Document:	EB 2021/134/R.3/Rev.1	
Agenda:	4(a)(i)	
Date:	24 January 2022	**E**
Distribution:	Public	
Original:	English	

IFAD

Investing in rural people

IFAD's 2022 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2022 and indicative plan for 2023-2024, and the HIPC and PBAS progress reports

Note to Executive Board representatives

Focal points:

Technical questions:

Saheed Adegbite
Director
Office of Strategic Budgeting
Tel.: +39 06 5459 2957
e-mail: s.adegbite@ifad.org

Christian Hackel
Senior Budget Specialist
Tel.: +39 06 5459 2985
e-mail: c.hackel@ifad.org

Indran Naidoo
Director
Independent Office of Evaluation of IFAD
Tel.: +39 06 5459 2274
e-mail: i.naidoo@ifad.org

Dispatch of documentation:

Deirdre Mc Grenra
Chief
Institutional Governance
and Member Relations
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

Executive Board — 134th Session
Rome, 13-16 December 2021

For: **Approval**

Contents

Executive summary **v**

Recommendation for approval **1**

Part one – IFAD's 2022 results-based programme of work and regular, capital and special expenditure budgets **1**

I. Context **1**

II. Current perspective **4**

A. Impact of the COVID-19 crisis and increased engagement in fragile and conflict regions 4
B. Update on the 2021 programme of loans and grants 5
C. 2020 and 2021 net regular budget usage 6
D. 2020 carry-forward allocation 7

III. Gender sensitivity of IFAD's loans, grants and regular budget **8**

IV. 2022 programme of work **10**

V. 2022 net regular budget **11**

A. Introduction 11
B. Budget process 12
C. Proposed staffing level 15
D. Cost drivers 17
E. Net regular budget proposal 19
F. Gross budget proposal 22
G. Efficiency ratios 23

VI. Capital budget for 2022 **25**

VII. People, Processes and Technology Plan **26**

Part two – Results-based work programme and budget for 2022 and indicative plan for 2023-2024 of the Independent Office of Evaluation of IFAD **29**

I. Introduction **29**

II. Progress of activities in 2021 **29**

A. Conducting evaluations in the context of COVID-19 29
B. Progress of key programme activities in 2021 30
C. 2021 budget utilization 34

III. IOE 2022 work programme **34**

A. Proposed work programme for 2022 34

IV. 2022 resource envelope **37**

A. Staff resources 37
B. Budget requirements 37

V. IOE budget proposal and considerations for the future **39**

Part three – Enhanced Heavily Indebted Poor Countries Initiative progress report for 2021 **41**

Part four – Progress report on implementation of the performance-based allocation system and 2022 lending terms **46**

Part five – Recommendations **53**

Draft resolution .../XXXXX **55**

Annexes

I.	Indicative list of countries with projects in the pipeline for 2022 (new projects and additional financing for ongoing projects)	56
II.	Regular budget by cost category and department, 2021 approved and realigned budget versus 2022 proposal	57
III.	Indicative breakdown of 2022 regular budget by results pillar and institutional output group	58
IV.	Indicative 2022 staff levels, regular budget only	59
V.	Indicative 2022 staffing by department and grade	60
VI.	Composition of standard staff costs	61
VII.	Capital budget (excluding CLEE) 2009-2021	62
VIII.	Carry-forward funds allocation	63
IX.	Estimate of direct charges on investment income	64
X.	IOE Results Management Framework for 2022	65
XI.	IOE progress on Results Management Framework targets in 2021	67
XII.	IOE proposed evaluation activities for 2022	68
XIII.	IOE’s indicative plan for 2023-2024	70

