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Investing in rural people

IFAD's 2016 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2016 and indicative plan for 2017-2018, and the HIPC and PBAS progress reports

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Abbreviations and acronyms

| | |
|----------|--|
| ARRI | Annual Report on Results and Impact of IFAD Operations |
| ASAP | Adaptation for Smallholder Agriculture Programme |
| CLE | corporate-level evaluation |
| CLEE | corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations |
| CMR | corporate management result |
| COSOP | country strategic opportunities programme |
| CPE | country programme evaluation |
| CPMT | country programme management team |
| CSPE | country strategy and programme evaluation |
| CSSG | Corporate Services Support Group |
| ECD | evaluation capacity development |
| ECG | Evaluation Cooperation Group (of the multilateral development banks) |
| ESR | evaluation synthesis report |
| FAO | Food and Agriculture Organization of the United Nations |
| FTE | full-time equivalent |
| GRIPS | Grants and Investment Projects System |
| ICO | IFAD country office |
| ICT | information and communications technology |
| IE | impact evaluation |
| IFAD9 | Ninth Replenishment of IFAD's Resources |
| IFAD10 | Tenth Replenishment of IFAD's Resources |
| IOE | Independent Office of Evaluation of IFAD |
| IT | information technology |
| KPI | key performance indicator |
| LGS | Loans and Grants System |
| MOSS | minimum operating security standards |
| MTP | medium-term plan |
| 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 |
| PMD | Programme Management Department |
| PoLG | programme of loans and grants |
| POW | programme of work |
| PPA | project performance assessment |
| PPE | project performance evaluation |
| PRISMA | President's Report on the Implementation Status of Evaluation Recommendations and Management Actions |
| PRM | Partnership and Resource Mobilization Office |
| QAG | Quality Assurance Group |
| RBA | Rome-based agency |
| RB-COSOP | Results-based country strategic opportunities programme |
| RIDE | Report on IFAD's Development Effectiveness |
| RMF | Results Measurement Framework |
| SDC | Swiss Agency for Development and Cooperation |
| SKD | Strategy and Knowledge Department |
| SOs | strategic objectives |
| SWP | strategic workforce planning |
| UNEG | United Nations Evaluation Group |
| WFP | World Food Programme |
| WPB | workplan and budget |

Executive summary

1. The aim of the recently concluded Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10), covering the period 2016-2018, is to enable IFAD to achieve a three-year operational programme of at least US\$3 billion. As of 16 August 2015, total pledges for IFAD10 amounted to US\$1.15 billion, making it the highest core contribution ever achieved in any IFAD replenishment cycle. However, this amount fell short of 85 per cent of the targeted level of US\$1.44 billion. Thus the target for IFAD10 has now been revised and is expected to reach US\$1.35 billion. In order to achieve a level of programmes of loans and grants for the IFAD10 period of at least US\$3 billion, IFAD will need to access funding through alternative financing sources. In addition, as part of the replenishment negotiations, IFAD has been tasked with undertaking several activities to further strengthen its operations and provide more focused and targeted interventions to bring 80 million people out of poverty. While some of these commitments will have incremental cost implications, IFAD will continue to streamline processes and procedures to enhance efficiency and improve effectiveness.
2. For the first year of the IFAD10 period, IFAD proposes an annual programme of loans and grants equivalent to US\$900 million. In addition to this core programme, the Fund will aim to leverage an additional US\$100 million in 2016 in IFAD-managed resources from other sources. Based on current projections, the targeted programme of loans and grants in the first year has been set slightly lower than the average for the IFAD10 period to reflect the reality of conditions on the ground.
3. IFAD will continue its efforts to mobilize additional resources to achieve a high level of cofinancing and will seek alternative financing arrangements to meet its overall 2016 programme of work (POW). IFAD's baseline programme of US\$900 million for 2016 will be leveraged by 1.2 to achieve a total POW of US\$1.98 billion.
4. Some 31 projects and programmes, including additional financing for five ongoing loans and grants, are currently being prepared for approval in 2016. Seven of these are supported by financing from the Adaptation for Smallholder Agriculture Programme (ASAP). IFAD expects to meet its commitment to allocate 40-50 per cent of financing to sub-Saharan Africa over the 2016-2018 period. The estimated number of global/regional and country grants in 2016 is 40-50, for a total of US\$50 million-US\$60 million.
5. In order to deliver on IFAD10 commitments, a rolling medium-term plan (MTP) for the period 2016-2018 has been put in place to translate into action the strategic objectives derived from the longer-term IFAD-wide Strategic Framework 2016-2025, which defines the Fund's terms of reference. During the MTP period, emphasis will be placed on: (i) scaling up programme interventions to increase the impact in reducing rural poverty; (ii) consolidating institutional capacity to effectively deliver on programme and policy objectives; and (iii) increasing decentralization. The annual results-based budget for 2016 focuses on meeting resource requirements to accomplish the outputs and associated activities of the first year of the MTP period. IFAD will ensure that resources are allocated in accordance with MTP priorities, while maintaining the Fund's drive for greater effectiveness. Highlights of the strategic objectives and the MTP are provided in this document.
6. IFAD will deliver more systematic and decentralized support for broad country agriculture programmes. The impact and changes brought about by IFAD's programme interventions will be assessed and reported through a robust evidence-based learning and knowledge management system. Although IFAD is already involved in work on the environment and climate change, these areas will be

mainstreamed in the IFAD10 period. As in previous years, the value of IFAD's loan portfolio and the regular budget distribution for gender-related activities are provided in this document.

7. Since presenting the preview document in September 2015, 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. An update of capital projects under the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency has been provided in this document. The assumptions related to exchange rate and inflation have been adjusted in accordance with the new methodology implemented during 2015. Management has taken account of feedback from the Audit Committee and Executive Board on the high-level preview.
8. In preparing the final 2016 budget proposal, the detailed budget submissions from departments and offices were adjusted for the EUR:US\$ exchange rate and price increases, as applicable. The exchange rate used was EUR 0.877 to US\$1 as of 1 September, based on the foreign exchange methodology introduced by Management. The standard costs of staff were also revised using the new exchange rate.
9. The main cost drivers determining final budgetary allocations in 2016 will be recurrent costs related to: (i) IFAD10 commitments and MTP priorities; (ii) costs related to decentralization and IFAD country offices; (iii) the strategic workforce planning exercise and continued absorption of core staff positions previously funded by supplementary fund management fees; (iv) depreciation and other recurrent expenses related to capital budgets; and (v) price-related cost drivers.
10. The net regular budget for 2016 is proposed at US\$146.71 million, representing a nominal decrease of 3.2 per cent over 2015. The real increase is estimated at 1.7 per cent, primarily for additional costs related to higher full-time staff equivalents, absorption of core staff positions currently funded by ad hoc sources, decentralization and depreciation. There is a net price decrease of 4.9 per cent arising from inflation and price increases, adjusted for the change in exchange rate assumptions.
11. The gross budget for 2016 amounts to US\$151.31 million, including resources to manage operations funded by supplementary funds (ASAP, Spanish Food Security Cofinancing Facility Trust Fund and European Union) totalling US\$4.6 million (over and above the US\$146.71 million). This amount can be fully recovered from the annual allocable portion of the fee income generated from management of the supplementary funds. Endorsement by the Executive Board is sought for the proposed net regular budget of US\$146.71 million.
12. The proposed 2016 capital budget amounts to US\$2.4 million. The projects and the corresponding capital costs are yet to be finalized. As in 2015, priority will be given to carrying out capital projects under the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency and completing capital budgets already approved in prior years before undertaking any new major capital initiatives.

13. Table 1 sets out the total net regular budget proposal for 2016 by cluster.

Table 1

Indicative results and process matrix for IFAD results-based budgeting and 2016 proposed budgets *

| <i>Cluster</i> | <i>Outcome</i> | <i>Corporate management result (CMR)</i> | <i>Process</i> | <i>2016 proposed (US\$ million)</i> |
|--|---|---|---|---|
| <i>Operational</i> | | | | |
| 1 | Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction | CMR 1 – Better country programme management | Country programme development and implementation | 85.91 |
| | | CMR 2 – Better project design (loans and grants) | | |
| | | CMR 3 – Better supervision and implementation support | | |
| 2 | Supportive global resource mobilization and policy framework for rural poverty reduction | CMR 8 – Better inputs into global policy dialogue for rural poverty reduction | High-level policy dialogue, resource mobilization and strategic communication | 12.39 |
| | | CMR 10 – Increased mobilization of resources for rural poverty reduction | | |
| <i>Institutional support</i> | | | | |
| 3 | Effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results | CMR 4 – Better financial resource management | Corporate management, reform and administration | 35.80 |
| | | 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 | | |
| 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 | 7.63 |
| Total 2016 regular budget proposed for clusters 1-4 | | | | 141.73 |
| Corporate cost centre | | | | 4.98 |
| Total net regular administrative budget proposed for 2015 | | | | 146.71 |
| 2016 capital budget | | | | 2.4 |

* The use and relevance of budget allocations by cluster is currently under review in light of the four pillars suggested in the new IFAD Strategic Framework 2016-2025.

14. 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 the table 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>Projected 2015</i> | <i>Projected 2016</i> | <i>Projected 2017</i> |
|--|-----------------------|-----------------------|-----------------------|
| Resource balance carried forward at start of year | 1 685 ^a | 1 614 | 1 666 |
| Inflows to IFAD | | | |
| Loan reflows | 307 | 319 | 342 |
| Investment income | 13 | 15 | 16 |
| Loan to IFAD ^b | 168 | 110 | 55 |
| Supplementary fund fees | 5 | 5 | 5 |
| Subtotal | 493 | 449 | 418 |
| Outflows from IFAD | | | |
| Administrative and IOE budget | (146) | (149) | (152) |
| Other administrative expenses ^c | (3) | (3) | (2) |
| Capital budget | (5) | (4) | (3) |
| Debt service on loan to IFAD | (2) | (1) | (2) |
| Costs funded by supplementary fund fees | (5) | (5) | (5) |
| Subtotal | (161) | (162) | (164) |
| Net inflows/outflows to IFAD | 332 | 287 | 254 |
| POW-related activities | | | |
| Contributions | 275 | 477 | 346 |
| Disbursements | (657) | (687) | (719) |
| Heavily Indebted Poor Countries Debt Initiative impact | (21) | (25) | - |
| Subtotal | (403) | (235) | (373) |
| Net inflows/(outflows) on all activities | (71) | 52 | (119) |
| Resource balance brought forward at end of year | 1 614 | 1 666 | 1 547 |

^a Audited 2014 consolidated financial statements of IFAD.

^b Includes only the IFAD9 borrowing envelope of EUR 300 million from the KfW Development Bank loan.

^c 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 2016 results-based programme of work, regular and capital budgets, and the budget of the Independent Office of Evaluation of IFAD for 2016, as contained in paragraphs 148 and 149.

Moreover, the Executive Board is invited to consider the draft resolution contained in the attachment on page 37 and to submit it, together with its recommendations, to the thirty-ninth session of the Governing Council in February 2016 for consideration and adoption.

IFAD's 2016 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2016 and indicative plan for 2017-2018, and the HIPC and PBAS progress reports

Part one – IFAD's 2016 results-based programme of work and regular and capital budgets

I. Context

Medium-term plan and corporate objectives

1. IFAD's rolling medium-term plan (MTP) is currently being finalized for the three-year period 2016-2018, in line with the Report of the Consultation on the Tenth Replenishment of IFAD's Resources (IFAD10) approved by the Governing Council in 2015. The MTP sets out the programme of loans and grants (PoLG), the overall programme of work (POW), and the strategic priorities for the three-year period. Based on the MTP, the corporate development and operational objectives are to:
 - (i) Achieve a PoLG of at least US\$3.0 billion and mobilize additional cofinancing of US\$1.20 for each US\$1 of IFAD loan/grant financing;
 - (ii) Raise the quality of new loans and grants to the level of Results Measurement Framework (RMF) 2018 targets;
 - (iii) Reach and benefit a greater number of people through efficient scaling up and better-quality programmes, with more selectivity in projects and countries;
 - (iv) Lift 80 million poor rural people out of poverty;
 - (v) Improve the quality of the ongoing portfolio through better supervision of projects;
 - (vi) Improve monitoring and evaluation (M&E) systems and undertake impact assessments;
 - (vii) Expand IFAD's role as a knowledge institution, including promotion of South-South and Triangular Cooperation;
 - (viii) Further decentralize IFAD's operations through expansion of IFAD country offices (ICOs), improvement of existing facilities and more appropriate staffing levels.
2. IFAD will continue its scaling up efforts to ensure that the innovations it introduces have a significant impact in reducing rural poverty during the 2016-2018 period. In

addition, services will be provided through IFAD-financed projects to reach 110 million - 130 million people.

3. Interventions along commodity value chains will make involvement with the private sector more important, and hence more effort will be exerted to enhance financial and non-financial partnerships with this sector.
4. IFAD will provide more systematic and decentralized support for broad country agriculture programmes. During this period, IFAD will develop a robust evidence-based research and learning programme that will generate effective options for scaling up projects and pro-poor policy interventions, with improved outreach and impact. Although IFAD is already involved in work on the environment and climate change, efforts in these areas will be mainstreamed in the IFAD10 period.
5. IFAD's corporate internal management objectives for 2016 are to make its operational objectives achievable through: (i) successful resource mobilization, including through implementation of the sovereign borrowing framework, and investment management to meet the requirements of the POW; (ii) improved human resource management to support key development and administrative functions; (iii) a strategic workforce planning exercise to establish long-term staffing requirements for achieving IFAD10 deliverables; and (iv) an information technology platform that provides the real-time data, automated processes and communications needed for the above (as measured by RMF level 5 indicators).
6. IFAD's updated operational plan will be guided by the priorities and targets set out in the MTP. This will be modified, in response to internal and external trends that unfold in the coming years and to achieve the internal goals set out in the Strategic Framework.
7. The IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency¹ will address the agreed recommendations of the Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations (CLEE), in line with the Fund's drive for improved efficiency and effectiveness. It will emphasize achieving greater efficiencies in the medium term, making IFAD's delivery model significantly more effective through increased decentralization, and further enhancing the quality of IFAD's project design and portfolio. Annex I of this document provides an update on the status of actions for achieving the CLEE recommendations that have one-time adjustment or capital costs.

II. Gender sensitivity of IFAD's loans and budget

8. In response to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements pursuant to the United Nations System-wide action plan on gender equality and women's empowerment, IFAD has developed a methodology to take gender considerations into account in IFAD's loan portfolio and the regular budget. Two separate methodologies were developed in 2013 for: (a) conducting an ex ante analysis of gender sensitivity in IFAD loans; and (b) identifying distribution of the regular budget for gender-related activities. The outcome of this year's exercise is reported in the following paragraphs.

Gender sensitivity of IFAD loans

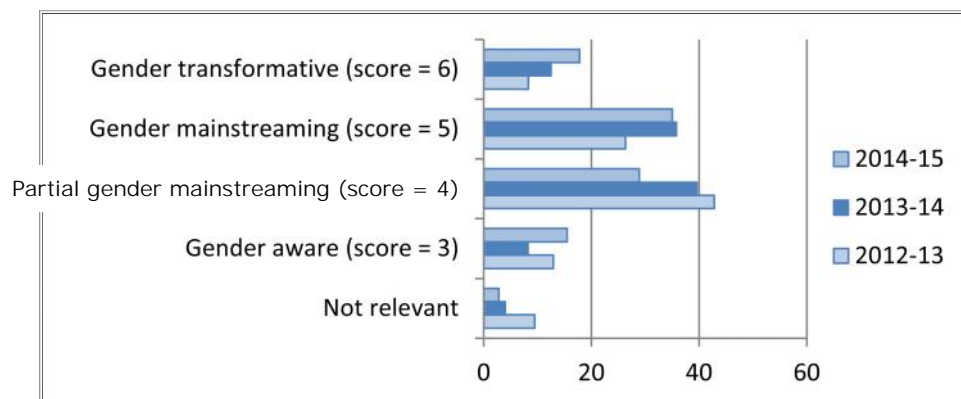
9. Based on the methodology developed in 2013, an ex ante analysis was conducted on the 30 loans approved by the Executive Board from September 2014 to April 2015 – amounting to US\$829 million – and compared with the results of the preceding two years (34 loans approved with a total value of US\$882 million in 2013-2014, and 35 loans with a total value of US\$825 million in 2012-2013). The results show that

¹ Document EB 2013/109/R.12.

82 per cent by loan value is rated moderately satisfactory or above with respect to gender.

Figure 1

Distribution of total loan value approved September 2012-April 2015 by gender score
(Percentage of total loan value)



10. While the proportion of the total loan value that can be classified as gender mainstreaming has remained stable at about 35 per cent, the proportion that can be described as gender transformative has increased, from 8 per cent in 2012-2013 to 18 per cent in 2014-2015. In particular, this reflects more gender-inclusive approaches to market linkages and value chain development. In contrast, 29 per cent of the loan value achieves only partial gender mainstreaming and a further 18 per cent makes little or no contribution to the promotion of gender equality and women's empowerment. The increase in loan value classified as gender aware is dominated by one project in which the design of the gender strategy has been postponed until implementation. In addition, it is proposed to include grants in the gender sensitivity analysis. Thus, beginning in 2017, both loans and grants will be part of the analysis.

Capturing gender-related and supporting activities in the regular budget

11. 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 was integrated into the 2015 budget preparation process. This captured gender sensitivity more comprehensively in IFAD's regular budget, within the constraints of currently available systems. The same methodology was used for 2016.
12. The overall results of this year's exercise indicate that some 10 per cent of total staff costs are spent on gender-related activities, which is on a par with 2015 and 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 (18 per cent), Policy and Technical Advisory Division (PTA) (12 per cent), Human Resources Division (HRD) (10 per cent) and the Ethics Office (10 per cent).
13. IFAD will continue to improve both its approach and data collection to further enhance reporting on gender sensitivity once the new, advanced budget preparation system is implemented. In addition, IFAD will continue to seek inputs from other organizations undertaking similar work, although no information is available to date.

III. Current perspective

A. Update on 2015 programme of loans and grants

14. As at 21 September 2015, the projected PoLG for 2015 amounts to US\$1.35 billion, comprising an investment programme of approximately US\$1.3 billion in support of 41 new projects and additional financing for 11 ongoing projects, as well as US\$52 million in grant funding.
15. A total of 24 new projects and additional financing for 7 have been approved to date, for a value of US\$773 million, and 17 new projects (and four additional financing proposals) are essentially on track for submission to the Executive Board by the end of December 2015.
16. Delivery of IFAD's global, regional and country grant programme for 2015 currently stands at 19 grants approved to date, amounting to US\$13 million, with an additional 21 grants having completed quality assurance review in preparation for submission for Executive Board approval.

Portfolio

17. As at 21 September 2015, there are 258 projects in the current portfolio for a value of US\$6.6 billion and an active grant portfolio comprising 283 grants valued at US\$209.2 million. Projected disbursements for the year are estimated at US\$657 million, as shown in table 2 in the executive summary. With increased decentralization and improved portfolio quality, disbursement is expected to improve.

B. 2014 and 2015 net regular budget usage

18. Actual expenditure against the 2014 regular budget amounted to US\$142.15 million or 95 per cent of the approved budget of US\$149.64 million. Most of the savings were generated from staff costs due to vacant positions (there was a significantly higher vacancy rate at the start of 2014), as well as lower costs associated with the use of short-term staff to temporarily fill such vacant positions. In addition, actual staff costs were lower than budgeted due to the slight strengthening of the United States dollar against the euro in the fourth quarter of 2014. Part of the savings were offset by greater use of consultants to perform tasks associated with the vacant positions and to undertake advance design work to meet the IFAD9 target of US\$3 billion by 2015. The underspend also includes non-utilization of the provision for an increase in Professional category salaries (US\$679,000), as agreed with the Executive Board.

Table 1

Regular budget utilization, actual 2014 and forecast 2015

(Millions of United States dollars)

| | 2014 full year | | 2015 forecast | |
|-------------------------------|----------------|--------|---------------|----------|
| | Budget | Actual | Budget | Forecast |
| Regular budget | 149.64 | 142.15 | 151.59 | 143.84 |
| Percentage utilization | | 95 | | 95 |

19. Based on the latest projections, utilization of the 2015 budget is expected to be US\$143.84 million or 95 per cent, which is lower than the estimate provided in the high-level preview. The forecast year-end utilization is based on actual amounts up to June 2015 and projections for the rest of the year, using an updated exchange rate and a better estimate of expenditures for the rest of the year. The significantly lower utilization is primarily a result of the EUR:US\$ exchange rate on staff costs.
20. Table 2 shows the 2014 actual expenses and 2015 forecast broken down by department. Some of the more significant variances are:
 - (i) Projected utilization for all departments in 2015, compared with the approved budget, is lower due to the strengthening of the US dollar vis-à-vis the euro.

