| | | |
|---|---|---|
| Document: | EB 2017/122/R.2 | |
| Agenda: | 3 | |
| Date: | 14 November 2017 | E |
| Distribution: | Public | |
| Original: | English | |

IFAD
Investing in rural people

# IFAD's 2018 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2018 and indicative plan for 2019-2020, and the HIPC and PBAS progress reports

**Note to Executive Board representatives**

Focal points:

Technical questions:

**Saheed Adegbite**
Director
Office of Budget and Organizational Development
Tel.: +39 06 5459 2957
e-mail: s.adegbite@ifad.org

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

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

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

Dispatch of documentation:

**William Skinner**
Chief
Governing Bodies
Tel.: +39 06 5459 2974
e-mail: gb@ifad.org

Executive Board — 122nd Session
Rome, 11-12 December 2017

For: **Approval**

# Contents

**Annexes**

# Abbreviations and acronyms

| | |
|---|---|
| ARRI | Annual Report on Results and Impact of IFAD Operations |
| ASAP | Adaptation for Smallholder Agriculture Programme |
| CLE | corporate-level evaluation |
| CLEE | corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations |
| COSOP | country strategic opportunities programme |
| CPE | country programme evaluation |
| CPI | consumer price index |
| CPM | country programme manager |
| CSD | Corporate Services Department |
| CSPE | country strategy and programme evaluation |
| CSSG | Corporate Services Support Group |
| ECD | evaluation capacity development |
| ECG | Evaluation Cooperation Group (of the multilateral development banks) |
| ESR | evaluation synthesis report |
| FAO | Food and Agriculture Organization of the United Nations |
| FOD | Financial Operations Department |
| FTE | full-time equivalent |
| GRIPS | Grants and Investment Projects System |
| ICO | IFAD Country Office |
| ICP | IFAD Client Portal |
| ICSC | International Civil Service Commission |
| ICT | information and communications technology |
| IOE | Independent Office of Evaluation of IFAD |
| LGS | Loans and Grants System |
| MTP | medium-term plan |
| OpEx | Operational Excellence for Results |
| OPV | Office of the President and Vice-President |
| OSC | Operational Strategy and Policy Guidance Committee |
| PBAS | performance-based allocation system |
| PCR | project completion report |
| PCRV | project completion report validation |
| PMD | Programme Management Department |
| PoLG | programme of loans and grants |
| PoW | programme of work |
| PPA | project performance assessment |
| PPE | project performance evaluation |
| PRISMA | President's Report on the Implementation Status of Evaluation Recommendations and Management Actions |
| PRM | Partnership and Resource Mobilization Office |
| PTA | Policy and Technical Advisory Division |
| RBA | Rome-based agency |
| RB-COSOP | results-based country strategic opportunities programme |
| RIDE | Report on IFAD's Development Effectiveness |
| SDC | Swiss Agency for Development and Cooperation |
| SKD | Strategy and Knowledge Department |
| SO | strategic objective |
| SWP | strategic workforce planning |
| UNEG | United Nations Evaluation Group |
| WFP | World Food Programme |
| WIGSI | within-grade step increment |

# Executive summary

1. With agriculture recognized as key to achieving the Sustainable Development Goals set out in the 2030 Agenda for Sustainable Development, IFAD is in a position to play a catalytic role in inclusive and sustainable rural transformation. This will call for a focus on youth and rural employment, rural finance and the private sector, and South-South and Triangular Cooperation. To meet rising demand for its services, IFAD needs to gear up to deliver quality results and be prepared to play a more pivotal role.

2. Increased decentralization will be critical to delivering both better projects that achieve sustainable results and greater support on the ground. This will require larger numbers of staff in the field with different skillsets and more delegated authority. In addition, several in-depth impact assessments are being undertaken in support of IFAD’s results orientation as per the commitment made under the Tenth Replenishment of IFAD's Resources (IFAD10).

3. Excellence in operations is a prerequisite for improving the overall impact of IFAD's portfolio. As part of the drive to achieve better projects with sustained results and to attain externally recognized excellence across the organization, an Operational Excellence for Results exercise has been initiated. The scoping and design phases will be completed in 2017 and specific initiatives will be implemented over the subsequent 18 months (2018/2019). Although costs will rise initially to implement the Operational Excellence for Results exercise, IFAD will be better positioned upon completion to meet the performance and delivery targets set for the IFAD11 period. The proposed changes will also enable IFAD 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.

4. For the rest of 2017 and into 2018, efforts will be directed towards identifying specific actions to: (i) increase delegation of authority with appropriate checks and balances with strong support from headquarters; (ii) reduce project delivery time and enhance quality; (iii) speed up disbursement; and (iv) streamline core business processes. Through proactive monitoring and routine performance evaluation, the actions related to the above corporate objectives and their pace of implementation will be modified to respond to both internal and external needs in order to achieve the required targets of excellence.

5. The final cost drivers for the 2018 budget proposal are: (i) staff costs arising from strategic workforce planning, organizational changes and decentralization; (ii) decentralization-related non-staff costs; (iii) depreciation and other recurrent expenses related to capital budgets; and (iv) price-related cost drivers. These cost drivers are presented in the document using two broad categories: (a) baseline requirements; and (b) recurrent costs for increased decentralization.

6. The 2018 net regular budget is proposed at US$155.54 million, representing a 4.1 per cent nominal increase over the 2017 budget of US$149.42 million (compared with 5.6 per cent in the high-level preview). The real increase has been contained to 3 per cent compared with the 4.6 per cent proposed in the preview. There is a net price increase of 1.1 per cent arising from inflation and price increases, which is slightly higher than the 1 per cent in the high-level preview.

7. The total real increase, amounting to US$4.47 million or 3 per cent, is the effect of: (i) staff increases, offset by the real decrease in consultancy and travel; (ii) costs and depreciation associated with the completion of the IFAD Client Portal (ICP) project, the Corporate-level evaluation of IFAD’s institutional efficiency and the efficiency of IFAD-funded operations (CLEE) and other capital projects; and (iii) recurrent non-staff costs of new IFAD Country Offices (ICOs).

8. The 1.1 per cent price increase is the effect of the net increase in staff compensation due to within-grade step increment (WIGSI) adjustment, price

increases in consultancy, travel and other costs. The price increases for other items based on the weighted inflation rate and contractual commitments have been partly absorbed through cost reduction efforts undertaken by several departments.

9. The gross budget proposed for 2018 amounts to US$160.34 million compared with US$154.62 million in 2017. Approval is being sought only for the proposed net regular budget of US$155.54 million.

10. For 2018, a regular capital budget of US$1.95 million is proposed, which is below last year's capital budget of US$2.4 million as well as the estimate of US$2.5 million included in the high-level preview. The lower amount in 2018 is due to the deferment of certain IT system-related projects in order to give priority to completing the ICP and the remainder of CLEE projects, and the forthcoming Operational Excellence for Results (OpEx) related capital budget.

11. In order to implement the proposed OpEx exercise and achieve the associated objectives, several initiatives will have to be undertaken. These one-off initiatives will be carried out over the next 18 to 24 months.

12. 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 transparency and accountability.

13. Consequently, there is a need for a one-time investment and an initial increase in recurrent administrative costs in the short term, mainly as a result of the decentralization programme and in developing the strategy to embed excellence into the organization. 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 exercise. This will result in a better value-for-money proposition for IFAD in terms of resource allocation. In the long run, this initial investment will enable IFAD to further reduce its costs and attain higher effectiveness and efficiency.

14. The one-time cost for the OpEx exercise is now estimated at US$6.6 million compared to US$8 million-US$10 million estimated in the high-level preview. The substantially lower amount was made possible by limiting the total number of ICOs and eliminating provisions for substantial increase in the programme of loans and grants. The one-time IT-related capital budget for OpEx is estimated at US$3.05 million. Consequently, a combined one-time adjustment and capital expenditure budget for OpEx of US$9.65 million is proposed, compared to the US$10 to US$12 million originally estimated at the time of the high-level preview. This amount is expected to be used over 2018 (US$6.25 million) and 2019 (US$3.4 million).

15. The slightly higher than normal budget increase and investment in one-time adjustment and capital costs in 2018 are expected to deliver the following results: (i) a reduction in staff at headquarters corresponding to the increase in staff at ICOs; (ii) limiting ICOs to the 40 most strategic locations based on workload and delivery metrics; (iii) more "fire power" at ground level through decentralization; (iv) new roles for country directors and strengthening of ICOs where required; (v) higher efficiency and better value for money; (vi) a reduction in consultant and travel costs due to outposting and increased staff at ICOs; (vii) positioning IFAD to deliver better and, if required, more projects with higher impact; (viii) increased delegation backed by proper controls and risk mitigation measures (e.g. procurement and finance officers in hubs) suitably supported by IT systems;

and (ix) business process streamlining and efficiency measures to ensure lower budget increases in the future.

16. The 2018 budget incorporates the new concept of results pillars introduced in the IFAD Strategic Framework 2016-2025. The shift from clusters to pillars will further improve the effectiveness of corporate planning and budgeting processes. Going forward, this improvement will allow IFAD to focus more on results and outputs and to link the budget directly to outputs.

17. In addition, the OpEx exercise will better position IFAD to meet the targets set in the Results Management Framework for IFAD11 – e.g. delivery time, overall project cycle and disbursement ratios – even before the end of the IFAD11 period. Milestones reached during 2018 will be reported.

18. The results-based work programme and budget for 2018 and indicative plan for 2019-2020 of the Independent Office of Evaluation of IFAD (IOE) are set out in part two of this document; the Heavily Indebted Poor Countries Initiative and performance-based allocation system progress reports are contained in parts three and four respectively; and recommendations are contained in part five.

19. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows to the Fund from all sources, and projected disbursements based on operational plans covering the same period, are shown in table 1. It should be noted that the table is indicative and is provided for information purposes only.

Table 1
**Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)**
(Millions of United States dollars)

| | *Actual 2016* | *Projected 2017* | *Projected 2018* |
|---|---|---|---|
| **Resource balance carried forward at start of year** | **1 449** | **1 445** | **1 353** |
| **Inflows to IFAD** | | | |
| Loan reflows | 315 | 343 | 361 |
| Investment income | 49 | 20 | 10 |
| Loan to IFAD | 105 | 211 | 258 |
| Supplementary fund fees | 5 | 5 | 5 |
| **Subtotal** | **474** | **579** | **634** |
| **Outflows from IFAD** | | | |
| Administrative and IOE budget | (144) | (150) | (157) |
| Other administrative expenses* | (4) | (4) | (8) |
| 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)** | **(164)** | **(173)** |
| **Net inflows/(outflows) to IFAD** | **314** | **415** | **461** |
| **Programme of work related activities** | | | |
| Contributions | 376 | 239 | 223 |
| Disbursements | (683) | (733) | (738) |
| Heavily Indebted Poor Countries Initiative impact | (11) | (13) | - |
| **Subtotal** | **(318)** | **(507)** | **(515)** |
| **Net inflows/(outflows) on all activities** | **(4)** | **(92)** | **(54)** |
| **Resource balance brought forward at end of year** | **1 445** | **1 353** | **1 299** |

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

## Recommendation for approval

The Executive Board is invited to approve:

- The recommendation on IFAD's 2018 results-based programme of work, regular, one-time and capital budgets, and the budget of the Independent Office of Evaluation of IFAD for 2018, as contained in paragraphs 186 and 187;
- Submission of the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Initiative to the forty-first session of the Governing Council for information, in accordance with the recommendation contained in paragraph 188; and
- Submission of a progress report on implementation of the performance-based allocation system to the forty-first session of the Governing Council in 2018, based on the report provided in part four of the present document and its addendum containing the 2017 country scores and 2017-2018 allocations, in accordance with the recommendation contained in paragraph 189.

Furthermore, the Executive Board is invited to consider the draft resolution contained on page 44 and to submit it, together with its recommendations, to the forty-first session of the Governing Council in February 2018 for consideration and adoption.

# IFAD's 2018 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2018 and indicative plan for 2019-2020, and the HIPC and PBAS progress reports

# Part one – IFAD's 2018 results-based programme of work and regular, capital and special expenditure budgets

## I. Context

1. The IFAD Strategic Framework 2016-2025 presents the principles of engagement, strategic objectives and outcomes for the next eight years, 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 (2030 Agenda). The medium-term plan (MTP) 2016-2018, covering the first three years of the Strategic Framework, pursues the framework's strategic 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 is the first to be based on the pillar-linked outputs approach.

3. With agriculture recognized as key to achieving the Sustainable Development Goals set out in the 2030 Agenda, IFAD is in a position to play a catalytic role in inclusive and sustainable rural transformation. This will call for a focus on youth and rural employment, rural finance and the private sector, and South-South and Triangular Cooperation. To meet rising demand for its services, IFAD needs to gear up to deliver quality results and be prepared to play a more pivotal role.

4. A higher level of delivery will be required to achieve the impact necessary to reduce extreme poverty and food insecurity in rural areas. A higher level of replenishment is proposed, augmented by innovative resource mobilization efforts. A larger programme of work (PoW) under the Eleventh Replenishment of IFAD's Resources (IFAD11) will enable IFAD to contribute to the 2030 Agenda with more of an impact on poverty reduction goals. This scaling up effort will also result in a more effective and efficient organization focused on programme delivery, impact and better results.

5. Increased decentralization will be critical to deliver both better projects that achieve sustainable results and greater support on the ground. This will require larger numbers of staff in the field with different skillsets and more delegated authority. In addition, several in-depth impact assessments are being undertaken in support of IFAD's results orientation as per the commitment made under IFAD10.

6. To speed up disbursement, shorten the project cycle from identification to design to implementation, enhance results reporting and make the shift to a more field-based approach, IFAD needs to change the way it currently conducts business – how it mobilizes, allocates and utilizes resources, and how it transforms these resources into results.

7. Excellence in operations is a prerequisite for improving the overall impact of IFAD's portfolio. As part of the drive to achieve better projects with sustained results and to attain externally recognized excellence across the organization, an Operational Excellence for Results (OpEx) exercise has been initiated. The scoping and design phases will be completed in 2017 and specific initiatives will be implemented over the subsequent 18 months (2018/2019). Although costs will rise initially to implement the OpEx exercise, IFAD will be better positioned upon completion to meet the performance and delivery targets set for the IFAD11 period. The proposed changes will also enable IFAD 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.

8. Based on the Strategic Framework and MTP, the primary corporate objectives originally identified for 2018 were: (i) achieving the planned programme of loans and grants (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 were augmented by the following emerging priorities during the initial OpEx scoping phase: (i) successfully completing the IFAD11 Consultation and increasing resource mobilization by broadening IFAD's range of funding sources using innovative financial instruments; (ii) fostering public-private partnerships; (iii) improving project design to better meet client needs; (iv) reducing the number of projects at risk; (v) ensuring that the workforce is appropriately skilled, adequately resourced, rewarded, recognized and cared for; (vi) enhancing ownership and clarity and streamlining business processes for more effective and efficient service delivery; (vii) strengthening accountability based on cascading performance targets; (viii) providing better services for external clients and partners through strategic investments in state-of-the-art IT systems; (ix) streamlining and coordinating decision-making and consultation structures; and (x) increasing delegation of authority and capacity in the field through greater

decentralization. Action on all these priorities will be accelerated during the IFAD10 period in preparation for IFAD11.

10. To date, the specific strategic actions arising from the OpEx exercise are to:

(i) Use a metrics-based approach to determine the size and location of IFAD Country Offices (ICOs);

(ii) Consolidate ICOs and create hubs to ensure critical mass and optimize the use of resources;

(iii) Increase ground support and country presence by outposting existing – and recruiting additional – international and national staff at ICOs;

(iv) Reduce headquarters staff positions as functions are decentralized; and

(v) Broaden the new role of country directors from a primarily project-based focus to include non-lending activities and partnership-building.