Abbreviations and acronyms

ARRI	Annual Report on Results and Impact of IFAD Operations
ASAP	Adaptation for Smallholder Agriculture Programme
BRAM	Borrowed Resource Access Mechanism
CLE	corporate-level evaluation
CSD	Corporate Services Department
CSPE	country strategy and programme evaluation
CSSG	Corporate Services Support Group
D2.0	Decentralization 2.0
DSF	Debt Sustainability Framework
DWP	dynamic workforce planning
ECD	evaluation capacity development
ERG	External Relations and Governance Department
ERMF	Enterprise Risk Management Framework
ESA	East and Southern Africa
ESR	evaluation synthesis report
FOD	Financial Operations Department
FTE	full-time equivalent
GNIpc	gross national income per capita
HIPC	Highly Indebted Poor Countries
ICO	IFAD Country Office
ICP	IFAD Client Portal
ICT Division	Information and Communications Technology Division
ICT	information and communications technology
IDA	International Development Association
IFAD12	Twelfth Replenishment of IFAD's Resources
IMF	International Monetary Fund
IOE	Independent Office of Evaluation of IFAD
IOGs	institutional output groups
IVI	IFAD Vulnerability Index
MDB	multilateral development bank
LIC	low-income country
LMIC	lower-middle-income country
OPV	Office of the President and Vice-President
OSB	Office of Strategic Budgeting
PBAS	performance-based allocation system
PCE	project cluster evaluation
PCR	project completion report
PCRV	project completion report validation
PMD	Programme Management Department
PoLG	programme of loans and grants
PoW	programme of work
PPE	project performance evaluation
PPTP	People, Processes and Technology Plan
PRISMA	President’s Report on the Implementation Status of Evaluation Recommendations and Management Actions
RBA	Rome-based agency
RSPA	rural sector performance assessment

SDGs	Sustainable Development Goals
SDR	special drawing rights
SKD	Strategy and Knowledge Department
SRE	subregional evaluation
TE	thematic evaluation
UNEG	United Nations Evaluation Group
WCA	West and Central Africa

Executive summary

1. The IFAD Strategic Framework 2016–2025 sets forth a commitment 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 with progress stalled on ending extreme poverty and achieving food security, IFAD must continue to amplify its efforts if it is to remain a crucial development partner in meeting these global development priorities.

2. The flagship report State of Food Security and Nutrition in the World (SOFI) 2021 states that the world is at a critical juncture. Circumstances are very different today than six years ago, when the nations committed to the goal of ending hunger, food insecurity and all forms of malnutrition by 2030. Nor has much progress been made towards meeting the SDG 2 targets of ensuring access to safe, nutritious and sufficient food for all people all year round, and eradicating all forms of malnutrition. IFAD has been ranked 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 world, rebuilding to increase resilience and safeguard development progress already made.

3. In 2022, the Fund will continue work already under way 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. Moreover, after several financial reforms undertaken during the Eleventh Replenishment of IFAD's Resources IFAD11 period, the organization has clearly laid out fundamental principles for maintaining a sustainable financial trajectory based on prudent financial and risk management in the context of the next three-year replenishment cycle. Based on the long-term strategic trajectory to double IFAD's impact by 2030, senior Management has identified decentralization as a top priority, together with "rightsizing" – building staff capacity in a holistic manner – as informed by a 2019 human resource study. With these efforts, the Fund is enhancing the delivery of transformational results and ensuring that it possesses the right capacities to deliver the services, products and expertise required by Member States.

4. The projected programme of loans and grants (PoLG) for 2022, at the time of writing, is within a range of US$925 million and US$1.2 billion. Presently, some 18 new projects and programmes and two additional financing proposals are being prepared for approval during 2022. Management will continue its efforts to ensure quality at entry, maintaining a consistent efficiency ratio above US$55 of the total active portfolio per each US$1 of administrative expenses.

5. The primary cost drivers as of this writing are as follows: (i) Decentralization 2.0; (ii) technology changes and adaptations; (iii) staff costs (implementation of the human resources study and rightsizing; (iv) delivery of IFAD12 commitments; (v) price increases and exchange rate losses; and (vi) Food Systems Summit follow-up action plan.

6. Real cost increases, attributable in particular to Decentralization 2.0 and additional staffing requirements, have been largely offset by a 13.2 per cent decrease in consultancy costs and an 9.4 per cent reduction in the travel cost category, following a rigorous and systematic review of departmental requests.

