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Investing in rural people

High-level Preview of IFAD's 2022 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 2022 and Indicative Plan for 2023–2024

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Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP+	enhanced Adaptation for Smallholder Agriculture Programme
CLE	corporate-level evaluation
CSPE	country strategy and programme evaluation
ECD	evaluation capacity development
ESR	evaluation synthesis report
ICT	information and communications technology
IFAD11	Eleventh Replenishment of IFAD's Resources
IOE	Independent Office of Evaluation of IFAD
OSB	Office of Strategic Budgeting
PCE	project cluster evaluation
PCR	project completion report
PCRv	project completion report validation
PMD	Programme Management Department
PoLG	programme of loans and grants
PPE	project performance evaluation
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
RBA	Rome-based agency
SDG	Sustainable Development Goal
SOFI	State of Food Security and Nutrition in the World
SRE	subregional evaluation
TE	thematic evaluation
UNEG	United Nations Evaluation Group

Executive summary

1. Through its Strategic Framework (2016–2025), IFAD is committed to pursuing three interlinked strategic objectives: (i) increase poor rural people’s productive capacities; (ii) increase poor rural people’s benefits from market participation; and (iii) strengthen the environmental sustainability and climate resilience of poor rural people’s economic activities. With less than nine years left to achieve the Sustainable Development Goals (SDGs) and progress to end extreme poverty and achieve food security stalled, IFAD must continue to amplify its efforts if it is to remain a crucial development partner in meeting these global development priorities.
2. The urgency for organizations like IFAD to redouble their efforts and accelerate impact is underscored in the flagship report State of Food Security and Nutrition in the World (SOFI) 2020, which presents evidence showing that the decades-long decline in hunger in the world had unfortunately ended. IFAD has been ranked as number one by the Quality of Official Development Assistance Report, which evaluated the capacity of 49 countries and multilateral agencies to deliver impactful long-term assistance to countries in need. To continue building momentum, IFAD must be organized and resourced appropriately to drive recovery in a post COVID-19 world, rebuilding to increase resilience and safeguard development progress already made.
3. In light of IFAD’s overarching goal of doubling its impact by 2030, Member States have called for the Fund to increase its engagement and fill the coordination gap to achieve the SDGs, seizing the moment to increase its profile and visibility. IFAD has responded by playing a key role in the Food Systems Summit process, showcasing other global processes in 2021 and their follow-up, such as the: second edition of the Finance in Common Summit; High-level Political Forum on Sustainable Development, including the launch of the SOFI report 2020; the G20 Leaders’ Summit; and the 2021 United Nations Climate Change Conference. IFAD is also taking a leadership role as host of the Global Donor Platform for Rural Development and expanding its engagement related to South-South Triangular Cooperation.
4. Based on the long-term strategic trajectory to double its impact, Senior Management has identified decentralization as a top priority for IFAD, together with “rightsizing” – building staff capacity in a holistic manner – as informed by a 2020 human resource study. With these efforts, the Fund is enhancing the delivery of transformational results and ensuring the right capacities to deliver the services, products and expertise required by Member States.
5. In 2022, the Fund will continue work already underway on reforms and budget management. A more decentralized structure with increased proximity to beneficiaries, an expanded toolkit to offer additional funding capacity, an enhanced role as an assembler of development finance and strong engagement in the implementation of United Nations reform will be pivotal to enhancing IFAD’s ability to deliver on its mandate.
6. During the Eleventh Replenishment of IFAD’s Resources (IFAD11), the Fund initiated a transformational financial framework reform and implementation of a financial road map. The Debt Sustainability Framework reform, Capital Adequacy Policy, Asset Liability Management Framework and new approach to IFAD’s liquidity management comprise new tools to preserve IFAD’s commitment capacity and financial sustainability. IFAD12 represents an evolution of the Fund’s business model towards a more comprehensive financial, policy-oriented and programmatic package that delivers results in a synergistic manner to foster systemic change. This involves the introduction of innovative mechanisms for delivering resources, assembling and leveraging financing, and scaling up results. It includes a greater

focus on mainstreaming themes (environment and climate change, gender, nutrition and youth), the private sector and other partnerships to complement its engagement with governments. The transformation of IFAD's financial architecture will be further consolidated with: the completion of IFAD's credit rating process; the implementation of an Integrated Borrowing Framework and the adoption of principles to support IFAD's financial sustainability. These enhancements are part of a revision of existing procedures for determining resources available for commitment.

7. Notwithstanding significant progress in many areas, IFAD still faces multiple challenges that need to be addressed urgently, including the need to finalize delivery of the IFAD11 programme of loans and grants in a post-pandemic context and elevate its mainstreaming agenda. IFAD's four mainstreaming themes – youth, gender, nutrition and climate – continue to remain central elements of rural transformation. As part of preparations for IFAD12, in 2021 IFAD will enhance its approach to biodiversity, expand engagement with indigenous peoples and operationalize the inclusion of persons with disabilities. It will also increase its focus on countries where fragile institutions and economies often result in unequal societies, with the most vulnerable groups – especially youth and women – paying the highest price. To this end, IFAD will leverage existing and new instruments – including technology and digitalization – for transformative engagement in these countries.
8. Over the years, IFAD has adopted a country-level programmatic approach to ensure that its support package has a transformative and lasting impact. Building on the IFAD11 business model, IFAD12 will see further strengthening of the Fund's programmatic approach at the country level in order to assist governments in reaching development objectives by supporting transformational change. This will not only involve new instruments and means of engagement, but also greater emphasis on supporting governments in achieving transformation through national policies and programming. Building on the country programme approach outlined in the transition framework developed in IFAD11, the Fund will work to integrate new instruments, including the Private Sector Financing Programme and enhanced Adaptation for Smallholder Agriculture Programme (ASAP+). All interventions will have resilience at their core to ensure sustainability and impact even in the face of crises such as COVID-19.
9. The projected programme of loans and grants for 2022 is US\$1.2 billion, comprised of 28 new projects and additional financing for 11 ongoing projects. In concluding the IFAD11 cycle, the Fund expects to attain its target of a US\$3.5 billion programme of loans and grants. Considering the exceptionally challenging circumstances that arose from the global COVID-19 crisis, this is a significant achievement.
10. Primary cost drivers include: (i) Decentralization 2.0 – redefining IFAD's field presence; (ii) building back better – operational adjustments in a post-COVID-19 context; (iii) technological changes and adaptations; (iv) staff costs arising from the implementation of the human resource study and rightsizing of IFAD's workforce; (v) delivery on IFAD12 commitments; and (vi) price increases and potential adverse effects from foreign exchange rate movements.
11. Following three consecutive years operating under a zero real growth budget, if IFAD is to double its impact by 2030 while ensuring robust financial management even in times of crisis, a real increase in budget is needed. This increase must be focused on programme costs of project and development activities as laid out in the Enhanced Efficiency and Resource Management (Smart Budget Allocation). This review of IFAD's cost classifications and project costing methodology was prepared with a view to enhancing IFAD's transparency, results focus and performance, informed by good practices from multilateral development banks and United

Nations agencies. The results of the Enhanced Efficiency and Resource Management initiative will enhance transparency and enable better-informed dialogue on the true cost of delivering on IFAD's mandate. By directing resources directly to development activities, IFAD will continue on its trajectory to increased efficiency by limiting the growth of indirect administrative costs.

12. Based on current projections, utilization of the 2021 budget is expected to be approximately US\$151 million or 94.7 per cent. Management remains optimistic that the last quarter of 2021 will provide additional clarity on the operating environment, allowing for a more realistic forecast of future budget utilization. IFAD expects utilization to return to previous levels. However, due to the uncertainty from continuing travel restrictions, utilization is currently forecast at 94.7 per cent. This puts the forecast for 2022 at approximately 95 per cent, resulting in a projected substantial decrease in the carry-forward level compared with 2021. A revised estimate of projected utilization will be provided in the final budget document when more information will be available.
13. Using the euro to United States dollar exchange rate of 0.885:1, the high-level net regular budget for 2022 is estimated at US\$169.37 million, representing a real increase of 4.75 per cent and a projected price increase of 1.5 per cent, after absorbing cost pressures as much as possible. The resulting 6.25 per cent nominal increase over 2021 is mainly driven by staff costs and enhanced field presence due to the decentralization efforts, offset by a reduction in consultancies and travel costs. These estimates will be fully revised in preparation for the final budget document.
14. For 2022, the gross budget is proposed at US\$174.07 million, including US\$4.7 million to cover the costs of managing operations funded by supplementary funds, which are external but complementary to IFAD's programme of loans and grants. Since the number of supplementary funds under IFAD management could grow, the final budget document may indicate a slightly higher gross budget. This amount can be fully recovered from the annual allocable portion of the fee income generated by supplementary fund management.
15. The COVID-19 crisis has shown the importance of state-of-the-art information and communications technology (ICT) and infrastructure for business continuity. With the gradual transition to cloud solutions, a shift from capital expenditures to recurring operational expenditures is foreseen. The capital budget for 2022 is estimated to be between US\$6.25 million and US\$6.8 million, which is mainly comprised of cyclical capital expenditures and ICT projects.

Part one – High-level preview of IFAD’s 2022 results-based programme of work and regular and capital budgets

I. Context

1. In May 2021, IFAD was ranked first in the highly regarded and influential Quality of Official Development Assistance Report, which evaluated the capacity of 49 countries and multilateral agencies to deliver impactful long-term assistance to countries in need. The annual report produced by the Center for Global Development measures and compares the indicators that matter most to development effectiveness and impact.
2. IFAD’s high ranking is a testament to the importance placed by the Fund on ensuring that every dollar spent has a long-term impact on tackling hunger and poverty among the world’s most vulnerable people. The report highlights the transparency of IFAD’s funding model, the alignment of its work with countries’ own development priorities and the emphasis on evaluating its work. This confirms that the investments of IFAD’s donors are delivered to achieve the highest levels of development effectiveness.
3. IFAD is going beyond its programme of loans and grants (PoLG) to mobilize significant additional funding and capacity in order to meet the evolving needs of its Member States. A Private Sector Financing Programme will enable IFAD to catalyse private funding for rural micro, small and medium-sized enterprises, focusing on employment generation for youth and women by working directly with a range of private-sector actors. The enhanced Adaptation for Smallholder Agriculture Programme (ASAP+) will strengthen IFAD’s ability to channel critical climate financing to small-scale producers.
4. Members have called upon IFAD to do more to fill the coordination gap in order to achieve the Sustainable Development Goals (SDGs), and to seize the moment to increase the Fund’s profile and visibility. IFAD has responded by taking a key role in the Food Systems Summit process, championing the livelihoods agenda and ensuring the engagement of Member States and rural civil society organizations. IFAD is also committed to shaping – and showcasing – other global processes in 2021 and beyond, including the second Finance in Common Summit, the High-Level Political Forum on Sustainable Development including the SOFI Launch, the G20 Leaders Summit, and the 2021 United Nations Climate Change Conference. IFAD is also taking on an increasing leadership role as host of the Global Donor Platform for Rural Development, increasing its engagement with rural civil society organizations, and expanding its engagement with Member States related to South-South and Triangular Cooperation.
5. IFAD is fully committed to the United Nations reform process and is working in collaboration with other United Nations entities to: (i) adopt a common monitoring framework for contributions to SDG targets; (ii) step up its response to climate change, biodiversity loss and the impacts of COVID-19 on rural people; and (iii) improve efficiencies by developing and implementing United Nations reform-related products such as United Nations Sustainable Development Cooperation Frameworks, the Funding Compact, common business operations strategies, back offices and premises, and a strengthened Resident Coordinator system.
6. For IFAD, 2021 is a crucial year for budget planning, in which the Fund is developing the first annual budget for the IFAD12 period. The goal is to ensure that resources are meaningfully directed towards building back better and stronger in light of the global pandemic while shifting from a focus on business continuity and support towards accelerated implementation.

