

Document: EB 2017/121/R.2
Agenda: 3
Date: 16 August 2017
Distribution: Public
Original: English

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Investing in rural people

High-level preview of IFAD's 2018 results-based programme of work and regular and capital budgets, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2018 and indicative plan for 2019-2020

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Executive Board — 121st Session
Rome, 13-14 September 2017

For: Review

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Abbreviations and acronyms

Agenda 2030	2030 Agenda for Sustainable Development
ARRI	Annual Report on Results and Impact of IFAD Operations
CLE	corporate-level evaluation
CLEE	Corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CSPE	country strategy and programme evaluation
CPMT	country programme management team
DMR	divisional management results
ECD	evaluation capacity development
ECG	Evaluation Cooperation Group
ESR	evaluation synthesis report
FAO	Food and Agriculture Organization of the United Nations
ICO	IFAD Country Office
ICP	IFAD Client Portal
ICT4Eval	Information and Communication Technologies for Evaluation
IE	impact evaluation
IMT	IFAD Management Team
IOE	Independent Office of Evaluation of IFAD
KPI	key performance indicator
MTP	medium-term plan
OMC	Operations Management Committee
OpEx	Operational Excellence for Results
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PCRv	project completion report validation
PoLG	programme of loans and grants
PoW	programme of work
PPE	project performance evaluation
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
SWP	strategic workforce planning
UNEG	United Nations Evaluation Group
WFP	World Food Programme
WPB	workplan and budget

Executive summary

1. Given the importance of the agricultural sector in meeting the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development (Agenda 2030), it is becoming increasingly evident that IFAD is in a position to play a catalytic role in inclusive and sustainable rural transformation. Specific focus will be placed on youth and rural employment, rural finance and the private sector, and South-South and Triangular Cooperation. As the demand for its services will be high and increasing, IFAD urgently needs to be geared up and ready to play this pivotal role. It can no longer be business as usual.
2. The current level of delivery will not be sufficient to achieve the impact required to reduce extreme poverty and food insecurity in rural areas. As part of the Eleventh Replenishment of IFAD's Resources (IFAD11), IFAD proposes to significantly increase both its programme of loans and grants (PoLG) and its overall programme of work (PoW). The larger PoW will need to be supported by more aggressive and innovative resource mobilization efforts and, more importantly, an efficient and effective organization that focuses on programme delivery, impact and better results.
3. In order to increase the PoLG significantly, as proposed under IFAD11 and stipulated in the IFAD11 business model paper,¹ IFAD will need to "embrace a stronger culture of results and innovation across all its operations". To be able to deliver more high-quality projects that produce sustainable results and increased ground-level support, front-loading IFAD's decentralization will be critical. This will require a higher number of staff in the field with a different set of skills and more delegated authority.
4. In the context of significantly increased delivery, IFAD needs to make fundamental changes to its traditional way of doing business: faster disbursement, reduced project cycle time – from identification to design to implementation. It will also call for better results reporting. In addition, IFAD will have to change how it mobilizes, allocates and utilizes resources, and how it transforms those resources into results.
5. Therefore, excellence in operations is a prerequisite for the delivery of bigger and better outputs and for the expansion and scaling up of IFAD's impact. The proposed expansion of operations provides a substantive opportunity to streamline business processes, achieve economies of scale, enhance value for money and maximize the impact of each dollar spent and/or invested. As part of this drive for faster delivery, higher levels of disbursement, better projects with sustained results, and externally recognized excellence across the entire organization, an Operational Excellence for Results (OpEx) programme has been proposed. While this may entail higher initial costs, in the long run IFAD will be better positioned to meet the efficiency targets set for the IFAD11 period.
6. Specifically, for the rest of 2017 and in 2018 efforts will be directed at: (i) reducing delivery time; (ii) increasing disbursement; (iii) gearing up for a higher PoLG in IFAD11; and (iv) increasing decentralization.
7. As of the preparation of this preview, the projected IFAD PoLG for 2018 is planned at US\$877 million, and approximately US\$75 million in IFAD-managed funds mobilized from other sources, bringing the total PoLG to US\$952 million. IFAD expects to attain the PoLG target of at least US\$3.2 billion for the three-year period 2016-2018.
8. The main cost drivers identified as of the preparation of this preview can be grouped as follows: (i) staff costs arising from decentralization and anticipated organizational changes; (ii) non-staff costs related to decentralization and IFAD

¹ See "Enhancing IFAD11 business model to deliver impact at scale" (IFAD11/2/R.3).

Country Office support; (iii) costs related to increasing the average annual PoLG level during IFAD11; (iv) depreciation and other recurrent expenses related to capital budgets; (v) recurrent expenses arising from the drive for excellence in order “to do development differently”; and (vi) price-related cost drivers.

9. Using the same euro to dollar (EUR:US\$) exchange rate of 0.897: 1 as used for the 2017 budget, the high-level net regular budget for 2018 is proposed at US\$157.82 million, representing a nominal increase of 5.6 per cent over 2017. The real increase is estimated at about 4.6 per cent, primarily for additional costs related to incremental decentralization costs, depreciation and recurrent costs associated with approved capital projects, the OpEx programme and the preparatory costs for the higher delivery under IFAD11, offset by cost savings in consultancies and travel. Through increases in staffing and better alignment of staff skills, a progressive reduction in dependency on consultants is proposed in order to achieve reductions of up to 10 per cent in consultancy costs. The net price increase of 1 per cent arises from staff salary increases. Inflation and other price increases will be absorbed, except price increases arising from unfavourable exchange rate movements.
10. The gross budget for 2018 amounts to US\$162.82 million, including resources to manage operations funded by supplementary funds totalling US\$5 million (over and above the US\$157.82 million). This amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. The Executive Board’s endorsement will be sought for the proposed net regular budget of US\$157.82 million.
11. Once the list of regular and cyclical capital projects is cleared by the IT Governance Committee, the total capital budget for 2018 is not expected to exceed US\$2.5 million. The initial estimate of the capital cost of IT projects related to decentralization and operational excellence will be included separately in the final budget document.
12. In order to implement the proposed OpEx programme and achieve the objectives outlined, several initiatives will have to be undertaken. These initiatives and preparatory activities will essentially be one-time in nature and carried out over the next 18 to 24 months.
13. By completion, it is expected that the OpEx programme will have embedded excellence within the organization in accordance with internationally benchmarked standards, changed the way IFAD does development business and created an organizational structure with the right balance between flexibility and standardized approaches. It is also expected to improve overall effectiveness and efficiency, enhance organizational culture and lead to greater accountability.
14. While there will be an initial increase in recurrent administrative costs in the short-term, resulting mainly from the front-loading of decentralization, IFAD will simultaneously embark on a proactive cost reduction and operational improvement programme to lessen the impact of these immediate increases. Such cost reductions will be achieved through streamlined business processes, coordinated decision-making, and a more innovative and better way of doing development business, all of which are integral to the OpEx initiative. The result will be a better value-for-money proposition for IFAD in terms of administrative costs and, subsequently, project investments.
15. A combined one-time and capital expenditure budget of US\$10 million to US\$12 million will be requested in the final budget document. The document will provide greater clarity on cost estimates as a result of the expected progress in the design and scoping phase of the OpEx programme and a detailed breakdown of costs will be provided.

16. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows from all sources, along with projected disbursements based on operational plans covering the same period are shown in table 1. It should be noted that table 1 is indicative and for information purposes only. The numbers in this year's table have been tied to IFAD's financial statements and projected on a cash-flow basis for the purposes of consistency.

Table 1

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

	2016	Projected 2017	Projected 2018
Resource balance carried forward at start of year	1 449	1 270	1 166
Inflows to IFAD			
Loan reflows	299	343	361
Investment income	40	9	9
Loan to IFAD	107	211	158
Supplementary fund fees	5	5	5
Subtotal	451	568	533
Outflows from IFAD			
Administrative and IOE budget	(144)	(151)	(159)
Other administrative expenses*	(4)	(4)	(13)
Capital budget	(6)	(4)	(2)
Debt service on loan to IFAD	(1)	(1)	(1)
Costs funded by supplementary fund fees	(5)	(5)	(5)
Subtotal	(160)	(165)	(180)
Net inflows/(outflows) to IFAD	291	403	353
Programme of work related activities			
Contributions	243	239	223
Disbursements	(702)	(733)	(738)
Heavily Indebted Poor Countries Debt Initiative impact	(11)	(13)	-
Subtotal	(470)	(507)	(515)
Net inflows/(outflows) on all activities	(179)	(104)	(162)
Resource balance brought forward at end of year	1 270	1 166	1 004

Source for 2016: audited 2016 consolidated financial statements of IFAD

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

Part one – High-level preview of IFAD’s 2018 results-based programme of work and regular and capital budgets

I. Context

1. IFAD’s Strategic Framework 2016-2025 presents the principles of engagement, strategic objectives and outcomes for this 10 year period, with the overarching goal of contributing to inclusive and sustainable rural transformation. It envisions that IFAD will have greater impact and play a larger role in meeting the priorities of the 2030 Agenda for Sustainable Development (Agenda 2030). The IFAD Medium-term Plan (MTP) 2016-2018, covering the first three years of the Strategic Framework, will pursue the framework’s objectives and the associated outcomes, namely: (i) enabling policy and regulatory frameworks at national and international levels; (ii) increased levels of investment in the rural sector; and (iii) improved country-level capacity for rural policy and programme development, implementation and evaluation.
2. The MTP 2016-2018 incorporates the “results pillars” introduced in the Strategic Framework, namely: country programme delivery; knowledge-building, dissemination and policy engagement; financial capacity and instruments; and institutional functions, services and systems. The aim of the pillars is to further improve organizational effectiveness by focusing more on results and outputs and linking the budget directly to deliverables. The 2018 budget will be the first to be based on the pillar-linked outputs approach.
3. Given the importance of the agricultural sector for the achievement of the Sustainable Development Goals set out in Agenda 2030, it is becoming increasingly evident that IFAD is in a position to play a catalytic role in inclusive and sustainable rural transformation. This role will entail a specific focus on youth and rural employment, rural finance and the private sector, and South-South and Triangular Cooperation. The demand for IFAD’s services will be high and increasing; therefore IFAD urgently needs to be geared up and ready to play this pivotal role. It can no longer be business as usual.
4. The current level of delivery will not be sufficient to achieve the impact required to reduce extreme poverty and food insecurity in rural areas. As part of the Eleventh Replenishment of IFAD’s Resources (IFAD11), a significant increase is proposed in both the programme of loans and grants (PoLG) and the overall programme of work (PoW). The larger PoW will need to be supported by more aggressive and innovative resource mobilization efforts and – more importantly – an efficient and effective organization focused on programme delivery, impact and better results.
5. In order to increase the PoLG significantly, as proposed in the IFAD11 business model paper,² IFAD will need to “embrace a stronger culture of results and innovation across all its operations”. To be able to deliver more high-quality projects that achieve sustainable results and increased ground-level support, front-loading decentralization will be critical. This will require a higher number of staff in the field with a different set of skills and more delegated authority. In addition, several in-depth impact assessments are being undertaken in order to support IFAD’s results orientation as per the commitment made under IFAD10. External funding will be required to complete the proposed number of impact assessments.
6. In the context of significantly increased delivery, faster disbursement and reduced project cycle time – from identification to design to implementation, and enhanced results reporting and a more field-based approach, IFAD needs to make

² See footnote 1.

fundamental changes to its traditional way of doing business. These changes will affect how IFAD mobilizes, allocates and utilizes resources, and how it transforms those resources into results.