11. For the rest of 2017 and into 2018, efforts will be directed towards identifying specific actions to: (i) increase delegation of authority with appropriate checks and balances with strong support from headquarters; (ii) reduce project delivery time and enhance quality; (iii) speed up disbursement; and (iv) streamline core business processes. Through proactive monitoring and routine performance evaluation, the actions related to the above corporate objectives and their pace of implementation will be modified to respond to both internal and external needs in order to achieve the required targets of excellence.

12. Early closure (i.e. no later than end-2018) is proposed for the special funding allocated to the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency.[1] This action plan was prepared by Management to address the Corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations (CLEE) recommendations. A final report on CLEE actions and costs will be provided by the end of 2018 once all projects are completed and closed. Any unused funds will be surrendered.

# II. Current perspective

## A. Update on 2017 programme of loans and grants

13. As at 3 October 2017, the projected PoLG for 2017 is US$1.50 billion, to provide an investment programme amounting to approximately US$1.45 billion in support of 40 new projects and additional financing for 16 ongoing projects.

14. A total of 15 new projects, and additional financing for eight ongoing projects, have already been approved for a value of US$453 million. The remaining 25 new projects and eight additional financing proposals totalling US$1 billion are at an advanced stage of design and on track for submission to the Executive Board. IFAD is expected to achieve the loans target of US$1.45 billion for 2017.

15. Delivery of IFAD's global, regional and country-specific grant programme for 2017 currently stands at 11 grants approved to date in the sum of US$6.86 million, with a further 11 grants having completed quality assurance review in preparation for Executive Board submission. Grant approvals of US$55 million are projected for 2017.

### Portfolio

16. As at 3 October 2017, there are 233 projects in the current portfolio for a value of US$6.89 billion and an active grant portfolio of 187 grants valued at US$183 million. Projected disbursements for the year are estimated at

[1] Document EB 2013/109/R.12.

US$733 million. With increased decentralization and improved portfolio quality, disbursement is expected to improve.

## B. 2016 and 2017 net regular budget usage

### 2016 actual utilization

17. 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 and increased delivery costs incurred to meet 2017 PoLG targets.

18. 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 2012 Executive Board directive.

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 | 146.17 |
| **Percentage utilization** | | 93.4 | | 96.6 | | 97.8 |

### 2017 forecast

19. Based on the latest projections, utilization of the 2017 budget is expected to be US$146.17 million or 97.8 per cent compared to 98.8 per cent in the high-level budget preview. The lower projection is based on the latest actual utilization as of end-September 2017 and reflects the impact of positions currently vacant. However, the budget utilization may be higher as there are several new initiatives under way related to IFAD11 and the drive for operational excellence. In addition, the current EUR:US$ spot rate of 0.85:1, which is significantly lower than the assumed exchange rate of 0.897, will result in additional costs in dollar terms in the last quarter and hence an even higher utilization level.

20. Table 2 shows both 2016 actual expenses and the 2017 forecast broken down by department. Some of the more significant variances are as follows:

   (i) In general, the percentage utilization of all departments in 2017 is expected to be slightly lower than in 2016, primarily due to vacant positions. In particular, vacancies at the senior management level have been filled by interim staff at lower cost.

   (ii) The high expected utilization of the Programme Management Department (PMD) is attributable to the higher than average PoLG to be delivered in 2017.

   (iii) Corporate cost centre expenditures are expected to be significantly higher than originally budgeted because of additional recurrent costs and depreciation incurred in respect of the progressive implementation of the IFAD Client Portal (ICP) and completion of several CLEE and regular IT initiatives.

Table 2
**Regular budget usage by department, 2016 actual, 2017 budget and 2017 forecast**
(Millions of United States dollars)

| *Department* | *Actual 2016* | *Budget 2017* | *Forecast 2017* | *Percentage 2017 forecast vs. budget* |
|---|---|---|---|---|
| Office of the President and Vice-President (OPV) | 2.14 | 2.46 | 2.32 | 94 |
| Corporate Services Support Group (CSSG) | 15.78 | 18.15 | 17.04 | 94 |
| Partnership and Resource Mobilization Office (PRM) | 3.42 | 4.03 | 3.85 | 96 |
| Strategy and Knowledge Department (SKD) | 4.46 | 5.69 | 5.48 | 96 |
| Programme Management Department (PMD) | 71.51 | 72.60 | 71.62 | 99 |
| Financial Operations Department (FOD) | 8.89 | 10.96 | 10.62 | 97 |
| Corporate Services Department (CSD) | 26.57 | 27.76 | 26.92 | 97 |
| Corporate cost centre | 8.98 | 7.77 | 8.32 | 108 |
| **Total** | **141.75** | **149.42** | **146.17** | **97.8** |

## 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 was available for the second tranche allocation exercise which was planned for September 2017.

23. However, emerging corporate priorities such as Replenishment-related initiatives and initial preparation of the Rural Development Report required urgent funding. In addition, two departments returned amounts that they would not be able to utilize for the purpose provided; and these funds were reallocated to the above corporate priorities, leaving a minimal unallocated balance for which undertaking a second tranche exercise was not considered necessary. Any unallocated and unused carry-forward balance will not be available for use in 2018 and will revert back to IFAD's regular resource pool.

# III. Gender sensitivity of IFAD’s loans and grants and regular budget

24. For 2018, IFAD will continue using the methodology developed to: (i) determine the gender sensitivity of IFAD loans and grants; and (ii) distribute the regular budget in terms of gender-related activities. The methodology was first created in 2013 to respond to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements pursuant to the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women.

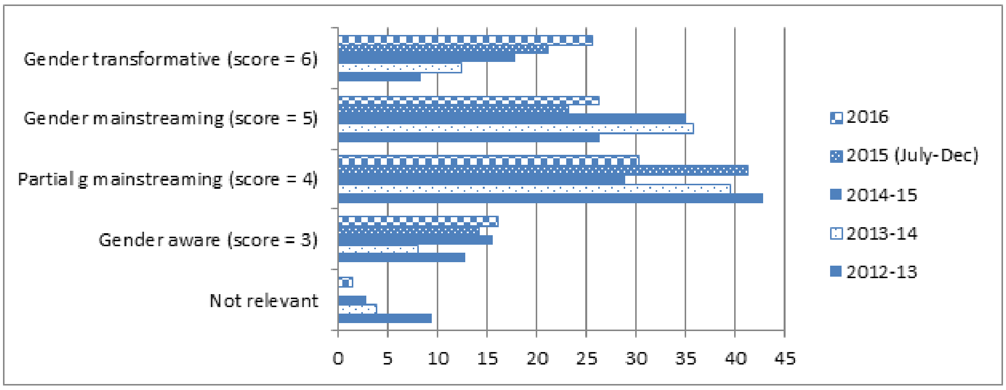
25. The outcome of this year's exercise is reported in the following paragraphs.

**Gender sensitivity of IFAD loans**

26. An analysis was conducted of the 30 loans approved by the Executive Board in 2016 – amounting to US$780 million – compared with the results of the previous four years (see figure 1). The overall gender sensitivity outcome on loans shows that 82 per cent of the loan value was rated moderately satisfactory compared to 86 per cent in last year's analysis.

27. The proportion of the total loan value that can be classified as gender transformative[2] has continued to increase, rising to 26 per cent from 21 per cent in 2015 and 18 per cent in 2014. This upward trend in gender transformative projects is a very positive outcome and demonstrates that gender is being incorporated at the project level. This will be built on going forward.

Figure 1
**Distribution of total loan value approved by gender score**
(Percentage of total loan value)

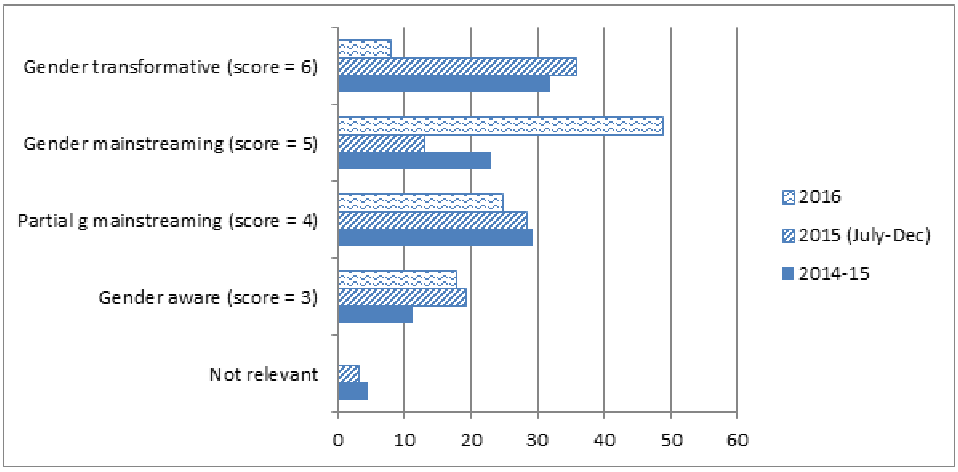



**Gender sensitivity of IFAD grants**

28. As in prior years, a gender sensitivity analysis was also undertaken on the 37 IFAD grants approved in 2016 for a total value of US$48.13 million, and compared with the previous year (figure 2).

29. In the overall analysis, 80 per cent of grants by value are rated moderately satisfactory or above with respect to gender compared to 77 per cent last year. However, the proportion of grants that can be classified as gender transformative is 8 per cent compared to 36 per cent in 2015 and 32 per cent in 2014.

Figure 2
**Distribution of total grant value approved 2014-2016 by gender score**
(Percentage of total grant value)




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

30. The first attempt to quantify the gender sensitivity of IFAD's regular budget was presented in the 2014 budget document. A more accurate method of capturing gender-related data with better attribution was integrated into the 2015 and 2016 budget preparation processes. This captured gender sensitivity in IFAD's regular budget more comprehensively, within the constraints of currently available

[2] Gender transformative: where activities go beyond addressing the symptoms of gender inequality to tackling the underlying social norms, sttitudes, behaviours and social systems.

systems. As part of IFAD's drive to improve its approach and data collection, for the 2017 budget the Office of Budget and Organizational Development requested the gender desk in the Policy and Technical Advisory Division (PTA) to review the gender allocation for each staff position in IFAD to ensure that the data more accurately reflect the gender component of staff time. In preparing the 2018 analysis, the impact of the net increase in positions has been layered onto the 2017 baseline.

31. The overall result of this year's exercise shows a very slight increase in the percentage of total staff cost spent on gender-related activities from 8.7 per cent in 2017 to 8.9 per cent in 2018. On a departmental basis, the highest gender mainstreaming rate is in PMD, at 14 per cent (with divisions ranging from a low of 5 per cent to a high of 18 per cent for PTA). Notable among non-PMD divisions are the Ethics Office at 15 per cent and the Communications Division at 11 per cent.

32. IFAD will continue to seek to improve its approach and validate its data to further enhance reporting on gender sensitivity by seeking inputs from other organizations undertaking similar work.

# IV. 2018 programme of work

33. In 2018, IFAD will be in the third and final year of the IFAD10 period. As the Fund proposes to deliver a planned PoLG of at least US$3.2 billion for the three-year period, it is important that an adequate pipeline is in place and approved in 2018. For 2018, the IFAD-funded PoLG is planned for US$875 million.

34. It is proposed to take advantage of the lower PoLG in 2018 to build up the necessary pipeline for a higher PoLG in 2019, the first year of IFAD11. Unlike in the past, this will enable IFAD to level out the PoLG in each year of IFAD11. IFAD plans to achieve this: (i) by promoting an increased use of additional financing for ongoing and scalable projects identified by regional assessments and a global study of the current portfolio; and (ii) through early redistribution of resources allocated under the performance-based allocation system (PBAS) to countries for which there is no current demand during the IFAD10 period.

35. In addition, IFAD will make concerted efforts in 2018 to mobilize approximately US$75 million in other funds under IFAD management. Despite the continued difficulty in securing official development assistance, IFAD will continue to aim for a cofinancing ratio target of 1:1.2 for IFAD10, bringing the total PoW for 2018 to US$2.3 billion, including cofinancing from domestic and international sources.

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

| | 2013 | 2014 | 2015 | IFAD10 2016 | IFAD10 2017 | IFAD10 2018 | Total IFAD10 |
|---|---|---|---|---|---|---|---|
| | Actual [a] | | | Actual | Planned | Projected | |
| **IFAD programme of loans and grants** | | | | | | | |
| IFAD loans (including loan component grants) and Debt Sustainability Framework grants | 811 | 713 | 1 360 | 775 | 1 447 | 818 | 3 040 |
| IFAD grants | 49 | 47 | 65 | 48 | 55 | 57 | 160 |
| **Total IFAD PoLG [b]** | **860** | **760** | **1 425** | **823** | **1 502** | **875** | **3 200** |
| Other funds under IFAD management [c] | 112 | 114 | 60 | 61 | 75 | 75 | 211 |
| **Total programme of loans and grants** | **972** | **874** | **1 485** | **884** | **1 577** | **950** | **3 411** |
| Cofinancing (international, net of IFAD-managed and domestic) | 960 | 867 | 1 939 | 560 | 1 725 | 1 344 | 3 629 |
| **Total PoW** | **1 932** | **1 741** | **3 424** | **1 444** | **3 302** | **2 294** | **7 040** |
| **Portfolio under implementation** | **5 700** | **6 000** | **6 860** | | **n/a** | **n/a** | |

[a] Grants and Investment Projects System (GRIPS) as at 4 October 2017. Current amounts reflect any increase/decrease in financing during implementation, including additional domestic funding and cofinancing.
[b] Includes resources from the Adaptation for Smallholder Agriculture Programme (ASAP).
[c] Other funds managed by IFAD include the Spanish Food Security Cofinancing Facility Trust Fund, Global Environment Facility/Least Developed Countries Fund, Global Agriculture and Food Security Program (GAFSP), European Commission and European Union, in addition to bilateral supplementary/complementary grants.

36. Some 31 projects and programmes, and additional financing for three ongoing investment projects, are currently being prepared for approval during 2018. IFAD expects to meet its commitment to allocate approximately 50 per cent of its replenishment resources to Africa.

