cases.

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

**Towards better budget management**

23. The following actions have been taken to improve budget oversight and utilization:
- (i) Building on the new procedures implemented last year in relation to the treatment of vacant positions and position control, a further improvement has been made in the management of staff costs by tracking short-term staff appointments and consultancy arrangements funded by vacant positions. This enabled the SWP exercise to identify the core and non-core staffing requirements more clearly. Savings from vacant positions continued to be reallocated primarily to operational areas and to fund IT requirements during the mid-year review;
  - (ii) As in 2012, a mid-year review was undertaken based on utilization as at end May. More than US\$3 million was reallocated to priority areas to further IFAD's programme of loans and grants and fund additional IT requirements;
  - (iii) In addition to the mid-year review, the Budget and Organizational Development Unit has continued its close monitoring of actual budget utilization post mid-year in order to be able to respond more proactively to urgent operational needs that may arise in the fourth quarter. Additional funds were identified from continued vacancies in the second half of 2013 and from departments that are expected to be unable to fully use their budgets before the end of the year. Such unused funds, amounting to US\$1.4 million, have been redirected post mid-year to operations in order to carry out supervision and advance design activities for the 2014 pipeline; and
  - (iv) Improved matching of expenditures with the corresponding funding sources and line item control have been introduced. This has been done in part by adopting the gross budget and making a clearer distinction between the use of staff and consultancy budgets. This will lead to better budget management and accountability across the organization.

**2012 carry-forward allocation**

24. The 3 per cent carry-forward foreseen in regulation VI.2 of the Financial Regulations of IFAD adopted by the Governing Council at its twenty-seventh session (resolution

133/XXVII) 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.

25. The 2013 3 per cent carry-forward of US\$4.324 million was allocated in accordance with the eligibility criteria and implementing guidelines contained in the President's bulletin entitled "Guidelines for use of 3 per cent carry-forward funds" (PB/2012/06). The allocation was performed in two tranches. The call for the first tranche was made in March, much earlier than last year. The allocation against the first tranche, amounting to US\$3.926 million, was approved and made available in April 2013. In accordance with the President's bulletin, a second call for requests was issued in September 2013. In determining the second tranche allocation, Management reviewed utilization of the first tranche and made available for allocation the portion not expected to be used. The total 3 per cent carry-forward was fully allocated for the year (see annex XI).

#### IV. 2014 programme of work

26. In line with the commitment made for IFAD9, Management proposes to maintain the planned programme of loans and grants of US\$3 billion for the three-year period, with a lending level of approximately US\$1.06 billion for 2014, the second year of IFAD9. In addition to this core programme, the Fund will aim to leverage another US\$225 million in IFAD-managed resources from other sources.

Table 3

**Actual (2009-2012) and projected work programme (2013-2015)**  
(Millions of United States dollars)

	2009	2010	2011	2012	2013	2014	2015
	<i>Actuals</i>				<i>Projected</i>	<i>Planned</i>	<i>Planned</i>
IFAD loans	454	628	731	658	694	835	829
DSF grants	190	150	216	315	137	175	170
IFAD grants <sup>a</sup>	47	50	50	69	60	50	50
<b>Total IFAD programme of loans and grants<sup>b</sup></b>	<b>691</b>	<b>828</b>	<b>997</b>	<b>1 042</b>	<b>891</b>	<b>1 060</b>	<b>1 049</b>
Other funds under IFAD management (estimated) which are loaned or granted by IFAD <sup>c</sup>	68	166	261	188	122	225	225
<b>Total</b>	<b>759</b>	<b>994</b>	<b>1 258</b>	<b>1 230</b>	<b>1 013</b>	<b>1 285</b>	<b>1 274</b>

Sources: IFAD Annual Report, 2012; the Project Portfolio Management System; Grants and Investment Projects System.

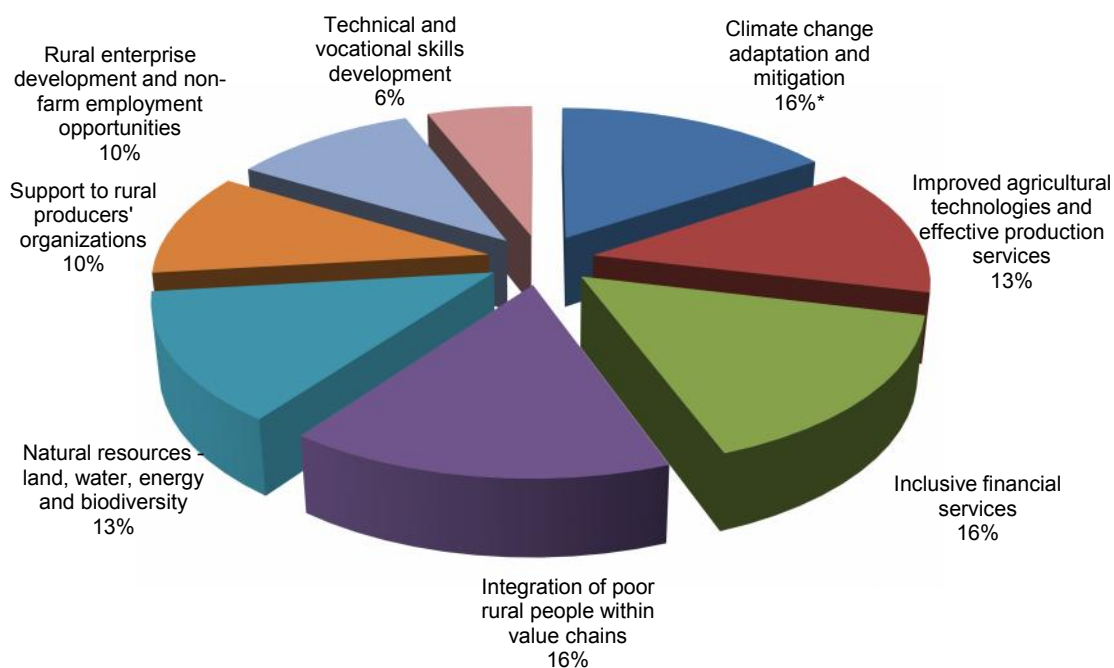
<sup>a</sup> Refers to all types of grants except for DSF grants.

<sup>b</sup> Includes ASAP resources and the old definition of the programme of loans and grants.

<sup>c</sup> Other funds managed by IFAD (including those of the Spanish Food Security Cofinancing Facility Trust Fund, the Global Environment Facility/Special Climate Change Fund, the Global Agriculture and Food Security Program, the European Commission and the European Union, in addition to bilateral supplementary/complementary grants), which, when added together, constitute the new definition of loans and grants. This used to be included as cofinancing.

27. The programme of work is delivered through loans, grants under the Debt Sustainability Framework (DSF) and regular grants. Some 44 programmes and projects (see annex II), including three supplementary loans and grants, are currently being prepared for approval in 2014 (including reserve projects). IFAD expects to mobilize grant financing for eight programmes and projects from the ASAP.
28. The anticipated value distribution of the programme of loans and DSF grants among the eight areas of thematic engagement established in the IFAD Strategic Framework 2011-2015 is shown in the following chart.

Figure 2  
**Indicative distribution of 2014 lending and DSF grants by area of thematic engagement**



\* This percentage includes the amount of ASAP grant cofinancing IFAD is programming in 2014. Through ASAP, IFAD will increase the climate resilience of more than one third of its 2014 work programme. IFAD's thematic engagement in climate change issues in 2014 is therefore much broader than the depicted percentage.

29. IFAD expects to extend 60 global and regional grants in 2014, for a total of US\$50 million. It plans to use its grant instrument strategically, maximizing synergies between its loans and grants. Therefore, it will use the lending programme to systematically scale up grant-financed innovations, and it will use grants more proactively as a tool for innovation and for building borrower capacity.

## V. IFAD's proposed net regular budget

### A. Introduction

30. 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 the CLEE and the new loans and grants system (LGS), there would be a need to request a reasonable increase in the 2014 budget to at least meet part of the other cost drivers.

### B. Budget process

31. For the 2014 budget exercise, the staffing levels were based on the SWP, and departments were required to adhere to the SWP-authorized staffing level for 2014. In the budget preparation module, staff costs were predetermined in accordance with agreed SWP staffing numbers and complement. Departments were requested not to change the staff cost portion of their budget envelope unless agreed in advance with Management. Where additional staff positions to implement the CLEE action plan and a new LGS had been agreed to, these were appropriately reflected in the staff costs.



32. In preparing their budget requests, departments were advised that, aside from the CLEE and corporate priorities, there would be no increase in 2014 non-staff costs. A separate submission was required for incremental activities to be charged to complementary and supplementary management fees, which would form the gross budget for 2014.
33. The Budget and Organizational Development Unit reviewed all the submissions in the context of corporate priorities and the directions set by Management. In this exercise, it applied a highly systematic approach, linking resources to deliverables. Following its review of costs related to the CLEE, it revised the CLEE recurrent, one-time and capital costs downwards from the initial estimates provided in the high-level preview budget document.<sup>1</sup> At the same time, efforts to match expenses to proper funding sources will continue, as part of IFAD's efforts to mainstream recurrent costs previously funded by ad hoc sources.

## **C. Staffing**

### **Actions taken in 2013**

34. The 600 full-time equivalent (FTE) level in 2012 was the established baseline for the SWP exercise. It included 571 FTEs funded from the regular budget and another 29 staff performing core functions funded from other sources. In 2013, the proposed SWP staffing level was reduced to approximately 577 FTEs (564 FTEs funded from the regular budget and 13.5 FTEs funded from other sources), representing an overall reduction of almost 23 FTEs. While the net reduction under the regular budget was 7.4 FTEs, this included the absorption of 15.5 FTEs performing core functions for IFAD that were previously funded from supplementary fund fees. This regularization of over 15 FTEs, costing approximately US\$2.7 million, was a significant achievement for one year and carried out within the zero nominal growth budget of 2013. The remaining 13.5 FTEs of staff performing core functions, funded from other sources, will continue to be absorbed into the regular budget in the coming years.
35. Other human resources reform actions effected in 2013 (some of which were initiated by the Executive Board) include the implementation of the results of the job audit (at an estimated cost of US\$700,000) and the realignment of General Service staff salaries with other Rome-based United Nations agencies (at an estimated cost of US\$500,000). Both these amounts were absorbed in the zero nominal growth 2013 budget.

### **Proposed staffing level 2014**

36. The staffing level for 2014 was determined through a much more comprehensive SWP exercise, which started in May 2013. Progress has been made in rationalizing the total resources required by giving consideration to the appropriate use of short-term and temporary staff as well as consultants in the determination of the 2014 overall staff resource requirements. Although not as significant as in 2013, an attempt was made to further reduce the number of staff performing core functions that are still being funded by ad hoc sources. The proposed staffing requirement to carry out IFAD's core functions for 2014 is 579.5 FTEs compared with 577.2 FTEs in 2013, or a net increase of 2.3 FTEs. In addition, six positions are chargeable to management fees (four in relation to the ASAP and two in relation to other grants), bringing the total number of staff FTEs to 585.5 FTEs.

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<sup>1</sup> Document EB 2013/109/R.2, 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.

Table 4  
**Indicative staffing requirements, 2012, 2013 and 2014**  
 (Full-time equivalents)

<i>Department</i>	<i>Approved 2012</i>	<i>Approved 2013</i>	<i>Proposed 2014</i>	<i>Total change 2013 vs 2014</i>	<i>Change (percentage) 2013 vs 2014</i>
Office of the President and Vice-President	12.00	11.00	11.00	0.00	0.0%
Corporate Services Support Group	99.92	94.68	87.50	(7.18)	(7.6%)
Partnership and Resource Mobilization Office	11.00	18.00	19.00	1.00	5.6%
Strategy and Knowledge Management Department	13.00	25.00	27.66	2.66	10.6%
Programme Management Department	294.55	254.56	265.00	10.44	4.1%
Financial Operations Department	46.34	63.84	59.75	(4.09)	(6.4%)
Corporate Services Department	94.30	96.66	99.17	2.51	2.6%
<b>Total staff funded by regular budget</b>	<b>571.11</b>	<b>563.74</b>	<b>569.08</b>	<b>5.34</b>	<b>0.9%</b>
Staff FTEs funded by other funding sources	28.97	13.47	10.47	(3.00)	(22.3%)
<b>Total staff funded by regular and other sources</b>	<b>600.08</b>	<b>577.21</b>	<b>579.55</b>	<b>2.34</b>	<b>0.4%</b>
Staff FTEs chargeable to management fees*	-	4.00	6.00	2.00	50%
<b>Total IFAD staff FTEs</b>	<b>600.08</b>	<b>581.21</b>	<b>585.55</b>	<b>4.34</b>	<b>0.7%</b>

\* Staff with coterminous contracts chargeable to management fees.

