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Investing in rural people

IFAD's 2015 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2015 and indicative plan for 2016-2017, and the HIPC and PBAS progress reports

Note to Executive Board representatives

Focal points:

Technical questions:

Saheed Adegbite

Director
Budget and Organizational Development Unit
Tel.: +39 06 5459 2957
e-mail: s.adegbite@ifad.org

Tilak Sen

Budget Adviser
Tel.: +39 06 5459 2229
e-mail: t.sen@ifad.org

Edward Gallagher

Senior Budget Specialist
Tel.: +39 06 5459 2484
e-mail: ed.gallagher@ifad.org

Oscar A. Garcia

Director
Independent Office of Evaluation of IFAD
Tel.: +39 06 5459 2274
e-mail: o.garcia@ifad.org

Ashwani Muthoo

Deputy Director
Tel.: +39 06 5459 2053
e-mail: a.muthoo@ifad.org

Dispatch of documentation:

Deirdre McGrenra

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

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
CGIAR	Consultative Group on International Agricultural Research
CLE	corporate-level evaluation
CMR	corporate management result
COSOP	country strategic opportunities programme
CPE	country programme evaluation
DMR	divisional management result
ECG	Evaluation Cooperation Group
FAO	Food and Agriculture Organization of the United Nations
FTE	full-time equivalent
HIPC	Heavily Indebted Poor Countries
ICT	information and communications technology
IFAD8	Consultation on the Eighth Replenishment of IFAD's Resources
IOE	Independent Office of Evaluation of IFAD
LGS	Loans and Grants System
MTP	Medium-term Plan
NONIE	Network of Networks on Impact Evaluation
OMC	Operations Management Committee
OSC	Operational Strategy and Policy Guidance Committee
PBAS	performance-based allocation system
PCR	project completion report
PCRv	project completion report validation
PPA	project performance assessment
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
SDC	Swiss Agency for Development and Cooperation
SWP	strategic workforce planning
UNEG	United Nations Evaluation Group

Executive summary

1. In 2015, Management proposes to complete the planned programme of loans and grants of US\$3 billion for the three-year period (2013-2015) of the Ninth Replenishment of IFAD's Resources (IFAD9), with a lending level of approximately US\$1.210 billion for 2015, inclusive of funding under the Adaptation for Smallholder Agriculture Programme (ASAP). This programme of loans and grants includes the successful outcome of negotiations to make use of borrowing from KfW Development Bank. In addition to this core programme, the Fund will aim to leverage an additional US\$217 million in 2015 in IFAD-managed resources from other sources.
2. Some 47 projects and programmes – including additional financing for 10 ongoing loans and grants – are currently planned for approval in 2015. Six of these benefit from financing under the ASAP. Management expects to meet its IFAD9 commitment to provide between 40 and 50 per cent of financing to sub-Saharan Africa. The estimated number of global/regional and country grants in 2015 is 50, for a total of US\$50 million.
3. Through its efforts to mobilize additional resources (US\$1.452 billion) in the form of cofinancing, Management expects to support an overall programme of work (POW) in 2015 of approximately US\$2.662 billion in new commitments to rural transformation through smallholder development. The POW will include the core programme of loans and grants of US\$1.210 billion, US\$217 million in cofinancing directly managed by IFAD, and the balance from international, domestic and private-sector cofinancing.
4. In response to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements pursuant to the UN SWAP¹ on gender, IFAD has developed a methodology to take gender considerations into account in IFAD's loan portfolio and the regular budget. The methodology was refined in the course of 2014 to better reflect the distribution of gender-related activities in the regular budget. As a result of a more rigorous validation process, some of the percentage allocations were adjusted to achieve a more realistic budget distribution of gender-related activities. 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. Management has reaffirmed its commitment to incorporate the recommendations of the Corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations (CLEE) as part of the proposed action plan² to make IFAD a more effective, efficient and agile institution. An update on progress made under the action plan has been provided separately as part of the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA).³ Some of the actions had substantial capital and recurrent budgetary implications and were included as annex I (Table of proposed actions and cost implications in response to CLEE recommendations) of the final 2014 budget document.⁴ The recurrent costs of implementing the action plan in 2014 and 2015 were also indicated in annex I of the 2014 budget document. The costs for 2015 have now been revised based on progress to date and updated implementation timelines. Accordingly, the costs for 2015 are different and some of the increases in

¹ United Nations System-wide action plan for implementing the United Nations policy on gender equality and the empowerment of women.

² IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency (EB 2013/109/R.12).

³ EB 2014/112/R.5.

⁴ 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 (EB 2013/110/R.2).

recurrent costs will have to be deferred to 2016. Expenses related to 2015 and 2016 are included as annex I of this document.

6. Hence, in the short term there will be an increase in budgetary requirements while the efficiency gains arising from streamlined business processes, automation and increased selectivity are expected over the medium term. While some of the actions may lead to efficiency gains, many are effectiveness-related operational actions that will lead to improved quality of programme delivery and knowledge retention within the organization, but will add to recurrent costs in 2015. The real increases have been factored into the 2015 budget proposal and offset by cost reductions achieved within the organization in order to limit real increases to an absolute minimum in the overall budget.
7. Consequently, in preparing the 2015 budget proposal, difficult trade-offs had to be made to accommodate the 2015 portion of the CLEE-driven recurrent costs and to address remaining structural budgetary issues, as well as to absorb a substantial part of normal price-related cost increases in order to keep the nominal budget increase to a minimum. The main cost drivers determining final budgetary allocations in 2015 will be recurrent costs related to: (i) the Loans and Grants System (LGS) replacement project; (ii) CLEE actions; (iii) the strategic workforce planning (SWP) and organizational development exercise; and (iv) other cost drivers, which are explained in more detail in the document.
8. Since presenting the preview document in September 2014, Management has reviewed each component of its costs and underlying assumptions as a standard requirement in the preparation of the final budget proposal. Detailed budget submissions from departments and offices have been scrutinized. The status of the LGS replacement project and the CLEE action plan and their implications have been reassessed, and the assumptions related to exchange rate and inflation have been realistically adjusted to reflect year-to-date information.
9. Management now proposes a lower net regular budget for 2015 of US\$151.59 million, representing a 1.3 per cent nominal increase over 2014, of which 1 per cent represents a real/volume increase and 0.3 per cent a net price increase arising from inflation, adjusted for the change in exchange rate assumptions. The 1 per cent real increase covers the following: (i) impact of the annual SWP exercise; (ii) increased recurrent costs of the LGS replacement project and CLEE action plan; and (iii) cost of additional staff positions previously funded by supplementary fund fees. These have been partially offset by a real reduction in the use of consultants.
10. The 0.3 per cent price increase reflects the portion of the impact of the assumed average inflation rate of 1.9 per cent that could not be absorbed, adjusted for the change in exchange rate assumptions. Several cost categories, such as consultancy costs and travel, have demonstrated price increases considerably above the assumed consumer price index. However, Management was able to maintain a significantly lower overall price increase due to negotiated price reductions, changes in duty travel entitlements, changes in procurement arrangements – including insurance, and other cost-cutting measures.
11. The cumulative amount of the cost increases associated with the above-mentioned corporate decisions and the assumed inflation rate exceeds the overall proposed budget increase of 1.3 per cent. Therefore, cost cuts in real terms have been made in other areas to contain the budget at the proposed level. The cost estimates have been revised as part of the detailed budget preparation and the final budget proposal takes into account the feedback received from the Audit Committee and Executive Board in September 2014.
12. In considering the overall budget it may be noted that annual inflationary increases of approximately 2 per cent have been absorbed within the budget in 2013 and

2014 (since the increase in 2014 was entirely real due to additional activities arising from the CLEE action plan and LGS replacement project). As a significant part of the 2015 general inflation as well as specific price escalations have also been absorbed in the proposed 2015 budget, the total aggregate amount of inflation absorbed over the three-year period 2013-2015 comes to over 5 per cent; this was made possible by real decreases and efficiency gains during the period.

13. The gross budget for 2015 amounts to US\$156.72 million, including resources to manage supplementary-funded operations, which amount to US\$5.13 million (over and above the US\$151.59 million). The slightly lower than prior year's estimate reflects the requirements of the third year of ASAP implementation. The amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. Endorsement is being sought only for the proposed net regular budget of US\$151.59 million.
14. The proposed 2015 capital budget amounts to US\$2.69 million. It is proposed that the capital budget be split into two categories, namely: (i) a capital budget to fund major IT and other investments in facilities amounting to US\$1.49 million; and (ii) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktop and laptop computers and hardware necessary every year) amounting to US\$1.2 million.
15. The results-based work programme and budget for 2015 and indicative plan for 2016-2017 of the Independent Office of Evaluation of IFAD are set out in part two of this document; the Heavily Indebted Poor Countries Debt Initiative and the performance-based allocation system progress reports are contained in parts three and four respectively; and recommendations are contained in part five.

16. Table 1 sets out a tentative high-level summary of the total net regular budget proposal for 2015 by cluster.

Table 1
Indicative results and process matrix for results-based budgeting in IFAD and 2015 proposed budgets

<i>Cluster</i>	<i>Outcome</i>	<i>Corporate management result (CMR)</i>	<i>Process</i>	<i>2015 proposed</i>
	<i>Operational</i>			<i>US\$ million</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	Country programme development and implementation	88.74
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogue for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	High-level policy dialogue, resource mobilization and strategic communication	12.77
	<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	Corporate management, reform and administration	37.48
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	Support to members' governance activities	8.52
Total 2015 regular budget proposed for clusters 1-4				147.51
Corporate cost centre				4.08
Total net regular administrative budget proposed for 2015				151.59
2015 capital budget				2.69

17. 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 are shown 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 2013</i>	<i>Projected 2014</i>	<i>Projected 2015</i>	<i>Projected 2016</i>
Resource balance carried forward at start of year	2 287	2 362	2 296	2 265
Inflows to IFAD				
Loan reflows	263	311	324	342
Investment income *	(24)	(19)	10	18
Loan to IFAD	0	155	307	0
Supplementary fund fees	24	6	6	6
Subtotal	263	453	647	366
Outflows from IFAD				
Administrative and IOE budget	(145)	(150)	(156)	(159)
Other administrative expenses**	(5)	(4)	(3)	(2)
Capital budget	(7)	(5)	(5)	(5)
Debt service on loan to IFAD	0	(2)	(5)	(4)
Costs funded by supplementary fund fees	(5)	(5)	(6)	(6)
Foreign Exchange (FX) and intra-fund adjustments	(26)	-	-	-
Subtotal	(188)	(166)	(177)	(176)
Net inflows/outflows to IFAD	75	287	472	190
Programme of work-related activities				
Contributions	346	391	299	425
Contributions (ASAP)	346	7	0	0
Disbursements	(672)	(737)	(773)	(819)
Heavily Indebted Poor Countries impact	(20)	(14)	(29)	(27)
Subtotal	0	(353)	(503)	(421)
Net inflows/(outflows) on all activities	75	(66)	(31)	(231)
Resource balance brought forward at end of year	2 362	2 296	2 265	2 034

* Investment income is shown net of direct charges on investment income (See annex XIII).

** 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 2015 results-based programme of work, regular and capital budgets, and the budget of the Independent Office of Evaluation of IFAD for 2015, as contained in paragraphs 148 and 149;
- The submission of the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Debt Initiative to the thirty-eighth session of the Governing Council for information, in accordance with the recommendation contained in paragraph 150; and
- The submission of a progress report on implementation of the performance-based allocation system to the thirty-eighth session of the Governing Council in 2015, based on the report provided in part four of the present document and its addendum containing the 2014 country scores and 2013-2015 allocations, in accordance with the recommendation contained in paragraph 151.

Furthermore, the Executive Board is invited to consider the draft resolution contained on page 38 and to submit it, together with its recommendations, to the thirty-eighth session of the Governing Council in February 2015 for consideration and adoption.

IFAD's 2015 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2015 and indicative plan for 2016-2017, and the HIPC and PBAS progress reports

Part one – IFAD's 2015 results-based programme of work and regular and capital budgets

I. Context

Medium-term plan and corporate objectives

1. The rolling medium-term plan in 2015 will essentially follow the same corporate development and operational objectives that were originally set out for the 2013-2015 period, as follows:
 - (i) Achieve a programme of loans and grants of US\$3 billion and mobilize additional cofinancing of US\$1.6 for every US\$1 of IFAD loans/grants. While Management expects to achieve the original objective of an IFAD programme of loans and grants of US\$3 billion, current developments in the official development assistance (ODA) environment have necessitated a lowering of the cofinancing target to a more realistic level of US\$1.2 for every US\$1 of IFAD loans/grants;
 - (ii) Improve the quality of new and ongoing projects to the level of 2015 results measurement framework (RMF) targets through better project design and supervision;
 - (iii) Improve monitoring and evaluation (M&E) systems and undertake impact assessments; and
 - (iv) Become more efficient (less IFAD cost per United States dollar lent or granted).

2. IFAD will continue with its scaling-up effort to ensure that the innovations it introduces have a significant impact on reducing rural poverty, while maintaining its focus on the environment and climate change. At the same time, more effort will be exerted to enhance cofinancing with the private sector.
3. IFAD's corporate internal management objectives remain fundamentally the same, namely: (i) successful resource mobilization; (ii) improved human resources management; (iii) continuation of annual SWP exercises; and (iv) an enhanced information and communications technology (ICT) platform for disbursements and improved communications.
4. While IFAD's updated operational plan for 2014-2015 continues to be guided by the priorities and targets that shaped the medium-term plan 2013-2015, it will be modified to respond to internal and external trends that unfolded in 2013 and 2014. The main developments motivating revision of IFAD's operational plan for 2014-2015 plan are summarized below.
5. The IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency,¹ which addresses the agreed recommendations of the CLEE, is one of the principal change drivers of the 2014-2015 operational plan. Several of the actions it recommends have substantial budgetary implications in the short term, but are expected to lead to enhanced operational results and impacts and efficiency gains in the medium term. Annex I of this document provides an update on the status of the actions that have one-time adjustment or capital costs in order to achieve the CLEE recommendations. As explained below, most of the CLEE-related actions will be completed primarily in 2015 and consequently the impact of such initiatives cannot be realized until subsequent years. It should also be noted that most of the efficiency measures undertaken to date result in the improvement of the quality of the portfolio, borrower satisfaction and target key performance indicators (KPIs) of individual departments rather than in reduced costs. Hence, several items with associated capital expenditures may not result in financial and quantifiable paybacks. A separate paper on efficiency is under preparation.
6. Other changes have been driven by corporate performance and institutional risk assessments. While results reported in the 2013 Report on IFAD's Development Effectiveness² (RIDE) show that IFAD is making good progress towards fulfilling IFAD9 commitments and most performance targets,³ some areas – such as project efficiency and projects reported at risk – need to be addressed. The action plan will constitute an important part of IFAD's remedial response to these issues, in particular with respect to project efficiency. Also in this connection, efforts to strengthen IFAD's business model in fragile states will be stepped up, and priority will be given to these countries in opening country offices.
7. Declines in ODA, and important shifts in development finance flows and modalities will result in financial resource constraints, with implications for the fulfillment of scaling-up objectives and cofinancing targets. While IFAD will continue to intensify its resource mobilization efforts through new partnerships and instruments, a more realistic projection for 2015 has been considered.
8. As noted last year, there will be no expansion in the total IFAD programme of loans and grants during the IFAD9 three-year period. Instead, the emphasis will be on achieving greater efficiencies in the medium term, making IFAD's delivery model significantly more effective, and further enhancing the quality of IFAD's project

¹ Document EB 2013/109/R.12.

² Document EB 2013/110/R.12.

³ For example, in increasing the number of beneficiaries receiving services from IFAD-funded projects; improving project outcomes as measured at project completion (for replication and scaling up; rural poverty impact; environment and natural resource management; gender equality; market development; and human empowerment and social capital); and speeding up disbursement processing and the time from project approval to first disbursement.

design and portfolio. As a result, an increase in costs may be anticipated in the short run.

II. Gender sensitivity of IFAD's loans and budget

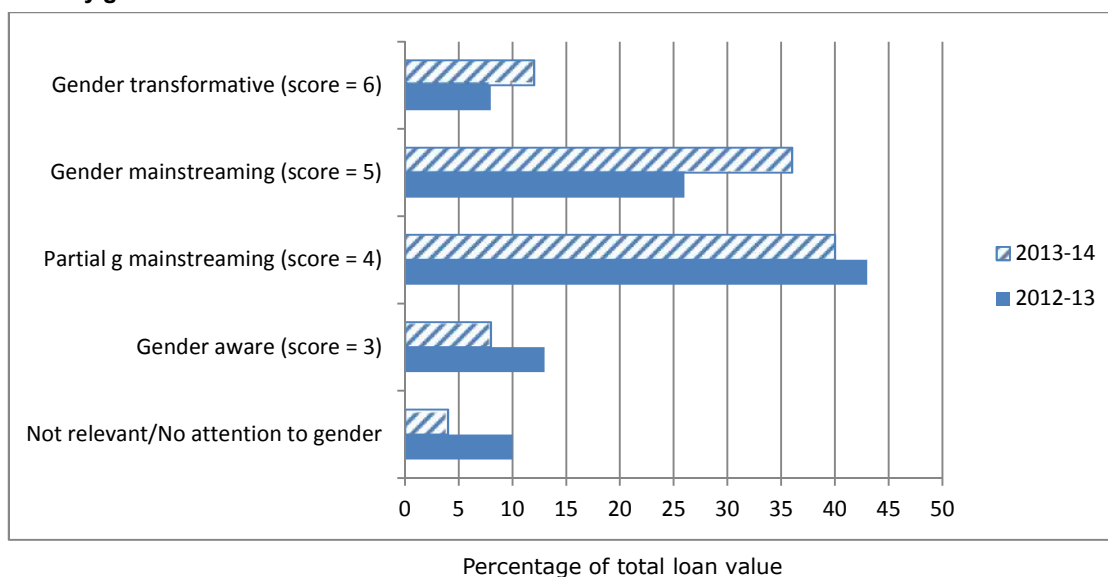
9. In response to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements pursuant to the UN-SWAP on gender,⁴ IFAD has developed a methodology to take gender considerations into account in IFAD's loan portfolio and regular budget.
10. Two separate methodologies were developed in 2013 for: (a) conducting an ex ante analysis of gender sensitivity in IFAD loans; and (b) identifying the distribution of the regular budget for gender-related activities. The outcome of the 2014 exercise is reported below.

Gender sensitivity of new IFAD loans

11. Based on the methodology developed in 2013, an ex ante analysis was conducted on the 34 loans – amounting to US\$882 million – that were approved between September 2013 and April 2014, and compared to the results of the preceding year (see figure 1 below). The latest results show that 88 per cent by loan value is rated moderately satisfactory or above with respect to gender, compared to 77 per cent in 2012-2013.

Figure 1

Distribution of total loan value approved September 2012-April 2013 and September 2013- April 2014 by gender score



12. Thirty-six per cent of loans can be classified as gender mainstreaming⁵ compared to 26 per cent in the previous year. There has also been an increase from 8 to 12 per cent for loans classified as gender transformative,⁶ while 40 per cent can be described as partial gender mainstreaming,⁷ leaving only 12 per cent, compared to 23 per cent last year, of loans making little or no contribution to the promotion of gender equality and women's empowerment. The overall results show a marked improvement in the gender sensitivity in the value of IFAD's loans.

⁴ United Nations Chief Executives Board for Coordination – System-wide action plan for implementing the United Nations policy on gender equality and empowerment of women.

⁵ Gender mainstreaming: commitment to gender equality is fully integrated within the component activities and is reflected in the allocation of financial and human resources, as well as the operational measures and procedures.

⁶ Gender transformative: activities that go beyond addressing the symptoms of gender inequality to tackling the underlying social norms, attitudes, behaviours and social systems.

⁷ Partial gender mainstreaming: gender considerations have been mainstreamed in a limited number of aspects of component design.

Capturing gender-related and supporting activities in the regular budget

13. The first attempt to quantify the gender sensitivity of IFAD's regular budget was presented in the 2014 budget document. A more accurate method of capturing gender-related data with better attribution has been integrated into the 2015 budget preparation process. This has captured gender sensitivity more comprehensively in IFAD's regular budget, within the constraints of the currently available systems.
14. The overall results from this year's exercise indicate that around 10 per cent of total staff costs are spent on gender-related activities, which is significantly higher than the 6 per cent estimated for 2014. On a departmental basis, the highest gender mainstreaming is in the Programme Management Department (PMD) (15 per cent) with the Corporate Services Support Group (CSSG) ranking second with approximately 8 per cent. Notable among divisions are the Communications Division (19 per cent), Policy and Technical Advisory Division (PTA) (13 per cent), Human Resources Division (HRD) (10 per cent) and the Ethics Office (10 per cent).
15. The percentages for 2015 indicate better attribution by both operational and non-operational divisions to capture gender-related data. IFAD will continue to improve both its approach and data collection to further enhance reporting on gender sensitivity and will seek inputs from other organizations undertaking similar work, as and when available.

III. Current perspective

A. Update on 2014 programme of loans and grants

16. As at 15 September 2014, IFAD plans to deliver a programme of loans and grants (PoLG) for 2014 projected at a total amount of US\$902 million, comprising an investment programme amounting to approximately US\$852 million in support of a total of 31 new projects and additional financing for four ongoing projects. By the end of September 2014, it is estimated that financing will have been approved for 18 new projects and additional financing for three ongoing. Of the remaining 13 new projects and one additional financing proposal, six are at an advanced stage in the design process.
17. For IFAD's global, regional and country grant programme, it is expected that some 60 grants will be approved by the end of 2014 for a value of US\$50 million.

Portfolio

18. As at 15 September 2014, there are 253 projects in the current portfolio for a value of US\$6.0 billion and an active grant portfolio comprising 229 grants valued at US\$198.7 million. Projected disbursements for the year are estimated at US\$737 million.