It is more significant in departments where the ratio of staff costs to non-staff costs is higher.

- (ii) The forecast utilization for CSSG is not as low as other departments, as the seven staff members of the Quality Assurance Group (QAG) were transferred from the Strategy and Knowledge Department (SKD). These were not included in CSSG's approved 2015 budget of US\$17.99 million.
- (iii) The forecast utilization for SKD is lower due to the transfer of the QAG staff noted above.
- (iv) In addition to the effect of the exchange rate, the 2015 forecast for the Financial Operations Department (FOD) is lower due to several vacancies across divisions.

Table 2

Regular budget usage by department, 2014 actual, 2015 budget and 2015 forecast
(Millions of United States dollars)

| <i>Department</i> | <i>Actual 2014</i> | <i>Budget 2015</i> | <i>Forecast 2015</i> |
|--|--------------------|--------------------|----------------------|
| Office of the President and Vice-President (OPV) | 2.48 | 2.73 | 2.46 |
| Corporate Services Support Group (CSSG) | 16.65 | 17.99 | 17.13 |
| Partnership and Resource Mobilization Office (PRM) | 3.39 | 4.16 | 3.58 |
| Strategy and Knowledge Department (SKD) | 4.30 | 6.80 | 5.76 |
| Programme Management Department (PMD) | 71.40 | 74.11 | 72.52 |
| Financial Operations Department (FOD) | 8.42 | 10.69 | 8.88 |
| Corporate Services Department (CSD) | 27.58 | 28.36 | 26.69 |
| Corporate cost centre | 7.93 | 6.75 | 6.82 |
| Total | 142.15 | 151.59 | 143.84 |

- 21. A more detailed breakdown of actual budget usage in 2014, disaggregated by cluster, is provided in annex III. A similar table, based on forecast utilization of 95 per cent for 2015, is provided in annex IV.
- C. 2014 carry-forward allocation
- 22. 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.
 - 23. The 3 per cent carry-forward for 2014 of US\$4.49 million was allocated in accordance with the eligibility criteria and implementing guidelines contained in the President's Bulletin "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. The allocation against the first tranche, amounting to US\$2.80 million, was approved and made available in April 2015. In accordance with the President's Bulletin, a second call for requests was issued in September 2015 and, as of the writing of this document, submissions have been received. These were reviewed in October 2015 and the second tranche allocation was made. 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. The 3 per cent carry-forward of 2014 may not be fully allocated nor utilized, as strict adherence to the eligibility criteria will continue to be maintained. Details of the first tranche allocation are set out in annex XI.

D. 2016 strategic workforce planning exercise

24. The fundamental objective of the strategic workforce planning (SWP) exercise is to ensure that IFAD has the requisite workforce in terms of numbers, competencies and skills to enable it to deliver on key strategic objectives.
25. The 2016 SWP exercise was conducted in June 2015, following preparation of the draft MTP for 2016-2018. This year's exercise was carried out based on the following IFAD10 priorities: (i) decentralization of IFAD's operations; (ii) expansion of IFAD's role as a knowledge institution; (iii) implementation of the borrowing framework and resulting mobilization of resources; and (iv) cost-effective measurement of IFAD's development effectiveness. These priorities determined the proposed allocation of additional staff resources.
26. Management remains committed to continuing to address structural issues in the workforce by absorbing those staff performing core functions, but currently funded from other ad hoc funding sources, into the regular budget. Other innovative approaches are being considered to increase staff mobility, especially in the context of ICO decentralization. The extent to which the outcome of the SWP exercise is implemented and structural changes are continued is subject to budget availability. An attempt was made to contain the real increase associated with increased full-time equivalents (FTEs). Where possible, some of the staff increases were offset by a reduction in staff positions elsewhere and in the use of consultants. A detailed staffing table is provided in section V.

IV. 2016 programme of work

27. The aim of the recently concluded Consultation on IFAD10, covering the period 2016-2018, is to enable IFAD to achieve a three-year operational programme of at least US\$3 billion. As of 16 August 2015, total pledges for IFAD10 amounted to US\$1.15 billion, making it the highest core contribution ever achieved in any IFAD replenishment cycle. However, this amount fell short of 85 per cent of the targeted level of US\$1.44 billion. Thus the target for IFAD10 has now been revised and is expected to reach US\$1.35 billion. In order to achieve a level of programmes of loans and grants for the IFAD10 period of at least US\$3 billion, IFAD will need to access funding through alternative financing sources. In addition, as part of replenishment negotiations, IFAD has been tasked with undertaking several activities to further strengthen its operations and provide more focused and targeted interventions in order to bring 80 million people out of poverty. While some of these commitments will have incremental cost implications, IFAD will continue to streamline processes and procedures to enhance efficiency and improve effectiveness.
28. For the first year of the IFAD10 period, the Fund proposes an annual PoLG equivalent to US\$900 million. In addition to this core programme, the Fund will aim to leverage an additional US\$100 million in 2016 in IFAD-managed resources from other sources. Based on current projections, the targeted PoLG in the first year has been set slightly lower than the average for the IFAD10 period to reflect the reality of conditions on the ground.

Table 3
Actual and projected programme of work
(Millions of United States dollars)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---------------------------|--------------|--------------|--------------|--------------|-----------------|----------------|
| | <i>Actual^a</i> | | | | | <i>Forecast</i> | <i>Planned</i> |
| IFAD loans (including loan component grants) and Debt Sustainability Framework grants | 783 | 952 | 983 | 838 | 714 | 1 300 | 850 |
| IFAD grants ^b | 47 | 47 | 50 | 50 | 46 | 52 | 50 |
| Total IFAD programme of loans and grants^c | 830 | 999 | 1 033 | 888 | 760 | 1 352 | 900 |
| Other funds under IFAD management ^d | 161 | 222 | 185 | 115 | 114 | 100 | 100 |
| Total programme of loans and grants | 991 | 1 221 | 1 218 | 1 003 | 874 | 1 452 | 1 000 |
| Cofinancing (international [net of funds managed by IFAD] and domestic) | 1 497 | 1 081 | 851 | 995 | 930 | 1 400 | 980 |
| Total programme of work | 2 488 | 2 302 | 2 069 | 1 998 | 1 804 | 2 852 | 1 980 |

^a Grants and Investment Projects System (GRIPS) as at 20 September 2015. Current amounts reflect any increase/decrease in financing during implementation, including additional domestic funding and cofinancing.

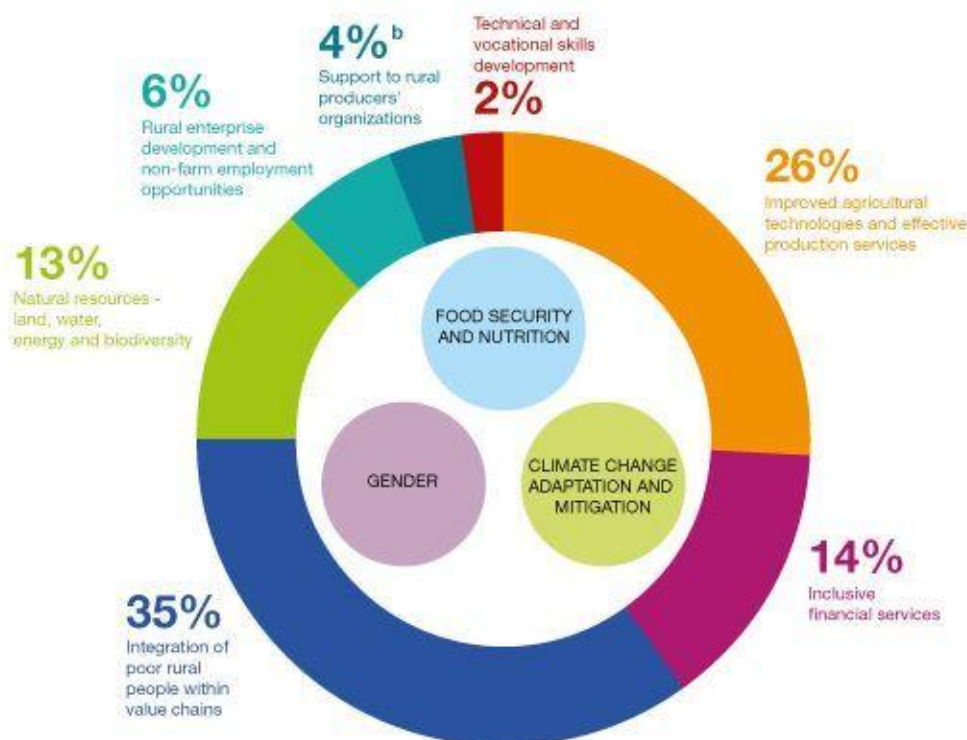
^b The IFAD grant amount may reach up to US\$60 million.

^c Includes resources from the Adaptation for Smallholder Agriculture Programme (ASAP).

^d 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.

29. Some 31 projects and programmes, and additional financing for five ongoing loans and grants, are currently being prepared for approval in 2016. Seven of these will receive financing from the ASAP. IFAD expects to meet its commitment to allocate 40-50 per cent of financing to sub-Saharan Africa over the 2016-2018 period.

Indicative distribution of 2016 investment programme by area of thematic engagement^a



^a At the time of writing, the areas of thematic engagement are those articulated in the IFAD Strategic Framework 2011-2015, pending finalization of the IFAD Strategic Framework 2016-2025.

^b IFAD's support to rural producers' organizations is often embedded in other thematic areas and thus much broader than the depicted percentage.

30. The estimated number of global/regional and country grants in 2016 is 40-50, for a total of US\$50 million-US\$60 million. As articulated in the new IFAD Policy for Grant Financing, approved by the Executive Board in April 2015, the principal objectives of the grant programme will be to:

- (i) Promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact;
- (ii) Strengthen partners' institutional and policy capacities;
- (iii) Enhance advocacy and policy engagement; and
- (iv) Generate and share knowledge for development impact.

The programme will focus on the following priority areas: (a) rural youth and employment; (b) rural financial inclusion; (c) improved data collection and better results measurement; and (d) agricultural research grants for development to enhance the intensification, resilience and sustainability of smallholder agriculture.

V. 2016 net regular budget

A. Introduction

31. The 2016 budget has been prepared considering the outcome of the Consultation on IFAD10, the new rolling MTP for the period 2016-2018, and with a view to positioning the organization to achieve the strategic objectives set out in the longer-term IFAD Strategic Framework 2016-2025. Most of the proposed decisions and actions are directed towards improving the quality of the portfolio, programme delivery and the overall impact and effectiveness of the organization. The budget proposal for 2016 plans to cover the costs associated with these improvements and other cost drivers.

B. Budget process

32. As in 2015, the 2016 staffing levels were based on the outcome of the SWP exercise carried out in mid-2015. Once the staffing level and complement were finalized through the SWP exercise, staff costs were calculated using the revised staff standard costs based on the new EUR:US\$ exchange rate. Where additional staff positions had been agreed to as part of the SWP, these were appropriately reflected in the prepopulated staff costs. Departments were requested not to change the staff cost portion of their total budget.
33. As part of the budget planning exercise, departments were provided with the 2015 appropriations for non-staff costs adjusted for the revised EUR:US\$ exchange rate. Departments were requested to propose their 2016 budgets using the adjusted baseline. Departmental submissions included several incremental costs and price-related increases. The Budget and Organizational Development Office (BOD) then layered on centrally the impacts of additional initiatives. A separate submission was required for incremental activities to be charged to complementary and supplementary management fees, which would form the gross budget for 2016.
34. BOD reviewed all budget submissions in the context of corporate priorities and directions set by Management. A systematic approach was followed in reviewing the submissions. As in previous years, a review of the timeline of proposed capital projects (including CLEE) was undertaken and the recurrent costs and depreciation for 2016 were estimated. The impact of general inflation and price escalations on specific cost items (e.g. travel, consultancy, etc.) was reviewed for each major non-staff expenditure item, and an attempt was made to absorb as much as possible.

C. Assumptions

2016 staff salary cost assumptions

35. Staff costs for the 2016 budget are based on the following assumptions:
 - (i) There will be no increase in salaries in 2016 for either General Service or Professional staff.
 - (ii) The standard costs for staff have been lowered to reflect the revised exchange rate. However, the normal within-grade-step increment (WIGSI) can no longer be absorbed within the regular budget. The step increase varies from 1.6 to 3.2 per cent for Professional staff and from 2.1 to 4.2 per cent for General Service staff, depending on grade level and step. The average salary increase is slightly over 2 per cent, based on the current staff complement and mix of Professional and General Service staff, or a total of about US\$1.2 million.
 - (iii) 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. At the request of the Executive Board, 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.
 - (iv) 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 about US\$0.2 million based on new recruits in the past three years. The savings will be offset against the WIGSI-related increase.
36. While overall staff costs are significantly lower as a result of the exchange rate, the net price increase due to WIGSI, net of the impact of the lower salary scale for new General Service staff, amounts to some US\$1.0 million.

Exchange and inflation rate assumptions

37. The exchange rate used for 2016 is EUR 0.877:US\$1, using the agreed foreign exchange methodology, compared with the exchange rate of EUR 0.85:US\$1 used in preparing the high-level preview. The substantially lower exchange rate, compared with the rate used in preparing the 2015 budget (EUR 0.735:US\$1), has had a significant impact on the 2016 budget proposal, primarily in lowering staff costs in United States dollars.
38. The inflationary adjustment for the 2016 budget was based on the new methodology agreed by Management. It uses specific inflation numbers for several line items and a weighted average of the world (3.2 per cent) and Italian consumer (1 per cent) price indexes for all other costs. The inflationary increases on non-staff costs were offset by the exchange-rate-based reduction.

D. Proposed SWP staffing level for 2016

39. The 587.5 FTE level approved for 2015 was used as the baseline for this year's SWP exercise. It included: 581.50 FTEs funded from the regular budget and 6 FTEs performing core functions funded from other sources. In addition, 7 positions with coterminous contracts were funded from the gross budget (four in relation to ASAP and three in relation to other grants).
40. Based on the annual SWP exercise carried out in the first half of 2015, the proposed SWP staffing level for 2016 is 597 FTEs or a net increase of 9.5 FTEs. Total net increase under the regular budget is 13.5 FTEs, which includes the absorption of 4 FTEs performing core functions previously funded from supplementary fund fees. If the remaining two positions funded from supplementary fund fees are deemed to be core, efforts will be made to absorb them in 2017.
41. In addition, for 2016 there will be eight coterminous positions chargeable to management fees and funded from the gross budget (four in relation to ASAP and four in relation to other grants).

Table 4
Indicative staffing requirements, 2013-2016
 FTEs

| <i>Department</i> | <i>Approved 2013</i> | <i>Approved 2014</i> | <i>Approved 2015</i> | <i>Proposed 2016</i> | <i>Total change 2014 vs. 2015</i> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|---|
| Office of the President and Vice-President | 11.00 | 11.00 | 11.00 | 11.00 | 0.00 |
| Corporate Services Support Group | 94.68 | 87.50 | 87.00 | 93.00 | 6.00 |
| Partnership and Resource Mobilization Office | 18.00 | 19.00 | 19.00 | 19.00 | 0.00 |
| Strategy and Knowledge Management Department | 25.00 | 27.66 | 28.00 | 23.00 | (5.00) |
| Programme Management Department | 254.56 | 265.00 | 272.00 | 281.50 | 9.50 |
| Financial Operations Department | 63.84 | 59.75 | 63.00 | 65.00 | 2.00 |
| Corporate Services Department | 96.66 | 99.17 | 101.50 | 102.50 | 1.00 |
| Total staff funded by regular budget | 563.74 | 569.08 | 581.50 | 595.00 | 13.50 |
| Staff FTEs funded by other funding sources | 13.47 | 10.47 | 6.00 | 2.00 | (4.00) |
| Total staff funded by regular and other sources | 577.21 | 579.55 | 587.50 | 597.00 | 9.50 |
| Staff FTEs chargeable to management fees [*] | 4.00 | 6.00 | 7.00 | 8.00 | 1.00 |

^{*} Staff with coterminous contracts funded from the gross budget.

42. The main increases in staff funded by the regular budget are: (i) 8.5 FTEs for ICO staff positions; and (ii) conversion of 4 staff positions previously funded by supplementary fund fees.
43. Some of the significant departmental staffing changes are highlighted below:
- (i) PMD has increased by 9.5 FTE positions as a direct result of additional support to ICOs (8.5 FTEs) and one internal transfer from CSSG.
 - (ii) CSSG has increased by 6 FTEs due to the transfer of the QAG unit from SKD (7 FTEs) and the reduction of 1 FTE transferred to PMD. In addition, one absorption from a position previously funded by supplementary fund fees was offset by a reduction.
 - (iii) The 5 FTE reduction in SKD is the net effect of the transfer of 7 QAG positions to CSSG, offset by the increase of two new positions to support knowledge management and impact assessment.
 - (iv) The FTE increases in FOD and CSD are due to the absorption of three positions previously funded from supplementary fund fees.
 - (v) Indicative 2016 staffing levels funded by the regular budget and by department and grade are set out in annexes VII and VIII. The cost implications of the SWP exercise, including reclassification, are set out in subsection E.

E. 2016 cost drivers

44. In preparing the final 2016 budget proposal, the detailed budget submissions from departments and offices were adjusted for the EUR:US\$ exchange rate and price increases, as applicable. The exchange rate used was EUR 0.877 to US\$1 as of 1 September, based on the foreign exchange methodology introduced by Management. The standard costs of staff were also revised using the new exchange rate.
45. The main cost drivers determining final budgetary allocations in 2016 will be costs related to: (i) IFAD10 commitments and MTP priorities; (ii) costs related to decentralization and ICOs; (iii) the SWP exercise and continued absorption of core staff positions previously funded by supplementary fund management fees; (iv) depreciation and other recurrent expenses related to capital budgets; and (v) price-related cost drivers.

Costs associated with IFAD10 commitments and MTP priorities

46. Several new initiatives are under implementation to meet IFAD10 commitments and the additional objectives of the new rolling MTP for 2016-2018. Not all of these initiatives have budgetary implications and some are yet to be finalized. One of the first areas to be addressed is raising the quality of new loans and grants to the level of the targets set in the RMF for 2018 through better-designed projects. Of significant relevance, and as persistently identified in internal and external project reviews, is the quality of M&E in IFAD projects. Addressing this challenge requires undertaking robust baseline studies and completion surveys, capacity development in project management units and investing in appropriate systems. In addition, expanded IFAD10 commitments in the areas of compliance with social and environmental safeguards, gender, nutrition, climate, scaling up and other cross-cutting themes have raised design costs. Tightening of the budget over the last several years has limited the amount of funds available to design projects. Additional resources are required to design projects adapted to country capacity and thereby improve implementation and the sustainability of results. Additional funding is proposed for design costs of up to US\$60,000 per project design for the 31 projects currently being prepared for approval during 2016.

47. As reported in the Report on IFAD's Development Effectiveness (RIDE), overall ongoing portfolio performance is positive. However, 41 projects fall within the project-at-risk category, of which six projects are currently suspended, leaving 35 projects actually at risk during implementation, particularly in fragile states. In addition, there are eight projects considered as potential problem projects. Regional annual portfolio reviews have reported that providing additional supervision and implementation support allows for timely and corrective action to enhance project effectiveness during implementation, addressing such issues as: (i) start-up delays; (ii) fiduciary matters and disbursement; (iii) project management; (iv) procurement; and (v) M&E systems. It is therefore proposed to allocate an additional US\$20,000 per project for 39 projects across the portfolio (for the 35 projects at risk and for 4 of the 8, since they are still categorized as potential problem projects).

Decentralization and ICO-related costs

48. IFAD's approach towards establishment of ICOs and the extent of decentralization has evolved over the last several years. In the initial stages, offices were relatively small with minimal facilities and staff, and IFAD was able to absorb these costs without requesting additional budgetary allocations, leading to the perception that ICOs were cost neutral. Subsequently, a conscious decision was made to strengthen and expand decentralization and, where required, to outpost country programme managers (CPMs) in line with CLEE recommendations. This resulted in escalation of the one-time establishment cost, as well as recurrent staff and administrative costs. In fact, IFAD requested a one-time adjustment cost for establishment of ICOs as part of the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency. This outcome is consistent with the experience of most International Financial Institutions.
49. IFAD is currently carrying out comprehensive stocktaking of its decentralization, including associated costs (in both staff and non-staff budget categories), in order to minimize the overall cost impact of decentralization through appropriate offsetting, to the extent possible, of a part of costs at headquarters. This will include: reviewing and affirming the complementarity of functions between ICOs and headquarters; capacity and knowledge flows between ICOs and headquarters; staff mobility plans; staff development; and options for delegation of authority from headquarters to ICOs. Irrespective of the outcome of the stocktaking exercise, it is an established fact that having in-country offices is a cost-intensive but necessary proposition. The impact of in-country offices on both programme implementation and policy dialogue has been well demonstrated. While an attempt will be made to limit incremental costs, additional resource requirements cannot be avoided for the coming years as IFAD expands decentralization.
50. In line with the priority being given to decentralization and establishment of ICOs, at least five new country offices are likely to be opened by the end of 2016. Based on current estimates, the administrative recurrent costs of smaller offices range from US\$50,000 to US\$80,000, while those of larger offices with outposted CPMs range from US\$130,000 to US\$200,000, depending on the location and availability of convenient hosting arrangements. The recurrent non-staff costs of the proposed offices for 2016 have been revised and are now estimated at US\$400,000 for full- and part-year operations. In addition, IFAD's contribution to supporting United Nations development coordination activities related to ICOs has recently been assessed by the United Nations at about US\$700,000 for 2016. This amount is expected to increase as more ICOs are established.