37. The net increase of 5.3 FTEs of staff funded by the regular budget is the result of SWP-initiated staff reductions in line with the programme set up in 2013, offset by the following increases: (i) staff increases arising from the CLEE action plan (e.g. Policy and Technical Advisory Division); (ii) additional staffing required for the LGS replacement project; (iii) conversion of three staff positions previously funded by supplementary fund fees; and (iv) the rationalization of a number of short-term and temporary staff (performing continuous core functions) into regular staff positions.
38. Some of the significant departmental staffing changes are as follows:
- (i) The Corporate Services Support Group has reduced by approximately seven positions as a net result of a reduction in short-term staff, offset by the transfer of the Budget and Organizational Development Unit from the Financial Operations Department to the Corporate Services Support Group;
  - (ii) The one FTE increase in the Partnership and Resource Mobilization Office is due to the rationalization of one short-term position;
  - (iii) The Strategy and Knowledge Management Department has an increase of 2.66 FTEs mainly due to the rationalization of three short-term and temporary staff positions, partly offset by an anticipated vacancy for a portion of the year;
  - (iv) The Programme Management Department has increased by just over 10 positions, of which six FTEs relate to CLEE-driven additional staff and the balance due to the rationalization of short-term and temporary staff;
  - (v) The reduction in the Financial Operations Department primarily reflects the transfer of the Budget and Organizational Development Unit to the Corporate Services Support Group; and
  - (vi) Increases in the Corporate Services Department relate primarily to ICT positions to support the new LGS.
39. Indicative staffing levels by department and by grade funded by regular budget only are set out in annexes VII and VIII.

### **2014 staff salary cost assumptions**

40. Staff costs for the 2014 budget proposal are based on the following key assumptions:
- (i) There will be no increase in staff salaries in 2014 for either General Service or Professional staffing grades;
  - (ii) The normal within-grade step increase will be absorbed in the regular budget;
  - (iii) For all new General Service staff recruits, the revised lower salary structure will be used. The impact in the budget of the new lower salary structure will increase progressively over the years and depend on the number of new recruits;
  - (iv) It is anticipated that any incremental increase by the International Civil Service Commission in the Professional staff 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. The provision of US\$679,000 made for Professional staff salaries in 2012 will continue to be set aside in the corporate cost centre and will not be spent without the endorsement of the Executive Board;
  - (v) The full-year effect of the finalization of the job audit in which some positions were upgraded during 2013, as reported to the Executive Board in December 2012, was included;<sup>2</sup>
  - (vi) No changes in staff compensation are expected for 2014 (see annex IX) and, consequently, the same staff standard costs used in 2013 have been retained for 2014; and
  - (vii) Where short-term or temporary staff performing continuing core functions were regularized, the non-staff budget was reduced by the existing salary cost of the short-term or temporary staff. The net impact on the budget is the difference between the unit cost of a fixed-term staff member and a short-term or temporary staff member.

### **D. 2014 cost drivers**

41. In preparing the 2014 budget proposal, Management had to make difficult choices to accommodate the CLEE-related cost drivers, address structural budgetary issues and incorporate normal price-related cost increases in order to limit the overall budget increase. In the final budget proposal, both salary and inflation-related increases have been absorbed and the incremental recurrent expenses have been limited mainly to implementing the CLEE action plan and the new LGS. The main cost drivers determining resource allocation are detailed below.

#### **CLEE cost drivers**

42. 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 and 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 capital and one-time adjustment costs, as well as several recurrent costs associated with implementing the CLEE action plan, directly relate to increased country presence, improved portfolio quality, enhanced delivery on the ground and increased overall IFAD effectiveness, and thus may not translate into increased efficiency gains. Higher results and impact in the medium

<sup>2</sup> See EB 2012/107/R.41, Update on Change and Reform Implementation.

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).

43. Since presenting the preview document, Management has carefully considered the costs related to the CLEE action plan. As a result, the CLEE recurrent, one-time and capital costs have been revised downwards from the initial estimates provided in that document. Based on feedback from the Executive Board, Management has decided to separate the cost related to the new LGS from the cost of implementing the CLEE action plan. Management's latest estimates show: (i) ICT-related capital costs of US\$3.09 million for the development and automation of various systems (as compared with US\$3.6 million in the preview document), inclusive of a normal provision for project management costs; (ii) one-time adjustment costs of US\$2.1 million (compared with US\$3 million in the preview document); and (iii) an increase in recurrent costs in 2014 of US\$2 million (compared with US\$2.25 million in the preview document).
44. Of the US\$2.1 million one-time adjustment cost, US\$1.5 million relates to the establishment, strengthening and decentralized administration of IFAD country offices. The balance is a one-time consultancy cost to assist Management in developing and implementing actions relating to process improvement, development of a responsive product mix, and knowledge management.
45. Of the US\$2 million recurrent costs, US\$1 million is net incremental staff costs to augment in-house technical expertise and the balance relates primarily to maintenance, licensing and IT costs, and costs for additional operational training.
46. A detailed breakdown of the three cost categories is provided in annex I, highlighting only those CLEE recommendations whose actions result in capital, one-time and/or recurrent costs. Several capital projects may carry over into 2015, and there will be recurrent costs (primarily depreciation) for these projects in 2015. An indicative amount of the 2015 recurrent costs is also shown in the annex. However, these do not affect the current budget proposal.

#### **Costs associated with the new loans and grant system**

47. Based on the guidance provided by the Executive Board, the current loans and grants system is being replaced. The first phase of the new LGS is expected to go live at the end of 2013. It will have a substantial operating, maintenance and depreciation cost.
48. Compared with the US\$3 million initial estimate presented in the preview document together with the CLEE costs, a revised estimate of the recurrent costs of the new LGS is proposed at US\$2.28 million. Of this amount, US\$750,000 is for depreciation (compared with an earlier estimate of US\$1.4 million based on a shorter depreciation schedule), US\$560,000 is for staff costs, and US\$970,000 is for recurring licensing and maintenance fees.
49. A further increase of US\$1 million for the depreciation of the roll-out of the LGS replacement project to borrowers is expected in 2015. Additional maintenance costs and licensing fees for phase 2 are anticipated but not known at this time.

#### **Other cost drivers**

50. The SWP exercise included a careful assessment of IFAD's total human resource requirements, making a clearer distinction between the core staff complement for functions needed on a continuous basis and short-term and consultancy-type staffing requirements. This was also consistent with the actions begun in 2012 to regularize the posts of staff performing core functions, but funded through supplementary sources (see paragraph 51). This rationalization will have cost implications due to the unit cost difference between fixed-term and short-term staff or consultants. The total cost of this rationalization in 2014 is expected to be approximately US\$300,000.

51. In 2014, Management will continue to transparently mainstream the cost of those remaining staff performing core functions still funded from ad hoc sources. The total cost of this rationalization is expected to be about US\$170,000 in 2014. This amount excludes the regularization of two supplementary-funded staff positions as part of the regular budget.
52. With new systems coming on board aside from the LGS, there have been and will continue to be significant increases in associated ICT maintenance and support, licensing costs as well as depreciation from capital expenditure projects. These costs are included as part of the regular 2014 budget proposal, which is a continuation of an initiative to consolidate all ICT recurrent costs within the regular budget. After absorbing a large part of the incremental depreciation and maintenance costs arising from past capital expenditure projects, in addition to mainstreaming all of the United Nations International Computing Centre hosting costs, the net overall increase cost is estimated at approximately US\$400,000. This excludes the incremental recurrent ICT costs arising from implementing the CLEE action plan.

**Price-related cost drivers and exchange rate assumption**

53. The 2014 budget includes the following price increases: (i) an overall price increase of 2.1 per cent to account for inflation in non-staff costs, which has been absorbed in the proposed 2014 budget; and (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, estimated at US\$330,000.
54. The exchange rate used in preparing the 2014 budget has been retained at the same level as 2013 (EUR 0.722:US\$1).

**E. 2014 net regular budget proposal**

55. Based on Executive Board feedback on the preview document, the current estimates have been refined and adjusted downwards in the 2014 budget proposal. The net regular budget for 2014 is proposed at US\$149.64 million, representing a US\$5.5 million, or 3.8 per cent, nominal increase over 2013.
56. The increase of US\$5.5 million comprises US\$2 million for CLEE-related recurrent costs in 2014 (1.4 per cent); an increase of US\$2.28 million for the recurrent costs associated with the replacement of the existing LGS (1.6 per cent); and an estimated US\$1.22 million to meet other cost increases (0.8 per cent).

**2014 budget proposal by department**

57. The current year's budget proposal by department is set out in table 5.

Table 5  
**Regular budget by department, 2013 and 2014**  
(Millions of United States dollars)

<i>Department</i>	<i>Approved 2013</i>	<i>Proposed 2014</i>	<i>Total change</i>	<i>Change (percentage)</i>
Office of the President and Vice-President	2.74	2.77	0.03	1.1%
Corporate Services Support Group	17.47	18.18	0.71	4.1%
Partnership and Resource Mobilization Office	4.08	4.14	0.06	1.5%
Strategy and Knowledge Management Department	6.32	6.60	0.28	4.4%
Programme Management Department	72.57	73.57	1.00	1.4%
Financial Operations Department	10.67	10.18	(0.49)	(4.6%)
Corporate Services Department	25.03	28.34	3.31	13.2%
Corporate cost centre costs (allocated across clusters)*	2.30	2.38	0.08	3.5%
Corporate cost centre (portion not allocated across clusters):				
- 2012 Professional salary increases withheld	0.68	0.68	0	0%
- Other corporate costs	2.28	2.80	0.52	22.8%
<b>Total</b>	<b>144.14</b>	<b>149.64</b>	<b>5.50</b>	<b>3.8%</b>

\* The increases related to recruitment/assignment costs, LGS depreciation, and reward and recognition costs included in the corporate cost centre in 2014 have been allocated appropriately across the clusters.

58. The reasons for the changes in the 2014 departmental allocations compared with those of 2013 are explained below:
- (a) **Office of the President and Vice-President:** The minimal increase in the Office's budget is due to travel and non-staff costs as a result of its having in 2014 a full complement of all senior staff;
  - (b) **Corporate Services Support Group:** The increase in the Group's budget is primarily due to the transfer of the Budget and Organizational Development Unit and to additional resources provided to the Ethics Office and the Office of Audit and Oversight, partly offset by savings identified in the Office of the Secretary and reductions in the Communications Division;
  - (c) **Partnership and Resource Mobilization Office:** The slight increase in the Office's budget reflects the incremental cost of the regularization of a temporary staff position;
  - (d) **Strategy and Knowledge Management Department:** The increase in the departmental budget is attributable to the incremental costs of the regularization of temporary staff positions and an allocation of CLEE-related recurrent costs;
  - (e) **Programme Management Department:** The increase in the departmental budget is primarily due to the new positions created in the Policy and Technical Advisory Division as part of the CLEE action plan as well as the regularization of several temporary staff positions, partly offset by reductions in consultancy and travel costs;
  - (f) **Financial Operations Department:** The decrease in the departmental budget is mainly due to the transfer of the Budget and Organizational Development Unit to the Corporate Services Support Group and the reduction of a staff position in the front office. This is partly offset by: an increase in the Controller's and Financial Services Division of a new staff position to support LGS; the increase in project-related travel costs; the net incremental cost of regularizing temporary staff positions; and the upgrading of positions in the Treasury Services Division;
  - (g) **Corporate Services Department:** The substantial increase in the departmental budget is due to the recurrent cost of the new LGS, CLEE-

associated recurrent costs, incremental IT costs arising from higher maintenance and licensing fees being absorbed in the regular budget, the absorption of IT costs previously charged to ad hoc sources, and an increase in utility costs significantly beyond the 2.1 per cent inflation assumption; and

- (h) **Corporate cost centre:** The costs under this heading are split between those allocable across clusters (i.e. recruitment and assignment costs, LGS depreciation, and rewards and recognition costs) and those that are centrally managed (such as other depreciation, after-service medical costs, external audit fees). There is no significant change in corporate costs allocable across clusters as the new LGS depreciation costs are offset by the reduction in the provision for job audit upgrades. The increase in the centrally managed corporate costs primarily relates to higher IT-related depreciation costs.