7. The IFAD12 period, beginning in 2022, represents an evolution in IFAD's business model towards a more comprehensive financial, policy-oriented and programmatic package that fosters systemic change for rural people. In IFAD12, the overarching emphasis will be on achieving results on the ground. This evolution builds on IFAD's recent financial and institutional reforms, and will require all the tools at IFAD's disposal to deliver results and scale up impact. IFAD's role within the international development assistance architecture will be augmented and strategic partnerships utilized to complement its engagement with governments.
8. In the context of increasing global uncertainty and crises, the direction taken in IFAD12 is critical for keeping the Fund on course to double its impact by 2030, raising the incomes of 40 million rural women and men while increasing efficiency and sustainability, and enhancing value for money.
9. Two key principles underpin the IFAD12 business model to ensure that the Fund is deepening and expanding impact, implementing transformational country programmes, achieving institutional change and a developing a resilient financial framework. The first principle is proximity. This includes the further decentralization of staff to regional offices and IFAD Country Offices from 32 per cent to 45 per cent. The second principle, facilitated by proximity, is the need for IFAD to adopt an adaptive approach. Adaptive management emphasizes the ability to learn, respond and evolve quickly when risks and shocks that could undermine development outcomes emerge. Building back better in a post-COVID world will be a guiding principle for IFAD in the coming years.
10. Keeping transformational country programmes at the centre of IFAD12 will involve: closer interaction with an array of partners; a focused approach to mainstreaming; and a wider menu of solutions, including new ways of working through ASAP+ and enhanced private-sector engagement. Supporting the achievement of these goals, the Fund will continue to transform through the People, Process and Technology Plan and IFAD's maturing financial architecture.
11. IFAD moved ahead with strengthening its financial architecture by: (i) obtaining AA+ credit ratings from two world-renowned rating agencies; (ii) revising its Integrated Borrowing Framework and launching the new Borrowed Resource Access Mechanism. While replenishments remain the bedrock of IFAD's financing, it is understood that financing needs may rise in parallel with a lack of access to accessible financing. To reach the level of support required to make a significant impact on IFAD's beneficiaries, borrowing and investments from the private sector are becoming necessary components of IFAD's funding.
12. IFAD's Private Sector Financing Programme will promote increased investment in small-scale agriculture. The facility offers financing directly to companies and financial intermediaries on-lending, investing or offering services to small farmers, micro, small and medium-sized enterprises and other poor rural people.

II. Current perspective

A. IFAD operational context, decentralization and the new normal

13. In April 2021, IFAD updated its Delegation of Authority Framework to set the stage for the second phase of its decentralization process – Decentralization 2.0. New or amended delegations were developed for: (i) procurement; (ii) human resources; (iii) field operations; (iv) governance and protocol; and (v) finance and budget.
14. With regard to decentralization, IFAD will continue strengthening the size, capacity, adaptability and distribution of its presence outside headquarters by bringing the level of field staff to 45 per cent. Within the scope of Decentralization 2.0, IFAD has defined the optimal scenario for its enhanced field presence, which will comprise 50 field offices including four regional offices by 2024.

15. In order to achieve the optimal scenario, the associated one-time and recurrent costs of setting up the new regional and country offices, as well as staff relocation and transitional costs, will be phased in annually for the next three years, resulting in a total of between US\$16 million and US\$18 million for full impact. The current projections indicate the addition of three new IFAD Country Offices every year for the next three years until 2024. These estimates were developed using the arrangements currently in place in Abidjan (West and Central Africa region) and Nairobi (East and Southern Africa region). Management is striving to achieve its decentralization target while keeping costs at a minimum and ensuring minimal disruption to programming.
16. Increased proximity to beneficiaries and implementing partners is expected to have an impact on travel and associated costs in 2022. For example, the presence of regional directors and core support teams in regional and country offices will significantly reduce the level of intercontinental travel required, generating savings that will more than offset a likely increase in required travel. The consistent presence of regional directors and their core teams is crucial to meeting the goal of doubling IFAD's impact by 2030. This shift is already occurring in West and Central Africa, and East and Southern Africa, which are transitioning in 2021, and will be followed by Asia and the Pacific, and Latin America and the Caribbean, which will start the transition process in 2022. The COVID-19 pandemic continues to have a significant impact on travel expenditures, but IFAD will make all efforts to minimize travel costs in the post-pandemic context. The revised travel cost estimates will be further evaluated and updates provided in the final budget document.
17. IFAD has responded to the COVID-19 pandemic with significant investments in its headquarters and field premises (e.g. sanitation, ventilation systems and temperature scanners), along with information technology infrastructure and cyber security. IFAD's rapid adaptation during the pandemic was a critical success factor that allowed the majority of IFAD staff to telework while maintaining high levels of performance and delivering on the Fund's commitments. Investments have also been made in staff health and well-being, including an additional doctor and extended support from the staff counsellor. This will continue to be a major priority in 2022 – at headquarters, regional offices and IFAD Country Offices – and therefore needs to be appropriately funded. To increase flexibility for staff in the post-pandemic environment, IFAD has refined its human resources policies. It is expected that a 12-month pilot programme will be launched in the last quarter of 2021 employing a hybrid model that combines the benefits of teleworking with those of office-based work. The new policy considers staff expectations of work in the new post-pandemic environment, benchmarked against policies and best practices of from other international organizations.
18. As part of IFAD's engagement in United Nations reform, and in response to the Executive Board's request for further clarification on efficiency ratios, the Fund is reviewing its cost classifications and costing methodology in line with the Enhanced Efficiency and Resource Management (Smart Budget Allocation) initiative. Informed by this review, and with a view to enhancing organizational efficiency over time, IFAD will initiate a three-step process. First, transparency will be enhanced by identifying and reporting on direct and indirect costs, informed by good practices and cost classification frameworks. Second, the Fund will enhance its results focus by attributing direct costs to projects using an enhanced cost-management methodology to determine the efforts and costs associated with the specific actions. Third, IFAD will enhance performance by refining efficiency measures, informed by good practices from multilateral development banks and United Nations agencies. Further consultations with Member States will be held during the second half of 2021.
19. IFAD's evolving business model requires an increasing level of organizational maturity for business administration, including the management of costs and

budgeting. As part of IFAD's engagement in United Nations reform and in response to the Quadrennial Comprehensive Policy Review of the operational system of the United Nations, IFAD is reviewing efficiency measures at selected multilateral development banks and United Nations agencies. The review has revealed that performance metrics and nomenclature vary among organizations. In this context, the commitment of the United Nations Sustainable Development Group, through the Funding Compact, has been critical to improving the comparability of cost classifications and definitions. The results of the Enhanced Efficiency and Resource Management (Smart Budget Allocation) will further enhance transparency and enable better-informed dialogue on the true cost of delivering on IFAD's mandate, programmes and projects.

20. The COVID-19 crisis has shown the importance of state-of-the-art information and communications technology (ICT) systems and infrastructure for business continuity. In the new post-pandemic context, digitalization, virtual collaboration, cloud-migration and cyber security will require renewed attention to ensure that IFAD doubles its impact by 2030. The recurrent nature of subscription-based services will also necessitate adaptations in capital budget allocations.

B. Update on 2021 programme of loans and grants

21. As of 23 June 2021, the projected PoLG for 2021 was US\$1.2 billion, including a number of operations to be fully or partially financed from funds cancelled from previous operations in line with the restructuring policy.
22. This PoLG is comprised of 28 new projects, additional financing for 11 ongoing projects and two regional lending operations. Among the additional financing proposals: (i) eight are to fill already identified financing gaps; and (ii) three are for scaling up successful ongoing operations. Provisions are also being made for pre-approved gaps identified in the two regional lending operations to be financed as required.
23. By the end of September 2021, it is estimated that financing totalling US\$632.7 million will have been approved for 26 of these new operations, of which of three will be approved under the President's delegation of authority.
24. For IFAD's global, regional and country grant programme, it is expected that eight grants will be approved by the end of 2021, with a total approximate value of US\$11.1 million.
25. At the end of IFAD11, it is expected that the Fund will attain its PoLG target of US\$3.5 billion for the period. Considering the exceptionally challenging circumstances that arose from the global COVID-19 crisis, this is a significant achievement. Member States have formally recognized IFAD's ability to handle the crisis effectively, ensuring business continuity and delivering its PoLG while its travel budget was repurposed in the past year and it operated in a context of zero real growth for the entire duration of IFAD11.

Portfolio

26. As of 15 June 2021, there were 213 projects in the Fund's active portfolio, with a value of US\$8.8 billion. The active grant portfolio comprised 130 grants valued at US\$201 million. Projected disbursements for 2021 are estimated at US\$858 million.

C. 2020 and 2021 net regular budget usage

27. In line with earlier forecasts, actual expenditures against the 2020 regular budget amounted to US\$142.43 million or 90.2 per cent of the approved budget of US\$157.9 million. This budget utilization is lower than the 95.2 per cent utilization for 2019. Reduced travel and training costs resulting from the pandemic were the main reasons for lower utilization.

28. Based on current projections and due to the significant impact of the ongoing COVID-19 crisis on IFAD's operations, utilization of the 2021 budget is expected to total approximately US\$151 million or 94.7 per cent. Management remains optimistic that the last quarter of 2021 will provide additional clarity on the new operating context, allowing for a more realistic forecast of future budget utilization in the final budget document. In the absence of additional unforeseen restrictions to the acceleration of delayed IFAD operations, the budget utilization for 2021 could be slightly higher than forecasted at this stage.

Table 1
Regular budget utilization – actual 2019-2020 and 2021 forecast
(Millions of United States dollars)

	2019 full year		2020 full year		2021 forecast	
	Budget	Actual	Budget	Actual	Budget	Forecast
Regular budget	158.21	150.56	157.90	142.43	159.41	151.0
Percentage utilization	95.2		90.2		94.7	

29. In the first six months of 2021, the impacts of the COVID-19 crisis affected travel, consultancy and administrative budget utilization. However, this lower utilization was partly offset by higher spending on ICT upgrades and facility management costs to enable an efficient and reliable remote working environment. This involved "rightsizing" IFAD's digital offerings and technology infrastructure, and upgrading processes, policies and procedures for security, medical services, facilities management and human resources for a safe, secure and productive working environment.
30. Some negative effects of euro-denominated commitments, for both staff and non-staff cost components, may occur in 2022 due to the exchange rate trend, which could further increase budget utilization in United States dollar terms. These negative effects are expected to be partially absorbed by a reduced net price increase. In prior years, the positive effects of exchange rate fluctuations have enabled IFAD to maintain a zero real growth scenario, resulting in minimal nominal increases in the budget. However, recent exchange rate movements in the opposite direction will likely result only in partial absorptions and therefore make zero real budget growth scenarios unsustainable. A more detailed breakdown of actual budget usage for 2021 and forecasted utilization for 2022 (disaggregated by results pillar and adjusted for final confirmed foreign exchange rates) will be provided in the final budget document.