7. Excellence in operations is a prerequisite for delivering bigger and better outputs and for expanding and scaling up IFAD's impact. The proposed expansion of operations provides a substantive opportunity to streamline business processes, achieve economies of scale and enhance value for money so as to maximize the impact of each dollar spent and/or invested. As part of this drive for faster delivery, higher levels of disbursement, better projects with sustained results and externally recognized excellence across the organization an Operational Excellence for Results (OpEx) programme has been proposed. The scoping and design of this programme are expected to be completed during 2017 and will be implemented over the subsequent 18 months (2018/2019). While there may be higher initial costs to reach the required level of delivery and implement the OpEx programme, IFAD will be better positioned to meet the efficiency targets set for the IFAD11 period.
8. Based on the Strategic Framework and MTP, the primary corporate objectives originally identified for 2018 were: (i) achieving the planned PoLG through better delivery; (ii) further enhancing operational effectiveness; (iii) enhancing focus on impact assessments; and (iv) improving resource mobilization and cofinancing.
9. These general corporate objectives will be augmented by the following emerging and OpEx-generated priorities such as: (i) successful completion of the IFAD11 exercise and a higher level of resource mobilization by broadening IFAD's range of funding sources through innovative financial instruments; (ii) fostering of public-private partnerships; (iii) better-designed projects with an emphasis on meeting client needs; (iv) reduction in the number of projects at risk; (v) ensuring the workforce is effectively capacitated, adequately resourced, rewarded, recognized and cared for; (vi) enhanced ownership, clarity and streamlining of business processes for more effective and efficient service delivery; (vii) stronger accountability based on cascading performance targets; (viii) better services for external clients and partners through strategic investments in state-of-the-art IT systems; (ix) streamlined and coordinated decision-making and consultation structures; and (x) increased delegation of authority and capacity in the field through faster decentralization. Action on all these priorities will be accelerated during the IFAD10 period.
10. Specifically, the following tangible results will be sought: (i) reduced delivery time; (ii) faster disbursement; (iii) achieving a higher average PoLG in IFAD11; and (iv) front-loading of decentralization. Through proactive monitoring and routine performance evaluation, the above corporate objectives will be modified to respond to both internal and external needs in order to achieve the required targets of excellence.
11. Early closure is proposed of the special funding allocated to the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency.³ This action plan was prepared by Management to address the agreed recommendations of the Corporate-level evaluation on IFAD's institutional efficiency and the efficiency of IFAD-funded operations (CLEE). An update of the completed CLEE actions will be provided in the final budget document. Once all projects are closed any remaining funds will be surrendered.

II. Current perspective

A. Update on 2017 programme of loans and grants

12. As at 10 July 2017, the projected programme of loans and grants for 2017 is US\$1.50 billion, comprising an investment programme amounting to approximately

³ Document: EB 2013/109/R.12.

US\$1.44 billion in support of 41 new projects and additional financing for 16 ongoing projects.

13. By the end of September 2017, it is estimated that financing of US\$554 million will have been approved for 20 of these new projects and additional financing for six. Of the remaining 21 new projects and 10 additional financing proposals, 21 are at an advanced stage in the design process.
14. For IFAD's global, regional and country grant programme, it is expected that between 45 and 50 grants will be approved by the end of 2017 for an approximate value of US\$53 million.

Portfolio

15. As at 10 July 2017, there are 213 projects in the current portfolio for a value of US\$6.67 billion. The active grant portfolio comprises 176 grants valued at US\$166 million. Projected disbursements for the year are estimated at US\$733 million.

B. 2016 and 2017 net regular budget usage

16. Actual expenditure against the 2016 regular budget amounted to US\$141.75 million or 96.6 per cent of the approved budget of US\$146.71 million. The higher utilization (compared to 93.4 per cent in 2015) is primarily due to a higher staff fill ratio, increased delivery costs incurred to meet 2017 PoLG targets, and the use of a more accurate EUR:US\$ rate based on the new exchange rate methodology.
17. The actual utilization for 2016 exceeded 97 per cent after taking into account the provision for an increase in Professional category salaries (US\$679,000) which was set aside in accordance with the Executive Board directive. Consequently, the carry-forward available was less than the maximum of 3 per cent for the first time in over 10 years.
18. Based on current projections, utilization of the 2017 budget is expected to be US\$147.85 million or 98.8 per cent. It is foreseen that the budget will be fully utilized as there are several new initiatives under consideration related to IFAD11 and the drive for operational excellence. Given the current EUR:US\$ spot rates and exchange rate trends, it is possible that the exchange rate may become unfavourable and result in additional costs in dollar terms or even higher utilization.
19. The expected year-end utilization presented in the final budget document will take into account the utilization of the budget as of September 2017 and a better estimate of expenditures for the rest of the year, adjusted for updated exchange rate information.

Table 1

Regular budget utilization – actual 2015-2016 and forecast 2017

(Millions of United States dollars)

	2015 full year		2016 full year		2017 forecast	
	Budget	Actual	Budget	Actual	Budget	Forecast
Regular budget	151.59	141.56	146.71	141.75	149.42	147.85
Percentage utilization		93.4		96.6		98.8

20. A more detailed breakdown of actual budget usage for 2016 and forecasted utilization for 2017 by department and cost category will be provided in the final budget document.

C. 2016 carry-forward allocation

21. 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.

22. Of the total 3 per cent carry-forward from 2016 amounting to US\$4.28 million, a first tranche allocation of US\$3.71 million was approved in accordance with the eligibility criteria and implementing guidelines. A conditional approval for another US\$0.35 million was also provided. Based on the current utilization of the first tranche and requests made against the conditional approval, a fairly small amount is available for the second tranche allocation exercise which was planned to be carried out in September 2017. In addition, certain corporate priorities have emerged that meet the eligibility criteria set for the use of 3 per cent carry-forward. As a result, there will be no 3 per cent carry-forward for reprogramming during the second tranche.

III. Gender sensitivity of IFAD's loans and budget

23. For 2018, IFAD will continue using the methodology that has been developed to determine the gender sensitivity of IFAD loans and the distribution of the regular budget in terms of gender-related activities.
 - (a) Gender sensitivity of IFAD loans and grants. An analysis was conducted of the 30 loans in 2016 – amounting to US\$780 million – that were approved by the Executive Board that year. In addition, in line with an earlier commitment, a gender sensitivity analysis on grants was also undertaken. The findings of the analysis of both the loans and the grants will be reported in detail in the Report on IFAD's Development Effectiveness (see EB 2017/121/R.10).
 - (b) Gender sensitivity of IFAD's regular budget. The current approach of capturing ex ante gender-related and supporting activities in the budget system will be continued. This methodology has proved capable of adequately estimating the gender sensitivity of IFAD's regular budget within the constraints of the currently available IT systems.
24. The findings of the gender sensitivity analysis of the regular budget will be presented in the final budget document in December. IFAD will continue working on both the approach and data collection to enhance reporting on gender sensitivity and will seek inputs from other organizations.

IV. IFAD's programme of work for 2018

25. The three-year IFAD10 period comes to an end in 2018. IFAD expects to attain the PoLG target of at least US\$3.2 billion that has been set for the period.
26. At the time of writing this document, for 2018, the projected IFAD PoLG is planned at US\$877 million. In addition, IFAD will continue to make concerted efforts to supplement this core programme with approximately US\$75 million in IFAD-managed funds mobilized from other sources, bringing the total PoLG to US\$952 million.
27. Based on the proposed new target of at least US\$4 billion in IFAD11 – which will require a significantly higher average PoLG in each of the three IFAD11 years – it is proposed to take advantage of the lower PoLG in 2018 to build up the necessary pipeline for a significantly higher PoLG in 2019, the first year of IFAD11.

Table 2
Actual and projected programme of loans and grants
(Millions of United States dollars)

	<i>Actual^a</i>			<i>Forecast</i>	<i>Planned</i>	
	2013	2014	2015	2016	2017	2018
IFAD loans (including loan component grants) and Debt Sustainability Framework (DSF) grants	843	713	1 360	775	1 447	827
IFAD grants	49	47	65	48	53	50
Total IFAD PoLG^b	892	760	1 425	823	1 500	877
Other funds under IFAD management ^c	112	114	60	61	75	75
Total PoLG	1 004	874	1 485	884	1 575	952

^a Grants and Investment Projects System as at 10 July 2017 – current amounts reflect any increase/(decrease) in financing during implementation, including additional domestic and cofinancing.

^b Includes resources from the Adaptation for Smallholder Agriculture Programme.

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

28. Some 30 projects and programmes, including additional financing for five ongoing projects, are currently being prepared for approval during 2018. As agreed, IFAD will provide approximately 45 per cent of its replenishment resources to sub-Saharan Africa and 50 per cent to Africa as a whole.
29. The estimated number of global/regional and country grants in 2018 is 40-50, for a total of US\$50 million. The priority areas of IFAD's grant programme in 2018 will continue to be:
 - (i) Rights and access of most the vulnerable populations to resources;
 - (ii) Innovative ICT for smallholder farmers and food losses along value chains;
 - (iii) Improved data collection and better results management; and
 - (iv) Agricultural research grants to sustainably increase production and productivity for food security, nutrition and income generation.

V. 2018 net regular budget

A. Strategic workforce planning exercise

30. The annual strategic workforce planning (SWP) exercise for 2018 took place in June 2017. Consistent with prior years, the primary aim of the exercise was to ensure that the workforce was closely aligned with the needs and emerging priorities of the remainder of the IFAD10 period in terms of numbers, competencies and skills. It also took into consideration the currently prevailing priorities of the MTP 2016-2018: (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.
31. The 2018 SWP requests were reviewed in light of the existing high-level planning parameters, namely maintaining a minimal budgetary impact and giving priority to positions in IFAD Country Offices (ICOs). The initial 2018 SWP outcome predominantly included support for decentralization-related additional staffing as well as a few requests in the financial management, legal and audit areas.
32. The emphasis on faster decentralization, the changing role of country programme managers, shorter delivery time, faster disbursements, increased resource mobilization and rationalization of resources across the organization for efficient and effective delivery is likely to result in a paradigm shift in the SWP parameters. Management therefore agreed that a final decision on new positions to be funded in

the 2018 budget would be subject to the outcomes of the OpEx process. While the exact cost impact of the SWP exercise is unknown at this point, it is anticipated that there may be significant staff cost increases in 2018 and 2019 to resource faster decentralization and other organizational changes that will be required in preparation for IFAD11.

B. Cost drivers

33. The primary cost drivers identified as of the preparation of this preview can be grouped as follows: (i) staff costs arising from decentralization and anticipated organizational changes; (ii) decentralization and ICO-related support costs; (iii) costs related to the increased average PoLG level during IFAD11; (iv) depreciation and other recurrent expenses related to capital budgets; (v) recurrent expenses arising from the drive for excellence in order "to do development differently"; and (vi) price-related cost drivers.
34. The final cost implications of all of the above cost drivers, along with any new ones identified, will be determined during the preparation of the final budget proposal. For the high-level preview, identified and known cost increases have been included, while ballpark estimates have been provided for proposed new initiatives, especially for the recurrent costs associated with the OpEx programme as it is not yet possible to predict the precise resource requirements.