SWP and continued absorption of core staff positions previously funded by supplementary fund management fees

51. The assessment of staffing requirements in the 2016 SWP exercise foresees a minimal increase in staff numbers, mostly related to country offices and operational requirements. Based on the final outcome of the SWP exercise, staff increases

amount to 9.5 FTEs or an additional cost of US\$430,000, net of a reduction in consultant staff years. In addition, Management will continue to transparently mainstream the cost of those remaining staff performing core functions that are still being funded from ad hoc sources in 2015. The cost of this absorption is about US\$380,000 on the 2016 budget. The additional cost of staff increases and the cost of absorption will constitute a real/volume increase with respect to the regular budget. These costs were revisited and both are lower than the estimated amounts in the preview.

Depreciation and other recurrent expenses related to capital budgets

52. It is estimated that capital expenditures made against the CLEE capital budget will result in an increase of US\$300,000, split approximately at US\$150,000 for depreciation and US\$150,000 for recurrent costs. In addition, routine capital expenditures for ongoing projects will increase depreciation costs by about US\$400,000 in 2016.

F. 2016 net regular budget proposal

53. The 2016 net regular budget proposal has taken into account feedback from the Audit Committee and Executive Board on the high-level preview. The latest estimates are based on detailed divisional submissions, which have been stringently reviewed and adjusted downwards from the preview. The net regular budget for 2016 is proposed at US\$146.71 million, representing a 3.2 per cent nominal decrease over 2015 (compared with 2.7 per cent in the high-level preview). The real increase has been contained to an absolute minimum of 1.7 per cent compared with the 2.1 per cent proposed in the preview, in spite of the incremental costs associated with expanded decentralization. There is a net price decrease of 4.9 per cent arising from inflation and price increases, adjusted for the change in exchange rate assumptions.
54. The 1.7 per cent real increase is the effect of the following: (i) net impact of the annual SWP exercise and the cost of additional staff positions previously funded by supplementary fund fees (US\$810,000); (ii) IFAD's contribution to supporting United Nations development coordination activities related to ICOs (US\$700,000); (iii) recurrent non-staff costs of new ICO offices (US\$400,000); and (iv) CLEE-related depreciation and recurrent costs (US\$300,000) and depreciation from other capital expenditures approved in the past (US\$400,000) (including the Loans and Grants System [LGS]).
55. The 4.9 per cent price decrease is the net effect of the assumed general inflation rate (2.1 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.
56. While cost-cutting measures have been – and continue to be – in place, the overall budget for 2016 has benefited from the effect of a much stronger United States dollar. This level of budget reduction may not be possible going forward. A reversal in the EUR:US\$ exchange rate may result in substantial budgetary increases in the future. IFAD may have to develop an appropriate mechanism to mitigate the risks associated with a reversal of the current trend of a stronger US dollar.

2016 budget proposal by department

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

Table 5
Regular budget by department, 2015 and 2016
 (Millions of United States dollars)

| <i>Department</i> | <i>Approved 2015</i> | <i>Proposed 2016</i> | <i>Total change</i> | <i>Change (percentage)</i> |
|--|--------------------------|--------------------------|-------------------------|--------------------------------|
| Office of the President and Vice-President | 2.73 | 2.46 | (0.27) | (9.9) |
| Corporate Services Support Group | 17.99 | 17.93 | (0.06) | (0.3) |
| Partnership and Resource Mobilization Office | 4.16 | 3.74 | (0.42) | (10.1) |
| Strategy and Knowledge Department | 6.80 | 5.04 | (1.76) | (25.9) |
| Programme Management Department | 74.11 | 72.62 | (1.49) | (2.0) |
| Financial Operations Department | 10.69 | 9.77 | (0.92) | (8.6) |
| Corporate Services Department | 28.36 | 27.30 | (1.06) | (3.7) |
| Corporate cost centre costs (allocated across clusters) | 2.67 | 2.87 | 0.20 | 7.5 |
| Corporate cost centre (portion not allocated across clusters): | | | | |
| - 2012 Professional salary increases withheld | 0.68 | 0.68 | 0 | 0 |
| - Other corporate costs | 3.40 | 4.30 | 0.9 | 26.5 |
| Total | 151.59 | 146.71 | (4.88) | (3.2) |

58. All departments show a reduction in their 2016 budget compared with 2015. This is primarily due to lower staff costs as a result of using the EUR:US\$ exchange rate of 0.877 in 2016 compared with 0.735 in 2015. The reductions are more significant where non-staff costs are a lower proportion of the department's total budget.
59. Specific reasons for the changes in 2016 departmental allocations compared with 2015 are the following:
- OPV: Reduction in the OPV budget is due to a lower staff cost based on revised standard costs.
 - CSSG: Decrease in the CSSG budget is comparatively insignificant due to the transfer of the QAG unit to CSSG from SKD.
 - PRM: Decrease in PRM's budget reflects a lower staff cost based on revised standard costs.
 - SKD: The significant decrease in SKD's budget is due to the transfer of the QAG unit to CSSG, as well as to the reduction in staff costs.
 - PMD: Lower staff costs in the PMD budget have been offset by the additional allocation made for design and supervision costs and additional ICO staff positions. The total allocation of US\$72.62 million to PMD will further increase when the ASAP and other supplementary funds are allocated to PMD as part of the gross budget.
 - FOD: Decrease in FOD's budget is mainly due to lower unit staff costs, offset by the increase in staff positions arising from the absorption of staff previously funded by supplementary fund fees.
 - CSD: The relatively lower decrease in CSD's overall budget is due to incremental costs related to a higher number of ICOs, additional United Nations coordination charges not included in the 2015 budget, the absorption

of staff previously funded by supplementary fund fees, a slight increase in information technology (IT) support costs, and an increase in security costs.

- (h) Corporate cost centre: 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 the result of an additional allocation for relocation costs associated with ICOs. The increase in centrally managed corporate costs is primarily due to additional CLEE-related depreciation and recurrent costs, as well as an increase in regular depreciation.

2016 budget proposal by cluster

60. In preparing the distribution of costs by cluster, the same methodology as in prior years has been adopted. Divisions were allowed the opportunity to refine their staff time allocation across activities using the newly introduced time estimation pilot to the extent possible. This resulted in some minor shifts in allocation in some departments. However, the use and relevance of budget allocations by cluster is currently under review in light of the four pillars suggested in the new Strategic Framework 2016-2025. As the time estimation process gets wider use and acceptance, it will allow a more accurate resource allocation between operations and the rest of the organization.

Table 6

Analysis of percentage share of regular budget by results cluster, 2015 and 2016
(Millions of United States dollars)

| <i>Results cluster</i> | <i>Approved 2015</i> | <i>Proposed 2016</i> | <i>2015 %</i> | <i>2016 %</i> |
|---|--------------------------|--------------------------|-------------------|-------------------|
| 1 Country programme development and implementation | 88.74 | 85.91 | 58.5 | 58.6 |
| 2 High-level policy dialogue, resource mobilization and strategic communication | 12.77 | 12.39 | 8.4 | 8.4 |
| 3 Corporate management, reform and administration | 37.48 | 35.80 | 24.8 | 24.4 |
| 4 Support to members' governance activities | 8.52 | 7.63 | 5.6 | 5.2 |
| Corporate cost centre | 3.40 | 4.30 | 2.3 | 2.9 |
| 2012 Professional salary Increase (withheld) | 0.68 | 0.68 | 0.4 | 0.5 |
| Total | 151.59 | 146.71 | 100 | 100 |

61. A comparison of the 2015 approved budget and the 2016 budget proposal by cluster is set out in table 6. Annex V provides a matrix displaying the distribution of departmental expenditures by cluster. Included under cluster 1 are the ICO-related recurrent costs (including the United Nations resident's coordination charge) and recurrent costs associated with the LGS replacement project. IT-related costs that could be attributed across the organization continue to remain entirely under cluster 3 rather than distributed across clusters.
62. The specific reasons for changes in the proposed 2016 cluster allocation compared with 2015 are the following:
- (i) Cluster 1: The cluster 1 percentage share of the total budget shows a slight increase from 58.5 per cent in 2015 to 58.6 per cent in 2016, but is lower than the estimate at the time of the high-level preview document. The decrease from the preview document is due to the exchange rate affecting departments with a higher percentage of staff costs, as well as minor adjustments in cluster allocation by departments as explained previously. The lower absolute dollar amount in cluster 1 is entirely due to lower staff costs as a result of the strengthening of the United States dollar.

- (ii) Cluster 2: The cluster 2 allocation of 8.4 per cent remains identical to that of 2015, as this year there was no significant incremental allocation to SKD or PRM, which represent a large share of cluster 2. The slightly lower absolute amount represents the exchange-rate-related lower staff costs, partly offset by some increased allocation arising from the minor adjustments in cluster allocation by departments noted above.
- (iii) Cluster 3: The decrease in the cluster 3 share of the proposed budget is from 24.8 per cent in 2015 to 24.4 per cent in 2016, which is a further reduction in cluster 3. The lower absolute amount of US\$35.8 million in cluster 3 is due to the lower staff costs, somewhat offset by the absorption of the three staff positions previously funded by supplementary funds and some increase in security and IT costs.
- (iv) Cluster 4: The decline in cluster 4 from 5.6 per cent in 2015 to 5.2 per cent in 2016 is primarily due to lower staff costs arising from the revised exchange rate and a larger share of euro-denominated expenses in the Office of the Secretary.

2016 budget proposal by summary cost category

63. The breakdown of the 2016 budget proposal across major cost categories is set out in table 7. Annex VI provides an analysis of the 2016 budget proposal by detailed cost category and by department.

Table 7

Analysis of budget by summary cost category, 2015 and 2016

(Millions of United States dollars)

| <i>Cost category</i> | <i>Approved 2015</i> | <i>Proposed 2016</i> | <i>Total change</i> | <i>Change (percentage)</i> |
|----------------------|--------------------------|--------------------------|-------------------------|--------------------------------|
| Staff | 94.19 | 85.91 | (8.28) | (8.8) |
| Consultants | 21.95 | 23.50 | 1.55 | 7.1 |
| Duty travel | 8.96 | 9.84 | 0.88 | 9.8 |
| ICT non-staff costs | 5.55 | 5.16 | (0.39) | (7.0) |
| Other costs | 20.94 | 22.30 | 1.36 | 6.5 |
| Total | 151.59 | 146.71 | (4.88) | (3.2) |

64. The decrease in staff costs in 2016 compared with 2015 is primarily due to the effect of the exchange rate on staff salaries, offset by increases arising from additional staff positions as a result of the SWP exercise, absorption of four core staff positions previously funded by supplementary fund management fees, and the additional allocation for recruitment and relocation costs. Total staff costs of US\$85.91 million include the WIGSI adjustment.
65. Consultancy costs in 2016 have increased compared with 2015, due to a higher allocation for increased project design costs, costs associated with additional supervision for projects at risk and price increases, partly offset by the reduction in consultant years associated with new staff positions. There is also limited exchange rate impact on consultant costs.
66. Duty travel has increased in 2016 due to additional supervision and ICO-related travel, as well as price increases in airfare and hotels.
67. ICT non-staff costs are lower, mainly due to the effect of exchange rates on euro-denominated ICT expenses.
68. The increase in other costs is mainly due to higher costs associated with the establishment of ICOs (including the United Nations coordination charge) and part

of the incremental design-related cost, offset by the exchange rate for the euro-denominated component of other costs.

G. 2016 gross budget proposal

69. IFAD implements and manages a number of operations for third parties that are external but complementary to IFAD's PoLG. 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.
70. Compared with US\$156.72 million in 2015, the gross budget proposed for 2016 amounts to US\$151.31 million. This includes US\$4.6 million in costs to support supplementary-fund-related work over and above the US\$146.71 million regular budget. The US\$4.6 million in 2016 is lower than the US\$5.13 million estimated in 2015. This amount can be fully recovered from the annual allocable portion of the fee income generated from ASAP, the Spanish Food Security Cofinancing Facility Trust Fund, European Union and European Commission, and CGIAR. Approval is being sought only for the proposed net regular budget of US\$146.71 million. Table 8 provides a summary of the gross and net regular budget.

Table 8

Indicative gross and net budget, 2016

(Millions of United States dollars)

| <i>Cost category</i> | <i>2015</i> | <i>2016</i> |
|--|---------------|---------------|
| Gross budget | 156.72 | 151.31 |
| Costs to support supplementary fund work | (5.13) | (4.60) |
| Net budget | 151.59 | 146.71 |

Efficiency ratio

71. Based on a PoLG of US\$1 billion (including other IFAD-managed funds) and the proposed gross budget of US\$151.3 million, the administrative efficiency ratio for 2016 is expected to be 15.1 per cent, compared with the equivalent ratio for the first year of IFAD9 (i.e. 2013) of 14.3 per cent. If cofinancing is included, the efficiency ratio based on the total POW is projected at 7.6 per cent compared with 6.6 per cent average for the IFAD9 period. It is unlikely that the above ratios will improve over the IFAD10 period because the replenishment-dependent PoLG is limited to about US\$3 billion.
72. However, the efficiency ratios defined above fail to capture the increased effort and resource requirements to manage an ever-growing portfolio. A third efficiency ratio is proposed to measure the amount of portfolio managed per dollar of budget expenditure. The monetary value of the current portfolio has increased from US\$5.7 billion in September 2013 to US\$6.6 billion in September 2015, or an increase of 16 per cent, whereas total costs have increased from US\$143.9 million in 2013 to US\$148.6 million forecast for 2015, or an increase of only 3 per cent. As a result, the amount of portfolio managed has increased from US\$40 for every United States dollar expenditure to US\$44, as shown in table 9.

Table 9
Efficiency ratios
(Millions of United States dollars)

| | <i>Actual 2013</i> | <i>Actual 2014</i> | <i>Forecast 2015</i> | <i>IFAD9 period</i> | <i>Budget 2016</i> |
|--|------------------------|------------------------|--------------------------|-------------------------|------------------------|
| Programme of Work (POW) | | | | | |
| PoLG | 888 | 760 | 1 352 | 3 000 | 900 |
| Other IFAD-managed funds | 115 | 114 | 100 | 329 | 100 |
| Subtotal (PoLG + other funds) | 1 003 | 874 | 1 452 | 3 329 | 1 000 |
| Cofinancing ^a | 995 | 930 | 1 400 | 3 325 | 980 |
| Total POW | 1 998 | 1 804 | 2 852 | 6 654 | 1 980 |
| Value of portfolio under implementation | 5 700 | 6 000 | 6 600 | n/a | n/a |
| Total costs | | | | | |
| Regular budget | 139.1 | 142.2 | 143.8 | 425.1 | 146.7 |
| Costs to support supplementary fund activities | 4.8 | 4.7 | 4.8 | 14.3 | 4.6 |
| Total costs | 143.9 | 146.9 | 148.6 | 439.4 | 151.3 |
| Efficiency ratio 1: Total costs/PoLG incl. other IFAD-managed funds^b | 14.3% | 16.8% | 10.2% | 13.2% | 15.1% |
| Efficiency ratio 2: Total costs/POW | 7.2% | 8.1% | 5.2% | 6.6% | 7.6% |
| Efficiency ratio 3: Portfolio/total costs | \$40 | \$41 | \$44 | n/a | n/a |

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

^b Efficiency measure agreed as part of IFAD9.

H. Capital budget for 2016

2016 capital budget request

73. As in 2015, the capital budget has been split into two categories: (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 automation initiatives and other infrastructure-related capital projects.
74. For 2016, a capital budget of US\$2.4 million is proposed, which is about the same level as 2015 (see table 10). The total amount comprises: (i) US\$470,000 for annual capital budgets; (ii) US\$975,000 for ICT initiatives (a detailed breakdown is being reviewed by the Information Technology Governance Committee [ITGC]); (iii) US\$480,000 for human resources reform initiatives; (iv) US\$375,000 for a budget preparation system replacement; and (v) US\$100,000 is related to meeting minimum operating security standards (MOSS) requirements in existing ICOs.
75. 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, three years for capitalizable IT licencing arrangements, and up to a maximum of 10 years for software development costs, including LGS replacement costs). On this basis, the incremental depreciation impact in 2016 of the capital expenditure projects going live in 2015 and 2016 will be approximately US\$400,000. Depreciation on the 2016 capital budget is likely to begin only in 2017.

Table 10
Capital budget request, 2016
 (Thousands of United States dollars)

| | <i>2016 proposed</i> |
|--|----------------------|
| (a) Annual capital budget | |
| IT infrastructure/regular hardware replacement | 470 |
| Annual capital budget subtotal | 470 |
| (b) Other capital budgets | |
| ICT initiatives | 975 |
| Human resources reform | 480 |
| Budget preparation system replacement | 375 |
| ICO MOSS requirements | 100 |
| Other capital budgets subtotal | 1 930 |
| Total | 2 400 |

76. The following benefits are expected from the above capital initiatives: (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 ICT and human resources reform initiatives will be known once the specific projects are approved by the ITGC; (iii) a new advanced budget preparation system will enhance the preparation process (including gender budgeting); and (iv) the MOSS initiative is considered a mandatory requirement.

CLEE capital budget and one-time budget update

77. An updated annex for CLEE actions and proposals is provided as annex 1. To date, US\$1.19 million has been allocated and is expected to be spent in 2015. For 2016, US\$1.23 million is proposed for allocation. Capital projects have been carefully selected for consistency with CLEE recommendations.
78. In relation to one-time adjustment costs, US\$800,000 has been allocated to date and is expected to be spent in 2015. For 2016, a further US\$600,000 is proposed for allocation, primarily related to establishment of new ICOs and decentralized administrative support.

Part two - Results-based work programme and budget for 2016 and indicative plan for 2017-2018 of the Independent Office of Evaluation of IFAD

I. Introduction

79. This document contains the work programme and budget for 2016 and indicative plan for 2017-2018 of the Independent Office of Evaluation of IFAD (IOE). In line with the IFAD Evaluation Policy,² the IOE budget is developed independently of IFAD's administrative budget.³ This document has been developed building on consultations with IFAD Management and after careful examination of IFAD priorities for the period of the Tenth Replenishment of IFAD's Resources (IFAD10), 2016-2018.⁴
80. The first year of the IFAD10 period – 2016 – will see the introduction of IFAD's strategic vision for 2025 together with a new corporate Strategic Framework for 2016-2025, and the adoption of the United Nations Sustainable Development Goals and the post-2015 development agenda. These important milestones provide the backdrop for IFAD's independent evaluation programme in the coming years.
81. To this end, in 2015, IOE developed its mission and vision as the overarching reference for: (i) articulating the division's strategic objectives (SOs); (ii) formulating its results measurement framework (RMF); and (iii) determining independent evaluation activities for 2016 and the indicative plan for 2017-2018. IOE's mission and vision are carefully anchored in the Fund's strategic vision for 2016-2025 and the broader provisions of the IFAD Evaluation Policy.
82. The IOE work programme and budget are "based on a critical assessment of needs, rather than simply using the current budget as a baseline."⁵ It illustrates the linkages between the work programme and expenditures, and details the breakdown of budgeted costs, particularly non-staff costs, including those for consultants. Moreover, for the first time, as requested last year by the Evaluation Committee, IOE quantified the gender sensitivity of its budget for 2016. The document provides details of actual expenditures for 2014, budget utilization up to mid-October 2015 and a current estimate of the 2015 year-end utilization.
83. The present version of the IOE results-based work programme and budget for 2016 takes into account the feedback and priorities expressed by IFAD's governing bodies in 2014, the outcome of discussions with the Evaluation Committee in June 2015 as well as with the Audit Committee and the Executive Board during their September 2015 sessions. This final version of the document also reflects the feedback from the Evaluation Committee in October 2015.
84. As per past practice, the budget proposal will be considered again by the Audit Committee in November 2015, together with IFAD's 2015 administrative budget. Finally, the budget will be submitted, upon the recommendation of the Board in December 2015, to the Governing Council in 2016 for approval. On a process-related issue, the IOE budget proposal is based on the same principles and parameters (e.g. exchange rate, standard costs for staff positions and inflation factor) used by IFAD Management in preparing its own administrative budget for next year.