D. Carry-forward allocation

31. For 2021, the Governing Council approved an exceptional carry-forward of unutilized 2020 regular budget funds of up to 10 per cent, and requested an update on the utilization of these funds at its April and September 2021 sessions. Since the actual utilization for 2020 amounted to 90.2 per cent, the carry-forward amount available was US\$15.47 million, or 9.8 per cent of the total 2020 approved budget.
32. The 2020 carry-forward is providing additional room to fund activities in response to the COVID-19 crisis, and many other important deliverables. These urgent activities include: design, supervision and implementation missions; outreach and engagement missions that were deferred due to the pandemic; completion of impact assessments in Africa, Asia and Latin America; and one-time costs related to Decentralization 2.0.
33. As of 24 June 2020, approximately US\$10.4 million had been allocated, of which US\$4.8 million (46.2 per cent) had already been utilized. At the end of June, Management expected to fully utilize the 2020 carry-forward funds. A table showing the utilization of the approved 2020 carry-forward budget will be provided in the final budget document.

34. As outlined in the document Update on Usage of the 2020 Carry-forward Funds, provided to Member States in March 2021, 2020 carry-forward funds were used for: (i) strategic and urgent operational matters; (ii) Decentralization 2.0; and (iii) the strategic reserve. The items below outline the usage of carry-forward resources as of 30 June 2021, as well as important short-term commitments.
- (i) **Strategic and urgent operational matters (US\$4.7 million–US\$7.2 million)** – It is envisaged that these funds will be used to: resume and accelerate progress on activities delayed, deferred or cancelled due to the COVID-19 pandemic and related challenges; and ensure that strategic operational and compliance activities are implemented. Examples include programmatic interventions, staffing support, capacity-building for business continuity, completion of key impact assessments and quality-enhancement interventions, and corporate engagement and supplementary support services.
 - (ii) **Decentralization 2.0 (US\$2 million–US\$3 million)** – Decentralization costs comprise one-time expenditures with minimal or no future recurrent costs. In the scope of decentralization, examples include interim arrangements for the West and Central Africa and East and Southern Africa regional hubs, and for relocating regional directors and support teams. Net travel cost reductions as a result of a decrease in intercontinental travel and an increase in regional and local travel, and the design of hybrid working modalities, may also contribute to a net reduction in a decentralized structure.
 - (iii) **Strategic reserve (US\$2 million–US\$4 million)** – Strengthening the strategic reserve ensures clear alignment with corporate priorities and provides an extra line of defence to mitigate the risk of unforeseen budgetary pressures. This is a crucial step on the path to a more decentralized IFAD. Risks include: partner governments' delays in the readiness of regional offices in West and Central Africa, and East and Southern Africa; and unforeseen human resource costs arising from transitional arrangements as a result of decentralization. Moreover, support to Food Systems Summit dialogues and a virtual platform for high-level dialogue with the African Development Bank is envisaged.
35. Considering the current budget utilization levels and forecast utilization of 95 per cent at the end of 2021, it is expected that IFAD will significantly reduce its carry-forward levels. A detailed budget document will update Member States later in the year, including the most up-to-date utilization figures and an assessment of the likelihood of resource usage exceeding the forecast.

III. Mainstreaming of IFAD operations and budget

36. Historically, and particularly in the last decade, IFAD has had a strong focus on mainstreaming themes, regularly raising ambition and delivering results. At present, all country strategic opportunities programmes mainstream environment and climate change, gender, nutrition and youth in their analyses. All projects included in IFAD's PoLG mainstream environment and climate, and gender, and at least 50 per cent of projects at the design stage are nutrition and youth sensitive. Furthermore, at least 25 per cent of the IFAD11 PoLG comprises investments in climate-focused activities, and at least 25 per cent of projects approved in IFAD11 are validated as being gender transformative. The findings of the gender sensitivity analysis of the regular budget will be presented in the final budget document.
37. The budgeting system implemented in 2019 is designed to capture planned resources earmarked for IFAD's main thematic areas, including gender-related activities.

IV. IFAD's programme of work for 2022

38. As the first year of IFAD12, the projected IFAD PoLG for 2022 at the end of June 2021 was projected to be US\$1.2 billion. The final figure, to be presented to the Executive Board at its December session, will be determined by: (i) the resources available for commitment; (ii) final confirmation of the core resources available through the performance-based allocation system; and (iii) the pace of implementation of the Borrowed Resource Access Mechanism. Key challenges to attaining the indicative PoLG are to ensure smooth distribution and consider only secured borrowing amounts early in the implementation cycle.
39. In addition, IFAD will continue to make concerted efforts to supplement its core programme with approximately US\$100 million in IFAD-managed funds mobilized from other sources, bringing the total PoLG to US\$1.3 billion.

Table 2
Actual and projected PoLG
(Millions of United States dollars)

	<i>Actual^a</i>		<i>Forecast^b</i>	<i>Planned</i>
	<i>2019</i>	<i>2020</i>	<i>2021</i>	<i>2022</i>
IFAD loans (including loan component grants) and Debt Sustainability Framework grants	1 635	783	1 031	1 167
IFAD grants	25	30	11	33
Rural Poor Stimulus Facility ^c	-	40	-	-
Non-sovereign operations ^d	-	25	-	-
Total IFAD PoLG	1 660	878	1 042	1 200
Other funds under IFAD management ^e	120	26	184	100
Total PoLG	1 780	904	1 226	1 300

^a Source: Grants and Investment Projects System as of 23 June 2021 – current amounts reflect any increase/(decrease) in IFAD financing, and additional domestic and international cofinancing.

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

^c US\$40 million transferred to the multi-donor Rural Poor Stimulus Facility.

^d US\$25 million earmarked for non-sovereign operations.

^e Other funds managed by IFAD, including donor contributions to Rural Poor Stimulus Facility, Global Environment Facility/Least Developed Countries Fund, Global Agriculture and Food Security Program, European Commission and European Union, Green Climate Fund, OPEC Fund for International Development and bilateral supplementary/complementary grants.

40. Regional offices are engaging with governments to identify planned projects, programmes and additional financing proposals for gaps and scaling-up opportunities. The total number and details of planned investments will be reflected in the full budget document to be presented to the Executive Board in December.
41. The estimated total of global/regional and other grants in 2022 is between 20 and 25, with an approximate value of US\$33 million.

V. 2022 net regular budget

A. Strategic prioritization

42. In 2022, and most likely for the entire IFAD12 period, Decentralization 2.0 will remain a top priority for IFAD together with the "rightsizing" of staff capacity informed by the 2020 human resources study. With these efforts, IFAD is enhancing the delivery of transformational results and ensuring the right capacities to deliver the services, products and expertise required by Member States.

43. Management has identified the need for workforce planning that is more integrated and that considers all implications on budget, functional structuring, staff attrition and talent management through an enterprise-wide lens. As a result, a new dynamic workforce planning approach was implemented in 2021 to enhance IFAD's responsiveness to change, and its ability to adapt to operational needs aligned with its mandate.
44. The purpose of dynamic workforce planning is to support IFAD in ensuring that it has the right people in the right jobs at the right time. It comprises evaluations of workforce capacity and medium-term scenarios to achieve the desired workforce composition. The exercise also considers the alignment of workforce structure and medium-term affordability to develop a sustainable workforce plan that drives talent-management initiatives such as succession planning, recruitment and staff development. This will allow Management to fill vacant positions more quickly, improve IFAD's talent succession planning, support corporate priorities and match career opportunities with staff capacities.
45. As staffing needs increase, it is important that growth is targeted to programmatic positions focused on IFAD-funded projects. Current estimates indicate that more than 70 per cent of newly created positions are directly related to IFAD's programme delivery. Moreover, proximity to beneficiaries is being enhanced as IFAD seeks to achieve an optimal general services to professional staff ratio.
46. Decentralization 2.0 and the implementation of the human resources study aim to put the right field structure and workforce in place by 2024, making the Fund fit for purpose going forward. These efforts are not cost-saving measures, but they will imply cost increases in the medium-term, which will require moderate real budget growth if they are to be properly implemented.
47. A significant proportion of the one-time costs related to Decentralization 2.0 have been absorbed by the exceptional 10 per cent carry-forward granted for 2021. For 2022, it is expected that IFAD will return to 5 per cent carry-forward, provided budget utilization maintains its current pace.
48. IFAD will implement strict prioritization and re-balancing of foreseen activities in the coming years to deliver on its IFAD12 commitments as per the Results Measurement Framework and complete organizational reforms. All units will be provided with clear envelopes, enabling prioritization in line with the Fund's strategic direction. IFAD will also review its use of consultants (and the staff-to-consultant ratio), assess long-term consultants and rebalance the recruitment of national versus international staff.

B. Cost drivers

49. Identified cost increases have been included in this high-level preview, taking into account the impact of reforms in 2021, as well as estimated real increases for 2022. The identified primary cost drivers include:
 - (i) Decentralization 2.0 – Redefining IFAD's field presence landscape and new field presence;
 - (ii) Building back better – Operational adjustments in a post-COVID context;
 - (iii) Technological changes and adaptations;
 - (iv) Staff costs arising from implementation of the human resource study;
 - (v) Delivery of IFAD12 commitments; and
 - (vi) Net price increases and potential adverse effects from foreign exchange rate movements.
50. The details of the cost drivers are as follows:

- (i) **Decentralization 2.0 – Redefining IFAD’s field presence landscape and new field presence.** Reaching the goal of 45 per cent in the field by 2024 and further increasing the proximity to beneficiaries requires necessary adjustments. By 2024, a significant portion of the Fund’s resources will have been transferred to the field. For the coming two to three years, covering related one-time costs requires an estimated 60 per cent of the budget for new and upgraded regional offices and IFAD Country Offices, and 30 per cent for staff relocation. IFAD’s enhanced field presence will be technology-enabled and administratively optimized, ensuring that technical expertise is available where it is needed most, and that support does not hinder programme implementation (through delegation of authority). IFAD’s outreach will be enhanced to ensure engagement with Member States at headquarters, as well as with governments in Member States. The aim is to achieve a more rounded presence on the ground to deliver as one IFAD (as opposed to individual programmes) and be fully represented in the country.
- (ii) **Building back better – Operational adjustments in a post-COVID context.** The impacts of the global pandemic are still being felt and it is difficult to predict the necessary budgetary adjustments. Costs related to revising procedures for smart working, going digital, facilitating innovation and engaging with partners and other key stakeholders must be taken into account. It is expected that travel costs will be reduced in the final 2021 budget in line with other international financial institutions.
- (iii) **Technological changes and adaptations.** Over the last few years, ICT solutions increasingly include cloud services. As a result, related investments have shifted towards the cloud model, including the subscription modality for payment. In many instances, the subscription model better suited to business needs and operational requirements. However, investments in cloud computing should be prudent to ensure that risks (including privacy, cybersecurity and configuration management) are adequately managed, considering the potential benefits such as cost savings.
- (iv) IFAD must consider the opportunities provided by cloud services while evaluating all the implications, particularly when budgeting for the growing use of these solutions (e.g. transferring capital towards the administrative budget). While there is a lower capital investment required for ICT solution implementation, higher ongoing annual subscription and maintenance costs need to be carried by the administrative budget. This is extremely critical since cloud services can be automatically disrupted in the event of non-payment. Peer organizations are facing the same challenge and it should be addressed in a more systematic manner.
- (v) **Staff costs arising from the implementation of the human resources study.** There are expected cost increases linked with the ongoing implementation of initiatives derived from the human resource study, focused on ensuring adequate staff capacity and skills. Ensuring the proper staff capacity, along with policy and system changes, will also ensure that IFAD’s workforce is the right size by 2024, and that staff-to-consultant ratio is rebalanced.
- (vi) **Delivery of IFAD12 commitments.** IFAD12 is another cost driver being considered for 2022–2024, but coincides with important issues threatening IFAD’s progress on the eradication of poverty and hunger. Among them are: the impacts of critical shocks, including increased climate volatility and the economic and social effects of the COVID-19 pandemic; and the less than nine years remaining to achieve the SDGs. It is clear that without an increased investment in rural people, the SDGs cannot be achieved. For IFAD

to fulfill its mandate and increase its contribution to the SDGs, increased financial support from Member States will be necessary.