B. 2013 and 2014 net regular budget usage

19. Actual expenditure against the 2013 regular budget amounted to US\$139.09 million or 96.5 per cent of the approved budget of US\$144.14 million. Most of the savings were generated from staff costs due to vacant positions and lower actual costs compared to standard staff costs used for budgeting purposes. There were also savings in the travel and consultancy budgets due to prudent cost management. The underspend also includes the non-utilization of the salary increase provision for Professional staff (US\$679,000) as agreed with the Executive Board.

Table 1
Regular budget utilization – actual 2013 and forecast 2014
(Millions of United States dollars)

	2013 full year		2014 forecast	
	Budget	Actual	Budget	Forecast
Regular budget	144.14	139.09	149.64	145.75
Percentage utilization	96.5		97.4	

20. Based on current projections, utilization of the 2014 budget is expected to reach 97.4 per cent. The less-than-full utilization of the budget can be attributed to several high-level vacancies, across-the-board vacant positions, and an over-estimation of the overall CLEE incremental recurrent costs. As in previous years, some savings are anticipated from lower actual staff costs as compared to standard costs used for budgeting purposes. The 2014 fourth quarter expenditures are normally substantially higher than other quarters of the year due to the level of activity in meeting the annual approval targets for the year. However, based on the current trend and the expected favourable exchange rate movements in the last quarter, the overall utilization for the year is expected to be lower than projected in the high-level budget preview document.
21. Table 2 shows the 2013 actual expenses and 2014 forecast broken down by department. Some of the more significant variances are explained below:
- The decrease in projected utilization by CSSG in 2014 compared to the approved budget is due to savings in the Office of the Secretary and staff vacancies.
 - The expected lower utilization in the Strategy and Knowledge Department (SKD) is due to senior-level staff vacancies during 2014.
 - PMD and the Corporate Services Department 2014 forecast utilization reflects a number of positions partly vacant during the year and better overall budget management.
 - The lower 2014 forecast for the Financial Operations Department is primarily due to several vacancies across divisions.

Table 2
Regular budget usage by department: 2013 actual, 2014 budget and 2014 forecast
(Millions of United States dollars)

Department	Actual 2013	Budget 2014	Forecast 2014
Office of the President and Vice-President (OPV)	2.47	2.77	2.58
Corporate Services Support Group (CSSG)	15.09	18.18	17.63
Partnership and Resource Mobilization Office (PRM)	3.15	4.14	3.91
Strategy and Knowledge Department (SKD)	4.97	6.60	6.11
Programme Management Department (PMD)	68.19	73.57	72.23
Financial Operations Department (FOD)	9.36	10.18	9.67
Corporate Services Department (CSD)	27.66	28.34	27.98
Corporate cost centre	8.20	5.86	5.64
Total	139.09	149.64	145.75

22. A more detailed breakdown of actual budget usage in 2013, disaggregated by cluster, is provided in annex III. A similar table, based on forecasted utilization of 97.4 per cent for 2014, is provided in annex IV.

C. 2013 carry-forward allocation

23. 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.
24. The 3 per cent carry-forward for 2013 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% 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\$3.589 million, was approved and made available in April 2014. In accordance with the President's bulletin, a second call for requests was issued in September 2014 and, as of writing this document, the submissions have been received. These will be reviewed and the second tranche allocation will be made in October 2014. The utilization of the first tranche will continue to be reviewed and any amounts not expected to be utilized will be included for reallocation against the second tranche requests. Based on current utilization and the second tranche submissions received, it is unlikely that the 3 per cent carry-forward of 2013 will be fully allocated as strict adherence to the eligibility criteria has been maintained. Details of the first tranche allocation are set out in annex XI.

D. 2014 strategic workforce planning exercise

25. This year's SWP exercise began in early May, much earlier than last year, to allow the initial outcomes of the required staffing level for 2015 to be used as a guide in estimating staff costs for the 2015 high-level preview document prepared for submission in July 2014 to the Audit Committee.
26. The fundamental objective of the exercise remained the same: to ensure that IFAD has the requisite workforce in terms of numbers, competencies and skills to enable it to deliver on the key strategic objectives for the IFAD9 period. The specific priorities for the 2015 SWP exercise were identified as: (i) programme delivery; (ii) administration and governance of additional resource mobilization; and (iii) support to country offices.
27. Management remains committed to absorbing into the regular budget, staff performing core functions currently funded from other ad hoc funding sources. In addition, Management plans to continue to regularize short-term staff and consultants performing core and continuous functions. A significant number of short-term staff were regularized and the incremental cost due to the difference between fixed-term and short-term staff/consultants was absorbed in the 2014 budget. The full-year effect of these is included in the 2015 budget proposal. Due to budgetary constraints, it will not be possible to absorb all staff positions performing core functions but funded from other ad hoc resources into the 2015 regular budget. However, following a careful review of all other cost drivers and expense estimates, it will be possible to absorb some positions funded by supplementary funds into the 2015 regular budget.
28. As part of the overall organizational development and human resources strategy to match grade levels to the appropriate terms of reference of positions, a review was also undertaken as part of the annual SWP exercise, which has resulted in the reclassification of several positions. The cost implications of all the factors above will have an impact on the 2015 final budget proposal.

IV. 2015 programme of work

29. As indicated in the 2014 budget document approved by the Governing Council in February 2014 and considering the progress to date, Management plans to maintain the projected IFAD PoLG of US\$3 billion for the period 2013-2015. Within this

programme, IFAD expects to meet its IFAD9 commitment to provide between 40 and 50 per cent of financing to sub-Saharan Africa.

30. For 2015, the PoLG is planned at US\$1.21 billion. Other funds under IFAD management are estimated at US\$217 million for 2015, bringing the total PoLG to US\$1.427 billion.
31. In addition to this core programme, efforts to mobilize additional resources and cofinancing from other sources will continue, despite the increasing challenges as a result of cutbacks in ODA budgets. Based on more realistic cofinancing projections and on the historical trend, cofinancing is expected to amount to US\$1.235 billion, bringing the total programme of work for 2015 to US\$2.662 billion.

Table 3

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

	2010	2011	2012	2013	2014	2015
	<i>Actual</i>			<i>Forecast Planned</i>		
IFAD loans and Debt Sustainability Framework (DSF) grants	783	952	983	838	852	1 160
IFAD grants	47	47	54	50	50	50
Total IFAD programme of loans and grants^a	830	999	1 037	888	902	1 210
Other funds under IFAD management (estimated) ^b	161	240	176	173	180	217
Total programme of loans and grants	991	1 239	1 213	1 061	1 082	1 427
Cofinancing (international net of that managed by IFAD and domestic)	1 540	1 072	864	933	902	1 235
Total programme of work	2 531	2 310	2 077	1 994	1 984	2 662

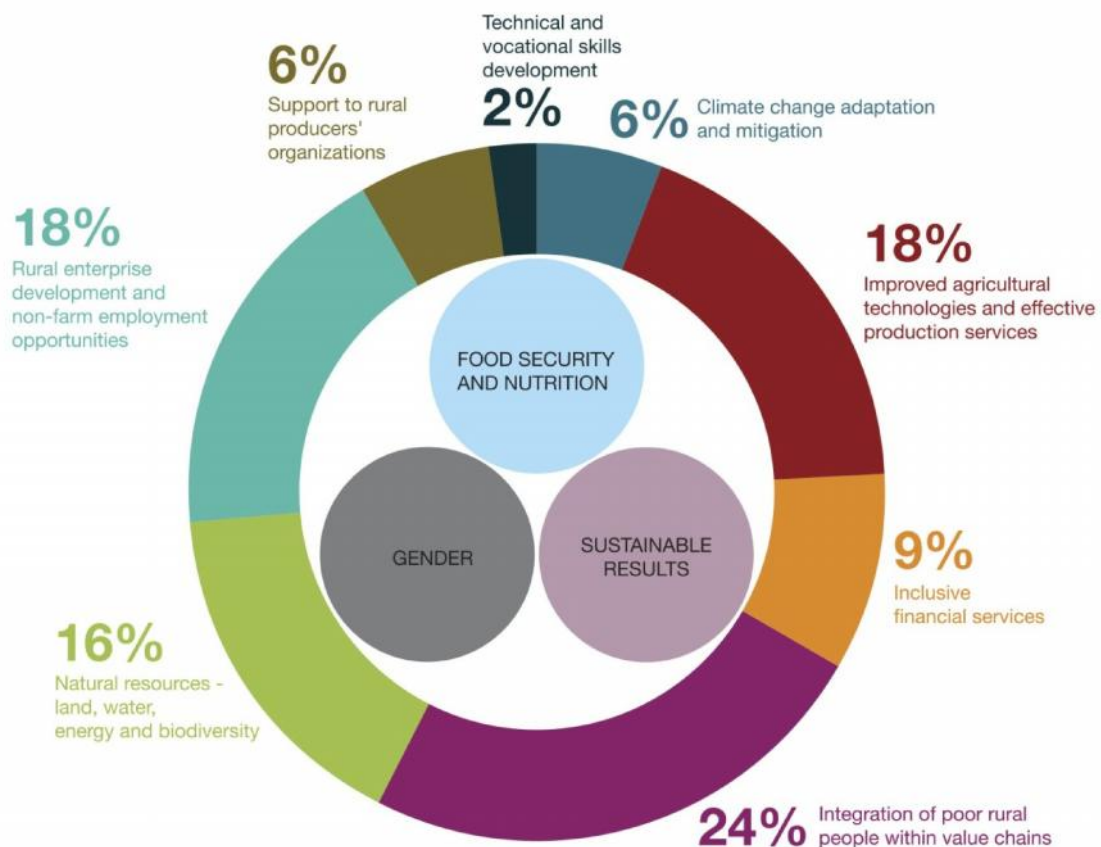
Source: GRIPS as at 30 September 2014.

^a Includes financing from ASAP (as of 2012) and KfW (as at 2014).

^b Other funds managed by IFAD include the Spanish Food Security Cofinancing Facility Trust Fund, Global Environment Facility/ Least Developed Countries Fund, Global Agriculture and Food Security Program (GAFSP), European Commission and European Union, in addition to bilateral supplementary/complementary grants.

32. Some 49 projects and programmes, including additional financing for eight ongoing loans and grants, are currently being prepared for approval during 2015. Some nine projects and programmes are planned to benefit from financing from the Adaptation for Smallholder Agriculture Programme (ASAP).
33. The estimated 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.

Indicative distribution of 2015 lending and DSF grants by area of thematic engagement



34. The estimated number of global/regional and country grants in 2015 is 50, for a total of US\$50 million. Principal objectives of the regular grant programme will continue to be:
- Promotion of innovative activities and development of innovative technologies and approaches to support IFAD's target group;
 - Further awareness, advocacy and policy dialogue on issues of importance to poor rural people promoted by this target group;
 - Strengthening of the capacity of partner institutions to deliver a range of services to support poor rural people; and
 - Increased lesson learning, knowledge management and dissemination of information on issues related to rural poverty reduction among stakeholders within and across regions.

V. 2015 net regular budget

A. Introduction

35. There has been no or minimal increase in IFAD's regular budget over the three years preceding 2014. The increase in 2014 was primarily related to the CLEE and LGS. The budget proposal for 2015 plans to cover as much of the cost drivers noted below without affecting the overall quality and effectiveness of programme delivery, while at the same time maintaining the current drive to address structural budgetary issues and implement process changes and automation leading to more cost-efficient delivery.

B. Budget process

36. As in 2014, the 2015 staffing levels were based on the outcome of the 2014 SWP exercise and departments were required to adhere to the SWP authorized staffing level. 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 had been agreed to as part of the SWP, these were appropriately reflected in the prepopulated staff costs.
37. As part of the budget planning exercise, departments were advised that their non-staff requests must not exceed 2014 appropriations. Any additional CLEE- or LGS-driven costs or other corporate priorities were centrally managed. A separate submission was required for incremental activities to be charged to complementary and supplementary management fees which would form the gross budget for 2015.
38. The Budget and Organizational Development Unit (BOD) reviewed all the submissions in the context of corporate priorities and directions set by Management. A systematic approach was followed in reviewing the budget submissions. A careful review of the timeline of the capital projects related to CLEE and LGS was undertaken and the recurrent costs and depreciation for 2015 were adjusted accordingly. The standard staff costs were revised to reflect the new assumed exchange rate. In addition, the euro component of each non-staff expenditure item was identified and the new exchange rate assumption was used to estimate the United States dollar equivalent for incorporation of non-staff costs into the overall budget proposal. The impact of general inflation (1.9 per cent) as well as price escalations on specific cost items (e.g. travel, consultancy, etc.) was carried out on each major non-staff expenditure item and has been reflected in the final budget proposal.
39. At the same time, efforts were made to match expenses to proper funding sources to the extent possible as part of IFAD's drive to mainstream recurrent costs previously funded by ad hoc sources.

C. Assumptions

2015 staff salary cost assumptions

40. Staff costs for the 2015 budget proposal are based on the following key assumptions:
 - (i) There will be no increase in salaries in 2015 for either General Service or Professional staffing grades.
 - (ii) For all staff, the normal step increase, which constitutes a price increase, will be absorbed within the regular budget. The annual step increase for both categories of staff has been absorbed since 2012 and it is unlikely that this can be achieved in the coming years. Future budgets will have to make provision for this price-related increase.
 - (iii) The cost of new General Service recruits is based on the new lower salary scale approved by Management. The impact of this lower salary scale is still minimal as the number of staff appointed and remunerated under the secondary salary scale is relatively small.
 - (iv) It is anticipated that any incremental increase by the International Civil Service Commission (ICSC) in the Professional staff salary structure will be offset by a concomitant decrease in 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 positions partially funded in 2014 has been factored into the budget proposal;
- (vi) While there will be no changes in staff salary scales for 2015, the standard staff costs used in 2014 have been adjusted in 2015 to reflect the change in the assumed exchange rate (see annex IX).

Inflation and exchange rate assumptions

41. Compared to the 2015 high-level preview document, the overall inflation increase assumption has been reduced to 1.9 per cent based on current data for the world and anticipated local consumer price indices. While this is an across-the-board assumption, it should be noted that several cost components of the budget have significant price increases over and above the 1.9 per cent assumption (e.g. average air ticket prices have increased between 4 and 6 per cent, utilities have increased by over 2 cents per unit or over 10 per cent, consultant contract costs have increased by 3-5 per cent, and several IT contracts with critical providers have a 4 per cent built-in escalation clause). In the final budget proposal, all price increases have been factored in for each cost component and considerable savings and cost cuts had to be realized to restrict the overall price increase to well below the average inflation rate.
42. The euro/United States dollar exchange rate used in preparing the 2015 budget has been adjusted to EUR 0.735:US\$1. This rate was based on the average year-to-date exchange rate information and is considered a reasonable and prudent estimate. The revised exchange rate with respect to the prior year has also helped in containing the overall price increase in the 2015 proposed budget. Standard staff costs have accordingly been lowered (see annex IX).

D. Proposed SWP staffing level for 2015

43. The 585.55 full-time equivalent (FTE) level approved for 2014 was used as the baseline for this year's SWP exercise. It included: 569.08 FTEs funded from the regular budget; 10.47 FTEs performing core functions funded from other sources; and six positions with coterminous contracts funded from supplementary funds. Based on the annual SWP exercise carried out in the first half of 2014, the proposed SWP staffing level for 2015 is 594.50 FTEs.
44. The net increase under the regular budget is 12.42 FTEs. This includes the absorption of 4.47 FTEs performing core functions for IFAD that were previously funded from supplementary fund fees. Efforts will be made to absorb the remaining six FTEs of staff performing core functions funded from other sources into the regular budget in the coming years.
45. The proposed staffing requirement to carry out the core functions of the organization for 2015 is 587.50 FTEs, compared to 579.55 FTEs in 2014, or a net increase of 7.95 FTEs. In addition, seven coterminous positions are chargeable to management fees (four in relation to ASAP and three in relation to other grants), bringing the total number of staff FTEs to 594.50.

Table 4
Indicative staffing requirements, 2012-2015
 FTEs

<i>Department</i>	<i>Approved 2012</i>	<i>Approved 2013</i>	<i>Approved 2014</i>	<i>Proposed 2015</i>	<i>Total change 2014 vs 2015</i>
Office of the President and Vice-President	12.00	11.00	11.00	11.00	0.00
Corporate Services Support Group	99.92	94.68	87.50	87.00	(0.50)
Partnership and Resource Mobilization Office	11.00	18.00	19.00	19.00	0.00
Strategy and Knowledge Management Department	13.00	25.00	27.66	28.00	0.34
Programme Management Department	294.55	254.56	265.00	272.00	7.00
Financial Operations Department	46.34	63.84	59.75	63.00	3.25
Corporate Services Department	94.30	96.66	99.17	101.50	2.33
Total staff funded by regular budget	571.11	563.74	569.08	581.50	12.42
Staff FTEs funded by other funding sources	28.97	13.47	10.47	6.00	(4.47)
Total staff funded by regular and other sources	600.08	577.21	579.55	587.50	7.95
Staff FTEs chargeable to management fees*	-	4.00	6.00	7.00	1.00
Total IFAD Staff FTEs	600.08	581.21	585.55	594.50	8.95

* Staff with coterminous contracts chargeable to management fees.

46. The net increase of 12.42 FTEs of staff funded by the regular budget is the net result of: (i) five new IFAD country office (ICO) staff positions; (ii) two new positions to support operational activities; (iii) three new positions to support the finance area; (iv) the full-year effect of positions that were partially funded in 2014 (3.17 FTEs); (v) SWP-initiated staff reductions of 3.75 FTEs; and (vi) the conversion of three staff positions previously funded by supplementary fund fees.
47. Some of the significant departmental staffing changes are highlighted below:
- (i) PMD has increased by seven positions as a direct result of additional support to ICOs and regional divisions.
 - (ii) The 3.25 FTE increase in FOD is due to the three new positions provided to support financial management and borrowing activities associated with resource mobilization. It also includes the conversion of one staff position previously funded by supplementary fund fees, net of the elimination of a position partially funded in 2014.
 - (iii) The CSD increases primarily relate to the conversion of two staff positions previously funded by supplementary fund fees.
48. Indicative staffing levels by department and grade and funded by regular budget only are set out in annexes VIII and VII. The cost implications of the SWP exercise including reclassification are set out in the cost drivers section below.

E. 2015 cost drivers

49. In preparing the 2015 budget proposal, difficult trade-offs had to be made to accommodate the 2015 cost drivers, address remaining structural budgetary issues, and absorb a substantial part of price-related cost increases in order to further contain the final budgetary increase to a minimum level. There are several competing priorities requiring substantial budgetary and human resources, and stringent prioritization had to be exercised in order to achieve minimal budget growth. Going forward, it may be necessary to revisit some of the corporate

decisions taken in prior years and test them for affordability in the current constrained budget scenario.

50. The main cost drivers that determined final budgetary allocations in 2015 were recurrent costs related to (i) the LGS replacement project; (ii) the CLEE; (iii) the SWP and organizational development exercise; and (iv) other cost drivers.

Costs associated with the Loans and Grants System replacement project

51. The first phase of the LGS replacement project went live at the end of 2013. Recurrent costs of US\$2.28 million – comprising additional staff costs, licensing and maintenance fees and depreciation (US\$750,000) – were included in the 2014 budget. Based on the schedule of completion for the next phase of the LGS replacement project in 2014, an additional US\$1 million was originally estimated as depreciation for 2015. This estimate was revised based on the schedule of the second phase of the project (completion is planned for mid-2016 to ensure sufficient time for consolidation of expected benefits from the first phase). The current estimate for incremental recurrent costs (inclusive of depreciation) in 2015 is US\$275,000 based on the additional capital outlay of US\$1 million expected in 2014.

CLEE-related cost drivers

52. The 2014 budget document indicated that the CLEE recommendations would give rise to significant budgetary needs in 2014 and 2015. Aside from capital and one-time costs, several recurrent costs were anticipated associated with implementing the CLEE action plan, directly related to increased country presence, improved portfolio quality, enhanced delivery on the ground and increased overall IFAD effectiveness.
53. Recurrent costs of US\$2 million were included in the 2014 budget based on the original implementation schedule of the CLEE action plan, including both IT and non-IT related actions. The definition and scoping of the specific IT capital projects to meet the CLEE action plan requirements only started after the approval of the budget by the Governing Council in February 2014. A number of projects required coordination and prioritization by the ICT Division and end-users in defining requirements and optimum utilization of available resources. As a result, most of the capital expenditures will actually be made in 2015 and 2016 with staggered completion dates. Consequently, about US\$600,000 of incremental recurrent costs included in the 2014 budget will not be utilized. Based on the revised schedule and respective completion dates of the capital expenditure budgets, the recurrent costs have been re-estimated for 2015 and 2016 with a corresponding depreciation schedule.
54. The revised estimate for the cost of the CLEE action plan in 2015 (excluding recurrent costs associated with ICOs) is US\$903,000 inclusive of both IT and non-IT related actions. Since US\$600,000 was already included in the 2014 budget baseline, the incremental cost of the action plan for 2015 is US\$303,000. It may be noted that based on the currently planned implementation schedule, there will be an incremental recurrent cost for the CLEE action plan in 2016.

CLEE one-time adjustment cost

55. A part of the one-time adjustment cost of US\$2.1 million was requested for the set up and establishment of ICOs (US\$1.5 million). It is now proposed to use the funds to establish new offices and upgrade existing ICOs where CPMs are to be outposted. Based on the current costs of administering ICOs, US\$300,000 has been estimated in 2015 as the incremental administrative cost of six upgrades (at US\$50,000 each) while US\$410,000 is estimated for 2016 reflecting the administrative cost of three new ICOs (at US\$120,000 each) and one upgrade. These estimates exclude staff costs associated with new ICOs. For 2015, there will be additional staff costs and these are included as part of the SWP cost drivers. While there is an immediate

increase in staff costs for new and upgraded ICOs, such costs will eventually be offset by corresponding reductions at headquarters.