37. The estimated number of global and regional grants in 2018 is 40 to 50, for a total of US$57 million. As articulated in the IFAD Policy for Grant Financing approved by the Executive Board in April 2015, the principal objectives of IFAD's grant programme are to:

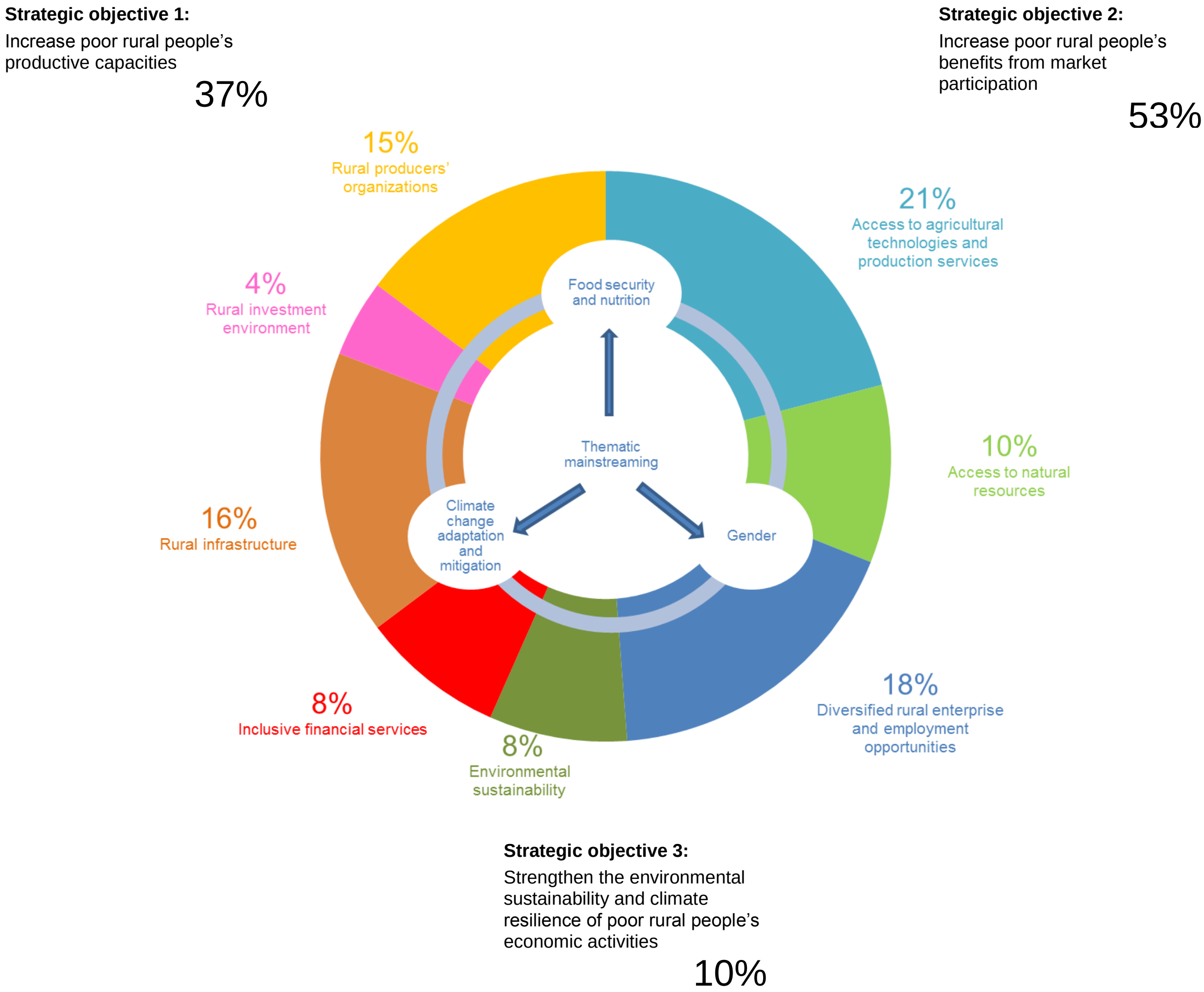
(i) Promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact;

(ii) Strengthen partners' institutional and policy capacities;

(iii) Enhance advocacy and policy engagement; and

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

Figure 3
**Indicative distribution of 2018 investment programme by area of thematic focus**




Note: Food security and nutrition, gender and climate change adaptation and mitigation are depicted as such to reflect the mainstreaming of these priorities across each area of thematic focus.

# V. 2018 net regular budget

## A. Introduction

38. The 2018 budget responds to the requirements for delivering the PoLG for the third year of IFAD10, preparations for increased delivery in 2019, the first year of IFAD11, and the recurrent costs arising from increased decentralization. It recognizes the cost implications of new initiatives, the ongoing plan for increased decentralization, and other real increases associated with management decisions made in prior years such as replacement of the Loans and Grants System (LGS) and other capital projects. As a result, there are a number of real increase cost drivers that are unavoidable. Cost reductions in several budget categories have been incorporated, and inflation and other price increases have been absorbed to the extent possible.

## B. Budget process

### 2018 strategic workforce planning exercise

39. The annual strategic workforce planning (SWP) exercise for 2018 took place in June 2017. As in 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 medium-term plan 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.

40. 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 ICO-related positions. The initial 2018 SWP outcome included primarily support for decentralization-related additional staffing as well as a few requests in the financial management, legal and audit areas.

41. The emphasis on faster decentralization, the changing role of country programme managers (CPMs), shorter delivery time, faster disbursements and rationalization of resources across the organization for efficient and effective delivery resulted in a paradigm shift in the SWP parameters. The staffing changes in the 2018 budget arise from meeting the essential needs to sustain current level of operations and staff increases primarily associated with increased decentralization as well as for sustaining OpEx-generated key performance indicators (KPIs) and targets. Details are provided in paragraphs 49-57 below.

**2018 non-staff budget process**

42. Budget preparation guidelines for non-staff costs were provided to each department. Guidelines included budget parameters and overall non-staff cost envelopes for each department. Departments were requested to propose their 2018 non-staff budgets to include incremental costs and factor in price-related increases, as required. A separate submission was required for incremental activities to be charged to complementary and supplementary funds management fees, which would form the gross budget for 2018.

43. The Office of Budget and Organizational Development reviewed all budget submissions in the context of corporate priorities and directions set by Management. A systematic approach was followed in reviewing submissions. As in previous years, a review of the timeline of proposed capital projects (including the CLEE) was undertaken, and the corresponding recurrent costs and depreciation for 2018 were estimated. The impact of general inflation and price escalations on specific cost items, such as travel and consultancy, was reviewed for each major non-staff expenditure item, and an attempt was made to absorb as much as possible.

44. Subsequently, the impact of increased decentralization and OpEx-related initiatives were layered onto the staff and non-staff submissions. The budget increase for this latter component has been clearly separated and detailed in paragraphs 69-73 below. In addition, detailed itemized costing of the proposed one-time adjustment and capital expenditure requirements for the OpEx exercise was undertaken. Details are provided in paragraphs 105-115 below.

45. Finally, the guidance, feedback and inputs provided by the Audit Committee and the Executive Board during their deliberations on the high-level preview in September were taken into account in preparing the final budget. Substantial efforts were made to lower both the one-time expenditures and the overall budget increase. This document also incorporates the clarifications and issues raised initially by the Audit Committee and subsequently the Executive Board.

## C. Assumptions

**Exchange and inflation rate assumptions**

46. Using the agreed foreign exchange rate calculation methodology, the exchange rate was EUR 0.909:US$1. However, given the current trend in the exchange rate over the last three months ranging between EUR 0.83 and EUR 0.85 to US$1 and the predicted trend over the coming months, it is likely that the actual rates for 2018

will be closer to EUR 0.897:US$1 than EUR 0.909:US$1. Hence, the exchange rate for the 2018 budget has been retained at the 2017 level of EUR 0.897:US$1. In any case, the difference between the two rates is minimal and hence the impact on the budget is expected to be negligible.

47. The inflation adjustment for the 2018 budget was based on the agreed methodology. It uses specific inflation numbers for several line items and a weighted average of the world consumer price index (CPI) of 3 per cent (source: Bloomberg, composite rate) and the 1.2 per cent CPI for Italy (Bloomberg, Bank of Italy) for all other costs.

**2018 staff salary cost assumptions**

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 at headquarters. The International Civil Service Commission (ICSC) has proposed a number of changes in the salary structure for Professional staff that will reduce net take-home pay over the next several years. However, there will be no impact on the salary component for 2018, as transitional allowances will fully cover any proposed reduction.

(ii) While there is no change in salaries, the normal within-grade step increment (WIGSI) constitutes a price increase. The step increase varies from 1.6 to 3.2 per cent for Professional staff and from 2.1 to 4.2 per cent for General Service Staff, depending on the grade level and step. However, the annual salary increase has been replaced by a biennial increase for Professional staff at step 7 and above for each grade level. As a result, compared to previous years there will be significant reduction in the overall price increase for staff salaries.

(iii) In addition, there will be changes in the benefit portion (essentially in the education grant) of Professional staff. The reduction has been incorporated into the revised standard costs that are prepared every year as part of the budget exercise.

(iv) As in previous years, standard staff costs were developed separately for each grade level, adjusted for the weighted distribution by salary step based on an analysis of statistical data of the actual IFAD staff population. The benefit changes have also been incorporated in the new standard cost for 2018.

(v) The cost of General Service recruits is based on the new lower salary scale proposed by ICSC and approved by Management. The incremental impact of this lower salary scale for 2017 was estimated at US$0.2 million, based on the number of new recruits in 2016. However, since there has been minimal external recruitment of General Service staff in 2017, no further reduction in General Service staff costs is expected for 2018.

## D. Proposed staffing level for 2018

49. The approved 2017 level of 604.9 full-time equivalents (FTEs) was used as the baseline for 2018. It included: 603.4 FTEs funded from the regular budget and 1.5 FTEs performing core functions funded from other sources. In addition, 13.25 FTEs with coterminous contracts were funded from the gross budget (5 FTEs in relation to Adaptation for Smallholder Agriculture Programme [ASAP], 8.25 FTEs in relation to other grants).

50. The proposed staffing level for 2018 is 628.3 FTEs or a net increase of 23.4 FTEs. Excluding core staff funded from other funding sources, the total net increase under the regular budget is 23.9 FTEs. This net increase is comprised of the following three components: (i) Four FTEs for essential needs to sustain current level of operations and the splitting of one of the existing departments;

(ii) 27.8 FTE new staff positions associated with frontloaded decentralization; and (iii) a 7.9 FTE reduction in General Service staff positions at headquarters.

51. The proposed increase of four positions is required as part of normal business needs as the absolute minimum determined during the SWP exercise carried out in June 2017, and includes one new position due to the splitting of Corporate Services Support Group (CSSG) department.

52. The 27.8 FTE increase is attributable entirely to increasing capacity at ground level as a result of decentralization. It includes a higher number of CPMs and programme and procurement officers, as well as a substantial number of national staff in several existing IFAD Country Office locations including local technical specialists. This number is much lower than the estimates used in the preparation of the high-level preview document and reflects the strategic decision made on the size and number of ICOs.

53. Regarding core positions funded from supplementary fund fees, only one position remains (28 positions have already been absorbed into the regular budget over the last five years), with an effective 1 FTE. It is currently proposed that the 1 FTE position continue to be funded from supplementary fund fees as it directly supports supplementary fund-related activities.

54. Of the total staff number of 627.3 FTEs funded by the regular budget, an estimated 154 positions will be based in the field in 2018 with another 16 positions to be outposted in 2019. This will bring the total number of outposted staff to 171 FTEs, over 27 per cent of total IFAD staff, compared to 111 positions outposted in 2017.

55. While the increase in the number of positions will result in higher staff costs in 2018, these will be gradually offset by a decrease of 12 to 15 positions at headquarters in subsequent years. As a result, anticipated further staff increases due to decentralization in 2019 are expected to be minimal as they will be offset by reductions in headquarters staff through a combination of attrition, minimizing external recruitment for certain staff categories and a voluntary separation programme.

56. The number of positions chargeable to management fees and funded from the gross budget will remain unchanged at 13.25 FTEs.

Table 4
**Indicative staffing requirements, 2015-2018**
(Full-time equivalents)

| | *Approved* | | | | |
|---|---|---|---|---|---|
| *Department* | *2015* | *2016* | *2017* | *Proposed 2018* | *Total change 2017 vs. 2018* |
| Office of the President and Vice-President | 11.00 | 11.00 | 11.00 | 12.00 | 1.00 |
| Corporate Services Support Group | 87.00 | 93.00 | 94.00 | 41.00 | (53.00) |
| Partnership and Resource Mobilization Office | 19.00 | 19.00 | 20.00 | - | (20.00) |
| External Relations and Governance | - | - | - | 74.00 | 74.00 |
| Strategy and Knowledge Department | 28.00 | 23.00 | 25.00 | 25.00 | - |
| Programme Management Department | 272.00 | 281.50 | 283.90 | 306.80 | 22.90 |
| Financial Operations Department | 63.00 | 65.00 | 66.00 | 65.00 | (1.00) |
| Corporate Services Department | 101.50 | 102.50 | 103.50 | 103.50 | - |
| **Total staff funded by regular budget** | **581.50** | **595.00** | **603.40** | **627.30** | **23.90** |
| Staff FTEs funded by other funding sources | 6.00 | 2.00 | 1.50 | 1.00 | (0.50) |
| **Total staff funded by regular and other sources** | **587.50** | **597.00** | **604.90** | **628.30** | **23.40** |
| Staff FTEs chargeable to management fees* | 7.00 | 8.00 | 13.25 | 13.25 | - |

* Staff with coterminous contracts funded from the gross budget.

57. Some of the significant departmental staffing changes funded by the regular budget are highlighted below:

    (i) A separate department, External Relations and Governance (ERG), has been created and will incorporate the following three offices/divisions: the Office of the Secretary, the Communications Division of CSSG and the Partnership and Resource Mobilization Office. Consequently, the original CSSG will be reduced to 41 FTEs and the new ERG will have 74 FTEs. The combined total number of staff for the two departments will be 115 FTEs compared to 114 FTEs in CSSG and PRM combined in 2017. The split resulted in a total increase of only 1 FTE.

    (ii) PMD has increased significantly by 22.9 FTEs, primarily as a result of the increase of 27.8 FTEs for the proposed decentralization programme and the transfer of one position from the Strategy and Knowledge Department (SKD) to the front office, offset by a reduction of 5.9 FTEs in General Service staff.

    (iii) The changes in other offices and departments are minimal and are essentially internal transfers with no change in the staffing levels for the Corporate Services Department and SKD.

    (iv) Indicative 2018 staffing levels funded by the regular budget and by department and grade are set out in annexes IV and V. The cost implications of the SWP exercise are set out in subsection E below.

## E. 2018 cost drivers

58. The final cost drivers for the 2018 budget proposal are: (i) staff costs arising from SWP, organizational changes and decentralization; (ii) decentralization-related non-staff costs; (iii) depreciation and other recurrent expenses related to capital budgets; and (iv) price-related cost drivers. These cost drivers are presented in the document using two broad categories: (a) baseline requirements; and (b) recurrent costs for accelerated decentralization.

59. The other cost drivers identified at the time of the preparation of the high-level budget document were: (i) costs related to the increased average PoLG level during IFAD11; and (ii) recurrent expenses arising from the drive for excellence through the Operational Excellence for Results exercise. These two cost drivers were dropped for the following reasons:

    (i) Given the current uncertainty around a substantial increase in the PoLG during IFAD11, no increase in staff, consultancy and travel costs has been included in the 2018 budget request to reflect a higher level of delivery. This is the primary reason for the substantial reduction in the budget request compared to the high-level preview. Additional resources in support of a significantly higher level of PoLG will only be considered once the outcome of the IFAD11 Consultation is known and will then be requested only if required in 2019.

    (ii) While both recurrent and one-time costs associated with the decentralization component of the OpEx exercise have been identified, the recurrent costs related to specific OpEx initiatives to address the drive for excellence (faster delivery, increased disbursement and business process streamlining) are currently being assessed. Since no specifics are yet known, it was decided to defer the request for such expenditures. In the event of expenditures in 2018, these will be absorbed within the current budget or deferred to future years. In any case such expenditures will be offset by cost saving and efficiency measures arising from the drive for excellence.

### (i) Baseline requirements

**Staff costs arising from SWP, organizational changes and decentralization**

60. In view of the substantial increase in positions arising from decentralization, SWP-staff related adjustments have been limited to essentials and kept to a minimum. As a result, this component of the staff cost increase includes only four positions totaling US$650,000. This increase has been offset by a reduction in contractual costs, resulting in a net real increase of US$550,000.

**Depreciation and other recurrent expenses related to capital budgets**

61. The implementation of the second phase of the new Loans and Grants System – renamed the IFAD Client Portal (ICP) – remains broadly on track. Based on the implementation schedule, there will be an incremental increase in depreciation amounting to US$300,000 and an incremental recurrent cost of US$1.2 million, compared to the estimates included in the high-level preview of US$500,000 and US$1.3 million, respectively. The main beneficiary of the ICP implementation will be borrowers and recipients of IFAD financing.

62. 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 are an estimated US$400,000, unchanged from the high-level preview.

**Price-related cost drivers**

63. The high-level preview showed an estimated increase in staff costs attributable to WIGSIs of US$1.2 million and expected savings from lower salary scales for General Service staff, resulting in a net salary cost increase of US$1 million. The above estimates, including the standard costs for each staffing grade, were revised downwards as a result of the change to a biennial WIGSI adjustment and other benefit reductions recommended by ICSC. As a result, the net cost of staff salary increases has been reduced to US$630,000, substantially lower than the US$1 million projected in the high-level preview document.