(vii) **Net price increases and adverse effects from foreign exchange rate movements.**

- Staff costs for 2022 are based on the assumption that there is no increase in base salaries for either general service or professional staff expected in 2022. Although the International Civil Service Commission may adjust some parameters used to determine pensionable remuneration, this increase will be factored into the revised standard costs for all IFAD staff categories, to be fully embedded in the staff-costs component used for final budget preparation. The net-pricing effect on the staff cost component is expected to rise as a result of organizational changes, promotions and within-grade-step increments.
- The inflation adjustment for 2022 non-staff budget components will be based on the agreed methodology, using specific inflation numbers for several line items and a weighted average of the global and Italian consumer price indexes¹ for all other costs. These adjustments will have an impact on budget lines for consultants, travel, ICT and other costs. Unit price increases in travel are expected. An overview of all price increases is provided in table 3.
- For the high-level preview, IFAD is maintaining the EUR 0.885:US\$1 exchange rate for comparability purposes. It is important to note that, given the current exchange rate trends, it is likely that there will be a revision of this rate, which could result in a slight nominal increase due to the higher value of the Euro-denominated portion of the IFAD budget. Management will ensure that measures are taken during budget preparation to absorb exchange rate impacts. Price increases will only be reflected in the budget after absorptions have been taken into the account. The 2022 budget document will be prepared accordingly, using an updated exchange rate determined using the approved methodology (the average of the United Nations operational monthly rate from October 2020 to September 2021).

51. As per normal practice, the implications of all of the above cost drivers, along with any newly identified ones, will be determined during the preparation of the final budget proposal document. The cost of every expenditure will be estimated on the basis of actual price increases whenever possible, along with negotiated prices for specific contracts, other price reduction factors and regular inflation. Price-related cost drivers will be partially absorbed whenever possible to achieve real growth and minimal nominal growth of the budget.

C. 2022 net regular budget proposal

52. The high-level net regular budget for 2022 is proposed at US\$169.37 million, representing a real increase of 4.75 per cent and a projected price increase (after absorbing costs to the greatest extent possible) of 1.5 per cent. The resulting nominal increase of 6.25 per cent (US\$9.9 million) is mainly driven by staff costs and IFAD's enhanced field presence. Travel costs are expected to be reduced in comparison with 2021, focusing the adjustments on non-project-related travel. Reductions in consultancies are also envisaged in order to offset workforce costs. Other cost components (e.g. administrative costs) may also increase due to continued decentralization.

¹ Source: [Consumer prices \(istat.it\)](https://www.istat.it).

53. As of 31 July 2021, budget projections of a 4.75 per cent real increase and a price increase of 1.5 per cent, totalling a 6.25 per cent nominal growth, would imply a gap of approximately US\$7 million considering all cost estimates IFAD Management foresees for 2022. An increase of 10 per cent over the nominal budget of 2021 would result in a zero or minimal budget gap. Options to be considered for accommodating necessary budget increases include:
- (i) Reductions in the number of new staff positions for 2022 as a result of dynamic workforce planning;
 - (ii) Identifying resources currently available from the vacancy pool (however this could limit budget flexibility for the current budget year);
 - (iii) Deferring the conversion of United Nations Development Programme contracts to IFAD staff contracts;
 - (iv) Sizeable reductions in consultancy costs, especially if conversions from consultancy to staff costs are envisaged;
 - (v) Reducing travel costs; and
 - (vi) Reducing other budget categories such as ICT non-staff costs and other administrative costs.
54. Following three consecutive years of operating under a zero real growth budget, IFAD needs a real increase in budget in future years if it is to double its impact by 2030 while continuing to demonstrate agility and resilience, even at times of crisis. Increases in staff will optimally be phased in over several years, and the right numbers will be introduced to IFAD's workforce at the right time. These additions are mostly a result of increased decentralization and proximity to partners and beneficiaries.
55. Reductions in consultancy costs will be specifically directed to activities that are considered administrative in nature, leaving the adjusted envelope to be distributed across project-related activities. A similar approach will be used for adjustments in travel costs, focusing on reducing non-essential and non-project-related travel, whenever possible.
56. Other costs relate to facilities management, training, interpretation and translation services, administrative expenditure and cooperating institutions. In addition to regular administrative expenditures, in 2022 this category will incorporate costs related to decentralization, including: arrangements for interim and permanent regional offices; services rendered by partner institutions; the United Nations Department of Safety and Security; and the United Nations Resident Coordinator system.
57. In line with the increasing PoLG and other mandated activities, similar modest real increases are expected throughout IFAD12. More frequent strategic planning with stakeholders and greater agility during project design and implementation will ensure a continued focus on doubling IFAD's impact by 2030. These real increases will be focused on programmatic costs attributable to project and development activities, as laid out in the Enhanced Efficiency and Resource Management (Smart Budget Allocation) initiative. By directing resources to development activities, IFAD will continue on its trajectory to increased efficiency by limiting the growth of indirect administrative costs whenever possible.
58. In order to maintain an appropriate ratio between general service and professional staff, IFAD continues to monitor the freeze on recruitment of external general service staff (except for exceptional circumstances in which the needed skills and experience cannot be found internally). This enables IFAD to manage overall staff costs in line with the dynamic workforce planning exercise.

59. 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.
60. A comparison of the 2021 approved budget and the 2022 high-level budget proposal is shown in table 3. It outlines Management’s decision to reposition the resources assigned to key cost categories. IFAD will leverage the unprecedented opportunity presented by the COVID-19 crisis – and related changes in the global business landscape – to improve efficiency. By boosting staff resources and reorganizing working practices, greater impact can be achieved with more staff and less non-staff resources.

Table 3

Net regular budget – staff and non-staff costs, 2021 and 2022

(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2021</i>	<i>Proposed 2022</i>
Staff	95.46	105.83
Consultants	24.34	21.40
Duty travel	6.96	6.39
ICT non-staff costs	5.94	6.31
Other	26.71	29.44
Total	159.41	169.37

61. A detailed breakdown of the IFAD regular budget by expenditure categories, Institutional Output Group pillars and units, will be provided in the main budget document.

D. 2022 gross budget proposal

62. 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 partnerships involves additional incremental costs for IFAD in design, implementation, supervision and administration. These costs are usually funded from management fee income under the supplementary fund agreement and are currently estimated at US\$4.7 million.
63. The gross budget includes the net regular budget and the 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 funding for CGIAR) and the Spanish Trust Fund.
64. 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\$174.07 million, which includes resources to manage the operations financed by supplementary funds. Since the number of supplementary funds under IFAD management could grow, the final budget document may indicate a slightly higher gross budget. Endorsement is being sought only for the proposed net regular budget of US\$169.37 million.

Table 4
Indicative gross and net budget for 2022
(Millions of United States dollars)

<i>Cost category</i>	<i>Approved 2021</i>	<i>Proposed 2022</i>
Gross budget	164.1	174.07
Costs to support supplementary fund activities	(4.7)	(4.7)
Net budget	159.4	169.37

E. Capital budget for 2022

65. Over the last few years, ICT solutions are increasingly including cloud offerings. As a result, IFAD's investment has shifted towards the cloud model and the subscription modality for payments, which may be better suited to meet business needs and operational requirements. IFAD will take a prudent approach to cloud computing to ensure that the risks are adequately managed in line with the expected potential benefits (including cost savings).
66. As a result, IFAD must consider the budgetary aspects of the growing use of these solutions. Increased adoption of cloud-based technology reflects a greater need for licensing and other recurring costs, increasing pressure on administrative budgets. This challenge is also faced by peer organizations and may need to be addressed in a more systematic manner.
67. From the 2021 capital budget envelope, IFAD units are progressing well on cyclical upgrades and other crucial initiatives such as the introduction of revised country strategies and mainstreaming results management and reporting at the country level (an IFAD11 commitment). Progress is also being made on corporate analytics, business process improvements such as a travel system and a pilot of customer relationship management by the resource mobilization team (to be rolled out to other IFAD units upon successful implementation).
68. As in prior years, the capital budget will be split into: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature, and have an economic lifetime of more than one year (e.g. annual replacement of computers, and replacement of vehicles in IFAD Country Offices); and (ii) a capital budget to fund major ICT and other investment projects, subject to available capacity.
69. The capital budget for 2022 is estimated to be between \$6.25 million and \$6.8 million, mainly composed of cyclical capital expenditures and ICT projects. Due to the Fund's gradual transition to cloud solutions, a shift from capital expenditures to recurring operational expenditures is foreseen, although the exact magnitude of this impact is yet to be seen. IFAD's participation in a finance and budget forum with other international financial institutions has revealed that other organizations are facing similar challenges. Similar to its peers, IFAD's Management is exploring approaches to manage this transition properly. Further details on thematic areas under the capital budget will be outlined in the final budget document.
70. To assist IFAD in evaluating future capital projects, all proposed initiatives undergo a careful review process, formalized through the IT Governance Committee, in order to assess their suitability, design, alignment with corporate priorities and value for money. The IT Governance Committee is improving the quality and robustness of its investment proposal reviews. Prior approvals are now discussed and secured in advance, with clearly validated benefit realization plans that help to offset any potential increases in recurrent costs.

Part two – Preview of the results-based work programme and budget for 2022 and indicative plan for 2023-2024 of the Independent Office of Evaluation of IFAD

I. Introduction

71. **Evaluations during the global crisis.** The COVID-19 pandemic has had a profound impact on the world as a whole, triggering both a health crisis and an economic crisis since 2020 and continuing into 2021. The pandemic has also had an effect on the way in which IFAD reaches its target groups through its programmes and the way in which the Independent Office of Evaluation of IFAD (IOE) undertakes its evaluations. However, evaluation remains a priority despite the crisis. IOE prepared a note on its experience evaluating under COVID-19 and presented it to the Evaluation Committee in early 2021.² IOE will continue to adapt its evaluations to circumstances as they evolve throughout 2021.
72. **Emerging priorities.** This document illustrates the priorities for IOE in 2022 and beyond, and how they are linked with its work programme and resource requirements. It was informed by extensive consultations with IFAD's governing bodies and Management, including the Programme Management Department (PMD) and the Strategy and Knowledge Department, and internally with IOE staff. IOE is also preparing a multi-year evaluation strategy as recommended by the 2019 External Peer Review of IFAD's Evaluation Function. The draft strategy will be presented to the Evaluation Committee at its 114th session and to the Executive Board at its 133rd session in September 2021. The work programme and budget and the multi-year evaluation strategy have been prepared in an iterative manner. Both documents have benefited from new leadership at IOE, following the arrival of a new Director in March 2021. Key strategic directions are outlined in the multi-year strategy and summarized further in this document.
73. **Developing the work programme and budget.** This document provides an update on the progress made in 2021, budget utilization up to June 2021 and projected 2021 year-end budget utilization. In line with the revised IFAD Evaluation Policy,³ the IOE budget is developed independently of IFAD's administrative budget. The proposed budget is based on the same budgeting principles and parameters (e.g. the same exchange rate and standard costs for staff positions) used by IFAD Management in preparing its own administrative budget for 2022.