7. The 2022 net regular budget is proposed at US$166.9 million, representing a 4.72 per cent nominal increase vis-à-vis the 2021 budget of US$159.4 million (aligned with the high-level preview). The nominal increase derives from the net effect of inflation, within-grade step increment adjustments and realignment of standard staff costs. The exchange rate used for the final budget proposal is EUR 0.835:US$1 (compared to the rate of EUR 0.885:US$1 that was used in the high-level preview and 2021 budget).

8. The main drivers of the real increase are: (i) decentralization-related costs (US$3.3 million), such as recruitment and relocation and establishment of new IFAD Country Offices (ICOs); (ii) net real staff cost increases (US$4.5 million) resulting from the implementation of the McKinsey human resources study; and (iii) depreciation (US$0.40 million), whereas a real decrease is seen in consultancy (US$3.21 million) and travel costs (US$0.65 million).

9. In regard to the gross budget for 2022, the proposed amount of US$173.7 million includes US$6.8 million to cover the cost of managing operations funded by supplementary funds, which are external but complementary to the PoLG. This amount can be fully recovered from the annual allocable portion of the fee income generated by supplementary funds management.

10. In 2021, IFAD continued with its ambitious agenda to become fit for purpose in light of the evolving business model and the goal to double impact by 2030. IFAD12 will be the first replenishment cycle following implementation of the Debt Sustainability Framework reform and the sustainable replenishment baseline concept. Reaching the IFAD12 targets will ensure full delivery of target operations during the IFAD12 period, with a strong focus on low-income countries and lower-middle-income countries.

11. 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 the organization'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.

12. In the context of increasing global uncertainty and crises, the direction taken in IFAD12 is critical to keep 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.

13. At the Executive Board's 131st session, clarification was requested by Member States regarding administrative efficiency at IFAD and peer institutions, in order to present a more comprehensive picture of the Fund's administrative efficiency and measure progress over time. As a consequence IFAD has launched the initiative for Enhanced Efficiency and Resource Management (Smart Budget Allocation), which will: (i) enhance transparency and agility by identifying direct and indirect costs in IFAD's regular budget; (ii) enhance the results focus by attributing direct costs to projects as appropriate, using identified cost drivers to determine the efforts and costs associated with specific processes; and (iii) enhance efficiency management by refining internal efficiency measures and reviewing practices at IFAD.

14. The 2022 capital budget envelope amounts to US$6.5 million, comprising US$1.7 million to cover cyclical and business continuity capital expenditures, US$2.1 million related to the 2022 corporate priority of decentralization, as well as investments in project procurement, and investments of US$2.7 million for other cross-cutting initiatives, such as financial business process simplifications, upgrade of existing ICOs not linked to Decentralization 2.0, adaptation of systems for

IFAD12 monitoring and reporting. Opportunities for system enhancements have also been identified under this category, to continue the completion of IFAD's robust financial IT architecture, as well as leveraging institutional efficiency opportunities with targeted projects.

Recommendation for approval

The Executive Board is invited to approve:

- The recommendation on IFAD's 2022 results-based programme of work and regular and capital budgets, the budget of the Independent Office of Evaluation of IFAD (IOE) for 2022; and
- The carry-forward of unobligated appropriations at the close of the 2021 financial year into the 2022 financial year up to an amount not exceeding 5 per cent of the corresponding appropriations.

Furthermore, the Executive Board is invited to consider the draft resolution contained on page 55 and to submit it, together with its recommendations, to the Governing Council at its forty-fifth session in February 2022 for consideration and adoption.

Part one – IFAD's 2022 results-based programme of work and regular, capital and special expenditure 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 made by IFAD's donors are being delivered in such a way as to achieve the highest levels of development effectiveness.

3. IFAD's efforts extend beyond its programme of loans and grants (PoLG) to mobilize significant additional funding and capacity in order to meet the evolving needs of Member States. A Private Sector Financing Programme (PSFP) 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. 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 the maturing financial architecture.