Strategic workforce planning and organizational development exercise

56. The initial assessment of staffing requirements arising from this year's annual SWP exercise estimates a slight increase in staff numbers, the majority of which relates to country offices and operational requirements. The cost of the staff increase in 2015 and the full-year effect of CLEE-driven new technical positions in 2014 will have an incremental cost of US\$1.1 million for a net increase of 9.42 FTEs, after adjusting for SWP-proposed reductions in staff positions. The proposed absorption of staff positions previously funded by supplementary fund management fees has resulted in a net increase of 3 FTEs with an equivalent cost of US\$430,000. In addition, there will be a price increase associated with the full-year effect of positions reclassified in 2014 as well as anticipated reclassifications in 2015.

Other cost drivers

57. The other increases in costs include: (i) price increases related to maintenance, support and licensing fees; (ii) real increases in depreciation for prior years' capital expenditure projects coming on stream; (iii) price increase related to recruitment and relocation costs associated with outpostting and increased ICO presence; and (iv) higher provision for maternity costs. These costs have been included in the 2015 final budget proposal.

F. 2015 net regular budget proposal

58. Based on Audit Committee and Executive Board feedback on the high-level preview, the current estimates have been refined and adjusted downwards in the 2015 budget proposal. The net regular budget for 2015 is proposed at US\$151.59 million, representing a 1.3 per cent nominal increase over 2014 (compared to 1.7 per cent in the high-level preview), of which 1 per cent represents a real/volume increase and a net price increase of 0.3 per cent arising from inflation, adjusted for the change in the exchange rate assumption.
59. The 1 per cent real increase is the net effect of the real increases and decreases enumerated below: (i) impact of the annual SWP exercise detailed above (US\$1.1 million); (ii) increased depreciation of LGS replacement project (US\$140,000), CLEE-related (US\$253,000) and other capital expenditures approved in the past (US\$100,000); (iii) net incremental recurrent support costs of the LGS replacement project (US\$135,000) and CLEE-related projects (US\$50,000); and (iv) cost of additional staff positions previously funded by supplementary funds fees (US\$432,000). This is offset by a real reduction in the use of consultants equivalent to four FTEs (US\$720,000).
60. The 0.3 per cent price increase is the net effect of the assumed general inflation rate (1.9 per cent) as well as price escalations on specific cost items that could not be absorbed, adjusted for the change in the assumed exchange rate. Significant cost-cutting measures have been – and continue to be – put in place in order to minimize the overall price increase stemming from the rising costs of several expenditure items and to accommodate the incremental cost of the annual within-grade-step increase for all staff. This year has also benefited from the effect of the stronger United States dollar. It may not be possible to contain price increases to this level in future years.

2015 budget proposal by department

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

Table 5
Regular budget by department, 2014 and 2015
(Millions of United States dollars)

<i>Department</i>	<i>Approved 2014</i>	<i>Proposed 2015</i>	<i>Total change</i>	<i>Change (percentage)</i>
Office of the President and Vice-President	2.77	2.73	(0.04)	(1.4)
Corporate Services Support Group	18.18	17.99	(0.19)	(1.0)
Partnership and Resource Mobilization Office	4.14	4.16	0.02	0.5
Strategy and Knowledge Management Department	6.60	6.80	0.20	3.0
Programme Management Department	73.57	74.11	0.54	0.7
Financial Operations Department	10.18	10.69	0.51	5.0
Corporate Services Department	28.34	28.36	0.02	0.1
Corporate cost centre costs (allocated across clusters)	2.38	2.67	0.29	12.2
Corporate cost centre (portion not allocated across clusters):				
- 2012 Professional salary increases withheld	0.68	0.68	0	0
- Other corporate costs	2.80	3.40	0.6	21.4
Total	149.64	151.59	1.95	1.3

62. The reason for the changes in 2015 departmental allocations compared to 2014 are explained below:
- (a) OPV: The minimal reduction in the OPV budget is due to a lower staff cost based on revised standard staff costs and slight trimming of non-staff costs.
 - (b) CSSG: The decrease in the CSSG budget is primarily due to savings identified by SEC.
 - (c) PRM: The slight increase in PRM's budget reflects the additional allocation provided for resource mobilization and replenishment-related activities.
 - (d) SKD: The increase in SKD's budget is attributable to the anticipated full complement of staff in 2015 and associated costs. Additional provision has been made to promote knowledge management initiatives.
 - (e) PMD: The increase in PMD's budget is primarily due to the seven new staff positions, increases in costs associated with upgraded ICOs, and other institutional contracts, significantly offset by a reduction in consultancy costs and partly offset by savings in travel costs and lower standard staff costs.
 - (f) FOD: The increase in FOD's budget is mainly due to the additional staff positions provided through the SWP to support financial management and resource mobilization efforts and slightly higher travel costs to support loan administration and fiduciary requirements.
 - (g) CSD: There is minimal increase in CSD's overall budget. Increases in staff positions and higher incremental recurrent costs related to the LGS replacement project and the CLEE have been offset by lower standard staff costs and by the effect of the exchange rate.
 - (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 costs associated with the rewards and recognition framework) and those that are centrally managed institutional costs (i.e. other depreciation, maternity, after-service medical costs, external audit fees, etc.). The increase in corporate costs allocable across clusters is

primarily the result of additional allocations for recruitment and relocation costs. The increase in centrally managed corporate costs is primarily due to higher CLEE-related costs, regular depreciation and a higher provision for maternity-associated costs.

2015 budget proposal by cluster

63. A comparison of the 2014 approved budget and the 2015 budget proposal by cluster is set out in table 6. Annex V provides a matrix displaying the distribution of departmental expenditures by cluster.

Table 6

Analysis of percentage share of regular budget by results cluster, 2014 and 2015

(Millions of United States dollars)

<i>Results cluster</i>	<i>Approved 2014</i>	<i>Proposed 2015</i>	<i>2014 %</i>	<i>2015 %</i>
1 Country programme development and implementation *	87.73	88.74	58.7	58.5
2 High-level policy dialogue, resource mobilization and strategic communication	12.24	12.77	8.2	8.4
3 Corporate management, reform and administration	37.47	37.48	25.0	24.8
4 Support to members' governance activities	8.72	8.52	5.8	5.6
Corporate cost centre	2.80	3.40	1.9	2.3
2012 Professional salary Increase (withheld)	0.68	0.68	0.4	0.4
Total	149.64	151.59	100%	100%

* The additional resources allocated from the ASAP and supplementary funds increase the share of cluster 1 to 59.9 per cent.

64. In preparing the distribution of costs by cluster, basically the same methodology has been adopted as was used for the 2014 budget. Included under cluster 1 are the recurrent costs associated with the LGS replacement project and certain CLEE-related actions primarily benefiting the operational area. IT-related costs that could have been attributed across the organization remain entirely under cluster 3 rather than distributed across clusters.
65. The specific reasons for changes in 2015 cluster allocation compared to 2014 are explained below:
- (i) Cluster 1: The cluster 1 percentage share of the total budget shows a slight decline from 58.7 per cent in 2014 to 58.5 per cent in 2015, which is also lower than the estimate at the time of the high-level preview document. The slight decrease in the share of cluster 1 is due to a more accurate allocation of PMD and SKD budgets across cluster 1 and 2. However, in spite of the decline in percentage share, the absolute spend in cluster 1 has continued to increase – from US\$85.1 million in 2013, US\$87.73 million in 2014 to US\$88.74 million in 2015.
 - (ii) Cluster 2: The percentage share of cluster 2 is 8.4 per cent, which is a slight improvement compared to 8.2 per cent in 2014. The higher share is due to a more realistic allocation of SKD and PMD budgets to reflect the knowledge management and policy dialogue work being undertaken.
 - (iii) Cluster 3: The decrease in the cluster 3 share of the proposed budget is from 25.0 per cent in 2014 to 24.8 per cent in 2015, which is a move in the right direction. The decrease is attributable to appropriate allocation of Field Service Unit activities to cluster 1 and a more accurate shift of administrative and IT costs to cluster 4.
 - (iv) Cluster 4: The continuing decline in cluster 4 is primarily due to efficiency measures taken by SEC and to the lower allocation of the OPV budget to this cluster. The absolute amount allocated to cluster 4 has actually declined.

66. Although the share of cluster 1 shows a slight decrease in 2015 for the reasons explained above, it should be noted that, as shown in table 1, the total cluster 1 share of the gross budget rises to 59.9 per cent.

2015 budget proposal by summary cost category

67. 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 2015 budget proposal by detailed cost category and by department.

Table 7

Analysis of budget by summary cost category, 2014 and 2015

(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2014</i>	<i>Proposed 2015</i>	<i>Total change</i>	<i>Change (percentage)</i>
Staff	93.20	94.19	0.99	1.1
Consultants	22.43	21.95	(0.48)	(2.1)
Duty travel	9.23	8.96	(0.27)	(2.9)
ICT non-staff costs	5.54	5.55	0.01	0.2
Other costs	19.24	20.94	1.70	8.8
Total	149.64	151.59	1.95	1.3%

68. The increase in staff costs in 2015 compared to 2014 is due to the provision of additional staff positions as recommended by the SWP exercise plus the absorption of three core staff positions previously funded by supplementary fund management fees, the cost of reclassifications and the additional allocation for recruitment and relocation costs. The increase is offset by the lower standard staff costs arising from the effect of the lower exchange rate assumption compared to 2014.
69. Consultancy costs in 2015 have decreased compared to 2014 due to lower use of consultants primarily by PMD, partly offset by price increases. The exchange rate has minimal effect on this expense category.
70. Duty travel has also decreased in 2015. This is a result of several initiatives undertaken to contain/reduce travel costs (such as the preferred hotel programme, the revision of DSA rates, and better travel cost management) in spite of increased average ticket prices in most sectors.
71. There is almost no change in the ICT non-staff costs as the increases in LGS and other regular support and maintenance costs arising from contractual obligations, and the recurrent costs of additional systems coming on stream have been substantially offset by the impact of the exchange rate assumption.
72. The substantial increase in other costs is mainly due to higher costs associated with the establishment of ICOs and increases in the corporate cost centre, as explained above.

G. 2015 gross budget proposal

73. IFAD implements and manages a number of operations for third parties that are external but complementary to IFAD's programme of loans and grants. These operations are financed from supplementary funds. Engaging in these partnership activities involves additional incremental costs to IFAD in design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement.
74. The gross budget proposed for 2015 amounts to US\$156.72 million and includes US\$5.13 million in costs to support supplementary-fund-related work over and above the US\$151.59 million regular budget. The slightly lower estimate with respect to the prior year reflects the requirements for the third year of ASAP

implementation. The amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. Approval is only being sought for the proposed net regular budget of US\$151.59 million. Table 8 provides a summary of the gross and net regular budget.

Table 8
Indicative gross and net budget for 2015
(Millions of United States dollars)

<i>Cost category</i>	<i>2014</i>	<i>2015</i>
Gross budget	155.0	156.72
Costs to support supplementary fund work	(5.36)	(5.13)
Net budget	149.64	151.59

Efficiency ratio

75. While IFAD's efficiency ratio – measured by dividing actual administrative expenditures by the annual PoLG (excluding other IFAD-managed funds) – continues to be tracked, the new efficiency measure now includes other IFAD-managed funds.
76. Based on the proposed gross budget (which includes annual management fee allocation) of US\$156.7 million and an augmented PoLG of US\$1.427 billion, the new administrative efficiency ratio for 2015 is 11.0 per cent, compared to a forecast 13.9 per cent in 2014 based on estimated budget utilization and projected PoLG – and is therefore an improvement.
77. IFAD expects the shortfall in the 2013 and 2014 programme of work, compared with the original projection, to be made up within 2015, with the total PoLG element of the programme (excluding managed funds) expected to reach the US\$3 billion level. As shown in table 9, the average efficiency ratio for the three-year 2013-2015 period is expected to be 12.4 per cent, which is within the target set under IFAD9.
78. Efficiency ratio 1, as defined above, fails to capture the extent and impact of the cofinancing element of the total POW. Starting in 2014, a second efficiency ratio was introduced – defined as actual administrative expenditures (including expenditures financed by management fees) divided by POW (i.e. PoLG plus other IFAD-managed funds 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 6.8 per cent over the IFAD9 period which is lower than the average during the IFAD8 period of 5.8 per cent, reflecting the current difficult ODA and cofinancing environment.

Table 9

Efficiency ratios

(Millions of United States dollars)

	<i>Actual 2010</i>	<i>Actual 2011</i>	<i>Actual 2012</i>	<i>IFAD8 period</i>	<i>Actual 2013</i>	<i>Forecast 2014</i>	<i>Budget 2015</i>	<i>IFAD9 period</i>
PoLG	830	999	1 037	2 866	888	902	1 210	3 000
Other IFAD- managed funds	161	240	176	577	173	180	217	570
PoLG (incl. other funds)	991	1 239	1 213	3 443	1 061	1 082	1 427	3 570
Cofinancing ^a	1 540	1 072	864	3 476	933	902	1 235	3 070
Total programme of work	2 531	2 311	2 077	6 919	1 994	1 984	2 662	6 640
Regular budget	116.5	135.1	138.3	389.9	139.1	145.8	151.6	436.5
Costs to support supplementary fund activities	5.2	3.5	1.6	10.3	4.8	5.0	5.1	14.9
Total costs	121.7	138.6	139.9	400.2	143.9	150.8	156.7	451.4
Efficiency ratio 1: vs. PoLG incl. other IFAD- managed funds ^b	12.3%	11.2%	11.5%	11.6%	13.6%	13.9%	11.0%	12.6%
Efficiency ratio 2: vs. POW	4.8%	6.0%	6.7%	5.8%	7.2%	7.6%	5.9%	6.8%

^a Amounts shown as cofinancing together with other IFAD-managed funds reflects a revised target of 1.2 of PoLG.

^b Efficiency measure agreed as part of IFAD9.

H. Capital budget for 2015**2015 capital budget request**

79. As proposed in the high-level preview document, the capital budget has been split into two categories, namely: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktop and laptop computers undertaken every year); and (ii) other capital budgets to fund IT initiatives and other infrastructure-related capital projects.
80. For 2015, a capital budget of US\$2.69 million is proposed, which is substantially lower than prior years. The total amount comprises: (i) US\$1.2 million for annual capital budgets; (ii) US\$600,000 for ICT initiatives (detailed breakdown is being reviewed by the Information Technology Governance Committee [ITGC]); (iii) US\$450,000 is related to enhancing the physical security of the headquarters building (including replacement of the existing closed circuit television system which was transferred from the previous headquarters location); and (iv) US\$440,000 for extraordinary maintenance of the headquarters building, and replacement of mechanical and electrical installations and deteriorated water tanks.
81. Based on the current accounting standards being adopted, depreciation is charged on a straight-line basis over the estimated useful economic life (four years for IT hardware, up to a maximum of seven years for software development costs including LGS replacement costs, and 10 years for permanent equipment). On this basis, the depreciation impact of the 2015 capital expenditure budget will be approximately US\$500,000 starting 2016. As and when the LGS replacement project is finally completed, with an expected additional capital cost of US\$6 million - \$7 million (approved LGS capital budget is US\$15 million), the full annual impact of depreciation in accordance with current accounting standards will

be approximately an additional US\$0.9 million in line with International Financial Reporting Standards (IFRS).

Table 10
Capital budget request for 2015
 (Thousands of United States dollars)

	<i>2015 proposed</i>
(a) Annual recurring capital expenditure	
IT infrastructure/regular hardware replacement	1 200
Annual recurring capital subtotal	1 200
(b) Capital projects	
ICT initiatives	600
Security	450
Facilities/infrastructure	440
Capital projects subtotal	1 490
Total	2 690

82. The spend for new IT initiatives has been limited to only US\$600,000 in 2015 in order to prioritize CLEE-related IT capital projects. Once the IT projects have been defined and scoped by the end of 2014, significant work will have to be done to substantially complete these projects by 2015. Taking into account the ongoing IT initiatives started in previous years, the LGS replacement project and the numerous CLEE-related IT projects, it is prudent not to embark on several other new IT initiatives at this time.
83. The following benefits are expected from the above capital projects: (i) apart from maintaining current hardware up-to-date and trouble-free, the annual capital expenditure is not expected to provide any monetary benefits; (ii) benefits from the ICT initiatives will be known once the specific projects are approved by the ITGC; (iii) in the current context of the security situation and based on the recommendations of the United Nations Department of Safety and Security (UNDSS), this initiative is considered a mandatory requirement; and (iv) the replacement of older equipment and achieving a higher Leadership in Energy & Environmental Design (LEED) certification will lead to improved efficiencies, reduced maintenance costs and lower consumption of utilities.

Initiatives approved (2008-2014)

84. The cumulative capital budget (excluding CLEE) approved for the period 2008 to 2014 amounts to some US\$34 million. Of this, US\$15.76 million relates to the LGS replacement project. Excluding this amount, the regular annual capital budget expenditures have ranged between US\$3 million and US\$5 million in the past, primarily representing IT costs. A table summarizing capital expenditure approvals to date is provided in annex X.

Part two – Results-based work programme and budget for 2015 and indicative plan for 2016-2017 of the Independent Office of Evaluation of IFAD

I. Introduction

85. This document contains the proposed work programme and budget for 2015 and indicative plan for 2016-2017 of the Independent Office of Evaluation of IFAD (IOE). In line with the IFAD Evaluation Policy (2011), the IOE budget and IFAD's administrative budget are developed independently of each other.⁸ As in the past, the proposed IOE work programme document for 2015 has been developed on the basis of consultations with IFAD Management, taking into account IFAD's priorities for the Ninth Replenishment of IFAD's Resources (IFAD9) period (2013-2015) and the ongoing discussions in the context of IFAD10.
86. Building on the new format and structure developed in 2013, this document presents the proposed IOE work programme and budget "based on a critical assessment of needs, rather than simply using the current budget as a baseline."⁹ It also aims to strengthen the linkage between the work programme and expenditures and provide greater detail in the breakdown of budgeted costs, particularly non-staff costs, including those related to consultants. The document provides details of actual expenditures for 2013; 2014 budget utilization at the time this document was prepared; and the expected 2014 year-end utilization.
87. This year IOE introduced two new features into its work programme and budget document: (i) reported progress against the key performance indicators (KPIs) contained in IOE's results measurement framework (RMF), as adopted by the Board in December 2013; and (ii) a selectivity framework to guide the choice of IFAD-funded projects to undergo impact evaluations by IOE. These new features are explained in section III(A).
88. The proposed work programme and budget have been developed following comments made during the eighty-fourth session of the Evaluation Committee on 2 July, as well as by the Audit Committee and the Executive Board during their September 2014 sessions. This final version of the document also reflects the outcome of discussions with the Evaluation Committee on 10 October 2014, and will be considered by the Executive Board in December 2014. Prior to this, as per past practice, the budget proposal will be considered again by the Audit Committee in November 2014, together with IFAD's 2015 administrative budget. Finally, the budget will be submitted, upon the recommendation of the Board in December 2014, to the Governing Council in 2015 for approval. On a process-related issue, it is important to highlight that IOE has strengthened its dialogue with IFAD's Budget and Organizational Development Unit (BOD)¹⁰ to ensure that the proposal builds on key budgeting principles and parameters used by IFAD Management in preparing its administrative budget.
89. The document has been organized into six sections. Section II briefly describes the main insights emerging thus far from the implementation of the 2014 work programme; section III highlights the achievements of the 2014 evaluation work programme, overall 2013 budget utilization, 2014 budget utilization as of mid-September 2014 and projected utilization for end 2014, and use of the 3 per cent carry-forward from the 2013 IOE budget; section IV provides a brief description of

⁸ "The levels of the IOE component and ... IFAD's administrative budget will be determined independently of each other." IFAD Evaluation Policy, p.11.

⁹ See Minutes of the 107th session of the Executive Board, p.29.

¹⁰ Among other tasks, BOD is responsible for preparing IFAD's annual administrative budget and coordinating the organization's annual Strategy Workforce Planning exercise.

IOE's strategic objectives; and section V focuses on the proposed evaluation activities for 2015. Lastly, section VI outlines the final proposal for the 2015 budget and human resources required by IOE to implement its work programme and achieve its main objectives in an effective and timely manner.

II. Key insights from the implementation of the 2014 work programme

90. In preparing this document, IOE undertook an internal assessment of the implementation of its 2014 work programme and budget. Some of the key insights are that:
- Ways and means need to be found to streamline evaluation processes, in particular to shorten the duration of major evaluations, especially country programme and corporate-level evaluations (CLEs), without compromising their analytical depth and quality. The streamlining of IOE evaluation processes is being carried out in the context of the development of the second edition of the Evaluation Manual, which will be issued in 2015;
 - Evaluation recommendations must be useful, prioritized and strategic. This would facilitate discussions on evaluation recommendations by IFAD's governing bodies and enable Management to easily internalize and incorporate them into new policies, strategies and processes and IFAD-supported operations;
 - Further opportunities for partnership in evaluation – for example joint evaluations with the Rome-based United Nations agencies, international financial institutions and recipient countries – are needed to foster learning, knowledge-sharing and evaluation capacity development;
 - IOE should engage in a dialogue with and support IFAD Management in their efforts to conduct and mainstream (project) impact evaluations;
 - IOE should further develop the selectivity framework that it introduced last year to ensure greater transparency in selecting projects eligible for impact evaluation by IOE.¹¹ The IOE selectivity framework has since been further developed and has been used in identifying which project will undergo an impact evaluation in 2014 (see paragraph 91 below, last bullet); and
 - In addition to the above, more thorough advance planning is needed within IOE and in dialogue with the Office of the Secretary to ensure that documents for IFAD governing bodies, especially the Evaluation Committee and Executive Board, are produced and dispatched in a timely manner.