### 2014 budget proposal by cluster

59. A comparison of the 2013 approved budget and the 2014 budget proposal by cluster is set out in table 6. Annex V provides a matrix setting out the distribution of departmental expenditures broken down by clusters.

Table 6

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

<i>Results cluster</i>	<i>Approved 2013</i>	<i>Proposed 2014</i>	<i>2013 %</i>	<i>2014 %</i>
1 Country programme development and implementation	85.10	87.73	59.0%	58.7%
2 High-level policy dialogue, resource mobilization and strategic communication	12.56	12.24	8.7%	8.2%
3 Corporate management, reform and administration	34.90	37.47	24.2%	25.0%
4 Support to members' governance activities	8.62	8.72	6.0%	5.8%
Corporate cost centre (portion not allocated across clusters)	2.96	3.48	2.1%	2.3%
<b>Total</b>	<b>144.14</b>	<b>149.64</b>	<b>100%</b>	<b>100%</b>

\* As shown in table 1 in the Executive Summary, with the additional resources allocated from ASAP and supplementary funding, the share of cluster 1 will increase to 60.1 per cent.

60. In preparing the distribution of costs by cluster, Management adopted basically the same methodology as in previous years except that the recurrent costs of the LGS replacement project, which primarily benefits the operational area, have been allocated under cluster 1 together with the incremental cost of the CLEE that is directly attributable to the Programme Management Department. With significant increases in other IT costs placed entirely under cluster 3 and not distributed across clusters as initially suggested, the share of cluster 1 is expected to be relatively lower than proposed in the preview document. Similarly, cluster 3 is expected to have a larger share of the total regular budget in 2014 compared with 2013.
61. As part of the CLEE action plan, Management will need to look for efficiency gains across the organization. Some efficiency gains can be realized only after process improvement and changes are put in place. Most costs outside of cluster 1 tend to be fixed in the short term and allow for only limited efficiency gains. Substantive gains in efficiencies can be achieved through operational selectivity or where costs are variable and depend on the programme of loans and grants. However, if operational selectivity is implemented, the share of the Programme Management Department will drop significantly with a consequent reduction in cluster 1, and thus may make it necessary for the entire cluster concept to be revisited.
62. The specific reasons for changes in the 2014 cluster allocation compared with that of 2013 are explained below:

- (a) **Cluster 1:** The proposed budget shows a slight reduction in the cluster 1 share of total resources, from 59.0 per cent in 2013 to 58.7 per cent in 2014. This is also slightly below the 59.4 per cent estimated in the preview document. The lower share is due to larger than anticipated increases in cluster 3 for reasons explained below. However, despite the decline in its share, the absolute spend in cluster 1 has increased from US\$85.10 million to US\$87.73 million;
- (b) **Cluster 2:** The share of cluster 2 is 8.2 per cent, compared with 8.7 per cent in 2013 and 8.7 per cent projected in the preview document. The lower share is due to a reduction in cluster 2 allocations from the Office of the President and Vice-President, the Corporate Services Support Group, the Strategy and Knowledge Management Department and the Programme Management Department, partly offset by an increased allocation from the Office of Partnership and Resource Mobilization;
- (c) **Cluster 3:** The proposed budget shows an increase in the cluster 3 share of total resources, from 24.2 per cent in 2013 to 25.0 per cent in 2014. This is also slightly higher than the 24.5 per cent forecast in the preview document. The increase in cluster 3 is primarily due to the increase in CLEE-related and other IT costs; and
- (d) **Cluster 4:** The decline in cluster 4 is primarily due to savings identified in the Office of the Secretary and the Office of the President and Vice-President, and the reclassification of costs for the Office of Partnership and Resource Mobilization to cluster 2.
63. Although the share of both cluster 1 and the Programme Management Department will decline in 2014 for the reasons explained above, it should be noted that, as shown in table 1, the total cluster 1 share of the gross budget – which includes an increase in budgetary resources relating to incremental work arising from supplementary fund and ASAP activities – rises to 60.1 per cent.

#### **2014 budget proposal by summary cost category**

64. The breakdown of the current year's budget proposal across major cost categories is set out in table 7. Annex VI provides an analysis of the 2014 budget proposal by detailed cost category and by department.

Table 7

#### **Analysis of budget by summary cost category, 2013 and 2014**

(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2013</i>	<i>Proposed 2014</i>	<i>Total change</i>	<i>Change (percentage)</i>
Staff	91.41	93.20	1.79	2.0%
Consultants	21.54	22.43	0.89	4.1%
Duty travel	10.36	9.23	(1.13)	(10.9%)
ICT non-staff costs	4.00	5.54	1.54	38.5%
Other costs	16.83	19.24	2.41	14.3%
<b>Total</b>	<b>144.14</b>	<b>149.64</b>	<b>5.50</b>	<b>3.8%</b>

65. The increase in staff costs in 2014 compared with 2013 is the result of staff increases arising from the CLEE action plan, the new LGS, and the cost of regularization of staff positions, offset by staff decreases as a result of the 2014 SWP exercise.
66. The increase in consultancy costs is partly attributable to CLEE-related IT consultancy costs; the proper classification of the non-core, non-continuing workforce; and the reclassification between the travel and consulting budgets in



certain Programme Management Department divisions to better reflect actual utilization of expenditures. These increases have been offset by the impact of the regularization of short-term and temporary staff, and by savings arising from better management of consulting costs.

67. The lower travel costs primarily reflect the reclassification of travel costs in certain Programme Management Department divisions, as noted above, partly offset by additional travel costs to support IFAD country offices.
68. The significant increase in ICT non-staff costs is the result of additional costs related to the CLEE action plan and the new LGS, and to the impact of rationalizing all IT costs within the regular budget.
69. The substantial increase in other costs is mainly due to depreciation costs arising from the new LGS as well as increases in depreciation costs arising from past capital expenditures, additional CLEE-related training costs, reclassification of audit fees from consultancy to other costs, and costs of other corporate priority programmes.

## F. 2014 gross budget proposal

70. 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 complementary and supplementary funds. Engaging in these partnership activities involves additional incremental costs to IFAD relating to design, implementation, supervision and administration. These costs are usually funded from management fee income under the complementary or supplementary fund agreement.
71. The gross budget proposed for 2014 amounts to US\$155 million and includes US\$5.36 million in costs to support work related to complementary and supplementary funds. Table 8 provides a summary of the gross and net regular budget.

Table 8  
**Indicative gross and net budget for 2014**  
(Millions of United States dollars)

<i>Cost category</i>	<i>2013</i>	<i>2014</i>
Gross budget	149.43	155.0
to support supplementary fund work	(5.29)	(5.36)
<b>Net budget</b>	<b>144.14</b>	<b>149.64</b>

### Efficiency ratio

72. Until the end of the Eighth Replenishment, IFAD's efficiency ratio was measured by dividing actual administrative expenditures by the annual programme of loans and grants (excluding other IFAD-managed funds). The corresponding efficiency ratio is 14.1 per cent, based on the proposed regular budget and the planned programme of loans and grants for 2014. This traditional efficiency measure is being tracked in IFAD9 for reporting purposes only. It has been replaced by the new, agreed efficiency measures set out below. As a result, this ratio is no longer shown in table 9 below.
73. 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 programme of loans and grants, augmented by the value of the programmes and projects managed by IFAD but funded by other agencies. The efficiency ratio for 2014 is 12.1 per cent, based on the proposed regular budget inclusive of estimated management fees of US\$155 million and an augmented programme of loans and grants of US\$1.285 billion. This is defined as efficiency ratio 1 in table 9.

74. As explained earlier, IFAD expects the shortfall in the 2013 programme of work, compared with the original projection, to be made up within the IFAD9 period, with the total programme of loans and grants 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 the lower programme of loans and grants. However, as shown in table 9, the average efficiency ratio for the three-year IFAD9 period is 12.8 per cent, broadly in line with the 12.5 per cent ex-post target set.
75. Efficiency ratio 1, as defined above, fails to capture the extent and impact of the cofinancing element of the total programme of work. Starting in 2014, a second efficiency ratio is being introduced – defined as actual administrative expenditures (including expenditures financed by management fees) divided by the programme of work (i.e. programme of loans and grants plus cofinancing) – in order to capture the full extent of what IFAD delivers with the proposed budget. Efficiency ratio 2 results in an average of 5.9 per cent over the IFAD9 period.

Table 9  
**Efficiency ratios**  
 (Millions of United States dollars)

	<i>Actual 2010</i>	<i>Actual 2011</i>	<i>Actual 2012</i>	<i>Forecast 2013</i>	<i>Budget 2014</i>	<i>Budget 2015</i>	<i>IFAD9 period</i>
PoLG	828	997	1 042	891	1 060	1 049	3 000
Other IFAD-managed funds	166	261	188	122	225	225	572
<b>PoLG (incl. other funds)</b>	<b>994</b>	<b>1 258</b>	<b>1 230</b>	<b>1 013</b>	<b>1 285</b>	<b>1 274</b>	<b>3 572</b>
Cofinancing <sup>a</sup>	1 445	985	871	1 304	1 471	1 453	4 228
<b>Total programme of work</b>	<b>2 439</b>	<b>2 243</b>	<b>2 101</b>	<b>2 317</b>	<b>2 756</b>	<b>2 727</b>	<b>7 800</b>
Regular budget	116.5	135.1	138.3	141.0	149.6	151.5	442.0
Costs to support supplementary fund activities	5.2	3.5	1.6	5.3	5.4	5.5	16.2
<b>Total costs</b>	<b>121.7</b>	<b>138.6</b>	<b>139.9</b>	<b>146.3</b>	<b>155.0</b>	<b>157.0</b>	<b>458.3</b>
<b>Efficiency ratio 1: vs. PoLG incl. other IFAD-managed funds<sup>b</sup></b>	<b>12.2%</b>	<b>11.0%</b>	<b>11.4%</b>	<b>14.4%</b>	<b>12.1%</b>	<b>12.3%</b>	<b>12.8%</b>
<b>Efficiency ratio 2: vs. programme of work</b>	<b>5.0%</b>	<b>6.2%</b>	<b>6.7%</b>	<b>6.3%</b>	<b>5.6%</b>	<b>5.8%</b>	<b>5.9%</b>

<sup>a</sup> Amounts shown as cofinancing together with other IFAD-managed funds reflect the target of 1.6 of programme of loans and grants (PoLG) for 2013-2015.

<sup>b</sup> Efficiency measure agreed as part of IFAD9.

## G. Capital budget and one-time costs for 2014

76. **2014 capital budget request.** The proposed 2014 capital budget amounts to US\$5.4 million, of which US\$2.3 million is for normal ICT-related capital expenditure requirements including programmed replacement and upgrade of hardware, and US\$3.1 million for IT investments specifically related to the CLEE action plan (table 10).

Table 10  
**Capital budget request for 2014**  
 (Thousands of United States dollars)

	<i>2014 proposed</i>
<b>ICT initiatives</b>	
Human resources reform	400
Institutional efficiency	787
Knowledge management	613
IT infrastructure	497
<b>Subtotal</b>	<b>2 297</b>
<b>CLEE-related IT projects</b>	<b>3 091</b>
<b>Total</b>	<b>5 388</b>

77. The institutional efficiency component of the ICT initiatives shown above primarily focuses on administrative efficiencies while the CLEE-related IT projects primarily address operational efficiency. The ICT expenditures related to knowledge management (US\$613,000) have been separately identified.

**Initiatives approved (2008-2013)**

78. The cumulative capital budget approved for the period 2008 to 2013 amounts to some US\$32 million. Of this, US\$15.76 million relates to the LGS replacement project. Excluding this amount, the regular annual capital budget expenditure ranges from US\$3 million to US\$5 million, primarily representing IT costs. A table summarizing capital expenditure approvals to date is provided in annex X.