II. Progress of activities in 2021

A. Conducting evaluations in the context of COVID-19

74. The COVID-19 pandemic has had an undeniable effect on the implementation of the IOE work programme. Accordingly, adjustments have been made to standard approaches to data collection and analysis and stakeholder consultations, and new practices have been adopted to reflect this. IOE continues to collect data through document reviews and remote stakeholder consultations by telephone, Zoom and Skype, and is performing further analysis using project monitoring and evaluation data. As indicated in the note presented to the Evaluation Committee in January 2021,⁴ IOE applied the practices outlined below in evaluations conducted in 2020 and continues to do so in 2021:

² <https://www.ifad.org/en/web/ioe/-/the-experience-of-the-independent-office-of-evaluation-of-ifad-in-conducting-evaluations-during-covid-19-learning-note>.

³ See IFAD Evaluation Policy, 2021 <https://webapps.ifad.org/members/eb/132/docs/EB-2021-132-R-5-Rev-1.pdf>.

⁴ <https://www.ifad.org/en/web/ioe/-/the-experience-of-the-independent-office-of-evaluation-of-ifad-in-conducting-evaluations-during-covid-19-learning-note>.

- (i) Conduct remote interviews and mini-surveys where feasible. Where feasible, IOE used virtual forms of interaction (Zoom, Skype). Mini-surveys (by phone or e-mail) with grassroots organizations (e.g. producer cooperatives) were helpful in cases where field visits were not possible.
- (ii) Test alternative methods for primary and secondary evidence collection and validation. Geospatial data was used for projects investing in physical infrastructure (e.g. roads and market sites, as in the case of a project in Bangladesh). IOE also tested rapid evidence assessment, a technique that synthesizes secondary evidence related to an evaluation from published literature and websites.
- (iii) If considered safe and allowed by national rules, have national consultants conduct selected field visits to triangulate findings from other sources. National consultants were required to abide by all local travel restrictions in addition to the health guidance and norms prescribed by IFAD and the World Health Organization. It was important to ensure that the whole team, including IOE staff and international consultants, was fully engaged in discussing and triangulating the data and information collected.
- (iv) Appoint a peer reviewer for evaluations. In addition to an extensive desk review and use of secondary data, IOE appointed a peer reviewer or a panel of expert reviewers with sound knowledge of the relevant country's rural agricultural development context and, ideally, familiarity with IFAD operations.
- (v) Be candid about limitations. The limitations of evaluations during COVID-19 were clearly stated up front, where possible indicating the level of confidence of findings, as well as those where field visits would have been helpful.

B. Progress of key programme activities in 2021

75. The progress made on selected evaluation activities is outlined below:

- **Thematic evaluation on IFAD's contribution to smallholder adaptation to climate change.** The draft evaluation report was shared with IFAD Management in June 2020. IOE plans to present the final report to the Evaluation Committee at its 115th session in October 2021 and to the Executive Board at its 134th session in December 2021. IOE will also organize an internal learning event on the evaluation findings.
- **Corporate-level evaluation (CLE) of IFAD's decentralization experience.** The CLE is planned to begin in the second half of 2021. The CLE approach paper has been prepared and finalized based on comments from PMD, and is scheduled for presentation to the Evaluation Committee at its 115th session in October 2021. IOE has also commenced stakeholder consultations and data collection. The evaluation is expected to conclude towards the end of 2022.
- **Evaluation synthesis on government performance.** IOE undertook data collection, stakeholder consultations and analysis in the first half of 2021 and has sent the draft report to IFAD Management for comments. An internal learning event on the evaluation findings will also be organized in due course.
- **Joint CLE with the evaluation offices of the World Food Programme (WFP) and the Food and Agriculture Organization of the United Nations (FAO) on collaboration among the Rome-based agencies (RBAs).** The CLE included data collection and analysis in late 2020 and the first half of 2021. The draft report was shared with IFAD Management in June 2021 and a stakeholder consultation workshop was held in July to receive Management feedback. The report will be presented to the Evaluation

Committee at its 115th session in October 2021 and to the Executive Board at its 134th session in December 2021.

- **Subregional evaluation of fragile situations in West Africa.** In 2021, IOE is piloting the conduct of subregional evaluations (SREs), as recommended by the external peer review of IFAD's evaluation function. In consultation with the West and Central Africa Division (WCA), IOE has selected countries included in the G5 Sahel programme – Burkina Faso, Chad, Mali, Mauritania and Niger – in addition to programmes in northern Nigeria, for inclusion in the SRE. IOE prepared and shared the SRE approach paper with WCA and is currently in the process of conducting interviews, data collection and field visits through national consultants. The final report is expected to be finalized in early 2022.
- **Country strategy and programme evaluations (CSPEs).** National roundtable workshops for Burundi, Morocco, Niger, Pakistan and Uganda were conducted via videoconference. This allowed for exchanges and discussions with governments and other stakeholders. The CSPEs for Madagascar and Uganda were presented to the Evaluation Committee at its 112th session in March 2021, and those for Morocco, Niger and Pakistan were presented to the Committee at its 113th session held in June 2021. IOE is undertaking desk work, stakeholder consultations and data analysis for the ongoing CSPEs in Eswatini, Indonesia, Malawi and Uzbekistan. IOE is constantly monitoring travel restrictions in the countries and has undertaken field visits through national consultants where the situation permitted.⁵ This includes a mission in Uzbekistan in July 2021. Similar local missions are planned for Eswatini, Indonesia and Malawi by September, circumstances permitting. IOE will begin a CSPE in Colombia, rather than the Plurinational State of Bolivia as planned, beginning in October 2021. This decision was made in consultation with the Latin America and the Caribbean Division, as the Executive Board approved a new country strategic opportunities programme (COSOP) for the Plurinational State of Bolivia in its 131st session in December 2020 and taking into account the need to prepare a new COSOP for Colombia.
- **Annual Report on Results and Impact.** IOE has concluded the preparation of the nineteenth Annual Report on Results and Impact of IFAD Operations (ARRI) and shared it with IFAD Management for comments. The 2021 ARRI focuses on the two main themes of fragility and project efficiency, reflecting the particular interest of the Executive Board and IFAD Management as well as the priorities set for the Twelfth Replenishment of IFAD's Resources (IFAD12).
- **Project cluster evaluation of IFAD's rural enterprise projects.** IOE prepared a scoping note outlining the selection of potential projects and draft approach paper in July 2021, identifying the issues to be covered and projects of focus. As of the time of writing this document, remote interviews with stakeholders, data collection and field visits by national consultants are under way. The report is expected to be finalized in the first half of 2022.
- **Project performance evaluations (PPEs).** PPEs are progressing as planned. Due to the pandemic, no international missions are taking place and national consultants will be conducting field visits (where allowed under national regulations). In addition, IOE will conduct desk reviews of the available documentation and remote interviews with stakeholders. The use of other data sources, such as geographic information systems (GIS), will be

⁵ The missions are conducted by national consultants under the close supervision of the IOE lead evaluator and international consultant(s).

encouraged to complement evidence. In 2021, IOE is undertaking PPEs in The Gambia, India, the United Republic of Tanzania and Uzbekistan.

- **Evaluation manual.** The first draft of the revised evaluation manual has been discussed by IOE and Management and shared with a group of international specialists representing the main evaluation networks who have experience in applied evaluation research and results-based management. IOE and Management will continue to work on the preparation of this document in 2021, for completion in early 2022.
- **IOE multi-year strategy.** In line with the recommendation of the external peer review, IOE has drafted a multi-year strategy spanning the six-year period 2022-2027. The strategy benefited from extensive consultations with PMD, the governing bodies and external evaluation stakeholders. IOE also ensured coordination and harmonization with the process of preparation of the new Development Effectiveness Framework of IFAD. The evaluation strategy is scheduled for presentation to the Evaluation Committee at its 114th session in September 2021.
- **IFAD evaluation policy.** IOE, in collaboration with IFAD Management, presented the evaluation policy to the Evaluation Committee at its 112th session in March 2021 for review, and then to the Executive Board, which approved the policy at its 132nd session in April 2021.
- **Evaluation advisory panel.** IOE has established an evaluation advisory panel reporting to the Director, IOE to help further enhance IOE's independence, credibility and utility. The panel comprises internationally reputed specialists: (i) Rob van den Berg, formerly Director of the Independent Evaluation Office of the Global Environment Facility (GEF) and President of the International Development Evaluation Association; (ii) Donna Mertens, Emeritus Professor at Gallaudet University, international scholar on mixed-methods research and evaluation and social justice; (iii) Bagele Chilisa, Professor at the University of Botswana, international specialist on indigenous and culturally responsive evaluation; (iv) Gonzalo Hernández Licona, Director of the Multidimensional Poverty Peer Network at the University of Oxford, formerly Executive Secretary of the National Council for the Evaluation of Social Development Policy of Mexico; and (v) Hans E. Lundgren, formerly Head of the Evaluation Unit at the Development Co-operation Directorate, Organisation for Economic Co-operation and Development (OECD).
- **Knowledge management and communication.** As of June 2021, IOE had published and disseminated to internal and external audiences seven evaluation reports,⁶ five *Profiles*; five *Insights*; five *Infographics*; 17 news items⁷ and five workshop reports.⁸ In addition, IOE has published one lessons learned and good practices report on support to infrastructure in four case study countries, one learning note on IOE's experience in conducting evaluations during the Covid-19 pandemic and two newsletters. IOE also created three blog posts on gathering community feedback in times of remote evaluation, taking stock of the environmental consequences of development interventions and reflections on communicating evaluations; two brochures, one featuring IOE staff profiles and one featuring profiles of the evaluation advisory panel; one note on the establishment of the evaluation advisory

⁶ Ecuador CSPE, Bangladesh PPE, Dominican Republic PPE, Tajikistan PPE, evaluation synthesis on infrastructure, Uganda PPE, and Indonesia PPE.

⁷ News items are brief communication products elaborating on IOE's ongoing work and are released periodically on the IOE web page. <https://www.ifad.org/en/web/ioe/news>.

⁸ Workshop reports are a new communications product that summarize the highlights of online workshops. The evaluation synthesis on infrastructure, Morocco CSPE, Niger CSPE, Burundi CSPE and Pakistan CSPE were the five workshop reports produced up to June 2021.

panel; two feature videos on IOE's experience in conducting evaluations during the Covid-19 pandemic, and on mainstreaming the environment in evaluations; and six video event excerpts on the evaluation synthesis on infrastructure.