Staff costs arising from decentralization and anticipated organizational changes

35. The current thrust towards greater and faster decentralization in order to increase IFAD's effectiveness in the field will create additional staffing requirements over the next two years. These will be partly offset by the transfer of staff positions from headquarters to ICOs. The amount of funding required in each of the two years will depend on the staffing complement proposed for each category of ICO and the speed of establishment of new ICOs under consideration.
36. In addition, structural changes arising from the drive for excellence, faster and increased delivery during IFAD11, and re-alignment of organizational structures are likely to initially require additional staffing. However, staffing increases are likely to be partly offset through organizational streamlining and efficiency measures over the medium term.
37. The outcome of these proposed staffing changes will be the basis for the final 2018 SWP. An initial estimate of approximately US\$4 million has been included in this budget preview based on current projections and front-loading of proposed initiatives. A better estimate will be made available when the final budget is presented, once Management approves the corresponding staffing complement for 2018.

Decentralization and ICO-related support costs

38. At this time, it is proposed to selectively establish up to 50 ICOs as soon as possible. This is in line with decentralization and increased delegation of authority at the country level. Based on the eight new ICOs and the upgrades required in a number of ICOs in order to accommodate the proposed staffing complement, the incremental recurrent non-staff costs of these offices have been estimated at about US\$1.5 million for a full year of operations in 2018.
39. In addition, IFAD's contribution to supporting activities of the United Nations Development Operations Coordination Office related to ICOs will increase in proportion to the new ICOs established. Consequently, given the current plan for accelerated establishment of ICOs, the annual cost of US\$700,000 could increase to over US\$1 million in 2018.
40. Both the above estimates, which exclude establishment costs (included in the one-time costs below), will be revisited in the final budget document.

Costs related to the increased average PoLG level during IFAD11

41. In the context of the increased demand for IFAD's services and in response to the urgency of Agenda 2030, IFAD is currently planning to ramp up its level of delivery during IFAD11 in terms of PoLG (from US\$3.2 billion to US\$4.0 billion-US\$4.5 billion). This will mean that the average PoLG each year will increase by at least 25 per cent compared to IFAD10.
42. In addition to the growth in staffing noted above, this higher level of PoLG will also need to be supported by increased consultancy services and duty travel. The total percentage increase in costs to deliver the higher PoLG will be much less than the corresponding percentage increase in the PoLG. This will result in an improved efficiency ratio (i.e. ratio of IFAD's administrative expenditure to the PoLG) and enable IFAD to attain the proposed Results Measurement Framework (RMF) targets. At this time, there is no specific estimate for associated incremental costs; however it should be noted that efforts will be made to reduce consultancy and travel costs across the organization.

Depreciation and other recurrent expenses related to capital budgets

43. The implementation of the second phase of the new Loans and Grants System (LGS2) – renamed the IFAD Client Portal (ICP) – remains on track. Based on the implementation schedule, there will be an incremental increase in depreciation amounting to US\$500,000 and an incremental recurrent cost of US\$1.3 million. The main beneficiary of the ICP implementation will be borrowers and recipients of IFAD financing.
44. For all other capital expenditure currently planned for completion by December 2017 – such as components of the CLEE and routine capital expenditures – the incremental recurrent costs and depreciation for 2018 have been estimated at US\$400,000. These estimates will be revisited based on the progress of all capital projects and a revised estimate of depreciation and recurrent costs will be provided separately in the final 2018 budget document.

Recurrent expenses associated with the drive for excellence

45. While the OpEx programme is still in the scoping and design phase, it is certainly expected to have incremental recurrent costs associated with some of the expected outputs. These will include: shorter delivery time, faster disbursement, accelerated decentralization and delegation, workforce effectiveness and efficiency, shift to external focus (i.e. meeting clients' needs, external certification for excellence, etc.).
46. On the other hand, streamlined business processes, an efficient organizational structure, coordinated decision-making and increased accountability will make IFAD more efficient and likely to reduce overall operating expenses in the medium term.
47. Some of the above costs, especially staff costs related to decentralization and to larger and faster delivery have been subsumed under the estimates of other cost drivers noted above. In particular, net incremental recurrent non-staff costs of the OpEx programme are currently estimated at about US\$1 million. These estimates will be revisited once the design of the OpEx programme is finalized.

Price-related cost drivers

48. Staff costs for the 2018 budget are based on the following assumptions:
 - (i) There will be no increase in salaries in 2018 for either General Service or Professional staff. It may be noted that the International Civil Service Commission (ICSC) has proposed a number of changes to the salary structure of Professional staff which will have an impact on 2018 net take home pay for certain staff members. Consequently, the standard staff costs will need to be adjusted in accordance with the proposed changes. This will

be reflected in the final budget document. The overall effect of the adjustments is unlikely to be significant.

- (ii) In estimating the 2018 staff costs for this preview, the same standard costs as for the 2017 budget have been used as there is minimal difference in the exchange rate (as per agreed methodology) of EUR 0.897:US\$1. However, the staff costs in the final budget document will be based on standard costs that reflect the 12-month average (October 2016-September 2017) exchange rate at the time of the finalization of the budget document.
 - (iii) While there is no change in salaries, the normal within-grade-step increment (WIGSI) will constitute a price increase. The step increase varies from 1.6 to 3.2 per cent for Professional staff to 2.1 to 4.2 per cent for General Service staff depending on the grade level and step. The average salary increase is about 2 per cent or about US\$1.2 million. For the final budget document, the estimate will be based on the actual staff population for each grade.
 - (iv) As of 2017, the provision of US\$0.68 million made for Professional staff salaries in 2012, which was set aside in the corporate cost centre as agreed with the Executive Board, has been removed.
 - (v) The cost of new General Service recruits is based on the new lower salary scale approved by Management. The incremental impact of this lower salary scale has been estimated at US\$0.2 million based on the new staff recruited in 2017. This estimate will be revised using actual staff costs prior to the final budget proposal. The savings will be offset against the WIGSI-related increase.
 - (vi) Although there is no increase in salary structures at headquarters, the ICSC may make adjustments to salaries in a number of countries where IFAD has offices. These could range from 3 to 14 per cent and will need to be factored in at the time of the final budget preparation.
 - (vii) Based on current estimates, the net impact of the above will be about US\$1.0 million.
49. The inflationary adjustment for the 2018 budget will be based on the new methodology agreed by Management using specific inflation numbers for several line items and a weighted average of the world and Italian consumer price index (CPI) for all other costs. To the extent possible, it is proposed to absorb price increases due to inflation.
50. For the high-level preview for 2018, the EUR 0.897 to US\$1 exchange rate has been used. The rate will be revisited at the time of preparing the final budget proposal using the agreed exchange rate methodology.
- C. 2018 net regular budget proposal**
51. The budget proposal for 2018 includes the current estimates for the above cost drivers. All estimates, including exchange rate and inflation assumptions, will be reviewed and updated in preparing the final budget proposal in September 2017.
52. At this stage, the high-level net regular budget for 2018 is proposed at US\$157.82 million, representing a nominal increase of 5.6 per cent over 2017. The real increase is estimated at about 4.6 per cent primarily for additional costs related to incremental decentralization costs, depreciation and recurrent costs associated with approved capital projects, the OpEx programme and preparatory costs for increased delivery in IFAD11 offset by cost savings in consultancy and travel. Through increases in staffing and better alignment of staff skills, it is proposed to progressively reduce dependency on consultants and possibly achieve reductions of up to 10 per cent in consultancy costs.

53. The net price increase of 1 per cent arises from staff salary increases. Inflation and other price increases will be absorbed. However, in case there is an unfavourable exchange rate movement, it may not be possible to absorb the associated price increase within the budget currently proposed.
54. In the final budget document, the costs of each line item will be reviewed and refined to reflect the real and price-related increases and adjusted for the 12-month average exchange rate. The final document will provide a breakdown of the proposed budget for 2018 by results pillars. The feedback provided by the Audit Committee and the Executive Board on this high-level preview will also be taken into account.
55. A comparison of the 2017 approved budget and the 2018 high-level budget proposal is set out below.

Table 3

Net regular budget – staff and non-staff costs, 2017 and 2018

(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2017</i>	<i>Proposed 2018</i>
Staff	86.30	91.45
Consultants	24.80	24.56
Duty travel	10.24	9.74
Other	28.08	32.07
Total	149.42	157.82

D. 2018 gross budget proposal

56. 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 for IFAD in design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement and are currently estimated at approximately US\$5 million.
57. The gross budget includes the net regular budget as well as resources required to administer and support specific supplementary-fund-related incremental work. The work performed to carry out IFAD's core PoLG and related activities will continue to be funded by the net regular budget. Separating the gross and net budgets ensures that fluctuations in the workload related to the supplementary funds do not affect the regular budget on a year-to-year basis. Only incremental costs to support supplementary-fund-related activities for the Adaptation for Smallholder Agriculture Programme, the European Union (including CGIAR) and the Spanish Trust Fund are included in the gross budget.
58. The above estimate will be subject to review prior to finalization of the gross budget proposal for inclusion in the final budget document. The amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. Consequently, the current estimate of the gross budget is US\$162.82 million, which includes resources to manage the operations financed by supplementary funds. Endorsement is being sought only for the proposed net regular budget of US\$157.82 million.

Table 4
Indicative gross and net budget for 2018
(Millions of United States dollars)

<i>Cost category</i>	<i>2017</i>	<i>2018</i>
Gross budget	154.62	162.82
Costs to support supplementary fund activities	(5.20)	(5.00)
Net budget	149.42	157.82

E. Capital budget for 2018

59. As proposed in prior years, the capital budget will be split into two categories, namely: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktop and laptop computers undertaken every year, and possible replacement of vehicles in ICOs); and (ii) a capital budget to fund major IT (if any) and other investment projects subject to available capacity to undertake additional projects.
60. Capital budget proposals for 2018 are currently under preparation. The list of projects and corresponding capital costs has yet to be finalized. Again, priority will be given to completing the ICP and the remainder of the capital projects under CLEE. The ICP project is expected to be completed within the originally approved capital budget of US\$15.76 million. However, should additional capital costs be required beyond the approved budget to meet client needs, the capital budget may have to be requested separately in 2018.
61. In addition, there may be several IT-related capital budget requirements stemming from decentralization and the drive for operational excellence. Funding for these will be sought separately.
62. Once the list of regular and cyclical capital projects is cleared by the IT Governance Committee, the total capital budget for 2018 is not expected to exceed US\$2.5 million. The initial estimate of the capital cost of IT projects directly related to decentralization and operational excellence, as explained below, will be identified separately in the final budget document.

F. One-time and capital budget for OpEx

63. In order to implement the proposed OpEx programme and achieve the associated objectives, several initiatives will have to be undertaken. These initiatives and preparatory activities will essentially be one-time in nature and carried out over the next 18 to 24 months.
64. Upon completion, OpEx is expected to have embedded excellence within IFAD in accordance with internationally benchmarked standards. It will change the way IFAD does development business, and create an organizational structure with the right balance between flexibility and standardized approaches. OpEx is also expected to improve overall effectiveness and efficiency, enrich organizational culture and lead to greater accountability.
65. While there will be an initial increase in recurrent administrative costs in the short-term, mainly as a result of front-loading of decentralization, IFAD will simultaneously embark on a proactive cost reduction and operational improvement programme to lessen the impact of these immediate increases. Such cost reductions will be achieved through streamlined business processes, coordinated decision-making, and an innovative and better way of doing development business, all of which will form an integral part of the OpEx programme. This will result in a better value-for-money proposition for IFAD in terms of administrative costs and subsequently project investments. While such reductions relative to the budget

may not be in absolute terms they will translate into improved efficiency ratios and a sense of cost-consciousness throughout the organization.