64. Based on available data, the 2018 final budget was prepared using the following inflation rates: 1.5 per cent for consultants (US$370,000); 1 per cent for travel (US$100,000); and 2.1 per cent for other costs (US$550,000 net of price increases absorbed) using the weighted average of the world and Italian CPIs.

65. Total price-related increases for 2018 amount to US$1.65 million or 1.1 per cent, slightly higher than the high-level preview estimate of 1 per cent.

### (ii) Recurrent costs for accelerated decentralization

**Staff costs arising from accelerated decentralization**

66. 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. This has now been estimated at 30 positions for 2018, equivalent to 27.8 FTEs, comprising a number of country programme managers, procurement and programme officers to strengthen ICOs and a substantial number of national staff including local technical specialists at several existing ICO locations. The recurrent staff cost increase for this has been estimated at US$2.73 million (net of the reduction of General Service positions at headquarters in 2018) compared to a staff cost increase of US$4 million included in the high-level budget preview.

67. The above staff increases and the proposed outposting of the maximum number of CPMs is expected to result in a reduction in consultancy and travel costs. The estimated real reduction for 2018 is US$1.75 million or 5 per cent of the 2017 consultancy and travel costs, resulting in a net real increase of US$0.98 million.

68. It is expected that the remaining staffing requirements according to the decentralization plan, comprised of CPMs, technical and national staff, will be

included in the 2019 budget. The additional cost of such staff will be substantially offset by further reductions in headquarters staff positions and through organizational streamlining and efficiency measures over the medium term.

**Decentralization-related non-staff costs**

69. The decentralization plan has been revised and it is proposed that for the medium term there will be no more than 40 operational ICOs. Instead of increasing the number of ICOs to 50, the current plan is for consolidation and optimal use of resources at each location. Two additional regional hubs will be established in 2018 and once these are fully operational some ICOs will be closed in order to maintain the number of operational ICOs at 40. All recurrent and one-time cost adjustment estimates for 2018 are based on this plan.

70. Based on the new ICOs and the upgrades required in a number of ICOs to accommodate the proposed staffing complement, the incremental recurrent non-staff costs of these offices have been estimated at US$1.04 million for 2018 compared to US$1.5 million in the high-level preview. This cost includes both incremental rental costs as well as services costs for each additional outposted or locally recruited position.

71. A detailed estimate has been prepared for each location using standard service costs and estimated rental increases only where applicable. As an example, in locations where there is adequate space to accommodate additional outposted staff there will be no incremental rental costs, only incremental service costs.

72. In addition, IFAD's contribution to supporting United Nations development coordination activities related to ICOs was reviewed. Based on the current plan of 40 ICOs and feedback from the ongoing negotiations, no increase is expected in 2018. The amount of US$700,000 remains the same as in 2017 compared to the US$1 million estimated in the high-level preview document.

73. The total increase in staff and non-staff recurrent costs associated with the decentralization programme amounts to US$2.02 million or 1.4 per cent.

## F. 2018 net regular budget proposal

74. As noted above, feedback from the Audit Committee and Executive Board on the high-level preview has been taken into account in preparing the 2018 net regular budget proposal. The latest budget estimates are based on detailed submissions provided by the departments, which have been rigorously reviewed. In addition, detailed costing for accelerated decentralization was carried out and several cost drivers included in the high-level preview have been either removed or deferred. As a result, the final 2018 budget proposal is substantially lower than the high-level preview estimate.

75. The 2018 net regular budget is proposed at US$155.54 million, representing a 4.1 per cent nominal increase over the 2017 budget of US$149.42 million (compared with 5.6 per cent in the high-level preview). The real increase has been contained at 3 per cent compared with the 4.6 per cent proposed in the preview. There is a net price increase of 1.1 per cent arising from inflation and price increases, which is slightly higher than the high-level preview amount of 1 per cent.

76. As detailed above, the total baseline nominal increase proposed amounts to US$4.1 million or 2.7 per cent, which would have been incurred as part of normal business operations. The incremental cost of accelerated decentralization now amounts to US$2.02 million or 1.4 per cent, which is less than half of the US$4.75 million or 3.2 per cent in the high-level preview.

77. The total real increase of US$4.47 million, or 3 per cent, is the effect of: (i) staff increases, offset by the real decrease in consultancy and travel (US$1,530,000); (ii) costs and depreciation associated with completion of the ICP project, CLEE and

other capital projects (US$1,900,000); and (iii) recurrent non-staff costs of new ICOs (US$1,040,000).

78. The 1.1 per cent price increase is the effect of the net increase in staff compensation due to WIGSI adjustment, price increases in consultancy, travel and other costs. The price increases for other items based on the weighted inflation rate have been absorbed through cost reduction efforts undertaken by several departments.

79. The 4.1 per cent overall increase in 2018 is marginally higher than the usual 2 per cent to 2.5 per cent budget increase in prior years. Based on feedback received on the high-level preview, considerable effort was exercised to contain budget growth to this level notwithstanding the need to attain a consistent level of excellence across the entire spectrum of operations.

80. This budget growth together with the investment in one-time costs detailed later will enable IFAD to provide a higher level of ground support to deliver better results and impact, further reductions in consultancy and travel costs, and an overall higher level of operational efficiency. In all probability, barring a significant increase in the PoLG and an unfavourable exchange rate, the 2019 budget growth should revert to below its normal level of around 2 per cent to 2.5 per cent. Any additional resources required for further decentralization are expected to be offset by reductions in staffing levels at headquarters in 2019.

**2018 budget proposal by department**

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

Table 5
**Regular budget by department, 2017 and 2018**
(Millions of United States dollars)

| *Department* | *Approved 2017* | *Proposed 2018* | *Total change* | *Change (percentage)* |
|---|---|---|---|---|
| Office of the President and Vice-President (OPV) | 2.46 | 2.39 | (0.07) | (2.8) |
| Corporate Services Support Group (CSSG) | 18.15 | 7.71 | (10.44) | (57.5) |
| Partnership and Resource Mobilization Office (PRM) | 4.03 | - | (4.03) | (100.0) |
| External Relations and Governance (ERG) | - | 14.99 | 14.99 | 100.0 |
| Strategy and Knowledge Department (SKD) | 5.69 | 5.70 | 0.01 | 0.2 |
| Programme Management Department (PMD) | 72.60 | 75.67 | 3.07 | 4.2 |
| Financial Operations Department (FOD) | 10.96 | 11.13 | 0.17 | 1.6 |
| Corporate Services Department (CSD) | 27.76 | 28.32 | 0.56 | 2.0 |
| Corporate cost centre: | | | | |
| • Corporate cost centre costs (allocable) | 3.42 | 4.82 | 1.4 | 40.9 |
| • Corporate cost centre (portion not allocable) | 4.35 | 4.81 | 0.46 | 10.6 |
| **Total** | **149.42** | **155.54** | **6.12** | **4.1** |

82. Most departments show an increase in their 2018 budget compared with 2017. The increases are primarily to increase the staff presence on the ground and related higher recurrent costs at ICOs, salary increases and inflation, offset by reductions in consultancy and travel costs.

83. Specific reasons for the changes in 2018 departmental allocations compared with 2017 are the following:

(a) **OPV.** There is a minimal decrease in the budget due to lower standard staff costs.

(b) **CSSG/ERG/PRM.** The total approved cost of CSSG and PRM in 2017 amounted to US$22.18 million. The 2018 cost for the combined departments of CSSG and ERG amounts to US$22.70 million. The increase is due primarily to the additional staff position and WIGSI-related salary increases.

(c) **SKD.** The minimal increase in the budget for SKD is primarily due to two additional temporary research positions, offset by reductions in consultancy and staff costs.

(d) **PMD.** The increase in the 2018 budget is primarily due to the additional positions associated with increasing capacity on the ground and recurrent non-staff costs of ICOs such as rental and service costs associated with a higher staffing level. These increases have been offset by reductions in consultancy and travel costs.

(e) **FOD.** The increase is mainly due to additional costs for financial management, offset by reductions in the FOD front office, and the Treasury Services and Accounting and Controller's divisions. Additional resources for financial management will have to be transferred from PMD.

(f) **CSD.** The higher 2018 budget is due to increased recurrent maintenance and support costs for IT-related capital projects, increased costs for field support, and contractual and other price increases. These have been partially offset by savings in the Administrative Services Division.

(g) **Corporate cost centre**. Costs under this heading are split between those centrally managed institutional costs that are allocable (i.e. recruitment and assignment costs, LGS depreciation and costs associated with the rewards and recognition framework) and those that are centrally managed but not allocable (i.e. other depreciation, maternity leave, after-service medical costs, external audit fees, etc.).

- The increase in allocable corporate costs is due to recurrent costs and depreciation associated with the completion of the LGS and ICP capital projects.
- The increase in unallocable corporate costs is due to additional CLEE-related depreciation and recurrent costs, as well as an increase in regular depreciation.

**2018 budget proposal by summary cost category**

84. The breakdown of the 2018 budget proposal across major cost categories is set out in table 6. Annex II provides an analysis of the 2018 budget proposal by detailed cost category and by department. The final budget by cost category differs slightly from the high-level preview as a result of better estimates and is lower in most cases as the overall budget increase has been reduced significantly.

Table 6
**Analysis of budget by summary cost category, 2017 and 2018**
(Millions of United States dollars)

| *Cost category* | *Approved 2017* | *Proposed 2018* | *Total change* | *Change (percentage)* |
|---|---|---|---|---|
| Staff | 86.30 | 90.16 | 3.86 | 4.5 |
| Consultants | 24.80 | 24.11 | (0.69) | (2.8) |
| Duty travel | 10.24 | 9.97 | (0.27) | (2.6) |
| ICT non-staff costs | 5.22 | 5.24 | 0.02 | 0.4 |
| Other costs | 22.86 | 26.06 | 3.20 | 14.0 |
| **Total** | **149.42** | **155.54** | **6.12** | **4.1** |

85. The increase in staff costs from US$86.3 million in 2017 to US$90.16 million in 2018 is primarily due to the additional staff positions arising from decentralization, the regular SWP exercise and the mandatory WIGSI adjustment, offset partially by reductions in General Service staff positions in PMD and changes to staff benefits.

86. The consultancy costs in 2018 are lower than in 2017. This is due mainly to the reductions made in consultancy costs as a result of higher staffing levels at ICOs, offset by price increases in consultancy rates.

87. The decrease in duty travel in 2018 is due to the savings expected in travel costs as a result of outposting of staff to ICOs, offset by price increases.

88. Non-staff costs for information and communications technology (ICT) remain virtually unchanged as most of the costs associated with the ICP project are included in the corporate cost centre as other costs.

89. The increase in other costs is mainly due to higher depreciation associated with the completion of the CLEE, LGS and ICP capital projects, and recurrent non-staff costs associated with increased staffing level at ICOs as well as contractual and other price increases.

**Moving from clusters to pillars**

90. IFAD strives constantly to improve and be on the cutting edge in its approach to corporate planning and budgeting, with the aim of effectively focusing resources on meeting its strategic objectives. The shift from clusters to pillars will further improve the effectiveness of corporate planning and budgeting processes. With the long-term strategic objectives set out in the Strategic Framework and the emerging priorities identified for the three-year medium-term plan period, the outputs to achieve these are determined annually. The level and extent of the outputs may vary from year to year, depending on emerging priorities and in response to evolving opportunities and challenges. The outputs are then mapped to the corresponding results pillars. Appropriate resources, both staff and non-staff, are then allocated to deliver the required outputs within each pillar.

91. This improvement allows IFAD to focus more on results and link the budget directly to outputs. This in turn means that outcomes and outputs will drive the budget process, rather than budget allocations driving the planning process. As the 2018 budget is the first to be based on the pillar approach there will be no comparative data.

92. Table 7 below shows the budgets of departments and offices broken down by pillar.

Table 7
**Indicative breakdown of regular budget by results pillar, 2018**
(Millions of United States dollars)

| | *Pillar 1* | *Pillar 2* | *Pillar 3* | *Pillar 4* | |
|---|---|---|---|---|---|
| *Department* | *Country programme delivery* | *Knowledge building, dissemination and policy engagement* | *Financial capacity and instruments* | *Institutional functions, services and governance* | *Total* |
| Office of the President and Vice-President | 0.19 | 0.07 | 0.19 | 1.94 | **2.39** |
| Corporate Services Support Group | 1.70 | 0.33 | 0.58 | 5.10 | **7.71** |
| External Relations and Governance | 0.98 | 4.15 | 3.16 | 6.70 | **14.99** |
| Strategy and Knowledge Department | 0.39 | 4.41 | - | 0.90 | **5.70** |
| Programme Management Department | 65.25 | 7.01 | 0.87 | 2.54 | **75.67** |
| Financial Operations Department | 5.39 | 0.01 | 4.60 | 1.13 | **11.13** |
| Corporate Services Department | 4.64 | 1.19 | 2.07 | 20.42 | **28.32** |
| Corporate cost centre: | | | | | |
| Corporate cost centre costs (allocable) | 2.59 | 0.57 | 0.38 | 1.28 | **4.82** |
| Corporate cost centre costs (unallocable) | - | - | - | 4.81 | **4.81** |
| **Total** | **81.13** | **17.74** | **11.85** | **44.82** | **155.54** |
| Percentage allocation | 52% | 11% | 8% | 29% | 100% |

93. The above table shows that 52 per cent of the total budget is in pillar 1 while pillars 2 to 4 account for 11 per cent, 8 per cent and 29 per cent respectively. In subsequent years, when comparative data is available, costs will be tracked to see how decentralization, business streamlining, drive for excellence and efficiency measures affect the distribution by pillars.

94. Based on progress to date, the breakdown for each pillar by output group with the corresponding budget is shown in annex III. In the future, it is proposed that these groups be broken down further into specific and more detailed outputs. As the pillars differ significantly from the clusters used in previous years, a mapping of clusters to pillars is not possible at this time.

## G. 2018 gross budget proposal

95. 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.

96. 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 Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund) are included in the gross budget.

97. For 2018, the cost of supporting supplementary-fund-related work is US$4.8 million over and above the net regular budget of US$155.54 million. This is

lower than the 2018 high-level estimate of US$5 million and the 2017 approved budget of US$5.2 million. This amount can be fully recovered from the annual allocable portion of the fee income generated from ASAP, the Spanish Trust Fund, the European Union and European Commission and CGIAR.

98. As a result, the gross budget proposed for 2018 amounts to US$160.34 million compared with US$154.62 million in 2017. Approval is being sought only for the proposed net regular budget of US$155.54 million. Table 8 provides a summary of the gross and net regular budget.

Table 8
**Indicative gross and net budget for 2018**
(Millions of United States dollars)

| *Cost category* | *Approved 2017* | *Proposed 2018* |
|---|---|---|
| Gross budget | 154.62 | 160.34 |
| Costs to support supplementary fund activities | (5.20) | (4.80) |
| **Net budget** | **149.42** | **155.54** |

## H. Efficiency ratios

99. Based on a PoLG of US$875 million (including other IFAD-managed funds) and the proposed gross budget of US$160.34 million, the administrative efficiency ratio (efficiency ratio 1) for 2018 is expected to be 17 per cent, because of the significantly lower PoLG for 2018. However, for the overall IFAD10 period the ratio would revert to 13 per cent, which is the same as that of IFAD9 period. The higher cost relative to the 2018 PoLG is due to year-to-year fluctuations in the PoLG. For IFAD11, it is proposed that the PoLG be evened out across the three years, so that such fluctuations in the ratio will no longer occur.

100. If cofinancing is included, efficiency ratio 2 – based on the total programme of work – is projected at 6 per cent for the IFAD9 period and 7 per cent for the IFAD10 period. However, the final efficiency ratios for both 2018 and the IFAD10 period are expected to be better than the forecasts once the actual budget utilization and PoLG numbers are known.