- **Revamping the IOE website.** In line with practices in the independent evaluation offices of other international organizations, IOE is revamping its website to improve accessibility to evaluation-related knowledge.
 - **Internal and external events.** As of June 2021, IOE had organized five online workshops on CSPEs for Burundi, Morocco, Niger, Pakistan and Uganda; and one webinar learning event on the evaluation synthesis report on infrastructure. In addition, IOE participated in several external events: the United Nations Evaluation Group (UNEG) Annual General Meeting 2021; the Independent Evaluation Unit of the Green Climate Fund's Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund virtual side event: findings and recommendations from the Adaptation Evaluation; five gLOCAL events organized jointly by the IFAD, FAO and WFP evaluation offices; and one EvalForward webinar on good practices in gender-responsive evaluation.
76. **Cooperation with other evaluation offices.** IOE is engaging with other United Nations evaluation offices through UNEG on exchanging information and drawing evaluative evidence on development interventions that support smallholder farmers and small producers during times of crisis.
77. IOE is a member of the Global Evaluation Initiative led by the Independent Evaluation Group of the World Bank in collaboration with the Independent Evaluation Office of the United Nations Development Programme. The initiative is expected to strengthen demand as well as institutional and technical capacity for evaluation in developing countries, and will be implemented in collaboration with international financial institutions and United Nations agencies. IOE plans to provide tangible support to this initiative in order to contribute to boosting evaluation capacity in the Member States. This will also provide IOE with an opportunity to share its knowledge and draw on other practices.
78. In coordination with the Independent Evaluation Group of the World Bank, the Independent Evaluation Department of the Asian Development Bank (ADB), and the Independent Evaluation Office of GEF, IOE is preparing panel presentations for the Asian Evaluation Week and the American Evaluation Association's annual virtual events. The topics to be discussed comprise the experience in conducting evaluations under COVID-19 and the evolution of the ARRI and equivalent flagship reports prepared at the World Bank and ADB.
79. In consultation with the GEF Independent Evaluation Office, IOE is preparing for future validations of the self-evaluation reports prepared by IFAD Management on the performance and results of GEF-funded projects implemented within IFAD-funded projects.

C. 2021 budget utilization

80. Table 1 reports on IOE budget utilization in 2020 and 2021 up to June 2021, and the projected rate at year-end. In 2020, IOE utilized 97.8 per cent of its non-staff budget to accomplish its work programme, in spite of disruptions due to COVID-19. Budget utilization in 2021 will be affected by some staff vacancies that have arisen during 2021, including that of the Director, IOE, which was vacant in early 2021.

Table 1
IOE budget utilization in 2020 and projected utilization in 2021 (as of June 2021)
(United States dollars)

<i>Evaluation work</i>	<i>Approved budget 2020</i>	<i>Budget utilization 2020</i>	<i>Approved budget 2021</i>	<i>Commitment as of June 2021</i>	<i>Expected utilization as of year-end 2021</i>
Non-staff costs					
Travel costs	820 000	140 590	-	26 954	150 000
Consultant fees	1 390 000	1 799 327	-	1 228 148	1 750 000
Evaluation outreach, staff training and other costs	270 390	486 617	-	93 719	500 000
Subtotal	2 480 390	2 426 534	2 430 000	1 348 822	2 400 000
Non-staff budget utilization (percentage)		97.8%		55.5%	98.75%
Staff costs	3 388 338	2 693 907⁹	3 388 338	3 163 193	3 163 193¹⁰
Total	5 868 728	5 120 441	5 818 338	4 512 015	5 563 193
Total budget utilization (percentage)		87.25%		77.5%	95.6%
Recruitment of IOE Director	137 000	82 533		-	
Evaluation policy	50 000	50 000		-	
Total budget	6 055 728	5 252 974		4 512 015	5 563 193

III. IOE 2022 work programme

A. Proposed work programme for 2022

81. As recommended by the external peer review, IOE prepared, in consultation with the Evaluation Committee, the Executive Board and IFAD Management, a multi-year evaluation strategy and presented it to the Evaluation Committee in 2021. The multi-year strategy will orient the selection of evaluations for 2022 and beyond (the list of evaluations for 2023 and 2024 in annex IV of this document is tentative). The work programme for 2022 is the first to operationalize the objectives set out in the multi-year strategy 2022-2027, which are:
- Contribute to forging IFAD's corporate culture as a **transparent, learning-oriented and accountable organization** by providing IFAD governing bodies, Management, governments and national development partners with assessments and knowledge that are critical to fulfilling the commitments made under IFAD11, IFAD12 and IFAD13;
 - Improve evaluation **coverage** and promote transformative evaluations reflecting the scale and scope of IFAD operations, ensuring methodological rigour, attention to inclusiveness and cultural responsiveness, flexibility and cost-effectiveness;
 - Engage with Management, Member States and external partners to support **evaluation capacity** and use within and outside IFAD; and
 - Retain and deepen IOE's position as an **internationally recognized leader** in the evaluation of rural development programmes, policies and strategies by further strengthening the relevance of its work, promoting innovative approaches and the adoption of technology for evaluation, and enhancing

⁹ The utilization rate for staff costs in 2020 was 79.5 per cent while that for non-staff costs was 97.8 per cent. Staff costs are budgeted at the standard rates determined by the Office of Strategic Budgeting (OSB) and used to calculate the utilization rate of staff costs during a given year. Actual utilization depends on the EUR/US\$ exchange rate, the contractual terms of incumbent staff and any vacancies that may occur. The actual utilization figures for 2020 staff costs were made available by OSB in May 2021. The utilization rate reported here is therefore different from the utilization rate reported in the work programme and budget document for 2021 submitted to the Governing Council at its forty-fourth session.

¹⁰ Staff costs are committed for the full year at the start of any given year, at the standard rate provided by OSB. Hence their utilization rate at year-end is expected to be similar to the mid-year rate.

collaboration with evaluation functions in other organizations and with think tanks and universities.

82. In terms of topics contributing to IFAD's position as a **transparent, learning-oriented and accountable organization**, in 2022 IOE plans to undertake a thematic evaluation on gender. This thematic evaluation will: (i) assess how IFAD's organizational structure has been adapted to respond to the 2012 gender policy; (ii) how projects have been designed by IFAD and partner governments to operationalize the gender policy objectives and how IFAD and its development partners have supported project implementation; (iii) what results have been achieved; and (iv) what changes need to be made to promote transformative results in line with the 2030 Agenda and as stated in IFAD11 and IFAD12. Gender is one of IFAD's four mainstreaming themes and remains an ongoing priority for Member States and Management, as evidenced in the IFAD11 and IFAD12 consultations.
83. In 2022, IOE will also conclude the CLE of IFAD's decentralization reform. This will be a follow-up to the CLE on the same topic completed in 2016 and will cover the changes that have taken place in the past five years in terms of organizational change, impact on engagement with partner countries and support to operational and strategic work (including non-lending activities) and their results.
84. IOE will produce a revamped version of the ARRI. This new report will continue to provide the same kind of analysis of country programme and project performance and results based on independent evaluations. In addition, it will provide a more comprehensive review of the evaluation function throughout IFAD, a broader reflection on findings of corporate, thematic, subregional and cluster evaluations, and a summary of key lessons from IOE engagement in evaluation capacity development and international debates on development evaluation.
85. In terms of **improving evaluation coverage to reflect the scale and scope of IFAD operations**, IOE will conclude its first SRE of small countries with situations of fragility in the Sahel in 2022. The project cluster evaluation (PCE) on rural enterprise development projects will also be concluded in 2022. A new PCE is planned on rural finance projects in the East and Southern Africa region.
86. Also in 2022, IOE will pilot the evaluation synthesis in a new format, the synthesis note. The note on revised evaluation products of IOE¹¹ presented to the Evaluation Committee at its 111th session defines the synthesis note as presenting evidence on a specific topic in a succinct manner in response to an ad-hoc request, in preparation for or as follow-up to a broader evaluation, or to summarize the limited evidence available. It has the potential to provide near-real time feedback. IOE will undertake a synthesis note on targeting in 2022 as well. This will feed directly into IFAD's efforts to revise its targeting policy, as part of its commitments under IFAD12.
87. IOE will work on CSPEs, which inform country strategies. In 2022, IOE will complete the CSPEs in Colombia and Malawi that began in 2021. Five new CSPEs will start in China, Ethiopia, Guinea-Bissau, Haiti and Kyrgyzstan. CSPEs are being structured more strategically, with a new format and more selective application of evaluation criteria. It should be noted that Guinea-Bissau, Haiti and Kyrgyzstan have not hitherto been the subject of a CSPE and that Guinea-Bissau and Haiti are both classified as small island developing states.¹²
88. IOE proposes to undertake five PPEs in 2022 (compared to four PPEs in 2021), to be finalized towards the end of the year. As in the case of CSPEs, efforts will be

¹¹ <https://webapps.ifad.org/members/ec/111/docs/EC-2020-111-W-P-5.pdf>.

¹² <https://sustainabledevelopment.un.org/topics/sids/list>.

made to select projects in countries and contexts with less evaluation coverage in the past.

89. Finally, to support validating self-evaluation within and outside IFAD, IOE will undertake project completion report validations (PCRVs) on an ongoing basis. PCRVs are expected to become shorter, with a focus on criteria where there is a disconnect between PMD's self-rating and IOE's rating. In the future, PCRVs may also be integrated with the Operational Results Management System to ensure comprehensive reporting of the results of IFAD's self-evaluations and independent evaluations. IOE will work with PMD to review self-evaluation products and roll out the new evaluation manual and related training activities. This will contribute to building a common understanding of methodological fundamentals. IOE will also be available for consultations on methodology.
90. In terms of **evaluation capacity-building** IOE will engage with relevant evaluation capacity networks to design and implement an IFAD-specific evaluation capacity programme in order to improve the ability of Member States to monitor and evaluate their rural development programmes. IFAD evaluation capacity development (IFAD-ECD) will be a joint initiative of IOE and IFAD Management tailored to the IFAD results framework at the corporate, regional and country level and working collaboratively with programme countries. It will advance the evaluation culture across IFAD and reflect the 2021 Evaluation Policy, and generate higher levels of learning, transparency and accountability at all levels. IFAD will continue to engage with the Global Evaluation Initiative to strengthen evaluation capacities at the country level.
91. In terms of **furthering IOE's leadership role in evaluation**, IOE plans to continue to engage with international networks of evaluations and international initiatives. IOE will continue to contribute actively to evaluation events and discussions at country, regional and global level. IOE will also continue to engage with the external advisory panel set up to advise on enhancing the quality of its work and help it remain at the cutting edge of the evaluation field.
92. The proposed list of IOE evaluation activities for 2022 is shown in annex III and the indicative plan for 2023-2024 is presented in annex IV.

IV. 2022 resource envelope

A. Staff resources

93. For the year 2022, IOE proposes to maintain the same staff complement as in 2021, in line with the expected workload. Upon approval of the IOE multi-year evaluation strategy, IOE will work out the resources implications for implementing the strategy. IOE expects to engage with the Evaluation Committee and the Executive Board on this matter in the course of 2022, with the outcome to be presented in the work programme and budget proposal for 2023.