5. The PSFP will promote increased investment in small-scale agriculture. The facility offers financing directly to companies and financial intermediaries onlending, investing or offering services to small farmers, micro, small and medium-sized enterprises and other poor rural people.

6. 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 the organization'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.

7. Although IFAD has maintained a zero real growth budget for three consecutive years, this is no longer sustainable if it is to double its impact by 2030. With an average project life cycle of 6.8 years, IFAD12 is the last window of opportunity to create an impact that will lead to achieving Sustainable Development Goals (SDGs) 1 and 2 by 2030. For IFAD, 2021 is a crucial year for budget planning, 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 pandemic while shifting from a focus on business continuity and support towards accelerated implementation.

8. 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 impact 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.

9. IFAD's engagement in United Nations reform (management reform) is further manifested in the Fund's review of internal and peer institution efficiency management under the Enhanced Efficiency and Resource Management (Smart Budget Allocation) initiative. Based on the findings of the review, and with a view to enhancing organizational efficiency over time, IFAD intends to present its regular budget in a new format as of 2023. This new format will increase transparency by establishing a clear segregation between programme-related expenditures (direct costs) and administrative expenditures (indirect costs), informed by an established cost-classification methodology used by other United Nations agencies.

10. IFAD will also enhance its internal performance and efficiency management by establishing a new quarterly performance and efficiency review at senior Management level. A comparative review of United Nations organizations and international financial institutions (IFIs) has revealed that performance metrics and nomenclature vary greatly. Adopting the Smart Budget Allocation approach will further enhance transparency and an informed dialogue on the true cost of delivering on IFAD's mandate, programmes and projects. Further details are provided in a separate paper.

11. In recent years IFAD has seen reduced financial reflows as a consequence of the conversion of loans into the Debt Sustainability Framework (DSF) grants. 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. This implies a number of additional features, such as: (i) credit ratings; (ii) the implementation of a comprehensive risk management framework and creation of a risk management division; (iii) upgrading the Office of the General Counsel (LEG) with new staff and skills; and (iv) the implementation of a new Integrated Borrowing Framework and a new

Borrowed Resource Access Mechanism (BRAM) in addition to the existing performance-based allocation system (PBAS) for core resources, to ensure full coverage of borrowing costs.

12. All of the elements outlined above were necessary to enable IFAD to tap into new sources of funding in order to continue to deliver a high PoLG. To be sure, there was a cost attached to doing so, and there will also be recurrent costs in the future to maintain the first-class credit ratings obtained.

13. 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 developing a resilient financial framework. The first principle is proximity. This includes the further decentralization of staff to regional offices and IFAD Country Offices (ICOs) from 36 per cent in 2021 to 39 per cent in 2022, placing the organization on track to reach the goal of 45 per cent of field-based staff in 2024. The second principle, facilitated by proximity, is the need for IFAD to take 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.

14. The process of decentralization entails opening new field offices and regional offices and relocating staff, calling for investment in the short term. Decentralization 2.0 (D2.0) is one of the main cost drivers in the 2022 budget and in the long run will bring IFAD closer to its beneficiaries and partner governments, which will help in building capacity on the ground and delivering its mandate more effectively. As part of the process, project procurement will also be decentralized. Relying on local staff who have better insight into regional markets will increase the efficiency and value for money of IFAD’s projects. Further details regarding the Decentralization 2.0 process are presented in a separate paper.

15. In order to achieve the optimal scenario, the associated one-time and recurrent costs of setting up the new regional and country offices, and relocating staff, in addition to transitional costs, will be phased over the next three years, resulting in total costs of between US$10 million and US$13 million for full impact. The current projections indicate the addition of three new ICOs each year for the next three years until 2024. Management is striving to achieve the decentralization target while keeping costs to a minimum and ensuring minimal disruption to programming. To facilitate the decentralization process, IFAD updated the Delegation of Authority Framework in 2021. New or amended delegations were developed for: (i) procurement; (ii) human resources; (iii) field operations; (iv) governance and protocol; and (v) finance and budget.