III. Current perspective

A. Highlights of 2014

91. By the end of the year, IOE expects to have implemented all the activities planned in the 2014 work programme. Moreover, it will have conducted several additional activities, such as country visits to collect evidence from the field in the context of the evaluation synthesis report on IFAD's engagement in middle-income countries that was finalized in early 2014. Selected key achievements to date include:
- The completion of the corporate-level evaluation on IFAD's replenishments. This evaluation raised crucial corporate issues that were discussed by the Evaluation Committee and Executive Board, and also by the IFAD10 Consultation at its second session in June 2014;

¹¹ In this regard, IOE first introduced a selectivity framework in 2013 to guide the selection and prioritize evaluations to be conducted in 2014.

- The corporate-level evaluation on the IFAD Policy for Grant Financing has been finalized and will be discussed by the Board in December 2014. The main recommendation emerging from this evaluation is for IFAD to develop a new grants policy and to further leverage this important instrument to achieve IFAD's mandate;
 - The corporate-level evaluation on IFAD's work in fragile and conflict-affected states and situations is in full swing. A progress report on this evaluation was presented during the third session of the IFAD10 Consultation in October 2014;
 - The completion of the evaluation synthesis report on IFAD's engagement in middle-income countries. In this regard, in April, IOE organized an in-house learning workshop with IFAD Management and staff to exchange views on the topic. The workshop included the participation of the former Director General of the Independent Office of Evaluation of the Government of India and colleagues from the Food and Agriculture Organization of the United Nations (FAO) and World Food Programme (WFP);
 - The launching of the first joint evaluation synthesis report on pastoral development prepared and cofinanced by IOE and FAO's Office of Evaluation. As this is a collaborative endeavour, opportunities for discussing the final report in a joint session of the IFAD Evaluation Committee and FAO Programme Committee will be explored early next year;
 - The 2014 Annual Report on Results and Impact of IFAD Operations (ARRI) has been prepared. This year's ARRI includes a dedicated section on the opportunities and challenges faced by project management. An in-house learning workshop was held on 19 September 2014 to discuss the ARRI's main findings and recommendations. The workshop was attended by IFAD Management, staff and consultants, as well as representatives from the Swiss Agency for Development Cooperation and United Nations Development Programme; and
 - The second IOE impact evaluation was launched in June and is now in full swing. The operation selected, using the newly introduced selectivity framework, is the Jharkhand-Chhattisgarh Tribal Development Programme (JCTDP) in India.
92. Progress in implementing planned evaluation activities for 2014 is summarized in annex XVI, table 1; information is also provided (in annex XVI, table 2) on progress made against the targets for each KPI included in the IOE results measurement framework for 2014.¹² The data reveal that activities have been undertaken within planned timelines and that agreed targets have been achieved. In some cases, targets have been surpassed.
93. As requested by the Evaluation Committee in July and the Board in September, IOE has further developed its RMF for 2015 to include sharper KPIs, including on IOE's efficiency. The enhanced RMF for 2015 is presented in annex XX.
94. As mentioned above (paras. 87 and 90), this year IOE has further developed its selectivity framework (see annex XXI), which was first introduced in the 2014 work programme and budget document. The selectivity framework now includes criteria and guiding questions that allow for a more transparent process in selecting projects for impact evaluations by IOE (see annex XXI, table 5). For example, IOE will select projects for impact evaluation if, among other criteria: (i) the operation closed between 1-3 years ago; (ii) they are located in a country where IOE plans a country programme evaluation (CPE) in the near future; (iii) their design includes

¹² The IOE results measurement framework for 2014 agreed by the Board is contained in annex XV.

innovative characteristics that merit further and more detailed study and documentation through independent evaluation; and (iv) the project is not covered by the impact evaluations undertaken by IFAD Management - to avoid duplication of effort and ensure usefulness for the organization as a whole.

95. In addition, IOE has introduced a more systematic approach to continuous monitoring and quarterly performance reviews of the implementation of its work programme and budget in order to take stock of progress and flag issues that merit closer attention.

B. 2014 Budget utilization

96. Table 1 below provides information on budget utilization by IOE in 2013; budget utilization as of mid-September 2014; and expected utilization by year-end (2014).

Table 1

IOE budget utilization in 2013 and projected utilization in 2014

<i>Evaluation work</i>	<i>Approved budget 2013</i>	<i>Budget utilization 2013 (US\$)</i>	<i>Approved budget 2014</i>	<i>2014 Commitment as of mid-Sept. (US\$)*</i>	<i>Expected utilization as of year-end 2014</i>
Staff travel	330 000	332 492	345 000	245 237	345 000
Consultant fees	1 525 362	1 685 763	1 465 000	1 523 228	1 465 000
Consultant travel and allowances	352 007	428 719	395 000	356 521	395 000
In-country CPE learning events	30 000	35 690	35 000	45 569	35 000
Evaluation outreach, staff training and other costs	109 342	192 560	155 992	95 380	155 992
Non-staff costs	2 346 711	2 675 224	2 395 992	2 265 935	2 395 992
Staff costs	3 667 268	3 098 962	3 586 690	3 142 589	3 437 123
Total	6 013 979	5 774 186	5 982 682	5 408 524	5 833 115
Utilization		96.0%		90.4%	97.5%

* Based on staff costs committed until year-end.

97. Actual total expenses against IOE's 2013 budget amounted to US\$5.774 million, or 96 per cent of budget utilization. The lower utilization relates primarily to staff cost savings (vacant positions), offset partly by an increase in consultancy requirements. Some of the staff costs savings were also used to undertake additional outreach work to ensure wider dissemination of evaluation lessons and training programmes during the year.
98. In 2014, against an approved budget of US\$5.983 million, the utilization (in terms of commitments) as of mid-September 2014 was US\$5.409 million, or 90.4 per cent. The high utilization at that time of the year was due primarily to the full-year commitment of staff costs, which is in line with IFAD-wide established practice, and to higher commitments for hiring consultants and for staff/consultants' travel costs as part of the normal business cycle, as funds for most evaluations are committed by that time of the year.
99. The expected overall utilization of the IOE budget in 2014 as of year-end is currently projected at US\$5.833 million, corresponding to about 97.5 per cent of the approved budget. The anticipated lower utilization relates to staff costs as a result of vacant positions that are currently being filled, and some savings from the IOE Director's position. A small part of the savings has been utilized for recruitment costs in line with IFAD's Human Resources rules and also to fund additional activities, in particular a further evaluation synthesis report on IFAD's work with indigenous peoples.

C. Utilization of the 2013 carry-forward

100. 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.
101. The 3 per cent carry-forward from IOE's 2013 budget amounted to US\$180,419; this was by and large used to undertake the CLE on IFAD's engagement in fragile and conflict-affected states and situations. This evaluation was not adequately budgeted in 2014 as the requirements for this important exercise could only be fully estimated when the evaluation design was finalized in early 2014. In particular, the 3 per cent carry-forward was being used to enhance the evidence base and quality of the evaluation by conducting country visits to capture the views of beneficiaries and other in-country partners and to observe project activities on the ground in fragile states.

IV. IOE strategic objectives

102. As agreed with the Board in December 2013 and in line with the IFAD Evaluation Policy (2011), IOE's strategic objectives for 2014 and 2015 – the remaining two years of the IFAD9 period¹³ – are as follows:
- (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.
103. These two strategic objectives allow IOE to achieve the overarching goal set for independent evaluation, namely to promote accountability and foster learning to improve the performance of corporate policies, strategies, processes and IFAD-supported operations.
104. Annex XIV summarizes IOE's strategic objectives, divisional management results (DMRs) and the outputs that the division proposes to deliver in 2015.
105. As mentioned in paragraph 93, the RMF for 2015 includes sharper KPIs that will allow for better performance measurement, including on IOE's efficiency, and reporting against the DMRs. Details on the efficiency indicators can be found in paragraph 133 and in annex XX, which contains the RMF for 2015.

V. 2015 work programme

106. The following paragraphs provide an overview of the main evaluation activities foreseen for 2015. The full list of proposed evaluation activities for IOE in 2015 is presented in annex XVII, table 1 and the indicative plan for 2016-2017, in annex XVII, table 2. It is worth recalling that IOE applied the selectivity framework in annex XXI to prioritize and select the specific evaluations to be undertaken next year. The major outputs planned for 2015 are summarized in table 2 below.

¹³ It was also agreed with the Board that in 2015, while preparing the 2016 work programme and budget, IOE would reassess the relevance of its strategic objectives for the IFAD10 period (2016-2018).

Table 2
Major outputs planned by IOE in 2015

<i>Strategic objectives</i>	<i>Divisional management results</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 the development and implementation of better corporate policies and processes	ARRI CLE on IFAD's work in fragile and conflict-affected states and situations – to be completed CLE on IFAD's performance-based allocation system (PBAS) – to start
	DMR 2: CPEs that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	Eight CPEs – Bangladesh, The Gambia and the United Republic of Tanzania - to be completed; Brazil, Ethiopia, India, Nigeria, Turkey – to start
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	Validate all project completion reports (PCRs) available in the year* Eight project performance assessments One impact evaluation of an IFAD-funded project
	DMR 4: Methodology development	Issuance of the second edition of the Evaluation Manual Development of the new harmonization agreement on independent evaluation and self-evaluation methods and processes between IOE and IFAD Management Training of IOE staff and consultants on second edition of Evaluation Manual Contribute to in-house and external debate on impact evaluations
	DMR 5: Work related to IFAD governing bodies to ensure accountability and learning	Comments on the Report on IFAD's Development Effectiveness (RIDE); synthesis report on impact evaluations by IFAD Management; President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA); and selected COSOPs and corporate policies/strategies (e.g. the new IFAD corporate policy on grant financing); preparation of the IOE work programme and budget; and participation in all sessions of the Evaluation Committee, Executive Board and Governing Council as well as selected Audit Committee meetings. Participate in the 2015 annual country visit of the Board to Morocco
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	Three evaluation syntheses (on accessing markets from a subregional perspective; natural resources and environmental management; and non-lending activities in the context of South-South cooperation) One learning theme in the context of the 2015 ARRI (topic to be decided by the Board in December)
	DMR 7: Systematic communication and outreach of evaluation-based lessons and good practices	Participate in internal platforms (Operational Strategy and Policy Guidance Committee [OSC], quality assurance learning sessions, Operations Management Committee [OMC], IFAD Management Teams [IMTs], Country Programme Management Team [CPMT], selected learning events, etc.) Organize in-country learning workshops to discuss the main results from CPEs to provide building blocks for the preparation of new COSOPs; and arrange learning events in IFAD related to other evaluations (e.g. CLEs, syntheses, ARRI) to share lessons and good practices Partnerships (Evaluation Cooperation Group [ECG], United Nations Evaluation Group [UNEG], Network of Networks on Impact Evaluation [NONIE], Swiss Agency for Development and Cooperation [SDC], and Rome-based agencies - FAO/WFP/Consultative Group on International Agricultural Research [CGIAR])
	DMR 8: Evaluation capacity development in partner countries	Engage selectively in evaluation capacity development (ECD) by organizing seminars and workshops on evaluation methodology and processes in the context of regular evaluations (e.g. ongoing CPEs, PPAs or impact evaluations). Moreover, promote ECD, upon request, in countries where IOE is not undertaking evaluations. Implementation of statement of intent with China on ECD

*The selection of projects to undergo a PPA may only be determined upon submission of PCRs by the Programme Management Department (PMD) and the subsequent validation exercise (i.e. the preparation of PCR validations) by IOE.

107. As mentioned earlier, IOE developed a selectivity framework in 2013 to promote transparency and prioritize evaluations for inclusion in its annual evaluation work programme. The expanded selectivity framework (annex XXI) has therefore been used as a basis for constructing the 2015 work programme. It is worth noting that the proposed evaluation activities are timely, as their results are expected to inform future policy and strategy development as well as project design and implementation.
108. In 2015, IOE will complete the CLE on IFAD's engagement in fragile and conflict-affected states and situations, to be presented to the Evaluation Committee and thereafter to the Executive Board in April 2015. As requested by several Member States during the IFAD10 session in June and the Evaluation Committee sessions in July and October, and endorsed by the Board in September, IOE plans to start a new corporate-level evaluation in 2015 on IFAD's performance-based allocation system (PBAS), which was introduced based on a decision taken during the IFAD6 Consultation in 2002. The CLE on the PBAS will be completed in early 2016. Other CLEs provisionally planned beyond 2015 are shown in the indicative plan for 2016-2017.
109. IOE plans to start five new CPEs. The main aim of CPEs is to assess the results and impact of the partnership between IFAD and the Government in promoting smallholder agriculture development and to provide building blocks for preparing new or revising existing results-based COSOPs.¹⁴ The new CPEs will be conducted in Brazil, Ethiopia, India, Nigeria and Turkey. IOE will also complete the evaluations started in 2014 in Bangladesh, the United Republic of Tanzania and The Gambia. The latter replaces the Sierra Leone CPE. After thorough consultation with IFAD Management, IOE decided to postpone the Sierra Leone CPE due to compelling circumstances in the country, and instead conduct a new CPE in The Gambia. Though preparatory work will start in 2014 (e.g. preparation of approach paper, and desk reviews), the main mission for the CPE in The Gambia will be undertaken early next year and the evaluation process will be completed by end-2015. In order to accomplish this within the available resources, two of the CPEs planned in 2015 will start later (in March rather than in January 2015) and the total resource allocation for CPE work has been slightly increased.
110. In line with the IFAD Evaluation Policy and the role of independent evaluation offices in other multilateral development organizations and as agreed with the Board, IOE introduced impact evaluations in its 2013 work programme as a new product. Hence, one impact evaluation will be conducted in 2015 (project to be determined based on the selectivity framework). The planned impact evaluation will build on IOE's experience in 2013 and 2014 with impact evaluations. It is important to underline that impact evaluations by IOE are not part of the impact evaluations being undertaken by Management during the IFAD9 period (2013-2015), and that projects selected by IOE for impact evaluations do not overlap with those selected by Management.
111. The main aim of IOE's involvement in impact evaluations is to assess impact in a more quantitative manner while also paying attention to qualitative aspects of IFAD operations, and generate the required evidence for CPEs and other higher-plane evaluations to be carried out by IOE in the near future. Moreover, these evaluations will ensure that IOE is better placed to support IFAD Management in its own efforts to conduct impact evaluations. It will also allow for the preparation, in 2016 or soon thereafter, of a possible CLE on IFAD Management's overall approach to impact evaluations.

¹⁴ The selection of countries for CPEs is also driven by the timing of COSOPs – i.e. when a new COSOP is planned by Management. Another determinant is the size of IFAD operations, which in turn also reflects the number of rural poor people in the selected country.

112. In 2015, IOE will prepare three evaluation synthesis reports, which focus primarily on generating lessons learned and good practices. The proposed topics for the three evaluation synthesis are: (i) accessing markets: a subregional perspective;¹⁵ (ii) natural resources and environmental management; and (iii) non-lending activities in the context of South-South cooperation. Other synthesis reports tentatively planned for 2016-2017 are shown in annex XVII, table 2. On this topic, in order to allow evaluation lessons to feed into the decision-making process in a more effective way, IFAD Management has been requested henceforth to prepare a written response to all synthesis reports prepared by IOE.
113. IOE will undertake project evaluations in the form of project completion report validations (PCRVs)¹⁶ and project performance assessments of selected operations.¹⁷ Plans are being made to undertake one joint PPA with the Independent Evaluation Department of the Asian Development Bank (ADB) of a cofinanced project in Lao People's Democratic Republic, which will be the first joint evaluation between IOE and the Independent Evaluation Department. With regard to synthesis reports, all future PPAs will also henceforth include a written response by IFAD Management to the recommendations addressed to them. The recommendations agreed by Management will be acted upon and their implementation status reported in the PRISMA, similar to the current practice for CLEs and CPEs.
114. IOE will complete and issue the second edition of the Evaluation Manual, which is a major undertaking. The manual is fundamental to ensuring quality and consistency across all evaluations conducted by IOE. Moreover, the manual will contribute to generating "value for money" for IOE, as it will lead to strengthened methodologies for better evaluations and will help streamline evaluation and internal administrative processes.
115. In line with the IFAD Evaluation Policy and the practice of other international financial institutions, IOE will develop a new harmonization agreement¹⁸ with IFAD Management to ensure the full alignment of the IFAD's independent and self-evaluation systems. In particular, special attention will be devoted to ensuring that the main elements of the second edition of the Evaluation Manual will be adequately reflected in the revised harmonization agreement.
116. IOE will prepare the 2015 edition of the ARRI, IOE's flagship annual report. Moreover, IOE will: support recipient countries (selectively) in evaluation capacity-building activities; strengthen partnerships with Rome-based United Nations agencies in evaluation; ensure outreach and timely dissemination of results and lessons to key audiences,¹⁹ and organize a series of activities to celebrate the International Year of Evaluation.²⁰ The aim of the International Year of Evaluation is to, inter alia, draw the attention of the global development community to the central role of evaluation in development cooperation, and advocate and promote

¹⁵ IOE will closely engage with IFAD Management to determine which region or subregion will be covered by the proposed evaluation synthesis.

¹⁶ In line with the provisions of the IFAD Evaluation Policy, IOE will continue to validate all PCRs, and conduct PPAs on 25 to 30 per cent of closed projects in a given year.

¹⁷ Projects for PPAs are selected by IOE, taking account of: (i) information gaps in PCRs; (ii) innovative approaches in projects; (iii) information requirements for forthcoming CPEs or CLEs; (iv) geographical balance; and (v) opportunities for scaling-up.

¹⁸ The first such agreement was signed in 2006, and was updated in 2011.

¹⁹ IOE uses a wide range of instruments and activities to ensure wider outreach at country level, including: (i) selectively translating evaluation summaries into local languages; (ii) use of the local media and press briefings; and (iii) organization of national roundtable workshops and technical seminars, etc.

²⁰ At the Third International Conference on National Evaluation Capacities held in São Paulo, Brazil from 29 September to 2 October 2013, EvalPartners – the global movement to strengthen national evaluation capacity – announced that 2015 would be declared the International Year of Evaluation. The United Nations Evaluation Group, of which IOE is a member, and other international and regional evaluation networks and associations have joined EvalPartners and have also adopted 2015 as the International Year of Evaluation.

evaluation for evidence-based policy and strategy formulation and for programme development at international, regional, national and local levels.

117. Among the documents for presentation by IOE to the Evaluation Committee and Executive Board are corporate-level evaluations, the ARRI, selected CPEs and comments on the PRISMA and RIDE. In addition, it will also present the impact evaluation and the second edition of the Evaluation Manual to the Evaluation Committee and write comments on new COSOPs that have been preceded by CPEs for the consideration of the Executive Board. And, in line with the Evaluation Policy, IOE will review new corporate policies and strategies that are informed by major CLEs and present written comments to the Evaluation Committee and Executive Board.
118. With regard to the latter, IOE will prepare written comments on the new IFAD corporate policy on grant financing, which is expected to be submitted to the Board in 2015. These comments will be provided for review alongside the proposed new policy for consideration by the Committee and the Board.
119. In line with established practice,²¹ IOE will prepare written comments for consideration by the Evaluation Committee and the Executive Board on the synthesis report by IFAD Management on the impact evaluations to be delivered during the IFAD9 period. IOE comments will focus on the methodology and overall approach taken and the robustness of the results reported. The comments will be discussed by the Committee and the Board along with the final synthesis report.
120. IOE will support the Office of the Secretary in organizing all Evaluation Committee sessions during the year. In addition, as in 2014, IOE will participate in the annual country visit of the Executive Board in 2015 to Morocco. During the visit, IOE will make a presentation to Board members on lessons learned from past independent evaluations undertaken in the country.

VI. 2015 Resource envelope

A. Staff resources

121. IOE's staff requirements are based on a comprehensive strategic workforce planning exercise, which is undertaken on an annual basis. Building on the dialogue established last year, IOE has consulted with BOD to ensure that the methodology used by IOE is the same as that used for the IFAD strategic workforce planning exercise. The assessment of the 2015 work programme indicates that IOE should be in a position to deliver all planned activities in a timely manner with its current number of staff. Therefore, IOE will maintain the same number of staff in 2015 as in 2014 (see annex XVIII). It is worth underlining that the ratio of Professional to General Service staff in IOE is around 1:0.46, which is among the best for any division in IFAD.
122. An increase of a 0.5 staff year is being considered for 2015. That is, the Evaluation Knowledge and Communication Officer (P-2) will be converted from a part-time to a full-time position,²² starting 1 January 2015. This will result in a slight increase in IOE staff costs. The conversion of the position to a full-time equivalent is consistent with IOE's second strategic objective,²³ agreed with the Board, to devote greater attention and resources to strengthening dissemination of evaluation-based knowledge and enhancing the internal evaluation learning and feedback loop for better institutional and operational performance.

²¹ For example, in line with the IFAD Evaluation Policy and the Terms of Reference of the Evaluation Committee, IOE prepares written comments annually on the RIDE.

²² It is to be noted that this position used to be a full-time equivalent until 2005, but was converted into part-time to accommodate a request by the staff member due to compelling personal reasons.

²³ Promote effective learning and knowledge management to further strengthen the performance of IFAD operations.