**One-time adjustment cost for 2014**

79. In addition, there is a request for a one-time adjustment cost of US\$2.1 million, primarily relating to infrastructure and set-up costs of IFAD country offices, as well as costs related to streamlining of processes across IFAD in order to enhance institutional efficiency. These non-recurrent costs will further enhance country presence and will promote more-efficient programme delivery. The detailed breakdown is provided in annex I.

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

### **I. Introduction**

80. This document contains the work programme and budget for 2014 and indicative plan for 2015-2016. In line with the IFAD Evaluation Policy, IOE's administrative budget and IFAD's administrative budget are prepared independently of each other.<sup>3</sup> 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 the preview document.
81. 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".<sup>4</sup> 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.
82. The high-level preview of IOE's results-based work programme and budget for 2014 and indicative plan for 2015-2016 were discussed during the Evaluation Committee's seventy-seventh session in June 2013 and also by the Audit Committee and the Executive Board during their September 2013 sessions. After further discussion with the Evaluation Committee at its seventy-ninth session at the beginning of October 2013, IOE's proposed results-based work programme and budget for 2014 and indicative plan for 2015-2016 will be discussed by the Audit Committee in November 2013 and the Executive Board at its 110<sup>th</sup> session in December 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**

83. 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;
  - 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;

<sup>3</sup> See IFAD Evaluation Policy, page 13: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other."

<sup>4</sup> See draft minutes of the 107<sup>th</sup> session of the Executive Board, paragraph 29.

- The need for independent evaluation to 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**

84. IOE has been in transition since the departure of its former director at the end of October 2012. 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.
85. 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 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;
  - 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 hosted 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.
86. Progress in implementation of the evaluation activities planned for 2013 is summarized in table 1 and detailed in table 2, annex XIV of this document. The list of additional activities conducted or planned may be seen in table 3 of annex XIV.

## B. Budget utilization 2012-2013

87. 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 end-Sept. (US\$)*	Expected utilization as of year-end 2013
Staff travel	350 000	323 817	330 000	359 391	380 000
Consultant fees	1 431 000	1 469 467	1 525 362	1 576 864	1 590 000
Consultant travel and allowances	350 000	354 760	352 007	398 463	405 000
In-country CPE learning events	25 000	24 670	30 000	36 257	45 000
Evaluation outreach, staff training and other costs	133 474	92 669	109 342	138 869	160 000
<b>Non-staff costs</b>	<b>2 289 474</b>	<b>2 265 383</b>	<b>2 346 711</b>	<b>2 509 844</b>	<b>2 580 000</b>
<b>Staff costs</b>	<b>3 734 530</b>	<b>3 575 753</b>	<b>3 667 268</b>	<b>3 197 821</b>	<b>3 243 821</b>
<b>Total</b>	<b>6 024 004</b>	<b>5 841 136</b>	<b>6 013 979</b>	<b>5 707 665</b>	<b>5 823 821</b>
<b>% utilization</b>		<b>96.96%</b>			<b>96.8%</b>

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

88. 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 end-September was US\$5.71 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\$5.82 million or 96.8 per cent of the approved amount.
89. Less-than-budgeted expense for staff costs reflects the vacant positions in IOE. Part of the saving in staff costs has been and will be used to fund additional and/or unforeseen activities (see table 3, annex XIV).

## C. Utilization of the 2012 carry-forward

90. 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.
91. The IOE 3 per cent carry-forward from 2012 amounted to US\$180,419, which has been allocated to fund various evaluation-related activities. The type of activities

funded meet the eligibility criteria set for IFAD as per the President's bulletin on Guidelines for use of 3 per cent carry-forward funds (PB/2012/06) dated 11 May 2012. By end-September, approximately US\$179,200 had been spent 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**

92. 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,<sup>5</sup> 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).
93. 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.
94. Since 2010, IOE has had two strategic objectives.<sup>6</sup> 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.<sup>7</sup> 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 monitoring and evaluation (M&E) capacity.<sup>8</sup>
95. Annex XV 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**

96. 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

<sup>5</sup> Which runs from 2013 to 2015.

<sup>6</sup> Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations; strategic objective 2: Promote effective learning and knowledge management.

<sup>7</sup> Evaluation offices in several other development organizations also place a high priority on this objective (e.g. the World Bank and the United Nations Development Programme).

<sup>8</sup> See REPL.IX/3/R.5: Report of the Consultation on the Ninth Replenishment of IFAD's Resources.

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.

97. This year, IOE developed a “selectivity framework” (see annex XIX) 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).
98. 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 generating insights that may help further sharpen the organization’s role and approaches in such country contexts.
99. 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. The Board expressed the importance of having the CLE on IFAD replenishments discussed by the Consultation as well.
100. 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.
101. Based on this advice, and following further consultations with IFAD Management and agreements with the Executive Board in September, IOE incorporated 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<sup>9</sup> 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.
102. 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

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<sup>9</sup> Discussions are ongoing to prepare this synthesis jointly with the FAO Office of Evaluation.



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) has been included in the indicative forward plan for 2015-2016.

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

Table 2  
**Major outputs planned for 2014**

<i>Strategic objectives (SOs)</i>	<i>Divisional management results (DMRs)</i>	<i>Outputs</i>
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	<b>ARRI</b> <b>2 CLEs</b> (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	<b>7 CPEs</b> (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 <b>all project completion reports</b> (PCRs) available in year <b>8 PPAs<sup>a</sup></b> <b>1 impact evaluation</b> of an IFAD-funded project (project to be determined) <sup>b</sup>
	DMR 4: Methodology development	Issuance of second edition of <b>Evaluation Manual</b>
	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	<b>2 evaluation syntheses:</b> IFAD's engagement in middle-income countries; and pastoral development
	DMR 7: Systematic communication and outreach of evaluation-based lessons and good practices	Participate in internal platforms (OSC, OMC, IMT, CPMT, 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, the Swiss Agency for Development and Cooperation [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

<sup>a</sup> 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.

<sup>b</sup> 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

104. 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.
105. 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. It is to be noted that changes in staff-level complement have led to savings in total staff costs. Human resources required and any proposed changes for 2014 may be seen in annex XVI.

### B. Budget proposal

106. **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.
107. During the course of the planning exercise, the division defined its strategic objectives and DMRs for 2014-2015. Using standard coefficients based on historical 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.
108. **Cost drivers.** The primary cost drivers for the 2014 budget are: (i) the effect of inflation on non-staff costs; and (ii) increased travel costs due to price increases beyond average inflation assumptions.
109. **The assumption.** The parameters IOE uses in finalizing its 2014 budget are suggested by the Budget and Organizational Development 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) no increase in salaries of Professional and General Service staff anticipated for 2014; and (iii) exchange rate of US\$1= EUR 0.72 – that of 2013 – has been retained for 2014.
110. 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).
111. Based on historical 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 institutional 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)**

<i>Type of activity</i>	<i>Approved 2013 budget</i>	<i>Proposed 2014 budget</i>
ARRI	150 000	150 000
CLEs	430 000	410 000
CPEs	1 300 000	760 000
PCR validations	30 000	50 000
PPAs	200 000	230 000
Impact evaluation	0*	210 000
Evaluation syntheses	50 000	120 000
Second edition of Evaluation Manual	0	150 000
Communication, evaluation outreach, knowledge-sharing, partnership activities	108 000	198 000
ECD, training and other costs	78 711	117 992
<b>Total non-staff costs</b>	<b>2 346 711</b>	<b>2 395 992</b>
<b>Staff costs</b>	<b>3 667 268</b>	<b>3 586 690</b>
<b>Total</b>	<b>6 013 979</b>	<b>5 982 682</b>

\* 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.

112. 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.
113. 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,<sup>10</sup> using consultants with a high daily honorarium very selectively, and in-sourcing some activities that would have been undertaken by consultants in the past. In this regard, more efforts will be made to conduct joint evaluations, inter alia, which will also entail cost-sharing of consultants used. Finally, tables 3 and 4 show that there are decreases in staff costs. This is due to (i) changes in the staff-level complement (as mentioned in paragraphs 25 and 26); and (ii) no increase in staff salaries. Part of the savings due to no increase in staff salaries have been reprogrammed to non-staff costs to enhance and intensify the CLE on IFAD's engagement in fragile states and the evaluation synthesis on middle-income countries, given the high priority given by the Board to these evaluations.

<sup>10</sup> 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)**

<i>Category of expenditure</i>	<i>Approved 2013 budget</i>	<i>Proposed 2014 budget</i>
Staff travel	330 000	345 000
Consultant fees	1 525 362	1 465 000
Consultant travel and allowances	352 007	395 000
In-country CPE learning events	30 000	35 000
Evaluation outreach, staff training and other costs	109 342	155 992
<b>Total non-staff costs</b>	<b>2 346 711</b>	<b>2 395 992</b>
<b>Staff costs</b>	<b>3 667 268</b>	<b>3 586 690</b>
<b>Total</b>	<b>6 013 979</b>	<b>5 982 682</b>

114. 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 XVII, 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 (which is an activity that will contribute to achieving SO2).
115. 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 – measurable outcomes may only be seen several years after evaluations have been finalized.

Table 5  
**Proposed budget allocation (by strategic objective)**

<i>Strategic objective (SO)</i>	<i>Approved 2013 budget</i>		<i>Proposed 2014 budget</i>	
	<i>Amount (US\$)</i>	<i>Percentage</i>	<i>Amount (US\$)</i>	<i>Percentage</i>
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	4 752 846	79	4 358 525	73
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	1261 133	21	1 624 157	27
<b>Total</b>	<b>6 013 979</b>	<b>100</b>	<b>5 982 682</b>	<b>100</b>

116. The proposed 2014 budget is US\$5.98 million, compared to US\$6.01 million in 2013, reflecting a reduction of 0.5 per cent. 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.

## Part three – Heavily Indebted Poor Countries Debt Initiative progress report for 2013

### I. Introduction

117. The objective of this progress report for 2013 is to:

- Inform the Executive Board of the status of implementation of the Heavily Indebted Poor Countries (HIPC) Debt Initiative and of IFAD's participation in the Initiative; and
- Seek Executive Board approval for submitting the substance of this progress report to the forthcoming session of the Governing Council for information.

### II. Progress in HIPC Debt Initiative implementation

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

### III. Total cost of the HIPC Debt Initiative to IFAD

120. The total net present value (NPV) cost of the Fund's participation in the overall HIPC Debt Initiative<sup>11</sup> is currently estimated at SDR 310.4 million (equivalent to approximately US\$476.7 million), which corresponds to an approximate nominal cost of SDR 446.0 million (about US\$684.9 million).<sup>12</sup> The current cost estimates may increase if there are any further delays in the remaining countries reaching decision and completion points, changes in economic conditions or continuing low

<sup>11</sup> IFAD participation comprises all eligible HIPC Debt Initiative countries, including pre-decision point countries that have confirmed their participation in the Initiative.

<sup>12</sup> Base estimates at exchange rates prevailing on 30 September 2013.

discount rates. Total debt relief payments are estimated at US\$34.5 million for 2012.

#### IV. IFAD commitments to date

121. To date, IFAD has committed the required debt relief to all 35 HIPC countries having reached the decision point. IFAD's total commitments so far amount to SDR 247.15 million (approximately US\$379.57 million) in NPV terms, which amounts to SDR 371.8 million (approximately US\$571.0 million) of debt service relief in nominal terms.