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 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 expected to occur first in the West and Central Africa, East and Southern Africa and Asia and Pacific regions, which will be transitioning in 2022, followed by the Latin America and Caribbean region, which will start the transition process in 2023. Although the COVID-19 pandemic continues to have a significant impact on travel expenditures, every effort will be made to minimize travel costs in the post-pandemic context.

17. IFAD was mandated by its Member States to strengthen its capacity in key functional areas and to upgrade the skill-set of the workforce. These measures will be a key success factor for programme delivery and project quality. A more

capable workforce will also ensure that IFAD can effectively leverage new financial instruments and engage adequately with the private sector. However, adding new functions and highly qualified technical staff in areas where IFAD currently lacks know-how will lead to higher staff costs in 2022 and beyond. These increases cannot be fully absorbed in the regular budget or be offset by abolishments as the new positions are generally more costly than those abolished.

18. Members have called upon IFAD to do more to fill the coordination gap in order to achieve the 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 State of Food Security and Nutrition in the World (SOFI) launch, the G20 Leaders Summit, and the 2021 United Nations Climate Change Conference COP26. IFAD is also taking on an enhanced 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.

II. Current perspective

A. Impact of the COVID-19 crisis and increased engagement in fragile and conflict regions

19. Currently, about 1.8 billion people worldwide live in fragile and conflict-affected situations, and the figure is projected to grow to 2.3 billion by 2030. Poverty, too, is increasingly concentrated in fragile and conflict contexts – more than 620 million people, or 80 per cent of the world's poorest, could be living in such circumstances by 2030.

20. Over the years, IFAD has been devoting increased attention to its engagement in fragile contexts. Since IFAD10, the share of IFAD’s projects in fragile contexts has increased from 16 to 27 per cent. This share is expected to increase to over 30 per cent by 2022. It is one of IFAD’s unique strengths that it is an institution that has an impact in the most fragile contexts and the most difficult-to-reach areas of the world. While it is widely acknowledged that engagements in fragile regions require more resources than projects in safer and less remote areas, no real budget increases were granted throughout the entire IFAD11 period.

21. For IFAD12, the Fund must refine its ability to address the underlying causes of extreme poverty and food insecurity in fragile and conflict-affected areas, while safeguarding IFAD staff security and assets. The proposed scaled-up footprint in fragile and conflict-affected settings under Decentralization 2.0 will be at the core of such enhanced engagement. This will undoubtedly require additional resources to ensure a “do no harm” and “no avoidable death” approach.

22. The impact of the pandemic is still being felt and is likely to continue in the short to medium term. IFAD can only roughly predict the necessary budgetary adjustments for building back better and adjusting operations to a post-COVID world. Costs associated with adapting procedures to smart working, increased digitalization, and operating in a hybrid mode with some key activities done remotely, should be taken into account in future budget proposals.

23. So far, 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 IT infrastructure and cyber security. IFAD’s rapid adaptation during the pandemic was a critical success factor that allowed the majority of 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. A safe working environment and staff safety will continue to be a priority in 2022, and need to be funded appropriately.

24. To increase flexibility for staff in the post-pandemic environment, IFAD has refined its human resources policies. A 12-month pilot programme was launched in the third 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 at other international organizations.

25. 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. With a prudent approach towards a gradual transition of IT applications to subscription-based and cloud-based services, IFAD also expects a budgetary shift in future years from capital budget to regular budget allocations.

B. Update on the 2021 programme of loans and grants

26. As at 9 September 2021, the projected PoLG for 2021 is US$1.07 billion, comprising: 26 new programmes and projects; and additional financing for 13 ongoing projects. Among the additional financing proposals: (i) 12 are to fill pre-identified financing gaps; and (ii) one is to both fill a financing gap and scale up operations.

27. In concluding the IFAD11 cycle, the Fund expects to attain the PoLG target of US$3.5 billion set for the period.

Portfolio

28. As at 9 September 2021, there are 221 projects in the portfolio for a value of US$8 billion. The active grant portfolio comprises 119 grants valued at US$190 million.