B. Budget proposal

123. This section outlines IOE budget requirements. The proposed budget is presented by type of activity, category of expenditure and strategic objective (see tables 3-5). Each table includes both the 2014 approved budget and the proposed budget for 2015, facilitating comparison between the two years.
124. **Cost drivers.** The primary cost drivers for the 2015 budget are: (i) the effect of inflation on non-staff costs; and (ii) increased travel costs due to price increase beyond average inflation assumptions.
125. **Assumptions.** As in the past, the parameters used in developing the proposed 2015 budget are the same as those used by Management for developing the IFAD administrative budget for 2015. These include: (i) an average inflation rate of 1.9 per cent for non-staff costs; (ii) no increase in salaries of Professional and General Service staff anticipated for 2015 and therefore the same 2014 standard costs adjusted for euro/dollar exchange rate has been used; and (iii) the exchange rate for 2015 is US\$1 = EUR 0.735 – based on the average exchange rate since January 2014.
126. **Budget by type of activity.** As per table 3, US\$1.40 million of total non-staff costs of US\$2.46 million, or more than 50 per cent of non-staff costs, are allocated to higher-plane evaluations (CLEs and CPEs). These evaluations have the potential to induce far-reaching and systemic changes at the institutional level as well as in IFAD-supported country programmes. In particular, in order to inform the development of new COSOPs and feed into COSOP midterm reviews, IOE will carry out one new CPE in each of the five geographic regions covered by IFAD operations. This will require a higher allocation for CPEs in 2015 as compared to 2014, which included some CPE completions (started in 2013) requiring fewer resources than new CPEs. To clarify further, each CPE normally takes from 12 to 16 months to complete from start to end, and in 2014, IOE focused on completing a number of CPEs initiated in 2013. As such, and given the time needed to complete a CPE, similar fluctuations in the CPE budget line are likely to occur from time to time.
127. A small allocation has been made in 2015 for the Evaluation Manual. This is necessary because IOE has deferred the finalization of the manual to next year to allow the new IOE Director to provide his input to this fundamental cross-divisional product. The amount allocated will cover the cost of completing the document, its editing and translation, as well as outreach and dissemination. Any savings from the original 2014 allocation for the Evaluation Manual have been used to undertake additional unforeseen activities during 2014 (e.g. evaluation synthesis report on indigenous peoples). The reduction in the ARRI budget allocation for 2015, as compared to 2014, is due to IOE's efforts to cut costs by insourcing part of the ARRI work.
128. The net effect is a slight increase in non-staff costs for 2015 compared to 2014. The increase in staff costs is due to the conversion of the P-2 position from part-time to full-time, as mentioned in paragraph 122 above.

Table 3
Proposed budget for 2015 (by type of activity)
 (See annex XIX, table 2 for more detail)

<i>Type of activities</i>	<i>Approved 2014 budget</i>	<i>Absolute number 2014</i>	<i>Level of effort 2014</i>	<i>Proposed 2015 budget</i>	<i>Absolute number 2015</i>	<i>Level of effort 2015</i>
ARRI	150 000	1	1	100 000	1	1
CLEs	410 000	2	1	370 000	2	1
CPEs	760 000	7	3.3	1 035 000	8	4.5
PCRVs	50 000	30	30	50 000	30	30
PPAs	230 000	8	8	230 000	8	8
Impact evaluation	210 000	1	1	200 000	2	1
Evaluation syntheses	120 000	2	2	120 000	3	3
Second edition of Evaluation Manual	150 000	1	1	40 000	1	0.3
Communication, outreach, knowledge-sharing, partnership activities	198 000	-	-	188 000	-	-
Evaluation capacity development, training and related administrative costs	117 992	-	-	122 892	-	-
Total non-staff costs	2 395 992			2 455 892		
Total staff costs	3 586 690			3 614 041		
Total	5 982 682			6 069 933		

Notes: The level of effort represents the time that will be allocated – as a proportion of total time taken – to the respective evaluations in any given year.

The level of effort columns for 2014/2015 include estimated figures at the time of approval of the IOE work programme

The absolute numbers of CLEs, CPEs and impact evaluations do not correspond to the same level of effort every year. This is because these evaluations may be started at different times of the year (and not on 1 January) and completed in the subsequent year.

129. **Budget by category of expenditure.** Table 4 shows how the proposed non-staff budget is allocated by category of expenditure. On the whole, there are minor differences in budget allocation in 2015 compared to 2014, with over 60 per cent of non-staff budget allocated to consultancy fees to support evaluation work. With regard to consultants, IOE is continuing its efforts to ensure adequate gender and regional diversity across all evaluation types. Moreover, preference is given to hiring consultants from the same country or region where an evaluation is planned, especially for PPAs and CPEs, or when country visits might be undertaken in the context of CLEs and the preparation of evaluation synthesis reports.²⁴ The increases in staff and consultant travel reflect the net effect of increases in travel costs, partly offset by savings generated by more stringent monitoring of travel expenses. In this regard, it is worth noting that IOE staff and consultants follow the same travel rules and procedures as applicable to all IFAD staff and consultants. As in 2014, a small increase in allocation is proposed for staff training, which is essential for continuous professional development to ensure IOE has the required expertise to undertake, inter alia, impact evaluations and to support ECD in partner countries. The slight increase in the staff cost category is explained in paragraph 128.

²⁴ IOE has a coherent conflict of interest policy for consultants. National consultants are required to adhere to the same provisions and standards as international and regional consultants.

Table 4
Proposed budget for 2015 (by category of expenditure)

<i>Categories of expenditures</i>	<i>Approved 2014 budget</i>	<i>Proposed 2015 budget</i>
Staff travel	345 000	355 000
Consultant fees	1 465 000	1 485 000
Consultant travel and allowances	395 000	410 000
In-country CPE learning events	35 000	40 000
Evaluation outreach, staff training and other costs	155 992	165 892
Total non-staff costs	2 395 992	2 455 892
Total staff costs	3 586 690	3 614 041
Total	5 982 682	6 069 933

130. **Budget by strategic objective.** Table 5 below shows how the total IOE proposed budget for 2015, both staff and non-staff costs, is allocated against IOE's two strategic objectives. Further detail including allocation to each DMR can be found in annex XIX, table 3.
131. SO1 receives a much greater allocation as a larger part of the consultancy resources of IOE will need to be mobilized for the activities (CLEs, CPEs, PPAs, etc.) that contribute to achieving this objective. Moreover, most of the activities undertaken within this objective also contribute to SO2. That is, several activities under SO1 promote effective learning and knowledge management (which is at the core of SO2). For example, in-country workshops at the end of CPEs – which are budgeted under SO1 – provide a unique opportunity to exchange views on main lessons learned and good practices with policy and decision makers, IFAD operational staff and other stakeholders.

Table 5
Proposed budget allocation (by strategic objective)

<i>Strategic objective</i>	<i>Approved 2014 budget</i>		<i>Proposed 2015 budget</i>	
	<i>Amount (US\$)</i>	<i>Per cent</i>	<i>Amount (US\$)</i>	<i>Per cent</i>
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	4 358 525	73	4 394 220	72
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	1 624 157	27	1 675 713	28
Total	5 982 682	100	6 069 933	100

132. **Budget proposal.** The proposed 2015 budget is US\$6.07 million, reflecting a nominal increase of 1.45 per cent over the 2014 approved budget and less than 1 per cent over that of 2013, well below the overall average inflation assumption. This is lower than the proposed 1.9 per cent in IOE's preview document discussed in the September Board, due to the change in the exchange rate. The 1.45 per cent increase in 2015 includes a 0.9 per cent real increase, partly offset by cost reduction due to change in exchange rate. This real increase is caused by the fact that the Evaluation Knowledge and Communication Officer who currently works on a part-time basis will be working full-time starting in 2015. There is no real increase for non-staff costs. In fact, this is the first time in six years (since 2009) that the proposed IOE annual budget entails a real increase, albeit by a very small margin.

133. Lastly, as decided by the Executive Board in December 2007, the IOE budget is capped at 0.9 per cent of IFAD's programme of work.²⁵ IOE's annual budget has been well below this cap since the aforementioned decision was taken. For 2015, the proposed IOE budget is 0.53 per cent of the projected programme of loans and grants. This efficiency indicator has been included in the IOE RMF for 2015 (see KPI 13, "budget cap" in annex XX), together with three additional measures of efficiency:
- (i) KPI 2: Execution rate of key evaluation activities. This measures whether evaluations included in the annual work programme were implemented by IOE according to the timelines agreed with the Board;
 - (ii) KPI 14: Ratio of Professional to General Service staff. This overarching indicator can serve to assess the overall efficiency of IOE's evaluation and internal administrative processes.
 - (iii) KPI 15: Budget execution rate at year-end. This indicator measures whether:
(a) IOE's overall work programme is realistic and deliverable; and (b) the budget reflects IOE's actual needs and capacity to utilize the resources according to the work programme approved by the Board.
134. An overview of IOE's proposed budget including historical trends since 2011 is provided in annex XIX, table 1.

²⁵ Although the decision refers to the programme of work, it implies programme of loans and grants.

Part three – Heavily Indebted Poor Countries Debt Initiative progress report for 2014

I. Introduction

135. The objective of this progress report for 2014 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

136. 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 four years as countries have made progress in implementing their macroeconomic programmes and poverty reduction strategies.

137. 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 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

138. The total NPV cost of the Fund's participation in the overall HIPC Debt Initiative²⁶ is currently estimated at SDR 310.4 million (equivalent to approximately US\$460.8 million), which corresponds to an approximate nominal cost of SDR 475.3 million (about US\$705.7 million).²⁷ The current cost estimates may increase if there are any further delays in the remaining countries reaching decision and completion points, changes in economic conditions or continuing low discount rates. Total debt relief payments are estimated at US\$28.7 million for 2014.

IV. IFAD commitments to date

139. To date, IFAD has committed the required debt relief to all 35 HIPCs having reached the decision point. IFAD's total commitments so far amount to SDR 247.15 million (approximately US\$366.90 million) in NPV terms, which amounts to

²⁶ IFAD participation comprises all eligible HIPC Debt Initiative countries, including pre-decision point countries that have confirmed their participation in the Initiative.

²⁷ Base estimates at exchange rates prevailing on 30 September 2014.

SDR 375.90 million (approximately US\$558.10 million) of debt service relief in nominal terms.

V. Debt relief provided

140. As at 30 September 2014, IFAD has provided US\$437.1 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

141. 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 (61.1 per cent), and contributions from IFAD's own resources amount to about US\$171.7 million (37.2 per cent) for transfers in 1998, 1999 and 2002 approved by the Executive Board and further transfers in 2007, 2010, 2012, 2013 and 2014. The remainder has been covered by investment income from the IFAD HIPC Trust Fund balance; as at end-September 2014, the interest balance in IFAD's HIPC Trust Fund stood at US\$8.0 million.
142. 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.

143. 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 2014

144. In 2014, the second 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 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.
145. On this basis, following the PBAS methodology, final scores – based on the 2013 country scores – were provided for 2014 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.
146. In May 2014, IFAD attended the multilateral development bank working group on performance-based allocation hosted by the Caribbean Development Bank.

II. Updating of 2014 country scores and 2013-2015 country allocations

147. During the fourth quarter of 2014, updated data on portfolio and rural sector performance became available and the process of updating country scores for 2014 began. The updated data will be reflected in the final 2014 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) in accordance with the procedures agreed for disclosure of PBAS information. As in the previous allocation period, the allocations provided for 2013, 2014 and 2015 are now the final allocations

Part five – Recommendations

148. 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 2015 at a level of SDR 793 million (US\$1,210 million), which comprises a lending programme of SDR 760 million (US\$1,160 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 2015 in accordance with available resources.
149. 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-eighth session of the Governing Council the administrative budget comprising of, first, the regular budget of IFAD for 2015 in the amount of US\$151.59 million; second, the capital budget of IFAD for 2015 in the amount of US\$2.69 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2015 in the amount of US\$6.07 million.
150. 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-eighth session of the Governing Council for information.
151. It is recommended that the Executive Board submit a progress report on implementation of the performance-based allocation system to the thirty-eighth session of the Governing Council in 2015, based on the report provided in part four of the present document and its addendum containing the 2014 country scores and 2013-2015 allocations.

Draft resolution .../XXXVIII**Administrative budget comprising the regular, capital and one-time budgets of IFAD for 2015 and the budget of the Independent Office of Evaluation of IFAD for 2015****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 113th session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2015 at a level of SDR 793 million (US\$1,210 million), which comprises a lending programme of SDR 760 million (US\$1,160 million) and a gross grant programme of US\$50 million;

Having considered the review of the 113th session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2015 and the budget of the Independent Office of Evaluation of IFAD for 2015;

Approves the administrative budget, comprising: firstly, the regular budget of IFAD for 2015 in the amount of US\$151.59 million; secondly, the capital budget of IFAD for 2015 in the amount of US\$2.69 million; and thirdly, the budget of the Independent Office of Evaluation of IFAD for 2015 in the amount of US\$6.07 million, as set forth in document GC 38/XX, determined on the basis of a rate of exchange of EUR 0.735:US\$1.00; and

Determines that in the event the average value of the United States dollar in 2015 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 2015 bears to the budget exchange rate.

CLEE actions and proposals

Ref	CLEE recommendations	Detail of proposed action	Benefits	2014 Approved costs		Forecast capital spending			Incremental recurrent cost implications		
				One-time adjusted costs	Capital costs	2014	2015	2016	2014	2015	2016
1	Expand ICOs, as warranted, and strengthen their capacity by recruiting country programme officers and assistants.	Hiring additional country programme officers and CPAs.	- Better on-the-ground support, and enhanced effectiveness. - <i>ICO costs have increased in 2014 and will continue to increase until 2016. The effects of increased country presence are being progressively experienced on the quality of the portfolio. Gain in terms of effectiveness.</i>						150 000	250 000	
2	Rationalize the use of consultants by recruiting additional specialist staff in the Policy and Technical Advisory Division to increase in-house technical capacity for providing field support during project design and supervision.	Converting consultants into staff positions.	- Better quality of technical support and retention of institutional knowledge, although there will be a short-term increase in recurrent costs. - <i>All new specialist staff will be on board by end of 2014, resulting in in-house capacity building. May result in further reduction in consulting costs in the medium term.</i>						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.	- Enables more effective distribution of workload. - Efficiency gain in staff costs may be anticipated over the medium term as data availability and processing become more automated. - <i>Cost avoidance rather than efficiency gain.</i>		300 000		300 000			60 000	60 000
4	Develop and implement more responsive instruments for middle-income countries (MICs).	Additional expertise to identify instruments to address the requirements of MICs.	- More responsive engagement with MICs may lead to greater programme of work in these countries. - <i>Subject to IFAD10 Replenishment and availability of cofinancing: greater efficiency will be achieved.</i>	200 000							
5	Implement the knowledge management (KM) framework and plan, including incentives for staff participation.	One-time consultant cost to initiate and implement KM framework and plan.	- Strengthening IFAD's capabilities to embed KM in all aspects of IFAD's operations. - 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 of work.	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.	- 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.	100 000							
7	Revise the Quality Assurance (QA) process; early engagement of staff.	Some changes in the QA process in order that QA be engaged at an earlier stage of the project development. Consultancy costs.	- Better design at entry for Operational Strategy and Policy Guidance Committee (OSC) consideration, quality improvement, and more efficient implementation of projects. - <i>Expected lower costs in project implementation in the medium term.</i>						100 000		

Ref	CLEE recommendations	Detail of proposed action	Benefits	2014 Approved costs		Forecast capital spending			Incremental recurrent cost implications		
				One-time adjusted costs	Capital costs	2014	2015	2016	2014	2015	2016
8	Intensify staff training programmes in project supervision, financial management, etc.	CPM, ICO and FM staff training.	- Better skilled workforce and improved programme delivery. - <i>Additional training programmes have been put in place and improvement in effectiveness is anticipated.</i>						300 000		
9	Prepare and submit for Board approval a review of IFAD's country presence policy and strategy.	- Initial cost of decentralizing ICO administrative support services for existing and future ICO sites. - Upgrading and establishing new offices based on country presence policy and strategy.	- Support in the field strengthened and work ongoing to upgrade 7 existing offices in 2014 and 2015, and 3 new offices in 2015. - <i>Improvement in IFAD's operational effectiveness is expected owing to increased country presence, but additional costs will be incurred.</i>	1 500 000							
10	Review and change key business processes to enhance efficiency.	Consultant to review IFAD's business processes to identify efficiencies.	- Streamlined process will result in efficiency gains in the medium term as processes that are staff-time intensive become more automated and less costly.	200 000							
11	Integrate the core IT platforms (Oracle-PeopleSoft ERP, Agile Open Source and Microsoft).	System integration – consultancy support for IT development.	- Improved access to information to strengthen the management decision-making process. - Project in process. - More efficient use of staff resources <i>anticipated, resulting in cost avoidance.</i>		200 000		130 000	70 000		20 000	15 000
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.	- Support to ICOs enabling more efficient and effective delivery of IFAD programmes as part of decentralization. - <i>Cost savings are anticipated as staffing at headquarters is reduced in the medium term.</i>		760 000		380 000	380 000		138 000	138 000
13	Implement ICT systems to support IFAD's operational monitoring and evaluation processes.	Monitoring and evaluation systems implemented.	- Better IT support for operational area and improved delivery enabling a more efficient and effective delivery of IFAD programmes. - <i>Qualitative improvements with no monetary benefits anticipated.</i>		700 000		320 000	380 000		82 000	120 000
14	Implement mobile technologies to allow access to IFAD systems on the move via a range of devices including smartphones and tablets.	Mobile technologies implemented.	- Enables staff to access information irrespective of location and regardless of IT platform, thus reducing the cost of access and improving their own effectiveness. - <i>Reduction in access and bandwidth costs realized as well as cost avoidance in price increases.</i>		100 000	100 000				40 000	
15	Develop business intelligence solutions to provide relevant management information to support business decisions.	Business Intelligence solutions implemented.	- More efficient use of staff time enabling its allocation to programme delivery. - <i>Faster and more efficient decision-making, with possible efficiency gains in the medium term.</i>		375 000	125 000	250 000			250 000	50 000

Ref	CLEE recommendations	Detail of proposed action	Benefits	2014 Approved costs		Forecast capital spending			Incremental recurrent cost implications		
				One-time adjusted costs	Capital costs	2014	2015	2016	2014	2015	2016
16	Introduce GRIPS, retire Project and Portfolio Management System (PPMS) and reconfigure existing systems that rely on PPMS.	GRIPS introduced, PPMS retired and existing systems reconfigured.	- 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. -Faster and more efficient decision-making. Replacement of old system necessary to avoid losses in staff time and consequent impact on efficiency.		375 000		375 000			37 500	87 500
	Subtotal			2 100 000	2 810 000	225 000	1 755 000	830 000	1 400 000	877 500	470 500
	10 per cent project management costs				281 000					25 000	31 200
	Total (excluding LGS)			2 100 000	3 091 000				1 400 000	902 500	501 700
	LGS incremental costs (including depreciation)						990 000		750 000	275 000	tbd

2015 Indicative number of projects by country¹

<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	Burundi	Afghanistan	Argentina	Azerbaijan
Congo	Comoros	Bangladesh	Colombia	Bosnia and Herzegovina
Congo (Democratic Republic of the)	Kenya	Bhutan	Ecuador	Lebanon
Gambia (The)	Madagascar (2)	China	El Salvador	Tajikistan (2)
Guinea-Bissau	Malawi	Timor-Leste	Guyana	Turkey
Liberia (2)	Mozambique	Fiji	Haiti	Uzbekistan
Niger	South Sudan	Indonesia	Mexico	Yemen
	Tanzania (United Republic of) (2)	Lao People's Democratic Republic	Paraguay	
		Myanmar	Peru	
		Nepal	Venezuela (Bolivarian Republic of)	
		Pakistan		
		Philippines		
		Sri Lanka		
Total	8	10	13	10
				8

Source: GRIPS as at 30 September 2014.

¹ Including additional financing for ongoing projects.