66. Once the scoping and design of OpEx is completed this year, the following one-time activities with cost implications are likely to be proposed: (i) a functional analysis to support faster decentralization; (ii) business process re-engineering; (iii) organizational restructuring and streamlining; (iv) identifying and designing operation improvement programmes; and (v) embedding continuous learning and feedback loops within the organization to ensure the sustainability of the drive for excellence. There may be other one-time activities identified between now and the time of preparation of the final budget document.
67. At this stage, the one-time cost estimated for the OpEx programme is US\$8 million-US\$10 million, mainly for establishing new ICOs and upgrading ICO facilities to enable them to support a larger decentralized staff complement; backfilling of the staff working on the OpEx programme; external consultants with expertise in various aspects of organizational development and change; initial costs of implementing new initiatives until they are mainstreamed; and other costs to embed continuous learning within the organization.
68. In addition to the above, several IT-related initiatives will be necessary, such as: (i) improved data collection and reporting systems to provide fast and timely information; (ii) specific automation projects focused on reducing workload that will translate into staff reductions; and (iii) information sharing and transparency platforms. It is proposed that for the above IT-related initiatives under the OpEx programme a separate capital expenditure budget of US\$3 million-US\$4 million be requested.
69. Consequently, a combined one-time and capital expenditure budget of US\$10 million-US\$12 million will be requested in the final budget document. By then, progress will have been made in the design and scoping phase of the OpEx programme which will aim to provide greater clarity regarding the cost estimates.

Part two - Preview of the results-based work programme and budget for 2018 and indicative plan for 2019-2020 of the Independent Office of Evaluation of IFAD

I. Introduction

70. This document contains the preview of the Independent Office of Evaluation of IFAD (IOE) work programme and budget for 2018 and indicative plan for 2019-2020. In line with the IFAD Evaluation Policy,⁴ the IOE budget is developed independently of IFAD's administrative budget.⁵ This preview takes into account the feedback and priorities expressed by IFAD governing bodies in 2017, and builds on consultations with IFAD Management.
71. Context. This preview document has been developed based on the application of the IOE selectivity framework after careful examination of the Fund's priorities set for the Tenth Replenishment of IFAD's Resources (IFAD10)⁶ and the medium-term plan for 2016-2018. Moreover, the IOE strategic vision for 2016-2018, which is anchored to IFAD's strategic vision 2016-2025, provides the wider framework for IOE priorities and activities for the coming year (box 1). The IOE mission and vision statements for 2019-2021 will be reviewed during 2018.

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.

72. While developing its work programme and budget, IOE has also taken into consideration the need to continue providing high-quality and timely evaluations. Rigorous methodology and improved analysis are a priority requirement for fulfilling IOE's accountability and learning mandate. To this end, the implementation of the second edition of the evaluation manual, since January 2016, has significantly streamlined the IOE evaluation methodology and processes, thereby increasing methodological rigour and enhancing analysis, while also ensuring lower unit costs than in the past.
73. The preview document is "based on a critical assessment of needs, rather than simply using the current budget as a baseline".⁷ 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. In addition, the document provides details of actual expenditures for 2016, budget utilization up to 15 June 2017 and a current estimate of expected 2017 year-end utilization. In this regard, updated information, as available, will be provided in future versions of the document until its final submission to the Executive Board in December 2017.
74. This preview version of the work programme and budget document will be developed further, following the incorporation of comments by the Evaluation Committee at its ninety-eighth session in September 2017, and based on feedback from the Audit Committee meeting and the Executive Board session in September

⁴ See IFAD Evaluation Policy: <https://webapps.ifad.org/members/eb/102/docs/EB-2011-102-R-7-Rev-3.pdf>.

⁵ See IFAD Evaluation Policy, para.38: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other."

⁶ The IFAD10 Consultation Report is available at <https://webapps.ifad.org/members/gc/38/docs/GC-38-L-4-Rev-1.pdf>.

⁷ See the minutes of the 107th session of the Executive Board, para. 29.

2017 sessions. In line with the Evaluation Policy, the revised document will be discussed with the Evaluation Committee at its session planned for 26 October 2017.

75. Subsequently, the final document will be considered by the Executive Board in December 2017. Prior to this, the budget proposal will be considered by the Audit Committee in November 2017, together with IFAD's 2018 administrative budget. Lastly, upon recommendation by the Board in December 2017, it will be submitted for approval to the Governing Council in the following February. On a process-related issue, this proposal is based on the same key budgeting 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.
76. The preview document has been organized in six sections. Section II highlights the achievements of the 2017 evaluation work programme thus far, together with overall 2016 budget utilization, 2017 budget utilization as of mid-June 2017 and projected utilization for 2017, as well as the use of the 3 per cent carry-forward from the 2016 IOE budget. Section III provides a brief description of IOE's strategic objectives (SOs), while section IV focuses on proposed evaluation activities for 2018. Lastly, sections V and VI outline the initial proposal for the 2018 budget and human resources required by IOE to implement its work programme.

II. Current perspective

A. Highlights of 2017

77. IOE expects to implement all activities planned in the 2017 work programme by the end of the year. Selected key achievements to date include:
 - Undertaking of the corporate-level evaluation (CLE) on IFAD's financial architecture. The evaluation will provide an independent assessment of IFAD's financial architecture and the adequacy of the policies and systems adopted to mobilize, manage, allocate and disburse financial resources in support of the Fund's mandate to reduce rural poverty. The approach paper⁸ for the CLE was presented to the Evaluation Committee in March 2017 and finalized when comments by Committee members were incorporated. The evaluation is now in full swing, and the final report will be presented to the Executive Board in September 2018.
 - Development of the harmonization agreement between IFAD's independent and self-evaluation systems. Based on the second edition of the evaluation manual, IOE and IFAD Management developed a new harmonization agreement between IFAD's independent and self-evaluation systems, which will contribute to a further strengthening of both systems and their complementarities for greater accountability and learning. The first part of the agreement, which is about evaluation criteria and their definitions for both project- and country-level evaluations, was presented to the Evaluation Committee in March 2017. The second part will cover systems and processes that pertain to both self- and independent evaluations.
 - Finalization of the 2017 Annual Report on Results and Impact of IFAD Operations (ARRI). The 2017 ARRI is the fifteenth edition of IOE's flagship report which will be presented to the Evaluation Committee and Executive Board at their September sessions (along with the Report on IFAD's Development Effectiveness [RIDE]). As in the previous two years, the underlying data collection, analysis and report writing has been done entirely by IOE staff. This is a reflection of IOE's intention to increasingly insource its evaluation work, with the ultimate aim of cost savings and improved quality.

⁸ See <https://webapps.ifad.org/members/ec/96/docs/EC-2017-96-W-P-3-Rev-1.pdf>.

- Finalization of the country strategy and programme evaluation (CSPE) in the Philippines, which had been presented to the Evaluation Committee in March 2017. The Nicaragua and Mozambique CSPEs were completed following the National Workshops held in Managua on 20 January and in Maputo on 2 March 2017, respectively. The Egypt CSPE was completed according to the plan, the national round-table workshop will be organized in the second part of the year. The 2017 CSPEs in Angola, Cambodia, Cameroon, Georgia and Peru are ongoing, in accordance with the IOE work plan.
 - IOE has completed its fourth impact evaluation (IE). The project selected for his evaluation was the Agricultural Support Project in Georgia. The IE report will be discussed in the September 2017 session of the Evaluation Committee.
 - International conference on Information and Communication Technologies for Evaluation (ICT4Eval), held on 6 and 7 June 2017 at IFAD headquarters. The conference programme included four panel sessions, 15 breakout sessions, 36 speakers and 12 tech fair exhibitors. Over 200 participants discussed the latest innovative approaches to the use of ICTs in evaluation, and featured best practices that have emerged from the experiences of development organizations and the private sector around the world. ICTs applied for evaluation will be critical to help assess progress towards the Sustainable Development Goals (SDGs).
 - Spring meeting of the Evaluation Cooperation Group (ECG) of the multilateral development banks (MDBs). The IOE Director chaired the meeting, which was attended by the heads of evaluation and evaluation officers from the member MDBs, together with observers from other agencies. The participants had the opportunity to share their knowledge and experience on evaluation strategies, policies and practices, and provided updates on recent developments in each MDB. IOE also organized a high-level session on the role of independent evaluation in the transformation of MDBs, which was held on 8 June 2017. This was a unique opportunity to take stock and discuss the future of multilateral development banking in the context of the 2030 Agenda for Sustainable Development.
78. Reporting. The 2016-2018 Results Measurement Framework (RMF), which is IOE's monitoring and reporting framework for that period, is contained in annex I. Progress in implementing planned evaluation activities for 2017 is summarized in table 1 of annex II. The preview also includes a summary of progress made in up to mid-June 2017 in meeting the targets for each key performance indicator included in the 2016-2018 RMF (table 2 in annex I). The data reveal that most activities are on track. Updated achievements, both in planned evaluation activities and against IOE's key performance indicators (KPIs), will be reported to the Board in December 2017.

B. 2016 budget utilization

79. Table 5 reports IOE budget utilization in 2016, as well as budget utilization as of mid-June 2017 and the year-end projection.

Table 5

IOE budget utilization in 2016 and projected utilization in 2017

<i>Evaluation work</i>	<i>Approved budget 2016</i>	<i>Budget utilization 2016</i>	<i>Approved budget 2017</i>	<i>Commitment as of mid-June 2017</i>	<i>Expected utilization as of year-end 2017</i>
Non-staff costs					
Staff travel	376 000	396 627	440 000	234 017	440 000
Consultant fees	1 495 000	1 489 108	1 400 000	982 717	1 400 000
Consultant travel and allowances	440 000	312 458	380 000	160 682	380 000
In-country CPE**/CSPE learning events	45 000	28 718	45 000	14 418	45 000
Evaluation outreach, staff training and other costs	185 520	228 545	225 861	99 224	225 861
Subtotal	2 541 520	2 455 456	2 490 861	1 491 058	2 490 861
Staff costs	3 127 899	2 968 148	3 235 056	3 032 840	3 109 086
Total	5 669 419	5 423 604	5 725 917	4 523 898	5 599 947
Utilization (percentage)		95.7%		79%	97.8%

Based on committed staff costs adjusted for exchange rate up to 15 June 2017.

** CPE = country programme evaluation.

80. Actual total expenses against IOE's 2016 budget amounted to US\$5.42 million, equal to 95.7 per cent utilization. The slightly lower utilization rate is due to savings in staff costs, deriving from the strengthening of the United States dollar vis-à-vis the euro towards the latter part of the year, as well as from positions remaining vacant. Some of these cost savings were used to undertake additional outreach work to ensure wider dissemination of evaluation lessons and training programmes during the year.
81. In 2017, against an approved budget of US\$5.73 million, utilization (in terms of commitments) as of mid-June 2017 stood at US\$4.52 million, or 79 per cent. High utilization at this time of the year mainly reflects the full-year commitment of staff costs, which is in line with the IFAD-wide established practice, as well as higher utilization in consultancy fees and staff/consultant travel costs in the first part of the year, in line with the normal business cycle, as most evaluations are launched in the first part of the year.
82. Overall utilization of the total 2017 IOE budget at year-end is currently projected at US\$5.6 million, representing 97.8 per cent of the approved budget. The anticipated lower utilization in staff costs reflects a vacant P-5 position which will be filled in the second half of the year.