#### V. Debt relief provided

122. As at 30 September 2013, IFAD has provided US\$405.8 million in debt relief to the 34 completion point countries.

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

<i>Completion point countries (34)</i>	<i>Decision point countries (1)</i>	<i>Pre-decision point countries (3)</i>
Benin	Chad	Eritrea
Bolivia (Plurinational State of)		Somalia
Burkina Faso		Sudan
Burundi		
Cameroon		
Central African Republic		
Comoros		
Congo		
Côte d'Ivoire		
Democratic Republic of the Congo		
Ethiopia		
Gambia (The)		
Ghana		
Guinea		
Guinea-Bissau		
Guyana		
Haiti		
Honduras		
Liberia		
Madagascar		
Malawi		
Mali		
Mauritania		
Mozambique		
Nicaragua		
Niger		
Rwanda		
Sao Tome and Principe		
Senegal		
Sierra Leone		
Togo		
Uganda		
United Republic of Tanzania		
Zambia		

#### VI. Financing debt relief

123. IFAD funds its participation in the HIPC Debt Initiative with external contributions (either paid directly to IFAD or transferred through the HIPC Trust Fund administered by the World Bank) and its own resources. External contributions (paid or pledged) amount to about US\$282.4 million (63.5 per cent), and contributions from IFAD's own resources amount to about US\$154.7 million (34.8 per cent) for transfers in 1998, 1999 and 2002 approved by the Executive

Board and further transfers in 2007, 2010, 2012, and in January and July 2013. The remainder has been covered by investment income from the IFAD HIPC Trust Fund balance. As at end-September 2012, the balance in IFAD's HIPC Trust Fund stood at US\$8.0 million.

124. To mitigate the impact of debt relief on resources available for commitment to new loans and grants, Member States have supported IFAD's formal access to the HIPC Trust Fund administered by the World Bank. This was agreed at the HIPC information and funding meeting held on 19 November 2006 in Washington, D.C., recognizing that it would add to the overall financing requirements of the HIPC Trust Fund. The first transfer from the HIPC Trust Fund (US\$104.1 million), following signature of the grant agreement, was received by IFAD in October 2007. Further grant agreements followed in May 2009, January and December 2011, and in September 2013 bringing the total received to date to US\$210.9 million.
125. While giving priority to ensuring that the HIPC Trust Fund is adequately financed, Management will also continue to encourage IFAD's Member States to provide the Fund with additional resources directly to help finance its participation in the HIPC Initiative.

## **Part four – Progress report on implementation of the performance-based allocation system**

### **I. Application of the PBAS in 2013**

126. In 2013, the first year of the 2013-2015 allocation period, which is aligned with the Ninth Replenishment period, PBAS allocations have been made to 98 Member States based on project activities planned by regional divisions under country strategic opportunities programmes (COSOPs). To better manage allocations over the three-year period, countries that are expected to use only part of their potential allocation have been capped at the projected financing level. This should reduce the need for reallocations in 2015 and has provided better planning parameters for other countries.
127. On this basis, following the PBAS methodology, final scores – based on the 2012 country scores – were provided for 2013 together with an overall country allocation for the three-year allocation period. With the move to uniform allocations, the data have been subject to interregional review and benchmarking to ensure consistency in assessments and, as a result, improvements have been made in the scoring approach for rural sector performance assessment indicators.
128. In May 2013, IFAD hosted the multilateral development bank (MDB) working group on performance-based allocation. Presentations were made by the African Development Bank (AfDB), Asian Development Bank (ADB), Caribbean Development Bank (CDB) and International Development Association (IDA) on issues relating to performance-based allocation that were raised and addressed during their ongoing (AfDB, IDA) and completed (ADB, CDB) replenishment processes. Members of the Executive Board PBAS working group joined the meeting for a briefing on the approaches being used by other MDBs and international financial institutions. A further meeting of the working group is scheduled for 9 December 2013.

### **II. Updating of 2013 country scores and 2013-15 country allocations**

129. During the fourth quarter of 2013, updated data on portfolio and rural sector performance became available and the process of updating country scores for 2013 began. The updated data will be reflected in the final 2013 country scores and 2013-2015 country allocations, which will be tabled at the December session of the Executive Board and subsequently disclosed on the IFAD website ([www.ifad.org/operations/pbas](http://www.ifad.org/operations/pbas)) in accordance with the procedures agreed for disclosure of PBAS information. As in the previous allocation period, the allocations provided for 2013 and 2014 are final, and the scores for 2015 are provisional and subject to revision in line with changes in the annual country scores.



## Part five – Recommendations

130. In accordance with article 7, section 2(b) of the Agreement Establishing IFAD, it is recommended that the Executive Board:
- Approve the programme of work for 2014 at a level of SDR 700 million (US\$1,060 million), which comprises a lending programme of SDR 667 million (US\$1,010 million) and a gross grant programme of US\$50 million. It is proposed that the programme of work be approved at this level for planning purposes and adjusted as needed during 2014 in accordance with available resources.
131. In accordance with article 6, section 10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, it is recommended that the Executive Board:
- Transmit to the thirty-seventh session of the Governing Council the administrative budget comprising, first, the regular budget of IFAD for 2014 in the amount of US\$149.64 million; second, the capital budget of IFAD for 2014 in the amount of US\$5.4 million; third, the one-time budget of IFAD for 2014 of US\$2.1 million; and fourth, the budget of the Independent Office of Evaluation of IFAD for 2014 in the amount of US\$5.98 million.
132. It is recommended that the Executive Board submit the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Debt Initiative to the thirty-seventh session of the Governing Council for information.
133. It is recommended that the Executive Board submit a progress report on implementation of the performance-based allocation system to the thirty-seventh session of the Governing Council in 2014, based on the report provided in part four of the present document and its addendum containing the 2013 country scores and 2013-2015 allocations.

**Draft resolution .../XXXVII****Administrative budget comprising the regular, capital and one-time budgets of IFAD for 2014 and the budget of the Independent Office of Evaluation of IFAD for 2014****The Governing Council of IFAD,**

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

**Noting** that, at its 110<sup>th</sup> session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2014 at a level of SDR 700 million (US\$1,060 million), which comprises a lending programme of SDR 667 million (US\$1,010 million) and a gross grant programme of US\$50 million;

**Having considered** the review of the 110<sup>th</sup> session of the Executive Board concerning the proposed regular, capital and one-time budgets of IFAD for 2014 and the budget of the Independent Office of Evaluation of IFAD for 2014;

**Approves** the administrative budget, comprising: firstly, the regular budget of IFAD for 2014 in the amount of US\$149.64 million; secondly, the capital budget of IFAD for 2014 in the amount of US\$5.4 million; thirdly, the one-time budget of IFAD for 2014 of US\$2.1 million; and fourthly the budget of the Independent Office of Evaluation of IFAD for 2014 in the amount of US\$5.98 million, as set forth in document GC 37/XX, determined on the basis of a rate of exchange of EUR 0.72/US\$1.00; and

**Determines** that in the event the average value of the United States dollar in 2014 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2014 bears to the budget exchange rate.

Table of proposed actions and cost implications in response to CLEE recommendations

	CLEE recommendation/action	Detail of proposed action	Benefits	2014 Costing Implications			2015 cost implications	
				One time adjustment costs	Capital costs	Recurrent costs	2015 Implications	2015 Incremental Recurrent Costs
1	Expand, as warranted, ICOs and strengthen their capacity by recruiting country programme officers and assistants	Hiring additional CPOs and CPAs.	<ul style="list-style-type: none"> <li>Better on-the-ground support and enhanced effectiveness.</li> <li>Improving project sustainability. Lower staff costs in the medium-term as staff in ICOs assume greater responsibility for programme and project work.</li> </ul>			150 000	250 000	
2	Rationalize the use of consultants by recruiting additional specialist staff in PTA, to increase in-house technical capacity for providing field support during project design and supervision	Converting consultants into staff positions.	<ul style="list-style-type: none"> <li>Better quality of technical support and retention of institutional knowledge, although there will be short-term increase in recurrent costs.</li> <li>Thematic areas may include M&amp;E, private sector value chain, fisheries, policy dialogue, youth, farmers' organizations post-harvest, land tenure.</li> </ul>			850 000		
3	Develop a more robust database with a management dashboard showing the status of the programme of work as a tool for workload analysis	To allow management to retrieve up-to-date information on POLG from a single source.	<ul style="list-style-type: none"> <li>Enables more effective distribution of workload.</li> <li>Efficiency gain in staff costs may be anticipated over the medium-term as data availability and processing becomes more automated.</li> </ul>		300 000	100 000		60 000
4	Develop and implement more responsive instruments for MICs	Additional expertise to identify instruments to address the requirements of MICs.	<ul style="list-style-type: none"> <li>More responsive engagement with MICs may lead to greater programme of work in these countries resulting in greater overall efficiency for IFAD.</li> </ul>	200 000				
5	Implement the KM framework and plan, including incentives for staff participation	One-time consultant cost to initiate and implement KM framework and plan.	<ul style="list-style-type: none"> <li>Strengthening IFAD's capabilities to embed KM in all aspects of IFAD's operations.</li> <li>In the medium-term, this can be expected to result in more efficient design and implementation of IFAD operations, leading to higher efficiency in programme work.</li> </ul>	100 000				
6	Review and update IFAD's RB-COSOP guidelines, including the criteria for deciding when an RB-COSOP is required, e.g. in small country programmes	Additional expertise to revise guidelines to enhance COSOP guidelines as recommended by CLEE.	<ul style="list-style-type: none"> <li>RB-COSOPs strengthened as a tool for policy dialogue and alignment with country strategies that is essential for scaling up. In the medium-term, this can be expected to result in more efficient design, implementation and scaling up of IFAD operations leading to higher institutional efficiency.</li> </ul>	100 000				
7	Revise the QA process; early engagement of staff	Some changes in the QA process in order for QA to be engaged at an earlier stage of the project development. Consultancy costs.	<ul style="list-style-type: none"> <li>Better design at entry for OSC consideration, enabling it to take early corrective action.</li> <li>Quality improvement, and more efficient implementation of projects leading to lower costs in project start-ups and implementation.</li> </ul>			100 000		
8	Intensify staff training programmes in project supervision, financial management, etc.	CPM, ICO and FM staff training.	<ul style="list-style-type: none"> <li>Better skilled workforce and improved programme delivery</li> <li>More efficient delivery of IFAD support that can lead to efficiency gains in the medium-term.</li> </ul>			300 000		
9	Prepare and submit for Board approval a review of IFAD's Country Presence Policy and Strategy	<ul style="list-style-type: none"> <li>Initial cost of decentralizing ICO admin support services for existing and future ICO sites (primarily staff costs).</li> <li>Establishing 10 new ICO offices, subject to EB review and approval of country presence policy and strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Stronger programme support and enhanced programme delivery can lead to significant efficiency gains in these countries.</li> </ul>	1 500 000				
10	Review and change key business processes to enhance efficiency	Consultant to review IFAD's business processes to identify efficiencies.	<ul style="list-style-type: none"> <li>Streamlined process will result in efficiency gains in the medium-term as processes that are staff time intensive become more automated and less costly.</li> </ul>	200 000				
11	Integrate the core IT platforms (Oracle- PeopleSoft ERP, Agile Open Source and Microsoft)	System integration - consultancy support for IT development.	<ul style="list-style-type: none"> <li>Improved access to information to strengthen the management decision making process. Reduction in staff time costs as cumbersome and staff intensive processes become more automated.</li> </ul>		200 000			40 000
12	Upgrade IFAD's software systems to enable more effective and efficient administrative support of ICOs	Implement IT environment to allow for full integration of ICOs within PeopleSoft.	<ul style="list-style-type: none"> <li>More efficient support to ICOs enabling more efficient and effective delivery of IFAD programmes.</li> </ul>		760 000	200 000		152 000
13	Implement ICT systems to support IFAD's operational monitoring and evaluation processes	M&E systems implemented.	<ul style="list-style-type: none"> <li>Better IT support for operational area and improved delivery enabling a more efficient and effective delivery of IFAD programmes.</li> </ul>		700 000	100 000		140 000
14	Implement mobile technologies to allow access to IFAD systems on the move via a range of devices including smart phones and tablets		<ul style="list-style-type: none"> <li>Enables staff to access information irrespective of location and regardless of IT platform, thereby reducing the cost of access and improving their own effectiveness.</li> </ul>		100 000			20 000