Regular budget by cluster and department – 2013 actual versus budget

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2013 Budget	2013 Actual	Change	2013 Budget	2013 Actual	Change	2013 Budget	2013 Actual	Change	2013 Budget	2013 Actual	Change	2013 Budget	2013 Actual	Change
Office of the President and the Vice-President	0	0.21	0.21	1.37	1.13	(0.24)	1.10	0.93	(0.17)	0.27	0.21	(0.06)	2.74	2.48	(0.26)
Corporate Services Support Group	3.91	3.34	(0.57)	3.23	2.98	(0.25)	2.99	2.69	(0.30)	7.34	6.07	(1.27)	17.47	15.08	(2.39)
Partnership and Resource Mobilization Office	0.17	0.13	(0.04)	3.35	2.65	(0.70)	0.34	0.20	(0.14)	0.22	0.17	(0.05)	4.08	3.15	(0.93)
Strategy and Knowledge Department	2.92	2.26	(0.66)	1.86	1.56	(0.30)	1.49	1.09	(0.40)	0.05	0.06	0.01	6.32	4.97	(1.35)
Programme Management Department	70.32	65.80	(4.52)	2.25	2.12	(0.13)	0	0.22	0.22	0	0.05	0.05	72.57	68.19	(4.38)
Financial Operations Department	5.42	4.87	(0.55)	0.06	0.04	(0.02)	5.08	4.36	(0.72)	0.11	0.09	(0.02)	10.67	9.36	(1.31)
Corporate Services Department	1.18	1.71	0.53	0.12	0.16	0.04	23.30	25.50	2.20	0.43	0.29	(0.14)	25.03	27.66	2.63
Corporate costs (allocated to clusters)	1.18	1.15	(0.03)	0.32	0.16	(0.16)	0.60	0.51	(0.09)	0.20	0.10	(0.10)	2.30	1.92	(0.38)
Corporate costs (not allocated to clusters)													2.96	6.28	3.32
Total	85.10	79.47	(5.63)	12.56	10.80	(1.76)	34.90	35.50	0.60	8.62	7.04	(1.58)	144.14	139.09	(5.05)
Cluster per cent (budget vs actual)	59.0	57.1		8.7	7.8		24.2	25.5		6.0	5.1				

Regular budget by cluster and department – 2014 budget versus forecast

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2014 Budget	2014 Forecast	Change	2014 Budget	2014 Forecast	Change	2014 Budget	2014 Forecast	Change	2014 Budget	2014 Forecast	Change	2014 Budget	2014 Forecast	Change
Office of the President and the Vice-President	0.08	0.22	0.14	1.22	1.04	(0.18)	1.00	0.90	(0.10)	0.47	0.42	(0.05)	2.77	2.58	(0.19)
Corporate Services Support Group	3.41	3.63	0.22	2.93	2.94	0.01	4.25	4.24	(0.01)	7.59	6.82	(0.77)	18.18	17.63	(0.55)
Partnership and Resource Mobilization Office	0.01	0.01	-	3.91	3.48	(0.43)	0.22	0.24	0.02	0	0.18	0.18	4.14	3.91	(0.23)
Strategy and Knowledge Department	3.54	3.28	(0.26)	1.71	1.66	(0.05)	1.26	1.06	(0.20)	0.09	0.11	0.02	6.60	6.11	(0.49)
Programme Management Department	71.52	69.89	(1.63)	2.03	2.01	(0.02)	0	0.31	0.31	0.02	0.02	0	73.57	72.23	(1.34)
Financial Operations Department	5.43	4.83	(0.60)	0.17	0.14	(0.03)	4.52	4.64	0.12	0.06	0.06	0	10.18	9.67	(0.51)
Corporate Services Department	2.01	1.59	(0.42)	0.11	0.12	0.01	25.81	25.93	0.12	0.41	0.34	(0.07)	28.34	27.98	(0.36)
Corporate costs (allocated to clusters)	1.73	1.60	(0.13)	0.16	0.12	(0.04)	0.41	0.35	(0.06)	0.08	0.07	(0.01)	2.38	2.14	(0.24)
Corporate cost centre (not allocated to clusters)	0	0	0	0	0	0	0	0	0	0	0	0	3.48	3.50	0.02
Total	87.73	85.05	(2.68)	12.24	11.51	(0.73)	37.47	37.67	0.20	8.72	8.02	(0.70)	149.64	145.75	(3.89)
Cluster per cent (budget vs. forecast)	58.6	58.4		8.2	7.9		25.0	25.8		5.8	5.5				

Regular budget by cluster and department – 2014 budget versus 2015 proposal

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2014 Budget	2015 Budget	Change	2014 Budget	2015 Budget	Change	2014 Budget	2015 Budget	Change	2014 Budget	2015 Budget	Change	2014 Budget	2015 Budget	Change
Office of the President and the Vice-President	0.08	0.36	0.28	1.22	1.03	(0.19)	1.00	1.16	0.16	0.47	0.18	(0.29)	2.77	2.73	(0.04)
Corporate Services Support Group	3.41	3.57	0.16	2.93	2.66	(0.27)	4.25	4.42	0.17	7.59	7.34	(0.25)	18.18	17.99	(0.19)
Partnership and Resource Mobilization Office	0.01	0.03	0.02	3.91	3.94	0.03	0.22	0.19	(0.03)	0	0	0	4.14	4.16	0.02
Strategy and Knowledge Department	3.54	3.20	(0.34)	1.71	2.04	0.33	1.26	1.45	0.19	0.09	0.11	0.02	6.60	6.80	0.20
Programme Management Department	71.52	71.61	0.09	2.03	2.50	0.47	0	0	0	0.02	0	(0.02)	73.57	74.11	0.54
Financial Operations Department	5.43	5.51	0.08	0.17	0.26	0.09	4.52	4.86	0.34	0.06	0.06	0	10.18	10.69	0.51
Corporate Services Department	2.01	2.42	0.41	0.11	0.21	0.10	25.81	24.98	(0.83)	0.41	0.75	0.34	28.34	28.36	0.02
Corporate costs (allocated to clusters)	1.73	2.04	0.31	0.16	0.13	(0.03)	0.41	0.42	0.01	0.08	0.08	0	2.38	2.67	0.29
Corporate cost centre (not allocated to clusters)	0	0	0	0	0	0	0	0	0	0	0	0	3.48	4.08	0.60
Total	87.73	88.74	1.01	12.24	12.77	0.53	37.47	37.48	0.01	8.72	8.52	(0.20)	149.64	151.59	1.95
Cluster per cent (budget vs. forecast)	58.7	58.5		8.2	8.4		25.0	24.8		5.8	5.6				

Regular budget by cost category and department – 2014 budget versus 2015 proposal

(Millions of United States dollars)

Department	Staff		Consultants		Duty travel		ICT		Other		Total		Change
	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	
Office of the President and the Vice-President	2.41	2.39	0.01	0.01	0.23	0.20	-	-	0.12	0.13	2.77	2.73	(0.04)
Corporate Services Support Group	14.54	14.28	1.39	1.61	0.55	0.53	-	-	1.70	1.57	18.18	17.99	(0.19)
Partnership and Resource Mobilization Office	3.43	3.40	0.12	0.24	0.32	0.24	-	-	0.27	0.28	4.14	4.16	0.02
Strategy and Knowledge Department	5.02	5.01	1.04	1.31	0.39	0.34	-	-	0.15	0.14	6.60	6.80	0.20
Programme Management Department	42.52	43.01	18.91	17.77	7.22	7.02	0.01	-	4.91	6.31	73.57	74.11	0.54
Financial Operations Department	9.51	9.96	0.10	0.13	0.27	0.42	-	-	0.30	0.18	10.18	10.69	0.51
Corporate Services Department	14.57	14.74	0.86	0.88	0.25	0.21	5.53	5.55	7.13	6.98	28.34	28.36	0.02
Corporate costs (allocated to clusters)	1.20	1.40	-	-	-	-	-	-	1.18	1.27	2.38	2.67	0.29
Corporate cost centre (not allocated to clusters)	-	-	-	-	-	-	-	-	3.48	4.08	3.48	4.08	0.60
Total	93.20	94.19	22.43	21.95	9.23	8.96	5.54	5.55	19.24	20.94	149.64	151.59	1.95

Indicative 2015 staff levels – regular budget only

(Full-time equivalents [FTEs])^a

Department ^b	Continuing and fixed-term staff			Locally recruited field staff	Total 2015
	Professional and higher	General Service	Total continuing and fixed-term staff		
Office of the President and the Vice-President (OPV)	6.0	5.0	11.0	-	11.0
Corporate Services Support Group (CSSG)					
Office of the General Counsel	12.0	6.5	18.5	-	18.5
Office of the Secretary	13.0	20.0	33.0	-	33.0
Budget and Organizational Development Unit	4.0	1.0	5.0	-	5.0
Office of Audit and Oversight	6.0	2.5	8.5	-	8.5
Communications Division	16.0	4.0	20.0	-	20.0
Ethics Office	1.0	1.0	2.0	-	2.0
Total CSSG	52.0	35.0	87.0	-	87.0
Partnership and Resource Mobilization Office (PRM)					
PRM front office	6.0	3.0	9.0	-	9.0
North America Liaison Office	3.0	1.0	4.0	-	4.0
Arab and Gulf States Liaison Office	2.0	1.0	3.0	-	3.0
Asia and Pacific Liaison Office	2.0	1.0	3.0	-	3.0
Total PRM	13.00	6.00	19.00	-	19.00
Strategy and Knowledge Department (SKD)	18.0	10.0	28.0	-	28.0
Programme Management Department (PMD)					
PMD front office	8.0	4.0	12.0	-	12.0
Policy and Technical Advisory Division	29.0	10.0	39.0	-	39.0
West and Central Africa Division	21.0	12.0	33.0	18.0	51.0
East and Southern Africa Division	19.0	12.0	31.0	16.0	47.0
Asia and the Pacific Division	19.0	11.0	30.0	20.0	50.0
Latin America and the Caribbean Division	17.0	7.0	24.0	1.0	25.0
Near East, North Africa and Europe Division	17.0	10.0	27.0	6.0	33.0
Environment and Climate Division	11.0	4.0	15.0	-	15.0
Total PMD	141.0	70.0	211.00	61.00	272.0
Financial Operations Department (FOD)					
FOD front office	2.0	1.0	3.0	-	3.0
Controller's and Financial Services Division	25.0	16.0	41.0	3.0	44.0
Treasury Services Division	9.0	4.0	13.0	-	13.0
Financial Planning and Analysis Unit	3.0	0.0	3.0	-	3.0
Total FOD	39.0	21.0	60.0	3.0	63.0
Corporate Services Department (CSD)					
CSD front office	2.0	2.0	4.0	-	4.0
Human Resources Division	14.0	10.0	24.0	-	24.0
Administrative Services Division	10.0	27.5	37.5	-	37.5
Field Support Unit	2.0	4.0	6.0	-	6.0
Information and Communications Technology	15.0	15.0	30.0	-	30.0
Total CSD	43.0	58.5	101.5	-	101.5
Grand total – 2015	312.00	205.50	517.50	64.00	581.50
Grand total – 2014	303.41	204.67	508.08	61.00	569.08

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

^b Distribution of staff by department is indicative and subject to change during 2015.

Indicative 2015 staffing by department and grade (FTEs)

Category	Grade	OPV	CSSG	PRM	SKD	PMD	FOD	CSD	2015 Total	2014 Total
Professional and higher ^a	Department head and above	2.0	-	-	1.0	1.0	1.0	1.0	6.0	5.66
	D-2	1.0	1.0	1.0	1.0	1.0	-	1.0	6.0	6.00
	D-1	-	5.0	2.0	1.0	6.0	2.0	2.0	18.0	17.00
	P-5	1.0	4.0	1.0	4.0	64.0	4.1	7.0	85.1	82.25
	P-4	1.0	17.0	3.0	6.0	32.0	12.9	12.0	83.9	86.50
	P-3	-	16.0	6.0	2.0	27.0	13.0	15.0	79.0	70.00
	P-2	1.0	9.0	0.0	3.0	9.0	5.0	5.0	32.0	34.00
	P-1	-	-	-	-	1.0	1.0	-	2.0	2.00
Subtotal		6.0	52.0	13.0	18.0	141.0	39.0	43.0	312.0	303.41
General Service ^a	G-7	-	-	-	-	-	-	1.0	1.0	2.00
	G-6	2.0	11.0	1.0	2.0	21.0	7.0	16.0	60.0	66.00
	G-5	2.0	12.0	1.0	2.0	30.0	11.0	20.0	78.0	72.17
	G-4	1.0	10.0	4.0	4.0	16.0	1.0	12.50	48.50	44.50
	G-3	-	2.0	-	2.0	3.0	2.0	4.0	13.0	15.00
	G-2	-	-	-	-	-	-	5.0	5.0	5.00
Subtotal		5.0	35.0	6.0	10.0	70.0	21.0	58.50	205.5	204.67
Total		11.0	87.0	19.0	28.0	211.0	60.0	101.5	517.5	508.08
Percentage Professional category		55	60	68	64	67	65	42	60	60
Percentage General Service category		45	40	32	36	33	35	58	40	40
Ratio Professional to General Service		1.20	1.49	2.17	1.80	2.01	1.86	0.74	1.52	1.48

^a 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 2015, there will be no change in the standard cost between 2014 and 2015 except for the impact of the change in the exchange rate, which is reflected in the table below.

Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2015 FTEs at 2014 rates</i>	<i>2015 FTEs at 2015 rates</i>	<i>(Decrease) Increase</i>
Professional staff			
Salaries	26.64	26.64	-
Post adjustment	17.25	16.57	(0.68)
Pension and medical	11.17	11.17	-
Education grants	4.54	4.54	-
Repatriation, separation and annual leave	2.21	2.21	-
Home leave	1.22	1.22	-
Dependency allowances	1.03	1.03	-
United States tax reimbursement	0.88	0.88	-
Other allowances	1.60	1.60	-
Centralized recruitment costs	1.40	1.40	-
Subtotal	67.94	67.26	(0.68)
General Service staff			
Salaries	15.33	15.06	(0.27)
Pension and medical	5.16	5.10	(0.06)
Language allowance	0.61	0.61	-
Repatriation and separation	1.44	1.42	(0.02)
Other allowances	0.82	0.82	-
Subtotal	23.36	23.01	(0.35)
Locally recruited country presence staff	3.92	3.92	-
Total regular staff costs	95.22	94.19	(1.03)

Capital budget (excluding CLEE), 2008-2014

(Thousands of United States dollars)

	2008	2009	2010	2011	2012	2013	2014	Total approved
ICT initiatives								
Loans and grants (LGS replacement)	710	1 050	2 000	12 000	-	-	-	15 760
Human resources reform	134	541	400	500	-	575	400	2 550
ICO Infrastructure – IT and communications	-	-	-	-	-	1 170	-	1 170
Institutional efficiency	556	300	470	1 423	-	780	787	4 316
Delivering as One	-	440	300	-	-	-	-	740
Knowledge management	-	-	-	-	-	-	613	613
IT infrastructure	600	1 200	360	375	3 215	775	497	7 022
ICT initiatives subtotal	2 000	3 531	3 530	14 298	3 215	3 300	2 297	32 171
Non-IT headquarters projects	-	550	-	889	-	-	-	1 439
ICO security	-	-	-	-	281	400	-	681
Total	2 000	4 081	3 530	15 187	3 496	3 700	2 297	34 291

Carry-forward funds allocation

(Thousands of United States dollars)

<i>Department</i>	<i>Description of use of carry-forward funds</i>	<i>2013 3% carry forward</i>
CSSG	Office of Audit and Oversight: external assessment of investigations Ethics Office: case management database Communications Division: IFAD branding initiatives	30 10 254
PRM	Support for additional resource mobilization partnership strategy, activities and Arabic Countries of the Gulf Strategic Approach	181
SKD	Statistics and Studies for Development Division: IFAD's Impact Evaluation Initiative SKD front office: launch of smallholder agriculture publication	750 50
PMD	Support for advancing design, implementation support, gender policy delivery etc.	1 119
FOD	Controller's and Financial Services Division: FM for a	80
CSD	Administrative Services Division: solar panels Human Resources Division: training, management development programme, separation costs, and hosting ICSC	35 220
Corporate Cost Centre	IFAD's Post 2015 Task Force (US\$150,000), International Year of Family Farming (US\$280,000), support for borrowing framework (US\$75,000), global staff event (US\$230,000), and other corporate initiatives	860
	Funds available for allocation in the second tranche	735
Total		4 324

Country presence budget information

Table 1
Proposed 2015 country presence budget by region
 (Millions of United States dollars)

Region	2014			2015		
	Staff	Non-staff	Total	Staff	Non-staff	Total
West and Central Africa	2.13	1.04	3.17	2.18	1.46	3.64
East and Southern Africa	2.26	1.37	3.63	2.96	1.61	4.57
Asia and the Pacific	2.03	0.40	2.43	2.41	0.41	2.82
Latin America and the Caribbean	1.34	0.89	2.23	1.43	0.30	1.73
Near East and North Africa	0.74	0.35	1.09	0.71	0.41	1.12
Environment and Climate Division	0.26	-	0.26	0.25	-	0.25
PMD front office	-	-	-	-	0.30	0.30
Controller's and Financial Services Division	0.48	0.03	0.51	0.45	0.02	0.47
Total	9.24	4.08	13.32	10.39	4.51	14.90

Table 2
2015 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	1.15	18	1.03	23	2.18
East and Southern Africa	9	1.94	16	1.02	25	2.96
Asia and the Pacific	5	1.15	20	1.26	25	2.41
Latin America and the Caribbean	6	1.38	1	0.05	7	1.43
Near East and North Africa	1	0.25	6	0.46	7	0.71
Environment and Climate Division	1	0.25	0	0	1	0.25
Controller's and Financial Services Division	2	0.35	3	0.1	5	0.45
2015 Total	29	6.47	64	3.92	93	10.39
2014 Total	25	5.58	61	3.66	86	9.24

Estimate of direct charges on investment income

	2014	2015
Management fees		
Global Government Bonds	748	743
Global Diversified Fixed Income	422	445
Global Inflation Linked	657	691
Emerging market debt	539	592
Contingent management fees	-	600
Total external investment management fees	2 366	3 071
Custodian fees		
Custody, transaction costs	150	110
Compliance, analytics	80	70
Barra One Risk Software	245	245
Total custodian fees	475	425
Advice, information and trade support		
Financial information providers	331	347
Inst. financial advisers	220	200
Trade order management system	160	160
Consultants	118	125
Due diligence travel	65	65
Total advice, information and trade support	894	897
Overall total	3 735	4 393

IOE strategic objectives, divisional management results and outputs for 2015

<i>IOE strategic objectives</i>	<i>IOE divisional management results</i>	<i>Types of outputs</i>
Strategic objective 1: Contribute, through independent evaluation work, to enhancing accountability for results	DMR 1: Annual Reports on the Results and Impact of IFAD Operations (ARRIs) and corporate-level evaluations (CLEs) that provide concrete building blocks for the development and implementation of better corporate policies and processes	ARRI CLE
	DMR 2: Country programme evaluations (CPEs) that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	CPE
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	PPA PCRIV Impact evaluation
	DMR 4: Methodology development	Guidelines and Evaluation Manual New harmonization agreement
	DMR 5: Work related to IFAD governing bodies	Evaluation Committee sessions Audit Committee meetings Executive Board sessions Governing Council session
Strategic objective 2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	DMR 6: Production of evaluation syntheses reports and ARRIs learning themes	Evaluation synthesis ARRI learning theme
	DMR 7: Systematic communication and outreach of IOE's work	Workshop on thematic issues Publications Learning events Website management
	DMR 8: Evaluation capacity development (ECD) in partner countries	In-country workshop on evaluation methodology and processes. Joint evaluations with relevant in-country partners

IOE results measurement framework for 2014

Key performance indicators

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE divisional management results^a</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 ^b			
	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 the Evaluation Committee's terms of reference	DMR 5	IOE records	4 regular sessions	According to 2014 work programme (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 agreement at completion point is signed)	DMRs 6 and 7	IOE records	80%	100%	
	10. Number of evaluation syntheses and ARRI learning themes	DMR 6	IOE records		According to 2014 WP	
	11. Number of evaluation capacity development (ECD) workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes ^c	DMR 8	IOE records	NA		
	12. Number of events attended by IOE staff, related to self-evaluation and ECD	DMR 8	IOE records	1 event	3 events	
	Joint SO1 and SO2 (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

^a DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes; DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs; DMR 3: Project evaluations that contribute to better IFAD-supported operations; DMR 4: Methodology development; DMR 5: Work related to IFAD governing bodies; DMR 6: Production of evaluation syntheses and ARRI learning themes; DMR 7: Systematic communication and outreach of IOE's work; DMR 8: ECD in partner countries.

^b Depending on the number of COSOPs following CPEs or the number of policy documents following evaluations on the same topics.

^c Depending on requests by Member States.

IOE reporting on achievements as at mid-October 2014

In 2014, IOE is reporting for the first time on: (i) planned activities (table 1 below); and (ii) key performance indicators (table 2). The matrix below will continue to be updated until the final submission of the work programme and budget document to the Executive Board in December 2014.