101. Efficiency ratio 3 was introduced in 2016 to measure the amount of portfolio managed per dollar of budget expenditure. The monetary value of the current portfolio is currently US$6.89 billion and hence the portfolio value as a ratio of total administrative costs is US$46 for every United States dollar of expenditure. As a result, the amount of portfolio managed per dollar of budget expenditure has increased from US$43 during the IFAD9 period to US$46 for the first two years of IFAD10.

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

| | *IFAD9 Period*[c] | *Actual 2016* | *Planned 2017* | *Projected 2018* | *IFAD10 period* |
|---|---|---|---|---|---|
| **Programme of work** | | | | | |
| PoLG | 3 045 | 823 | 1 502 | 875 | 3 200 |
| Other IFAD-managed funds | 286 | 61 | 75 | 75 | 211 |
| **Subtotal** | **3 331** | **884** | **1 577** | **950** | **3 411** |
| Cofinancing[a] | 3 767 | 561 | 1 725 | 1 344 | 3 630 |
| **Total POW** | **7 098** | **1 445** | **3 302** | **2 294** | **7 040** |
| **Value of portfolio under implementation at end of period** | **6 860** | **6 800** | **6 890** | **n/a** | **n/a** |
| **Total costs** | | | | | |
| Regular budget | 422.9 | 141.8 | 146.2 | 155.5 | 443.5 |
| Costs to support supplementary fund activities | 14.2 | 4.6 | 5.0 | 4.8 | 14.4 |
| **Total costs** | **437.1** | **146.4** | **151.2** | **160.3** | **457.9** |
| **Efficiency ratio 1:** Total costs/PoLG incl. other IFAD-managed funds[b] | 13% | 17% | 10% | 17% | 13% |
| **Efficiency ratio 2:** Total costs/PoW | 6% | 10% | 5% | 7% | 7% |
| **Efficiency ratio 3:** Portfolio/total costs | $43 | $46 | $46 | n/a | n/a |

[a] Amounts shown as cofinancing with other IFAD-managed funds reflect a revised cofinancing ratio target of 1:1.2 of PoLG.
[b] Efficiency measure agreed as part of IFAD9.
[c] Sourced from Grants and Investments Projects System (GRIPS) as at 4 October 2017. Actual amounts reflect any increase/decrease in financing during implementation, including additional domestic funding and cofinancing. Hence, some numbers may be different from those presented in the 2017 budget document.

# VI. Capital budget for 2018

## Regular 2018 capital budget request

102. As in prior years, the regular capital budget will be split into two categories: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktops, laptops and hardware and replacement of vehicles at ICOs); and (ii) a capital budget to fund major IT (if any) and other investment projects, subject to available capacity to undertake additional projects.

103. For 2018, a capital budget of US$1.95 million is proposed, which is below last year's capital budget of US$2.4 million as well as the estimate of US$2.5 million included in the high-level preview. The lower amount this year is due to the deferment of certain IT system-related projects in order to give priority to completing the IFAD Client Portal, the remainder of CLEE projects, and the forthcoming OpEx-related capital budget. As detailed in table 10, the total amount is comprised of: (a) an annual capital budget to meet rolling IT infrastructure requirements (US$900,000) and a provision for vehicle replacement at ICOs (US$100,000); and (b) US$950,000 in the other capital budget for ICT initiatives endorsed by the IT Governance Committee.

104. Based on the current accounting standards being applied by IFAD, depreciation is charged on a straight-line basis over the estimated useful economic life (four years for IT hardware up to a maximum of 10 years for software development costs, including LGS replacement costs). On this basis, the incremental depreciation for capital expenditure projects going live in 2017 and 2018 will be approximately US$500,000 in 2018.

Table 10
**Capital budget request, 2018**
(Thousands of United States dollars)

| | 2017 proposed |
|---|---|
| **(a) Annual capital budget** | |
| IT regular hardware replacement | 900 |
| ICO vehicle replacement | 100 |
| **(b) Other capital budget** | |
| Systems to improve transparency/accountability | 500 |
| Borrowing systems | 300 |
| Corporate Analytics reporting | 150 |
| **Total** | **1 950** |

# VII. One-time adjustment and capital budget for OpEx

105. In order to implement the proposed Operational Excellence for Results exercise and achieve the associated objectives, several initiatives will have to be undertaken. These one-off initiatives and preparatory activities will be carried out over the next 18 to 24 months.

106. 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.

107. Consequently, there is a need for a one-time investment and an initial increase in recurrent administrative costs in the short-term, mainly as a result of the decentralization programme and the strategy to embed excellence into the organization. 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 exercise. This will result in a better value-for-money proposition for IFAD in terms of resource allocation. In the long run, this initial investment will enable IFAD to further reduce its costs and attain higher effectiveness and efficiency.

### One-time adjustment budget for OpEx

108. The scoping and design of OpEx are expected to be completed in 2017. The focus to date has been on the decentralization programme and its impact on improving IFAD's overall results. This part of the OpEx exercise is substantially complete and therefore the funding requirements for this initiative are being proposed as part of the OpEx one-time and capital budget request. Specifically, there are two one-time adjustment cost components associated with decentralization: (i) costs to upgrade existing and establish new ICOs; and (ii) staff outposting costs, including one-time relocation costs for existing and new staff assigned to ICOs from headquarters. A detailed and rigorous estimate of these costs was done in order to limit this request to an absolute minimum.

109. Work is currently being done to determine the changes required to shorten delivery time, speed up disbursement and improve overall results. This will involve business process streamlining and workload and functional analysis to optimize the organization’s size and structure, and an organization-wide results orientation. This "results and organization optimization" element of the work will identify specific initiatives by the end of 2017 for implementation in 2018 and beyond. Funding to

identify and implement specific actions has not been included in the one-time budget request. Once they have been identified, the funding requirements will be met from savings and efficiency gains. Funding for implementation and change management has been included in the one-time budget. In addition, a provision has been made to backfill regular staff who will be working on implementing the OpEx initiatives to ensure that the drive for excellence is sustained. A small provision for training has been included to cover both new skills required in a decentralized environment and understanding streamlined business processes.

110. Included in the one-time request is a provision for voluntary separation-related expenses. With more national staff at ICOs it will be necessary to reduce the number of staff positions at headquarters. While every effort will be made to use attrition, staff turnover, and minimal external recruitment for certain staff categories to accommodate this reduction, a voluntary separation programme will be needed to meet the targets within a specific timeframe. The provision under one-time costs covers funding for eight to 12 positions and will be primarily used in 2019. These measures together are expected to be sufficient to meet the staff cost reduction targets.

111. Based on the detailed itemized cost estimate, the one-time cost for the OpEx exercise is now estimated at US$6.6 million compared to US$8 million-US$10 million estimated in the high-level preview. The substantially lower amount was made possible by limiting the total number of ICOs to 40 by 2019 (compared to the 50 offices proposed originally) using a metrics-based criteria and consolidation methodology proposed by OpEx, eliminating provisions for a substantial increase in PoLG, and deferring costs of specific initiatives for results and organization optimization. Limiting the total number of ICOs also facilitated reductions in recurrent costs.

112. Table 11 shows a breakdown of one-time costs and annex X provides further details of the one-time adjustment expenditure to be expensed over 2018 and 2019. Regular reports on the progress under the OpEx exercise and associated costs will be provided on a periodic basis. The notes in annex X also outline the basis for estimating the various expenditure items.

**One-time capital budget for OpEx**

113. In addition to the one-time adjustment budget, several IT-related initiatives will be necessary: (i) improved data collection and reporting systems to provide fast and timely information and reporting; (ii) specific automation projects focused on reducing workload that will translate into staff reductions; (iii) reconfiguring the PeopleSoft system to support decentralization and the related delegation of authority; (iv) upgrading and improving ICO connectivity; and (v) IT application requirements for faster delivery and disbursement.

114. The specifics of the above initiatives have been identified and estimated at US$3.05 million compared to the high-level preview estimate of US$3 million to US$4 million. Table 11 shows the amount and annex X provides a detailed breakdown of the one-time capital budget to be expensed over 2018 and 2019.

115. Consequently, a combined one-time adjustment and capital expenditure budget for OpEx of US$9.65 million is proposed compared to US$10 million to US$12 million originally estimated at the time of the high-level preview. This amount is expected to be disbursed over 2018 (US$6.25 million) and 2019 (US$3.4 million) based on current projections.

Table 11
**Estimated one-time adjustment and capital budget for OpEx**
(Millions of United States dollars)

| *Description* | *US$* |
|---|---|
| **I. One-time adjustment budget** | |
| **A. Accelerated decentralization** | |
| Upgrading and establishment of ICOs | 1.45 |
| Staff outposting costs | 1.05 |
| **B. Results and organization optimization activities** | |
| Business process and functional analysis | 0.50 |
| Organization and change management expertise | 0.75 |
| Backfilling of staff working on OpEx | 1.00 |
| Training | 0.35 |
| **C. Voluntary separation programme** | 1.50 |
| **Total one-time expenditures** | **6.60** |
| **II. One-time capital budget** | |
| **A. IT system enhancements** | |
| Implementing a decentralized business model | 1.55 |
| Infrastructure setup and upgrades at ICOs | 0.50 |
| Other IT-related reporting systems and initiatives* | 1.00 |
| **Total one-time capital budget** | **3.05** |
| **Total of one-time and capital budget** | **9.65** |

* Breakdown provided in annex X.

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

## I. Introduction

116. This document contains the results-based work programme and budget for 2018 and indicative plan for 2019-2020 of the Independent Office of Evaluation of IFAD (IOE). It takes into account the feedback and priorities expressed by IFAD governing bodies in 2017, and builds on consultations with IFAD Management.

117. **Context.** The IOE work programme and budget 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)[3] 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 (see box 1).

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.

118. 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.

119. This document is "based on a critical assessment of needs, rather than simply using the current budget as a baseline".[4] 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 end-October 2017 and a current estimate of expected 2017 year-end utilization.

120. In line with the IFAD Evaluation Policy,[5] the IOE budget is developed independently of IFAD's administrative budget.[6] Yet, the proposed budget is based on the same 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 2018.

121. The results-based work programme and budget 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

[3] The IFAD10 Consultation Report is available at https://webapps.ifad.org/members/gc/38/docs/GC-38-L-4-Rev-1.pdf.
[4] See the minutes of the 107th session of the Executive Board, para. 29.
[5] See IFAD Evaluation Policy: https://webapps.ifad.org/members/eb/102/docs/EB-2011-102-R-7-Rev-3.pdf.
[6] See IFAD Evaluation Policy, para.38: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other."

utilization as of end-October 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 proposal for the 2018 budget and human resources required by IOE to implement its work programme.

# II. Current perspective

## A. Highlights of 2017

122. 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 paper[7] 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 was presented to the Evaluation Committee and Executive Board at their September sessions. 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.

- **Finalization of country strategy and programme evaluations (CSPEs).** The CSPE for the Philippines was presented to the Evaluation Committee in March 2017 and to the Board in September. The Nicaragua and Mozambique CSPEs were discussed at the July and October sessions of the Evaluation Committee, respectively. The national round-table workshop for the Georgia CSPE will be organized in December. The Egypt CSPE was completed according to the plan, and the national round-table workshop will be organized in December 2017. The CSPEs in Angola, Cambodia, Cameroon, and Peru are being completed in accordance with the IOE workplan. The national round-table workshops will take place in 2018.

- **IOE completed its fourth impact evaluation (IE) –** of the Agricultural Support Project in Georgia – and started a new IE for Kenya. The Georgia IE report was discussed at the September session of the Evaluation Committee

[7] See https://webapps.ifad.org/members/ec/96/docs/EC-2017-96-W-P-3-Rev-1.pdf.

in 2017. The project selected for the Kenya IE is the Smallholder Horticulture Marketing Programme.

- **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.

123. **Reporting.** The 2016-2018 Results Measurement Framework (RMF), which is IOE's monitoring and reporting framework for that period, is contained in annex XI. Progress in implementing planned evaluation activities for 2017 is summarized in table 1 of annex XII. The document also includes a summary of progress made up to end-October 2017 in meeting the targets for each key performance indicator (KPI) included in the 2016-2018 RMF (table 2 in annex XII). The data reveal that the activities are on track.

## B. 2016 budget utilization

124. Table 1 reports IOE budget utilization in 2016, as well as budget utilization as of end-October 2017 and the year-end projection.

Table 1
**IOE budget utilization in 2016 and projected utilization in 2017**

| *Evaluation work* | *Approved budget 2016* | *Budget utilization 2016* | *Approved budget 2017* | *Commitment as of end-October 2017* * | *Expected utilization as of year-end 2017* |
|---|---|---|---|---|---|
| **Non-staff costs** | | | | | |
| Staff travel | 376 000 | 396 627 | 440 000 | 315 711 | 440 000 |
| Consultant fees | 1 495 000 | 1 489 108 | 1 400 000 | 1 424 629 | 1 430 000 |
| Consultant travel and allowances | 440 000 | 312 458 | 380 000 | 319 112 | 380 000 |
| In-country CSPE learning events | 45 000 | 28 718 | 45 000 | 34 118 | 45 000 |
| Evaluation outreach, staff training and other costs | 185 520 | 228 545 | 225 861 | 223 448 | 225 861 |
| **Subtotal** | **2 541 520** | **2 455 456** | **2 490 861** | **2 317 018** | **2 520 861** |
| **Staff costs** | **3 127 899** | **2 968 148** | **3 235 056** | **3 077 969** | **3 109 086** |
| **Total** | **5 669 419** | **5 423 604** | **5 725 917** | **5 394 987** | **5 629 947** |
| **Utilization** (percentage) | | **95.7%** | | **94%** | **98%** |

* Based on committed staff costs adjusted for exchange rate up to end-October 2017.

125. 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.

126. In 2017, against an approved budget of US$5.73 million, utilization (in terms of commitments) as of end-October 2017 stood at US$5.39 million, or 94 per cent. This percentage does not include the cost of national round-table workshops to be organized towards the end of the year and the issuing of the contract for primary data collection in the context of the Kenya IE that IOE plans to raise at the beginning of November.

127. Overall utilization of the total 2017 IOE budget at year-end is currently projected at US$5.63 million, representing 98 per cent of the approved budget. The anticipated lower utilization in staff costs reflects a P-5 position that remained vacant until 31st October 2017. The saving has been partly offset by a slight increase in consultancy requirements to accomplish some of the tasks related to the vacant position.

## C. Utilization of the 2016 carry-forward

128. 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.

129. 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) Organization of an advisory panel meeting to discuss the scope of the International Conference on Evaluating Rural Inequality which IOE will organize in 2018.

# III. IOE strategic objectives

130. 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.**

131. 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

132. 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.

133. 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 smallholder 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.

134. 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.

135. 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.

136. IOE has completed four IEs[8] since this product was introduced into the evaluation programme in 2013. Next year IOE will finalize the 2017 IE in Kenya and launch a further IE.[9] 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

[8] IOE has conducted four IEs, in Sri Lanka, India, Mozambique and Georgia.
[9] The programme to undergo the IE will be selected in the first half of 2018.

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

137. 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.

138. 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.

139. 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 channeled to developing Member States through investment projects and programmes.

140. 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.

141. 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. The 2018 learning theme will be on IFAD's targeting approach as approved by the Executive Board in September 2017.

142. 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.

143. There will be increased focus on strengthening partnership with the Rome-based agencies (RBAs). In particular, the evaluation offices of the RBAs will collaborate in a community of practice that also includes international organizations, academia, the private sector, governments and NGOs. The aim of the community of practice is to exchange knowledge and experience to enhance the evaluations of projects/programmes focusing on agriculture, food security and rural development. Moreover, the evaluation offices of the RBAs will present – in a joint in-country event – the results of their respective evaluations conducted in Cameroon in 2017.