C. Utilization of the 2016 carry-forward

83. 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.
84. The IOE 3 per cent carry-forward from 2016 amounted to US\$170,083. These funds have been allocated towards the undertaking of the following evaluation activities:
- (i) Piloting of new technologies as part of the CSPE in Cameroon. This used SenseMaker to identify possible links between project outputs, outcomes and impact, which involved the collection and analysis of short narratives from project beneficiaries.

- (ii) Revamping and adaptation of the IOE website to simplify access to web content, with a view to enhancing usability.

III. IOE strategic objectives

85. As agreed with the Executive Board in December 2013, IOE aligns its SOs with IFAD replenishment periods, to ensure a more coherent link between IOE SOs and corporate priorities. Thus, the following were proposed for the period 2016-2018 (i.e. IFAD10) and approved by the Board in December 2015:
- (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.
86. These two SOs should allow IOE to achieve the overarching goal set for independent evaluation which is to promote accountability and foster learning to improve the performance of IFAD-supported operations. IOE is strengthening its internal performance management and monitoring systems.

IV. 2018 work programme

87. The following paragraphs provide an overview of the main evaluation activities for 2018. Next year, IOE proposes to conduct a new CLE on IFAD's contribution to agriculture-related pro-poor value-chain development.
88. Value chains have been a priority for IFAD since the Strategic Framework 2011-2015 and they are equally important in the quest for rural transformation under the IFAD Strategic Framework 2016-2025. Improving the engagement of poor rural people in markets for goods, services and wage labour, which provide them with enhanced, predictable and stable incomes is essential for reducing rural poverty and improving the livelihoods of small farmers, as was also found by IOE's 2016 evaluation synthesis report (ESR) on smallholder access to markets. Building agricultural value chains, reducing risks and transaction costs along them, improving the terms on which smallholder farmers and, in particular, young people participate in them, and creating employment along the value chain, are the keys to reducing poverty, facilitating the access of rural youth to agricultural activities and creating business opportunities.
89. This CLE is expected to generate findings and recommendations to support IFAD Management in further refining its approach to pro-poor value-chain development so as to deepen the impact on the ground. Particular attention will also be paid to the design of operations focusing on pro-poor value-chain development and to the need to reconcile IFAD's targeting objectives (e.g. poor and remote rural communities) with greater involvement of the private sector throughout the value chain.
90. In the case of CSPEs, the aim is to assess the results and impact of the partnership between IFAD and governments in reducing rural poverty, and provide building blocks for the preparation of IFAD country strategies in each country following completion of the CSPE. In 2018, IOE will complete the CSPEs started in 2017 in Angola and Peru; and, based on thorough consultations with IFAD Management, it plans to launch five new CSPEs, in Burkina Faso, Kenya, Mexico, Sri Lanka and Tunisia, respectively.
91. Building on its experience in conducting IEs,⁹ IOE will launch a further IE next year. IEs conducted by IOE are not part of those being undertaken by IFAD Management in the IFAD9 and IFAD10 periods. In fact, the main aim for IOE in conducting IEs is to test innovative methodologies and processes for assessing the results of IFAD

⁹ IOE has conducted four IEs, in Sri Lanka, India, Mozambique and Georgia.

operations more rigorously and contribute to ongoing internal and external debate on the subject.

92. IOE will also prepare two ESRs in 2018. These reports are largely based on existing evaluative evidence, and serve to extract and package lessons and good practices on specific topics that can inform the development and implementation of IFAD policies, strategies and operations. The topics proposed for next year's two evaluation syntheses are, respectively: (i) rural finance approaches in IFAD-funded projects; and (ii) IFAD support for technical innovations for rural poverty reduction. Selected CSPEs, project-level evaluations and IEs provide an adequate evidence base on both topics.
93. Following current practice, IOE will validate all project completion reports (PCRs) and conduct eight project performance evaluations (PPEs) on selected projects. The objectives of PPEs are to: (i) assess the results of the project under consideration; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country in question; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work. They also serve as critical inputs for the ARRI, CLEs and CSPEs.
94. The proposed number of PPEs affords IOE wide coverage of IFAD operations in all regions, thereby contributing to a further strengthening of IFAD's broader accountability framework. This is considered fundamental since most of IFAD's development resources are channelled to developing member countries through investment projects and programmes.
95. IOE is also strengthening the evidence-base and analytical rigour of PPEs. For example, the Georgia IE used geospatial analysis to construct an index of photosynthetic activity before and after the project. Moreover, as a follow-up to ICT4Eval, and given the successful experience in the use of SenseMaker in the Cameroon CSPE, IOE will continue to innovate by using new technologies in project-level evaluations. To this end, IOE will identify practical alternatives for increasing ICT use for: (i) data collection (e.g. conduct of surveys, remote sensing and geospatial analysis); (ii) data analysis (e.g. text analytics, some form of machine learning); and (iii) the display and communication of data and findings. Lastly, IOE will continue to increase interaction with beneficiaries and other in-country stakeholders; and it will conduct more structured participatory rural appraisals and a wider range of site visits to project activities in remote rural areas.
96. Pursuant to the Evaluation Policy, IOE will prepare the 2018 edition of the ARRI, the institution's flagship evaluation report. As in previous years, the ARRI will include a detailed analysis and a dedicated chapter on a major learning theme. IOE will propose the topic for the 2018 learning theme to the Board, in consultation with IFAD Management, for approval in September 2017.
97. IOE will also support selected recipient countries in evaluation capacity development (ECD) activities at the institutional level, with the aim of building capacity to evaluate public policies and programmes dedicated to rural poverty reduction. In addition, it will continue to support IFAD's engagement with the Centers for Learning on Evaluation and Results (CLEAR) initiative, with a view to capacity-building among project staff and other personnel in the country.
98. There will be increased focus on strengthening partnership with the Rome-based agencies.
99. IOE will also ensure timely, customized dissemination and outreach of results and lessons to key audiences. It will present all CLEs, the ARRI and selected CSPEs to both the Evaluation Committee and the Executive Board, among other documents. It will present the IEs and ESRs to the Evaluation Committee, and, if requested, also to the Board.

100. IOE will prepare written comments on new country strategic opportunities programmes (COSOPs) that have been preceded by CSPEs for consideration by the Executive Board. In line with the Evaluation Policy, IOE will provide written comments on new corporate policies and strategies that have been informed by major CLEs.
101. Lastly, the evaluation function at IFAD will be externally peer-reviewed in 2018-2019. The exercise will be undertaken by the ECG and it will include the participation of external consultants and representatives from the Network on Development Evaluation of the Development Assistance Committee of the Organisation for Economic Co-operation and Development. The approach paper will be discussed by the Evaluation Committee and Executive Board in the second half of 2018, and the bulk of the peer review will be conducted in 2019.

102. Table 6 summarizes the evaluation activities planned by IOE in 2018. The proposed list of IOE evaluation activities for that year is shown in table 1 of annex III, and the indicative plan for 2019-2020 is presented in table 2 of this annex. Selection and prioritization of independent evaluations is facilitated by the use of a selectivity framework (annex VI), which is an instrument that also helps enhance transparency in developing the divisional work programme.

Table 6
Evaluation activities planned by IOE for 2018

<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	CLE on IFAD's contribution to agriculture-related pro-poor value-chain development. 16th ARRI Comments on RIDE, President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and selected COSOPs and corporate policies/strategies, including comments on upcoming new IFAD corporate strategies and policies.
	DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations	CSPEs in Burkina Faso, Kenya, Mexico, Sri Lanka and Tunisia.
	DMR 3: Systemic issues and knowledge gaps in IFAD are addressed	ESRs: (i) Rural finance approaches in IFAD-funded projects; (ii) IFAD support to technical innovations for rural poverty reduction
	DMR 4: IFAD-supported operations are improved through independent project evaluations	PPEs All 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 completed and a new one started Contribution to in-house and external debate on IEs
	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 2018 ARRI (topic to be decided on) 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, ESRs, ARRI) to share lessons and good practices Partnerships (ECG, United Nations Evaluation Group (UNEG) and Rome-based agencies)
	DMR 7: Evaluation capacity development 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 Extension of statement of intent with the Government of 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 (OSC), Operations Management Committee (OMC), IFAD Management Team (IMT) meetings, country programme management team (CPMT) meetings, selected learning events, etc.

* Several outputs contribute to DMR 8, which cuts across both SOs.

V. 2018 resource envelope

A. Staff resources

103. IOE's staff requirements are based on a comprehensive exercise of annual strategic workforce planning (SWP). The 2017 SWP exercise will be finalized following presentation of this preview document to the Evaluation Committee in September. In undertaking this exercise, IOE will consult with the Office of Budget and Organizational Development (BOD) to ensure that the methodology used by IOE is the same as that used throughout IFAD. Results of the 2017 SWP exercise will be included in the final budget proposal for consideration by the Evaluation Committee in its planned session in October of this year. Pending completion of the SWP, an initial assessment of the 2018 work programme indicates that the division should be in a position to deliver all planned activities in a timely manner, with its current staffing level (see annex IV).
104. In the coming months IOE will further analyse the total level of effort required to implement its proposed 2018 work programme; and it will make adjustments, as required, in the revised version of this document to be presented to the Evaluation Committee in October.

B. Budget proposal

105. This section outlines IOE budget requirements. The proposed budget is presented by type of activity, SOs and category of expenditure. Each table includes both the 2017 approved budget and the proposed budget for 2018, thereby facilitating a comparison between the two years. Table 10 also contains the IOE gender-sensitive budget which identifies the budget distribution for gender-related activities.
106. The proposed preview budget will be further reviewed and will take into consideration inputs from the Evaluation Committee, the Audit Committee and the Executive Board in September 2017 before finalizing the 2018 budget proposal.
107. Assumptions. As in the past, the parameters used in developing the proposed 2018 budget are the same as used by IFAD Management in developing IFAD's administrative budget. At the time of writing, they are as follows: (i) no increase in the salaries of Professional and General Service staff anticipated for 2018; so the same 2017 standard costs have been used, adjusted for the euro/dollar exchange rate; (ii) inflation will be absorbed to the extent possible; and (iii) an exchange rate of US\$1 = EUR 0.897. These assumptions will be subject to review until presentation of the final budget proposal.
108. Between now and the year-end, IOE will liaise closely with BOD to ensure that the division continues to use the same budget parameters as followed by Management in developing its administrative budget for next year. Should there be any changes to the IFAD budget parameters for 2018, IOE will also apply these and, accordingly, present a revised budget to the Audit Committee and the Executive Board before the end of 2018.
109. Budget by type of activity. Methodological rigour and insourced preparation of the mix of evaluation products are key features of the IOE work programme for next year. As such, total non-staff costs for 2018 are up slightly on the 2017 figures, as described in the next paragraphs.
110. Table 7 displays the proposed IOE 2018 budget by type of activity. US\$510,000 (20 per cent) of total non-staff costs of US\$2.505 million are allocated to higher-plane evaluations (ARRI and CLEs) which have the potential to induce far-reaching and systemic changes at the institutional level.