Table 1
Reporting on IOE planned activities (January – mid-October 2014)

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. Corporate-level evaluations	IFAD replenishments	To be completed in December 2013	Completed in February 2014. The evaluation report was submitted for review to the Evaluation Committee in March 2014 and then to the Executive Board in April 2014. It was also discussed at the second session of IFAD10 (June 2014).
	IFAD Policy for Grant Financing	To be completed in June 2014	Completed. The evaluation report was presented to the Evaluation Committee in October 2014 and will be presented to the Executive Board in December 2014.
	IFAD's work in fragile and conflict-affected states and situations	To be completed in mid- 2015	Started as planned. The approach paper was discussed at the eighty-second session of the Evaluation Committee in March 2014. A progress report on implementation was presented to the third session of IFAD10 in October.
2. Country programme evaluations	Bangladesh	To start in April 2014	Progressing as planned. Main mission in October 2014.
	Plurinational State of Bolivia	To be completed in March 2014	Completed. Planned discussion in the Evaluation Committee in October 2014 deferred to November, due to reduction (to a half day) of the duration of the eighty-fifth Committee session.
	China	To be completed in March 2014	Completed. Will be discussed in the Evaluation Committee in November 2014.
	Senegal	To be completed in March 2014	Completed ahead of schedule in January 2014.
	Sierra Leone	To start in April 2014	The Sierra Leone CPE was started as planned. In September, due to compelling reasons in the country, IOE, in consultation with the West and Central Africa Division, decided to replace it with a CPE for The Gambia.
	United Republic of Tanzania	To start in January 2014	Started as planned. Main mission completed.
	Zambia	To be completed in March 2014	Completed.
	3. Project completion report validation	Validate all PCRs available in the year	To be completed in December 2014
4. Project performance assessment	Around eight PPAs	To be completed in December 2014	Progressing as planned.
5. Impact evaluation	Project to be covered by the impact evaluation	To start in April 2014	Project selected (JCTDP, India) using the new selectivity framework. Preparatory mission in June, approach paper prepared and evaluation launched. Evaluation to be completed in April/May 2015.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
6. Engagement with governing bodies	Twelfth ARRI	To be completed in December 2014	Completed. Final report to be presented to the Evaluation Committee and Executive Board at end-2014.
	Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016, and preparation of the results-based work programme and budget for 2015 and indicative plan for 2016-2017	To be completed in December 2014	In progress as planned.
	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2014	Completed. PRISMA with IOE comments discussed with the Evaluation Committee in July 2014 and thereafter by the Board in September 2014.
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2014	Undertaken as planned. RIDE with IOE comments will be discussed with the Evaluation Committee end-November and thereafter by the Board in December 2014.
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by the Evaluation Committee	To be completed in December 2014	N/A to date.
	IOE written comments on IFAD's country and thematic selectivity paper	Unforeseen additional activity undertaken at the request of the Evaluation Committee at its eighty-fourth session in July 2014	Completed. IOE comments presented to the September Board.
	Participation in all sessions of the Evaluation Committee, according to the Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed in December 2014	Four formal Committee sessions (March, June, July and October 2014) and two informal session (January and June 2014) have been held. One more session planned for November.
	2014 Executive Board field visit		IOE Officer-in-Charge and a Senior Evaluation Officer took part in the 2014 Executive Board visit to the United Republic of Tanzania in May.
	IOE comments on COSOPs when related CPEs are available	January-December 2014	Ecuador and Madagascar CPEs will be presented to the Board in December, together with IOE comments on the new COSOPs in the respective countries.
	IOE engagement in IFAD10	January-December 2014	In progress: IOE delivered a presentation on the eleventh ARRI at the first session of the IFAD10 Consultation in February, and the CLE on IFAD replenishments and evaluation synthesis on middle-income countries were discussed at the second session in June 2014. IOE has carried out another unforeseen activity – reviewing and preparing comments on IFAD's new RMF for the third session of IFAD10 in October. At the third session, IOE also presented a progress report on the CLE on fragile states.
7. Communication and knowledge management activities	Evaluation synthesis on IFAD's engagement in middle-income countries	To be completed in June 2014	Completed ahead of schedule in April 2014, including the holding of an in-house learning workshop. Presented to the Evaluation Committee and IFAD10 Consultation in June.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	Evaluation synthesis on pastoral development	To be completed in December 2014	In progress as planned, undertaken jointly with the FAO Office of Evaluation.
	Evaluation synthesis on indigenous peoples	To be completed in December 2014	Unforeseen additional activity, included in IOE's 2014 work programme, started in March 2014. Findings will be presented also at the Indigenous Peoples' Forum, to be held just before the Governing Council session in February 2015.
	Evaluation Reports, Profiles, Insights, IOE website, etc.	January-December 2014	In progress as planned
	Organization of in-country CPE learning workshops, as well as learning events in IFAD	January-December 2014	Organized CPE learning workshops in the Plurinational State of Bolivia, China, Senegal and Zambia.
	Participate and share knowledge in selected external platforms such as learning events or meetings of evaluation groups	January-December 2014	In progress as planned
	IOE-OPV quarterly meetings	January-December 2014	In progress as planned. First meeting held in May 2014. Several ad hoc meetings held with the Office of the President and Vice-President on specific evaluations.
	Attend IFAD Management Team meetings; OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; selectively CPMTs; and (as observer) the Operational Management Committee; and the quality assurance learning sessions	January-December 2014	In progress as planned
8. Partnerships	ECG, NONIE, UNEG and SDC partnership	January-December 2014	In progress as planned. Participated in the UNEG Annual General Meeting in March, and the ECG meeting in April. IOE will participate in the ECG meeting in December, and the annual SDC-IOE partnership meeting on 30 October. IOE staff attended the African Evaluation Association (AfrEA), the European Evaluation Society and United Kingdom Evaluation Society (UKES) annual conferences. IOE also participated in a conference to celebrate 10 years of independent evaluation at ADB on innovation and learning in a changing Asia. SDC seconded one senior evaluation officer to IOE starting in May 2014.
	Contribute as internal and external peer reviewer to key evaluations as requested by IFAD and other multilateral/bilateral organizations	January-December 2014	IOE undertook a peer review of the external midterm review of the International Land Coalition, the Participatory Impact Assessment and Learning Approach by IFAD's Policy and Technical Advisory Division and two evaluation approach papers by the independent evaluation department of the African Development Bank (AfDB) on the: (i) general capital increase and African Development Fund (AfDF) replenishments; and (ii) results (outcomes and impact of AfDB support) in client countries. IOE reviewed and provided comments on the draft impact evaluation sourcebook prepared by IFAD Management as well as on the midterm review of a Global Environment Fund-supported operation in Eritrea, requested by the East and Southern Africa Division and the Environment and Climate Division.
	Implement Joint Statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	January-December 2014	In progress as planned. Examples of joint activities to date include: (i) synthesis on pastoral development undertaken with FAO; and (ii) training on how to address gender issues in evaluations for CGIAR, FAO, IFAD and WFP staff. Moreover, IOE

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
			participated in a panel discussion with FAO and WFP (and UN Women) on the gender sector-wide action plan at the UNEG evaluation exchange programme in March. An IOE staff member was part of the recruitment panel for the position of Senior Evaluation Officer (P-5) in the FAO Office of Evaluation.
9. Methodology	Second edition of the Evaluation Manual	January-December 2014	In progress as planned. The revised manual will be finalized and issued in 2015. A divisional workshop on the topic was held in June with the participation of representatives from IFAD Management (PMD, the Statistics and Studies for Development Division [SSD]), FAO and SDC.
	Contribute to the in-house and external debate on impact evaluations	January-December 2014	In progress as planned
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	January-December 2014	In progress as planned
10. Evaluation capacity development	Organization of workshops in partner countries (as per request) on evaluation methodology and processes	January-December 2014	In progress as planned. An evaluation methodology and process workshop was held in Beijing in July, in conjunction with the China CPE national round-table workshop (see next item).
	Implement statement of intent with the Government of China on ECD	January-December 2014	China CPE workshop held in July. Plans are being made for a joint PPA in 2015 with the Ministry of Finance of an IFAD-funded project in China.



Reporting on IOE key performance indicators (January to mid-October 2014)

Based on IOE's RMF for 2014, the reporting matrix below provides an overview of IOE achievements against the KPIs agreed with the Executive Board. The structure of the matrix is different from the approved 2014 RMF (see annex II); however, the strategic objectives, DMRs and KPIs are unchanged. The matrix has been restructured to better illustrate IOE's results chain: strategic objectives and DMRs (first two columns on the left-hand side) are now linked with the KPIs. Given that a KPI can contribute to more than one DMR, arrows are used to highlight how achievements against the KPI are linked with each DMR.

Table 2
Reporting on IOE set key performance indicators (January to mid-October 2014)

<i>Strategic objectives</i>	<i>Divisional management results</i>	<i>Key performance indicators</i>	<i>Achievements</i>	<i>Description</i>	<i>Targets</i>
SO1: Contribute, through independent evaluation work, to enhancing accountability for results	DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	1. Number of notes with comments on COSOPs and policy documents	0	None until September 2014 because no new corporate policies/strategies or COSOPs were presented to the Board as follow-up to IOE evaluations. However, two such notes on new COSOPs will be presented to the Board in December 2014.	
		13. ARRI, and number of CLEs, CPEs, PPAs, PCRVs and impact evaluations	On track	ARRI drafted and shared with Management in September 2014. Two CLEs have been completed (replenishment and grants); and a third is under way (fragile states). As planned, of the seven CPEs, four have been completed and 3 have been started. The 2014 impact evaluation has been launched, and PPAs and PCRVs are on track.	According to 2014 WP
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	1. Number of notes with comments on COSOPs and policy documents	0	See remark in this column against KPI 1 above.	
		13. ARRI, and number of CLEs, CPEs, PPAs, PCRVs and IEs	On track	See remark in this column against KPI 13 above.	According to 2014 WP
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	13. ARRI, and number of CLEs, CPEs, PPAs, PCRVs and ES	On track	See remark in this column against KPI 13 above.	According to 2014 WP

Strategic objectives	Divisional management results	Key performance indicators	Achievements	Description	Targets
	DMR 4: Methodology development	2. Number of IOE staff members sent on evaluation training each year, on a rotational basis	6+	<p>One staff member attended the AfrEA conference.</p> <p>One staff member attended the Annual Evaluation Conference of UKES.</p> <p>One staff member attended the conference on innovation and learning in a changing Asia.</p> <p>One staff member attended the European Evaluation Society.</p> <p>Two staff members participated in International Programme for Development Evaluation Training.</p> <p>Several IOE evaluation officers attended the training that was organized jointly with FAO on evaluating gender.</p>	3 staff
		1. Number of notes with comments on COSOPs and policy documents	0	See remark in this column against KPI 1.	
SO1: Contribute through IOE work to enhancing accountability for results	DMR 5: Work related to IFAD governing bodies	3. Number of planned Evaluation Committee sessions held in accordance with the Committee's terms of reference	6	Four formal sessions (March, June, July and October) and two informal sessions (January and June). A final session planned for November.	According to 2014 WP
		4. IOE participation as required in sessions of the Audit Committee, Executive Board, Governing Council and Evaluation Committee annual country visit	100%	<ul style="list-style-type: none"> • Executive Board sessions of 2014 • Evaluation Committee sessions of 2014 • Two Audit Committee sessions in September and November 2014. • Executive Board country visit to United Republic of Tanzania • Governing Council session February 2014 • IFAD10 sessions in February, June and October 	100%
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	5. Number of key learning events organized by IOE within IFAD	5	<ul style="list-style-type: none"> • Evaluation synthesis on IFAD's engagement in middle-income countries • Seminar at IFAD on issues and lessons learned from the first impact evaluation (Sri Lanka) • Global Staff Meeting learning event: "The role of independent evaluation and its contribution to better operational and institutional performance in IFAD" • Workshop on methodology development in the context of the second edition of the Evaluation Manual held in June • ARRI learning workshop held in September 	4 events

Strategic objectives	Divisional management results	Key performance indicators	Achievements	Description	Targets
SO2: Promote effective learning and knowledge management to further strengthen the performance of IFAD operations	DMR 7: Systematic communication and outreach of IOE's work	 9. Number of knowledge management products of CLEs and CPEs published within three months of established completion date and disseminated to internal and external audiences	49	IOE has published and disseminated to internal and external audiences a total of: 22 evaluation reports, 8 Profiles and 7 Insights, 4 press releases, 2 overviews on CLEs, 4 quarterly newsletters and the SDC-IOE partnership brochure and 2 videos on evaluation-related matters.	100%
		10. Number of evaluation syntheses and ARRI learning themes	3 syntheses (includes one additional/unforeseen (indigenous peoples); 1 ARRI learning theme	Syntheses: middle-income countries; pastoral development; and indigenous peoples. ARRI learning theme: project management.	According to 2014 WP
		5. Number of key learning events organized by IOE at IFAD	See relevant reference above	See remark in this column against KPI 5.	
		6. Number of in-country learning events co-organized by IOE with governments	4	CPE workshops held: <ul style="list-style-type: none"> • January - Senegal • April - Plurinational State of Bolivia • April - Zambia • July - China 	5 events
		 7. Number of in-house learning events attended by IOE staff for knowledge-sharing	9+	<ul style="list-style-type: none"> • IFAD Strategic Vision • Induction for new IFAD staff • Induction for new Member State representatives • Several sessions during the Global Staff Meeting • Impact evaluation by Oxfam • Multidimensional poverty assessment tool • Time for equality: towards a sustainable future chaired by IOE Deputy Director as per request of PMD • Final quality assurance learning sessions in July and October 	4 events
		8. Number of external knowledge events with IOE staff participation to share lessons from evaluation	6	FAO, UNEG, ECG, ADB, AfrEA and UKES.	5 events

<i>Strategic objectives</i>	<i>Divisional management results</i>	<i>Key performance indicators</i>	<i>Achievements</i>	<i>Description</i>	<i>Targets</i>
		9. Number of knowledge management products of CLEs and CPEs published within three months of established completion date and disseminated to internal and external audiences	See above	See remark in this column against KPI 9 above.	100%
	DMR 8: ECD in partner countries	11. Number of ECD workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes	1	Organized a training workshop on evaluation methodology and processes in Beijing in July.	
		12. Number of events attended by IOE staff related to self-evaluation and ECD	4	<ul style="list-style-type: none"> • Board discussion on private-sector grant proposal in support of impact evaluation • Operational Management Committee discussion on IFAD's quarterly performance report • Dedicated session on ex ante quality assurance of new project proposals • Final quality assurance learning session in July 	3 events



IOE proposed evaluation activities for 2015 and indicative plan for 2016-2017

Table 1
Proposed IOE work programme for 2015 by type of activity

Type of work	Proposed activities for 2015	Start date	Expected finish	Expected delivery time*				
				Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	2016
1. Corporate-level evaluation	IFAD's engagement in fragile states	Jan-14	Apr-15		X			
	IFAD's performance-based allocation system (PBAS)	Apr-15	Apr-16					X
2. Country programme evaluation	Bangladesh	May-14	Jul-15			X		
	Brazil	Jan-15	Mar-16					X
	Ethiopia	Jan-15	Mar-16					X
	India	Sept-15	Dec-16					X
	Nigeria	Mar-15	Jun-16					X
	The Gambia	Oct-14	Dec-15				X	
	Turkey	Mar-15	Jun-16					X
	United Republic of Tanzania	Jan-14	Mar-15	X				
3. Project completion report validation	Validate all PCRs available in year	Jan-15	Dec-15	X	X	X	X	
4. Project performance assessment	About eight PPAs	Jan-15	Dec-15			X	X	
5. Impact evaluation	One (project to be determined)	Jun-15	Jun-16					X
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	Jan-15	Dec-15			X	X	
	thirteenth ARRI	Jan-15	Dec-15				X	
	IOE comments on PRISMA	Jun-15	Sep-15			X		
	IOE comments on RIDE	Oct-15	Dec-15				X	
	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by the Evaluation Committee and the Board, including comments on the new IFAD corporate policy on grants financing, and on the synthesis report on impact evaluations prepared by IFAD	Jan-15	Dec-15	X	X	X	X	
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, selected Audit Committee meetings, and the 2015 country visit of the Executive Board to Morocco	Jan-15	Dec-15	X	X	X	X	

Type of work	Proposed activities for 2015	Start date	Expected finish	Expected delivery time*				
				Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	2016
	IOE comments on COSOPs when related CPEs are available	Jan-15	Dec-15		X	X	X	
7. Communication and knowledge-management activities	Evaluation synthesis on accessing markets: a subregional perspective	Jan-15	Jun-15				X	
	Evaluation synthesis on natural resources and environmental management	Jun-15	Dec-15				X	
	Evaluation synthesis on non-lending activities in the context of South-South cooperation						X	
	Evaluation reports, profiles, insights, website, etc.	Jan-15	Dec-15	X	X	X	X	
	Organization of in-country CPE learning workshops and learning events in IFAD	Jan-15	Dec-15	X	X	X	X	
	Activities related to the International Year of Evaluation	Jan-15	Dec-15	X	X	X	X	
	Participate and share knowledge in selected external platforms such as learning events or meetings of evaluation groups	Jan-15	Dec-15	X	X	X	X	
	IOE-OPV quarterly meetings	Jan-15	Dec-15	X	X	X	X	
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMCs, quality assurance learning sessions, IMTs and selected CPMTs	Jan-15	Dec-15	X	X	X	X	
8. Partnership	ECG, UNEG, NONIE and SDC partnerships	Jan-15	Dec-15	X	X	X	X	
	Contribute as external peer reviewer to key evaluations by other multilateral/bilateral organizations as requested	Jan-15	Dec-15	X	X	X	X	
	Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	Jan-15	Dec-15	X	X	X	X	
9. Methodology	Second edition of Evaluation Manual	Jan-14	Apr-15		X			
	Development and implementation of the new harmonization agreement	Jan-15	Mar-15			X		
	Training (Second edition of Evaluation Manual) IOE staff/consultants	June-15	Dec-15			X	X	
	Contribute to in-house and external debate on impact evaluations	Jan-15	Dec-15	X	X	X	X	
10. ECD	Engage in ECD in context of regular evaluation process	Jan-15	Dec-15	X	X	X	X	
	Organization of workshops in partner countries (as per request) on evaluation methodology and processes	Jan-15	Dec-15	X	X	X	X	
	Implementation of statement of intent with the Peoples' Republic of China on ECD in the country	Jan-15	Dec-15	X	X	X	X	

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

Table 2
IOE indicative plan for 2016-2017 by type of activity*

Type of work	Indicative plan for 2016-2017	Year
1. Corporate-level evaluation	Decentralization model and experience; Management efforts on impact evaluations; knowledge management; additional resource mobilization	2016-2017
	Policy dialogue; Adaptation for Smallholder Agriculture Programme; Joint evaluation with FAO and WFP of Reformed Committee on World Food Security	2017
2. Country programme evaluations	Burkina Faso; Burundi; the Philippines; Indian Ocean small island developing states subregional evaluation in English-speaking Caribbean island countries; Sierra Leone	2016
	Cameroon; Malawi	2017
3. Project completion report validation	Validate all PCRs available in year	2016-2017
4. Project performance assessment	About eight PPAs/year	2016-2017
5. Impact evaluation	One per year (project to be determined)	2016-2017
6. Engagement with governing bodies	fourteenth and fifteenth ARRIs	2016-2017
	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	2016-2017
	Review of implementation of results-based work programme for 2017 and indicative plan for 2018-2019, and preparation of results-based work programme and budget for 2018 and indicative plan for 2019-2020	
	IOE comments on PRISMA and RIDE	2016-2017
	IOE comments on COSOPs when related CPEs are available	2016-2017
	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by Evaluation Committee	2016-2017
	Participation in all sessions of Evaluation Committee, according to revised terms of reference and rules of procedure of Evaluation Committee; Participation in Executive Board meetings and Governing Council; Participate in annual country visit of the Board	2016-2017
7. Communication and knowledge management activities	Evaluation reports, profiles, insights, website, etc.	2016-2017
	Evaluation synthesis on IFAD's experience in commodity value chain development; remittances; scaling up; self-evaluation; fisheries and aquaculture.	2016-2017
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMC, IMT, quality assurance learning sessions and selected CPMTs	2016-2017
8. Partnership	ECG, UNEG, NONIE and SDC partnerships	2016-2017
	Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	2016-2017
9. Methodology	Contribute to in-house and external debate on impact evaluation	2016-2017
	Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	2016-2017
10. Evaluation capacity development (ECD)	Implementation of activities in partner countries related to ECD	2016-2017

* The topics and number of CLEs, CPEs and evaluation synthesis report are tentative and the actual priorities and numbers to be undertaken in 2016 and 2017, respectively, will be determined in 2015.

IOE staff levels for 2015

2011 level	2012 level	2013 level	2014 level	2015		Total
				Professional staff	General Service staff	
19.5	19.5	18.5	18.5	13	6	19

Total human resources

Category	2014	2015
Director	1	1
Deputy Director	1	1
Senior evaluation officers	3*	3*
Evaluation officers	6	6
Evaluation Research Analyst	1	1
Evaluation Knowledge and Communication Officer	0.5	1
Total Professional staff	12.5	13
Administrative Assistant	1	1
Assistant to Director	1	1
Assistant to Deputy Director	1	1
Evaluation assistants	3	3
Total General Service staff	6	6
Grand total	18.5	19

* An additional senior evaluation officer has been seconded from SDC to IOE since May 2014, with no impact on IOE staff costs.

IOE General Service staff levels

2007	2008	2009	2010	2011	2012	2013	2014	2015 (proposed)
9.5	8.5	8.5	8	8	8	6	6	6

IOE proposed budget for 2015

Table 1
IOE proposed budget for 2015
 (United States dollars)

<i>Evaluation work</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i> <i>(1)</i>	<i>2015 (proposed)</i>		<i>Total 2015 budget at^b</i> <i>(4)=(1)+(2)+(3)</i>
					<i>Real</i> <i>increase/decrease</i>	<i>Price</i> <i>increase/(decrease)^a</i>	
				<i>(2)</i>	<i>(3)</i>		
Non-staff costs	2 238 000	2 289 474	2 346 711	2 395 992	0	59 900	2 455 892
Staff costs	3 645 576	3 734 530	3 667 268	3 586 690	54 385	(27 034)	3 614 041
Total	5 883 576	6 024 004	6 013 979	5 982 682	54 385	32 866	6 069 933

^a As for the rest of IFAD and conveyed by BOD, average inflation assumption is 1.9 per cent and there is no price increase for staff costs.

^b The exchange rate applied at this stage is US\$1 = EUR 0.735.

Table 2
2015 IOE budget proposal breakdown for non-staff costs

Type of activity	Absolute number	Relative number in terms of percentage of work done ^a	Standard unit costs ^b (US\$)	Proposed non-staff costs in 2015 (US\$)
ARRI	1	1	150 000	100 000
Corporate-level evaluations	2	1	Differentiated cost based on scope and nature of issues to be assessed: 200 000-450 000	370 000
• IFAD's engagement in fragile states	1	0.25		
• IFAD's performance-based allocation system	1	0.75		
Country programme evaluations	8	4.5	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 225 000-305 000	1 035 000
PCR validation	About 30	About 30	-	50 000
Project performance assessment	About 8	About 8	25 000-30 000	230 000
Impact evaluation	2	1	200 000-300 000	200 000
• 2014 carry-over (JCTDP)	1	0.3		
• 2015 impact evaluation (project tbd)	1	0.7		
Evaluation synthesis	3	3	40 000-65 000	120 000
Revision of IOE Evaluation Manual (finalization)	1	0.3	-	40 000
Communication, evaluation outreach, knowledge-sharing and partnership activities	-	-		188 000
ECD, training (including training on the revised Evaluation Manual) and related administrative costs	-	-		122 892
Total				2 455 892

^a Evaluations often straddle two years. This figure represents percentage of work done for type of evaluation activity in 2015.