This joint event will be an opportunity to discuss further inter-agency collaboration on the ground.

144. IOE will organize a two-day International Conference on “Rural Inequality: Approaches to reducing disparities in rural areas” in May-June 2018. The aim of the conference is to present approaches that have had an impact on four main areas of inequality in rural areas, namely: resources, resilience, relationships and rights.

145. 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.

146. As per established practice, 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.

147. 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.

148. Table 2 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 XIII, and the indicative plan for 2019-2020 is presented in table 2 of the same annex. Selection and prioritization of independent evaluations is facilitated by the use of a selectivity framework (annex XVI), which is an instrument that also helps enhance transparency in developing the divisional work programme.

Table 2
**Evaluation activities planned by IOE for 2018**

| *Strategic objectives (SOs)* | *Divisional management results (DMRs)* | *Outputs* |
|---|---|---|
| **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.<br>**16th ARRI**<br>**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**<br>**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<br>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: targeting<br>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<br>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<br>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

149. IOE's staff requirements are based on a comprehensive exercise of annual strategic workforce planning (SWP) which confirmed that the division should be in a position to deliver all planned activities in a timely manner with its current staffing level (see annex XIV).

## B. Budget proposal

150. This section outlines IOE budget requirements. The proposed budget is presented by type of activity, SO 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 6 also contains the IOE gender-sensitive budget which identifies the budget distribution for gender-related activities.

151. **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.

152. **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.

153. Table 3 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 3
**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 XV, 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.

154. 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, in particular for the CLE on agriculture related pro-poor value-chain development.

155. With regard to the PPEs, table 3 shows that in 2018 their absolute number decreases from 10 to 8, while the total cost rises slightly. This will not have any negative effect on the evaluative evidence provided by PPEs to higher level evaluation products such as CLEs, CSPEs and ESRs. On the contrary, as explained in paragraph 140, the slight cost increase will allow the introduction of innovative technologies for conducting selected project-level evaluations, thus further reinforcing the quality of quantitative and qualitative information provided by PPEs.

156. 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.

157. 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.

158. **Budget by category of expenditure.** Table 4 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 4
**Proposed budget for 2018 by category of expenditure**

| *Category of expenditure* | *Approved 2017 budget* | *Proposed 2018 budget* |
|---|---|---|
| **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** |

159. 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.

160. **Budget by strategic objective.** Table 5 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 XV, table 3.

161. 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 5
**Proposed budget allocation by strategic objective**

| | *Proposed 2017 budget* | | *Proposed 2018 budget* | |
|---|---|---|---|---|
| *Strategic objective* | *Amount (US$)* | *%** | *Amount (US$)* | *%* |
| **SO1:** Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | 3 953 156 | 69 | 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 | 6 | 318 705 | 5 |
| **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** | |

* Percentages are rounded up.

162. **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 6 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 6
**IOE 2018 gender-sensitive budget**

| *Type of activity* | *Proposed 2018 budget* | *Gender component (percentage)* | *US$* |
|---|---|---|---|
| **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

163. 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.

164. 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 XV, table 1.

[10] It is anticipated that IFAD will plan to commit US$875 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.

# Part three – Heavily Indebted Poor Countries Initiative progress report for 2017

## I. Introduction

165. The objective of this progress report for 2017 is to:

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

## II. Progress in HIPC Initiative implementation

166. Substantial progress has been made in the implementation of HIPC debt relief since the HIPC Initiative's inception: 92 per cent of eligible countries (35 out of 38) have reached the decision point as well as completion point and qualified for HIPC assistance. Three countries – Eritrea, Somalia and Sudan – are still at the pre-decision point stage and have yet to start the process of qualifying for debt relief under the HIPC Initiative.

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

| *Completion point countries (35 in total)* | *Decision point countries* | *Pre-decision point countries (3 in total)* |
|---|---|---|
| Benin | - | Eritrea |
| Bolivia (Plurinational State of) | - | Somalia |
| Burkina Faso | - | Sudan |
| Burundi | - | |
| Cameroon | - | |
| Central African Republic | - | |
| Chad | - | |
| Comoros | - | |
| Congo | - | |
| Côte d'Ivoire | - | |
| Democratic Republic of the Congo | - | |
| Ethiopia | - | |
| Gambia (The) | - | |
| Ghana | - | |
| Guinea | - | |
| Guinea-Bissau | - | |
| Guyana | - | |
| Haiti | - | |
| Honduras | - | |
| Liberia | - | |
| Madagascar | - | |
| Malawi | - | |
| Mali | - | |
| Mauritania | - | |
| Mozambique | - | |
| Nicaragua | - | |
| Niger | - | |
| Rwanda | - | |
| Sao Tome and Principe | - | |
| Senegal | - | |
| Sierra Leone | - | |
| Togo | - | |
| Uganda | - | |
| United Republic of Tanzania | - | |
| Zambia | - | |

# III. Total cost of the HIPC Initiative to IFAD

167. The commitment of the Fund's participation in the overall HIPC Debt Initiative for the 38 eligible countries is currently estimated at SDR 304.5 million in net present value (NPV) terms (equivalent to approximately US$430.5 million), which corresponds to an approximate nominal balance of SDR 462.4 million (about US$653.9 million).[12] The current estimates may vary depending on changes in economic conditions, HIPC Initiative discount rates and any delays in the remaining countries reaching decision and completion points.

168. To date, IFAD's total commitment, towards the 35 countries that have reached completion points, amounts to SDR 247.1 million (approximately US$349.4 million) in NPV terms, which corresponds to SDR 376.4 million (approximately US$532.2 million) in nominal terms. Total debt relief payments are estimated at US$13.5 million for the year 2017.

169. As at 30 September 2017, debt relief already provided amounting to SDR 337.6 million (approximately US$477.9 million) in nominal terms.

# IV. Financing debt relief

170. IFAD funds its participation in the HIPC Initiative with external contributions (either paid directly to IFAD or transferred through the IFAD HIPC Trust Fund administered by the World Bank) and its own resources. External contributions[13] (paid) amount to about US$287.1 million (55.5 per cent), and contributions from IFAD's own resources amount to about US$221.7 million (42.9 per cent) for transfers made from 1998 to 2017. The remainder was covered by investment income from the IFAD HIPC Trust Fund of approximately US$8.1 million (as at the end of September 2017).

171. To mitigate the impact of debt relief on IFAD's resources, in 2006 IFAD gained access to the IFAD HIPC Trust Fund administered by the World Bank. Since then IFAD has received several transfers following the signature of grant agreements, bringing the total received to date to US$215.6 million.

172. While giving priority to ensuring that the HIPC Trust Fund is adequately financed, Management will also continue to encourage IFAD's Member States to provide the IFAD with additional resources directly to help finance its participation in the HIPC Initiative.

[12] Base estimates at exchange rates prevailing on 30 September 2017.
[13] External contributions include contributions from Member Countries for US$71.5 million and contributions from the World Bank HIPC Trust Fund for US$215.6 million.

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

## I. Implementation of the performance-based allocation system

173. This report provides an update on the implementation of the performance-based allocation system (PBAS) during the Tenth Replenishment of IFAD's Resources (IFAD10) period. Since December 2015, when Management presented the PBAS allocations for the IFAD10 period (2016-2018) to the Executive Board, 15 countries have been dropped from the cycle, of 102 included in the initial allocations. China and India have received the maximum allocation, equivalent to 5 per cent of the funds allocated through the PBAS. Currently only Seychelles and Sao Tome and Principe receive minimum allocations. Five countries whose allocations were capped at the beginning of the cycle have remained so (Afghanistan, Lao People's Democratic Republic, Malaysia, Nepal and Nigeria).

174. In line with the commitment made in response to the 2016 corporate-level evaluation (CLE) on the PBAS to expand reporting to the Executive Board on the PBAS management process, this progress report devotes special attention to the lessons learned by Management in testing early implementation of some of the CLE recommendations. In this regard, for the first time Management has, during the second year of the cycle, redistributed unused allocated resources that were less likely to translate into operations during the IFAD10 cycle.

175. In order to do so, Management has tested and identified a methodology that allows resources to be reallocated in line with the PBAS principles, and that ensures that there are no sudden fluctuations in countries' allocations, as would have been the case had the existing methodology been used. Also in line with recommendations made by the Independent Office of Evaluation of IFAD (IOE), the methodology and reallocations have been shared and endorsed by IFAD's highest management committees, the Operations Management Committee and Executive Management Committee.

176. In practical terms, undertaking early reallocations means that three sets of countries have to be identified: (i) countries that can release resources into the "reallocation pot"; (ii) countries that can absorb resources in addition to those already allocated to them; and (iii) countries that will not benefit from the early reallocation exercise.

177. The resources to be reallocated, or reallocation pot, comprise:

- The full allocation of countries that were dropped from the cycle in the same year; and
- The remaining balance of a country's allocation where the total planned or approved financing during the cycle is lower than their current allocation.

178. Countries that may benefit from early reallocation are:

- Countries for which a financing gap has been identified, either for projects designed and approved in IFAD10 or ongoing operations approved in previous cycles; and
- Countries with additional absorption capacity, as confirmed by regional divisions.

179. Countries that may not benefit from early reallocation are the following:

- Countries whose allocations have been capped by regional divisions;

- Countries that regional divisions have confirmed as being unable to absorb further resources, and are therefore capped at their current level of approvals and/or pipeline (partial capping); and
- Countries that were dropped from the cycle in either the previous or current year.

180. The resources in the reallocation pot are distributed to the countries that may benefit from early reallocations based on their respective country scores, in line with the PBAS methodology.

181. In 2017 Management undertook two rounds of reallocations, one in May and a second in September. In May, Management reallocated US$138.8 million to 24 countries identified by regional divisions as capable of absorbing further resources.[14] The reallocated amount consisted of the full allocations of 13 countries dropped from the IFAD10 cycle in 2016,[15] totaling US$116 million, and US$22.8 million remaining from countries that had not used their full allocations. In September 2017, two further countries dropped from the cycle.[16] Their combined allocations, a total of US$73.4 million, were reallocated using the PBAS principles to nine countries identified by regional divisions.[17] After the reallocation the overall share of core resources going to Africa is 52 per cent and the share of those receiving highly concessional terms is 57 per cent.

182. The reallocation exercise has allowed for better planning and a smoother delivery of the IFAD10 programme of loans and grants. As a lesson for the future, Management is reflecting on the right frequency for undertaking early allocation rounds, to ensure efficiency in terms of both project planning and amounts reallocated.

183. In line with Management's commitment to a broader corporate approach to the PBAS, all PBAS-related processes are undertaken under the guidance of the OMC and EMC.

# II. PBAS review process

184. The PBAS review, begun in 2016 as a result of the CLE, is now complete. At its September 2017 session, the Executive Board approved Management's proposed new formula. The new formula rebalances the needs and performance components of the formula, one of the main CLE recommendations. In terms of variables, the main new features are as follows:

    (a) Inclusion of the IFAD Vulnerability Index (IVI). The IVI focuses on IFAD-specific issues of climate vulnerability, food security, nutrition and inequality, and ensures that more vulnerable countries receive higher allocations; and

    (b) Substitution of the portfolio-at-risk variable with the portfolio performance and disbursement (PAD) variable, which simplifies the calculation while enhancing its focus on quantitative measures. The PAD takes into account project age and size, and the performance of a country's portfolio as a whole. The PAD influences the allocations positively: the better the performance, the higher the allocation will be.

---

[14] Countries that benefited from early reallocation in May 2017 are: Asia and the Pacific (APR) – Cambodia, Pakistan and Sri Lanka; East and Southern Africa (ESA) – Burundi, Ethiopia, Madagascar, Rwanda, United Republic of Tanzania and Zambia; Latin America and the Caribbean (LAC) – Brazil, Dominican Republic, Grenada, Guatemala, Honduras, Mexico; Near East, North Africa and Europe (NEN) – Azerbaijan, Djibouti, Eritrea, Lebanon, Tajikistan and Uzbekistan; and West and Central Africa (WCA) – Central African Republic, Gabon and Guinea.

[15] Congo, Democratic Republic of the Congo, Gambia, Guinea-Bissau, Islamic Republic of Iran, Democratic People's Republic of Korea, Mauritius, Namibia, South Sudan, Togo, Uruguay, Bolivarian Republic of Venezuela and Yemen.

[16] Botswana and United Republic of Tanzania.

[17] Countries that benefited from early reallocation in September 2017: Pakistan and Sri Lanka (APR); Mozambique and Uganda (ESA); Belize and Grenada (LAC); Armenia (NEN), Gabon and Senegal (WCA).

185. The approved formula is fully in line with the proposed business model for IFAD11, and will be revised before the start of IFAD12. Lastly, the Executive Board agreed to increase minimum allocations to US$4.5 million per cycle.

# Part five – Recommendations

186. In accordance with article 7, section 2(b), of the Agreement Establishing IFAD, it is recommended that the Executive Board:

- Approve the programme of work for 2018 at a level of SDR 629 million (US$875 million), which comprises a lending programme of SDR 588 million (US$818 million) and a gross grant programme of US$57 million. It is proposed that the programme of work be approved at this level for planning purposes and adjusted as needed during 2018 in accordance with available resources.

187. In accordance with article 6, section 10, of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, it is recommended that the Executive Board:

- Transmit to the forty-first session of the Governing Council the administrative budget comprised of, first, the regular budget of IFAD for 2018 in the amount of US$155.54 million; second, the capital and one-time budget of IFAD for 2018 in the amount of US$11.6 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2018 in the amount of US$5.91 million.

188. It is recommended that the Executive Board submit the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Initiative to the forty-first session of the Governing Council for information.

189. It is recommended that the Executive Board submit a progress report on implementation of the performance-based allocation system to the forty-first session of the Governing Council in 2018, based on the report provided in part four of the present document and its addendum containing the 2017 country scores and 2017-2018 allocations.

# Draft resolution .../XXXXX

**Administrative budget comprising the regular and capital budgets of IFAD for 2018 and the budget of the Independent Office of Evaluation of IFAD for 2018**

**The Governing Council of IFAD,**

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

**Noting** that, at its 122nd session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2018 at a level of SDR 629 million (US$875 million), which comprises a lending programme of SDR 588 million (US$818 million) and a gross grant programme of US$57 million;

**Having considered** the review of the 122nd session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2018 and the budget of the Independent Office of Evaluation of IFAD for 2018;

**Approves** the administrative budget, comprising: first, the regular budget of IFAD for 2018 in the amount of US$155.54 million; second, the capital and one-time budget of IFAD for 2018 in the amount of US$11.6 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2018 in the amount of US$5.91 million, as set forth in document GC 41/XX, determined on the basis of a rate of exchange of EUR 0.897:US$1.00; and

**Determines** that, in the event the average value of the United States dollar in 2018 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2018 bears to the budget exchange rate.

# Indicative list of countries with projects in the pipeline for 2018 (new projects and additional financing for ongoing projects)

| *West and Central Africa* | *East and Southern Africa* | *Asia and the Pacific* | *Latin America and the Caribbean* | *Near East, North Africa and Europe* | *Total* |
|---|---|---|---|---|---|
| Benin | Burundi | Bangladesh | Belize | Armenia | |
| Cabo Verde | Kenya | China | Brazil | Bosnia and Herzegovina | |
| Central African Republic | Rwanda | Indonesia | Colombia | Georgia | |
| Chad | Seychelles | Vanuatu | Haiti | Kyrgyzstan | |
| Gabon | South Africa | Viet Nam | Honduras | | |
| Guinea | Swaziland | | | | |
| Liberia | | | | | |
| Mali | | | | | |
| Niger | | | | | |
| Senegal | | | | | |
| Sierra Leone | | | | | |
| **11** | **6** | **5** | **5** | **4** | **31** |

Source: Grants and Investment Projects System as at 3 October 2017.