Table 7
Proposed budget for 2018 by type of activity*

Type of activity	Approved 2017 budget (US\$)	Absolute number 2017	Level of effort 2017	Proposed 2018 budget (US\$)	Absolute number 2018	Level of effort 2018
Non-staff costs						
ARRI	80 000	1	1	80 000	1	1
CLEs	385 000	2	1	430 000	2	1
CSPEs	1 000 000	7	5.2	1 000 000	7	5.2
Evaluation syntheses	110 000	2	2	110 000	2	2
PPEs	315 000	10	10	320 000	8	8
PCR validations	30 000	30	30	30 000	30	30
IEs	200 000	2	1	200 000	2	1
Knowledge-sharing, communication, evaluation outreach, partnership activities	225 000			200 000		
ECD, training and other costs	145 861			135 390		
Total non-staff costs	2 490 861			2 505 390		
Staff costs	3 235 056			3 307 259		
Total	5 725 917			5 812 649		
External peer review (2018 portion of the total cost)				100 000		
Total 2018 budget				5 912 649		

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

* Based on cumulative experience and historical figures, 140 person (staff) days are allocated for conducting a CLE, 130 days for a CSPE, 40 days for ESRs, 80 days for IEs, 40 days for PPEs and 11 days for PCRVs. These figures are used to estimate the level of effort by type of activity shown in table 3.

111. The increase in the CLE budget mainly reflects the extensive field work that IOE is planning to conduct to collect data and information and enhance the evidence underlying the evaluation findings.
112. With regard to the PPEs, table 7 shows that in 2018 their absolute number decreases from 10 to 8, while the total cost rises slightly. This will allow the introduction of innovative technologies for conducting selected project-level evaluations, as explained in paragraph 95.
113. Communication, dissemination and evaluation outreach costs in 2018 will be lower than approved in the 2017 IOE work programme and budget. These costs were driven by the fact that the IOE Director is chairing the ECG in 2017, which entails participation in meetings and high-level events. The role of IOE as chair of the ECG will come to an end in December 2017, so the relevant communication, dissemination and evaluation outreach costs have been reduced for 2018.
114. Lastly, the 2018 budget proposal includes a request for approval of a below-the-line cost allocation of US\$100,000 for the preparatory work of the IFAD evaluation function peer review in 2018. Based on past experience, the full cost of the IOE external peer review is estimated at US\$300,000, so the remaining US\$200,000 will be included in the 2019 budget proposal which IOE will prepare next year.
115. Budget by category of expenditure. Table 8 shows the proposed non-staff budget by expenditure category. Fifty-six per cent of the non-staff budget is allocated to consultancy fees to support evaluation work, which is the same as the proportion of total non-staff costs allocated in 2017. With regard to consultants, IOE is continuing its efforts to ensure adequate gender and regional diversity across all evaluation types. Preference is given to hiring consultants from the

country or region in which an evaluation is planned, especially for PPEs and CSPEs, and also for any country visits undertaken in the context of CLEs and preparation of ESRs.

Table 8
Proposed budget for 2018 by category of expenditure

<i>Category of expenditure</i>	<i>Approved 2017 budget</i>	<i>Proposed 2018 budget</i>
Non-staff costs		
Staff travel	440 000	460 000
Consultant fees	1 400 000	1 400 000
Consultant travel and allowances	380 000	380 000
In-country CSPE learning events	45 000	45 000
Evaluation outreach, staff training and other costs	225 861	220 390
Total non-staff costs	2 490 861	2 505 390
Staff costs	3 235 056	3 307 259
Total	5 725 917	5 812 649
External peer review (2018 portion of the total cost)		100 000
Total 2018 budget		5 912 649

116. The increase in staff travel reflects the introduction and piloting of new evaluation technologies which will require training activities in the field. Consultants' fees, allowances and travel expenses remain at the same level. As in the past, a small allocation is proposed for staff training, which is crucial for continuous professional development. The higher total staff costs include a cushion to absorb expenses such as maternity leave, prolonged sick-leave etc., since IOE does not benefit from the IFAD buffer for such expenses given the independent nature of its budget.
117. Budget by strategic objective. Table 9 shows the allocation of the total IOE proposed budget for 2018, both staff and non-staff costs, against IOE's SOs. Further detail, including allocation to each DMR, can be found in annex V, table 3.
118. SO1 receives a much greater allocation, as a larger part of the consultancy resources of IOE are allocated to the activities that contribute to this objective (such as CLEs, CSPEs and PPEs). Many of the activities undertaken within this objective also contribute to SO2. That is, several activities under SO1 also 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 9
Proposed budget allocation by strategic objective

<i>Strategic objective</i>	<i>Proposed 2017 budget</i>		<i>Proposed 2018 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	4 208 638	70	4 031 596	69
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	1 464 013	25	1 462 348	25
Joint SO1 and SO2	308 748	5	318 705	6
Total	5 725 917	100	5 812 649	100
IOE peer review (2018 portion of the total cost)			100 000	
Total 2018 budget			5 912 649	

119. Gender budget. The methodology followed by IOE in constructing its gender budget entails determining the proportion of staff and non-staff costs devoted to analysing and reporting on gender issues in IOE evaluations. Here it is important to recall that IOE has a dedicated criterion on gender equality and women's empowerment that is applied in all ARRIs, CSPEs, PPEs, project completion report validations (PCRVs) and IEs. Additional attention is also being paid to gender issues in other evaluation products, such as CLEs and ESRs. All in all, table 10 shows that 6.9 per cent of the total proposed IOE budget for 2018 is directly allocated to the examination of gender issues, which is higher than the 6.3 per cent calculated on the 2017 budget.

Table 10
IOE 2017 gender-sensitive budget

<i>Type of activity</i>	<i>Proposed 2018 budget</i>	<i>Gender component (percentage)</i>	<i>US\$</i>
Non-staff costs			
ARRI	80 000	10	8 000
CLEs	430 000	10	43 000
CSPEs	1 000 000	10	100 000
Evaluation syntheses	110 000	5	5 500
PPEs	320 000	7	22 050
PCRVs	30 000	5	1 500
IEs	200 000	7	14 000
Knowledge-sharing, communication, evaluation outreach and partnership activities	200 000	3	6 000
ECD, training and other costs	135 390	5	6 770
Total non-staff costs	2 505 390	8	206 820
Staff costs			
Gender focal point	165 279	20	33 056
Alternate gender focal point	105 552	10	10 555
All evaluation officers	3 036 428	5	151 821
Total staff costs	3 307 259	5.9	195 432
Total	5 812 649	6.9	402 252

VI. IOE budget proposal

120. The proposed 2018 budget amounts to US\$5.91 million, which includes the 2018 portion of the total cost of the IOE peer review, of US\$100,000. Excluding this below-the-line cost allocation, the total budget is US\$5.81 million, representing a nominal 1.5 per cent increase on the 2017 approved budget of US\$5.73 million, comprising a 1.1 per cent real decrease and a 2.6 per cent price increase.
121. Lastly, the proposed 2018 IOE budget represents 0.6 per cent of IFAD's expected programme of loans and grants (PoLG) for next year,¹⁰ which is below the IOE budget cap of 0.9 per cent adopted by the Executive Board.¹¹ An overview of IOE's proposed budget, including historical trends since 2012, is shown in annex V, table 1.

¹⁰ It is anticipated that IFAD will plan to commit US\$952 million in new loans and grants in 2018, in line with IFAD10 commitments.

¹¹ This decision was made by the Executive Board in December 2008.

IOE Results Measurement Framework for 2016-2018

<i>Strategic objectives (SOs)</i>	<i>Divisional management results (DMRs)</i>	<i>Key performance indicators</i>	<i>Baseline 2011</i>	<i>Target (per year)</i>	<i>Means of verification</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	1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs	n/a	90%	PRISMA and IOE work programme and budget document	
	DMR 2: Country strategies/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: The 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	
	DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased	3. Evaluations with quantitative analysis	n/a	3 (in the entire period)	IEs	
		4. Number of outreach products for all evaluations disseminated through social tools and the internet	n/a	60		
		5. Number of in-country learning events co-organized by IOE with governments	4	5		
		6. Number of in-house and external knowledge events organized by IOE	5	7		
		7. Number of page views for IOE reports	n/a	50 000		
		8. Number of people receiving IOE newsletters	n/a	2 000		
		DMR 7: Evaluation capacity development in partner countries	9. Number of ECD seminars/workshops organized in partner countries	1	1	
			10. Number of events attended by IOE staff related to self-evaluation and ECD	n/a	3	IOE records
	SO1 and SO2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	11. Budget cap	< 0.9% of IFAD PoLG	< 0.9% of IFAD PoLG	
12. Ratio of professional to general service staff			n/a	1/0.46		
13. Budget execution rate at year-end			n/a	97%		
14. Execution rate of key evaluation activities			n/a	95%		

IOE reporting on achievements (as of mid-June 2017)

Table 1
Reporting on IOE planned activities (January to mid-June 2017)

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. CLEs	IFAD's financial architecture	To be completed in September 2018	Ongoing. The approach paper was discussed at the ninety-sixth session of the Evaluation Committee in March 2017 and finalized thereafter. Consultations were held with selected Board representatives and the Programme Management Department (PMD). Field visits are being conducted in June-July 2017. The final report will be ready in May 2018 for presentation to the Board in September 2018.
	Angola	To be completed in April 2018	Ongoing. Draft approach paper ready. Preparatory mission will take place at the end of June 2017.
	Cambodia	To be completed in December 2017	Ongoing. Main mission held in May 2017. Draft final report planned for October 2017. National workshop planned for January 2018.
	Cameroon	To be completed in December 2017	Ongoing. Main mission held in May 2017. Draft final report planned for October 2017. National workshop planned for December 2017.
	Egypt	To be completed in September 2017	Ongoing. Draft agreement at completion point ready. Evaluation planned for discussion in the October session of the Evaluation Committee.
2. CSPEs	Georgia	To be completed in December 2017	Approach paper finalized. Preparatory mission held in May. Main mission planned for end-June. Draft report planned to be ready for September. National round-table workshop to take place in end-2017
	Mozambique	Completed in March 2017	Completed. National round-table workshop held on 2 March 2017. Draft agreement at completion point developed.
	Nicaragua	Completed in January 2017	Completed. National round-table workshop held in January 2017. Agreement at completion point signed. Evaluation to be discussed at the ninety-seventh session of the Evaluation Committee on 12 July.
	Peru	To be completed in early 2018.	Ongoing. Main mission completed in early June. Draft report planned for end-September 2017.
3. PCRVs	Validate all project completion reports (PCRs) available within the year	To be completed in December 2017	Progressing as planned.
4. PPEs	Ten PPEs	To be completed by December 2017	All PPEs completed or ongoing according to planned schedule.
5. IEs	Georgia, Agricultural Support Project	To be completed in July 2017	Report in preparation. To be discussed at the ninety-eighth session of the Evaluation Committee in September.
6. Engagement with governing bodies	Fifteenth Annual Report on Results and Impact of IFAD Operations (ARRI)	To be completed in July 2017	Ongoing. Report is being prepared for presentation to the Evaluation Committee and Executive Board in September 2017, including the learning theme on financial management and fiduciary responsibilities in IFAD-funded operations. Learning event planned on 5 July 2017.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	Review of the implementation of IOE's results-based work programme for 2017 and indicative plan for 2018-2019 and preparation of the preview of the results-based work programme and budget for 2018 and indicative plan for 2019-2020	To be completed in December 2017	In progress as planned. The Evaluation and Audit Committees and the Executive Board will review the 2018 high-level preview of the IOE work programme and budget in September.
	IOE comments on PRISMA	To be completed in September 2017	PRISMA, with IOE comments, will be discussed with the Evaluation Committee and the Board in September 2017. The Board has underscored the importance of PRISMA, together with IOE comments on it, as an instrument for promoting accountability and learning.
	IOE comments on RIDE	To be completed in September 2017	RIDE, with IOE comments, will be discussed together with the ARRI at the Evaluation Committee and Executive Board sessions in September 2017.
	IOE comments on IFAD strategies; and corporate matters submitted to the governing bodies' meetings by IFAD Management	To be completed in December 2017	Ongoing. IOE comments on the performance-based allocation system formula and procedures were presented to the Board in April 2017.
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, selected Audit Committee meetings, and the 2017 country visit of the Executive Board to Bangladesh	To be completed in December 2017	IOE participation includes: (i) Governing Council held in February; (ii) Evaluation Committee: one formal session held in March; (iii) Executive Board: one formal session held in April; and (iv) Audit Committee: one formal meeting held in April 2017.
	IOE comments on COSOPs when related CPEs/CSPEs are available	To be completed in December 2017	On-going as planned.
	ESR on fishery, aquaculture and coastal area development	To be completed in early 2018	To start in July 2017.
	ESR on building partnerships for enhanced development effectiveness-a review of country-level experiences and lessons	To be completed in December 2017	Ongoing. Approach paper finalized. Report under preparation.
	ESR on country-level policy dialogue	Completed in May 2017	Completed. Evaluation report to be presented to the Evaluation Committee in its July session.
7. Communication and knowledge management activities	Evaluation reports, <i>Profiles, Insights</i> , IOE website, etc.	January-December 2017	In progress as planned. IOE has published and disseminated to internal and external audiences a total of: 8 evaluation reports, 8 <i>Profiles, Insights</i> and briefs, 6 press releases, 1 web story, 2 overviews, 1 booklet, 3 infographics, 1 quarterly newsletters and 1 video.
	Organization of in-country CSPE learning workshops as well as learning events in IFAD	January-December 2017	CSPE national round-table workshops held in (i) Nicaragua in January; and (ii) Mozambique in March. Special efforts are being made in each workshop to invite representatives of beneficiaries, civil society and NGOs. An in-house learning event on What works for gender equality and women's, empowerment, in March 2017 (see www.ifad.org/evaluation/event/tags/gender/y2017/40289920). IOE organized at IFAD headquarters the following international events: (i) ICT4Eval