15	Develop business intelligence solutions to provide relevant management information to support business decisions		– More efficient use of staff time enabling its allocation to programme delivery. More informed decision making contributing to more effective and efficient delivery of programme of work.	375 000	200 000		75 000
16	Introduce GRIPS, retire PPMS and reconfigure existing systems that rely on PPMS		– More efficient use of staff time enabling its allocation to programme delivery. More informed decision making contributing to more effective and efficient delivery of programme of work.	375 000			75 000
				2 100 000	2 810 000	2 000 000	
<b>10 % Project management/contingency costs</b>					281 000	-	56 200
<b>Total (excluding LGS)</b>				<b>2 100 000</b>	<b>3 091 000</b>	<b>2 000 000</b>	
17	Replace the LGS with a new, modern web-enabled platform, to create a strong foundation for subsequently developing a borrower self-service portal that supports electronic disbursements	New IT platform for administering loans and grants.	– Speed up cash disbursement in support of more efficient and timely implementation of programmes and projects. – Reduction in staff costs with the streamlining of processes. - Staff resources released from transactional tasks could be redirected to higher value-added activities.	-	-	2 280 000	Additional depreciation in 2015 1 000 000

**Actions with costs absorbed into regular budget**

18	Prepare a paper outlining various options for country selectivity for consideration by the Executive Board.	Depending on the extent of selectivity agreed between the Management and the EB, the number of projects could be reduced by up to a maximum of 20% over several years, with corresponding associated budgetary savings of, at most, 15% of PMD's budget.	– Lower number of countries served could enhance the overall efficiency of IFAD by reducing operational and administrative costs. It would, however, be at the cost of not providing support to smallholders in small countries and in remote areas.				
19	Focus administrative budget allocations to increase support to projects facing potential or actual risks (need-based differentiated allocation of resources)	Special funding allocation will be made for projects at risk.	– Improved implementation of programmes and projects leading to higher effectiveness and lower costs in the medium term. Incremental costs will be incurred in the short term but will be absorbed within the budget envelope.				
20	Conduct, synthesize and report on up to 30 impact evaluations	Number of impact evaluations will depend on available internal resources. No cost implications under CLEE.	– Better understanding of project outcomes. Significant cost implications, estimated at US\$250,000 per impact evaluation. Depending on the availability of alternative funding sources, IFAD is currently trying to implement as many as possible within IFAD9 period. Better understanding of the result chain can be expected in the medium to long-term to lead to improved effectiveness and results efficiency.				
21	Implement reforms to enhance the quality of financial management in projects, such as introduction of risk-based methodologies, increased reliance on country systems and capacity-building in financial management for project staff and IFAD's workforce	Provide additional training for CFS staff to evaluate public financial management systems in client countries and undertake risk assessments, strengthen relationships with supreme audit institutions, mainstream risk-based assurance methodology, and widen dissemination of learning tools and resources for capacity building of borrower fiduciary staff.	– Enhance the quality of financial management of projects.				
22	Scale up the Nairobi disbursement processing unit to an interregional decentralized hub servicing Western and Central, Eastern and Southern, and North African countries, by gradually shifting additional loan administration tasks from Rome to the Nairobi unit	Recruit additional staff for IFAD regional office in Nairobi (IRON).	– More efficient processing of loan administration contributing to a more efficient implementation of programmes in Africa. Capital and recurrent costs will be absorbed in existing budgets. – Lower staff costs in relation to disbursement processing in Rome.				

**2014 indicative number of projects by country<sup>13</sup>**

<i>West and Central Africa</i>	<i>East and Southern Africa</i>	<i>Asia and the Pacific</i>	<i>Latin America and the Caribbean</i>	<i>Near East, North Africa and Europe</i>
Benin	Angola	Bangladesh (2)	Bolivia (Plurinational State of)	Armenia
Cameroon	Burundi	Cambodia	Ecuador	Bosnia and Herzegovina
Chad	Lesotho	China	Haiti	Georgia
Côte d'Ivoire	Malawi	India	Mexico	Jordan
Ghana	Swaziland	Kiribati	Peru	Lebanon
Sao Tome and Principe	Zambia	Myanmar (2)	Uruguay	Morocco
Togo		Nepal	Venezuela (Bolivarian Republic of)	Sudan (2)
		Pakistan		Tunisia
		Philippines (2)		Yemen
		Solomon Islands		
		Viet Nam		
<b>Total</b>	<b>7</b>	<b>6</b>	<b>14</b>	<b>7</b>
				<b>10</b>

Source: PPMS gross pipeline as at 21 October 2013.

<sup>13</sup> Including ASAP grants and supplementary loans/grants.

## Regular budget by cluster and department – 2012 actual vs. 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
<b>Total</b>	<b>89.01</b>	<b>78.53</b>	<b>(10.48)</b>	<b>10.45</b>	<b>9.23</b>	<b>(1.22)</b>	<b>32.50</b>	<b>35.52</b>	<b>3.02</b>	<b>10.08</b>	<b>7.34</b>	<b>(2.74)</b>	<b>144.14</b>	<b>138.26</b>	<b>(5.88)</b>
Cluster percentage (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 vs. 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	0	0	-	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	3.72	(0.19)	3.23	2.98	(0.25)	2.99	3.48	0.49	7.34	6.95	(0.39)	17.47	17.13	(0.34)
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	70.25	(0.07)	2.25	2.10	(0.15)	0	0	0	0	0	0	72.57	72.35	(0.22)
Financial Operations Department	5.42	5.33	(0.09)	0.06	0.05	(0.01)	5.08	4.66	(0.42)	0.11	0.11	0	10.67	10.15	(0.52)
Corporate Services Department	1.18	1.02	(0.16)	0.12	0.07	(0.05)	23.30	24.95	1.65	0.43	0.56	0.13	25.03	26.60	1.57
Corporate costs (allocated to clusters)	1.18	0	(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	0	0	0	0	0	0	0	0	0	0	2.96	3.33	0.37
<b>Total</b>	<b>85.10</b>	<b>82.95</b>	<b>(2.15)</b>	<b>12.56</b>	<b>11.05</b>	<b>(1.51)</b>	<b>34.90</b>	<b>35.56</b>	<b>0.66</b>	<b>8.62</b>	<b>8.11</b>	<b>(0.51)</b>	<b>144.14</b>	<b>141.0</b>	<b>(3.14)</b>
Cluster percentage (budget vs. forecast)	59.0%	58.8%		8.7%	7.8%		24.2%	25.2%		6.0%	5.8%				

## Regular budget by cluster and department – 2013 budget vs. 2014 proposal

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2013 budget	2014 budget	Change	2013 budget	2014 budget	Change	2013 budget	2014 budget	Change	2013 budget	2014 budget	Change	2013 budget	2014 budget	Change
Office of the President and Vice-President	0	0.08	0.08	1.37	1.22	(0.15)	1.10	1.00	(0.10)	0.27	0.47	0.20	2.74	2.77	0.03
Corporate Services Support Group	3.91	3.41	(0.50)	3.23	2.93	(0.30)	2.99	4.25	1.26	7.34	7.59	0.25	17.47	18.18	0.71
Partnership and Resource Mobilization Office	0.17	0.01	(0.16)	3.35	3.91	0.56	0.34	0.22	(0.12)	0.22	0	(0.22)	4.08	4.14	0.06
Strategy and Knowledge Management Department	2.92	3.54	0.62	1.86	1.71	(0.15)	1.49	1.26	(0.23)	0.05	0.09	0.04	6.32	6.60	0.28
Programme Management Department	70.32	71.52	1.20	2.25	2.03	(0.22)	0	0	0	0	0.02	0.02	72.57	73.57	1.00
Financial Operations Department	5.42	5.43	0.01	0.06	0.17	0.11	5.08	4.52	(0.56)	0.11	0.06	(0.05)	10.67	10.18	(0.49)
Corporate Services Department	1.18	2.01	0.83	0.12	0.11	(0.01)	23.30	25.81	2.51	0.43	0.41	(0.02)	25.03	28.34	3.31
Corporate costs (allocated to clusters)	1.18	1.73	0.55	0.32	0.16	(0.16)	0.60	0.41	(0.19)	0.20	0.08	(0.12)	2.30	2.38	0.08
Corporate cost centre (not allocated to clusters)	0	0	0	0	0	0	0	0	0	0	0	0	2.96	3.48	0.52
<b>Total</b>	<b>85.10</b>	<b>87.73</b>	<b>2.63</b>	<b>12.56</b>	<b>12.24</b>	<b>(0.32)</b>	<b>34.90</b>	<b>37.47</b>	<b>2.57</b>	<b>8.62</b>	<b>8.72</b>	<b>0.10</b>	<b>144.14</b>	<b>149.64</b>	<b>5.50</b>
Cluster percentage (budget vs. forecast)	59.0%	58.7%		8.7%	8.2%		24.2%	25.0%		6.0%	5.8%				



## Regular budget by cost category and department – 2013 budget vs. 2014 proposal

(Millions of United States dollars)

Department	Staff		Consultants		Duty travel		ICT		Other		Total		Change
	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	
Office of the President and Vice-President	2.43	2.41	-	0.01	0.18	0.23	-	-	0.13	0.12	2.74	2.77	0.03
Corporate Services Support Group	14.22	14.54	0.78	1.39	0.50	0.55	-	-	1.97	1.70	17.47	18.18	0.71
Partnership and Resource Mobilization and Office	3.26	3.43	0.11	0.12	0.35	0.32	-	-	0.36	0.27	4.08	4.14	0.06
Strategy and Knowledge Management Department	4.98	5.02	0.82	1.04	0.45	0.39	-	-	0.07	0.15	6.32	6.60	0.28
Programme Management Department	40.19	42.52	19.37	18.91	8.52	7.22	-	0.01	4.49	4.91	72.57	73.57	1.00
Financial Operations Department	10.04	9.51	0.11	0.10	0.24	0.27	0.04	-	0.24	0.30	10.67	10.18	(0.49)
Corporate Services Department	13.99	14.57	0.15	0.86	0.12	0.25	3.96	5.53	6.81	7.13	25.03	28.34	3.31
Corporate costs (allocated to clusters)	2.30	1.20	-	-	-	-	-	-	-	1.18	2.30	2.38	0.08
Corporate cost centre (not allocated to clusters)			0.20	-	-	-	-	-	2.76	3.48	2.96	3.48	0.52
<b>Total</b>	<b>91.41</b>	<b>93.20</b>	<b>21.54</b>	<b>22.43</b>	<b>10.36</b>	<b>9.23</b>	<b>4.00</b>	<b>5.54</b>	<b>16.83</b>	<b>19.24</b>	<b>144.14</b>	<b>149.64</b>	<b>5.50</b>