# Regular budget by cost category and department, 2017 budget versus 2018 proposal

(Millions of United States dollars)

| | *Staff* | | *Consultants* | | *Duty travel* | | *ICT non-staff costs* | | *Other costs* | | Total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *Department* | *2017* | *2018* | *2017* | *2018* | *2017* | *2018* | *2017* | *2018* | *2017* | *2018* | *2017* | *2018* | *Change* |
| Office of the President and Vice-President | 2.13 | 2.09 | 0.01 | - | 0.19 | 0.20 | - | - | 0.13 | 0.10 | 2.46 | 2.39 | (0.07) |
| Corporate Services Support Group | 13.71 | 6.37 | 2.07 | 0.91 | 0.57 | 0.18 | 0.08 | - | 1.72 | 0.25 | 18.15 | 7.71 | (10.44) |
| Partnership and Resource Mobilization Office | 3.19 | - | 0.28 | - | 0.26 | - | 0.02 | - | 0.28 | - | 4.03 | - | (4.03) |
| External Relations and Governance Group | - | 11.02 | - | 1.62 | - | 0.60 | - | 0.10 | - | 1.65 | - | 14.99 | 14.99 |
| Strategy and Knowledge Department | 4.09 | 4.03 | 1.05 | 1.24 | 0.33 | 0.30 | - | - | 0.22 | 0.13 | 5.69 | 5.70 | 0.01 |
| Programme Management Department | 39.43 | 42.67 | 18.55 | 17.14 | 8.08 | 7.88 | - | - | 6.54 | 7.98 | 72.60 | 75.67 | 3.07 |
| Financial Operations Department | 9.27 | 9.31 | 0.93 | 1.04 | 0.52 | 0.54 | - | - | 0.24 | 0.24 | 10.96 | 11.13 | 0.17 |
| Corporate Services Department | 13.18 | 13.37 | 1.92 | 2.16 | 0.29 | 0.27 | 5.11 | 5.14 | 7.26 | 7.38 | 27.76 | 28.32 | 0.56 |
| Corporate cost centre (allocable) | 1.30 | 1.30 | - | - | - | - | - | - | 2.12 | 3.52 | 3.42 | 4.82 | 1.40 |
| Corporate cost centre (not allocable) | | | - | - | - | - | - | - | 4.35 | 4.81 | 4.35 | 4.81 | 0.46 |
| **Total** | **86.30** | **90.16** | **24.81** | **24.11** | **10.24** | **9.97** | **5.21** | **5.24** | **22.86** | **26.06** | **149.42** | **155.54** | **6.12** |

# Indicative breakdown of 2018 regular budget by results pillar and institutional output group

(In millions of United States dollars)

| *Pillar* | *US$* | *% of total* |
|---|---|---|
| **Pillar 1 – Country programme delivery** | | |
| Country strategies and programmes | 9.58 | 6 |
| Design of new loan and grant financed projects | 19.10 | 12 |
| Supervision and implementation support | 31.16 | 20 |
| Enable and support | 15.20 | 10 |
| Enabling management functions | 3.50 | 2 |
| Allocable corporate costs | 2.59 | 2 |
| **Subtotal pillar 1** | **81.13** | **52** |
| **Pillar 2 – Knowledge building, dissemination and policy engagement** | | |
| Corporate knowledge and research | 2.35 | 2 |
| Communication products | 1.96 | 1 |
| Knowledge promotion | 3.03 | 2 |
| South-South and Triangular Cooperation | 0.63 | - |
| Impact assessments | 1.59 | 1 |
| Global policy engagement and global partnerships | 2.71 | 2 |
| Enable and support | 2.30 | 1 |
| Enabling management functions | 2.60 | 2 |
| Allocable corporate costs | 0.57 | - |
| **Subtotal pillar 2** | **17.74** | **11** |
| **Pillar 3 – Financial capacity and instruments** | | |
| Replenishments | 1.11 | 1 |
| Resource mobilization and management of additional resources | 2.79 | 2 |
| Corporate financial management and reporting | 0.94 | 1 |
| Corporate fiduciary management | 1.96 | 1 |
| Corporate controllership | 0.26 | - |
| Financial projections and products, strategic and operational liquidity planning/management | 0.21 | - |
| Investment portfolio management | 0.49 | - |
| Enable and support | 2.59 | 2 |
| Enabling management functions | 1.12 | 1 |
| Allocable corporate costs | 0.38 | - |
| **Subtotal pillar 3** | **11.85** | **8** |
| **Pillar 4 – Institutional functions, services and governance** | | |
| Enabling information technology environment | 6.51 | 5 |
| Client-oriented transaction services | 1.25 | 1 |
| Administrative services (including travel, records management, procurement, privileges and immunities) | 2.05 | 1 |
| Headquarters security services | 1.38 | 1 |
| Facilities management | 2.83 | 2 |
| Human resource management | 4.99 | 3 |
| Corporate planning, monitoring and reporting | 2.00 | 1 |
| Budget planning, monitoring and organizational development | 2.50 | 2 |
| Internal oversight and risk management | 2.98 | 2 |
| Corporate legal services | 0.59 | - |
| IFAD management functions | 1.26 | 1 |
| In-house communications | 0.40 | - |
| Ethics Office | 0.48 | - |
| Governing Bodies | 5.04 | 3 |
| Membership and protocol | 1.03 | 1 |
| Enable and support | 1.61 | 1 |
| Enabling management functions | 1.83 | 1 |
| Allocable corporate costs | 1.28 | 1 |
| Unallocable corporate costs | 4.81 | 3 |
| **Subtotal pillar 4** | **44.82** | **29** |
| **Total** | **155.54** | **100** |

# Indicative 2018 staff levels, regular budget only

(Full-time equivalents)[a]

| | *Continuing and fixed-term staff* | | | | |
|---|---|---|---|---|---|
| *Department* [b] | *Professional and higher* | *General Service* | *Total continuing and fixed-term staff* | *Locally recruited field staff* | *Total 2018* |
| **Office of the President and Vice-President (OPV)** | **7** | **5** | **12** | | **12** |
| **Corporate Services Support Group (CSSG)** | | | | | |
| Office of the General Counsel | 11 | 6.5 | 17.5 | - | 17.5 |
| Office of Budget and Organizational Development | 4 | 2 | 6 | | 6 |
| Office of Audit and Oversight | 7 | 2.5 | 9.5 | - | 9.5 |
| Ethics Office | 1 | 1 | 2 | - | 2 |
| Quality Assurance Group | 4 | 2 | 6 | - | 6 |
| **Subtotal CSSG** | **27** | **14** | **41** | **-** | **41** |
| **External Relations and Governance** | | | | | |
| Partnership and Resource Mobilization Office | 15 | 6 | 21 | - | 21 |
| Office of the Secretary | 14 | 19 | 33 | - | 33 |
| Communications Division | 16 | 4 | 20 | - | 20 |
| **Subtotal ERG** | **45** | **29** | **74** | **-** | **74** |
| **Strategy and Knowledge Department (SKD)** | **18** | **7** | **25** | **-** | **25** |
| **Programme Management Department (PMD)** | | | | | |
| PMD front office | 12 | 4 | 16 | 1 | 17 |
| Policy and Technical Advisory Division | 28 | 9 | 37 | - | 37 |
| West and Central Africa Division | 21 | 10 | 31 | 20 | 51 |
| East and Southern Africa Division | 18 | 10 | 28 | 16 | 44 |
| Asia and the Pacific Division | 18 | 9 | 27 | 25 | 52 |
| Latin America and the Caribbean Division | 17 | 6 | 23 | 3 | 26 |
| Near East, North Africa and Europe Division | 18 | 10 | 28 | 10 | 38 |
| Environment and Climate Division | 10 | 4 | 14 | - | 14 |
| New positions – accelerated decentralization | 9.9 | - | 9.9 | 9.9 | 19.8 |
| New positions – technical specialists | - | - | - | 8.0 | 8.0 |
| **Subtotal PMD** | **151.9** | **62** | **213.9** | **92.9** | **306.8** |
| **Financial Operations Department (FOD)** | | | | | |
| FOD front office | 3 | 1 | 4 | - | 4 |
| Financial Management Services Division | 17 | 3 | 20 | 1 | 21 |
| Accounting and Controller's Division | 8 | 14 | 22 | 2 | 24 |
| Treasury Services Division | 12 | 4 | 16 | - | 16 |
| **Subtotal FOD** | **40** | **22** | **62** | **3** | **65** |
| **Corporate Services Department (CSD)** | | | | | |
| CSD front office | 2 | 2 | 4 | - | 4 |
| Human Resources Division | 14 | 10 | 24 | - | 24 |
| Administrative Services Division | 10 | 26.5 | 36.5 | - | 36.5 |
| Field Support Unit | 4 | 4 | 8 | - | 8 |
| Information and Communications Technology Division | 16 | 15 | 31 | - | 31 |
| **Subtotal CSD** | **46** | **57.5** | **103.5** | **-** | **103.5** |
| **Grand total 2018** | **334.9** | **196.5** | **531.4** | **95.9** | **627.3** |
| Grand total 2017 | 321 | 204.4 | 525.4 | 78.0 | 603.4 |

[a] 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.
[b] Distribution of staff by department is indicative and subject to change during 2018.

## Indicative 2018 staffing by department and grade

(Full time equivalents)

| *Category* | *Grade* | *OPV* | *CSSG* | *ERG* | *SKD* | *PMD* | *FOD* | *CSD* | 2018 total | 2017 total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Professional and higher *** | | | | | | | | | | |
| | Department head and above | 2 | - | 1 | 1 | 1 | 1 | 1 | 7 | 7 |
| | D-2 | 1 | 1 | - | - | 2 | - | 1 | 5 | 5 |
| | D-1 | - | 3 | 4 | 2 | 5 | 3 | 2 | 19 | 18 |
| | P-5 | 1 | 4 | 8 | 1 | 63.7 | 4 | 6 | 87.7 | 85 |
| | P-4 | 2 | 9 | 9 | 8 | 37.5 | 11 | 15 | 91.5 | 85 |
| | P-3 | - | 5 | 19 | 3 | 32.7 | 14 | 13 | 86.7 | 83 |
| | P-2 | 1 | 5 | 4 | 3 | 9 | 5 | 8 | 35 | 35 |
| | P-1 | - | - | - | - | 1 | 2 | - | 3 | 3 |
| **Subtotal** | | **7** | **27** | **45** | **18** | **151.9** | **40** | **46** | **334.9** | **321** |
| **General service*** | | | | | | | | | | |
| | G-7 | - | - | - | - | - | - | 1 | 1 | 1 |
| | G-6 | 1 | 4 | 9 | 2 | 21 | 7 | 15 | 59 | 58.4 |
| | G-5 | 3 | 4 | 7 | 1 | 27 | 12 | 19 | 73 | 75.5 |
| | G-4 | 1 | 4 | 12 | 3 | 11 | 1 | 12.5 | 44.5 | 47.5 |
| | G-3 | - | 2 | 1 | 1 | 3 | 2 | 5 | 14 | 17 |
| | G-2 | - | - | - | - | - | - | 5 | 5 | 5 |
| **Subtotal** | | **5** | **14** | **29** | **7** | **62** | **22** | **57.5** | **196.5** | **204.4** |
| **Total** | | **12** | **41** | **74** | **25** | **213.9** | **62** | **103.5** | **531.4** | **525.4** |
| Percentage Professional category | | 58 | 66 | 61 | 72 | 71 | 65 | 44 | 63 | 61 |
| Percentage General Service category | | 42 | 34 | 39 | 28 | 29 | 35 | 56 | 37 | 39 |
| Ratio Professional to General Service | | 1.40 | 1.93 | 1.55 | 2.57 | 2.45 | 1.82 | 0.80 | 1.70 | 1.57 |

* Excluding locally recruited field staff.

# Staff costs

1. The budget for staff costs is generally prepared in accordance with the rules and regulations applied to salaries, allowances and benefits of staff members of the United Nations, who are largely governed by the recommendations of the International Civil Service Commission (ICSC) of the United Nations Common System.

2. Standard rates are developed for each grade level, based on an analysis of statistical data for the IFAD population and actual expenditures relating to IFAD staff. The various components of standard costs represent the best estimate at the time of preparation of the budget document.

3. With no changes assumed for staff compensation in 2018, the change in standard costs from 2017 to 2018 primarily reflects the impact of the change in the exchange rate and within-grade-step increment (WIGSI) adjustment, which is reflected in the table below.

**Composition of standard staff costs**
(Millions of United States dollars)

| *Category description* | *2018 FTEs at 2017 rates* | *2018 FTEs at 2018 rates* | *(Decrease) Increase* |
|---|---|---|---|
| **Professional staff** | | | |
| Salaries | 28.88 | 29.91 | 1.03 |
| Post adjustment | 11.67 | 11.15 | (0.52) |
| Pension and medical | 12.15 | 12.34 | 0.19 |
| Education grants | 4.24 | 4.03 | (0.21) |
| Repatriation, separation and annual leave | 2.11 | 2.03 | (0.08) |
| Home leave | 1.19 | 1.19 | - |
| Dependency allowances | 1.14 | 1.14 | - |
| United States tax reimbursement | 1.04 | 1.04 | - |
| Other allowances | 1.09 | 1.07 | (0.02) |
| Centralized recruitment costs | 1.30 | 1.30 | - |
| **Subtotal** | **64.81** | **65.20** | **0.39** |
| **General Service staff** | | | |
| Salaries | 11.47 | 11.62 | 0.15 |
| Pension and medical | 4.18 | 4.21 | 0.03 |
| Language allowance | 0.55 | 0.55 | - |
| Repatriation and separation | 1.10 | 1.11 | 0.01 |
| Other allowances | 0.55 | 0.56 | 0.01 |
| **Subtotal** | **17.85** | **18.05** | **0.20** |
| **Locally recruited country presence staff** | **5.54** | **6.91** | **1.37** |
| **Total regular staff costs** | **88.20** | **90.16** | **1.96** |

## Capital budget (excluding CLEE), 2008-2017

(Thousands of United States dollars)

| | *2008* | *2009* | *2010* | *2011* | *2012* | *2013* | *2014* | *2015* | *2016* | *2017* | *Total* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **ICT initiatives** | | | | | | | | | | | |
| Loans and grants (LGS replacement) | 710 | 1 050 | 2 000 | 12 000 | - | - | - | - | - | - | 15 760 |
| Human resources reform | 134 | 541 | 400 | 500 | - | 575 | 400 | | 480 | 286 | 3 316 |
| ICO infrastructure – IT and communications | - | - | - | - | - | 1 170 | - | - | - | - | 1 170 |
| Institutional efficiency | 556 | 300 | 470 | 1 423 | - | 780 | 787 | 600 | 975 | 775 | 6 666 |
| Delivering as One | - | 440 | 300 | - | - | - | - | - | - | - | 740 |
| Knowledge management | - | - | - | - | - | - | 613 | - | - | - | 613 |
| IT infrastructure | 600 | 1 200 | 360 | 375 | 3 215 | 775 | 497 | 1 200 | 470 | 890 | 9 582 |
| Budget preparation system | - | - | - | - | - | - | - | - | 375 | - | 375 |
| **Subtotal ICT initiatives** | **2 000** | **3 531** | **3 530** | **14 298** | **3 215** | **3 300** | **2 297** | **1 800** | **2 300** | **1 951** | **38 222** |
| **Non-IT headquarters projects** | **-** | **550** | **-** | **889** | **-** | **-** | **-** | **890** | **-** | **-** | **2 329** |
| **ICO security/MOSS compliance*** | **-** | **-** | **-** | **-** | **281** | **400** | **-** | **-** | **100** | **454** | **1 235** |
| **Total** | **2 000** | **4 081** | **3 530** | **15 187** | **3 496** | **3 700** | **2 297** | **2 690** | **2 400** | **2 405** | **41 786** |

* MOSS = United Nations Minimum Operating Security Standards.