Table 2
Staffing in 2021 and proposed staffing in 2022

Category	2021	2022 (proposed)
Professional staff		
Director	1	1
Deputy Director	1	1
Lead evaluation officers ¹³	3	3
Evaluation officers	7	7
Evaluation research analyst	1	1
Evaluation knowledge and communication officer	1	1
Subtotal Professional staff	14	14
General Service staff		
Administrative assistant	1	1
Assistant to Director	1	1
Assistant to Deputy Director	1	1
Evaluation assistants	3	3
Subtotal General Service staff	6	6
Grand total	20	20

B. Budget requirements

94. The proposed budget is presented by type of activity or evaluation in table 3 and by strategic objectives in table 4. Table 5 contains the IOE gender-sensitive budget, which identifies the budget distribution for gender-related activities.
95. **Assumptions.** As of the time of preparation of this document, the standard staff costs for 2022 were not yet available. The budget proposal will be updated to reflect them in subsequent iterations of the IOE work programme and budget document. The parameters used to develop the current proposed 2022 budget are as follows: (i) no increase in the salary levels of Professional and General Service staff is anticipated for 2022; (ii) inflation will be absorbed to the greatest extent possible; and (iii) an exchange rate of US\$1:EUR 0.885. The parameters are subject to change once the Office of Strategic Budgeting provides IOE with the updated exchange rate and updated standard staff costs.
96. **Budget by type of activity.** IOE proposes to undertake five new CSPEs, five new PPEs, the new ARRI and one new thematic evaluation (TE) in 2022. IOE will undertake one new PCE in 2022, the same as in 2021. In addition, IOE will undertake a synthesis note, a new product.

¹³ IOE has four approved lead evaluation officer (P5) positions. However, the incumbent's grade for one of the positions is P4. Hence, IOE has included three lead evaluation officers (P5) and one evaluation officer (P4) in its proposal.

Table 3
Proposed budget for 2022 by type of activity and comparison with previous budgets

<i>Type of activity</i>	<i>Approved 2019 budget (US\$)</i>	<i>Approved 2020 budget (US\$)</i>	<i>Approved 2021 budget (US\$)</i>	<i>Absolute number 2021</i>	<i>Level of effort 2021</i>	<i>Proposed 2022 budget (US\$)</i>	<i>Absolute number 2022</i>	<i>Level of effort 2022</i>
Non-staff costs								
ARRI	80 000	80 000	80 000	1	1	120 000	1	1
CLE, TE and evaluation synthesis report (ESR)	485 000	455 000	320 000	4	1.8	450 000	3	2
SREs and CSPEs	1 000 000	1 000 000	1 140 000	8	5.7	950 000	8	5.2
Impact evaluations, PCEs, PPEs and PCRVs	550 000	485 000	340 000	40	39.7 ¹⁴	420 000	42 ¹⁵	41.2
Evaluation manual	-	-	80 000	-	-	30 000	-	-
IOE multi-year strategy			10 000			-	-	-
Knowledge-sharing, communication, evaluation outreach and partnership activities	260 000	260 000	270 000	-	-	270 000		
Evaluation capacity development (ECD), training and other costs	135 390	120 390	120 000	-	-	200 000		
Buffer for unforeseen evaluation work	-	80 000	70 000	-	-	20 000		
Total non-staff costs	2 510 390	2 480 390	2 430 000	-	-	2 460 000		
Staff costs	3 473 221	3 388 338	3 388 338	-	-	3 388 338		
Total	5 983 611	5 868 728	5 818 338	-	-	5 848 338		
External peer review	200 000		-			-		
Recruitment of IOE Director		137 000		-	-	-	-	-
New Evaluation Policy		50 000		-	-	-	-	-
Total budget	6 183 611	6 055 728	5 818 338	-	-	5 848 338	-	-

97. **Budget by divisional goals.** Table 4 shows the allocation of the total IOE proposed budget for 2022, including both staff and non-staff costs, against IOE's strategic objectives.

¹⁴ This number is indicative as the number of PCRVs depends on the number of project completion reports that IOE receives each year. The actual number of PCRVs undertaken may differ.

¹⁵ Ibid.

Table 4
Proposed 2022 budget allocation by strategic objectives

<i>Strategic objectives</i>	<i>Budget</i>	<i>% of total budget</i>
Contribute to forging IFAD's corporate culture as a transparent, learning-oriented and accountable organization by providing IFAD governing bodies, Management, governments and national development partners with assessments and knowledge that are critical to fulfilling the commitments made under IFAD11, IFAD12 and IFAD13	1 372 215	23.5%
Improve evaluation coverage and promote transformative evaluations reflecting the scale and scope of IFAD operations and ensuring methodological rigour, attention to inclusiveness and cultural responsiveness, flexibility and cost-effectiveness	3 138 510	53.7%
Engage with Management, Member States and external partners to support evaluation capacity and use within and outside IFAD	571 780	9.8%
Retain and deepen IOE's position as an internationally recognized leader in the evaluation of rural development programmes, policies and strategies, by further strengthening the relevance of its work, promoting innovative approaches and the adoption of technology for evaluation, and enhancing collaboration with evaluation functions in other organizations and with think tanks and universities	765 835	13.1%
Total	5 848 338	100%

Note: percentages are rounded up.

98. **Gender-sensitive budget.** IOE's evaluations have historically placed a strong emphasis on examining gender-related issues in IFAD operations. The central transformative promise of the 2030 Agenda for Sustainable Development, Leave No One Behind, is fully reflected in the new evaluation manual and IOE's multi-year strategy, and IOE will henceforth take a more substantive view of gender issues in evaluations. For example, CSPEs are expected to be more selective in their areas of focus and the analysis of gender issues is expected to be mainstreamed into many other criteria. A similar restructuring of PPEs is expected to place increased emphasis on covering gender and equity related issues across criteria. IOE will also undertake a dedicated TE on gender in 2022.

Table 5
IOE 2022 gender-sensitive budget

<i>Type of activity</i>	<i>Proposed 2022 budget</i>	<i>Gender component (percentage)</i>	<i>US\$</i>
Non-staff costs			
ARRI	120 000	12	14 400
CLEs/TE ¹⁶ /ESR	450 000	30	135 000
SREs/CSPEs	950 000	12	114 000
PCEs/PPEs/PCRVs	420 000	10	42 000
Evaluation manual	30 000	10	3 000
Knowledge-sharing, communication, evaluation outreach and partnership activities	270 000	7	18 900
ECD, training and other costs	200 000	7	14 000
Buffer for unforeseen evaluation work	20 000	7	1 400
Total non-staff costs	2 460 000		342 700
Staff costs			
Gender focal point	150 000	20	30 000
Alternate gender focal point	105 700	10	10 570
All evaluation staff	3 189 800	5	159 490
Total staff costs	3 388 338	6	200 060
Total	5 848 338	9.2	542 760

V. IOE budget proposal and considerations for the future

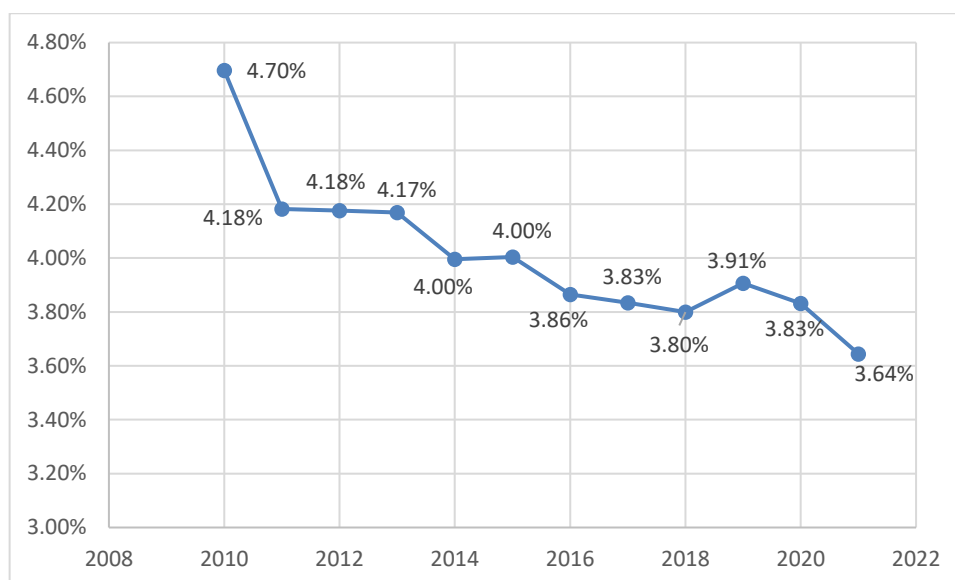
99. **Current proposal.** The proposed 2022 budget totals US\$5.84 million, US\$30,000 more than the approved budget for 2021. This represents a 0.51 per cent nominal increase, and is lower than the budget requested 10 years previously in 2012, which was US\$6.02 million, and lower than the budget requested in 2020, which was US\$5.86 million.¹⁷
100. IFAD's budget rules allow for a limited carry-over of IFAD administrative budget and IOE budget from one year to the subsequent year. The carry-over to 2022 will be used in accordance with relevant IFAD budget guidelines.
101. **Streamlining processes and promoting efficiency.** IOE's budget as a percentage of IFAD's administrative budget has witnessed a consistent decline over the last decade (see figure 1).¹⁸ Over the years IOE has sought to streamline processes and products and absorb cost increases to the extent possible.

¹⁶ As the thematic evaluation will be on gender, 100 per cent of the budget is expected to be allocated to an examination of gender issues.

¹⁷ This is the request for the regular budget. Additional below-the-line budget funding of US\$187,000 was requested for recruitment of the Director, IOE and preparation of the evaluation policy.

¹⁸ The IFAD administrative budget for 2022 was not available at the time of submission of this document. The proportion of IOE's budget vis-à-vis IFAD's administrative budget for 2022 will be reflected in figure 1 in the next iteration.

Figure 1
IOE budget as a percentage of IFAD regular administrative budget (2010-2021)



102. IOE's budget cap is fixed at 0.9 per cent of IFAD's programme of loans and grants (PoLG). As decided by the Executive Board at its 131st session, IOE will compute its budget as a percentage of the average PoLG over three years of a given replenishment period. For the IFAD12 period, IFAD's total PoLG is expected to be US\$3.4 billion, which when spread over three years comes to US\$1.13 billion annually.¹⁹ Thus, IOE's proposed budget of US\$5.84 million represents approximately 0.51 per cent of IFAD's PoLG.
103. As noted, pending the approval of the multi-year evaluation strategy, IOE will discuss the detailed implications for its human and financial resources in the course of the year 2022.

¹⁹ As of July 2021, the projected PoLG for IFAD12 was US\$3.4 billion. However, this could change depending on further replenishment commitments for IFAD12. The final PoLG figure will be presented to the Executive Board in December and determined by: (a) Resources Available for Commitment; (b) final confirmation of the core resources available under the performance-based allocation system; and (c) the pace of implementation of the Borrowed Resource Access Mechanism (BRAM).