29. For IFAD’s global, regional and country grant programme, it is expected that approximately 10 grants will be approved by the end of 2021, for an approximate value of US$12.2 million.

30. In 2020, IFAD commenced work to enhance its operational tracking systems to better depict the actual contribution to the SDGs made by the active portfolio and the indicative distribution of the pipeline of investments, including by thematic focus and mainstreaming themes. The high-level distribution of the current portfolio by sector is as follows:

Table 1
High-level distribution of the current portfolio by macro area

Macro area	Percentage
Access to markets	29
Production sectors	28
Policy and institutions	13
Programme management	13
Inclusive rural finance	12
Environment and natural resources	4
Social services	2
Total	**100**

Source: Grants and Investment Projects System (GRIPS) as at 9 September 2021.

C. 2020 and 2021 net regular budget usage

2020 actual utilization

31. Actual expenditures against the 2020 regular budget amounted to US$142.43 million or 90.2 per cent of the approved budget of US$157.90 million. The significantly lower utilization (compared to 95.2 per cent in 2019) is primarily due to the impact of the COVID-19 pandemic, which had various adverse effects on IFAD's operations in 2020 and in 2021.

Table 2
Regular budget utilization – actual 2019-2020 and forecast 2021
(Millions of United States dollars)

	2019 full year		*2020 full year*		*2021 forecast*	
	Budget	*Actual*	*Budget*	*Actual*	*Budget*	*Forecast*
Regular budget	158.21	150.57	157.9	142.43	159.41	152.23
Percentage utilization		**95.2**		**90.2**		**95.5**

2021 forecast

32. Despite the disruption caused by the pandemic, efforts to deliver a high-quality and substantial contribution to the overall PoLG target for IFAD11 of US$3.5 billion are expected to result in budget utilization of US$152.23 million or about 95.5 per cent in 2021, compared to the 94.7 per cent estimate in the high-level budget preview. It must be said, however, that the current level of uncertainty makes precise estimates difficult at this point and any projection should be seen as a close approximation.

33. IFAD's successful adaptation to the ongoing pandemic translate into increased budget execution compared to 2020. The slight increase in projected budget utilization compared with the high-level preview is due to a more accurate forecast using the latest actual data up to September 2021.

34. Thus far in 2021, despite the continuing impact of the pandemic on IFAD's operations, the organization was able to adapt and respond with flexible solutions to ensure completion of the programme of work (PoW) for the IFAD11 period. This agility, in tandem with solid preparatory work from 2020, enabled IFAD to bring the budget utilization back to pre-COVID levels. Although the ongoing travel restrictions led to lower travel activity, IFAD explored new ways to use local capacity and technology to conduct some activities remotely. In addition, a large number of meetings and conferences were held virtually in 2020, including the forty-fourth session of IFAD's Governing Council.

35. Table 3 shows 2020 actual, 2021 budgeted and 2021 forecasted budget usage, broken down by department. The higher utilization compared to 2020 arises largely from IFAD's ability to partially mitigate the adverse effects of COVID-19 on programme delivery and to leverage the investments in ICT and infrastructure that enable remote working modalities.

Table 3
Regular budget usage by department, 2020 actual, 2021 budget and 2021 forecast
(Millions of United States dollars)

Department	*Actual 2020*	*Budget 2021*	*Forecast 2021*	*Percentage forecast 2021 vs. budget 2021*
Office of the President and Vice-President (OPV)	2.27	2.77	2.61	94.23
Corporate Services Support Group (CSSG)	8.59	10.73	10.63	99.04
External Relations and Governance Department (ERG)	14.76	17.22	16.52	95.95
Strategy and Knowledge Department (SKD)	14.53	15.82	13.98	88.34
Programme Management Department (PMD)	53.01	60.52	52.57	86.86
Financial Operations Department (FOD)	11.51	13.12	11.60	88.44
Corporate Services Department (CSD)	30.16	28.53	34.82	122.06
Corporate cost centre	7.61	10.70	9.50	88.78
Total	**142.43**	**159.41**	**152.23**	**95.49**

36. In view of the delays in the decentralization process, it is possible that the carry-forward amount may not be utilized in its entirety until year-end. However, the flexibility to carry forward an amount in excess of the usual 3 per cent has proved pivotal in helping Management address critical strategic and operational matters during 2021.