# Carry-forward funds allocation of first tranche

(Thousands of United States dollars)

| *Department* | *Description of use of carry-forward funds* | *2016 3% carry-forward* |
|---|---|---|
| CSSG | Office of the Secretary: Enhancements to document workflow clearance system | 70 |
| PRM | Support for IFAD11 positioning and supplementary fund management | 290 |
| SKD | Research and Impact Assessment Division: Impact assessment | 860 |
| | Global Engagement, Knowledge and Strategy Division: Knowledge products of IFAD operations, flagship event, and Rural Development Report roll-out event | 380 |
| PMD | Support for advancing design, implementation support, Development Effectiveness Framework, Smallholder and SME Investment Finance (SIF) Fund, and operational partnership and learning initiatives | 1 230 |
| FOD | Financial Management Division: Accreditation of financial management consultants and enhanced reporting | 230 |
| | Accounting and Controller's Division: New controllership function | 80 |
| CSD | Human Resources Division: System and reporting changes | 30 |
| | Field Support Unit: Specialized security for field-based staff | 40 |
| Corporate | Mainstreaming and South-South and Triangular Cooperation activities | 500 |
| | Funds available for allocation in the second tranche | 570 |
| **Total** | | **4 280** |

# Estimate of direct charges on investment income

(Thousands of United States dollars)

| | *2016* | *2017* | *2018* |
|---|---|---|---|
| **Management fees** | | | |
| Global government bonds | 396 | 153 | 243 |
| Global diversified fixed income bonds | 428 | 439 | 270 |
| Global inflation-indexed bonds | 552 | 395 | 220 |
| Emerging market debt bonds | 598 | 615 | 315 |
| Contingent management fees | 600 | - | - |
| **Subtotal management fees** | **2 574** | **1 602** | **1 048** |
| **Custodian fees** | | | |
| Custody, transaction costs | 110 | 110 | 110 |
| Compliance, analytics | 70 | 70 | 70 |
| BarraOne risk software | 245 | 245 | 245 |
| **Subtotal custodian fees** | **425** | **425** | **425** |
| **Advice, information and trade support** | | | |
| Financial information providers | 443 | 462 | 407 |
| Institutional financial advisers | 200 | 200 | 200 |
| Trade order management system | - | - | - |
| Consultants | 125 | 125 | 125 |
| Due diligence travel | 65 | 65 | 65 |
| **Subtotal advice, information and trade support** | **833** | **852** | **797** |
| **Overall total** | **3 832** | **2 879** | **2 270** |

# One-time adjustment and capital budget for the Operational Excellence for Results (OpEx) exercise

(Millions of United States dollars)

| | | | Expected phasing | |
|---|---|---|---|---|
| | | *Total* | *2018* | *2019* |
| I. | **One-time adjustment budget** | | | |
| | **A. Accelerated decentralization** | | | |
| | Staff outposting costs[a] | 1.05 | 0.75 | 0.30 |
| | Upgrading and establishment of ICOs[b] | 1.45 | 1.15 | 0.30 |
| | **B. Results and organization optimization activities** | | | |
| | Business process and functional analysis | 0.50 | 0.50 | - |
| | Organization and change management expertise | 0.75 | 0.50 | 0.25 |
| | Backfilling of staff working on OpEx[c] | 1.00 | 0.65 | 0.35 |
| | Training | 0.35 | 0.15 | 0.20 |
| | **C. Voluntary separation programme** | 1.50 | 0.5 | 1.00 |
| | **Total one-time adjustment expenditures** | **6.60** | **4.20** | **2.40** |
| II. | **One-time capital budget** | | | |
| | **A. IT system enhancements** | | | |
| | Reconfigure PeopleSoft system to support decentralization | 1.55 | 1.00 | 0.55 |
| | Infrastructure set-up and upgrading at ICOs/regional hubs | 0.50 | 0.30 | 0.20 |
| | Additional software to support PMD decentralisation | 0.25 | 0.25 | 0.00 |
| | Automated procurement approval | 0.10 | 0.10 | - |
| | Disbursement tracking and reporting systems | 0.30 | 0.20 | 0.10 |
| | Corporate results reporting | 0.35 | 0.20 | 0.15 |
| | **Total one-time capital budget** | **3.05** | **2.05** | **1.00** |
| | **Total of one-time adjustment and capital budget** | **9.65** | **6.25** | **3.40** |

[a] Number of outpostings were estimated and costed using United Nations average cost of US$50,000.

[b] Outposting and increased number of national officers would require increased space and additional facilities. Upgrades of current ICO facilities were costed at US$30,000 per ICO, upgrades to new ICOs were costed at US$50,000, and the establishment of regional hubs at new locations were costed at US$100,000.

[c] Costed on the basis of 4-5 Professional staff working on the implementation of the OpEx exercise in 2018 reducing to 2-3 professional staff in 2019.

# IOE Results Measurement Framework for 2016-2018

| *Strategic objectives (SOs)* | *Divisional management results (DMRs)* | *Key performance indicators* | *Baseline 2011* | *Target (per year)* | *Means of verification* |
|---|---|---|---|---|---|
| **SO1:** Generate evidence through independent evaluations of IFAD's performance and results to promote accountability | DMR 1: Corporate policies and processes are improved through independent evaluations<br>DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations<br>DMR 3: Systemic issues and knowledge gaps in IFAD are addressed<br>DMR 4: IFAD-supported operations are improved through independent project evaluations | 1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs | n/a | 90% | PRISMA and IOE work programme and budget document |
| **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 |
| | | 3. Evaluations with quantitative analysis | n/a | 3 (in the entire period) | IEs |
| | 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 | 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 | IOE records |
| | | 10. Number of events attended by IOE staff related to self-evaluation and ECD | n/a | 3 | |
| **SO1 and SO2** | DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured | 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 end-October 2017)

Table 1
**Reporting on IOE planned activities (January to end-October 2017)**

| *Type of work* | *Evaluation activities* | *Planned implementation status* | *Present status* |
|---|---|---|---|
| 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 were conducted in June-July 2017. The final report will be ready in May 2018 for presentation to the Board in September 2018. |
| 2. CSPEs | Angola | To be completed in May 2018 | Ongoing. Draft approach paper ready. Preparatory mission took place at the end of June 2017. Main mission took place in end-October. Final report planned for February 2018. |
| | Cambodia | To be completed in early 2018 | Ongoing. Main mission held in May 2017. Draft final report ready. National workshop planned for January 2018. |
| | Cameroon | To be completed in early 2018 | Ongoing. Main mission held in May 2017. Draft final report ready. National workshop planned for February 2018. |
| | Egypt | Completed in September 2017 | Completed. Agreement at completion point signed. Evaluation discussed in the October session of the Evaluation Committee. National workshop planned for the beginning of December. |
| | Georgia | To be completed in December 2017 | Ongoing. Main mission held end-June. Draft report ready. National round-table workshop to take place in December 2017. |
| | Mozambique | Completed in March 2017 | Completed. National round-table workshop held on 2 March 2017. Agreement at completion point signed. Evaluation discussed at the 2017 October Session of the Evaluation Committee. |
| | Nicaragua | Completed in January 2017 | Completed. National round-table workshop held in January 2017. Agreement at completion point signed. Evaluation 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 mid-November 2017. National round-table workshop planned for February 2018. |
| 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 | Completed in July 2017 | Completed. Evaluation discussed at the ninety-eighth session of the Evaluation Committee in September. |
| | Kenya - Smallholder Horticulture Marketing Programme | Started in August 2017 | On-going. Procurement process for primary data collection completed. Main mission planned for end-November 2017. |

| *Type of work* | *Evaluation activities* | *Planned implementation status* | *Present status* |
|---|---|---|---|
| 6. Engagement with governing bodies | Fifteenth Annual Report on Results and Impact of IFAD Operations (ARRI) | Completed in July 2017 | Completed. Report discussed by 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 held on 5 July 2017. |
| | Review of the implementation of IOE's results-based work programme for 2017 and indicative plan for 2018-2019 and preparation 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 reviewed the 2018 preview of the IOE work programme and budget in September. Following the Evaluation Committee's October session, the results-based work programme and budget for 2018 and indicative plan for 2019-2020 is being submitted for discussion at the Audit Committee meeting in November and then at the 2017 December session of the Executive Board. |
| | IOE comments on PRISMA | Completed in September 2017 | PRISMA, with IOE comments, was 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 | Completed in September 2017 | RIDE, with IOE comments, was 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. Further comments were presented to the Board at its September session. |
| | 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 so far includes: (i) Governing Council held in February; (ii) Evaluation Committee: four formal sessions held in March, July, September and October; (iii) Executive Board: two sessions held in April and September; and (iv) Audit Committee: two formal meetings held in April and September 2017 and a special session held in September. |
| | IOE comments on COSOPs when related CPEs/CSPEs are available | To be completed in December 2017 | Ongoing as planned. IOE's comments on the COSOP for the Philippines together with the CSPE for the Philippines were discussed in the September session of the Executive Board. |
| 7. Communication and knowledge management activities | ESR on fishery, aquaculture and coastal area development | To be completed in early 2018 | Ongoing as planned. Approach paper finalized. Final report planned for April 2018. |
| | 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 presented to the Evaluation Committee in its July session. |
| | Evaluation reports, *Profiles*, *Insights*, IOE website, etc. | January-December 2017 | In progress as planned. IOE has published and disseminated to internal and external audiences a total of: 16 evaluation reports, 9 *Profiles, Insights* and briefs, 6 press releases, 1 web story, 2 overviews, 2 booklets, 4 infographics, 4 quarterly newsletters and 17 videos. |

| *Type of work* | *Evaluation activities* | *Planned implementation status* | *Present status* |
|---|---|---|---|
| | 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. Three in-house learning events on (i) "What works for gender equality and women's, empowerment", in March 2017 (see www.ifad.org/evaluation/event/tags/gender/y2017/40289920); (ii) 15th edition of the ARRI celebration and learning event (see www.ifad.org/evaluation/event/tags/arri_event/y2017/44817923) held in July 2017; and (iii) Corporate-level evaluation on IFAD's financial architecture self-assessment seminar, in September 2017. IOE organized the following international events at IFAD headquarters: (i) ICT4Eval 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) 8th African Evaluation Association International Conference "Evaluation of the SDGs: opportunities and challenge for Africa", Kampala, Uganda, 27-31 March 2017; (iii) Knowledge for Development: Global Partnership Conference, Geneva, Switzerland, 3-4 April; (iv) Shanghai International Program for Development Evaluation Training, Shanghai, China, 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; (vi) 2017 Asian Evaluation Week, Hangzhou, China, 4-8 September; (vii) Conference on National Evaluation Capacities 2017, Istanbul, Turkey, 16-20 October; and (viii) United Nations Evaluation Group (UNEG) webinar on gender – led by IOE – was held on 25 October 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 (OMC) 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. Finally, the Director and Deputy Director, IOE, have participated in OMC meetings as well as in the IFAD Management Team meetings. |

| *Type of work* | *Evaluation activities* | *Planned implementation status* | *Present status* |
|---|---|---|---|
| 8. Partnerships | ECG, UNEG and Swiss Agency for Development and Cooperation (SDC) partnership | January-December 2017 | In progress as planned.<br>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 will participate in and host the Autumn meeting of the ECG on 2-3 November 2017.<br>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. |
| | Contribution as external peer reviewer to evaluations by other international organizations as requested | January-December 2017 | In progress as planned. IOE peer reviewed the Annual Report of the Independent Evaluation Department of the Asian Development Bank |
| | 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 scheduled for December.<br>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. The evaluation offices of the RBAs are organizing a joint event at the conference being organized by the Latin American and Caribbean Network of Evaluation (ReLAC) on "Evaluation of the Sustainable Development Goals: transforming life through global and regional partnerships, with an emphasis on Latin America and the Caribbean" which will take place on 4-8 December 2017 in Guanajuato (Mexico). |
| 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 |

| *Type of work* | *Evaluation activities* | *Planned implementation status* | *Present status* |
|---|---|---|---|
| | | | Transformation held on 16 May; (xiv) the IFAD11 cafe on country demand and delivery held in September. |
| | 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. |
| | 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. |
| 10. Evaluation capacity development | 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).<br>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 end-October 2017)**

| *Strategic objectives (SOs)* | *Divisional management results (DMRs)* | *Key performance indicators* | *Achievements as of October 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<br>DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations<br>DMR 3: Systemic issues and knowledge gaps in IFAD are addressed<br>DMR 4: IFAD-supported operations are improved through independent project evaluations | 1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs | 97% | 90% | PRISMA and IOE work programme and budget document |
| **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 | 2 | 2 | IOE evaluations |
| | | 3. Evaluations with quantitative analysis | 1 | 1 | IEs |
| | 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 | 61 | 60 | IOE records |
| | | 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 | 7 | 7 | |
| | | 7. Number of page views for IOE reports | 62 433 | 50 000 | |
| | | 8. Number of people receiving IOE newsletters | 2 061 | 2 000 | |
| | DMR 7: Evaluation capacity development in partner countries | 9. Number of ECD seminars/workshops organized in partner countries | 2 | 1 | IOE records |
| | | 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 | 0.6% of IFAD PoLG | < 0.9% of IFAD PoLG | IOE records |
| | | 12. Ratio of professional to general service staff | 1/0.46 | 1/0.46 | |
| | | 13. Budget execution rate at year-end | 98% | 97.8% | |
| | | 14. Execution rate of key evaluation activities | 97% | 95% | |

Note: Based on IOE's 2016-2018 RMF, the following reporting matrix provides an overview of IOE achievements as of end-October 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**

| | | | | Expected delivery period* | | | | |
|---|---|---|---|---|---|---|---|---|
| *Type of work* | *Proposed activities for 2018* | *Start date* | *Expected finish date* | *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 | |
| | 16th 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 2018 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, *Profiles*, *Insights*, website, etc. | 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 | Sept-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***

| *Type of work* | *Indicative plan for 2019-2020* | *Year* |
|---|---|---|
| 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 |
| 6. Engagement with governing bodies | 17th and 18th ARRIs | 2019-2020 |
| | Review of implementation of results-based work programme and budget for 2020 and indicative plan for 2021-2022<br>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, *Profiles*, *Insights*, website, etc. | 2019-2020 |
| | Evaluation synthesis on nutrition mainstreaming in IFAD’s funded operations | 2019 |
| | Evaluation synthesis on community driven development approaches | 2020 |

| *Type of work* | *Indicative plan for 2019-2020* | *Year* |
|---|---|---|
| | 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 | 2019-2020 |
| | Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation | 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 |
| One-time activity | IOE external peer review | 2019 |

* 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)

| | | | | | | Proposed 2018 budget | | |
|---|---|---|---|---|---|---|---|---|
| | *2013 budget* | *2014 budget* | *2015 budget* | *2016 budget* | *2017 budget (1)* | *(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)

| *Type of activity* | *Absolute number* | *Relative number in terms of % of work done*[a] | *Standard unit costs* [b] *(US$)* | *Proposed non-staff costs in 2018 (US$)* |
|---|---|---|---|---|
| ARRI | 1 | 1 | 80 000-150 000 | 80 000 |
| Corporate-level evaluations<br>• IFAD's contribution to agriculture-related pro-poor value-chain development<br>• IFAD's Financial Architecture | 2 | • 1<br>• 0.8<br>• 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<br>• Rural Finance Approaches in IFAD-funded operations<br>• IFAD support to technical innovations for rural poverty reduction | 2 | 1<br>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 2018.
[b] Standard unit costs also include staff travel when necessary.

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

| *IOE objectives* | *IOE DMRs* | *2018 Proposed budget (staff and non-staff cost)* | *Percentage of overall total proposed budget** |
|---|---|---|---|
| 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 | 13 |
| | 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 | 435 233 | 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 | 601 952 | 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 | 5 |
| **Grand total** | | **5 812 649** | **100** |

* Rounded up percentages.

# IOE selectivity framework

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

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