² The IFAD Evaluation Policy is available at <http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf>.

³ See IFAD Evaluation Policy, p. 11, para. 38: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other."

⁴ Report of the Consultation on the Tenth Replenishment of IFAD's Resources (<https://webapps.ifad.org/members/gc/38/docs/GC-38-L-4-Rev-1.pdf>).

⁵ See the minutes of the 107th session of the Executive Board, p. 4, para. 29: (<https://webapps.ifad.org/members/eb/107/docs/EB-107-Rev-1.pdf>).

85. This document has five sections. Section II highlights achievements thus far of the 2015 evaluation work programme, overall 2014 budget utilization, 2015 budget utilization as of mid-October and projected utilization for 2015, as well as the use of the 3 per cent carry-forward from the 2014 IOE budget. Section III provides a brief description of IOE's SOs, while section IV focuses on proposed evaluation activities for 2016. Lastly, section V outlines the proposal for the 2016 budget and human resources required by IOE to implement its work programme and achieve its main objectives effectively and punctually.

II. Current perspective

A. Highlights of 2015

86. By the end of the year, IOE expects to implement all activities planned in the 2015 work programme. Selected key achievements to date include:
- Completion of the corporate-level evaluation (CLE) on IFAD's engagement in fragile and conflict-affected states and situations. The CLE was presented to the Evaluation Committee in March and to the Board in April. Its findings and recommendations are expected to inform IFAD's first corporate policy and strategy on that subject – to be developed and presented by Management to the Board in April 2016.
 - Undertaking of the CLE on IFAD's performance-based allocation system (PBAS). The approach paper⁶ for the CLE was presented to the Evaluation Committee in March 2015 and finalized incorporating the Committee members' comments. Among other data collection activities, IOE organized a dedicated meeting with the PBAS Working Group in September and a focus group consultation with representatives of recipient countries, with the aim of capturing their insights on IFAD's allocation system. The evaluation will be completed by end-2015, for presentation to the Board in April 2016.
 - Development of the second edition of the IFAD Evaluation Manual,⁷ and its presentation in draft format to an informal seminar of the Evaluation Committee on 24 June. The final version of the manual will be shared with the Committee during its November 2015 session. The manual is a far-reaching and critical undertaking of corporate importance, as it contains the key methods and processes for the diverse types of evaluations conducted by IOE. It also provides the basis for the preparation of the revised harmonization agreement between IOE and IFAD Management on the organization's independent and self-evaluative functions. The preparation of the harmonization agreement is ongoing and will be discussed with the Evaluation Committee before its finalization. Both the second edition of the manual and the harmonization agreement will be implemented in January 2016.
 - Finalization of two evaluation synthesis reports (ESRs). One of these was the result of a joint undertaking by IOE – the first of its kind – with the Office of Evaluation of the Food and Agriculture Organization of the United Nations (FAO) and dealt with pastoral development; the second ESR dealt with IFAD's work in supporting indigenous peoples. As agreed with the Executive Board, preparation of three further ESRs is ongoing, respectively on South-South and Triangular Cooperation, access to markets, and natural resource and environmental management.

⁶ Available at <https://webapps.ifad.org/members/ec/87/docs/EC-2015-87-W-P-4-Rev-1.pdf>.

⁷ The first Evaluation Manual was developed in 2008 and issued in 2009.

- Preparation of the 2015 Annual Report on Results and Impact of IFAD Operations (ARRI). The ARRI will be discussed at the Evaluation Committee session in November and the Board session in December 2015. An in-house learning workshop was held on 6 October 2015 to discuss the ARRI's main findings and recommendations with IFAD Management, staff and consultants.
- Finalization of three country programme evaluations (CPEs). The CPE for the United Republic of Tanzania was discussed with the Evaluation Committee at its eighty-eighth session in June and the Bangladesh CPE at the eighty-ninth session of the Committee in October 2015. The Brazil CPE was completed following the National Round Table Workshop in held in Brasilia on 22 October 2015. Other CPEs are on track, in accordance with the IOE work programme.
- IOE completed its second impact evaluation (IE) in India and, as agreed with the Board, began the IE of the Sofala Bank Artisanal Fisheries Project in Mozambique. The India IE was discussed by the Evaluation Committee in June 2015. Before that, it was discussed at two learning events: (i) with IFAD Management and staff in Rome; and (ii) with the Government and other in-country partners in Delhi.
- Piloting evaluation capacity development (ECD) efforts in China and Ethiopia. In both countries, among other issues, IOE conducted a mapping exercise to determine evaluation capacity at the country level and to assess what evaluation initiatives by other organizations are in place in the agriculture sector. The outcomes of these pilots will be assessed at the beginning of next year to determine the nature, focus and level of effort of IOE's future engagement in ECD.
- Within the overall context of 2015 being the International Year of Evaluation, IOE is organizing – jointly with the evaluation offices of the Rome-based agencies (RBAs) – a technical seminar on enhancing the evaluability of Sustainable Development Goal 2 (SDG2): End hunger, achieve food security and improved nutrition and promote sustainable agriculture. The broader aim of this initiative is to contribute to strengthening the evaluation dimension of the SDGs.

87. IOE mission and vision. As mentioned in the introduction, IOE has developed its mission and vision statements. The aim of these statements is to capture succinctly the main purpose of IFAD's independent evaluation function and to articulate its contribution to furthering IFAD's mandate. At the same time, IOE is strengthening its internal performance management and monitoring systems. Box 1 below summarizes the mission and vision statements.

Box 1

IOE Mission and Vision statements

Mission

To promote accountability and learning through independent, credible and useful evaluations of IFAD's work.

Vision

Increasing the impact of IFAD's operations for sustainable and inclusive rural transformation through excellence in evaluation.

88. In parallel, as agreed with the Executive Board and building on IOE's existing results chain, IOE has revised its RMF for the IFAD10 period and fine-tuned the divisional management results (DMRs) and key performance indicators (KPIs). The revised RMF for 2016-2018 is contained in annex XIII. The RMF includes, inter alia, a dedicated DMR entirely devoted to IOE efficiency (DMR8) and a total of four indicators to assess the efficiency of IOE:

- Budget cap
- Ratio of Professional to General Service staff
- Budget execution rate at year-end
- Execution rate of key evaluation activities

89. Reporting. The 2015 RMF, which is IOE's monitoring and reporting framework for 2015, is contained in annex XIV. Annex XV contains a summary of progress in implementing planned evaluation activities for 2015 (in table 1), along with an update on progress towards the targets for each KPI in the 2015 RMF (in table 2). The data reveal that most activities are on track.

B. Budget utilization

90. Table 11 provides information on budget utilization by IOE in 2014, as well as budget utilization as of mid-October 2015 and that expected by year-end.

Table 11
IOE budget utilization in 2014 and utilization in 2015
(United States dollars)

| <i>Evaluation work</i> | <i>Approved budget 2014</i> | <i>Budget utilization 2014</i> | <i>Approved budget 2015</i> | <i>2015 commitment as of mid-October*</i> | <i>Expected utilization as of year-end 2015</i> |
|---|-----------------------------|--------------------------------|-----------------------------|---|---|
| Staff travel | 345 000 | 280 099 | 355 000 | 339 421 | 355 000 |
| Consultant fees | 1 465 000 | 1 979 611 | 1 485 000 | 1 639 317 | 1 650 000 |
| Consultant travel and allowances | 395 000 | 379 948 | 410 000 | 431 020 | 410 000 |
| Country strategy and programme evaluation (CSPE) in-country learning events | 35 000 | 30 853 | 40 000 | 15 198 | 40 000 |
| Evaluation outreach, staff training and other costs | 155 992 | 202 351 | 165 892 | 211 927 | 165 892 |
| Non-staff costs | 2 395 992 | 2 872 862 | 2 455 892 | 2 636 883 | 2 620 892 |
| Staff costs | 3 586 690 | 2 815 138 | 3 614 041 | 3 240 072 | 3 357 992 |
| Total | 5 982 682 | 5 688 000 | 6 069 933 | 5 876 955 | 5 978 884 |
| Utilization (percentage) | | 95.1 | | 97.0 | 98.5 |

* Based on committed staff costs adjusted for exchange rate up to mid-October 2015.

91. Actual total expenses against IOE's 2014 budget amounted to US\$5.69 million, equal to a utilization of 95.1 per cent. Lower utilization is largely attributable to savings in staff costs, primarily from vacant positions and nominally by the strengthening of the United States dollar against the euro towards the latter part of the year. Staff cost savings were partly offset by an increase in consultancy requirements to accomplish some of the tasks related to vacant positions. A portion of staff cost savings was also used to contribute to knowledge management, including the sharing of lessons learned. In this regard, for example, IOE prepared a third unplanned ESR in 2014 on IFAD's work with indigenous peoples.
92. In 2015, against an approved budget of US\$6.07 million, utilization (in terms of commitments) as of mid-October 2015 is US\$5.87 million, or 97.0 per cent. The utilization reflects the full-year commitment of staff costs, which is in line with the IFAD-wide established practice, as well as necessary commitments for consultancy fees and staff/consultants' travel costs to ensure timely implementation of all activities agreed with the Board for 2015.

93. Table 11 also shows an increase in consultant fees and travel as compared to the allocation at the beginning of the year. This is mainly attributable to the full implementation of the Brazil CPE in 2015; this evaluation was originally planned for finalization in March 2016 using additional financial commitments foreseen next year. Funds have also been used to hire consultants to provide essential training to IOE staff on innovative evaluation methodologies (e.g. on qualitative comparative analysis and theory of change development), with the aim of further enhancing the quality of IOE evaluations.
94. The expected overall utilization in 2015 of the total IOE budget as of year-end is currently projected at US\$5.97 million, corresponding to 98.5 per cent of the approved budget. The anticipated lower utilization is in staff costs as a result of vacant positions (which are currently being filled) and is also linked to the impact of the exchange rate during the year. With regard to staffing, IOE is currently in the process of hiring a Professional staff member with experience and expertise in statistical analysis. Recruitment has also begun for another senior evaluation officer position, which became vacant at the end of June 2015.

C. Utilization of the 2014 carry-forward

95. 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.
96. The 3 per cent carry-forward from the 2014 IOE budget amounted to US\$179,480. These funds have been allocated towards the India CPE. This evaluation was not fully budgeted in 2015, as IOE had initially planned to start the India CPE in October 2015 and complete it in the second half of 2016. However, following further consultations and agreement with the Asia and the Pacific Division and the Government of India, IOE decided to advance implementation of this evaluation. The revised time frames will allow CPE results to feed into the development of the new India country strategic opportunities programme (COSOP) more punctually, thus enhancing the usefulness of the CPE.

III. IOE strategic objectives

97. As agreed with the Executive Board in December 2013, IOE plans to align its SOs with IFAD replenishment periods to ensure a more coherent link between IOE SOs and IFAD's corporate priorities. Thus, the two SOs below, which are fundamental to fulfil IOE's mission and vision, are proposed for the period 2016-2018 (i.e. IFAD10):
- (i) SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability; and
 - (ii) SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness.
98. These two objectives should allow IOE to achieve the overarching goal set for independent evaluation: to promote accountability and foster learning to improve IFAD's institutional performance and the performance of IFAD-supported operations.

IV. 2016 work programme

99. The IOE evaluation activities proposed for 2016 are listed in table 1, annex XVI, and the indicative plan for 2016-2017 is presented in table 2 of the same annex. The proposed work programme for 2016 remains at about the same level as that of 2015, with enhanced quality to be driven by the methodology and process streamlining brought about by the second edition of the evaluation manual. It is important to underline that the mix of evaluation products that IOE proposes in

2016 provides the necessary basis for strengthening IFAD's broader accountability and learning for better institutional and development effectiveness.

100. Selection and prioritization of independent evaluations are facilitated by the use of a selectivity framework first introduced by IOE in 2013. The selectivity framework is also an instrument to increase transparency in developing the divisional work programme. IOE's selectivity framework has been further enhanced this year, and the current version of the revised framework is shown in annex XIX. The main evaluation activities for 2016 are summarized in table 12 below and an overview is provided in the following paragraphs.

Table 12
Evaluation activities planned by IOE for 2016

| <i>Strategic objectives (SOs)</i> | <i>Divisional management results (DMRs)</i> | <i>Outputs</i> |
|---|---|--|
| SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | DMR 1: Corporate policies and processes are improved through independent evaluations | ARRI CLE on IFAD's decentralization experience Comments on Report on IFAD's Development Effectiveness (RIDE), President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), selected COSOPs and the new IFAD corporate strategy on fragile situations |
| | DMR 2: Country strategies/COSOPs are enhanced through country level evaluations | CPEs in India, Nigeria and Turkey to be completed; New CSPEs in the Democratic Republic of the Congo, Egypt, Mozambique, Nicaragua and the Philippines |
| | DMR 3: Systemic issues and knowledge gaps in IFAD are addressed | ESRs – Gender, country-level policy dialogue, and country-led scaling up |
| | DMR 4: IFAD-supported operations are improved through independent project evaluations | Project performance evaluations (PPEs) All project completion reports (PCRs) available in the year validated |
| SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness | DMR 5: Evaluation manual is implemented and new evaluation methods and products are piloted | Project IE in Mozambique completed and a new one started Contribution to in-house and external debate on IEs Implementation and training of IFAD and IOE staff and consultants on the second edition of the evaluation manual and implementation of the new harmonization agreement |
| | DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased | One learning theme in the context of the 2016 ARRI (topic to be decided) In-country learning workshops on the main results from CSPEs to provide building blocks for the preparation of new COSOPs; learning events in IFAD from other evaluations (e.g. CLEs, syntheses, ARRI) to share lessons and good practices Partnerships: Evaluation Cooperation Group (ECG), United Nations Evaluation Group (UNEG), Swiss Agency for Development and Cooperation (SDC) and RBAs |
| | DMR 7 ECD in partner countries | ECD engaged in thorough seminars and workshops on evaluation methodology and processes in the context of: (i) regular evaluations (e.g. ongoing CSPEs or PPEs); and (ii) upon request, in countries where IOE is not undertaking evaluations Implementation of statement of intent with China on ECD |
| SO1 and SO2* | DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured | Preparation of the IOE work programme and budget; participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, as well as selected Audit Committee meetings; participation in internal platforms (Operational Strategy and Policy Guidance Committee, Operations Management Committees, IFAD Management Teams, Country Programme Management Teams, etc.) |

* There are a number of outputs that contribute to DMR 8 that cut across both SOs.

101. First, IOE proposes to complete the CLE on the PBAS and present its results to the Executive Board in April 2016. IFAD Management's written response will also be considered by the Board, together with the final CLE report. Before that, in accordance with established practice, the evaluation will be presented to the Evaluation Committee. This evaluation is expected to generate findings and recommendations to support IFAD Management and the Board in further developing the PBAS in the future, as needed.
102. Next year, IOE will undertake a formative CLE on IFAD's decentralization experience, which is a major evaluation on a critical topic for the organization. In this regard, IOE will assess the contributions of IFAD country offices (ICOs) and subregional and regional offices as a central component of IFAD's operating model in achieving results in reducing rural poverty on the ground.
103. The CLE on IFAD's decentralization is a timely undertaking in 2016. Decentralization is an important "area of reform" in the IFAD10 period for enhancing institutional and operational effectiveness and efficiency. Moreover, it is useful to note that although the Country Presence Policy and Strategy dates from 2011, IFAD's decentralization process formally started with the Field Presence Pilot Programme approved by the Executive Board in December 2003. And even before that, in the early 2000s, several arrangements for country presence were in place. These have been assessed as part of various CPEs and other evaluations (e.g. the CLE on efficiency) undertaken by IOE since then. Thus, there is adequate evaluative evidence and time frame to assess results and generate lessons for the future.
104. In addition, IOE plans to start five new CSPEs⁸, one in each of the five regional divisions of IFAD. These include the Democratic Republic of the Congo, Egypt, Mozambique, Nicaragua and the Philippines. Moreover, IOE will complete the CPEs started in 2015 in India, Nigeria and Turkey. Further to the introduction of the second edition of the evaluation manual, and in order to capture the overall objectives and methodological approach followed, IOE has decided to rename "country programme evaluations" as "country strategy and programme evaluations" (CSPEs). The main aim of CSPEs is to assess the results and impact of the partnership between IFAD and governments in reducing rural poverty, as well as to provide building blocks for preparation of a COSOP for each country.
105. Building on its experience in conducting IEs, ⁹ next year IOE will launch a further impact evaluation of a project, to be identified through the selectivity framework. It should be underlined that the IEs conducted by IOE are separate from those being undertaken by Management in the IFAD9 and IFAD10 periods. IOE's main aim in conducting IEs is to test innovative methodologies and processes for assessing the results of IFAD operations more rigorously, with emphasis on quantitative analysis and attribution of impact. They also allow IOE to gain important first-hand experience in implementing IEs, thus enhancing its contribution to ongoing internal and external debates on the subject.
106. Moreover, as decided by the Board during its September session, IOE will prepare three ESRs next year. Such reports are largely based on existing evaluative evidence, and serve to extract and package lessons and good practices on specific topics that can inform development and implementation of IFAD policies, strategies and operations. IOE will adopt a more rigorous methodical approach to preparing synthesis reports, for example by using innovative methods such as systematic reviews, meta-analysis or qualitative comparative analysis, as appropriate. This will enhance the analytic rigour and credibility of such products.

⁸ Further to the introduction of the second edition of the evaluation manual, and in order to capture the overall objectives and methodological approach followed, IOE decided to change the name of CPEs to CSPEs, and of project performance assessments (PPAs) to project performance evaluations (PPEs).

⁹ IOE has completed two IEs thus far in Sri Lanka and India, respectively. A third one in Mozambique is currently ongoing.

107. The proposed topics for next year's ESRs are: (i) IFAD's country-level policy dialogue, which is an agreed priority area for Member States in the IFAD10 period; (ii) country-led scaling-up processes which are fundamental for wider impact on rural poverty and also a priority in the IFAD10 period; and (iii) gender equality. IOE is exploring the possibility of preparing the gender synthesis jointly with the Office of Evaluation of FAO and/or WFP, within the broader context of enhanced collaboration among the United Nations RBAs. IOE has ample evaluative evidence on all three topics selected for the 2016 ESRs. For example, IOE has previously conducted CLEs on gender and on innovation and scaling up. Moreover, each IOE project evaluation and CPE is required to assess and rate IFAD's efforts and results in promoting innovation and scaling up, and gender, and all CPEs assess and rate IFAD's work in country-level policy dialogue.
108. It is important to note that the fisheries/aquaculture synthesis, requested by the Evaluation Committee in 2014, has been included in the forward plan for 2017 as IOE does not currently have adequate evaluative evidence to prepare such a synthesis next year. Thus, IOE plans to strengthen its evaluative evidence on the topic in 2016, and conduct the ESR the following year. For example, it is conducting an IE in 2015/2016 of the Mozambique Sofala Bank Artisanal Fisheries Project, which will add to the evidence base for the ESR. Moreover, some of the PPEs planned next year will cover IFAD-supported projects focusing on fisheries and aquaculture development.
109. Following ongoing practice, IOE will validate all project completion reports (PCRs) and undertake PPEs in selected cases. As per the second edition of the evaluation manual, PPAs will now be referred to as project performance evaluations (PPEs). IOE plans to increase the number of PPEs from eight per year to 10 starting in 2016. The aim is to enhance the availability of independent evaluative evidence on IFAD's operational performance and increase critical input for ARRI, CLEs, CSPEs and ESRs. Increasing the number of PPEs will allow IOE to have wider coverage of IFAD operations in all regions, which will further contribute to strengthening IFAD's broader accountability framework. This is considered fundamental, given that most of IFAD's development resources are channelled through investment projects and programmes to developing Member States.
110. The projects to undergo a performance evaluation will be selected more strategically than in the past. For example, priority will be given to those capable of providing more immediate input for planned CSPEs or ESRs (see paragraph 108 above). Moreover, IOE plans to strengthen the overall approach to and robustness of PPEs, especially by increasing interactions with beneficiaries and other in-country stakeholders and will ensure that evaluation teams have the opportunity to conduct more structured participatory rural appraisals and a wider range of site visits in remote rural areas. On a case-by-case basis, as needed, more structured data collection activities will be commissioned by IOE (e.g. through mini-surveys carried out before PPE missions) to enhance the evidence base and analytic rigour of PPEs.
111. As specified in the Evaluation Policy, IOE will prepare the 2016 edition of the ARRI, its flagship annual report. As in previous years, the ARRI will include a detailed analysis and a dedicated chapter on one major learning theme. IOE will propose the topic of the 2016 learning theme to the Board in consultation with IFAD Management, for approval in December 2015. Finally, as decided at the 115th session of the Board, from 2016 onwards the ARRI will be presented to the September session of the Board (rather than December).
112. Moreover, IOE will support recipient countries (selectively) in ECD activities. Increased attention will be devoted to strengthening partnership with the RBAs, especially in the conduct of joint evaluations. IOE will also ensure timely, customized dissemination and outreach of results and lessons to key audiences.