IOE Results Management Framework for 2022²⁰

Table 1
IOE key performance indicators for 2022

Key performance indicator	Baseline	Target	Notes
Adoption of evaluation findings and recommendations			
1. Percentage of recommendations partially or fully agreed	99% (year 2020 President's Report on the Implementation Status of Evaluation Recommendations and Management Actions [PRISMA])	95%	Available via PRISMA
2. Percentage of agreed recommendations on high-plane evaluations implemented satisfactorily and in a timely manner	n.a.	90%	Based on bi-annual verification by IOE on higher-plane evaluation
Coverage of IFAD programmes			
3. Number of higher-level evaluation reports (corporate level evaluation [CLE], thematic evaluation [TE], evaluation synthesis, country strategy and programme evaluation [CSPE], subregional evaluation [SRE]) published in the year	6	7-8	Computed on an annual basis
4. Proportion of active countries covered through subregional, country-level evaluations, project performance, impact evaluations, project cluster evaluations on a two-year basis	25% (years 2019-2020)	28-33%	Computed on a biannual basis
Engagement, outreach and feedback received			
5. Feedback received from the Executive Board and subsidiary bodies	n.a.	Tracked	To be reported on in qualitative terms
6. Feedback received from the evaluation advisory panel on evaluation quality	n.a.	Tracked	To be reported on in qualitative terms
7. Engagement events with IFAD Management and governments and feedback received	n.a.	Tracked	To be reported on in quantitative and qualitative terms
8. Number of visits to the Independent Office of Evaluation of IFAD (IOE) website	77 380 (year 2019)	80 000	Data available from IFAD Communications Division
9. Number of learning events (co-)organized by IOE	8 (year 2019)	10	Includes internal events and those open to the public
10. Score assigned IOE by the gender UN system-wide Action Plan (UN-SWAP) annual review ²¹	Score of 10.4/12 (year 2020)	Score equal to or above 9.0/12 (the threshold for "exceeding requirements")	

²⁰ Drawn from IOE's multi-year strategy.

²¹ The UN-SWAP Gender Equality and the Empowerment of Women is a UN system-wide accountability framework designed to measure, monitor and drive progress towards a common set of standards to which to aspire and adhere for the achievement of gender equality and the empowerment of women. It applies to all United Nations entities, departments and offices.

Utilization of resources and cost-effectiveness			
11. Percentage of non-staff budget utilized	98.7%	95-100%	
12. Ratio of IOE budget to the programme of loans and grants (PoLG)	0.62% (year 2020)	≤0.9%	The 0.9% cap was decided by the Executive Board in 2008
13. Ratio of IOE budget to IFAD administrative budget	3.64%	Tracked	

IOE's progress on Results Management Framework targets in 2021²²

Table 1
Reporting on IOE key performance indicators (January to June 2021)²³

<i>Divisional goals</i>	<i>Key performance indicators</i>	<i>Achievement</i>	<i>Target (per year)</i>	<i>Means of verification</i>
Goal 1: Ensure credible and independent evidence to promote accountability and improve IFAD performance at corporate, regional, country and project level	1. Adoption rate of recommendations from CLEs, CSPEs, evaluation synthesis reports (ESRs) and project performance evaluations (PPEs)	N/A ²⁴	90%	PRISMA and IOE work programme and budget
	Goal 2: Contribute to enhanced evaluation dialogue within IFAD and at the global, regional and country level	2. Number of outreach products for all evaluations disseminated through social tools and the internet	57	60
	3. Number of in-country learning events co-organized by IOE with governments	5 ²⁵	5 ²⁶	
	4. Number of page views for IOE reports	43 270	55 000	
	5. Number of people receiving IOE newsletters	2 200	2 500	
	6. Number of evaluation events with participation of IOE staff	7	5	IOE records
	7. Piloting and introduction of new evaluation products	2	2	
	8. Draft evaluation manual	1	1	
	9. Draft guidance on new evaluation products: project cluster evaluations (PCEs), SREs and TEs	3	3	
	10. Staff sabbaticals and exchanges with evaluation offices of other United Nations agencies and international financial institutions	-	1	
Goal 3: Strengthen a culture of results and learning from evaluations within IFAD	11. Number of events attended by IOE staff related to self-evaluation and evaluation capacity development (ECD)	2	3	
	12. IOE multi-year strategy document	1	1	
	13. Budget cap		< 0.9% of IFAD PoLG	IOE records
	14. Ratio of Professional to General Service staff	1:0.46	1:0.46	
	15. Budget execution rate at year-end	77%	97%	

²² As of June 2021.

²³ As of June 2021.

²⁴ As of the time of submission of this document, the PRISMA had not been finalized. This indicator will be updated once it is available.

²⁵ These were virtual events undertaken at the country level.

²⁶ Health situation and travel regulations permitting.

IOE proposed evaluation activities for 2022

Table 1
Proposed IOE work programme for 2022 by type of activity

<i>Type of work</i>	<i>Proposed activities for 2022</i>	<i>Start date</i>	<i>Expected finish date</i>
1. CLEs	Progress of IFAD's decentralization reform (completion)	June-21	Dec-22
2. TE	Gender	June-22	Dec-23
3. SREs	Fragile situations in West Africa (completion)	Jan-21	June-22
4. CSPEs	Colombia ²⁷ (completion)	Oct-21	Oct-22
	Malawi (completion)	May-21	May-22
	China	Jan-22	Dec-22
	Ethiopia	Jan-22	Dec-22
	Guinea-Bissau	June-22	June-23
	Haiti	Sep-22	Sep-23
	Kyrgyzstan	Jan-22	Dec-22
5. Project completion report validations (PCRVs)	Validation of all project completion reports (PCRs) available in the year	Jan-22	Dec-22
6. ESR/synthesis note	Targeting	Jan-22	Sep-22
7. PPEs	Five PPEs	Jan-22	Dec-22
8. PCEs	Rural enterprise development projects (completion)	Jan-21	June-22
	Rural finance projects in the East and Southern Africa region	June-22	June-23
9. Engagement with governing bodies	Review of implementation of IOE's results-based work programme and budget for 2022 and preparation of results-based work programme and budget for 2023 and indicative plan for 2024-2025	Jan-22	Dec-22
	20 th Annual Report on Results and Impact of IFAD Operations (ARRI)	Jan-22	Sept-22
	IOE comments on the PRISMA	Jan-22	Sept-22
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	Jan-22	Sept-22
	IOE comments on policies and strategies by IFAD Management	Jan-22	Dec-22

²⁷ Replacement for the Plurinational State of Bolivia CSPE included in the 2021 work programme and budget document.

<i>Type of work</i>	<i>Proposed activities for 2022</i>	<i>Start date</i>	<i>Expected finish date</i>
	Participation in Evaluation Committee, Executive Board and Governing Council sessions, selected Audit Committee meetings and the 2021 Board country visit	Jan-22	Dec-22
	IOE comments on country strategic opportunities programmes (COSOPs) when related CSPEs are available	Jan-22	Dec-22
10. Communication and knowledge management activities	Evaluation reports, <i>Profiles, Insights</i> , website, etc.	Jan-22	Dec-22
	Communicate the evaluation findings and disseminate the lessons	Jan-22	Dec-22
	Promote utilization of evaluations	Jan-22	Dec-22
	gLocal, EvalForward and other knowledge management platforms	Jan-22	Dec-22
11. Partnerships	Evaluation Cooperation Group (ECG), United Nations Evaluation Group (UNEG)	Jan-22	Dec-22
	Global Evaluation Initiative	Jan-22	Dec-22
	Rome-based agency (RBA) collaboration. Joint RBA evaluation academy	Jan-22	Dec-22
	Collaboration with universities and think tanks	Jan-22	Dec-22
	Contribution as external peer reviewer to evaluations by other multilateral and bilateral organizations as requested	Jan-22	Dec-22
12. Methodology	Drafting of new evaluation manual	Jan-21	Mar-22
	Training activities related to the new evaluation manual	Jan-22	Dec-22
13. ECD	Engagement in ECD in the context of the Global Evaluation Initiative	Jan-22	Dec-22
	Organization of workshops in partner countries (as per request) on evaluation methodologies and processes	Jan-22	Dec-22

IOE's indicative plan for 2023-2024

Table 1
IOE indicative plan for 2023-2024 by type of activity*

Type of work	Indicative plan for 2023-2024	Year	Remarks
1. CLEs	IFAD's institutional efficiency	2023	As a follow-up to the last evaluation on institutional efficiency published in 2012, it will assess the changes in institutional efficiency brought about by institutional reforms of the past decade.
	Quality assurance mechanisms at IFAD	2024	It is expected to feed into strengthening of ex-ante evaluation mechanism of IFAD's self-evaluation systems. This is in line with the priority of the evaluation policy to strengthen IFAD's self-evaluation systems.
	IFAD's financial architecture (follow-up)	2024-2025	It is expected to provide an updated assessment of IFAD's financial architecture in light of reforms such as changes in the Debt Sustainability Framework window, grants financing window and introduction of market borrowing and private sector financing window.
2. TE	Gender	2023 (carry-over)	The most recent CLE on gender was completed in 2011. This CLE will provide an assessment of IFAD's newer approaches in the thematic area of gender.
	Nutrition and food security in IFAD operations	2023	Nutrition is one of IFAD's mainstreaming areas and the only one not yet evaluated.
	IFAD's support to the private sector and non-sovereign operations	2024-2025	IFAD's private sector engagement strategy was approved in 2019. This TE will provide a midterm assessment of IFAD's private sector and non-sovereign operations.
3. SRE	Dry-corridor countries of Central America or Andean countries	2023	
	Conflict-affected states in the Near East and North Africa region	2024	

<i>Type of work</i>	<i>Indicative plan for 2023-2024</i>	<i>Year</i>	<i>Remarks</i>
	Pacific islands (Fiji, Kiribati, Samoa, Solomon Islands, Tonga)	2024-2025	
	Guinea-Bissau (carry-over)	2023	
	Angola	2023	
	Djibouti	2023	
	India	2023	
	Rwanda	2023	
4. CSPEs	Dominican Republic or Argentina	2023	
	Haiti (carry-over)	2023	
	Mauritania	2023	
	Guinea	2024	
	Jordan	2024	
	Viet Nam	2024	
	Zimbabwe	2024	
5. PCRVs	Validate all PCRVs available in the year	2023-2024	
6. PPE	About 4-5 PPEs per year	2023-2024	

Type of work	Indicative plan for 2023-2024	Year
7. Engagement with governing bodies	21 st and 22 nd ARRI	2023-2024
	Ex-post review of the implementation of the recommendations of selected strategic evaluations	2023
	Review of implementation of the results-based work programme and budget and preparation of the results-based work programme and budget for 2024, and indicative plan for 2025-2026	2023-2024
	IOE comments on the PRISMA	2023-2024
	IOE comments on the RIDE	2023-2024
	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by the Evaluation Committee	2023-2024
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, and the annual country visit of the Board	2023-2024
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	2023-2024
8. Communication and knowledge management activities	Evaluation reports, <i>Profiles</i> , <i>Insights</i> , website, etc.	2023-2024
	Communicate the evaluation findings and disseminate the lessons	2023-2024
	Promote utilization of evaluations	2023-2024
	gLocal, EvalForward and other knowledge management platforms	2023-2024
9. Partnership	ECG, UNEG	2023-2024
	Global Evaluation Initiative	2023-2024
	RBA collaboration. Joint RBA evaluation academy	2023-2024
	Contribute as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	2023-2024
	Collaboration with universities and think tanks	2023-2024
10. ECD	Capacity development for member countries	2023-2024

* The topics and number of TEs, CLEs, CSPEs, PCEs, SREs and ESRs are tentative; actual priorities and numbers of activities to be undertaken in 2023 and 2024 will be confirmed or determined in 2022 and 2023, respectively.