## Indicative 2014 staff levels – regular budget only

(Full-time equivalents)<sup>a</sup>

Department <sup>b</sup>	Continuing and fixed-term staff					Total 2014
	Prof. and higher	General Service	Total continuing and fixed-term staff	Locally recruited field staff	Short-term staff	
<b>Office of the President and Vice-President (OPV)</b>	<b>6.00</b>	<b>5.00</b>	<b>11.00</b>	-		<b>11.00</b>
<b>Corporate Services Support Group (CSSG)</b>						
Office of the General Counsel	11.00	6.50	17.50	-		17.50
Office of the Secretary	13.00	20.00	33.00	-		33.00
Budget and Organizational Development Unit	4.00	1.00	5.00	-		5.00
Office of Audit and Oversight	6.50	2.50	9.00	-		9.00
Communications Division	14.00	7.00	21.00	-		21.00
Ethics Office	1.00	1.00	2.00	-		2.00
<b>Total CSSG</b>	<b>49.50</b>	<b>38.00</b>	<b>87.5</b>	-		<b>87.50</b>
<b>Partnership and Resource Mobilization Office (PRM)</b>						
Partnership and Resource Mobilization front office	6.00	3.00	9.00	-		9.00
North American Liaison Office	3.00	1.00	4.00	-		4.00
Arab and Gulf States Liaison Office	2.00	1.00	3.00	-		3.00
Asia and Pacific Liaison Office	2.00	1.00	3.00	-		3.00
<b>Total PRM</b>	<b>13.00</b>	<b>6.00</b>	<b>19.00</b>	-		<b>19.00</b>
<b>Strategy and Knowledge Management Department (SKM)</b>	<b>17.66</b>	<b>10.00</b>	<b>27.66</b>	-		<b>27.66</b>
<b>Programme Management Department (PMD)</b>						
PMD front office	7.00	5.00	12.00	-		12.00
Policy and Technical Advisory Division	27.50	9.50	37.00	-		37.00
West and Central Africa Division	21.00	12.00	33.00	18.00		51.00
East and Southern Africa Division	19.00	12.00	31.00	15.00		46.00
Asia and the Pacific Division	19.00	11.00	30.00	18.00		48.00
Latin America and the Caribbean Division	17.00	6.00	23.00	-		23.00
Near East, North Africa and Europe Division	17.00	10.00	27.00	6.00		33.00
Environment and Climate Division	11.00	4.00	15.00	-		15.00
<b>Total PMD</b>	<b>138.50</b>	<b>69.50</b>	<b>208.00</b>	<b>57.00</b>		<b>265.00</b>
<b>Financial Operations Department (FOD)</b>						
FOD front office	1.00	1.00	2.00	-		2.00
Controller's and Financial Services Division	25.75	14.00	39.75	4.00		43.75
Treasury Services Division	8.00	4.00	12.00	-		12.00
Financial Planning and Analysis Unit	2.00	0.00	2.00	-		2.00
<b>Total FOD</b>	<b>36.75</b>	<b>19.00</b>	<b>55.75</b>	<b>4.00</b>		<b>59.75</b>
<b>Corporate Services Department (CSD)</b>						
CSD front office	2.00	2.00	4.00	-		4.00
Human Resources Division	13.00	10.00	23.00	-		23.00
Administrative Services Division	10.00	27.17	37.17	-		37.17
Field Support Unit	2.00	3.00	5.00	-		5.00
Information and Communications Technology Division	15.00	15.00	30.00	-		30.00
<b>Total CSD</b>	<b>42.00</b>	<b>57.17</b>	<b>99.17</b>	-		<b>99.17</b>
<b>Grand total – 2014</b>	<b>303.41</b>	<b>204.67</b>	<b>508.08</b>	<b>61.00</b>	-	<b>569.08</b>
<b>Grand total – 2013</b>	<b>292.62</b>	<b>196.80</b>	<b>489.42</b>	<b>60.00</b>	<b>14.32</b>	<b>563.74</b>

<sup>a</sup> 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.

<sup>b</sup> The distribution of staff by department is indicative and subject to change during 2014.

## Indicative 2014 staffing by department and grade

(Full-time equivalents)

Category	Grade	OPV	CSSG	PRM	SKM	PMD	FOD	CSD	2014 Total	2013 Total
Professional and higher*	Department Head and above	2.00	-	-	0.66	1.00	1.00	1.00	5.66	6.00
	D-2	1.00	1.00	1.00	1.00	1.00	-	1.00	6.00	7.00
	D-1	-	4.00	2.00	1.00	6.00	2.00	2.00	17.00	16.00
	P-5	1.00	7.00	1.00	4.00	57.25	5.00	7.00	82.25	79.50
	P-4	1.00	15.50	3.00	7.00	38.25	10.75	11.00	86.50	77.00
	P-3	-	14.00	6.00	1.00	25.00	10.00	14.00	70.00	69.00
	P-2	1.00	8.00	0.00	3.00	9.00	7.00	6.00	34.00	36.12
	P-1	-	-	-	-	1.00	1.00	-	2.00	2.00
<b>Subtotal</b>		<b>6.00</b>	<b>49.50</b>	<b>13.00</b>	<b>17.66</b>	<b>138.50</b>	<b>36.75</b>	<b>42.00</b>	<b>303.41</b>	<b>292.62</b>
General Service*	G-7	-	-	-	-	-	-	2.00	2.00	2.00
	G-6	2.00	14.00	1.00	2.00	24.00	8.00	15.00	66.00	69.50
	G-5	2.00	12.00	1.00	2.00	27.50	9.00	18.67	72.17	56.17
	G-4	1.00	9.00	3.00	4.00	15.00	-	12.50	44.50	54.13
	G-3	-	3.00	1.00	2.00	3.00	1.00	5.00	15.00	8.00
	G-2	-	-	-	-	-	1.00	4.00	5.00	7.00
<b>Subtotal</b>		<b>5.00</b>	<b>38.00</b>	<b>6.00</b>	<b>10.00</b>	<b>69.50</b>	<b>19.00</b>	<b>57.17</b>	<b>204.67</b>	<b>196.80</b>
<b>Total</b>		<b>11.00</b>	<b>87.50</b>	<b>19.00</b>	<b>27.66</b>	<b>208.00</b>	<b>55.75</b>	<b>99.17</b>	<b>508.08</b>	<b>489.42</b>
Percentage Professional category		55%	57%	68%	64%	67%	66%	42%	60%	60%
Percentage General Service category		45%	43%	32%	36%	33%	34%	58%	40%	40%
Ratio Professional to General Service		1.20	1.30	2.17	1.77	1.99	1.93	0.73	1.48	1.49

\* Excluding locally recruited field staff.

## Staff costs

1. The budget for staff costs is generally prepared in accordance with the rules and regulations applied to salaries, allowances and benefits for staff members of the United Nations, who are largely governed by the recommendations of the International Civil Service Commission (ICSC) of the United Nations Common System.
2. Standard rates are developed for each grade level, based on an analysis of statistical data for the IFAD population and actual expenditures relating to IFAD staff. The various components of the standard costs represent the best estimate at the time of preparation of the budget document.
3. With no changes assumed for staff compensation in 2014, there will be no change in the standard cost between 2013 and 2014, which is reflected in the table below.

### Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2014 FTEs at 2013 rates</i>	<i>2014 FTEs at 2014 rates</i>	<i>(Decrease) increase</i>	<i>Notes</i>
<b>Professional staff</b>				
Salaries	25.91	25.91	-	
Post adjustment	16.78	16.78	-	
Pension and medical	10.92	10.92	-	
Education grants	4.52	4.52	-	
Repatriation, separation and annual leave	2.19	2.19	-	
Home leave	1.21	1.21	-	
Dependency allowances	1.00	1.00	-	
United States tax reimbursement	0.88	0.88	-	
Other allowances	1.56	1.56	-	
Centralized recruitment costs	1.20	1.20	-	
<b>Subtotal</b>	<b>66.17</b>	<b>66.17</b>	-	
<b>General Service staff</b>				
Salaries	15.34	15.34	-	
Pension and medical	5.15	5.15	-	
Language allowance	0.61	0.61	-	
Repatriation and separation	1.44	1.44	-	
Other allowances	0.83	0.83	-	
<b>Subtotal</b>	<b>23.37</b>	<b>23.37</b>	-	
<b>Locally recruited country presence staff</b>	<b>3.66</b>	<b>3.66</b>	-	
<b>Total regular staff costs</b>	<b>93.20</b>	<b>93.20</b>	-	

## Capital budget by thematic focus, 2008-2013

(Thousands of United States dollars)

	2008	2009	2010	2011	2012	2013	Total approved
<b>ICT initiatives</b>							
Loans and grants (LGS replacement)	710	1 050	2 000	12 000	-	-	15 760
Human resources (HR) reform	134	541	400	500	-	575	2 150
ICO Infrastructure – IT and communications						1 170	1 170
Institutional efficiency	556	300	470	1 423	-	780	3 529
Delivering as One	-	440	300	-	-		740
IT infrastructure	600	1 200	360	375	3 215	775	6 525
<b>ICT initiatives subtotal</b>	<b>2 000</b>	<b>3 531</b>	<b>3 530</b>	<b>14 298</b>	<b>3 215</b>	<b>3 300</b>	<b>29 874</b>
Non-IT headquarters projects	-	550	-	889	-		1 439
ICO Security	-	-	-	-	281	400	681
<b>Total</b>	<b>2 000</b>	<b>4 081</b>	<b>3 530</b>	<b>15 187</b>	<b>3 496</b>	<b>3 700</b>	<b>31 994</b>

## Carry-forward funds allocation

(Thousands of United States dollars)

<i>Department</i>	<i>Description of use of carry-forward funds</i>	<i>2012 3 per cent carry-forward</i>
OPV	Consultancy for performance enhancement	21
CSSG	Office of Audit and Oversight: Special resources for investigations	110
	Office of General Counsel: Legal costs	94
	Communications Division: IFAD branding initiatives and GC costs	170
PRM	Support for alternative resource mobilization activities and associated action plans	250
SKM	Statistics and Studies for Development Division: IFAD's Impact Evaluation Initiative	685
	SKM front office: 2015 Task Force to assist MDG process	150
PMD	Support for project activities	1 223
FOD	Treasury Division: SWIFT enhancement and disaster recovery	87
	Controller's and Financial Services Division	45
CSD	Administrative Services Division: Energy saving initiative and security camera software	55
	CSD front office: Consultancy for business process review within CSD	208
	Information and Communications Technology Division: Security and e-procurement licence	80
	Human Resources Division: SWP related and other separation costs	1 090
	Human Resources Division: Review of HR policies and processes	50
	Contingency	6
<b>Total</b>		<b>4 324</b>

## Country presence budget information

### Proposed 2014 country presence budget by region

(Millions of United States dollars)

Region	2013			2014		
	Staff	Non-staff	Total	Staff	Non-staff	Total
West and Central Africa	2.60	1.20	3.80	2.13	1.04	3.17
East and Southern Africa	2.34	1.30	3.64	2.26	1.37	3.63
Asia and the Pacific	2.12	0.29	2.41	2.03	0.40	2.43
Latin America and the Caribbean	0.88	0.67	1.55	1.34	0.89	2.23
Near East and North Africa	0.71	0.40	1.11	0.74	0.35	1.09
Environment and Climate Division	-	-	-	0.26	-	0.26
Controller's and Financial Services Division	-	-	-	0.48	0.03	0.51
<b>Total</b>	<b>8.65</b>	<b>3.86</b>	<b>12.51</b>	<b>9.24</b>	<b>4.08</b>	<b>13.32</b>

### 2014 country presence budget staff analysis (internationally/locally recruited staff) by region

Region	Internationally recruited Professional staff		Locally recruited staff		Total	
	FTEs	US\$ million	FTEs	US\$ million	FTEs	US\$ million
West and Central Africa	5	1.17	18	0.96	23	2.13
East and Southern Africa	6	1.36	15	0.90	21	2.26
Asia and the Pacific	4	0.87	18	1.16	22	2.03
Latin America and the Caribbean	6	1.34	-	-	6	1.34
Near East and North Africa	1	0.26	6	0.48	7	0.74
Environment and Climate Division	1	0.26	-	-	1	0.26
Controller's and Financial Services Division	2	0.32	4	0.16	6	0.48
<b>2014 Total</b>	<b>25</b>	<b>5.58</b>	<b>61</b>	<b>3.66</b>	<b>86</b>	<b>9.24</b>
<b>2013 Total</b>	<b>25</b>	<b>5.46</b>	<b>56</b>	<b>3.66</b>	<b>81</b>	<b>8.65</b>

## IOE strategic objectives, DMRs and types of outputs

<i>IOE strategic objective</i>	<i>IOE DMR</i>	<i>Type of output</i>
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 IOE comments on PRISMA and RIDE IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by Evaluation Committee and the Executive Board
	DMR 2: CPEs that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	CPEs IOE comments on selected COSOPs
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	Project performance assessment (PPA) Project completion report validation (PCRIV) 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 Outreach and dissemination Learning events Partnerships
	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
	To be completed in 2013	To start in 2013 and be completed in 2014	Status at end-September 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 PCRv available from PMD in year		18 completed	All PCRv available from PMD in year
Project performance assessment (PPA)	8		8 ongoing	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 : 5 EB sessions : 2 GC : 1 Annual EC country visit (Viet Nam 2013)	EC sessions: 7 (3 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

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
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
	Republic of Moldova	To be completed in December 2013	In progress as planned. National roundtable workshop will be held in November 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

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	11 <sup>th</sup> 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	Five formal sessions held. One more session planned in 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 the SDC 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 completed in 2014
	Implement revised harmonization agreement between	January-December 2013	In progress as planned

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	IOE and IFAD Management on independent and self-evaluation methodology and processes		
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**