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

Table 3

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

(United States dollars)

<i>IOE objectives</i>	<i>IOE divisional management results</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	725 379	12
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	2 034 156	34
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	1 034 773	17
	DMR 4: Methodology development	339 005	5
	DMR 5: Work related to IFAD governing bodies	260 907	4
Total for strategic objective 1		4 394 220	72
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	708 514	12
	DMR 7: Systematic communication and outreach of IOE's work	729 008	12
	DMR 8: ECD in partner countries	238 191	4
Total for strategic objective 2		1 675 713	28
Grand total		6 069 933	100

IOE results measurement framework for 2015

Key performance indicators

<i>IOE objectives</i>	<i>Divisional management results^a</i>	<i>Key performance indicators</i>	<i>2011 Baseline</i>	<i>2015 Target^b</i>	<i>Means of verification</i>
Strategic objective 1: Contribute, through independent evaluation work, to enhancing accountability for results	DMR1				ARRI, CLEs, evaluation reports, PRISMA, RIDE, work programme and budget document, Senior Independent Advisor report (for CLEs)
	DMR2	1. Adoption rate of recommendations from CLEs, CPEs and PPAs	n.a.	90%	
	DMR3				
	DMR4	2. Execution rate of key evaluation activities	n.a.	As per WPB	Evaluation reports and IOE records
		3. Number of trained IOE staff members contributing to methodology development	3	4	
	DMR5	4. Number of planned Evaluation Committee sessions held in accordance with Committee's terms of reference	4 regular sessions	4 regular sessions	
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 (including on syntheses and ARRI learning themes)	4	8	Evaluation synthesis reports, Issues Paper, IOE records, report profile and insights, newsletters
	DMR6	6. Number of in-country learning events co-organized by IOE with governments	4	5	
	DMR7	7. Number of in-house learning events attended by IOE staff for knowledge-sharing	2	5	
		8. Number of external knowledge events with IOE staff participation to share lessons from evaluation	3	5	
		9. Number of knowledge management products of CLEs and CPEs published within three months of established completion date and disseminated	80%	100%	

<i>IOE objectives</i>	<i>Divisional management results^a</i>	<i>Key performance indicators</i>	<i>2011 Baseline</i>	<i>2015 Target^b</i>	<i>Means of verification</i>
		10.Number of ECD workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes	n.a.	1	IOE records
	DMR8	11.Number of events attended by IOE staff related to self-evaluation and ECD	1	3	
Joint SO1 and SO2 (combining the learning and accountability functions of independent evaluation)		12.ARRI and Learning Themes, and number of CLEs, CPEs, PPAs and PCRVs, evaluation syntheses and impact evaluations	According to 2011 WP	1 ARRI, 2 CLEs, 5 CPEs, 8 PPAs, 25/30 PCRVs, 3 ESs 1 IE	IOE records
		13.Budget cap	< 0.9% of IFAD PLG	< 0.9% of IFAD PLG	
		14.Ratio of Professional to General Service staff	n.a.	1/0.46	
		15.Budget execution rate at year-end	n.a.	95%	

^a DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes; DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs; DMR 3: Project evaluations that contribute to better IFAD-supported operations; DMR 4: Methodology development; DMR 5: Work related to IFAD governing bodies; DMR 6: Production of evaluation syntheses and ARRI learning themes; DMR 7: Systematic communication and outreach of IOE's work; DMR 8: ECD in partner countries.

^b Targets are set taking into account the 2011 baseline values (where available), the resources IOE has and the efficiency gains that are likely to be generated through the development and implementation of the second edition of the Evaluation Manual.

IOE selectivity framework

Table 1
Guiding questions for the 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>
<ol style="list-style-type: none"> 1. Is this an area of interest/priority for IFAD stakeholders? 2. Is this in line with IFAD's strategic priorities and replenishment commitments? 3. Will this address a knowledge gap in IFAD? 4. What is the evaluation expected to impact? 5. Is there a critical decision point in IFAD that would drive the timing of this evaluation? 6. How would this evaluation contribute to IOE's strategic objectives? 7. What other IOE deliverables would this evaluation draw on and/or contribute to? 8. Does IOE have the resources (financial and human) to conduct this evaluation? 	<ol style="list-style-type: none"> 1. Is there a critical decision point in IFAD that would drive the timing of this evaluation? 2. Is this a country of interest/priority for the regional division? 3. How would this evaluation affect the geographical balance of the IOE evaluation portfolio? 4. How would this evaluation contribute to IOE's strategic objectives? 5. What other IOE deliverables would this evaluation draw on and/or contribute to? 6. Does IOE have the resources (financial and human) to conduct this evaluation? 	<ol style="list-style-type: none"> 1. Did IOE identify any major information gaps, inconsistencies or analytical weaknesses in the PCR during the validation process? 2. Does the project use successful innovative approaches that could be scaled up elsewhere? 3. Is there a major disconnect between the ratings contained in the PCR and those generated by IOE during the validation process? 4. How does this evaluation affect the geographical balance of the IOE evaluation portfolio? 5. What other IOE deliverables would this evaluation draw on and/or contribute to (e.g. CPE)? 6. Does IOE have the resources (financial and human) to conduct this evaluation?

*The selectivity framework cannot be applied for PPAs at this stage, as IOE has not yet been provided with the list of PCRs that will need to be validated in 2015.

Table 2
Application of the selectivity framework for CLEs*

<i>Guiding questions for CLEs</i>	<i>Knowledge management</i>	<i>Additional resource mobilization</i>	<i>Decentralization model and experience</i>	<i>Performance-based allocation system (PBAS)</i>	<i>Management efforts on impact evaluations</i>
1. Is this an area of interest/priority for IFAD stakeholders?	4	4	5	5	5
2. Is this in line with IFAD's strategic priorities and replenishment commitments?	5	5	5	5	5
3. Will this address a knowledge gap in IFAD?	Yes	Yes	Yes	Yes	5
4. What is the evaluation expected to impact?	IFAD's approach to knowledge management	IFAD's efforts to mobilize additional resources, outside the replenishment processes	IFAD's approach in strengthening the capacity of decentralized structures to maximize the organization's impact at country level	The Fund's resource allocation mechanisms, taking into account the organization's mandate to reduce rural poverty in all regions	IFAD's methodology and approach in undertaking impact evaluations
5. Is there a critical decision point in IFAD that would drive the timing of this evaluation?	Not currently, because IFAD developed a new knowledge management framework in 2014, and it requires more time for implementation.	The exploration of new forms of additional resource mobilization is a priority for the financial sustainability of the organization in the IFAD9 period and beyond. However, it might be better to wait until 2016 or 2017 when there is a critical mass of examples (e.g. KfW Development Bank loan to IFAD) of additional resources mobilized to evaluate.	Yes, it is a priority for the IFAD9 period and beyond. However, it would be appropriate to wait until 2016 or beyond, once all the 50 country offices have been established (by end-2015, as agreed with the Board).	Yes, this is high priority because: (i) the PBAS was introduced in the Sixth Replenishment in 2002, and has not undergone any comprehensive review or evaluation; and (ii) the evaluation would also contribute to sharpening IFAD's approaches to resource allocation in the context of country selectivity for better institutional efficiency. Therefore, the evaluation would also contribute to other corporate goals.	Yes, it is a priority for the IFAD9 period and beyond. However, it would be appropriate to wait until 2016 once the 30 impact evaluations done by Management have been completed and the synthesis report on the Impact Evaluation Initiative finalized.
6. How would this evaluation contribute to IOE's strategic 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	Contribute to strategic objectives 1 and 2

<i>Guiding questions for CLEs</i>	<i>Knowledge management</i>	<i>Additional resource mobilization</i>	<i>Decentralization model and experience</i>	<i>Performance-based allocation system (PBAS)</i>	<i>Management efforts on impact evaluations</i>
7. What other IOE deliverables would this evaluation draw on and/or contribute to?	Draw on CPEs and project-level evaluations. Contribute to other CLEs, CPEs and project-level evaluations, as well as evaluation synthesis reports	Not directly	Draw on other CLEs, CPEs and project-level evaluations	Contribute to other CLEs, CPEs and project-level evaluations	Draw on and contribute to project-level impact evaluations
8. Does IOE have the financial and human resources to conduct this evaluation?	Only one new CLE can be carried out per year due to IOE resource constraints and the absorption capacity of IFAD Management and Governing Bodies	Only one new CLE can be carried out per year due to IOE resource constraints and the absorption capacity of IFAD Management and Governing Bodies	Only one new CLE can be carried out per year due to IOE resource constraints and the absorption capacity of IFAD Management and Governing Bodies	Yes	Only one new CLE can be carried out per year due to IOE resource constraints and the absorption capacity of IFAD Management and Governing Bodies

*In constructing the work programme, each proposed evaluation was validated against the guiding questions, using, where possible, a 5-point score, where 5 represents the highest score and 1 the lowest.

Table 3
Application of the selectivity framework for evaluation syntheses

<i>Guiding questions for CLEs/Evaluation syntheses</i>	<i>Evaluation synthesis on scaling up</i>	<i>Evaluation synthesis on IFAD's self-evaluation mechanisms</i>	<i>Evaluation synthesis on Remittances</i>	<i>Assessing markets: a subregional perspective</i>
1. Is this an area of interest/priority for IFAD stakeholders?	5	4 (because the topic has been studied to some extent in the CLE on efficiency and CLE on IFAD replenishment.	3	5
2. Is this in line with IFAD's strategic priorities and replenishment commitments?	5	5	4	5
3. Will this address a knowledge gap in IFAD?	Yes, to a lesser extent as other studies have been undertaken by Management	Yes	Yes	Yes
4. What is the evaluation expected to impact?	IFAD's scaling up approach for wider impact on poverty	IFAD's self-evaluation mechanisms for better results measurement and reporting	IFAD's engagement in and approach to remittances in the context of development finance	IFAD's role in promoting access to markets for enhancing incomes and food security
5. Is there a critical decision point in IFAD that would drive the timing of this evaluation?	Yes, it is a priority for the IFAD9 period	Yes	To some extent	Yes, it is a priority for the IFAD9 period
6. How would this evaluation contribute to IOE's strategic objectives?	Contribute to strategic objective 2	Contribute to strategic objective 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 CLEs, CPEs and project-level evaluations	Draw on CLEs, CPEs and project-level evaluations	Draw on CPEs and project-level evaluations where there are activities relevant to remittances	Draw on CPEs and project-level evaluations where there are activities relevant to accessing markets
8. Does IOE have the financial and human resources to conduct this evaluation?	Yes	Yes	Yes	Yes

<i>Guiding questions for CLEs/evaluation syntheses</i>	<i>Evaluation synthesis on value chains</i>	<i>Evaluation synthesis on natural resources and environmental management</i>	<i>Evaluation synthesis on non-lending activities in the context of South-South cooperation</i>
1. Is this an area of interest/priority for IFAD stakeholders?	4 (It will be more relevant in 2017)	5	5
2. Is this in line with IFAD's strategic priorities and replenishment commitments?	5	5 (IFAD's RMF 2013-2015 includes new indicators and more ambitious targets in order to support enhanced performance in environmental management. Moreover, IFAD Procedures for Environmental Management and Sustainable Development were presented to the Executive Board in 2009.)	5
3. Will this address a knowledge gap in IFAD?	Yes, to a lesser extent as other studies have been undertaken by Management	Yes	Yes
4. What is the evaluation expected to impact?	IFAD's engagement towards more conducive rural business environments that enable smallholders and the rural poor to gain better access to markets and value chains.	IFAD's approach to natural resources and environmental management	IFAD's engagement in and approach to non-lending activities in the context of South-South cooperation
5. Is there a critical decision point in IFAD that would drive the timing of this evaluation?	To some extent	Yes	Yes
6. How would this evaluation contribute to IOE's strategic objectives?	Contribute to strategic objective 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 CLEs, CPEs and project-level evaluations. Contribute to the CLE on policy dialogue which is included in the tentative plan for 2017	Draw on CPEs and project-level evaluations	Draw on CPEs and project-level evaluations where there are activities relevant to remittances
8. Does IOE have the financial and human resources to conduct this evaluation?	No, only up to 3 evaluation syntheses per year	Yes	Yes

Table 4
Application of the selectivity framework for CPEs

<i>Guiding questions for CPEs</i>	<i>Brazil</i>	<i>Ethiopia</i>	<i>India</i>	<i>Nigeria</i>	<i>Turkey</i>
1. Is there a critical decision point in IFAD that would drive the timing of this evaluation?	Yes (current COSOP covers 2008-2012, the CPE will contribute to the formulation of the new COSOP, which the division plans to prepare in 2016). Undertaking a CPE in Brazil would also be justified because around 30 per cent of poor people in Latin America and the Caribbean live there. Finally, the timing of the CPE is extremely favourable, as the CPE will be started after the presidential elections are completed and a new Government should be in place.	Yes (current COSOP covers 2008-2014, the CPE will contribute to the formulation of the new COSOP, which the division plans to prepare in 2016). Moreover, the Ethiopia country programme manager (CPM) will retire at the end of 2014, and the CPE will assist the new CPM with a comprehensive, independent analysis of results and lessons learned for future planning. Ethiopia is the country with the largest portfolio in ESA.	Yes (current COSOP covers 2010-2015, the CPE will contribute to the formulation of the new COSOP). When considering the 2010-2015 COSOP, APR also requested IOE to undertake a CPE in India in 2015/16. A CPE in the country would also be important because India has the largest number of IFAD projects and loans commitment by IFAD in all geographic regions.	Yes (current COSOP covers 2010-2015, the CPE will contribute to the formulation of the new COSOP in 2016/17). Nigeria is the largest portfolio in the West and Central Africa region and this CPE therefore also reflects the prioritization in the use of IOE resources.	Current COSOP is dated 2008, so it is timely to conduct the CPE in preparation of a new COSOP. IFAD has funded nine projects in Turkey, but IOE has never conducted a CPE.
2. Is this a country of interest/priority for the regional division taking into account its performance-based allocation 2013-2015?	5	5	5	5	4
3. How would this evaluation affect the geographical balance of the IOE evaluation portfolio?	5	5	5	5	5
4. How would this evaluation contribute to IOE's strategic 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	Contribute to strategic objectives 1 and 2
5. What other IOE deliverables would this evaluation draw on and/or contribute to?	Draw on the previous CPE and project evaluations conducted since then	Draw on project-level evaluations in Ethiopia and on the previous CPE	Draw on project-level evaluations (including interim evaluations) in India and on the previous CPE	Draw on previous CPE	Draw on project-level evaluations in Turkey
6. Does IOE have the resources (financial and human resources) to conduct this evaluation?	Yes	Yes	Yes	Yes	Yes

Table 5

Selectivity framework for Impact Evaluations by IOE

<i>A. Essential criteria^a</i>					
<i>Criteria</i>	<i>Code</i>	<i>Guiding questions for impact evaluations</i>	<i>Rating system (5-point scale)</i>		<i>Means of verification</i>
Evaluation results for learning	A.01	Is a CPE planned in this country in 2015/2016? ^b	5 = YES	1 = NO	IOE indicative rolling WP
	A.02	Would the findings of this evaluation, given the subsector nature of the project, also feed into ongoing or planned evaluation synthesis reports or CLEs?	5 = YES	1 = NO	IOE indicative rolling WP
Project status	A.03	Did project implementation end between 1 and 3 years ago?	1 = > 5 years 2 = 5 years 5 years ≤ 3 ≤ 4 years 4 = 3 years 3 years ≤ 5 ≤ 1 years		Project and Portfolio Management System (PPMS)
Geographical distribution	A.04	Has IOE conducted an interim or completion evaluation or PPA of this project in the past?	5 = NO	1 = YES	IOE reports/WP
	A.05	Does IFAD Management plan an impact evaluation of this project by the end of 2015?	5 = NO	1 = YES	PMD; Strategy and Knowledge Management Department

^a Only projects meeting the essential criteria will be validated also against desirable criteria as detailed in section B of the table.

^b To ensure that impact evaluation results and lessons learned inform synthesis reports, CPEs and CLEs.

<i>B. Desirable criteria^a</i>					
<i>Criteria</i>	<i>Code</i>	<i>Guiding questions for impact evaluations</i>	<i>Rating system (5-point scale)</i>		<i>Means of verification</i>
Project size	B.01	Is this a country of priority to the regional division, taking into account its performance-based allocation 2013-2015?	*See rating system for B.01		PBAS report
	B.02 ^b	Of the countries selected, which has the highest performance-based allocation?	5 = largest interval		PBAS
	B.03	What are the total project costs?	5 = largest interval		PPMS
	B.04	What is the IFAD loan amount?	5 = largest interval		PPMS
	B.05	What is the project size in terms of the number of households at design expected to directly benefit from project support?	5 = largest interval		Project document
Disbursement rate	B.06	What was the disbursement rate at project closure?	5 = highest interval		Loans and Grants System
Innovation and scaling up	B.07	Does the project include innovative characteristics with potential for scaling up?	5 = YES	1 = NO	Project document
Joint evaluations	B.08	Is there potential to undertake the impact evaluation jointly with relevant national institutions (e.g. Government's independent evaluation office (where possible), national evaluation association, etc.)?	5 = YES	1 = NO	IOE interaction with the country and country programme manager

^a Only projects meeting the criteria in section B of the table are exposed to the technical criteria set forth in section C of the table.

^b The rating system will be developed once the countries are selected consistently with the essential criteria in section A of the table.

*Rating system for B.01 (minimum and maximum regional PBAS allocation for 2013 – 2015 Millions of United States dollars)

<i>Asia and the Pacific</i>	<i>East and Southern Africa</i>	<i>Latin America and the Caribbean</i>	<i>Near East, North Africa and Europe</i>	<i>West and Central Africa</i>
3 million ≤ 1 ≤ 26.2 million	3 million ≤ 1 ≤ 17.2 million	1 million ≤ 1 ≤ 9.5 million	1 million ≤ 1 ≤ 13 million	3 million ≤ 1 ≤ 16 million
26.3 million ≤ 2 ≤ 52.5 million	17.3 million ≤ 2 ≤ 24.5 million	9.6 million ≤ 2 ≤ 19.1 million	13.1 million ≤ 2 ≤ 26.1 million	16.1 million ≤ 2 ≤ 32.1 million
52.6 million ≤ 3 ≤ 78.8 million	24.6 million ≤ 3 ≤ 52.4 million	19.2 million ≤ 3 ≤ 28.7 million	26.2 million ≤ 3 ≤ 39.2 million	32.2 million ≤ 3 ≤ 48.2 million
78.9 million ≤ 4 ≤ 105.1 million	52.5 million ≤ 4 ≤ 69.7 million	28.8 million ≤ 4 ≤ 38.3 million	39.3 million ≤ 4 ≤ 52.3 million	48.3 million ≤ 4 ≤ 64.3 million
105.2 million ≤ 5 ≤ 131.4 million	69.8 million ≤ 5 ≤ 87 million	38.4 million ≤ 5 ≤ 47.9 million	52.4 million ≤ 5 ≤ 65 million	64.4 million ≤ 5 ≤ 80.4 million

<i>C. Technical criteria</i>					
<i>Criteria</i>	<i>Guiding questions for impact evaluations</i>	<i>Rating system (5-point scale)</i>		<i>Means of verification</i>	
Evaluability assessment	C.01	Is a baseline survey available? If so:	5= YES	1 = NO	C.01 PMD front office; SSD;CPM
	01.1	What is its quality rating?			01.1 IOE assessment
	01.2	Did it include control or comparison groups?			01.2 IOE assessment
	01.3	Is an electronic database available?			01.3 CPM
	C.02	Is a Results and Impact Management System baseline survey available? If so:	5= YES	1 = NO	C.02 PMD front office; SSD;CPM
	02.1	What is its quality rating?			02.1 IOE assessment
	02.2	Did it include control or comparison groups?			02.2 IOE assessment
	02.3	Is an electronic database available?			02.3 CPM
	C.03	Is a Results and Impact Management System completion survey available? If so:	5= YES	1 = NO	C.03 PMD front office; SSD;CPM
	03.1	What is its quality?			03.1 IOE assessment
	03.2	Did it include control or comparison groups?			03.2 IOE assessment
03.3	Is an electronic database available?			03.3 CPM	
C.04	Are other surveys available? If so:	5= YES	1 = NO	C.04 CPM	
04.1	What is their quality rating?			04.1 IOE assessment	
04.2	Did they include control or comparison groups?			04.2 IOE assessment	
04.3	Is an electronic database available?			04.3 CPM	
C.05	How would you rate the quality of the PCR including in terms of data and analysis on impact?	5 = high quality 1 = low quality		IOE assessment	
C.06	Is a midterm review available?	5 = YES	1 = NO	CPM	
C.07	How would you rate the quantity and quality of data generated by the project's monitoring and evaluation system?	5 = high quality/quantity 1 = low quality/quantity		CPM; Project Authorities	
C.08	Does the President's report contain a logical framework, and if so, how would you rate its quality?	5 = logframe available/high quality 1 = logframe not available/low quality		IOE assessment	
C.09	Are qualitative thematic studies available?	5 = thematic studies available		CPM	
C.10	Did the project experience implementation delays?	5 = NO serious delay in implementation		PPMS	
Availability of local technical expertise	C.11	Is national technical expertise in quantitative and qualitative data collection and analysis available?	5 = available/high quality		IOE (research on Internet)

Application of the selectivity framework

The selectivity framework for impact evaluations is the master tool guiding the identification of projects for impact evaluation by IOE. The framework groups criteria into three categories: essential, desirable and technical. The framework filters operations as follows: (i) only projects meeting the essential criteria are exposed to the desirable criteria and, thereafter, (ii) those with the highest rating are assessed against the technical criteria and subjected to an evaluability assessment, which guides IOE's final decision on the project to be evaluated.

For the 2014 impact evaluation, eight projects met the requirements of the first two subcriteria (evaluation results for learning and project status) under the essential criteria. These two subcriteria are fundamental to maximize learning, and ensure that the project can be evaluated with due consideration of context in order to obtain adequate understanding of impact and sustainability. All eight projects were assessed against the remaining guiding questions under the essential criteria. This narrowed down the sample from eight to three projects, which were assessed against the desirable criteria. This further restricted the choice to two projects, namely the India Jharkhand-Chhattisgarh Tribal Development Project and the Nigeria Roots and Tuber Expansion Programme), to be exposed to the evaluability assessment (i.e. the technical criteria).

The results of the evaluability assessment indicated that the India project was the most suitable for evaluation in terms of both reliability of data and cost-effectiveness.