113. Among other documents, IOE will present all CLEs, the ARRI and selected CSPEs to both the Evaluation Committee and the Executive Board. It will present the IEs and ESRs to the Evaluation Committee, and also to the Board on a selective basis.
114. IOE will prepare written comments on new COSOPs that have been preceded by CSPEs for consideration by the Executive Board. In line with the IFAD Evaluation Policy, IOE will provide written comments on new corporate policies and strategies that have been informed by major CLEs. In particular, IOE will review and prepare written comments on the forthcoming corporate policy and strategy on fragile situations.
115. In line with established practice,¹⁰ IOE will prepare written comments for consideration by the Evaluation Committee and the Executive Board on the synthesis report by IFAD Management on the IFAD9 impact evaluation initiative. IOE's comments will focus on the methodology and overall approach taken and the robustness of the results reported. The comments will be discussed along with the final synthesis report by the Evaluation Committee in March and the Board in April 2016.¹¹
116. Finally, IOE will collaborate with the evaluation offices of the RBAs to provide quality assurance of the evaluation on the reformed Committee on World Food Security (CFS).

V. 2016 resource envelope

A. Staff resources

117. IOE's staff requirements are based on comprehensive annual strategic workforce planning. The overarching results of this planning are presented in annex XVII, and demonstrate that IOE's staff complement for 2016 is the same as in 2015. It is worth noting that the IOE Professional to General Service staff ratio is about 1 to 0.46, which is among the best for any division in IFAD.
118. IOE should be in a position to deliver all planned 2016 activities in a timely manner with its current level of staff resources, in spite of the slightly higher level of effort required for CSPEs and PPEs (see table 13 below). This will be made possible by significant methodological strengthening of IOE evaluations and process streamlining brought about by the development of the second edition of the evaluation manual.

B. Budget proposal

119. This section outlines IOE's budget requirements. The proposed budget is presented by type of activity, category of expenditure and strategic objective in tables 13 to 15 respectively. Each table includes both the 2015 approved budget and the proposed budget for 2016, facilitating a comparison between the two years. Moreover, IOE has further developed a gender-sensitive budget to track distribution in terms of gender-related activities (see table 16).
120. Assumptions. As in the past, the parameters used in developing the proposed 2016 budget are the same as those used by IFAD Management in developing the administrative budget for the same year. The assumptions used in making this final budget proposal are: (i) no increase in salaries of Professional and General Service staff anticipated for 2016; (ii) a general inflation rate of 1.7 per cent for non-staff costs and/or specific price increases where available; and (iii) an exchange rate of US\$1:EUR 0.87 as of 1 September based on the methodology agreed in 2015.

¹⁰ 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.

¹¹ Discussion of the synthesis report in the Evaluation Committee and the Executive Board was shifted by Management from December 2015 to April 2016.

121. Budget by type of activity. As shown in table 13, US\$410,000 of the total non-staff costs of US\$2.541 million, or 16 per cent of non-staff costs, is allocated to higher-plane evaluations (ARRI and CLEs). These have the potential to induce far-reaching and systemic changes at the institutional level. The minor increase in the CSPE budget line is explained by the higher level of effort in conducting CSPEs (4.5 units in 2015, as compared to 5.6 in 2016). This also includes allocations for the organization of final national round-table workshops at the country level for three CPEs started in 2015, which will be completed in early 2016. In this regard, next year IOE plans to reassess the unit costs of CSPEs based on initial experience in implementing the enhanced methodology prescribed by the second edition of the evaluation manual. However, it is anticipated that process streamlining is likely to generate efficiency gains that may lower unit costs per CSPE in 2017.
122. Finally, in line with the explanations provided in paragraphs 109 and 110, the slight cost increase in the PPE budget is due to the increased number of such evaluations and to greater efforts to enhance their overall robustness. The slight increase in unit cost per ESR is explained in paragraph 107.

Table 13
Proposed budget for 2016 (by type of activity)¹²

| Type of activity | Approved 2015 budget (US\$) | Absolute number 2015 | Level of effort 2015 | Proposed 2016 budget (US\$) | Absolute number 2016 | Level of effort 2016 |
|--|-----------------------------------|----------------------------|----------------------------|-----------------------------------|----------------------------|----------------------------|
| ARRI | 100 000 | 1 | 1 | 100 000 | 1 | 1 |
| CLEs | 370 000 | 2 | 1 | 310 000 | 2 | 1 |
| CSPEs | 1 035 000 | 8 | 4.5 | 1 090 000 | 7 | 5.6 |
| ESRs | 120 000 | 3 | 3 | 140 000 | 3 | 3 |
| PPEs | 230 000 | 8 | 8 | 315 000 | 10 | 10 |
| PCR validations (PCRVs) | 50 000 | 30 | 30 | 50 000 | 30 | 30 |
| IE | 200 000 | 2 | 1 | 200 000 | 2 | 1 |
| Second edition evaluation manual | 40 000 | 1 | 0.3 | 0 | 0 | 0 |
| Knowledge-sharing, communication, evaluation outreach, partnership activities | 188 000 | - | - | 195 000 | - | - |
| ECD, training | 122 892 | - | - | 141 520 | - | - |
| Total non-staff costs | 2 455 892 | | | 2 541 520 | | |
| Staff costs | 3 614 041 | | | 3 127 899 | | |
| Total | 6 069 933 | | | 5 669 419 | | |

Note: A more detailed explanation of the breakdown is given in table 2, annex XVIII.

123. IOE will adopt a more rigorous and methodical approach to preparing synthesis reports. Thus it proposes to allocate US\$55,000 for each ESR conducted entirely by IOE in 2016, as compared with US\$40,000 in the past. Given that the synthesis on gender will be conducted jointly with WFP and/or FAO, the concerned budget is lower as compared to the unit cost of an evaluation synthesis done by IOE alone.
124. Accumulated experience in preparing ESRs over the past five years has shown that their analytic depth has been constrained by limited resources. The additional allocations will allow IOE to expand the literature review component underpinning such products, as well as to use more rigorous methods in codifying, extracting and

¹² Based on accumulated experience and historical figures, 160 staff days are allocated for conducting a CLE, 155 days for a CSPE, 70 days for an ESR, 80 days for an IE, 40 days for a PPE and 11 days for a PCRv. These figures are used to estimate the level of effort by type of activity shown in table 13.

analysing existing evaluative evidence. The ESR will also include recommendations, as requested by the Evaluation Committee.

125. Finally, minor increases in ECD, partnerships, communication, dissemination and outreach aim to strengthen the evaluation learning and feedback loop, widen IOE's contribution to building evaluation capacity in selected recipient countries, and foster joint activities with RBAs and evaluation offices in other development organizations (e.g. in the context of the UNEG and the ECG of the multilateral development banks).
126. Non-staff budget by category of expenditure. In table 14, the proposed non-staff budget is allocated by category of expenditure. Fifty-nine per cent of the non-staff budget is allocated to consultancy fees to support evaluation work, which is similar to the proportion of total non-staff costs allocated in 2015. 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 in which an evaluation is planned, especially for PPEs and CSPEs, as well as for country visits that might be undertaken in the context of CLEs and ESRs. As with all other consultants, the national consultants hired must adhere to IOE's conflict of interest policy, to ensure objectivity in their contributions to IOE evaluations.
127. It is also worth noting that in 2015 IFAD further clarified its policy on the hiring of consultants. For instance, it underlined that consultants may not claim an exemption from taxes imposed by the country of their nationality or residence based on the privileges and immunities supposedly acquired through their services to IFAD. Moreover, consultants will no longer be eligible to participate in the medical or life insurance schemes available to IFAD staff members. The implications of these policy clarifications to IOE's consultant fee structure and related effects will have to be carefully monitored in the course of next year.

Table 14
Proposed budget for 2016 (by category of expenditure)

| <i>Category of expenditure</i> | <i>Approved 2015 budget</i> | <i>Proposed 2016 budget</i> |
|---|-----------------------------|-----------------------------|
| Staff travel | 355 000 | 376 000 |
| Consultant fees | 1 485 000 | 1 495 000 |
| Consultant travel and allowances | 410 000 | 440 000 |
| In-country CSPE learning events | 40 000 | 45 000 |
| Evaluation outreach, staff training and other costs | 165 892 | 185 520 |
| Total non-staff costs | 2 455 892 | 2 541 520 |
| Staff costs | 3 614 041 | 3 127 899 |
| Total | 6 069 933 | 5 669 419 |

128. The rise in staff and consultant travel reflects the effect of cost increases in travel and accommodation, as well a net increase for PPEs and ESRs to further strengthen their overall quality. As in 2015, a small allocation is proposed for staff training, which is essential for continuous professional development. Lower total staff costs are due to reductions in standard costs, in both Professional and General Service staff categories, caused by exchange rate adjustments – partly offset by the effect of the annual within-grade step increases.
129. Budget by strategic objective. Table 15 shows allocation of the total IOE proposed budget for 2016, both staff and non-staff costs, against IOE's SOs. Further detail, including allocation to each DMR, can be found in table 3, annex XVIII.
130. SO1 receives a much greater allocation as a larger part of the consultancy resources of IOE are allocated to the activities that contribute to achieving this

objective (such as CLEs, CSPEs, PPEs and ESRs). Many of the activities undertaken within this objective also contribute to SO2. That is, several activities under SO1 promote evaluation-based learning and an enhanced institutional results culture. For example, in-country workshops at the end of CSPEs – which are budgeted under SO1 – provide a unique opportunity to exchange views on the main lessons learned and good practices with policy and decision makers, IFAD operations staff and other stakeholders.

Table 15

Proposed budget allocation (staff and non-staff costs) by strategic objective

| <i>Strategic objective</i> | <i>Approved 2015 budget</i> | | <i>Proposed 2016 budget</i> | |
|---|-----------------------------|------------|-----------------------------|------------|
| | <i>Amount (US\$)</i> | <i>%</i> | <i>Amount (US\$)</i> | <i>%</i> |
| SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | 4 394 220 | 72 | 4 057 049 | 71 |
| SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness | 1 675 713 | 28 | 1 322 250 | 24 |
| SO1 and SO2 | | | 290 120 | 5 |
| Total | 6 069 933 | 100 | 5 669 419 | 100 |

131. Gender budget. For the first time, IOE has sought to illustrate the gender sensitivity of its budget (table 16). This was a challenging exercise, especially because IOE was not yet able to find examples of gender budgets from evaluation functions in other agencies to be used as a basis. IOE is, in fact, the only evaluation office developing its own gender-sensitive budget among multilateral organizations. Consultations were held with representatives of IFAD Management to learn from their recent experience in developing a gender-sensitive budget for the Fund's administrative budget.
132. The methodology followed by IOE entails determining the proportion of staff and non-staff costs devoted to analysing and reporting on gender issues in IOE evaluations. In this regard, it is important to recall that IOE has a dedicated criterion on gender equality and women's empowerment that is applied in all ARRI, CSPEs, PPEs, PCRVs and IEs. Additional attention is also being devoted to gender issues in other evaluation products, such as CLEs and ESRs. As mentioned earlier, in 2016 IOE will conduct a joint ESR on gender.
133. All in all, the table shows that close to 6 per cent of the total proposed IOE budget for 2016 is directly allocated to examination of gender issues. This is a conservative estimate, which does not factor in several one-time gender-related activities pursued by IOE, such as dedicated staff training organized in 2014 with the evaluation functions of the RBAs to strengthen the evaluation of gender issues, or the development of the second edition of the evaluation manual.

Table 16
IOE 2016 gender-sensitive budget

| <i>Type of activity</i> | <i>Proposed 2016 budget</i> | <i>Gender component (percentage)</i> | <i>US\$</i> |
|---|-----------------------------|--------------------------------------|----------------|
| <i>Non-staff costs</i> | | | |
| ARRI | 100 000 | 10 | 10 000 |
| CLEs | 310 000 | 5 | 15 500 |
| CSPEs | 1 070 000 | 10 | 107 000 |
| PCRVs | 50 000 | 5 | 2 500 |
| PPEs | 310 000 | 7 | 22 050 |
| IEs | 200 000 | 7 | 14 000 |
| ESRs | 140 000 | 15 | 21 000 |
| Communication, evaluation outreach, knowledge-sharing, partnership activities | 200 000 | | |
| ECD, training and other costs | 141 520 | 5 | 7 076 |
| Total non-staff costs | 2 541 520 | 7.8 | 199 126 |
| <i>Staff costs</i> | | | |
| Gender focal point | 165 579 | 20 | 33 115 |
| Alternate gender focal point | 106 320 | 10 | 10 632 |
| All evaluation officers | 2 856 000 | 5 | 89 054 |
| Total staff costs | 3 127 899 | 4.2 | 131 059 |
| Total | 5 669 419 | 5.8 | 330 185 |

134. Budget proposal. The proposed 2016 budget is US\$5.67 million. The real increase in the 2016 budget as compared to the 2015 budget is of 1.4 per cent in non-staff costs, which is due to increased activities and application of more robust methodologies. However, the 2016 budget also reflects a 6.6 per cent nominal decrease as compared to 2015. The decrease can be attributed to the reduction in staff costs as a result of the weakening of the euro against the United States dollar. Price increases in certain expense categories such as travel and consultant costs have been absorbed through cost control and the use of more efficient methodologies.
135. It is important to underline that the proposed 2016 IOE budget is 0.6 per cent of IFAD's expected programme of loans and grants (PLG) for next year,¹³ which is well below the IOE budget cap of 0.9 per cent adopted by the Executive Board.¹⁴ An overview of IOE's proposed budget, including historical trends since 2012, is provided in table 1, annex XVIII.

¹³ IFAD plans to commit US\$900 million in new loans and grants in 2016, as reported by Management to the Board in September 2015 in the context of the high-level preview of the 2016 programme of loans and grants.

¹⁴ This decision was made by the Executive Board in December 2008.

Part three - Heavily Indebted Poor Countries Debt Initiative progress report for 2015

I. Introduction

136. The objective of this progress report for 2015 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

137. Substantial progress has been made in the implementation of HIPC debt relief since the Initiative's inception. Nearly 92 per cent of eligible countries (35 out of 38) have reached the decision point and qualified for HIPC assistance. Thirty-five countries have now reached the completion point; most recently Chad (see table below). Three countries – Eritrea, Somalia and Sudan - are still at the pre-decision point stage and have yet to start the process of qualifying for debt relief under the Initiative.

III. Total cost of the HIPC Debt Initiative to IFAD

138. The total net present value (NPV) cost of the Fund's participation in the overall HIPC Debt Initiative¹⁵ is currently estimated at SDR 310.4 million (equivalent to approximately US\$434.98 million), which corresponds to an approximate nominal cost of SDR 475.2 million (about US\$666.0 million).¹⁶ 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\$21.4 million for 2015.

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\$346.34 million) in NPV terms, which amounts to SDR 375.8 million (approximately US\$526.6 million) of debt service relief in nominal terms.

V. Debt relief provided

140. As at 30 September 2015, IFAD has provided US\$458.7 million in debt relief to the 35 completion point countries.

¹⁵ IFAD participation comprises all eligible HIPC Debt Initiative countries, including pre-decision point countries that have confirmed their participation in the Initiative.

¹⁶ Base estimates at exchange rates prevailing on 30 September 2015.

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

| <i>Completion point countries (35 in total)</i> | <i>Decision point countries</i> | <i>Pre-decision point countries (3 in total)</i> |
|---|---------------------------------|--|
| Benin | - | Eritrea |
| Bolivia (Plurinational State of) | - | Somalia |
| Burkina Faso | - | Sudan |
| Burundi | - | |
| Cameroon | - | |
| Central African Republic | - | |
| Chad* | - | |
| 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 | - | |

* Completion point reached in April 2015.

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 (59.6 per cent), and contributions from IFAD's own resources amount to about US\$183.7 million (38.7 per cent) for transfers made from 1998 to 2015. The remainder was covered by investment income from the IFAD HIPC Trust Fund balance; as at end-September 2015, 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 September 2013, bringing the total received to date to US\$210.9 million. IFAD is expecting an additional tranche amounting to US\$4.7 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 2015

144. During 2013-2015 allocation period, which coincides with the Ninth Replenishment period, PBAS allocations have been made to 80 Member States based on project activities planned by regional divisions under country strategic opportunities programmes (COSOPs). Countries that were expected to use only part of their potential allocation have been capped at the projected financing level. This has provided better planning parameters for other countries.
145. In 2015, all unused PBAS resources from the 2013-2015 allocation period were treated as part of the allocable pool of resources for the final year of the allocation period. This is in line with the PBAS methodology.¹⁷
146. Continuing its engagement with other multilateral development banks that adopt similar performance-based methodologies for resource allocation, in June 2015 IFAD attended the multilateral development bank working group on performance-based allocation hosted by the Asian Development Bank.

II. Updating of 2015 country scores and 2016-2018 country allocations

147. During the fourth quarter of 2015, updated data on portfolio and rural sector performance became available and the process of updating country scores for 2015 began. The updated data will be reflected in the final 2016 country scores and 2016-2018 country allocations, which will be tabled at the December session of the Executive Board and subsequently disclosed in accordance with the procedures agreed for disclosure of PBAS information on the IFAD website (www.ifad.org/operations/pbas). As in the previous allocation period, the allocations provided for 2016 are final, and the scores and allocations for 2017 and 2018 are provisional.

¹⁷ In developing the PBAS for IFAD, the Executive Board recognized that situations could arise in which it would not be possible to deliver commitments against ex ante country allocations within the allocation period – owing, for example, to a lack of demand for IFAD loans or the absence of opportunities to engage in priority activities as identified in results-based COSOPs. In such cases, the unused allocation would be reabsorbed into the allocable resource pool for redistribution through the prevailing PBAS (document EB 2003/79/R.2/Rev.1, paragraph 40: www.ifad.org/events/bamako/e/pbas.pdf).

Part five – Recommendations¹⁸

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 2016 at a level of SDR 643 million (US\$900 million), which comprises a lending programme of SDR 607 million (US\$850 million) and a gross grant programme of US\$50 million-US\$60 million. It is proposed that the programme of work be approved at this level for planning purposes and adjusted as needed during 2016 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-ninth session of the Governing Council the administrative budget comprised of, first, the regular budget of IFAD for 2016 in the amount of US\$146.71 million; second, the capital budget of IFAD for 2016 in the amount of US\$2.4 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2016 in the amount of US\$5.67 million.

¹⁸ The recommendation will be amended to reflect recommendations arising from the HIPC and PBAS sections, as appropriate, in the document presented to the Executive Board in December 2015.

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Administrative budget comprising the regular and capital budgets of IFAD for 2016 and the budget of the Independent Office of Evaluation of IFAD for 2016

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 116th session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2016 at a level of SDR 643 million (US\$900 million), which comprises a lending programme of SDR 607 million (US\$850 million) and a gross grant programme of US\$50 million-US\$60 million;

Having considered the review of the 116th session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2016 and the budget of the Independent Office of Evaluation of IFAD for 2016;

Approves the administrative budget, comprising: first, the regular budget of IFAD for 2016 in the amount of US\$146.71 million; second, the capital budget of IFAD for 2016 in the amount of US\$2.4 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2016 in the amount of US\$5.67 million, as set forth in document GC 39/XX, determined on the basis of a rate of exchange of EUR 0.877:US\$1.00; and

Determines that, in the event the average value of the United States dollar in 2016 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 2016 bears to the budget exchange rate.

CLEE actions and proposals

| Ref | CLEE recommendations | Detail of proposed action | Benefits | Approved costs | | Forecast capital & one-time expenditures | | Remarks/status |
|-----|---|--|---|----------------|---------------|--|---------|--|
| | | | | One-time costs | Capital costs | Up to 2015 | 2016 | |
| 1 | Expand ICOs, as warranted, and strengthen their capacity by recruiting country programme officers and assistants. | Hire additional country programme officers and country programme assistants. | - Better on-the-ground support and enhanced effectiveness. - <i>ICO costs have increased in 2014, 2015 and 2016. 8.5 FTEs have been added for ICO staffing in 2016. The effects of increased country presence are being progressively experienced in the quality of the portfolio. Gain in terms of effectiveness.</i> | | | | | Cost implications of 8.5 FTEs and ICO administrative costs included in regular budget. |
| 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. | Convert 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 are on-board, resulting in in-house capacity-building.</i> | | | | | Incremental full-year effect of new specialist staff included in 2015 and 2016. |
| 3 | Develop a more robust database, with a management dashboard showing the status of the programme of work (POW) as a tool for workload analysis. | Enable Management to retrieve up-to-date information on programme of loans and grants (PoLG) from a single source. | - More effective distribution of workload. - Anticipated efficiency gain in staff costs over the medium term as data availability and processing become more automated. - <i>Cost avoidance rather than efficiency gain.</i> | | 300 000 | | 300 000 | Project identified in 2015 for implementing a more robust database (including a logframe) in 2016. |
| 4 | Develop and implement more responsive instruments for middle-income countries (MICs). | Hire/contract additional expertise to identify instruments to address requirements of MICs. | - More responsive engagement with MICs, possibly leading to an increased POW in these countries. | 200 000 | | | | Project yet to be identified. |
| 5 | Implement the knowledge management (KM) framework and plan, including incentives for staff participation. | Initiate and implement KM framework and plan (one-time consultant cost). | - Strengthened IFAD capabilities to embed KM in all aspects of its 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 the POW. | 100 000 | | | | Project yet to be identified. |
| 6 | Review and update IFAD's Results-based country strategic opportunities programme (RB- COSOP) guidelines, including the criteria for deciding when an RB- COSOP is required, e.g. in small country programmes. | Hire/contract additional expertise to revise COSOP guidelines as recommended by CLEE. | - Strengthened RB-COSOPs as a tool for policy dialogue and alignment with country strategies – 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 | | | | Completed, using internal resources; will be reprogrammed. |
| 7 | Revise the Quality Assurance (QA) process; early engagement of staff. | Change QA process to be engaged at an earlier stage of project development (consultancy costs). | - Better design at entry for consideration by the Operational Strategy and Policy Guidance Committee (OSC), quality improvement and more efficient implementation of projects. - <i>Expected lower costs in project implementation in the medium term.</i> | | | | | Completed in 2014. |

| Ref | CLEE recommendations | Detail of proposed action | Benefits | Approved costs | | Forecast capital & one-time expenditures | | Remarks/Status |
|--------------------------------------|--|--|---|------------------|------------------|--|------------------|--|
| | | | | One-time costs | Capital costs | Up to 2015 | 2016 | |
| 8 | Intensify staff training programmes in project supervision, financial management, etc. | Train country programme manager, ICO and financial management staff. | - Better skilled workforce and improved programme delivery. - <i>Additional training programmes have been put in place and improvement in effectiveness is anticipated.</i> | | | | | Ongoing – no incremental recurrent costs. |
| 9 | Prepare a review of IFAD's country presence policy and strategy and submit it for Board approval. | Decentralize ICO administrative support services for existing and future ICO sites (initial cost). | - Strengthened support in the field and work ongoing to upgrade and establish offices. 11 offices in 2014 and 2015; 5 more in 2016. - <i>Improvement in IFAD's operational effectiveness is expected owing to increased country presence, but additional costs will be incurred.</i> | 1 500 000 | | 700 000 | 500 000 | Ongoing – incremental recurrent costs included in regular budget. |
| 10 | Review and change key business processes to enhance efficiency. | Review IFAD's business processes. | - Streamlined process resulting in efficiency gains in the medium term, as processes that are staff-time intensive become more automated and less costly. | 200 000 | | 100 000 | 100 000 | Several focused reviews undertaken to improve processes in administrative areas. Funds to be used for organizational streamlining in 2016. |
| 11 | Integrate the core IT platforms (Oracle-PeopleSoft ERP, Agile Open Source and Microsoft). | Pursue system integration (consultancy support for IT development). | - Improved access to information to strengthen the management decision-making process. - <i>More efficient use of staff resources anticipated, resulting in cost avoidance.</i> | | 200 000 | | 138 000 | SharePoint upgrade complete; further integration with other corporate applications scheduled through 2016. |
| 12 | Upgrade IFAD's software systems to enable more effective and efficient administrative support of ICOs. | Implement IT environment to allow full integration of ICOs within PeopleSoft. | - Support to ICOs, enabling more efficient and effective delivery of IFAD programmes as part of decentralization. - <i>Cost avoidance using an integrated e-recruitment system for headquarters and ICOs.</i> | | 760 000 | 450 000 | | Project expected to be completed in 2015; expected to increase efficiency of both external and internal recruitment across the organization. |
| 13 | Implement ICT systems to support IFAD's operational M&E processes. | Implement M&E systems. | - Better IT support for operational area and improved delivery, enabling more efficient and -effective delivery of IFAD programmes. - <i>Qualitative improvements with no monetary benefits anticipated.</i> | | 700 000 | 180 000 | 500 000 | Project has two components to integrate; financial (completion 2015) and operational (completion 2016/2017) monitoring capability to provide more efficient and effective delivery of IFAD programmes. |
| 14 | Implement mobile technologies to allow access to IFAD systems on the move via a range of devices, including smartphones and tablets. | Implement mobile technologies. | - Staff access to information irrespective of location or IT platform. - <i>Cost avoidance in price increases.</i> | | 100 000 | 100 000 | | Platform for mobile applications to be completed in 2015, with further application deployment in 2016. |
| 15 | Develop business intelligence solutions to provide relevant management information to support business decisions. | Implement business intelligence solutions. | - 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 | 85 000 | 290 000 | Initial phase (i.e. upgrade) to be completed in 2015. Once upgraded, additional allocation is required to improve reporting capabilities. |
| 16 | Introduce GRIPS, retire Project and Portfolio Management System (PPMS) and reconfigure existing systems that rely on PPMS. | Introduce GRIPs and reconfigure existing systems. | - Faster and more efficient decision-making to avoid losses in staff time. | | 375 000 | 375 000 | | Project completed. |
| 10 % project management costs | | | | | 281 000 | | | |
| Total capital budget | | | | | 3 091 000 | 1 190 000 | 1 228 000 | |
| Total one-time budget | | | | 2 100 000 | | 800 000 | 600 000 | |

2016 indicative number of projects by country^{*}

| <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> | <i>Total</i> |
|--------------------------------|---------------------------------|-----------------------------|--|---|--------------|
| Cameroon | Angola | Bangladesh | Belize | Djibouti | |
| Cape Verde | Burundi | Cambodia | Brazil | Kyrgyzstan | |
| Chad | Comoros | Indonesia | Colombia | Moldova | |
| Niger | Ethiopia | Lao People's Dem. Rep. | Cuba | Sudan | |
| Senegal | Mauritius | Myanmar | Ecuador | Tunisia | |
| | Mozambique | Papua New Guinea | El Salvador | | |
| | Rwanda | Vanuatu | Haiti | | |
| | South Africa | Viet Nam | Nicaragua | | |
| | United Rep. of Tanzania | | | | |
| | Zimbabwe | | | | |
| 5 | 10 | 8 | 8 | 5 | 36 |

^{*} Including additional financing for ongoing projects.

Source: GRIPS as at 21 September 2015.

Regular budget by cluster and department, 2014 actual versus budget

(Millions of United States dollars)

| Department | Cluster 1 | | | Cluster 2 | | | Cluster 3 | | | Cluster 4 | | | Total | | |
|---|--------------|--------------|---------------|--------------|--------------|---------------|--------------|--------------|---------------|-------------|-------------|---------------|---------------|---------------|---------------|
| | 2014 Budget | 2014 Actual | Change | 2014 Budget | 2014 Actual | Change | 2014 Budget | 2014 Actual | Change | 2014 Budget | 2014 Actual | Change | 2014 Budget | 2014 Actual | Change |
| Office of the President and Vice-President | 0.08 | 0.24 | 0.16 | 1.22 | 0.98 | (0.24) | 1.00 | 0.99 | (0.01) | 0.47 | 0.27 | (0.20) | 2.77 | 2.48 | (0.29) |
| Corporate Services Support Group | 3.41 | 3.83 | 0.42 | 2.93 | 2.76 | (0.17) | 4.25 | 3.84 | (0.41) | 7.59 | 6.22 | (1.37) | 18.18 | 16.65 | (1.53) |
| Partnership and Resource Mobilization Office | 0.01 | 0.15 | 0.14 | 3.91 | 2.94 | (0.97) | 0.22 | 0.30 | 0.08 | 0 | 0 | 0 | 4.14 | 3.39 | (0.75) |
| Strategy and Knowledge Department | 3.54 | 2.22 | (1.32) | 1.71 | 1.19 | (0.52) | 1.26 | 0.76 | (0.50) | 0.09 | 0.13 | 0.04 | 6.60 | 4.30 | (2.30) |
| Programme Management Department | 71.52 | 68.15 | (3.37) | 2.03 | 3.13 | 1.10 | 0 | 0.10 | 0.10 | 0.02 | 0.02 | 0 | 73.57 | 71.40 | (2.17) |
| Financial Operations Department | 5.43 | 4.28 | (1.15) | 0.17 | 0.19 | 0.02 | 4.52 | 3.90 | (0.62) | 0.06 | 0.05 | (0.01) | 10.18 | 8.42 | (1.76) |
| Corporate Services Department | 2.01 | 2.15 | 0.14 | 0.11 | 0.19 | 0.08 | 25.81 | 24.67 | (1.14) | 0.41 | 0.57 | 0.16 | 28.34 | 27.58 | (0.76) |
| Corporate cost centre (allocated to clusters) | 1.73 | - | (1.73) | 0.16 | - | (0.16) | 0.41 | - | (0.41) | 0.08 | 0 | (0.08) | 2.38 | 0 | (2.38) |
| Corporate cost centre (not allocated to clusters) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3.48 | 7.93 | 4.45 |
| Total | 87.73 | 81.02 | (6.71) | 12.24 | 11.38 | (0.86) | 37.47 | 34.56 | (2.91) | 8.72 | 7.26 | (1.46) | 149.64 | 142.15 | (7.49) |
| Cluster per cent (budget vs. forecast) | 58.6 | 57.0 | | 8.2 | 8.0 | | 25.0 | 24.3 | | 5.8 | 5.1 | | | | |

Regular budget by cluster and department, 2015 budget versus forecast

(Millions of United States dollars)

| Department | Cluster 1 | | | Cluster 2 | | | Cluster 3 | | | Cluster 4 | | | Total | | |
|---|--------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|
| | 2015 Budget | 2015 Forecast | Change | 2015 Budget | 2015 Forecast | Change | 2015 Budget | 2015 Forecast | Change | 2015 Budget | 2015 Forecast | Change | 2015 Budget | 2015 Forecast | Change |
| Office of the President and Vice-President | 0.36 | 0.36 | 0 | 1.03 | 0.92 | (0.11) | 1.16 | 1.02 | (0.14) | 0.18 | 0.16 | (0.02) | 2.73 | 2.46 | (0.27) |
| Corporate Services Support Group | 3.57 | 3.39 | (0.18) | 2.66 | 2.66 | 0 | 4.42 | 4.18 | (0.24) | 7.34 | 6.90 | (0.44) | 17.99 | 17.13 | (0.86) |
| Partnership and Resource Mobilization Office | 0.03 | 0.10 | 0.07 | 3.94 | 3.08 | (0.86) | 0.19 | 0.40 | 0.21 | 0 | 0 | 0 | 4.16 | 3.58 | (0.58) |
| Strategy and Knowledge Department | 3.20 | 2.66 | (0.54) | 2.04 | 2.10 | 0.06 | 1.45 | 0.88 | (0.57) | 0.11 | 0.12 | 0.01 | 6.80 | 5.76 | (1.04) |
| Programme Management Department | 71.61 | 69.42 | (2.19) | 2.50 | 2.63 | 0.13 | 0 | 0.42 | 0.42 | 0 | 0.05 | 0.05 | 74.11 | 72.52 | (1.59) |
| Financial Operations Department | 5.51 | 4.83 | (0.68) | 0.26 | 0.23 | (0.03) | 4.86 | 3.76 | (1.10) | 0.06 | 0.06 | 0 | 10.69 | 8.88 | (1.81) |
| Corporate Services Department | 2.42 | 1.02 | (1.40) | 0.21 | 0.26 | 0.05 | 24.98 | 24.71 | (0.27) | 0.75 | 0.70 | (0.05) | 28.36 | 26.69 | (1.67) |
| Corporate cost centre (allocated to clusters) | 2.04 | 2.07 | 0.03 | 0.13 | 0.14 | 0.01 | 0.42 | 0.48 | 0.06 | 0.08 | 0.07 | (0.01) | 2.67 | 2.76 | 0.09 |
| Corporate cost centre (not allocated to clusters) | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 4.08 | 4.06 | (0.02) |
| Total | 88.74 | 83.85 | (4.89) | 12.77 | 12.02 | (0.75) | 37.48 | 35.85 | (1.63) | 8.52 | 8.06 | (0.46) | 151.59 | 143.84 | (7.75) |
| Cluster per cent (budget vs. forecast) | 58.5 | 58.3 | | 8.4 | 8.4 | | 24.7 | 24.9 | | 5.6 | 5.6 | | | | |

Regular budget by cluster and department, 2015 budget versus 2016 proposal

(Millions of United States dollars)

| Department | Cluster 1 | | | Cluster 2 | | | Cluster 3 | | | Cluster 4 | | | Total | | |
|---|--------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|
| | 2015 Budget | 2016 Proposal | Change | 2015 Budget | 2016 Proposal | Change | 2015 Budget | 2016 Proposal | Change | 2015 Budget | 2016 Proposal | Change | 2015 Budget | 2016 Proposal | Change |
| Office of the President and Vice-President | 0.36 | - | (0.36) | 1.03 | 0.73 | (0.30) | 1.16 | 1.46 | 0.30 | 0.18 | 0.27 | 0.09 | 2.73 | 2.46 | (0.27) |
| Corporate Services Support Group | 3.57 | 3.51 | (0.06) | 2.66 | 2.87 | 0.21 | 4.42 | 4.95 | 0.53 | 7.34 | 6.60 | (0.74) | 17.99 | 17.93 | (0.06) |
| Partnership and Resource Mobilization Office | 0.03 | 0.04 | 0.01 | 3.94 | 3.48 | (0.46) | 0.19 | 0.22 | 0.03 | 0 | 0 | 0 | 4.16 | 3.74 | (0.42) |
| Strategy and Knowledge Department | 3.20 | 1.81 | (1.39) | 2.04 | 2.28 | 0.24 | 1.45 | 0.94 | (0.51) | 0.11 | 0.01 | (0.10) | 6.80 | 5.04 | (1.76) |
| Programme Management Department | 71.61 | 70.07 | (1.54) | 2.50 | 2.55 | 0.05 | 0 | 0 | 0 | 0 | 0 | 0 | 74.11 | 72.62 | (1.49) |
| Financial Operations Department | 5.51 | 4.98 | (0.53) | 0.26 | 0.32 | 0.06 | 4.86 | 4.42 | (0.44) | 0.06 | 0.05 | (0.01) | 10.69 | 9.77 | (0.92) |
| Corporate Services Department | 2.42 | 3.34 | 0.92 | 0.21 | - | (0.21) | 24.98 | 23.35 | (1.63) | 0.75 | 0.61 | (0.14) | 28.36 | 27.30 | (1.06) |
| Corporate cost centre (allocated to clusters) | 2.04 | 2.16 | 0.12 | 0.13 | 0.16 | 0.03 | 0.42 | 0.46 | 0.04 | 0.08 | 0.09 | 0.01 | 2.67 | 2.87 | 0.20 |
| Corporate cost centre (not allocated to clusters) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4.08 | 4.98 | 0.90 |
| Total | 88.74 | 85.91 | (2.83) | 12.77 | 12.39 | (0.38) | 37.48 | 35.80 | (1.68) | 8.52 | 7.63 | (0.89) | 151.59 | 146.71 | (4.88) |
| Cluster per cent (budget vs. forecast) | 58.5 | 58.6 | | 8.4 | 8.4 | | 24.8 | 24.4 | | 5.6 | 5.2 | | | | |

Regular budget by cost category and department, 2015 budget versus 2016 proposal

(Millions of United States dollars)

| Department | Staff | | Consultants | | Duty travel | | ICT non-staff costs | | Other costs | | Total | | Change |
|---|--------------|--------------|--------------|--------------|-------------|-------------|---------------------|-------------|--------------|--------------|---------------|---------------|---------------|
| | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | |
| Office of the President and Vice-President | 2.39 | 2.13 | 0.01 | 0.01 | 0.20 | 0.20 | - | - | 0.13 | 0.12 | 2.73 | 2.46 | (0.27) |
| Corporate Services Support Group | 14.28 | 13.72 | 1.61 | 2.06 | 0.53 | 0.61 | - | 0.05 | 1.57 | 1.49 | 17.99 | 17.93 | (0.06) |
| Partnership and Resource Mobilization Office | 3.40 | 2.99 | 0.24 | 0.17 | 0.24 | 0.27 | - | 0.02 | 0.28 | 0.29 | 4.16 | 3.74 | (0.42) |
| Strategy and Knowledge Department | 5.01 | 3.80 | 1.31 | 0.81 | 0.34 | 0.24 | - | - | 0.14 | 0.19 | 6.80 | 5.04 | (1.76) |
| Programme Management Department | 43.01 | 39.37 | 17.77 | 18.89 | 7.02 | 7.87 | - | - | 6.31 | 6.49 | 74.11 | 72.62 | (1.49) |
| Financial Operations Department | 9.96 | 9.06 | 0.13 | 0.14 | 0.42 | 0.39 | - | - | 0.18 | 0.18 | 10.69 | 9.77 | (0.92) |
| Corporate Services Department | 14.74 | 13.24 | 0.88 | 1.42 | 0.21 | 0.26 | 5.55 | 5.09 | 6.98 | 7.29 | 28.36 | 27.30 | (1.06) |
| Corporate cost centre (allocated to clusters) | 1.40 | 1.60 | - | - | - | - | - | - | 1.27 | 1.27 | 2.67 | 2.87 | 0.20 |
| Corporate cost centre (not allocated to clusters) | - | - | - | - | - | - | - | - | 4.08 | 4.98 | 4.08 | 4.98 | 0.90 |
| Total | 94.19 | 85.91 | 21.95 | 23.50 | 8.96 | 9.84 | 5.55 | 5.16 | 20.94 | 22.30 | 151.59 | 146.71 | (4.88) |

Indicative 2016 staff levels, regular budget only

(Full-time equivalents [FTEs])^a

| Department ^b | Continuing and fixed-term staff | | | Locally recruited field staff | Total 2016 |
|---|---------------------------------|-----------------|---------------------------------------|-------------------------------|--------------|
| | Professional and higher | General Service | Total continuing and fixed-term staff | | |
| Office of the President and Vice-President (OPV) | 6.0 | 5.0 | 11.0 | | 11.0 |
| Corporate Services Support Group (CSSG) | | | | | |
| Office of the General Counsel | 11.0 | 6.5 | 17.5 | - | 17.5 |
| Office of the Secretary | 14.0 | 19.0 | 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 |
| Quality Assurance Group | 4.0 | 3.0 | 7.0 | - | 7.0 |
| Total CSSG | 56.0 | 37.0 | 93.0 | - | 93.0 |
| Partnership and Resource Mobilization Office (PRM) | | | | | |
| PRM front office | 6.0 | 3.0 | 9.0 | - | 9.0 |
| American 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) | 16.0 | 7.0 | 23.0 | - | 23.0 |
| Programme Management Department (PMD) | | | | | |
| PMD front office | 8.0 | 4.0 | 12.0 | - | 12.0 |
| Policy and Technical Advisory Division | 30.0 | 10.0 | 40.0 | - | 40.0 |
| West and Central Africa Division | 21.0 | 12.0 | 33.0 | 20.0 | 53.0 |
| 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 | 23.0 | 53.0 |
| 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 | 9.5 | 36.5 |
| Environment and Climate Division | 11.0 | 4.0 | 15.0 | - | 15.0 |
| Total PMD | 142.0 | 70.0 | 212.00 | 69.50 | 281.5 |
| Financial Operations Department (FOD) | | | | | |
| FOD front office | 2.0 | 1.0 | 3.0 | - | 3.0 |
| Controller's and Financial Services Division | 25.0 | 17.0 | 42.0 | 3.0 | 45.0 |
| Treasury Services Division | 9.0 | 4.0 | 13.0 | - | 13.0 |
| Financial Planning and Analysis Unit | 4.0 | 0.0 | 4.0 | - | 4.0 |
| Total FOD | 40.0 | 22.0 | 62.0 | 3.0 | 65.0 |
| 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 | 26.5 | 36.5 | - | 36.5 |
| Field Support Unit | 3.0 | 4.0 | 7.0 | - | 7.0 |
| Information and Communications Technology | 16.0 | 15.0 | 30.0 | - | 30.0 |
| Total CSD | 45.0 | 57.5 | 102.5 | - | 102.5 |
| Grand total 2016 | 318.0 | 204.5 | 522.5 | 72.5 | 595.0 |
| Grand total 2015 | 312.0 | 205.5 | 517.5 | 64.0 | 581.5 |

^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 2016 staffing by department and grade

(FTEs)

| Category | Grade | OPV | CSSG | PRM | SKD | PMD | FOD | CSD | 2016 total | 2015 total |
|---------------------------------------|---------------------------|-------------|-------------|-------------|-------------|--------------|-------------|--------------|--------------|---------------|
| Professional and higher * | | | | | | | | | | |
| | Department head and above | 2.0 | - | - | 1.0 | 1.0 | 1.0 | 1.0 | 6.0 | 6.0 |
| | D-2 | 1.0 | 2.0 | - | - | 1.0 | - | 1.0 | 5.0 | 6.0 |
| | D-1 | - | 4.0 | 2.0 | 2.0 | 6.0 | 2.0 | 2.0 | 18.0 | 18.0 |
| | P-5 | 1.0 | 9.0 | 2.0 | 2.0 | 62.0 | 4.0 | 7.0 | 87.0 | 85.1 |
| | P-4 | 1.0 | 13.0 | 3.0 | 8.0 | 33.0 | 13.0 | 12.0 | 83.0 | 83.9 |
| | P-3 | - | 19.0 | 6.0 | - | 29.0 | 13.0 | 14.0 | 81.0 | 79.0 |
| | P-2 | 1.0 | 9.0 | - | 3.0 | 9.0 | 5.0 | 8.0 | 35.0 | 32.0 |
| | P-1 | - | - | - | - | 1.0 | 2.0 | - | 3.0 | 2.0 |
| Subtotal | | 6.0 | 56.0 | 13.0 | 16.0 | 142.0 | 40.0 | 45.0 | 318.0 | 303.41 |
| General service* | | | | | | | | | | |
| | G-7 | - | - | - | - | - | - | 1.0 | 1.0 | 1.0 |
| | G-6 | 2.0 | 11.0 | 1.0 | 2.0 | 22.0 | 7.0 | 15.0 | 60.0 | 60.0 |
| | G-5 | 2.0 | 12.0 | 1.0 | 1.0 | 30.0 | 12.0 | 19.0 | 77.0 | 78.0 |
| | G-4 | 1.0 | 11.0 | 4.0 | 3.0 | 14.0 | 1.0 | 13.50 | 47.50 | 48.50 |
| | G-3 | - | 3.0 | - | 1.0 | 4.0 | 2.0 | 4.0 | 14.0 | 13.00 |
| | G-2 | - | - | - | - | - | - | 5.0 | 5.0 | 5.00 |
| Subtotal | | 5.0 | 37.0 | 6.0 | 7.0 | 70.0 | 22.0 | 57.50 | 204.5 | 205.5 |
| Total | | 11.0 | 93.0 | 19.0 | 23.0 | 212.0 | 62.0 | 102.5 | 522.5 | 517.5 |
| Percentage Professional category | | 55 | 60 | 68 | 70 | 67 | 65 | 44 | 61 | 60 |
| Percentage General Service category | | 45 | 40 | 32 | 30 | 33 | 35 | 56 | 39 | 40 |
| Ratio Professional to General Service | | 1.20 | 1.51 | 2.17 | 2.29 | 2.03 | 1.82 | 0.78 | 1.56 | 1.48 |

* 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 of 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 standard costs represent the best estimate at the time of preparation of the budget document.
3. With no changes assumed for staff compensation in 2016, the change in standard costs from 2015 to 2016 primarily reflects the impact of the change in the exchange rate and WIGSI adjustment, which is reflected in the table below.