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
			on 6-7 June 2017, including a Tech Fair on 7 June (see www.ifad.org/evaluation/event/tags/ict_for_dev/y2017/36103920); and (ii) High-level session on the role of independent evaluation in transforming MDBs on 8 June 2017.
	Participation and knowledge-sharing in selected external platforms such as learning events or meetings of evaluation groups	January-December 2017	In progress as planned: (i) IFAD-Government of Cambodia's annual country programme review workshop held in Sihanoukville, Cambodia in January; (ii) 8 th African Evaluation Association International Conference "Evaluation of the SDGs: opportunities and challenge for Africa", 27-31 March; (iii) Knowledge for Development: Global Partnership Conference, 3-4 April; (iv) Shanghai International Program for Development Evaluation Training, 17-18 April; and (v) Seminar on "Global Partnerships for Poverty Reduction", by the Italian Ministry of Foreign Affairs and International Cooperation and the International Poverty Reduction Centre in China (IPRCC), 28 April; An UNEG webinar – led by IOE – is planned for September 2017.
	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 meetings, quality assurance learning sessions, IFAD Management team meetings and selected country programme management team meetings	January-December 2017	In progress as planned. These forums provide IOE with opportunities to share evaluation lessons with IFAD Management and staff to strengthen the design of new policies, strategies and operations. IOE has participated in a number of OSC meetings where evaluations have been done, and occasionally in others for comments on monitoring and evaluation. IOE's Director and Deputy Director as well as a number of evaluation officers have attended various weekly OSC meetings. Starting 1 June 2017 IOE provides a one-page document containing IOE's comments in advance of the OSC meeting for follow up by the OSC. IOE has also participated in portfolio stocktaking meetings held by the regional divisions.
	ECG, UNEG and Swiss Agency for Development and Cooperation (SDC) partnership	January-December 2017	In progress as planned. As the ECG Chair in 2017, IOE participated in and hosted the spring meeting of the ECG of the MDBs on 8-9 June 2017. IOE organized a high-level session on the role of independent evaluation in the transformation of MDBs, on 8 June 2017. IOE also participated in the 2017 UNEG Evaluation Week on 15-19 May 2017, making presentations on: (i) the ESR on gender; and (ii) how IEs are conducted at IFAD. Collaboration with SDC is ongoing amid regular interactions with partners.
8. Partnerships	Contribution as external peer reviewer to evaluations by other international organizations as requested	January-December 2017	In progress as planned. IOE has agreed to peer review the annual report of the Independent Evaluation Department of the Asian Development Bank at the end of the year.
	Implementation of joint statement by CGIAR, Food and Agriculture Organization of the United Nations (FAO), IFAD and the World Food Programme (WFP) to strengthen collaboration in evaluation	January-December 2017	In progress as planned. Collaboration in the undertaking of the Cameroon CSPE is ongoing. A final joint in-country national workshop is planned for in December. Also, regular interactions are being held among the Heads of Evaluation of the Rome-based agencies (RBAs) as well as informal interactions among staff of the evaluation offices of the RBAs with the aim to exchange views, experiences and knowledge on evaluation matters as well as to try to identify opportunities for joint collaborations.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
9. Methodology	Training on the second edition of the Evaluation Manual	January-December 2017	In progress as planned.
	Contribution to in-house and external debate on IEs and ESRs, including the SDGs	January-December 2017	In progress as planned. IOE hosted a major high-level international conference in June on the role of independent evaluation in the transformation of the MDBs in the context of the SDG agenda. IOE also participated in the: (i) IFAD-Government of Italy event on financing rural development, held at IFAD in January; (ii) learning event - Sharing innovative solutions across the world held in February; (iii) Third Global Meeting of the Indigenous Peoples' Forum, 10 and 13 February; (iv) joint FAO, IFAD and WFP Gender Seminar at FAO on 8 March; (v) African Evaluation Association International Conference in March; (vi) CLEAR monitoring and evaluation and impact assessment training and certification framework (Mexico 24-28 April); (vii) in-house workshop on disbursement held in April; (viii) seminar on results of IFAD's reputation survey by the Communications Division and held on 26 April; (ix) Learning event on poverty reduction in China held in April; (x) Learning and sharing event on Industrial policies for the rural sector – the experience of Latin America; (xi) IFAD Knowledge Seminar – Continuous learning, knowledge and improvement as fundamentals of Value for Money: Implications for IFAD; (xii) Gender training sessions (three) and Gender Breakfasts (four) organized by IFAD's Policy and Technical Advisory Division; (xiii) Leveraging information and communication technologies for Development (ICT4D) and Enhanced Rural Transformation held on 16 May.
	Development of a new harmonization agreement	To be completed in 2019	Ongoing. The first part of the new agreement (about criteria and their definitions for both project and country level evaluations) was presented to the Evaluation Committee in its March 2017 session as well as for information to the 2017 April Session of the Executive Board. The second part will cover systems and processes that pertain to both self- and independent evaluations.
10. Evaluation capacity development	Engagement in ECD in the context of regular evaluation processes	January-December 2017	Ongoing. Joint evaluation of the Northern Region Sustainable Livelihoods through Livestock Development Project in Lao People's Democratic Republic conducted jointly with Asian Development Bank (ADB) and with the participation of representatives of the evaluation unit of the Ministry of Planning and Investment of Lao People's Democratic Republic.
	Organization of workshops in partner countries on evaluation methodology and processes (upon request)	January-December 2017	Ongoing. Evaluation Capacity Development in Lao People's Democratic Republic on 20-24 February 2017 held in the context of the joint PPE with ADB (see www.ifad.org/evaluation/event/tags/laos/y2017/41723915). IOE's contribution to the IFAD-CLEAR monitoring and evaluation and impact assessment training and certification framework (Mexico 24-28 April)
	Implementation of statement of intent with the Government of China on ECD in the country	January-December 2017	A half-day training course on evaluation methodology and IOE's experience in conducting IEs was delivered during the Shanghai International Program for Development Evaluation Training on 18 April.

Table 2
Reporting on IOE key performance indicators (January to mid-June 2017)

Strategic objectives (SOs)	Divisional management results (DMRs)	Key performance indicators	Achievements as of 15 June 2017	Target (2017)	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 CLEs, CSPEs, ESRs and PPEs	n/a (PRISMA available in September)	90%	PRISMA and IOE work programme and budget document
	DMR 2: Country strategies/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: The Evaluation Manual is implemented and new evaluation methods and products are piloted	2. Range of new methods and designs applied	1	2	IOE evaluations IEs
		3. Evaluations with quantitative analysis	1	1	
	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 internet	31	60	
		5. Number of in-country learning events co-organized by IOE with governments	2	5	
		6. Number of in-house and external knowledge events organized by IOE	4	7	
		7. Number of page views for IOE reports	36 731	50 000	
		8. Number of people receiving IOE newsletters	1 785	2 000	
		DMR 7: Evaluation capacity development in partner countries	9. Number of ECD seminars/workshops organized in partner countries	2	1
	10. Number of events attended by IOE staff related to self-evaluation and ECD		2	3	
	SO1 and SO2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	11. Budget cap	0.5% of IFAD PoLG	< 0.9% of IFAD PoLG
12. Ratio of professional to general service staff			1/0.46	1/0.46	
13. Budget execution rate at year-end			79%	97.8%	
14. Execution rate of key evaluation activities			n/a	95%	

Note: Based on IOE's 2016-2018 RMF, the following reporting matrix provides an overview of IOE achievements in the first half of 2017 against KPIs agreed upon with the Executive Board.