<i>Description of activities</i>	<i>Time line</i>
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 and 2013 ARRI 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
Statement of Intent signed by IOE and the Ministry of Finance of China to engage in a partnership to strengthen evaluation capacity development in the country. In this context, for example, IOE is designing and will implement a one-day training course on evaluation methodology and processes in Beijing on 1 November.	September 2013
Discussion of CPE reports at Executive Board sessions scheduled in 2013: <ul style="list-style-type: none"> <li>• Uganda in April</li> <li>• Kenya, Nepal and Rwanda in September</li> </ul>	January-December 2013
Preparation of IOE notes on COSOPs for Executive Board in 2013: <ul style="list-style-type: none"> <li>• Kenya, Nepal and Rwanda in September</li> <li>•</li> </ul>	January-December 2013
External peer reviews: <ul style="list-style-type: none"> <li>• Asian Development Bank annual evaluation review report;</li> <li>• Global Environmental Facility (GEF) Fifth Overall Performance Study</li> </ul>	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	Expected delivery time <sup>a</sup>				
				Jan-Mar 2014	Apr-Jun 2014	Jul-Sep 2014	Oct-Dec 2014	2015
1. Corporate-level evaluation	Revised IFAD Policy for Grant Financing	Jan-13	Jul-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					
	12 <sup>th</sup> 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 comments 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	X	X	X	X		

Type of work	Proposed activities for 2014	Start date	Expected finish	Expected delivery time <sup>a</sup>				
				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	X	X	X	X	
	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	

<sup>a</sup> 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

<i>Type of work</i>	<i>Indicative plan for 2015-2016</i>	<i>Year</i>
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
	13 <sup>th</sup> and 14 <sup>th</sup> ARRIIs	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 comments on COSOPs when related CPEs are available	2015-2016

<i>Type of work</i>	<i>Indicative plan for 2015-2016</i>	<i>Year</i>
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 2 <sup>nd</sup> 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	2*
Evaluation officers	5	7
Evaluation research analyst	1	1
Evaluation knowledge and communication officer	0.5	0.5
<b>Total Professional staff</b>	<b>12.5</b>	<b>12.5</b>
Administrative assistant	1	1
Assistant to Director	1	1
Assistant to Deputy Director	1	1
Evaluation assistants	3	3
<b>Total General Service staff</b>	<b>6</b>	<b>6</b>
<b>Grand total</b>	<b>18.5</b>	<b>18.5</b>

\* Discussions are under way for the secondment of one senior evaluation officer from SDC to IOE, with no impact on IOE staff costs.

### 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)

<i>Evaluation work</i>	<i>2010 budget<sup>a</sup></i>	<i>2011 budget<sup>a</sup></i>	<i>2012 budget<sup>a</sup></i>	<i>2013 budget<sup>a</sup></i> <i>(1)</i>	<i>Proposed 2014 budget</i>			
					<i>Real increase/decrease</i> <i>(2)</i>	<i>Price increase<sup>b</sup></i> <i>(3)</i>	<i>Exchange rate increase/decrease<sup>c</sup></i> <i>(4)</i>	<i>Total 2014 budget at US\$1 = EUR 0.72</i> <i>(5)=(1)+(2)+(3)+/(4)</i>
Non-staff costs	2 600 000	2 238 000	2 289 474	2 346 711	0	49 281	0	2 395 992
Staff costs	3 620 204	3 645 576	3 734 530	3 667 268	-80 578	0	0	3 586 690
<b>Total</b>	6 220 204	5 883 576	6 024 004	6 013 979	-80 578	49 281	0	5 982 682

<sup>a</sup> As approved by the Governing Council (at the exchange rate of US\$1 = EUR 0.722 in 2010, 2011, 2012 and 2013).

<sup>b</sup> As for the rest of IFAD and conveyed by the Budget and Organizational Development Unit. Price increase for non-staff costs is 2.1 per cent, and there is no price increase for staff costs.

<sup>c</sup> 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.

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

Type of activity	Absolute number	Relative number in terms of % of work done <sup>a</sup>	Standard unit costs <sup>b</sup> (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	410 000
Country programme evaluation	7	3.3	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 225 000-305 000	760 000
PCR validation	About 30	About 30	-	50 000
PPA	About 8	About 8	25 000-30 000	230 000
Impact evaluation	1	1	200 000-300 000	210 000
Evaluation synthesis	2	2	50 000-65 000	120 000
Revision of IOE Evaluation Manual	1	1	-	150 000
Communication, evaluation outreach, knowledge-sharing and partnership activities	-	-	-	198 000
ECD, training and other costs	-	-	-	117 992
<b>Total</b>				<b>2 395 992</b>

<sup>a</sup> Often evaluations are begun one year and completed the following year. This figure represents percentage of work done for those evaluations in 2014.

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

Table 3

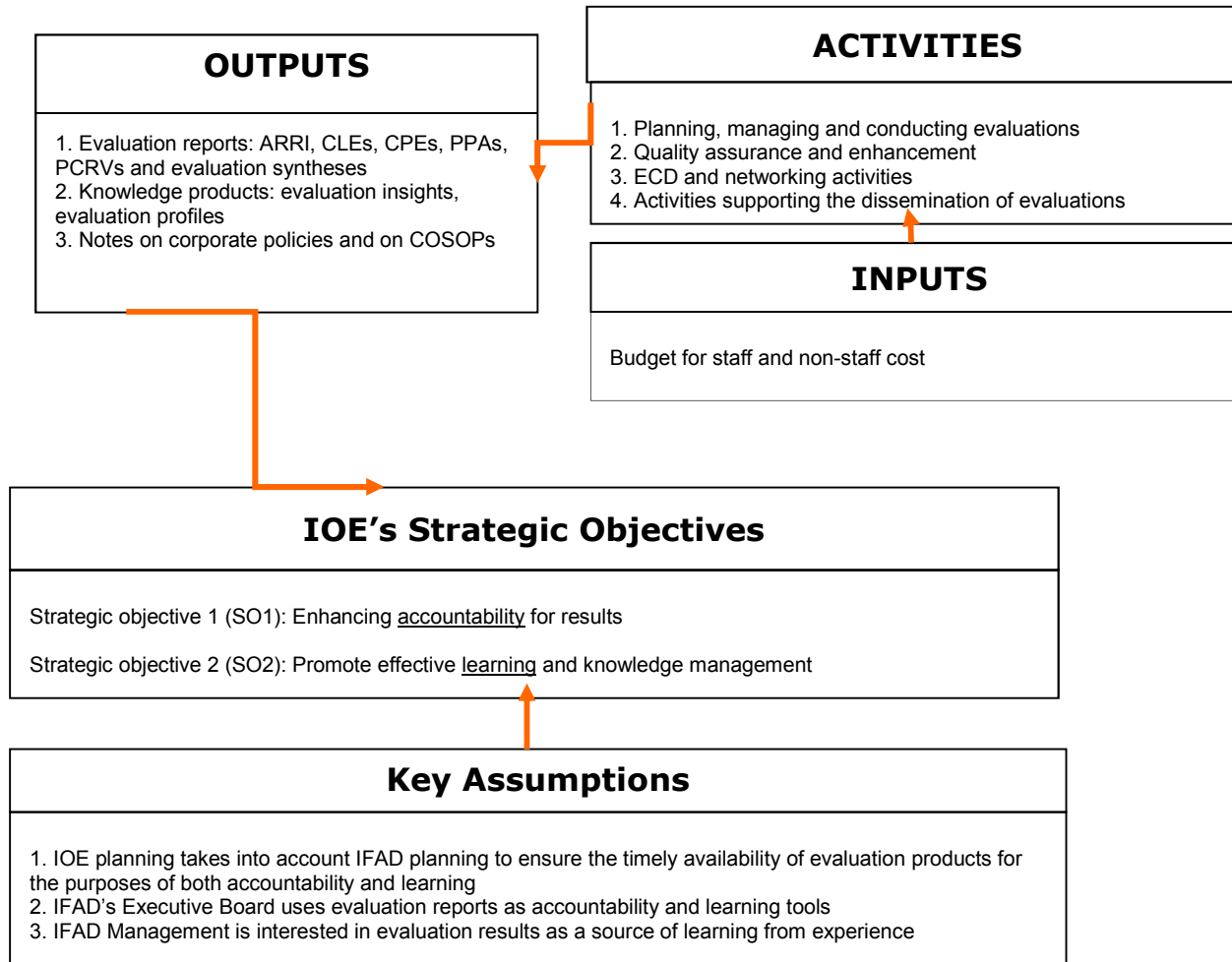
**IOE proposed budget allocation (staff and non-staff costs) by objective and divisional management result**

(United States dollars)

<i>IOE objectives</i>	<i>IOE DMRs</i>	<i>Proposed budget (staff and non-staff cost)</i>	<i>Percentage overall total proposed budget</i>
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	951 788	16
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	1 591 068	26
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	1 117 678	19
	DMR 4: Methodology development	464 702	8
	DMR 5: Work related to IFAD governing bodies	233 289	4
<b>Total for strategic objective 1</b>		<b>4 358 525</b>	<b>73</b>
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	508 941	8
	DMR 7: Systematic communication and outreach of IOE's work	811 567	14
	DMR 8: ECD in partner countries	303 649	5
<b>Total for strategic objective 2</b>		<b>1 624 157</b>	<b>27</b>
<b>GRAND TOTAL</b>		<b>5 982 682</b>	<b>100</b>

## IOE Results Framework

### IOE's Theory of Change



## IOE Results Framework

### Key Performance Indicators

*This is work in progress. IOE will further develop its key performance indicators.*

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE DMRs<sup>a</sup></i>	<i>Means of verification</i>	<i>2011 baseline</i>	<i>2014 target</i>
Strategic objective 1: Contribute, through independent evaluation work, to enhancing accountability for results	1. Number of notes with comments on COSOPs and policy documents	DMRs 1, 2 and 5	IOE records <sup>b</sup>		
	2. Number of IOE staff members sent on evaluation training each year, on a rotational basis	DMR 4	IOE records	3 staff	3 staff
	3. Number of planned Evaluation Committee sessions held in accordance with Committee's terms of reference	DMR 5	IOE records	4 regular sessions	According to 2014 WP
	4. IOE participation as required in sessions of Audit Committee, Executive Board, Governing Council and Executive Board annual country visit	DMR 5	IOE records	100%	100%
Strategic objective 2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	5. Number of key learning events organized by IOE within IFAD	DMRs 6 and 7	IOE records	2 events	4 events
	6. Number of in-country learning events co-organized by IOE with governments	DMR 7	IOE records	4 events	5 events
	7. Number of in-house learning events attended by IOE staff for knowledge-sharing	DMR 7	IOE records	2 events	4 events
	8. Number of external knowledge events with IOE staff participation to share lessons from evaluation	DMR 7	IOE records	3 events	5 events
	9. Number of knowledge management products (i.e. Profiles and Insights) of CLEs and CPEs 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%
	10. Number of evaluation syntheses and ARRI learning themes	DMR 6	IOE records		According to 2014 WP
	11. Number of ECD workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes	DMR 8	IOE records <sup>c</sup>	NA	

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE DMRs<sup>a</sup></i>	<i>Means of verification</i>	<i>2011 baseline</i>	<i>2014 target</i>
	12. Number of events attended by IOE staff, related to self-evaluation and ECD	DMR 8	IOE records	1 event	3 events
Joint SOE 1 and SOE 2 (combining the learning and accountability functions of independent evaluation)	13. ARRI, and number of CLEs, CPEs, PPAs and PCRVs and impact evaluations	DMR 1, 2 and 3	IOE records		According to 2014 WP

<sup>a</sup> 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.

<sup>b</sup> Depending on the number of COSOPs following CPEs or the number of policy documents following evaluations on the same topics.

<sup>c</sup> Depending on requests by Member States.

## Selectivity framework

Table 1

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

<i>Corporate-level evaluations/evaluation syntheses</i>	<i>Country programme evaluations</i>	<i>Project performance assessments</i>
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<sup>a</sup>**

<i>Guiding questions for CLEs/evaluation syntheses</i>	<i>CLE on IFAD's engagement in fragile states</i>	<i>CLE on IFAD's approach and results in policy dialogue</i>	<i>Evaluation synthesis on IFAD's engagement in middle-income countries</i>	<i>Evaluation synthesis on pastoral development</i>
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

<sup>a</sup> 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

<i>Guiding questions for CPEs</i>	<i>Bangladesh</i>	<i>Sierra Leone</i>	<i>United Republic of Tanzania</i>	<i>English-speaking Caribbean island countries</i>
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