Composition of standard staff costs

(Millions of United States dollars)

| Category description | 2016 FTEs at 2015 rates | 2016 FTEs at 2016 rates | (Decrease) Increase |
|---|----------------------------|----------------------------|------------------------|
| Professional staff | | | |
| Salaries | 26.89 | 26.93 | 0.04 |
| Post adjustment | 16.71 | 12.39 | (4.32) |
| Pension and medical | 11.29 | 11.19 | (0.10) |
| Education grants | 4.61 | 3.98 | (0.63) |
| Repatriation, separation and annual leave | 2.22 | 1.99 | (0.23) |
| Home leave | 1.24 | 1.11 | (0.13) |
| Dependency allowances | 1.05 | 1.06 | 0.01 |
| United States tax reimbursement | 0.89 | 0.97 | 0.08 |
| Other allowances | 1.62 | 1.01 | (0.61) |
| Centralized recruitment costs | 1.40 | 1.60 | 0.20 |
| Subtotal | 67.92 | 62.23 | (5.69) |
| General Service staff | | | |
| Salaries | 14.97 | 12.28 | (2.69) |
| Pension and medical | 5.07 | 4.33 | (0.74) |
| Language allowance | 0.61 | 0.58 | (0.03) |
| Repatriation and separation | 1.41 | 1.19 | (0.22) |
| Other allowances | 0.82 | 0.64 | (0.18) |
| Subtotal | 22.88 | 19.02 | (3.86) |
| Locally recruited country presence staff | 4.66 | 4.66 | - |
| Total regular staff costs | 95.46 | 85.91 | (9.55) |

Capital budget (excluding CLEE), 2008-2015

(Thousands of United States dollars)

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | Total |
|---|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|
| 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 | 600 | 4 916 |
| Delivering as One | - | 440 | 300 | - | - | - | - | | 740 |
| Knowledge management | - | - | - | - | - | - | 613 | | 613 |
| IT infrastructure | 600 | 1 200 | 360 | 375 | 3 215 | 775 | 497 | 1 200 | 8 222 |
| ICT initiatives subtotal | 2 000 | 3 531 | 3 530 | 14 298 | 3 215 | 3 300 | 2 297 | 1 800 | 33 971 |
| Non-IT headquarters projects | - | 550 | - | 889 | - | - | - | 890 | 2 329 |
| ICO security | - | - | - | - | 281 | 400 | - | - | 681 |
| Total | 2 000 | 4 081 | 3 530 | 15 187 | 3 496 | 3 700 | 2 297 | 2 690 | 36 981 |

Carry-forward funds allocation

(Thousands of United States dollars)

| <i>Department</i> | <i>Description of use of carry-forward funds</i> | <i>2014 3% carry-forward</i> |
|-------------------|--|----------------------------------|
| CSSG | Office of Audit and Oversight: Physical security of office and external assessment of investigations | 65 |
| | Quality Assurance Group: Enhancing current systems to manage grant reviews | 60 |
| | Office of the Secretary: AgTalks Series | 112 |
| | Communications Division: IFAD branding initiatives and global policy communication | 163 |
| PRM | Support for implementation of partnership strategy | 50 |
| SKD | SKD front office: <i>Rural Development Report</i> | 1 000 |
| | Global Engagement and Research Division: Post 2015 Task Force, lecture series and research studies | 180 |
| | | 90 |
| PMD | Support for advancing design, implementation support, gender policy delivery, etc. | 940 |
| FOD | FOD front office: Market borrowing framework | 50 |
| | Controller's and Financial Services Division: Revision of loan disbursement handbook | 27 |
| | Treasury Services Division: Review of cash management systems | 40 |
| CSD | Human Resources Division: Generic job profile finalization and employer branding outreach | 27 |
| | Funds available for allocation in the second tranche | 1 685 |
| Total | | 4 489 |

Estimate of direct charges on investment income

| | 2014 | 2015 | 2016 |
|--|--------------|--------------|--------------|
| Management fees | | | |
| Global Government Bonds | 748 | 743 | 396 |
| Global Diversified Fixed Income | 422 | 445 | 428 |
| Global Inflation Linked | 657 | 691 | 552 |
| Emerging market debt | 539 | 592 | 598 |
| Contingent management fees | - | 600 | 600 |
| Total external investment management fees | 2 366 | 3 071 | 2 574 |
| Custodian fees | | | |
| Custody, transaction costs | 150 | 110 | 110 |
| Compliance, analytics | 80 | 70 | 70 |
| Barra One Risk Software | 245 | 245 | 245 |
| Total custodian fees | 475 | 425 | 425 |
| Advice, information and trade support | | | |
| Financial information providers | 331 | 347 | 443 |
| Inst. financial advisers | 220 | 200 | 200 |
| Trade order management system | 160 | 160 | - |
| Consultants | 118 | 125 | 125 |
| Due diligence travel | 65 | 65 | 65 |
| Total advice, information and trade support | 894 | 897 | 833 |
| Overall total | 3 735 | 4 393 | 3 832 |

IOE Results Measurement Framework for 2016-2018

| Strategic objectives (SOs) | Divisional management results (DMRs) | Key performance indicators | Baseline 2011 | Target (per year) | Means of verification |
|---|---|--|---|---|---|
| SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | DMR 1: Corporate policies and processes are improved through independent evaluations | 1. Adoption rate of recommendations from Corporate-level evaluations (CLEs), country strategy and programme evaluation (CSPEs), evaluation synthesis reports (ESRs) and project performance evaluations (PPEs) | n.a | 90% | President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), and IOE work programme and budget document |
| | DMR 2: Country strategies/ country strategic opportunities programmes (COSOPs) are enhanced through country-level evaluations | | | | |
| | DMR 3: Systemic issues and knowledge gaps in IFAD are addressed | | | | |
| | DMR 4: IFAD-supported operations are improved through independent project evaluations | | | | |
| SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness | DMR 5: Evaluation manual is implemented and new evaluation methods and products are piloted | 2. Range of new methods and designs applied | n.a. | 2 | IOE evaluations |
| | | 3. Evaluations with quantitative analysis | n.a. | 3 (in the whole period) | Impact evaluations |
| | DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased | 4. Number of outreach products for all evaluations disseminated through social tools and the web | n.a. | 80 | |
| | | 5. Number of in-country learning events co-organized by IOE with governments | 4 | 4 | |
| | | 6. Number of in-house and external knowledge events organized by IOE | 5 | 7 | |
| | | 7. Feedback on quality of IOE products from client survey | n.a. | 100 people (at least 60% positive feedback) | |
| | | 8. Number of downloads of publications, <i>Profiles, Insights</i> | n.a. | 200 | |
| | | 9. Number of people receiving IOE newsletters | n.a. | 600 | |
| | | DMR 7: Evaluation capacity development (ECD) in partner countries | 10. Number of ECD seminars/workshops organized in partner countries | n.a. | 1 |
| | | 11. Number of events attended by IOE staff related to self-evaluation and ECD | n.a. | 3 | |
| | SO1 and SO2 | DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured | 12. Budget cap | < 0.9% of IFAD PLG | < 0.9% of IFAD PLG |
| 13. Ratio of Professional (P) to General Service (GS) staff | | | n.a. | 1/0.46 | |
| 14. Budget execution rate at year-end | | | n.a. | 97% | |
| 15. Execution rate of key evaluation activities | | | n.a. | 95% | |
| | | | | | |

IOE Results Measurement Framework for 2015

| <i>IOE strategic objectives</i> | <i>Divisional management results</i> | <i>Key performance indicators</i> | <i>Baseline (2011)</i> | <i>Target (2015)</i> | <i>Means of verification</i> | |
|--|--------------------------------------|---|------------------------|----------------------|---|-------------|
| SO1: Contribute, through independent evaluation work, to enhancing accountability for results | DMR 1 | 1. Adoption rate of recommendations from CLEs, country programme evaluations (CPEs) and project performance assessments (PPAs) | n.a. | 90% | Annual Report on Results and Impact of IFAD Operations (ARRI), CLEs, evaluation reports, PRISMA, RIDE, workplan and budget (WPB) document, senior independent adviser report (for CLEs) | |
| | DMR 2 | | | | | |
| | DMR 3 | | | | | |
| | DMR 4 | 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 | | |
| | DMR 5 | 4. Number of planned Evaluation Committee sessions held in accordance with Committee's terms of reference | 4 regular sessions | 4 regular sessions | IOE records | |
| SO2: 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 | ESRs, issues paper, IOE records, reports, <i>Profiles, insights</i> and newsletters | |
| | DMR 6 | 6. Number of in-country learning events co-organized by IOE with governments | 4 | 5 | | |
| | DMR 7 | 7. Number of in-house learning events attended by IOE staff for knowledge-sharing | 2 | 5 | | |
| | | 8. Number of external knowledge events having 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% | | |
| | DMR 8 | 10. Number of ECD workshops organized in partner countries to share knowledge on IOE evaluation methodology and processes | n.a. | 1 | | IOE records |
| | | 11. Number of events attended by IOE staff related to self-evaluation and ECD | 2 | 3 | | |

| <i>IOE strategic objectives</i> | <i>Divisional management results</i> | <i>Key performance indicators</i> | <i>Baseline (2011)</i> | <i>Target (2015)</i> | <i>Means of verification</i> |
|---|--------------------------------------|---|----------------------------|--|------------------------------|
| 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 project completion report validations (PCRVs), evaluation syntheses and impact evaluations (IEs) | According to 2011 workplan | 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. | 97% | |
| | | | | | |

IOE reporting on achievements (as of mid-October 2015)

In 2015, IOE is reporting against both: (i) planned activities (table 1); and (ii) its key performance indicators (KPIs) (table 2 on page 58).

Table 1
Reporting on IOE planned activities (January to mid-October 2015)

| <i>Type of work</i> | <i>Evaluation activities</i> | <i>Planned implementation status</i> | <i>Present status</i> |
|---|--|--------------------------------------|--|
| 1. Corporate-level evaluations | IFAD's engagement in fragile and conflict-affected states and situations | To be completed in April 2015 | Completed. The evaluation report was submitted for review to the Evaluation Committee in March 2015 and then to the Executive Board in April 2015. The recommendations from this evaluation will inform the corporate strategy of IFAD's engagement in fragile situations that Management will present to the Board in April 2016. |
| | IFAD's performance-based allocation system (PBAS) | To start in January 2015 | Ongoing. The approach paper was discussed at the eighty-seventh session of the Evaluation Committee in March 2015 and finalized thereafter. Interactions held with the Board's working group on the PBAS in end-September. Therefore the evaluation is in full swing, and a workshop with recipients' countries representatives will be held on 12-13 October 2015. The final report will be ready by the end of December 2015, for presentation to the Board in April 2016. |
| 2. Country programme evaluations | Bangladesh | To be completed in July 2015 | Completed. Report finalized. National round-table workshop held in June in Dhaka. The final report was presented to the Evaluation Committee in October 2015. The Agreement at Completion Point will inform the new COSOP to be presented to the Board in 2016. |
| | Brazil | To start in January 2015 | Completed. Main mission held in July 2015 and final national round-table workshop held in October 2015. Evaluation completed in record time of around 8 months and well ahead of planned deadline. |
| | Ethiopia | To start in January 2015 | Completed. National round-table workshop held in early November 2015. |
| | Gambia (The) | To be completed in December 2015 | Ongoing. Draft CPE report prepared and national round-table workshop to be held in the first week of December 2015 and evaluation finalized by end 2015. |
| | India | To start in September 2015 | Started ahead of schedule and currently ongoing. Preparatory mission done in June 2015 and main mission done in October 2015. |
| | Nigeria | To start in March 2015 | Ongoing. Preparatory mission held in June, and main mission held in September. Report under preparation. |
| | Turkey | To start in June 2015 | Ongoing. Preparatory mission conducted in May and main mission conducted in July. Report under preparation. |
| | United Republic of Tanzania | To be completed in March 2015 | Completed. Discussed at the eighty-eighth session of the Evaluation Committee in June 2015. The Agreement at Completion Point will inform the new COSOP, which is likely to be presented to the Board in December or April 2016. |
| 3. Project completion report validation | Validate all project completion reports (PCRs) available in year | To be completed in December 2015 | Progressing as planned. |

| | | | |
|--|---|-----------------------------------|--|
| 4. Project performance assessment | About eight PPAs | To be completed in December 2015 | All PPAs completed within agreed deadlines. |
| 5. Impact evaluation | Jharkhand-Chhattisgarh Tribal Development Programme (JCTDP), India | To be completed in June 2015 | Completed, Report finalized and discussed at the eighty-eighth session of the Evaluation Committee in June. In addition, two learning events on the JCTDP IE were held on 11 June in New Delhi and on 19 June at IFAD headquarters. The evaluation was based on, inter alia, a very large amount of primary data collected from 8804 treatment and comparison group members and adopted state of the art methods for impact attribution. |
| | Sofala Bank Artisanal Fisheries Project, Mozambique | To start in July 2015 | Ongoing. Evaluation launched and desk work being undertaken. Preparatory mission conducted in October. |
| 6. Engagement with governing bodies | Thirteenth Annual Report on Results and Impact of IFAD Operations (ARRI) | To be completed in December 2015 | Completed. Report finalized. Final report to be presented to the Evaluation Committee and Executive Board in end-2015. This year's ARRI includes several new features, in particular more sophisticated statistical analysis of independent evaluation ratings. It also includes a detailed treatment of sustainability of benefits. |
| | Review of the implementation of the results-based work programme for 2015 and indicative plan for 2016-2017, and preparation of the results-based work programme and budget for 2016 and indicative plan for 2017-2018 | To be completed in December 2015 | In progress as planned. The Evaluation and Audit Committee and Executive Board endorsed the 2016 high level preview of the IOE work programme and budget. Final proposal to be considered by the Board in December 2015. |
| | IOE comments on PRISMA | To be completed in September 2015 | Completed. PRISMA, with IOE comments, was discussed with the Evaluation Committee in June 2015 and with the Board in September 2015. The Board underscored the importance of the PRISMA together with IOE comments thereon, as a key instrument to promote accountability and learning for better development effectiveness. |
| | IOE comments on the Report on IFAD's Development Effectiveness (RIDE) | To be completed in December 2015 | RIDE, with IOE comments, will be discussed with the Evaluation Committee end-November and thereafter by the Board in December 2015. |
| | IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by the Evaluation Committee and Executive Board, including comments on the new IFAD corporate policy on grant financing, and on the synthesis report on IEs prepared by IFAD | To be completed in December 2015 | IOE comments on the new grants policy were presented to the Evaluation Committee in March and to the Board in April. Discussion of the synthesis report on IEs by IFAD has been deferred by Management to the April 2016 sessions of the Evaluation Committee and Executive Board. |
| | 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 | To be completed in December 2015 | Evaluation Committee: three formal sessions held (March, June, October 2015). An additional informal seminar was organized on 24 June to discuss the draft of the second edition of the evaluation manual. Executive Board: two formal sessions held (April and September 2015). Director, IOE, took part in the Executive Board visit to Morocco in May 2015. Audit Committee: one formal meeting held in September 2015. |
| | IOE comments on COSOPs when related CPEs are available | To be completed in December 2015 | IOE will prepare its written comments on the new Bolivia COSOP for the Board's consideration in December 2015. |
| 7. Communication and knowledge management activities | Evaluation synthesis accessing markets: a subregional perspective | To be completed in June 2015 | Ongoing. |

| | | | |
|-----------------|---|----------------------------------|---|
| | Evaluation synthesis on natural resources and environmental management | To be completed in December 2015 | Ongoing. |
| | Evaluation synthesis on non-lending activities in the context of South-South Cooperation | To be completed in December 2015 | Ongoing. |
| | Evaluation reports, <i>Profiles, Insights</i> , IOE website, etc. | January-December 2015 | In progress as planned. A full account of the reports, profiles etc. will be provided in December 2015. |
| | Organization of in-country CPE learning workshops, as well as learning events in IFAD | January-December 2015 | CPE national round-table workshop (NRTW) held in the United Republic of Tanzania in January, in Bangladesh in June and in Brazil in October 2015. Ethiopia CPE NRTW planned the first week of November 2015, The Gambia NRTW planned in the first week of December 2015. In addition, two learning events on the JCTDP IE were held on 11 June in Delhi and on 19 June at IFAD headquarters. Special efforts are being made in each workshop to also invite representatives of beneficiaries, civil society and NGOs. |
| | Activities related to the International Year of Evaluation | January-December 2015 | In progress as planned. Organization of a joint event with the evaluation offices of the Rome-based Agencies (RBAs) on the evaluability of Enhancing the evaluability of sustainable development goal 2 (SDG2) in November 2015. Launch of Rome Evaluation Network (ROMEN) on 3 September 2015. Preparation of a brochure documenting the evolution of IFAD's evaluation function since the establishment of the Fund. |
| | Participation and knowledge- sharing in selected external platforms such as learning events or meetings of evaluation groups | January-December 2015 | In progress as planned. |
| | Attendance at all Operational Strategy and Policy Guidance Committee(OSC) meetings that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attendance at Operations Management Committee (OMC) meetings, quality assurance learning sessions, IFAD Management Team (IMT) meetings and selected country programme management team (CPMT) meetings | January-December 2015 | In progress as planned. These forums provide IOE a further opportunity to share evaluation lessons with IFAD management and staff to strengthen the design of new policies, strategies and operations. |
| 8. Partnerships | Evaluation Cooperation Group (ECG), United Nations Evaluation Group (UNEG) and Swiss Agency for Development and Cooperation (SDC) partnership | January-December 2015 | In progress as planned. Participated in the UNEG Annual General Meeting in March, where IOE made presentations on evaluating innovation and scaling up, and on communication and outreach activities. IOE also participated in the ECG meeting held in June. IOE-SDC Partnership annual meeting was held on 29 October 2015. In addition, IOE was represented in a major conference on "Think Sustainable, Act Responsible" in September organized by the Asian Development Bank (ADB). |
| | Contribution as external peer reviewer to key evaluations by other multilateral/bilateral organizations as requested | January-December 2015 | Peer review of the evaluations of: (i) the general capital increase; and (ii) African Development Fund commitments, for the Independent Development Evaluation department of the African Development Bank. Peer review of several Global Environment Facility terminal evaluation reports for the Environment and Climate Change Division of IFAD. IOE staff is also involved in quality assurance of the evaluation of the reformed Committee on Food Security. |
| | Implementation of joint statement by CGIAR, FAO, IFAD and World Food Programme (WFP) to | January-December 2015 | In progress as planned. |

| | | | |
|-------------------------------------|---|-------------------------------|---|
| | strengthen collaboration in evaluation | | |
| 9. Methodology | Second edition of the evaluation manual | To be completed in April 2015 | Completed. Draft report prepared and discussed in an informal seminar of the Evaluation Committee on 24 June 2015. The manual has been finalized and document being translated into all IFAD official languages. The manual is an instrument of corporate importance, which will serve as a basis for all IOE evaluations in 2016 and also for further strengthening IFAD's self-evaluation capabilities. |
| | Contribution to in-house and external debate on IEs | January-December 2015 | In progress as planned. Authored an article published in June 2015 on evaluation matters titled "Impact Evaluations in Rural Development: Opportunities and Challenges. The Emerging Experience of IFAD's Independent Office of Evaluation". |
| | Development and implementation of the new harmonization agreement | January-December 2015 | Ongoing. |
| | Training (second edition of evaluation manual) of IOE staff/consultants | January-December 2015 | In progress as planned. |
| 10. Evaluation capacity development | Engagement in ECD in the context of regular evaluation process | January-December 2015 | Pilots undertaken in China and Ethiopia, with a range of activities including a one day evaluation methodology workshop in Ethiopia planned for November. |
| | Organization of workshops in partner countries (as requested) on evaluation methodology and processes | January-December 2015 | See second page of table 2. |
| | Implementation of statement of intent with the Government of China on ECD in the country | January-December 2015 | PPA on the Environment Conservation and Poverty-Reduction Programme in Ningxia and Shanxi completed. Presentation on evaluation methodology delivered during Shanghai International Program for Development Evaluation Training (SHIPDET). |

Reporting on IOE key performance indicators (January to mid-October 2015)

Based on IOE's 2015 Results Measurement Framework, the following reporting matrix provides an overview of IOE achievements till mid-October 2015 against key performance indicators agreed with the Executive Board.