IOE proposed evaluation activities for 2018 and indicative plan for 2019-2020

Table 1

Proposed IOE work programme for 2018 by type of activity

Type of work	Proposed activities for 2018	Start date	Expected finish date	Expected delivery period ¹				
				Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	2019
1. Corporate-level evaluations	IFAD's contribution to agriculture-related pro-poor value-chain development	Jan-18	Jan-19				X	
2. Country strategy and programme evaluations	Burkina Faso	Jan-18	Dec-18				X	
	Kenya	Jan-18	Dec-18				X	
	Mexico	Apr-18	Apr-19					X
	Sri Lanka	Apr-18	Apr-19					X
	Tunisia	Jan-18	Dec-18				X	
3. Project completion report validations	Validation of all PCRs available in year	Jan-18	Dec-18	X	X	X	X	
4. Evaluation synthesis	Rural finance approaches in IFAD-funded projects	Jan-18	Dec-18				X	
	IFAD support to technical innovations for rural poverty reduction	Jun-18	Jun-19					X
5. Project performance evaluations	8 PPEs	Jan-18	Dec-18			X	X	
6. Impact evaluations	One new IE (project to be determined)	Jul-18	Jun-19					X
7. Engagement with governing bodies	Review of implementation of IOE's results-based work programme and budget for 2018 and indicative plan for 2019-2020 and preparation of results-based work programme and budget for 2019 and indicative plan for 2020-2021	Jan-18	Dec-18			X	X	
	16 th ARRI	Jan-18	Sept-18			X		
	IOE comments on the PRISMA	Jan-18	Sept-18			X		
	IOE comments on the RIDE	Jan-18	Sept-18			X		
	IOE comments on policies/strategies by IFAD Management	Jan-18	Dec-18	X	X	X	X	
	Participation in all sessions of governing body meetings (Evaluation Committee, Executive Board and Governing Council), selected Audit Committee meetings, and 2017 Board country visit	Jan-18	Dec-18	X	X	X	X	
	IOE comments on COSOPs when related CSPEs are available	Jan-18	Dec-18		X	X	X	
8. Communication and knowledge- management activities	Evaluation reports, <i>Profiles, Insights, website, etc.</i>	Jan-18	Dec-18	X	X	X	X	
	Organization of in-country CSPE learning workshops, as well as learning events in IFAD	Jan-18	Dec-18	X	X	X	X	

Type of work	Proposed activities for 2018	Start date	Expected finish date	Expected delivery period [*]				
				Jan-Mar 2018	Apr-Jun 2018	Jul-Sep 2018	Oct-Dec 2018	2019
	Participation and knowledge-sharing in selected external platforms such as learning events or meetings of evaluation groups	Jan-18	Dec-18	X	X	X	X	
	Attendance at all OSC meetings that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attendance at meetings of OMC, IMTs and selected CPMTs	Jan-18	Dec-18	X	X	X	X	
9. Partnerships	ECG, UNEG	Jan-18	Dec-18	X	X	X	X	
	Quality assurance of the external evaluation of the Committee on World Food Security. Contribution as external peer reviewer to key evaluations by other multilateral/bilateral organizations as requested	Jan-18	Dec-18	X	X	X	X	
	Implementation of joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	Jan-18	Dec-18	X	X	X	X	
10. Methodology	Contribution to in-house and external debate on IE	Jan-18	Dec-18	X	X	X	X	
11. ECD	Engagement in ECD in context of regular evaluation process	Jan-18	Dec-18	X	X	X	X	
	Organization of workshops in partner countries (as per request) on evaluation methodology and processes	Jan-18	Dec-18	X	X	X	X	
	Implementation of statement of intent with the Government of China on ECD in the country	Jan-18	Dec-18	X	X	X	X	
One-time activity	IOE external peer review	Jun-18	Sep-19			X	X	X

^{*}The quarterly delivery period is marked with an **X** only for an expected specific deliverable.

Table 2
IOE indicative plan for 2019-2020 by type of activity*

<i>Type of work</i>	<i>Indicative plan for 2019-2020</i>	<i>Year</i>
1. Corporate-level evaluation	IFAD support to increased agricultural productivity for rural poverty reduction	2019
	Contribution of IFAD to smallholder adaptation to climate change	2020
2. Country strategy and programme evaluations	El Salvador	2019
	Madagascar	2019
	Nepal	2019
	Sierra Leone	2019
	Sudan	2019
	Burundi	2020
	Ecuador	2020
	Niger	2020
	Kyrgyzstan	2020
	Asia and the Pacific region (to be decided)	2020
3. Project completion report validation	Validate all PCRs available in year	2019-2020
4. Project performance evaluation	16 to 20 PPEs	2019-2020
5. Impact evaluations	1 new IE per year (project to be determined)	2019-2020
	17 th and 18 th ARRIs	2019-2020
6. Engagement with governing bodies	Review of implementation of results-based work programme and budget for 2020 and indicative plan for 2021-2022	
	Preparation of results-based work programme and budget for 2021 and indicative plan for 2022-2023	2019-2020
	IOE comments on the PRISMA	2019-2020
	IOE comments on the RIDE	2019-2020
	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by Evaluation Committee	2019-2020
	Participation in all sessions of Evaluation Committee, Executive Board and Governing Council. Participate in annual country visit of the Board.	2019-2020
	IOE comments on COSOPs when related CPEs/CSPEs are available	2019-2020
7. Communication and knowledge management activities	Evaluation reports, <i>Profiles, Insights</i> , website, etc.	2019-2020
	Evaluation synthesis on nutrition mainstreaming in IFAD's funded operations	2019
	Evaluation synthesis on community driven development approaches	2020

<i>Type of work</i>	<i>Indicative plan for 2019-2020</i>	<i>Year</i>
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend meetings of OMC, IMT and selected CPMT	2019-2020
8. Partnership	ECG, UNEG Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	2019-2020 2019-2020
9. Methodology	Contribute to in-house and external debate on impact evaluation	2019-2020
10. Evaluation capacity development	Implementation of activities in partner countries related to ECD	2019-2020

* The topics and number of CLEs, CSPEs and ESRs are tentative; and the actual priorities and numbers to be undertaken in 2019 and 2020, respectively, will be confirmed or determined in 2018.

IOE staffing for 2018

Table 1
Total IOE staff levels for 2018

2012 level	2013 level	2014 level	2015 level	2016 level	2017 Level	2018 (proposed)		
						Professional staff	General Service staff	Total
19.5	18.5	18.5	19	19	20	14	6	20

Table 2
Human resource category

Category	2016	2017	2018 (proposed)
Professional staff			
Director	1	1	1
Deputy Director	1	1	1
Lead evaluation officers	3	3	3
Evaluation officers	6	7	7
Evaluation research analyst	1	1	1
Evaluation knowledge and communication officer	1	1	1
Subtotal Professional staff	13	14	14
General Service staff			
Administrative assistant	1	1	1
Assistant to Director	1	1	1
Assistant to Deputy Director	1	1	1
Evaluation assistants	3	3	3
Subtotal General Service staff	6	6	6
Grand total	19	20	20

Table 3
IOE General Service staff levels

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (proposed)
9.5	8.5	8.5	8	8	8	6	6	6	6	6	6

IOE proposed budget for 2018

Table 1
IOE proposed budget 2018
 (United States dollars)

	2013 budget	2014 budget	2015 budget	2016 budget	2017 budget (1)	Proposed 2018 budget		
						(2) Real increase/(decrease)	(3) Price increase/(decrease)	(4) Total 2018 budget*
Non-staff costs	2 346 711	2 395 992	2 455 892	2 541 520	2 490 861	(63 000)	77 529	2 505 390
Staff costs	3 667 268	3 586 690	3 614 041	3 127 899	3 235 056	-	72 203	3 307 259
Total	6 013 979	5 982 682	6 069 933	5 669 419	5 725 917	(63 000)	149 732	5 812 649

* (4)=(-1)+(2)+(3)

IOE peer review (2018 portion of the total cost)	100 000
Total 2018 budget	5 912 649

Table 2
2018 IOE budget proposal breakdown for non-staff costs
 (United States dollars)

<i>Type of activity</i>	<i>Absolute number</i>	<i>Relative number in terms of % of work done^a</i>	<i>Standard unit costs^b (US\$)</i>	<i>Proposed non-staff costs in 2017 (US\$)</i>
ARRI	1	1	80 000 - 150 000	80 000
Corporate-level evaluations <ul style="list-style-type: none"> • IFAD's contribution to agriculture-related pro-poor value-chain development • IFAD's Financial Architecture 	2	<ul style="list-style-type: none"> • 1 • 0.8 • 0.2 	Differentiated cost based on scope and nature of issues to be assessed: 250 000-450 000	430 000
Country strategy programme evaluations	7	5.2	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 180 000 – 200 000	1 000 000
Evaluation syntheses <ul style="list-style-type: none"> • Rural Finance Approaches in IFAD-funded operations • IFAD support to technical innovations for rural poverty reduction 	2	<ul style="list-style-type: none"> 1 1 	40 000-65 000	110 000
PPEs	8	8	30 000-40 000	320 000
PCR validations	About 30	About 30	-	30 000
Impact evaluations	2	1	-	200 000
Knowledge-sharing, communication, evaluation outreach and partnership activities	-	-	-	200 000
ECD, training and other costs	-	-	-	135 390
Total				2 505 390

^a Some evaluations straddle two years. This figure represents the percentage of work done per type of evaluation activity in 2017.

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

Table 3
IOE proposed budget allocation (staff and non-staff costs) by objective and divisional management result
 (United States dollars)

<i>IOE objectives</i>	<i>IOE DMRs</i>	<i>Proposed budget (staff and non-staff cost)</i>	<i>Percentage of overall total proposed budget</i>
SO1: Generate evidence through independent evaluation of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations	756 503	14
	DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations	1 989 385	34
	DMR 3: Systemic issues and knowledge gaps in IFAD are addressed	435 232	7
	DMR 4: IFAD-supported operations are improved through independent project evaluations	850 475	15
Total for SO1		4 031 596	69
SO2: Promote evaluation-based learning and enhanced results culture for better development effectiveness	DMR 5: Evaluation manual is implemented and new evaluation methods and products are piloted	522 520	9
	DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased	601 950	10
	DMR 7: Evaluation capacity development in partner countries	337 876	6
Total for SO2		1 462 348	25
Joint SO1 and SO2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	318 705	6
Grand total		5 812 649	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 (CLEs)</i>	<i>Country strategy and programme evaluations (CSPEs)</i>	<i>Evaluation synthesis reports (ESRs)</i>	<i>Project performance evaluations (PPEs)</i>	<i>Impact evaluations (IEs)</i>
<ol style="list-style-type: none"> 1. Strategic priority. The evaluation contributes to IFAD's strategic priorities and replenishment commitments 2. Accountability. Topic selected contributes to strengthening IFAD's institutional accountability 3. Knowledge gap. CLEs contribute to filling a critical knowledge gap in IFAD 4. Timeliness. Evaluation results feed punctually into pertinent corporate policies, strategies and/or processes 5. Corporate risks. The evaluation serves to help minimize critical corporate risks 	<ol style="list-style-type: none"> 1. Link to COSOPs. Results feed into the development of IFAD country strategies/ COSOPs 2. Coverage: <ol style="list-style-type: none"> (a) Regional and country coverage of CSPEs (b) Size of the portfolio in terms of total investments and number of operations (c) Debt Sustainability Framework classification (red, yellow, green) (d) Lending terms (highly concessional, blend or ordinary) 	<ol style="list-style-type: none"> 1. Evaluative evidence. Availability of adequate evaluative evidence by IOE and evaluation functions in other development organizations 2. Knowledge gap. ESRs contribute to filling a critical knowledge gap in IFAD 3. Strategic priority. The synthesis contributes to IFAD's strategic priorities and replenishment commitments 4. Timeliness. The synthesis feeds punctually into pertinent corporate policies, strategies and/or processes 5. Building block. The synthesis serves as an input for other IOE products 	<ol style="list-style-type: none"> 1. Availability of PCR. PPEs will be done only when a PCR is available 2. Geographic coverage. PPEs selected to ensure regional balance of the IOE evaluation programme 3. Building block. Priority given to PPEs that will provide an input into CSPEs, CLEs or ESRs 4. Information gaps. PCR does not provide sufficient analysis of project performance and results 5. Inconsistencies. PCR ratings are inconsistent with narrative 6. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation 7. Learning from PPE. Evidence needed on what worked and why 	<ol style="list-style-type: none"> 1. No duplication. No IE conducted by IFAD Management of the same operation 2. Learning from IE. Evidence needed on what works in a certain context 3. Building block. Priority for IEs that will provide an input into CSPEs, CLEs or ESRs 4. Completion date. IEs will be done within three years after completion date 5. Baseline data. The availability and usability of baselines is essential to determine the methodology to be applied in IEs 6. Information gaps. The PCR does not provide sufficient analysis of the effectiveness and impact of certain interventions 7. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation