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Investing in rural people

High-level preview of IFAD's 2020 Results-based Programme of Work and Regular and Capital Budgets, and the Preview of the Independent Office of Evaluation of IFAD's Results-based Work Programme and Budget for 2020 and Indicative Plan for 2021-2022

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Abbreviations and acronyms

ABC Fund	Agribusiness Capital Fund
DSF	Debt Sustainability Framework
ICO	IFAD Country Office
IFI	international financial institution
OpEx	Operational Excellence for Results
PoLG	programme of loans and grants
PoW	programme of work
SDG	Sustainable Development Goal

Executive summary

1. The 10-year countdown to achieve the Sustainable Development Goals (SDGs) begins in 2020. IFAD will need to redouble its efforts if it is to play a significant role in meeting these global development priorities.
2. Major reforms and institutional exercises to improve efficiency were undertaken in 2019, including: (i) consolidating IFAD's decentralized structure; (ii) recalibrating business processes; (iii) delegating responsibility to the front lines; (iv) making headquarters fit for purpose; and (v) further strengthening IFAD's institutional focus on results. The Operational Excellence for Results (OpEx) programme of ambitious reforms in recent years has changed IFAD's way of doing business, introducing a more streamlined project design process for efficiency and quality of delivery. In 2020 IFAD will operationalize the lessons learned from this initial phase of implementation and strive for greater impact within the context of the IFAD Strategic Framework 2016-2025.
3. Notwithstanding significant progress in many areas, IFAD still faces multiple challenges that need to be addressed urgently: 2020 will be a key year to complete the implementation of an effective and efficient business model that delivers value for money and catalyses investments. Elevating IFAD from a standard to a best-in-class performer is creating more appetite among Member States for IFAD to extend its range of operations, deepen its engagement with governments and the private sector, and diversify its products. Greater efforts are required to enhance the quality of the project portfolio. Key issues include rural transformation; mainstreaming gender, nutrition, climate and youth; strengthening IFAD's performance as a strategic partner; and leveraging increased operational and policy engagement at the country level.
4. Activities related to the Consultation on the Twelfth Replenishment of IFAD's Resources (IFAD12) will be a top priority, including engagement with a growing number of stakeholders. The added complexity that this entails has also made comprehensive internal control and enterprise risk management frameworks necessary, significantly increasing workload and demand for specialist competencies. This has made plain the need for IFAD to review its human capital model. In addition, it will be critical for the Fund's long-term sustainability that solutions to all issues associated with the Debt Sustainability Framework (DSF) be implemented within 2020, while consolidating its financial architecture to ensure a strong credit rating.
5. To this extent, 2020 is therefore expected to be a year of further workforce consolidation. In 2019 Management conducted a number of reassignment exercises to re-energize delivery teams on the ground and ensure that IFAD is closer to the poor rural areas it serves, thereby also strengthening policy engagement and partnership-building as well as overall project performance. Building upon the outcomes of this exercise, further efforts will be required during the coming year to ensure that the right number of staff with the right skills are well located within the right organizational structure to deliver on the current and future programme of work.
6. IFAD's strategy for the 2020 budget is to maintain zero real growth without compromising on IFAD's unfettered ambition for higher delivery, while making use of a one-time foundational boost budget to invest in critical measures that will help IFAD to ensure that it has the adequate human capital, skills mix and technology to respond to its current and future challenges. Addressing transitional non-structural budget challenges requires the intervention of a timely upfront and one-time targeted investment boost. Management recognizes the urgent need to elevate IFAD towards optimal staff capability, quantitatively and qualitatively. This

necessitates considering an investment boost to adequately fund the outcomes of the ongoing human resources study which will be finalized by the end of 2019.

7. As of the preparation of this preview, the projected programme of loans and grants (PoLG) for 2020 is US\$1.36 billion, composed of 38 new projects and additional financing for 13 ongoing projects. IFAD expects to attain the PoLG target of at least US\$3.5 billion for the IFAD11 period (2019-2021), while continuing its efforts to maintain a sound 36-month rolling efficiency ratio and remain within the ceiling of the IFAD11 target of 12.9 per cent.
8. Using the same euro to United States dollar exchange rate of 0.841:1 employed for the 2019 budget, the high-level net regular budget for 2020 is proposed at US\$160.57 million, representing a nominal increase of 1.49 per cent over 2019, due to price-related adjustments applicable to both staff and non-staff budget components. The preview shows no real increase as minor incremental costs are expected to be offset by efficiency gains.
9. The primary cost drivers as of this writing are as follows: (i) planned deferred positions that formed part of the 40 full-time equivalent (FTE) reduction for the 2019 budget, partially offset by additional reductions resulting from the fit-for-purpose exercise conducted in 2019; (ii) minor adjustments to staffing complements at regional hubs to enhance operational capacity; (iii) increased engagement with governing bodies as part of IFAD12 preparation; (iv) depreciation and other recurrent expenses related to capital budgets; (v) other potential real increases; and (vi) price increases.
10. In regard to the gross budget for 2020, the proposed amount of US\$165.07 million includes US\$4.5 million to cover the cost of managing operations funded by supplementary funds, which are external but complementary to IFAD's PoLG. This amount can be fully recovered from the annual allocable portion of the fee income generated by supplementary funds management.
11. The total regular capital budget for 2020 is expected to be in line with previous years and within the range of US\$2 million to US\$2.5 million. However, it may be necessary to include provisions to address treasury and risk management system requirements and, more generally, to introduce technology to support an increasingly innovative approach to development.
12. In line with Governing Council resolution 181/XXXVII, the Executive Board is requested to approve the appropriation for the special expenditure budget for the IFAD12 Consultation. An initial estimate of US\$1.10 million is proposed to this end. The costs will be revisited and an updated request for approval will be made in the final budget document to be submitted in December.
13. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows from all sources, along with projected disbursements based on operational plans covering the same period, are shown in table 1 below. These projections are indicative and intended for information purposes only. The format of the table has been aligned with that of the Resources Available for Commitment document.

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

	2018 (Actual)*	2019 (Projected)	2020 (Projected)
Liquidity at beginning of period	1 348	1 037	953
Inflows			
Loan reflows	342	364	385
Encashment of contributions**	296	335	271
Borrowing	119	244	192
Investment income	1	12	11
Outflows			
Disbursements	(826)	(846)	(875)
Borrowing obligations (debt service and fees)	(1)	(5)	(17)
Heavily Indebted Poor Countries Initiative impact	(11)	(11)	(11)
Administrative expenses and other budgetary items***	(158)	(173)	(172)
Fixed assets	(5)	(4)	(4)
Intrafund movement and foreign exchange	(68)		
Other cash flows			
Liquidity at end of period	1 037	953	733

* Source for 2018: audited 2018 consolidated financial statements of IFAD.

** Excluding the Adaptation for Smallholder Agriculture Programme.

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

Part one – High-level preview of IFAD's 2020 Results-based Programme of Work and Regular and Capital Budgets

I. Context

1. The State of Food Security and Nutrition in the World 2019 report shows a continuous rise in world hunger, concentrated mainly in low- and lower middle-income countries that are often in fragile situations and highly vulnerable to climate change. These conditions are accompanied by the complex challenges of extreme rural poverty, gender inequality, malnutrition, migration, youth unemployment and financial instability. In this landscape, demand in the global development arena is increasing: Member States, beneficiary countries and other development actors are requesting continued efforts from development institutions. IFAD stands out for its focus on and experience in investing in inclusive and sustainable rural transformation and is therefore strategically positioned to play a key role to actively respond to these needs. In 2019, in the context of a zero-growth budget, IFAD has been managing a higher target programme of loans and grants (PoLG) of US\$1.76 billion by designing fewer but bigger projects to maximize its impact in the face of intensifying external challenges.
2. The 10-year countdown to achieving the Sustainable Development Goals (SDGs) begins in 2020. Ending extreme poverty and hunger (SDGs 1 and 2) will require redoubled efforts and much greater progress. For this reason, IFAD's mandate has never been more relevant and its accumulated experience, partnerships and capacities have never held more potential to contribute to meeting global development priorities.
3. An immediate priority for IFAD in 2020 will be to address its capacity to implement a comprehensive large-scale approach to tackling food insecurity and its underlying causes of climate change and fragility with an enhanced business model and revamped financial architecture. Strategic workforce planning, assessment, reporting and analysis and human resource management are increasingly crucial to enable IFAD to deliver on its objectives. Assessing the decentralized business model and current resources, benchmarking against other international financial institutions (IFIs) and United Nations organizations and "rightsizing" to ensure adequate human capital to meet demand will be of outmost importance in 2020.
4. For IFAD, 2019 has been a year to consolidate significant reforms to maximize delivery without compromising quality and efficiency. A series of actions and corporate initiatives have been undertaken: (i) consolidating IFAD's decentralized structure; (ii) recalibrating business processes; (iii) delegating responsibility to the front lines; (iv) making headquarters fit for purpose; and (v) further strengthening IFAD's institutional focus on results. In 2020 IFAD will operationalize the lessons learned from this initial phase of implementation and strive for greater impact within the context of the IFAD Strategic Framework 2016-2025.
5. Decentralization and organizational realignment are key elements of the reform agenda. In 2018 and 2019, the ratio of budgeted staff positions in IFAD Country Offices (COs) has grown significantly, with the percentage of positions in the field increasing from 18 per cent to 30 per cent. Important progress has been made on recruitment against vacant positions: the vacancy rate decreased from 19 per cent at the start of 2019 to approximately 14 per cent as at end of July and is continuing to decline steadily with the final batch of recruitment now in progress. In parallel, in response to the Eleventh Replenishment of IFAD's Resources (IFAD11) commitment to transparency in the new business model, IFAD's entire delegation of authority and accountability framework was revised to support decentralization with the proper checks and balances. Moreover, a consolidated Enterprise Risk Management Framework, poised to be a central tenet of activities

in 2020, will further promote trust and accountability and the efficient functioning of a decentralized business model, mitigating risks derived from an evolving operational context. IFAD will need to build on the work carried out in 2019 to enhance the enterprise risk management function in line with international standards. In doing so, it will leverage strengthened internal capacities and in particular the Risk Management Unit, to further enhance its corporate risk dashboard and mechanisms for mitigating financial, operational and strategic risks and risk in operations.

6. Management successfully conducted a number of reassignment exercises, which have consisted in assigning and relocating staff to ICOs, ensuring the appropriate administrative workforce in regional hubs and reinforcing the non-operational areas to support the decentralized IFAD business model. This helped re-energize delivery teams on the ground by bringing IFAD closer to the rural areas it serves, thereby also strengthening policy engagement and partnership-building as well as overall project performance. Such positive outcomes have also stimulated more appetite among Member States for increased non-lending activities, diversified products and private sector engagement.
7. This increased demand and the operational business model have together created a need for additional and specialist expertise strengthening. IFAD must therefore target specific competencies, seek out technology and innovation also supporting an enhanced and efficient performance management process, and strive for an overall competitive and efficient workforce when benchmarked against other multilateral development organizations. This means ensuring that the right numbers of staff with the right skills are well located within the right organizational structure. Reforms conducted over recent years constitute a sound basis for a wide rightsizing exercise that will allow IFAD to be fit for purpose for its future as a reinvigorated organization.
8. A series of lessons learned missions to regional hubs and South-South and Triangular Cooperation and knowledge centres took place between November 2018 and March 2019 to gather initial feedback on ICO experiences in the newly decentralized structures. Following initial lessons learned, an action plan has been developed and is being implemented. As decentralization deepens during 2020, a follow-up lessons learned exercise will be conducted in order to adequately capture any additional areas of concern. This will be incorporated into a revised plan that comprehensively addresses key matters.
9. Overall, 2019 was a significant year in IFAD's continued change process to maximize delivery and ensure quality results, by: (i) rolling out key items in the internal reform agenda and rationalizing recent changes within organizational structures, processes and systems; (ii) progressively approaching effective engagement with the private sector through successful initiatives and operations such as the Agribusiness Capital Fund (ABC Fund) and relevant policies; (iii) continuing work to strengthen the organization's financial architecture and equip it with appropriate risk management procedures and financial tools to support current borrowing activities and a diversified capital structure; and (iv) strengthening dialogue and engagement with IFAD constituencies for a shared vision and road map on "IFAD 2.0" and future business model.
10. During IFAD10 and continuing into 2019, systematic efforts have been invested in mainstreaming climate, gender, nutrition and youth into IFAD country programmes and projects to multiply the impact of IFAD's investments and address the most pressing challenges, including food insecurity and fragility. Cognizant of significant challenges in this regard, IFAD is developing a framework for implementing transformational approaches to the four themes. The mainstreaming agenda as established in the four mainstreaming action plans is key to moving from mainstreaming to a more ambitious transformational approach that utilizes the

synergies generated by the interaction among the four priority areas. Integration will require a strategic compact that builds on a coordinated, multi-sectoral set of interventions linking the mainstreaming priority areas as well as addressing the trade-offs between them. This will enable IFAD to achieve more relevance and efficiencies in both its lending and non-lending priorities and contribute to tangible project outcomes. The recent and ongoing significant internal reforms and decentralization process contribute towards creating the agility needed for this integration, as well as to identifying and using resources more strategically. This will ensure that administrative funds are effectively allocated to key priorities in order to meet strategic objectives and achieve maximum impact.

11. Increased efforts are being devoted to enhancing the quality of IFAD's portfolio of projects. The 2018 reform of the project design process was undertaken with this objective and, since its introduction, more active, sustained and comprehensive technical support is being provided throughout the lifetime of projects.
12. Overall, as recognized by the Multilateral Organisation Performance Assessment Network assessment in 2017-2018, IFAD's results culture is strong and growing stronger, and the evaluation and accountability functions continue to be robust, including the established basics of results-based budgeting. Maintaining a highly efficient organization and achieving efficiency gains and savings will continue to be the thrust of budget management in 2020. IFAD's ratio of administrative expenditure to PoLG was 7.8 (or 12.9 per cent) during the IFAD10 period compared to a target of 8.2 (or 12.2 per cent) and a baseline of 7.9 (2014). IFAD's 2019 Budget document indicated that this ratio has decreased further to approximately 11.3 (or 9 per cent): this underscores IFAD's commitment to strive for greater institutional efficiency while maximizing development effectiveness. During the entire IFAD11 period, IFAD will continue its efforts to maintain this trend and contain the administrative budget while focusing on aggressive PoLG targets.
13. Notwithstanding significant progress in many areas, IFAD still faces multiple challenges that need to be addressed urgently: 2020 will be a key year for IFAD to complete the implementation of an effective and efficient business model that delivers value for money and catalyses investment. As IFAD is now moving into the second year of the IFAD11 period, greater efforts are required to enhance the quality of the project portfolio – including rural transformation and mainstreaming gender, nutrition, climate and youth, strengthening IFAD's performance as a strategic partner and leveraging increased operational and policy engagement at the country level.
14. Furthermore, while IFAD's equity position remains strong, it faces serious risks linked to the current DSF model, due to the significant negative impact of the DSF on the Fund's financial sustainability. Finding a long-term solution to the DSF issue will be critical in 2020, in the context of the enhancement of IFAD's financial architecture including preparations for a potential diversification of funding sources to meet the increasing demand for development projects.
15. One of the main lessons learned from prior replenishment exercises is the essential need to engage the growing number of stakeholders earlier and more substantively. This means tackling the challenge of increased activity for a wider reach. A major thrust in 2020 will be IFAD12-related activities, with the Consultation to be kicked off at the beginning of the year and continuing throughout the year.
16. IFAD will also need to move ahead with meeting the requirements for a strong and comprehensive financial architecture, which will include preparations to ensure a strong credit rating. A key focus will be also on leveraging existing core resources to implement the new IFAD Private Sector Engagement Strategy 2019-2024.

17. The 2020 programme of work is a comprehensive package of substantive and interlinked measures needed to ensure efficiency in continuing to achieve IFAD's objectives, and represents essential leverage for success in fulfilling its mission.
18. Management intends to deliver on this ambitious agenda by coupling a cost-effective approach and alignment of resources to strategic priorities with a one-time foundational budget to prepare IFAD to face the emerging operational opportunities and challenges ahead and achieve transformative impact.

II. Current perspective

A. Update on 2019 programme of loans and grants

19. As at 27 June 2019, the projected PoLG for 2019 is US\$1.76 billion, comprised of 37 new projects and additional financing for 12 ongoing projects. Among the additional financing proposals: (i) five are to fill already identified financing gaps; (ii) three are to scale up ongoing operations; and (iii) four include both financing gaps and plans to scale up successful operations. This target represents about 50 per cent of the PoLG for IFAD11 and is consistent with the target presented in the 2019 Budget document presented in December 2018.
20. By the end of September 2019, an estimated US\$962 million will have been approved for 18 new projects and 9 additional financing proposals, inclusive of 3 which will be approved under delegation of authority to the President.
21. For IFAD's global, regional and country grant programme, between 30 and 35 grants are expected to be approved by the end of 2019, for an approximate value of US\$58 million.

Portfolio

22. As at 27 June 2019, there are 230 projects in the portfolio for a value of US\$7.8 billion. The active grant portfolio comprises 165 grants valued at US\$210 million. Projected disbursements for the year are estimated at US\$846 million.

B. Summary update on change, delivery and innovation

23. Conclusion of the Operational Excellence for Results (OpEx) exercise. After an 18-month design and implementation period, the OpEx reform exercise concluded in December 2018. A detailed update on OpEx one-time and capital budget usage will be provided in the final budget document. Thanks to the significant progress in achieving the expected results of the OpEx programme of work, following the closure of the exercise at the end of 2019, some savings could result from the less than anticipated use of backfilling for staff working on OpEx and the reduced need for the voluntary separation programme. If these savings are realized, the final budget document will outline how they will be used to partially offset future one-time investments.
24. Decentralization and delegation of authority. IFAD's decentralized map has been defined and implemented. The internal reassignment exercise related to the OpEx reform exercise has been completed and recruitment is under way for the remaining vacant positions in regional hubs and ICOs. Following on from initial lessons learned, the established metrics for staffing hubs will be reviewed and recalibrated accordingly. In accordance with the IFAD11 commitment, Management revised the IFAD Delegation of Authority Framework to better align delegated authority with the new business model.
25. Delivery. In July 2018, a recalibrated business process for project design was approved, introducing a risk-based approach that reduced the number of steps and requirements in the design process, and ensured enhanced quality and development effectiveness.

26. Review of non-operational areas. The initial review of the non-operational areas carried out in 2018 identified structural changes in corporate services to improve effectiveness or identify rationalization. During the second half of 2019, a review of core businesses will take place, encompassing business processes such as travel, consultancy and other support services.
27. Creation of the Change, Delivery and Innovation Unit. In January 2019, Management established the Change, Delivery and Innovation Unit (CDI) to enable IFAD to employ innovative approaches to accelerate the delivery of results. CDI will play a key role in ensuring that changes are sustained, monitored and strengthened moving forward and that IFAD continues to enhance its results, especially through innovation. One of CDI's first tasks was to commence an IFAD Innovation Challenge to allow IFAD personnel to contribute new ideas for assessment, incubation and testing. Considering that this is the first of its kind at IFAD, the depth, breadth and richness of proposals received, and the broad and diverse engagement in the exercise, have been extremely encouraging.

C. 2018 and 2019 net regular budget usage

28. Actual expenditure against the 2018 regular budget amounted to US\$146.95 million or 94.5 per cent of the approved budget of US\$155.54 million. The slightly lower utilization (compared to 97.3 per cent in 2017) is primarily due to the results of reassignment exercises and decentralization delaying the release of vacancies and thus generating savings on the staff budget component as well as efficiency gains and rationalization produced by OpEx initiatives.
29. Based on current projections, utilization of the 2019 budget is expected to be US\$153.5 million or about 97.0 per cent.

Table 1
Regular budget utilization – actual 2018-2019 and forecast 2020
(Millions of United States dollars)

	2017 full year		2018 full year		2019 forecast	
	Budget	Actual	Budget	Actual	Budget	Forecast
Regular budget	149.42	145.33	155.54	146.95	158.21	153.5
Percentage utilization		97.3		94.5		97.0

30. Following a year of transition and internal reforms and in light of increased efforts to deliver on the aggressive PoLG target of US\$1.76 billion, budget utilization is expected to reach normal levels in 2019. Also in 2019, some savings from the vacancy pool are expected to be drawn from the fit-for-purpose and reassignment exercises, and additional positive effects on euro-denominated commitments (for both staff and non-staff cost components) may occur due to the exchange rate trend. Minor savings are also anticipated from lower actual staff costs as compared to standard costs used for budgeting purposes.
31. A more detailed breakdown of actual budget usage for 2018 and forecasted utilization for 2019, disaggregated by results pillar, will be provided in the final budget document.

D. 2018 carry-forward allocation

32. 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.
33. For 2019, the Governing Council approved that unobligated appropriations at the close of financial year 2018 be carried forward into the 2019 financial year up to an amount not exceeding 6 per cent of the corresponding appropriations to fund new

initiatives and provide the necessary flexibility to fast-track the implementation of a higher mandatory age of separation.

34. As the actual utilization for 2018 amounted to 94.5 per cent, the carry-forward available was US\$8.59 million or 5.5 per cent of the total 2018 approved budget, less than the maximum of 6 per cent. As of 30 June, approximately US\$7.34 was allocated, of which approximately US\$1.9 million has already been utilized (i.e. 25.1 per cent), and US\$0.3 million earmarked to implement the higher mandatory age of separation.
35. The slightly larger 2018 carry-forward provided additional room to accommodate a high level of departmental requests related to important and urgent deliverables that were not foreseeable at the time of budget preparation. Important strategic undertakings included PoLG delivery, critical operational capacity enhancement at hub level, financial architecture and financial risk management enhancements and IFAD replenishment preparations. In addition, an action plan to meet urgent needs identified as a result of the 2019 Global Staff Survey was also resourced from the carry-forward envelope up to US\$1.48 million, including the IFAD Innovation Challenge initiative and a staff exchange programme.
36. Overall these constitute high-priority items that could have increased pressure on IFAD's regular budget in 2020 and postponed the delivery of the targets. One important lesson learned from previous carry-forward cycles is that such an exercise can create an incentive for making more savings throughout the year and enable the strategic repurposing of unobligated appropriations of previous financial years.
37. A table showing the utilization of the 5.5 per cent of the total 2018 budget approved for carry-forward will be provided in the final budget document. This amount is expected to be fully utilized. The flexibility to carry forward an amount in excess of the usual 3 per cent has proved pivotal in helping Management address unforeseen strategic priorities during this exceptional year.

III. Gender sensitivity of IFAD operations and budget

38. For 2020 IFAD will continue using the methodology developed to determine the gender sensitivity of operations and the distribution of the regular budget in terms of gender-related activities.
 - (a) Gender sensitivity of IFAD loans and grants. An analysis was conducted of the 40 loans approved by the Executive Board in 2018. In addition, in line with an earlier commitment, a gender sensitivity analysis of grants was also undertaken. The findings of the analysis of both loans and grants are detailed in the Report on IFAD's Development Effectiveness 2019 (RIDE) (see EB 2019/127/R.15).
 - (b) Gender sensitivity of the regular budget. The current approach of capturing ex ante gender-related activities in the budget system will be continued. This methodology has proved capable of adequately estimating the gender sensitivity of IFAD's regular budget within the constraints of currently available IT systems.
39. The findings of the gender sensitivity analysis of the regular budget will be presented in the final budget document. The new budgeting software launched in July 2019, which will be used for 2020 budget preparation, is designed to capture planned resources earmarked for the main thematic areas, including gender-related activities.

IV. IFAD's programme of work for 2020

40. As the second year of the IFAD11 period, 2020 will be pivotal for delivery of the IFAD11 programme of work.

41. At the time of this writing, the projected IFAD PoLG for 2020 is US\$1.36 billion. In addition, IFAD will continue to make concerted efforts to supplement this core programme with approximately US\$100 million in IFAD-managed funds mobilized from other sources, bringing the total PoLG to US\$1.46 billion. IFAD is already building up its pipeline for 2020, including through cross-departmental collaboration at subregional hubs and at headquarters. In 2020, IFAD will also step up collaboration with the Food and Agriculture Organization of the United Nations (FAO) Investment Centre to enhance both the rate of delivery and quality of investment projects. Such collaboration will be based on the development of a more structured, strategic and mutually supportive partnership that will enable the FAO Investment Centre to respond more effectively and efficiently to IFAD's requests for support for project design processes and other operational activities.

Table 2

Actual and projected programme of loans and grants

(Millions of United States dollars)

	Actual ^a			Forecast	Planned	
	2015	2016	2017	2018	2019	2020
IFAD loans (including loan component grants) and DSF grants	1 256	741	1 287	1 137	1 701	1 298
IFAD grants	65	48	51	52	58	58
Total IFAD PoLG^b	1 321	790	1 338	1 189	1 759	1 356
Other funds under IFAD management	68	69	63	90	100	100
Total PoLG	1 389	859	1 401	1 280	1 859	1 456

^a Source: Grants and Investment Projects System as at 27 June 2019. Current amounts reflect any increase/(decrease) in financing during implementation, including additional domestic and international cofinancing.

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

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

42. Some 38 projects and programmes, including 13 additional financing proposals, are being prepared for approval during 2020. For 2020 it is estimated that 60 per cent of core resources will be provided to sub-Saharan Africa and 62 per cent to Africa as a whole.
43. The estimated number of global/regional grants in 2020 is between 30 and 35, for a total of US\$58 million. The priority areas of IFAD's grant programme for IFAD11 will be:
- (i) Production for food security, nutrition and income generation;
 - (ii) Climate change, resilience and environmental sustainability;
 - (iii) Gender equality and women's empowerment;
 - (iv) Opportunities for youth; and
 - (v) Business opportunities and partnership with private sector.
44. Other grant proposals may be developed to address strategic corporate priorities such as systems-related aspects defined in the IFAD11 commitments, including monitoring and evaluation, information and communications technology for development, corporate citizenship and transparency, as well as other emerging innovations that have clear potential to contribute to IFAD operations.

V. 2020 net regular budget

A. Strategic prioritization

45. Pursuant to recommendations from multiple reviews completed in 2018, an enhanced strategic prioritization and budgeting process has been introduced in 2019 to create a stronger alignment between resource allocation decisions and strategic priorities. As such, the midyear review and carry-forward exercise for 2019 were conducted in line with the most pressing priority items identified by senior Management as requiring adequate funding.
46. This strategic priority framework is a holistic articulation of strategic direction, three-year rolling priorities and a subset of the next year's (2020) priorities. This has proven to be an indispensable tool for assessing budget requests originating from different departments. Identified priorities cover the key focus areas for strengthening IFAD's organizational base, diversifying the resource base and increasing impact. In reviewing individual proposals, the Office of Strategic Budgeting adopted a clearly defined holistic approach to identify commonalities among submissions and promote savings by reducing or eliminating activities duplicated across the house or already covered by other funding sources. Embedding strategic prioritization within the budget process is enhancing intra- and interdepartmental cohesion for proposal submission, thereby ensuring that resource allocations focus on what is required to deliver on organizational strategic objectives and ultimately achieve greater impact.
47. Moreover, the process for ensuring workforce alignment with IFAD priorities in terms of numbers, competencies and skills is also being streamlined. The responsibility for addressing workforce matters has been redistributed among three key players, i.e. the Office of Budget and Organizational Development, which was reconfigured as the Office of Strategic Budgeting, the Human Resources Division and the newly established CDI. They support departments throughout the year in thinking about their workforce needs, analysing change requests holistically in line with the business model and within overall departmental budget envelopes.
48. As part of the 2020 budget preparation process, incremental departmental staffing requirements will be assessed in accordance with corporate priorities, taking into account the existing staffing component dedicated to divisional activities and workplans. To the extent possible, increased staffing requirements will be offset by identifying cost savings and efficiency gains and by reducing allocations to lower priority activities.

B. Cost drivers

49. The primary cost drivers identified as of the preparation of this preview can be grouped as follows:
 - (i) The planned deferred positions that formed part of the 40 FTE reduction for the 2019 budget, partially offset by additional reductions resulting from the fit-for-purpose exercise conducted in 2019;
 - (ii) Minor adjustments to staffing complements at hubs for operational capacity enhancement;
 - (iii) Increased engagement with governing bodies as part of IFAD12 preparation;
 - (iv) Depreciation and other recurrent expenses related to capital budgets;
 - (v) Other potential real increases; and
 - (vi) Price increases.
50. For the high-level preview, identified and known cost increases have been included, taking into account the impact of reforms and rationalization in 2019, as well as estimated real cost increases for 2020.

51. The details of the cost drivers are as follows:

- (i) Staff costs arising from proposed organizational changes. Following the reassignment and fit-for-purpose exercises, 15 FTE positions were eliminated in addition to the 40 FTEs already planned for abolishment as part of IFAD's drive for operational excellence. In parallel, the 2019 deferment of nine vacant positions, including some decentralized positions, is being considered for funding in the 2020 budget cycle. This amounts to a net staff cost increase of approximately US\$500,000 to be offset by a reduction in non-staff costs.
- (ii) Minor adjustments to staffing complements at hubs for operational capacity enhancement. Following lessons learned missions to ICOs and hubs, minor adjustments are required to provide technical, thematic and operational support to increased country presence, particularly in large and busy hubs, partially offset by savings gained in non-staff costs from progressively consolidating operational, technical, thematic and fiduciary activities into streamlined hub planning and budgeting
- (iii) Additional costs related to increased IFAD engagement activities. Incremental costs are due to additional meetings and informal seminars with governing bodies, including IFAD12 preparatory activities (US\$300,000), partially offset from non-staff costs savings by streamlining the compendium of global events for engagement based on results expected to be achieved and their assessed impact.
- (iv) Depreciation and other recurrent expenses related to capital budgets. The implementation of the IFAD Client Portal, the remaining projects deriving from the Corporate-level evaluation of IFAD's institutional efficiency and the efficiency of IFAD-funded operations, and other annual and regular capital budgets approved for 2019 are estimated to increase depreciation by US\$100,000. With additional systems coming on board arising from the capital budget approved in prior years, there will be an increase in maintenance, support and licensing costs. These costs will be estimated and included in the 2020 final budget proposal as part of the real increase component of budget growth. It is expected that some of these costs will be offset by savings on completed capital budget projects due to the recently introduced rigorous benefits realization process.
- (v) Other potential real increases. In addition, there are several other priorities and initiatives that are likely to result in increased real costs. These include costs related to the IFAD11 commitments to pilot differentiated financial products and results-based lending methodologies, further engage with the United Nations reform process, implement the agreed actions in the road map for IFAD's financial strategy and consolidate the existing Enterprise Risk Management Framework, with particular attention to country and operational risk, financial risk and preparedness for market borrowing. Management will be expected to resource these high-priority activities by offsetting the incremental costs with reductions in other areas of the programme of work where savings can be found.
- (vi) Price-related cost drivers:
 - (a) Staff costs for the 2020 budget are based on the following assumptions:
 - A slight increase in base salaries for General Service staff is expected in 2020 due to the International Civil Service Commission revision of the salary scale, as well as adjustments to parameters used to determine pensionable remuneration of Professional staff which could result in additional price-related costs for the organization. For the preview these have been

estimated at US\$0.4 million. Moreover the normal within-grade step increment will also constitute a price increase, of about US\$1.35 million. These will need to be factored into the revised standard costs for all staff categories and grades and the outcome of the exercise will be fully embedded in the staff costs component used for final budget preparation.

- Such increases will be partly offset by the reduction in General Service standard costs produced by the expected decrease in the United States dollar to euro exchange rate. At this juncture, the positive impact on the overall staff costs component related to the General Service category based in Rome is estimated at a 3 per cent reduction and therefore an estimated potential saving of US\$0.57 million.
- (b) The inflation adjustment for the 2020 budget will be based on the agreed methodology, using specific inflation numbers for several line items and a weighted average of the world and Italian consumer price index for all other costs. Based on available data, the expected inflation rates are as follows: 1.5 per cent for consultants; 1.5 per cent for travel; and a weighted average of 1.88 per cent for other costs. This is likely to result in a price increase of about US\$1,100,000. This inflationary increase has been included in the preview estimates for travel and consultancy (see table 3 below).
52. For the high-level preview, the EUR 0.841 to US\$1 exchange rate employed in the 2019 budget has been used. The 2020 budget document will be prepared using the exchange rate determined by the approved methodology (which is the average of the United Nations operational monthly rate from October 2018 to September 2019).
53. In accordance with normal practice, during the preparation of the final budget document, the cost of every expenditure will be estimated on the basis of actual price increases where available, negotiated prices for specific contracts, other price reduction factors and application of regular inflation. The cost implications of all of the above cost drivers, along with any new ones identified, will be determined during preparation of the final budget proposal.
- C. 2020 net regular budget proposal
54. The preview budget proposal for 2020 includes the current estimates for the above cost drivers. All estimates, including exchange rate and inflation assumptions, will be reviewed and updated in the final budget proposal.
55. At this stage, the high-level net regular budget for 2020 is proposed at US\$160.57 million, representing a nominal increase of 1.49 per cent over 2019, composed of US\$1.28 million resulting from the salary scale increase and within-grade step increment and US\$1.1 million attributable to inflation adjustments to the main non-staff expense categories.
56. Overall the 2020 budget trajectory will tend towards zero real growth. Incremental costs related to the staff and non-staff budget components, such as depreciation, recurrent expenses for implemented capital projects, increased engagement with governing bodies and activities to meet other IFAD11 commitments, will be offset by efficiency gains. These will most likely materialize through equivalent or reduced travel costs as a result of the decentralized structure being fully operationalized.
57. Given the expected PoLG and proposed administrative budget for 2020, current projections indicate that there could be a minor increase in the administrative efficiency ratio for the year, while the 36-month rolling ratio, which has been set as a key parameter for the yearly budget exercise, would remain within the ceiling of the IFAD11 target of 12.9 per cent.

58. In the final budget document, the costs of each line item will be reviewed and refined to reflect real and price-related increases and adjusted by the 12-month average exchange rate for euro-denominated expenses. The feedback provided by the Audit Committee and the Executive Board on this high-level preview will also be taken into account.
59. A comparison of the 2019 approved budget and the 2020 high-level budget proposal is set out below in table 3.

Table 3

Net regular budget – staff and non-staff costs, 2019 and 2020

(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2019</i>	<i>Proposed 2020</i>
Staff	93.31	94.59
Consultants	22.94	23.28
Duty travel	9.38	9.52
ICT non-staff costs	5.45	5.55
Other	27.12	27.63
Total	158.21	160.57

D. 2020 gross budget proposal

60. IFAD implements and manages a number of operations for third parties that are external but complementary to IFAD's PoLG. These operations are financed from supplementary funds. Engaging in these partnership activities involves additional incremental costs for IFAD in design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement and are currently estimated to remain unchanged at US\$4.5 million.
61. 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. The gross budget shows only incremental costs to support supplementary fund-related activities for ASAP, the European Union (including CGIAR funding) and the Spanish Trust Fund.
62. Management has updated IFAD's guidelines on cost recovery from supplementary funds to better harmonize with other IFIs and with the United Nations system while supporting resource mobilization goals and ensuring cost recovery in line with relevant Governing Council resolutions.
63. The above estimate will be subject to review prior to finalization of the gross budget proposal for inclusion in the final budget document. The amount can be fully recovered from the annual allocable portion of the fee income generated from the management of supplementary funds. Consequently, the current estimate of the gross budget is US\$165.07 million, which includes resources to manage the operations financed by supplementary funds. Endorsement is being sought only for the proposed net regular budget of US\$160.57 million.

Table 4
Indicative gross and net budget for 2019 and 2020
(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2019</i>	<i>Proposed 2020</i>
Gross budget	162.91	165.07
Costs to support supplementary fund activities	(4.50)	(4.50)
Net budget	158.21	160.57

E. Capital budget for 2020

64. As in prior years, the capital budget will be split into two categories, namely: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktop and laptop computers undertaken every year, and replacement of vehicles in ICOs); and (ii) a capital budget to fund major IT (if any) and other investment projects, subject to available capacity to undertake additional projects.
65. In 2018, OSB introduced a rigorous benefits realization process at the Information Technology Governance Committee, to monitor and realize promised savings and efficiencies on the completion of various ICT capital projects. It is expected that a number of projects due for completion in 2019 and 2020 will be closely reviewed, and realized efficiencies and savings applied to subsequent budget cycles.
66. Capital budget proposals for 2020 are currently under preparation and are expected to be in line with previous years. The total budget proposal is expected to remain within the range of US\$2 million to US\$2.5 million. However, in line with recommendations from the study conducted by consulting firm Alvarez & Marsal, additional capital funds (excluding recurring costs that would need to be absorbed through the regular administrative budget) in the range of US\$3 million to US\$5 million could be required to address treasury and risk management in accordance with the scenarios to define the strategic reshaping of IFAD's financial architecture. Further details of this will be outlined in the final budget document in addition to an assessment of the feasibility of phasing the plans and costs over several years.
67. In addition, investments are expected to target the need to introduce technology to support an increasingly innovative approach to development, based on a growing innovation agenda and new organizational culture. Investments are also expected to target the need to upgrade human resources systems to ensure that they are commensurate with a modern workforce and the new talent management framework.

F. Foundational one-time boost for strengthening IFAD's base

68. IFAD has taken a path of ambitious reform in recent years that has changed its way of doing business and expanded the types of support it provides to countries. The OpEx exercise was launched in 2017 to lead this reform agenda and, following a thorough review of all critical functions in IFAD, a number of important changes were introduced, aimed at embedding excellence within IFAD.
69. Initially, the work focused on revising the project design process with a view to streamlining it and improving efficiency and quality of delivery. In parallel, important milestones were reached as regards decentralization, with staff positions in the field increasing from 18 to 30 per cent and staff being assigned and relocated to ICOs through reassignment processes. Taking into account this decentralized business model, recent efforts have focused on revising IFAD's organizational structure, recalibrating business processes and enhancing non-operations areas to improve overall institutional efficiency.
70. The OpEx initiatives aimed to elevate IFAD from a standard to a best-in-class performer, boosting organizational effectiveness and realigning its structure to

meet current IFAD11 priorities while maintaining the same human capital. This has created more appetite among Member States and recipient countries for IFAD to extend its range of operations, deepen its engagement with governments and the private sector, and diversify its products.

71. The added complexity and ambition that this entails has also made comprehensive internal control and enterprise risk management frameworks the bedrock of future operational business activities, thereby generating new and urgent deliverables. This recent trajectory has increased workload significantly and created demand for specialist competencies, putting a substantial strain on existing staff. This has made plain the need for IFAD to review its human capital model and re-adapt it in order to ensure that it is of adequate size, and has the skills and technology capacity to respond to its current and future challenges.
72. For this reason, IFAD Management has been prompted to initiate an organization-wide analytical human resources (HR) study on IFAD's current and future workforce composition, analysing its adequacy and projecting the activities and budget needed to implement tailored HR actions in 2020. An external consultancy firm has been hired to conduct this assessment, with a planned completion date as of end of September. Based on the results of this study and following an informal consultation between Executive Board members and external consultants, IFAD plans to implement recommended actions with a view to addressing all potential issues regarding: workforce composition, ensuring effective mechanisms exist for an improved and efficient performance management, staffing level and skills mix, the appeal of IFAD's current compensation and salary structure, technology capacity to retrieve reliable HR data to support decision-making and opportunities to invest in the best talents for the right position and at the right time. These actions will be fundamental to aligning IFAD's workforce and competitiveness in the workplace with its current operational business needs and future ambitions within the IFAD 2.0 trajectory.
73. Following the outcome of the study, IFAD Management will be in a position to accurately estimate the budget implications of all follow-up actions deriving from the consultants' assessment. These represent time-bound investments addressing foundational activities that cannot be structurally absorbed as ongoing administrative budget real increases. For these reasons, IFAD's proposed approach would entail a foundational one-time "boost budget". This would allow the organization, during the IFAD11 cycle, to:
 - (i) Address the rightsizing and optimal skills mix exercise coupled with a comprehensive Enterprise Risk Management Framework to enhance the corporate support architecture. This is essential to manage the external forces that continue to pose challenges to IFAD's operations and competitiveness in the multilateral development arena;
 - (ii) Make investments to accelerate the programme trajectory, ensuring that quality is maintained in alignment with recommendations by the Annual Report on Results and Impact of IFAD Operations and RIDE;
 - (iii) Following the successful initiation of credit rating assessment conducted in 2019, continue to pursue critical activities in the process to obtain an institutional credit rating, in readiness for the new IFAD financial architecture; and
 - (iv) Ensure adequate capacity and a streamlined design review process to better mainstreams thematic areas within project design.
74. Depending on the total utilization of OpEx budget at the end of 2019, potential savings derived from lower than expected costs associated with backfilling of staff and the voluntary separation programme could be repurposed towards resourcing the implementation of outcome of the HR study.

75. The overall outcome of such a boost is that IFAD will have a tailored structure (workforce and processes) already in place for IFAD12, rather than phased implementation over two replenishment cycles, both to manage and expand business opportunities and maximize the impact of delivered results.

G. Special expenditure budget for IFAD12

76. In line with Governing Council resolution 181/XXXVII, the Executive Board is requested to approve the appropriation for the special expenditure budget for the IFAD12 Consultation. The actual cost of the IFAD11 exercise is expected to be US\$1.04 million, in line with the budgeted amount. For IFAD12 it is proposed to maintain the same level of budget as for the IFAD11 special expenditure budget, adjusted for inflation. An initial estimate for IFAD12 – which includes the cost of the External Chair for the IFAD12 Consultation – is provided below. The costs will be revisited and an updated request for approval will be made in the final budget document submitted in December.

Table 5

Estimated special expenditure budget for the IFAD12 replenishment exercise
(Millions of United States dollars)

<i>Description</i>	<i>IFAD11 approved</i>	<i>IFAD11 forecast</i>	<i>IFAD12 proposed</i>
Language services and conference-related costs	0.45	0.37	0.40
Staff costs	0.13	0.20	0.22
Administration costs	0.09	0.11	0.10
Consultancy and travel costs (including External Chair)	0.28	0.30	0.30
Midterm review	0.08	0.06	0.07
Contingency/miscellaneous	0.01	0.00	0.01
Total	1.04	1.04	1.10



Preview of the Results-based Work
Programme and Budget for 2020, and
Indicative Plan for 2021–2022 of the
Independent Office of Evaluation of IFAD

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
CLE	corporate-level evaluation
CLEAR	Centers for Learning on Evaluation and Results
COSOP	country strategic opportunities programme
CSPE	country strategy and programme evaluation
DMR	divisional management results
ECD	evaluation capacity development
ECG	Evaluation Cooperation Group
ESR	evaluation synthesis report
FAO	Food and Agriculture Organization of the United Nations
IE	impact evaluation
IOE	Independent Office of Evaluation of IFAD
OMC	Operations Management Committee
OSC	Operational Strategy and Policy Guidance Committee
PCR	project completion report
PCRv	project completion report validation
PoLG	programme of loans and grants
PPE	project performance evaluation
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RIDE	Report on IFAD's Development Effectiveness
TE	thematic evaluation
UNEG	United Nations Evaluation Group
WFP	World Food Programme

Preview of the Results-based Work Programme and Budget for 2020, and Indicative Plan for 2021–2022 of the Independent Office of Evaluation of IFAD

I. Introduction

1. This document provides a preview of the results-based work programme and budget for 2020, and indicative plan for 2021–2022 of the Independent Office of Evaluation of IFAD (IOE). It was informed by extensive consultations carried out by IOE with IFAD's governing bodies and Management.
2. IOE's strategic mission and vision, which are anchored to IFAD's strategic vision 2016-2025, provide the framework for IOE priorities and activities for the coming year (see box 1). IOE reconfirms its strategic framework for 2019 and 2020 in view of the outcomes of the external peer review of IFAD's evaluation function, which will be finalized later in 2019. This document is transitional in nature, in light of the preliminary recommendations by the external peer review of IFAD's evaluation function. Subject to Executive Board approval, changes will be elaborated in 2020 and implemented from 2021 onwards. Consequently, IOE will retain the same strategic objectives in 2020 as in 2019 (see section III).

Box 1

IOE mission and vision

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.

3. This document is "based on a critical assessment of needs, rather than simply using the current budget as a baseline".¹ It illustrates the linkages between IOE's 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 2018, budget utilization up to June 2019 and a current estimate of expected 2019 year-end utilization.
4. In line with the IFAD Evaluation Policy,² the IOE budget is developed independently of IFAD's administrative budget.³ 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 2019.

II. Current perspective

A. Highlights of 2019

5. IOE expects to implement all activities planned in the 2019 work programme by the end of the year. Selected achievements to date include:

¹ See the minutes of the 107th session of the Executive Board, para. 29.

² See IFAD Evaluation Policy (<https://webapps.ifad.org/members/eb/102/docs/EB-2011-102-R-7-Rev-3.pdf>).

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

- Finalization of the corporate-level evaluation (CLE) on IFAD's Engagement in Pro-poor Value Chain Development. The purposes of the CLE were to (i) assess IFAD's performance in supporting pro-poor value chain development; (ii) assess how pro-poor value chain development has contributed to achieving IFAD's mandate of rural poverty reduction and inclusive and sustainable rural development; and (iii) identify opportunities for improvement and provide recommendations on enhancing IFAD's approach to value chain development for rural development and poverty reduction. The evaluation findings and recommendation were presented to the Evaluation Committee in June 2019 and will be presented to the Executive Board in September 2019.
 - Undertaking the CLE on IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture. The evaluation aimed to: (i) assess IFAD's performance in supporting innovation and productivity growth, and how this work has contributed to achieving IFAD's mandate of rural poverty reduction and inclusive and sustainable rural development; and (ii) identify opportunities for improvement and make recommendations for enhancing IFAD's approach to innovation and agricultural productivity growth as a means for rural development and poverty reduction. The approach paper⁴ for the CLE was presented at the 105th session of the Evaluation Committee in June 2019 and will be finalized when Committee members' comments are incorporated. The evaluation is now in progress.
 - External peer review of IFAD's evaluation function. The final report of the external peer review of IFAD's evaluation function will be presented to the 106th session of the Evaluation Committee and 127th session of the Executive Board in September 2019.
 - Finalization of country strategy and programme evaluations (CSPEs) National roundtable workshops for Mexico and Sri Lanka took place at the beginning of the year. The Burkina Faso, Kenya and Tunisia CSPEs were discussed at the March session of the Evaluation Committee. The 2019 CSPEs are being implemented as planned. Based on its experience in conducting CSPEs, IOE also participated in the informal sessions of the Executive Board on country strategic opportunities programmes (COSOPs) and CSPEs in March and July respectively.
 - The impact evaluation (IE) of the Food Security and Development Support Project in the Maradi Region (PASADEM) in Niger is ongoing. The report will be presented at the October session of the Evaluation Committee. IOE has started preparations for the next IE on the Community-based Integrated Natural Resource Management Project in Ethiopia in collaboration with the International Food Policy Research Institute.
6. Reporting. The 2016-2018 Results Measurement Framework, IOE's monitoring and reporting framework for that period, is included in annex I. Progress in implementing planned evaluation activities for 2019 is summarized in table 1 of annex II. Table 2 of annex II includes a summary of progress made to June 2019 in meeting the targets for each of the Results Measurement Framework's key performance indicators. The data reveal that the activities are on track.

⁴ See <https://webapps.ifad.org/members/ec/105/docs/EC-2019-105-W-P-4.pdf>.

B. 2019 budget utilization

7. Table 1 reports IOE budget utilization in 2018 and 2019 until April 2019, as well as the year-end projection.

Table 1
IOE budget utilization in 2018 and projected utilization in 2019 (as of June 2019)⁵

<i>Evaluation work</i>	<i>Approved budget 2018</i>	<i>Budget utilization 2018</i>	<i>Approved budget 2019</i>	<i>Commitment as of June 2019*</i>	<i>Expected utilization as of year-end 2019</i>
Non-staff costs					
Staff travel	460 000	419 075	440 000	170 075	440 000
Consultant fees	1 400 000	1 480 575	1 440 000	1 255 979	1 430 000
Consultant travel and allowances	380 000	335 608	360 000	213 379	360 000
In-country CSPE learning events	45 000	37 714	-	-	-
Evaluation outreach, staff training and other costs	220 390	197 876	270 390	55 557	265 000
Subtotal	2 505 390	2 470 848	2 510 390	1 694 990	2 495 000
Staff costs	3 307 259	3 260 299	3 473 221	3 369 307	3 369 307
Total	5 821 649	5 731 174	5 983 611	5 064 297	5 863 939
Utilization (percentage)		98.4⁶		84.63	98
External peer review					
(2018 portion of the total cost)	100 000	99 404	200 000	104 343	105 000
Total 2019 budget			6 183 611		

* Based on committed staff costs adjusted for exchange rate up to June 2019.

8. Total expenses against IOE's 2018 budget amounted to US\$5.73 million – equal to 98.4 per cent utilization.
9. Against an approved budget of US\$5.98 million for 2019, utilization (in terms of commitments) as of mid-June 2019 stood at US\$5.06 million, or 84.63 per cent. High utilization for this time of year was mainly caused by the full-year commitment of staff costs, which is in line with IFAD's established practice, as well as high utilization of consultancy fees and travel costs for staff and consultants in the first part of the year. This is also in line with the normal business cycle since most evaluations are launched in the first part of the year. Overall utilization of the total 2019 IOE budget at year end is currently projected at US\$5.86 million, representing 98 per cent of the approved budget.

C. Utilization of the 2018 carry-forward

10. The carry-forward from 2018 was made available to IOE for utilization only in the beginning of June 2019 and was not committed for any activities as of the time of drafting this document. More information on utilization of the 2018 carry-forward will be available in the next version of this document.

III. IOE strategic objectives

11. As agreed with the Executive Board in December 2013, IOE aligns its strategic objectives (SOs) with IFAD replenishment periods to ensure a more coherent link

⁵ It will not be possible to report on this in the future because of a change in the budget reporting process; staff and non-staff costs may be reported separately.

⁶ This utilization rate is based on data from IFAD's business intelligence system. In this system, the disbursement rate is calculated using standard staff costs and non-staff costs where euro-denominated transactions are reflected in United States dollars at the existing exchange rate. However, IFAD's Office of Strategic Budgeting has provided data on actual utilization of staff and non-staff costs in United States dollars, which indicates that IOE has utilized 92.8 per cent of its allocated US\$5.91 million. This was predominantly driven by a lower-than-expected utilization of staff costs (86.5 per cent) due to extended absence of staff, and lower actual staff costs compared to standard staff costs (as captured in the business intelligence system). A full carry-over of 3 per cent was provided to IOE.

between IOE's SOs and corporate priorities. The following were proposed for 2016-2018 (the Tenth Replenishment of IFAD's Resources [IFAD10]), approved by the Board in December 2015 and extended to 2019 and 2020:

- (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.
12. These two SOs should allow IOE to achieve the overarching goal set for independent evaluation: Increasing the impact of IFAD's operations for sustainable and inclusive rural transformation through the promotion of accountability and learning. IOE will retain these SOs for 2020 until a new strategic framework is designed.

IV. 2020 work programme

13. In 2020, IOE will introduce the new product of thematic evaluation (TE). This is in response to the preliminary recommendations of the 2019 external peer review, which advises greater focus on cross-cutting and thematic issues in IFAD. TEs will examine IFAD's results and performance in a given thematic area. They will focus on sectors and themes of interest to IFAD and its strategic engagement in them. Thematic areas with high potential for learning will also be considered for these evaluations. CLEs will focus on the performance of IFAD corporate policies and strategies.
14. Consultations with governing bodies and IFAD Management highlighted the need to undertake a TE of IFAD's contribution to smallholders' adaptation to climate change. This evaluation will specifically examine IFAD's role in: (i) supporting smallholders to manage climate change risks; (ii) mainstreaming climate change adaptation into its programmes and projects; (iii) advocating for climate-sensitive policies and strategies at the national and global levels; and (iv) testing and scaling up climate-sensitive approaches.
15. Consultations with IFAD Management and governing bodies have also highlighted the importance of collaboration among the Rome-based agencies (RBAs) of the United Nations in achieving the targets of Sustainable Development Goal 2: End hunger, achieve food security, improve nutrition and promote sustainable agriculture. Collaboration at the country level is of paramount importance to meet these targets. Therefore, in 2020 IOE proposes to launch a joint CLE with the evaluation offices of the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP) on country-level collaboration among the RBAs. This evaluation will be completed in 2021.
16. The aim of CSPEs is to assess the results and impact of IFAD's partnerships with governments in reducing rural poverty, and provide the building blocks for preparing an IFAD strategy in each country. In 2020, IOE will complete the CSPEs begun in 2019 in Madagascar and Nepal. Based on thorough consultations with Management, IOE plans to launch five new CSPEs in the Plurinational State of Bolivia, Morocco, Niger, Pakistan and Uganda.
17. Next year, IOE will finalize the 2019 IE in Ethiopia. IEs conducted by IOE were not included in the set of evaluations undertaken by IFAD Management in the IFAD9 and IFAD10 periods. IOE's main objectives in conducting IEs are to test innovative methodologies and processes for assessing the results of IFAD operations more rigorously, and contribute to ongoing dialogue on IE approaches at IFAD and internationally. IOE will undertake a new IE in 2020 on a project to be decided in early 2020. Pending deliberations of the Evaluation Committee and Executive Board on the findings and recommendations of the external peer review of IFAD's evaluation function, IOE envisages changes in the manner in which IEs are

undertaken. IOE will undertake IEs to fill specific knowledge gaps and to pave the way for higher-level evaluations such as CLEs, CSPEs and evaluation synthesis reports (ESRs).

18. ESRs are largely based on existing evaluation evidence and serve to consolidate lessons and good practices that can inform the development and implementation of IFAD policies, strategies and operations. As in 2019, IOE will conduct one ESR in 2020. IOE will complete the 2019 ESR on community-driven development. In 2020, IOE proposes to undertake an ESR on rural infrastructure. Selected CSPEs, project-level evaluations and IEs provide an evidence base on this sector that covers US\$1.1 billion of the US\$7.9 billion in current IFAD financing.^{7,8}
19. IOE plans to undertake eight project performance evaluations (PPEs) on selected projects. The objectives of PPEs are to: (i) assess the results of the projects; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluation. They also serve as critical inputs for the CLEs, CSPEs and the Annual Report on Results and Impact of IFAD Operations (ARRI). Following current practice, IOE will validate all project completion reports (PCRs). However, subject to deliberations of the Evaluation Committee and Executive Board on the findings of the external peer review of IFAD's evaluation function, IOE may consider validating a random sample of PCRs chosen by IOE.
20. The proposed number of PPEs affords IOE wide coverage of IFAD operations in all regions, helping to strengthen IFAD's broader accountability framework. This is fundamental since most of IFAD's development resources are channeled to developing Member States through investment projects and programmes.
21. Pursuant to the recommendations of the external peer review, IOE will lead the drafting of a new Evaluation Policy, which will encompass IFAD's entire evaluation function. In drafting the policy, IOE will engage stakeholders including the Programme Management Department, Senior Management, representatives of the Executive Board and Evaluation Committee, IOE staff and the broader evaluation community. The new policy will be presented to the Executive Board for approval in December 2020.
22. IOE will prepare the 2020 ARRI, the Fund's flagship evaluation report. As in previous years, the ARRI will include a detailed analysis and dedicated chapter on a major learning theme. In line with consultations with IFAD's governing bodies and Management, and lessons learned from previous ARRIs, IOE proposes two options for the ARRI learning theme in 2020: (i) quality of supervision and implementation support; and (ii) efficiency. Efficiency is a measure of how economic resources and inputs (e.g. funds, expertise and time) are converted into results.
23. IOE will also support recipient countries in evaluation capacity development (ECD) activities. It will continue to engage in the Centers for Learning on Evaluation and Results (CLEAR) initiative on IE in order to build capacity among project staff and other in-country personnel.
24. IOE will continue seeking opportunities for collaboration. The RBAs' evaluation offices will continue to collaborate in the EvalForward – Evaluation for Food Security, Agriculture and Rural Development community of practice, which includes international organizations, academia, the private sector, governments and NGOs. The aim of this community of practice is to exchange knowledge and experience that enhances the evaluations of projects and programmes focused on agriculture, food security and rural development. In 2019, IOE partnered with the Independent

⁷ As of 31st December, 2018.

⁸ IFAD Annual Report 2018.

Evaluation Group (IEG) of the World Bank, to institute an award at the International Development Evaluation Association (IDEAS). This biennial award will highlight evaluations promoting transformational change towards the SDGs. To this end IOE will engage with IDEAS and IEG on a continuing basis.

25. IOE will ensure timely, customized dissemination and outreach of results and lessons to key audiences. It will present all CLEs, the ARRI, selected CSPEs and other documents to the Evaluation Committee and the Executive Board. It will also present impact assessments and ESRs to the Evaluation Committee, and if requested, to the Board. IOE will also continue with its established practice of creating podcasts to expand outreach and dissemination of evaluation results.
26. As per established practice, IOE will prepare written comments on new COSOPs that have been preceded by CSPEs and are presented 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. Finally, in 2020 IOE plans to review its product and process matrix based on the recommendations of the external peer review. As a result of the IOE review, new products may be introduced if required.
27. The proposed list of IOE evaluation activities for 2020 is shown in annex III, table 1 and the indicative plan for 2021–2022 is presented in table 2 of that annex. The selection and prioritization of independent evaluations is facilitated by the use of a selectivity framework (annex VI), which is instrumental in enhancing transparency in developing the divisional work programme.

V. 2020 resource envelope

A. Staff resources

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

B. Budget requirements

29. This work programme and budget document is presented in conjunction with the conclusion of the external peer review of IFAD's evaluation function. The peer review's conclusions have implications for the product and process matrix, as already mentioned. Therefore, this budget is transitional in nature. Any changes in products and processes, and their implications for the budget, will be fully reflected in 2021.
30. This section outlines IOE budget requirements. The proposed budget is presented by type of activity, strategic objective and category of expenditure. Each table includes both the 2019 approved budget and the proposed budget for 2020, facilitating a comparison between the two years. Table 5 also contains the IOE gender-sensitive budget, which identifies the budget distribution for gender-related activities.
31. Assumptions. As in the past, the parameters used to develop the proposed 2020 budget are the same as those used in 2019. They are currently: (i) no increase in the salaries of professional and general service staff anticipated for 2020, so the same 2019 standard costs were used, adjusted for the euro/United States dollar exchange rate; (ii) inflation will be absorbed to the greatest extent possible; and (iii) an exchange rate of US\$1 = EUR 0.841.⁹ The standard staff costs and exchange rate will be revised towards end of 2019 with

⁹ This is the same as the exchange rate for 2019 and will be revised upon availability of the calculated exchange rate for 2020.

the budget parameters for 2020 provided by IFAD Office of Strategic Budgeting. Revised staff costs for 2020 will be included in a subsequent version of this document.

32. Budget by type of activity. Table 2 displays the proposed IOE 2020 budget by type of activity. IOE will apply the same methodological rigour and internal preparation of its evaluation products without increasing the cost of the individual evaluations compared to 2019. IOE proposes to keep the total number of PPEs at eight and the number of ESRs at one. The costs for knowledge, communication and outreach are proposed to be slightly lower for 2020 than for 2019. In line with the recommendations of the external peer review of the evaluation function of IFAD, IOE intends to maintain some flexibility in its budgeting so that it can respond better to organizational needs. To this end, IOE proposes to start with a buffer of US\$20,000 for unforeseen evaluation work, as reflected in table 2 below.

Table 2
Proposed budget for 2020 by type of activity*

Type of activity	Approved 2019 budget (US\$)	Absolute number 2019	Level of effort 2019	Proposed 2020 budget (US\$)	Absolute number 2020	Level of effort 2020
Non-staff costs						
ARRI	80 000	1	1	80 000	1	1
CLEs	430 000	2	1	100 000	2	0.5
TE	-	-	-	300 000	1	0.8
CSPEs	1 000 000	7	5.2	1 000 000	7	5.2
ESRs	55 000	1	1	55 000	1	1
PPEs	320 000	8	8	320 000	8	8
PCRVs (project completion report validation)	30 000	30	30	45 000	30	30
IEs	200 000	2	1	200 000	2	1
Knowledge sharing, communication, evaluation outreach and partnership activities	260 000	-	-	250 000	-	-
ECD, training and other costs	135 390	-	-	110 390	-	-
Buffer for unforeseen evaluation work	-	-	-	20 000	-	-
Total non-staff costs	2 510 390	-	-	2 480 390	-	-
Staff costs	3 473 221	-	-	3 473 221	-	-
Total	5 983 611	-	-	5 953 611	-	-
External peer review	200 000	-	-	-	-	-
Recruitment of IOE Director	-	-	-	150 000	-	-
New Evaluation Policy	-	-	-	50 000	-	-
Total 2019 budget	6 183 611	-	-	6 153 611	-	-

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

* Based on cumulative experience and historical figures, 140 person (staff) days are allocated for conducting a CLE, 130 days for a CSPE, 40 days for an ESR, 80 days for an IE, 50 days for a PPE and 11 days for a PCRV. These figures were used to estimate the level of effort by type of activity, as shown.

33. The proposed 2020 budget includes the request for approval of a below-the-line cost allocation of US\$200,000. Of this amount, US\$150,000 is allocated for the recruitment of new IOE Director of IOE in 2020. A similar request for US\$189,000 was made in 2014 for the recruitment process. An additional US\$50,000 is requested for the preparation of a new Evaluation Policy, as recommended by the external peer review of IFAD's evaluation function.

34. Budget by category of expenditure. Table 3 shows the proposed budget for 2020 by expenditure category. Of the non-staff budget, 56 per cent is allocated to consultancy fees to support evaluation work – nearly the same proportion of total non-staff costs allocated in 2019. 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, CSPEs and country visits undertaken in the context of CLEs and the preparation of ESRs.

Table 3
Proposed budget for 2020 by category of expenditure

<i>Category of expenditure</i>	<i>Approved 2019 budget</i>	<i>Proposed 2020 budget</i>
Non-staff costs		
Staff travel	460 000	450 000
Consultant fees	1 400 000	1 390 000
Consultant travel and allowances	380 000	370 000
In-country CSPE learning events	-	-
Evaluation outreach, staff training and other costs	270 390	270 390
Total non-staff costs	2 510 390	2 480 390
Staff costs	3 381 614	3 381 614
Total	5 983 611	5 953 611
External peer review	200 000	-
Recruitment of IOE Director	-	150 000
New evaluation policy	-	50 000
Total 2019 budget	6 183 611	6 153 611

35. Staff travel, consultants' fees, allowances and travel expenses are expected to be reduced slightly as non-staff costs are foreseen to decrease. As in the past, an allocation of US\$15,000 is foreseen for staff training, which is crucial for continuous professional development.
36. Budget by strategic objective. Table 4 shows the allocation of the total IOE proposed budget for 2020, including both staff and non-staff costs, against IOE's strategic objectives. IOE has further divided its objectives into outcomes, as shown in table 4 below. This is change from the previous years, in which budgeting was only undertaken on the basis of objectives. The greatest amount is allocated to SO1 since a large part of IOE's consultancy resources are allocated to activities contributing to this objective (including CLEs, CSPEs and PPEs). Many of the activities undertaken towards this objective also contribute to SO2 by promoting evaluation-based learning and an institutional-results culture. For example, in-country workshops at the end of CSPEs – which are included in the SO1 budget – provide a unique opportunity to exchange lessons learned and good practices with policy and decision makers, IFAD operations staff and other stakeholders.

Table 4
Proposed 2020 budget allocation by strategic objective and outcome

<i>Strategic objective</i>	<i>Approved 2019 budget</i>		<i>Proposed 2020 budget</i>	
	<i>Amount (US\$)</i>	<i>%</i>	<i>Amount (US\$)</i>	<i>%</i>
SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	3 957 180	66	3 860 697	65
Contribute to generate evidence on performance and results of IFAD operations	-		1 233 723	
Provide actionable technical knowledge through evaluations to improve design and implementation of policies, strategies, programmes	-		2 626 975	
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	1 624 969	27	1 799 947	30
Contribute to learning within IFAD	-		1 338 584	
Contribute to learning in IFAD's Member States and to international debates on evaluation methodology			461 363	
Joint SO1 and SO2	401 461	7	292 967	5
Total	5 983 611	100	5 953 611	100
IOE peer review	200 000		-	
Recruitment of IOE Director	-		150,000	
New evaluation policy	-		50,000	
Total budget	6 183 611		6 153 611	

Note: percentages are rounded up.

37. Gender-sensitive budget. IOE's methodology for constructing a gender-sensitive budget entails determining the proportion of staff and non-staff costs devoted to analysing and reporting on gender issues in its evaluations. It is important to note that IOE has a dedicated criterion on gender equality and women's empowerment that is applied in all ARRIs, CSPes, PPEs, PCRVs and IEs. Attention is also paid to gender issues in other evaluations such as CLEs and ESRs. Finally, extensive primary data on women-headed households and women beneficiaries is collected in the context of IEs. Table 5 shows that 7.2 per cent of the total proposed IOE budget for 2020 is directly allocated to the examination of gender issues.

Table 5
IOE 2020 gender-sensitive budget

<i>Type of activity</i>	<i>Proposed 2020 budget</i>	<i>Gender component (percentage)</i>	<i>US\$</i>
Non-staff costs			
ARRI	80 000	10	8 000
CLEs	100 000	10	10 000
TE	300 000	10	30 000
CSPEs	1 000 000	10	100 000
ESRs	55 000	5	2 750
PPEs	320 000	7	22 050
PCRVs	45 000	5	2 250
IEs	200 000	15	30 000
Knowledge sharing, communication, evaluation outreach and partnership activities	250 000	4	10 000
ECD, training and other costs	110 390	5	5 519
Buffer for unforeseen evaluation work	20 000	5	1 000
Total non-staff costs	2 480 390	8.9	221 569
Staff costs			
Gender focal point	169 377	20	33 875
Alternate gender focal point	112 444	10	11 244
All evaluation officers	3 323 221	5	166 161
Total staff costs	3 473 221	6	211 280
Total	5 953 611	7.3	432 849

VI. IOE budget proposal

38. The proposed 2020 budget totals US\$6.15 million, which includes US\$200,000 as below-the-line items foreseen for the costs of recruiting of new IOE Director and preparation of new Evaluation Policy. Excluding this below-the-line cost allocation, the total budget for 2020 is proposed to be US\$30,000 lower than the proposed budget for 2019, at US\$5.95 million. This represents a 0.5 per cent nominal decrease.
39. The proposed 2020 IOE budget represents 0.43 per cent of IFAD's expected programme of loans and grants (PoLG) for 2020,¹⁰ 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 2014, is shown in annex V, table 1.

¹⁰ It is anticipated that IFAD will commit approximately US\$1.356 billion in new loans and grants in 2020.

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

IOE Results Measurement Framework for 2016-2018 (extended to 2020)

<i>Strategic objectives</i>	<i>Divisional management results (DMRs)</i>	<i>Key performance indicators</i>	<i>Baseline 2011</i>	<i>Target (per year)</i>	<i>Means of verification</i>
Strategic objective 1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations	1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs	n/a	90%	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and IOE work programme and budget document
	DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations				
	DMR 3: Systemic issues and knowledge gaps in IFAD are addressed				
	DMR 4: IFAD-supported operations are improved through independent project evaluations				
Strategic objective 2: 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	70	
		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	5	
		7. Number of page views for IOE reports	n/a	55 000	
		8. Number of people receiving IOE newsletters	n/a	2 500	
		DMR 7: ECD in partner countries	9. Number of ECD seminars/workshops organized in partner countries	1	1
	10. Number of events attended by IOE staff related to self-evaluation and ECD		n/a	3	IOE records
	Strategic objectives 1 and 2	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

Table 1
Reporting on IOE planned activities (January to mid-June 2019)

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. CLEs	IFAD's engagement in pro-poor value chain development	Completed in May 2019	Completed. The final report was completed in April 2019 for presentation to the Evaluation Committee in June 2019 and Executive Board in September 2019.
	IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture	To be completed in mid-2020	Ongoing. Approach paper discussed at the June 2019 session of the Evaluation Committee. Country visits will take place between June and October 2019.
2. CSPEs	Mexico	Completed in April 2019	Completed in June 2019
	Sri Lanka	Completed in April 2019	Completed in March 2019
	Ecuador	To be completed by December 2019	Ongoing. Approach paper finalized. Main mission launched in May 2019
	Madagascar	To be completed by March 2020	Ongoing. Preparatory mission undertaken in April 2019. Main mission planned for September 2019. National workshop planned for March 2020.
	Nepal	To be completed by April 2020	Ongoing. Approach paper finalized. Preparatory mission undertaken in March and April 2019. Main mission undertaken in June 2019. National workshop planned for early 2020.
	Sierra Leone	To be completed by December 2019	Ongoing. Approach paper finalized. Preparatory mission undertaken in March and April; 2019. Main mission undertaken in May 2019. National workshop planned for end of 2019.
	Sudan	To be completed by December 2019	Ongoing. Preparatory mission undertaken in April 2019. Main mission planned for September 2019. National workshop planned for 2020.
3. PCRVs	Validation of all PCRs available within the year	To be completed in December 2019	Progressing as planned.
4. PPEs	Eight PPEs	To be completed by December 2019	All PPEs completed or ongoing according to schedule.
5. IEs	Niger – PASADEM	To be completed in July 2018	Ongoing. Draft report in preparation; will be finalized in July 2019.
	One new IE: Ethiopia – Community-based Integrated Natural Resource Management Project	To start in June 2019 and to be completed in June 2020	Starting in June 2019 as planned.
6. Engagement with governing bodies	17 th ARRI	To be completed in July 2019	Ongoing. Draft report shared with Management for comments in June 2019. The final report will be discussed by the Evaluation Committee and Executive Board in September 2019, including the learning theme on the relevance of IFAD project interventions.
	Review of the implementation of IOE's results-based work programme for 2019 and preparation of the results-based work programme and budget for 2020 and indicative plan for 2021-2022	To be completed in December 2019	In progress as planned. The Evaluation and Audit Committees, and the Executive Board will review the 2020 preview of the IOE work programme and budget in September 2019.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	IOE comments on PRISMA	To be completed in September 2019	PRISMA, with IOE comments, will be discussed at the Evaluation Committee and Executive Board sessions in September 2019.
	IOE comments on Report on IFAD's Development Effectiveness (RIDE)	To be completed in September 2019	RIDE, with IOE comments, will be presented together with the ARRI at the Evaluation Committee and Executive Board sessions in September 2019.
	IOE comments on IFAD strategies and corporate matters submitted at meetings of IFAD's governing bodies meetings by Management	To be completed in December 2019	IOE will prepare comments on the IFAD Private Sector Strategy and the report on the IFAD10 impact assessment initiative.
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, selected Audit Committee meetings, the 2019 country visit of the Executive Board to Cameroon and the Executive Board retreat	To be completed in December 2019	IOE's participation thus far includes the: (i) February Governing Council session; (ii) March and June 2019 Evaluation Committee sessions; (iii) May Executive Board session; and (iv) May 2019 Executive Board retreat.
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	To be completed in December 2019	Ongoing as planned. IOE's comments on the COSOP for Burkina Faso, The Gambia and Tunisia together with the related CSPEs were discussed at the March 2019 COSOP consultation event and May 2019 session of the Executive Board. Further comments will be presented to the Board at its September and December sessions.
7. Communication and knowledge-management activities	ESR on inclusive financial services for rural poor people	Completed in March 2019	Presented to the Evaluation Committee in June 2019.
	ESR on technical innovations	Completed in March 2019	To be presented to the Evaluation Committee in October 2019.
	Evaluation reports, <i>Profiles</i> , <i>Insights</i> , IOE website, etc.	January-December 2019	In progress as planned. IOE has published and disseminated to internal and external audiences: nine evaluation reports, three <i>Profiles</i> , three <i>Insights</i> , one press release, one media alert, three overviews, three infographics, one video, one quarterly newsletter and five podcasts.
	Organization of in-country CSPE learning workshops and learning events in IFAD, and participation in learning events	January-December 2019	CSPE national roundtable workshops held in: (i) Sri Lanka in March 2019; and (ii) Mexico with Government authorities in March 2019. IOE also participated in various in-house events.
	Participation and knowledge sharing in selected external platforms such as learning events and meetings of evaluation groups.	January-December 2019	In progress as planned. IOE participated in Programme in Rural M&E training on IE of rural development projects in Istanbul in May 2019, in collaboration with the CLEAR initiative. At this event, IOE shared its accumulated knowledge on impact evaluations. IOE also hosted an event on IE in the context of the "gLOCAL" week of the CLEAR initiative.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	Attendance at all Operational Strategy and Policy Guidance Committee (OSC) meetings to discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; Attendance as observer at Operations Management Committee (OMC) meetings, quality assurance learning sessions, IFAD Management Team meetings and selected country programme management team meetings	January-December 2019	In progress as planned. These forums provide IOE with opportunities to share evaluation lessons with IFAD Management and staff in order to strengthen the design of new policies, strategies and operations. IOE staff have participated in several OSC meetings relevant to monitoring and evaluation. On 1 June 2017, IOE began providing a one-page document containing IOE's comments in advance of OSC meetings. IOE has also participated in portfolio stock-taking meetings held by IFAD's regional divisions. Finally, IOE's Director and Deputy Director have participated in IFAD Management Team meetings.
	Evaluation Cooperation Group (ECG) and United Nations Evaluation Group (UNEG)	January-December 2019	In progress as planned. IOE will participate in the spring meeting of the multilateral development banks' ECG in June 2019, hosted by the Black Sea Trade and Development Bank in Thessaloniki, Greece. IOE also participated in the 2019 UNEG Evaluation Week in Nairobi, in May 2019. IOE will participate in the autumn meeting of the ECG in December 2019.
8. Partnerships	Contributions as external peer reviewer to evaluations by other international organizations as requested	January-December 2019	In progress. Completed three peer reviews of Global Environment Facility projects. Peer reviewed the draft Annual Evaluation Review of the Independent Evaluation Department of the Asian Development Bank.
	Implementation of joint statement by the CGIAR, FAO, IFAD and WFP to strengthen collaboration on evaluation	January-December 2019	The RBAs are continuing collaboration through a community of practice to exchange knowledge and experience for enhancing the evaluations of projects and programmes focused on agriculture, food security and rural development. The RBAs' heads of evaluation are interacting regularly along with informal interactions among staff of the RBAs' evaluation offices to exchange views, experiences and knowledge on evaluation matters, and identify opportunities for joint collaboration.
	Trainings	January-December 2019	In progress as planned.
9. Methodology	Contribution to in-house and external debates on IEs and ESRs, including the Sustainable Development Goals	January-December 2019	Participated in the training programme in Istanbul in May 2019.
10. ECD	Engagement in ECD in the context of regular evaluation processes	January-December 2019	Ongoing. Engagement in Programme in Rural M&E training on IE of rural development projects in Istanbul.
One time activity	Organization of workshops in partner countries on evaluation methodologies and processes (upon request)	January-December 2019	Ongoing. Engagement in the CLEAR gLOCAL initiative.
	IOE external peer review	To be completed in September 2019	Ongoing. To be presented to the Evaluation Committee in September 2019.

Table 2
Reporting on IOE key performance indicators (January to June 2019)

Strategic objectives	Divisional management results (DMRs)	Key performance indicators	Achievements as of mid-June 2019	Target (2019)	Means of verification
SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations	1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs	n/a	90%	PRISMA and IOE work programme, and budget document
	DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations				
	DMR 3: Systemic issues and knowledge gaps in IFAD are addressed				
	DMR 4: IFAD-supported operations are improved through independent project evaluations				
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	DMR 5: The evaluation manual is implemented and new evaluation methods and products are piloted	2. Range of new methods and designs applied	2	2	IOE evaluations
		3. Evaluations with quantitative analysis	2	4	IEs and CSPEs
	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	24	70	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	3	3	
		7. Number of page views for IOE reports	7 677	55 000	
		8. Number of people receiving IOE newsletters	2 355	2 500	
		9. Number of ECD seminars/workshops organized in partner countries	1	1	
	DMR 7: ECD in partner countries	10. Number of events attended by IOE staff related to self-evaluation and ECD	1	3	
		11. Budget cap	0.3% of IFAD PoLG	< 0.9% of IFAD PoLG	
SO1 and SO2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	12. Ratio of professional to general service staff	1:0.46	1:0.46	IOE records
		13. Budget execution rate at year end		98%	
		14. Execution rate of key evaluation activities	65%	98%	

Note: Based on IOE's 2016-2018 Results Measurement Framework, the following reporting matrix provides an overview of IOE achievements as of June 2019 against key performance indicators as agreed upon with the Executive Board.

IOE proposed evaluation activities for 2020 and indicative plan for 2021-2022

Table 1
Proposed IOE work programme for 2020 by type of activity

<i>Type of work</i>	<i>Proposed activities for 2020</i>	<i>Start date</i>	<i>Expected finish date</i>
1. CLEs	IFAD's support to innovations for inclusive and sustainable smallholder agriculture	Apr-19	June-20
	Joint CLE with the evaluation offices of WFP and FAO on country-level collaboration among RBAs;	Sept-20	Dec-21
2. TE	IFAD's contribution to smallholder adaptation to climate change	Jan-20	March-21
3. CSPEs	Bolivia	Apr-20	Apr-21
	Pakistan	Jan-20	Dec-20
	Morocco	Jan-20	Dec-20
	Niger	Apr-20	Apr-21
	Uganda	Jan-20	Dec-20
4. PCRVs	Validation of all PCRs available in the year	Jan-20	Dec-20
5. ESRs	Rural Infrastructure	Jan-20	Dec-20
6. PPEs	Eight PPEs	Jan-20	Dec-20
7. IEs	IE in Ethiopia	Jul-19	Jun-20
	New Impact evaluation	July-20	June-21
8. Engagement with governing bodies	Review of implementation of IOE's results-based work programme and budget for 2019, and indicative plan for 2020-2021, and preparation of results-based work programme and budget for 2020 and indicative plan for 2021-2022	Jan-20	Dec-20
	18 th ARRI	Jan-20	Sept-20
	IOE comments on the PRISMA	Jan-20	Sept-20
	IOE comments on the RIDE	Jan-20	Sept-20
	IOE comments on policies and strategies by IFAD Management	Jan-20	Dec-20
	Participation in Evaluation Committee, Executive Board and Governing Council sessions, selected Audit Committee meetings and the 2020 Board country visit	Jan-20	Dec-20
	IOE comments on COSOPs when related CSPEs are available	Jan-20	Dec-20

<i>Type of work</i>	<i>Proposed activities for 2020</i>	<i>Start date</i>	<i>Expected finish date</i>
9. Communication and knowledge-management activities	Evaluation reports, <i>Profiles, Insights</i> , website, etc.	Jan-20	Dec-20
	Organization of in-country CSPE learning workshops and learning events in IFAD	Jan-20	Dec-20
	Participation and knowledge sharing through selected external platforms such as learning events and meetings of evaluation groups	Jan-20	Dec-20
	Attendance at all OSC meetings that discuss corporate policies, strategies, COSOPs and selected projects recently evaluated by IOE. Attendance at meetings of OMC and IFAD Management Team	Jan-20	Dec-20
10. Partnerships	ECG, UNEG	Jan-20	Dec-20
	Contribution as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	Jan-20	Dec-20
	Implementation of joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	Jan-20	Dec-20
11. Methodology	Contribution to in-house and external debate on impact evaluation	Jan-20	Dec-20
	Drafting of new evaluation policy	Jan-20	Dec-20
12. ECD	Engagement in ECD in the context of regular evaluation processes	Jan-20	Dec-20
	Organization of workshops in partner countries (as per request) on evaluation methodologies and processes	Jan-20	Dec-20

Table 2
IOE indicative plan for 2021-2022 by type of activity*

Type of work	Indicative plan for 2021-2022	Year	
1. CLEs	Joint CLE with the evaluation offices of WFP and FAO on country-level collaboration among RBAs	2021 (completion)	
	Progress on IFAD's Decentralization Reform	2022	
2. TE	Inclusion of Youth in Rural Development	2021-2022	
	Burundi	2021	
	Colombia	2021	
	Indonesia	2021	
	Sao Tome and Principe	2021	
3. CSPEs	Uzbekistan	2021	
	Benin	2022	
	China	2022	
	Kyrgyzstan	2022	
	Malawi	2022	
	Paraguay	2022	
	4. ESRs	Rural Enterprise Development	2021
	5. PCRVs	Validate all PCRs available in the year	2021-2022
6. PPE	16 to 20 PPEs	2021-2022	
	19 th and 20 th ARRIs	2021-2022	
	Review of implementation of results-based work programme and budget for 2020, and indicative plan for 2021-2022; and preparation of results-based work programme and budget for 2021, and indicative plan for 2022-2023	2021-2022	
	IOE comments on the PRISMA	2021-2022	
	IOE comments on the RIDE	2021-2022	
7. Engagement with governing bodies	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by the Evaluation Committee	2021-2022	
	Participation in all sessions of Evaluation Committee, Executive Board and Governing Council, and the annual country visit of the Board	2021-2022	
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	2021-2022	
	8. Communication and knowledge-management activities	Evaluation reports, <i>Profiles</i> , <i>Insights</i> , website, etc.	2021-2022
	Evaluation synthesis on rural enterprise development approaches	2021	

<i>Type of work</i>	<i>Indicative plan for 2021-2022</i>	<i>Year</i>
	Evaluation synthesis on contributing to improved households income and assets; or food security	2021
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; attend meetings of OMC, IFAD Management Team and selected country programme management teams	2021-2022
	ECG, UNEG	2021-2022
8. Partnership	Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	2021-2022
	Contribute as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	2021-2022
9. Methodology	Drafting of new evaluation manual	2021-2022
10. ECD	Implement activities in partner countries related to ECD	2021-2022

* The topics and number of TEs, CLEs, CSPEs and ESRs are tentative; actual priorities and numbers of activities to be undertaken in 2021 and 2022 will be confirmed or determined in 2020.

IOE staffing for 2020

Table 1
Total IOE staff levels for 2020

2013 level	2014 level	2015 level	2016 level	2017 level	2018 Level	2019	2020 (proposed)		
							Professional staff	General service staff	Total
18.5	18.5	19	19	20	20	20	14	6	20

Table 2
Human resource category

Category	2017	2018	2019	2020 (proposed)
Professional staff				
Director	1	1	1	1
Deputy Director	1	1	1	1
Lead evaluation officers	3	3	3	3
Evaluation officers	7	7	7	7
Evaluation research analyst	1	2	2	2
Evaluation knowledge and communication officer	1	-	-	-
Subtotal professional staff	14	14	14	14
General Service staff				
Administrative assistant	1	1	1	1
Assistant to Director	1	1	1	1
Assistant to Deputy Director	1	1	1	1
Evaluation assistants	3	3	3	3
Subtotal general service staff	6	6	6	6
Grand total	20	20	20	20

Table 3
IOE general service staff levels

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (proposed)
8	8	8	6	6	6	6	6	6	6	6

IOE proposed budget for 2020

Table 1

IOE proposed budget 2020

(United States dollars)

	2014 budget	2015 budget	2016 budget	2017 budget	2018 budget	2019 budget (1)	Proposed 2019 budget		
							(2) Real increase/(decrease)	(3) Price increase/(decrease)	(4) Total 2020 budget*
Non-staff costs	2 395 992	2 455 892	2 541 520	2 490 861	2 505 390	2 510 390	(30 000)		2 480 390
Staff costs	3 586 690	3 614 041	3 127 899	3 235 056	3 307 259	3 473 221			3 473 221
Total	5 982 682	6 069 933	5 669 419	5 725 917	5 812 649	5 983 611			5 953 611

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

Recruitment of IOE Director	150 000
Drafting of new IFAD Evaluation Policy	50 000
Total 2019 budget	6 153 611

Table 2
2020 IOE budget proposal breakdown for non-staff costs
 (United States dollars)

Type of activity	Absolute number	Relative number in terms of % of work ^a	Standard unit costs ^b (US\$)	Proposed non-staff costs in 2020 (US\$)
ARRI	1	1	80 000–150 000	80 000
CLEs <ul style="list-style-type: none"> • Joint CLE with the evaluation offices of WFP and FAO on country-level collaboration among RBAs • IFAD's support to innovations for inclusive and sustainable smallholder agriculture (complete) 	2	<ul style="list-style-type: none"> • 0.3 • 0.2 	Differentiated cost based on scope and nature of issues to be assessed: 200 000–450 000	50 000 50 000
TEs <ul style="list-style-type: none"> • IFAD's contribution to smallholder adaptation to climate change 		0.8	Differentiated cost based on scope and nature of issues to be assessed: 200 000–450 000	300 000
CSPEs	7	5.2	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evidence: 180 000–200 000	1 000 000
Evaluation syntheses <ul style="list-style-type: none"> • Rural infrastructure 	1	1	40 000–65 000	55 000
PPEs	8	8	30 000–40 000	320 000
PCRVs	About 30	About 30	-	45 000
IEs	1	1	-	200 000
Knowledge sharing, communication, evaluation outreach and partnership activities	-	-	-	250 000
ECD, training and other costs	-	-	-	110 390
Buffer for unforeseen evaluation work	-	-	-	20 000
Total				2 480 390

^a Some evaluations straddle two years. This figure represents the percentage of work by type of evaluation activity in 2020.

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

IOE selectivity framework

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

<i>CLEs</i>	<i>CSPEs</i>	<i>ESRs</i>	<i>PPEs</i>	<i>IEs</i>
<ol style="list-style-type: none"> 1. Strategic priority. The evaluation contributes to IFAD's strategic priorities and replenishment commitments 2. Accountability. Topic selected contributes to strengthening IFAD's institutional accountability 3. Knowledge gap. CLEs contribute to filling a critical knowledge gap in IFAD 4. Timeliness. Evaluation results feed punctually into corporate policies, strategies and processes 5. Corporate risks. The evaluation serves to minimize critical corporate risks 	<ol style="list-style-type: none"> 1. Link to COSOPs. Results feed into the development of IFAD country strategies/ COSOPs 2. Coverage: <ol style="list-style-type: none"> (a) Regional and country coverage of CSPEs (b) Size of the portfolio in terms of total investments and number of operations (c) Debt Sustainability Framework classification (red, yellow, green) (d) Lending terms (highly concessional, blended or ordinary) 	<ol style="list-style-type: none"> 1. Evaluation evidence. Availability of adequate evaluation evidence by IOE and evaluation functions in other development organizations 2. Knowledge gap. ESRs contribute to filling a critical knowledge gap in IFAD 3. Strategic priority. The synthesis contributes to IFAD's strategic priorities and replenishment commitments 4. Timeliness. The synthesis feeds punctually into corporate policies, strategies and processes 5. Building block. The synthesis serves as an input for other IOE products 	<ol style="list-style-type: none"> 1. Availability of project completion point (PCR). PPEs are undertaken only when a PCR is available 2. Geographic coverage. PPEs selected to ensure regional balance of the IOE evaluation programme 3. Building block. Priority given to PPEs that provide an input into CSPEs, CLEs or ESRs 4. Information gaps. PCR does not provide sufficient analysis of project performance and results 5. Inconsistencies. PCR ratings are inconsistent with narrative 6. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation 7. Learning from PPE. Evidence needed on what worked and why 	<ol style="list-style-type: none"> 1. No duplication. No IE conducted by IFAD Management on the same operation 2. Learning from IE. Evidence needed on what works in a certain context 3. Building block. Priority for IEs that provide an input into CSPEs, CLEs or ESRs 4. Completion date. IEs will be finalized within three years after completion date 5. Baseline data. The availability and usability of baselines is essential to determine the methodology to be applied in IEs 6. Information gaps. The PCR does not provide sufficient analysis of the effectiveness and impact of certain interventions 7. Innovative approaches. The project includes innovative approaches that merit deeper analysis and documentation