Table 2
Reporting on IOE key performance indicators (January to mid-October 2015)

| <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. Adoption rate of recommendations from CLEs, CSPEs and PPAs | 120 of 128 recommendations | Target surpassed, with 94% of IOE's recommendations adopted | 90% |
| | 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 | 2. Execution rate of key evaluation activities | on track | | As per 2015 WPB |
| | | 3. Number of trained IOE staff members contributing to methodology development | 2 | International Program for Development Evaluation Training (IPDET) and several others on gender and outcome harvesting | 4 staff |
| DMR 5: Work related to IFAD governing bodies | 4. Number of planned Evaluation Committee sessions held in accordance with the Committee's terms of reference | 3 | Three formal sessions (March, June and October) and one informal held on 24 June. The fourth session is planned in November | 4 regular sessions | |

| <i>Strategic objectives</i> | <i>Divisional management results</i> | <i>Key performance indicators</i> | <i>Achievements</i> | <i>Description</i> | <i>Targets</i> |
|--|--|---|---------------------|--|----------------|
| 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 (including on syntheses and ARRI learning themes) | 8 | <ul style="list-style-type: none"> Knowledge-sharing event on Learning and Results in World Bank Operations: How the Bank Learns In-house workshop: CLE on IFAD's engagement in fragile and conflict-affected states and situations IOE emerging findings workshop: evaluation synthesis on IFAD's engagement with indigenous peoples In-house learning event on impact evaluation of the JCTDP In-house learning event on the evaluation synthesis report on pastoral development In-house learning workshop on the 2015 ARRI and its learning theme on sustainability of benefits of IFAD operations In-house learning workshop on south-south and triangular cooperation | 8 |
| | | 6. Number of in-country learning events co-organized by IOE with governments | 6 | <p>CPE workshops held:</p> <ul style="list-style-type: none"> January – United Republic of Tanzania June – Bangladesh June – Learning event covering launching of the India CPE and presentation of the JCTDP impact evaluation report October – Brazil November – Ethiopia December – The Gambia | 5 |
| | DMR 7: Systematic communication and outreach of IOE's work | 7. Number of in-house learning events attended by IOE staff for knowledge-sharing | 6 | <ul style="list-style-type: none"> The second global Indigenous Peoples Forum Country-level policy dialogue Self-evaluation system with portfolio advisers IFAD's role in "Food for All: International Institutions and the Transformation of Agriculture" Assessing the Impact of Policy Dialogue IOE's performance on gender mainstreaming | 5 |
| | | 8. Number of external knowledge events with IOE staff participation to share lessons from evaluation | 6 | <ul style="list-style-type: none"> Fourth Conference of the Red de Seguimiento, evaluación y sistematización de América Latina y el Caribe (ReLAC) UNEG Annual General Meeting (March) ECG spring meeting (June) Training on Systematic Reviews organized by 3IE (International Initiative on Impact Evaluation) in Cairo Shanghai International Program for Development Evaluation ADB conference on Think Sustainable, Act Responsible | 5 |

| <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 published within three months of established completion date and disseminated | | IOE has published and disseminated to internal and external audiences a total of: 10 evaluation reports; 9 Profiles and Insights; 3 press releases; 1 overview of a CLE; 6 infographics; 3 quarterly newsletters; 9 videos; 4 video interviews to IOE staff (The Gambia, India and Bangladesh). Preparation of the booklet on the evolution of the independent evaluation function at IFAD is ongoing | 100% |
| | DMR 8: ECD in partner countries | 10. Number of countries with ECD | 2 | China, Ethiopia | 1 |
| | | 11. Number of events attended by IOE staff related to self-evaluation and ECD | n/a | IOE staff attended all PMD regional division annual portfolio reviews and the PMD departmental portfolio review | n/a |

IOE proposed evaluation activities for 2016 and indicative plan for 2017-2018

Table 1
Proposed IOE work programme for 2016 by type of activity

| Type of work | Proposed activities for 2016 | Start date | Expected finish date | Expected delivery time [*] | | | | |
|--|--|------------|----------------------|-------------------------------------|--------------|--------------|--------------|------|
| | | | | Jan-Mar 2016 | Apr-Jun 2016 | Jul-Sep 2016 | Oct-Dec 2016 | 2017 |
| 1. Corporate-level evaluation | IFAD's decentralization experience | Jan-16 | Dec-16 | | | | | X |
| 2. Country strategy and programme evaluation | Egypt | Jan-16 | Dec-16 | | | | X | |
| | Democratic Republic of the Congo | Jan-16 | Dec-16 | | | | X | |
| | India | Apr-15 | Apr-16 | | X | | | |
| | Mozambique | Jan-16 | Dec-16 | | | | X | |
| | Nigeria | Jan-15 | Mar-16 | X | | | | |
| | Nicaragua | Jan-16 | Dec-16 | | | | X | |
| | The Philippines | Jan-16 | Dec-16 | | | | X | |
| | Turkey | March-15 | Mar-16 | X | | | | |
| 3. Project completion report validation | Validation of all PCRs available in year | Jan-16 | Dec-16 | X | X | X | X | |
| 4. Evaluation synthesis | Scaling up; Gender; and national policy dialogue | Jan-16 | Dec-16 | | | | X | |
| 5. Project performance evaluation | 10 PPEs | Jan-16 | Dec-16 | | | X | X | |
| 6. Impact evaluation | 2015 IE (Mozambique, Sofala Bank Artisanal Fisheries Development) | Jul-15 | Jul-16 | | | X | | |
| | One new IE (project to be determined) | Jul-16 | Jul-17 | | | | | X |
| 7. Engagement with governing bodies | 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 | Jan-16 | Dec-16 | | | X | X | |
| | Fourteenth ARRI | Jan-16 | Sep-16 | | | X | | |
| | IOE comments on the PRISMA | Sep-16 | Sep-16 | | | X | | |
| | IOE comments on the RIDE | Sep-16 | Sep-16 | | | X | | |
| | IOE comments on the IFAD strategy on fragile situations and on the synthesis report by IFAD Management on the IFAD9 impact evaluation initiative | Jan-16 | Dec-16 | | X | | | |
| | Participation in all sessions of governing body meetings (Evaluation Committee, Executive Board and Governing Council), selected Audit Committee meetings and 2016 Board country visit to Brazil | Jan-16 | Dec-16 | X | X | X | X | |

| Type of work | Proposed activities for 2016 | Start date | Expected finish date | Expected delivery time [*] | | | | 2017 |
|--|---|------------|----------------------|-------------------------------------|--------------|--------------|--------------|------|
| | | | | Jan-Mar 2016 | Apr-Jun 2016 | Jul-Sep 2016 | Oct-Dec 2016 | |
| 8. Communication and knowledge management activities | IOE comments on COSOPs when related CSPEs are available | Jan-16 | Dec-16 | | X | X | X | |
| | Evaluation reports, <i>Profiles, Insights</i> , website, etc. | Jan-16 | Dec-16 | X | X | X | X | |
| | Organization of in-country CSPE learning workshops, as well as learning events in IFAD | Jan-16 | Dec-16 | X | X | X | X | |
| | Participation and knowledge-sharing in selected external platforms such as learning events or meetings of evaluation groups | Jan-16 | Dec-16 | X | X | X | X | |
| 9. Partnership | Attendance at all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attendance at OMCs, IMTs and selected CPMTs | Jan-16 | Dec-16 | X | X | X | X | |
| | ECG, UNEG and SDC partnerships | Jan-16 | Dec-16 | X | X | X | X | |
| | QA of the external evaluation of the Controller's and Financial Services Division (CFS). Contribution as external peer reviewer to key evaluations by other multilateral/bilateral organizations as requested | Jan-16 | Dec-16 | X | X | X | X | |
| 10. Methodology | Implementation of joint statement by Consultative Group on International Agricultural Research (CGIAR), FAO, IFAD and WFP to strengthen collaboration in evaluation | Jan-16 | Dec-16 | X | X | X | X | |
| | Training (second edition of evaluation manual) | Jan-16 | Jun-16 | X | X | | | |
| 11. ECD | Contribution to in-house and external debate on IE | Jan-16 | Dec-16 | X | X | X | X | |
| | Engagement in ECD in context of regular evaluation process | Jan-16 | Dec-16 | X | X | X | X | |
| | Organization of workshops in partner countries (as per request) on evaluation methodology and processes | Jan-16 | Dec-16 | X | X | X | X | |
| | Implementation of statement of intent with the Peoples' Republic of China on ECD in the country | Jan-16 | Dec-16 | 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 2017-2018 by type of activity¹⁹

| Type of work | Indicative plan for 2017-2018 | Year |
|--|--|-----------|
| 1. Corporate-level evaluation | IFAD's approach and results in policy dialogue | 2017-2018 |
| | IFAD's efforts in conducting impact evaluations | 2017-2018 |
| | Joint evaluation with FAO and WFP of Reformed Committee on World Food Security | 2017-2018 |
| 2. Country strategy and programme evaluation | NEN | 2017-2018 |
| | Cameroon | 2017 |
| | Pakistan | 2017 |
| | Guatemala | 2017 |
| | Indian Ocean small island developing states | 2017-2018 |
| 3. Project completion report validation | Validate all PCRs available in year | 2017-2018 |
| 4. Project performance evaluation | About 10 PPEs/year | 2017-2018 |
| 5. Impact evaluation | 1 per year (project to be determined) | 2017-2018 |
| 6. Engagement with governing bodies | Fifteenth and sixteenth ARRIIs | 2017-2018 |
| | Review of implementation of results-based work programme for 2017 and indicative plan for 2018-2019 | 2017 |
| | Preparation of results-based work programme and budget for 2018 and indicative plan for 2019-2020 | 2018 |
| | IOE comments on the PRISMA | 2017-2018 |
| | IOE comments on the RIDE | 2017-2018 |
| | IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by Evaluation Committee | 2017-2018 |
| | Participation in all sessions of Evaluation Committee, according to revised terms of reference and rules of procedure of Committee. Participation in Executive Board and Governing Council sessions. Participate in annual country visit of the Board. | 2017-2018 |
| | IOE comments on COSOPs when related CSPEs are available | 2017-2018 |
| 7. Communication and knowledge management activities | Evaluation reports, <i>Profiles</i> , <i>Insights</i> , website, etc. | 2017-2018 |
| | Evaluation synthesis on fisheries and aquaculture | 2017 |
| | Evaluation synthesis on Remittances | 2017 |
| | Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend OMC, IMT and selected CPMT meetings | 2017-2018 |

¹⁹ The topics and number of CLEs, CSPEs and ESRs are tentative and the actual priorities and numbers to be undertaken in 2017 and 2018, respectively, will be determined in 2016.

| <i>Type of work</i> | <i>Indicative plan for 2017-2018</i> | <i>Year</i> |
|---------------------|--|-------------|
| 8. Partnership | ECG, UNEG and SDC partnerships | 2017-2018 |
| | Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation | 2017-2018 |
| 9. Methodology | Contribute to in-house and external debate on impact evaluation | 2017-2018 |
| | Implement revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes | 2017-2018 |
| 10. ECD | Implementation of activities in partner countries related to ECD | 2017-2018 |

IOE staff levels for 2016

| 2011 level | 2012 level | 2013 level | 2014 level | 2015 level | 2016 | | |
|------------|------------|------------|------------|------------|--------------------|-----------------------|-------|
| | | | | | Professional staff | General Service staff | Total |
| 19.5 | 19.5 | 18.5 | 18.5 | 19 | 13 | 6 | 19 |

Human resource category

| Category | 2015 | 2016 |
|--|-----------|-----------|
| Director | 1 | 1 |
| Deputy Director | 1 | 1 |
| Lead evaluation officers | 2* | 3* |
| Evaluation officers | 7 | 6 |
| Evaluation research analyst | 1 | 1 |
| Evaluation knowledge and communication officer | 1 | 1 |
| Total Professional staff | 13 | 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 | 19 | 19 |

* A lead evaluation officer has been seconded from SDC to IOE since May 2014 until May 2016, with no impact on IOE staff costs.

IOE General Service staff levels

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 (proposed) |
|------|------|------|------|------|------|------|------|------|-----------------|
| 9.5 | 8.5 | 8.5 | 8 | 8 | 8 | 6 | 6 | 6 | 6 |

IOE proposed budget for 2016

Table 1
IOE proposed budget 2016
 (United States dollars)

| <i>Evaluation work</i> | <i>2012 budget</i> | <i>2013 budget</i> | <i>2014 budget</i> | <i>2015 budget</i> | <i>Proposed 2016 budget</i> | | |
|------------------------|--------------------|--------------------|--------------------|--------------------|-------------------------------|--------------------------------|----------------------------|
| | | | | | <i>Real increase/decrease</i> | <i>Price increase/decrease</i> | <i>Total 2016 budget *</i> |
| Non-staff costs | 2 289 474 | 2 346 711 | 2 395 992 | 2 455 892 | 85 628 | 0 | 2 541 520 |
| Staff costs | 3 734 530 | 3 667 268 | 3 586 690 | 3 614 041 | 0 | (486 142) | 3 127 899 |
| Total | 6 024 004 | 6 013 979 | 5 982 682 | 6 069 933 | 85 628 | (486 142) | 5 669 419 |

* Total 2016 budget = 2015 budget + real increase/decrease + price increase/decrease.

Table 2
2016 IOE budget proposal breakdown for non-staff costs

| Type of activity | Absolute number | Relative number in terms of % of work done ^a | Standard unit costs ^b (US\$) | Proposed non-staff costs in 2016 (US\$) |
|---|-----------------|---|---|---|
| ARRI | 1 | 1 | 150 000 | 100 000 |
| CLEs | 2 | 1 | Differentiated cost based on scope and nature of issues to be assessed: 200 000-450 000 | 310 000 |
| • CLE PBAS | | 0.2 | | |
| • CLE decentralization | | 0.8 | | |
| CSPEs | 7 | 5.6 | Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 200 000-250 000 | 1 090 000 |
| PCRVI | About 30 | About 30 | | 50 000 |
| PPEs | About 10 | About 10 | 30 000-40 000 | 315 000 |
| IEs | 1 | | | |
| • 2015 carry-over | | 0.7 | 200 000-300 000 | 200 000 |
| • 1 IEs (project TBD) | | 0.3 | | |
| Evaluation synthesis reports | 3 | 3 | 40 000-55 000 | 140 000 |
| Communication, evaluation outreach, knowledge-sharing and partnership activities | - | - | | 195 000 |
| ECD, training (including training on the second edition of the evaluation manual) and other costs | - | - | | 141 520 |
| Total | | | | 2 541 520 |

^a Evaluations often straddle two years. This figure represents percentage of work done for type of evaluation activity in 2016.

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

Table 3

IOE proposed 2016 budget allocation (staff and non-staff costs) by objective and divisional management result

(United States dollars)

| <i>IOE objectives</i> | <i>IOE DMRs</i> | <i>Proposed budget (staff and non-staff cost)</i> | <i>Percentage of overall total proposed budget</i> |
|---|---|---|--|
| SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | DMR 1: Corporate policies and processes are improved through independent evaluations | 675 503 | 12 |
| | DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations | 2 004 797 | 36 |
| | DMR 3: Systemic issues and knowledge gaps in IFAD are addressed | 536 080 | 10 |
| | DMR 4: IFAD-supported operations are improved through independent project evaluations | 840 669 | 13 |
| Total for SO1 | | 4 057 049 | 71 |
| SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness | DMR 5: Evaluation manual is implemented and new evaluation methods and products are piloted | 440 560 | 9 |
| | DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased | 566 302 | 10 |
| | DMR 7: ECD in partner countries | 315 388 | 5 |
| Total for SO2 | | 1 322 250 | 24 |
| Joint SO1 and SO2 | DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured | 290 120 | 5 |
| Grand total | | 5 669 419 | 100 |

IOE selectivity framework

Table 1
Criteria for the selection and prioritization of evaluations for inclusion in IOE's work programme

| <i>Corporate-level evaluations</i> | <i>Country programme evaluations</i> | <i>Evaluation synthesis reports</i> | <i>Project performance evaluations</i> | <i>Impact evaluations</i> |
|--|--|---|---|--|
| <p>1. Strategic priority. The evaluation contributes to IFAD's strategic priorities and replenishment commitments</p> <p>2. Accountability. Topic selected contributes to strengthening IFAD's institutional accountability</p> <p>3. Knowledge gap. CLEs contribute to filling a critical knowledge gap in IFAD</p> <p>4. Timeliness. Evaluation results feed punctually into pertinent corporate policies, strategies and/or processes</p> <p>5. Corporate risks. The evaluation serves to help minimize critical corporate risks</p> | <p>1. Link to COSOPs. Results feed into the development of IFAD country strategies/ COSOPs</p> <p>2. Coverage:</p> <p>a) Regional and country coverage of CSPES</p> <p>b) Size of the portfolio in terms of total investments and number of operations</p> <p>c) Debt Sustainability Framework classification (red, yellow, green)</p> <p>d) Lending terms (highly concessional, blend or ordinary)</p> | <p>1. Evaluative evidence. Availability of adequate evaluative evidence by IOE and evaluation functions in other development organizations</p> <p>2. Knowledge gap. ESRs contribute to filling a critical knowledge gap in IFAD</p> <p>3. Strategic priority. The synthesis contributes to IFAD's strategic priorities and replenishment commitments</p> <p>4. Timeliness. The synthesis feeds punctually into pertinent corporate policies, strategies and/or processes</p> <p>5. Building block. The synthesis serves as an input for other IOE products</p> | <p>1. Availability of PCR. PPEs will be done only when a PCR is available</p> <p>2. Geographic coverage. PPEs selected to ensure regional balance of the IOE evaluation programme</p> <p>3. Building block. Priority given to PPEs that will provide an input into CSPES, CLEs or synthesis reports</p> <p>4. Information gaps. PCR does not provide sufficient analysis of project performance and results</p> <p>5. Inconsistencies. PCR ratings are inconsistent with narrative</p> <p>6. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation</p> <p>7. Learning from PPE. Evidence needed on what worked and why</p> | <p>1. No duplication. No IE conducted by IFAD Management of the same operation</p> <p>2. Learning from IE. Evidence needed on what works in a certain context</p> <p>3. Building block. Priority for IEs that will provide an input into CSPES, CLEs or synthesis reports</p> <p>4. Completion date. IEs will be done within three years after completion date</p> <p>5. Baseline data. The availability and usability of baselines is essential to determine the methodology to be applied in IEs</p> <p>6. Information gaps. The PCR does not provide sufficient analysis of the effectiveness and impact of certain interventions</p> <p>7. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation</p> |