37. For the 2022 budget proposal, Management requests authority to use savings from a lower budget utilization, up to a maximum of 5 per cent, to fund transformational strategic initiatives such as Decentralization 2.0 in 2022 and support unforeseen and compelling priorities from planned operations and activities. This request has been included in the draft Governing Council resolution for the 2022 budget, which is provided in part five of this document

38. It is acknowledged that this request is exceptional and a result of the still ongoing COVID-19 pandemic. IFAD is committed to return to the previous carry-forward level of 3 per cent in 2023.

D. 2020 carry-forward allocation

39. The carry-forward rule, in place since 2004, states that unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3 per cent of the approved annual budget of the previous year.

40. Historically, this rule has provided much-needed flexibility to ensure that resources match the level of mandated activities. For 2021 the Governing Council agreed that unobligated appropriations at the close of the 2020 financial year be carried forward into the 2021 financial year up to an amount not exceeding 10 per cent of the corresponding appropriations to support the delivery of certain corporate priorities. This clearly demonstrated the importance of increased flexibility: considering IFAD's ambition of doubling its impact by 2030 and the need to mitigate an unprecedented pandemic, the imposition of a ceiling on the proposed carry-forward element could have hampered the organization's ability to respond quickly and effectively to new and changing demands.

41. As the actual budget utilization for 2020 amounted to 90.2 per cent, the carry-forward available was US$15.47 million or 9.8 per cent of the total 2020 approved budget, less than the maximum of 10 per cent. It is projected that by year-end up to 95 per cent of the available carry-forward amount will have been utilized. Any unallocated and unused balance of the 2020 carry-forward will revert back to IFAD's regular resource pool.

42. In 2021 the carry-forward provided additional leeway to fund activities of strategic nature and to catch up with delayed activities in response to the unforeseen COVID-19 crisis. Another portion of the carry-forward was set aside for Decentralization 2.0. The additional budgetary flexibility provided by the carry-forward was critical to help advance the delayed and deferred activities, such as key impact assessments and quality reviews, that could not be completed in 2020 due to the pandemic. Corporate outreach activities in relation to key global events such as the Food Systems Summit, Indigenous Peoples' Forum, Farmers' Forum and COP26 also benefited from the use of the carry-forward.

43. While most activities progressed as planned, the implementation of Decentralization 2.0 saw some delays, mainly due to the slower than expected completion of the final map of regional offices and ICOs, including negotiations with host governments. As the final locations and facilities of the future IFAD field presence could not be identified as planned, subsequent steps such as the preparatory facility works and relocations had to be halted. This led to a shift in projected one-time and incremental recurrent costs for decentralization into 2022 and in some instances beyond. Further details are provided in a separate document being presented to the Executive Board.

44. In accordance with standard practice, details of the allocation of all carry-forward resources and the prioritized activities financed by each department are provided to the Executive Board in annex VIII.

III. Gender sensitivity of IFAD's loans, grants and regular budget

45. Pursuant to the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, IFAD is continually seeking to improve its resource allocation to gender activities. The increase in the number and deployment of gender and social inclusion analysts and specialists is steering the organization in this direction.

46. The 2022 budget retains the methodology developed in 2013 to determine the gender sensitivity of loans and grants, while the methodology to capture gender-related elements of the regular staff budget was revised in 2020. The new budget planning system introduced in 2019 is designed to facilitate the mapping of staff and non-staff costs to all mainstreaming themes. This functionality can potentially be used in the coming years to allow for a more precise, system-based capturing of resource allocation by mainstreaming theme.

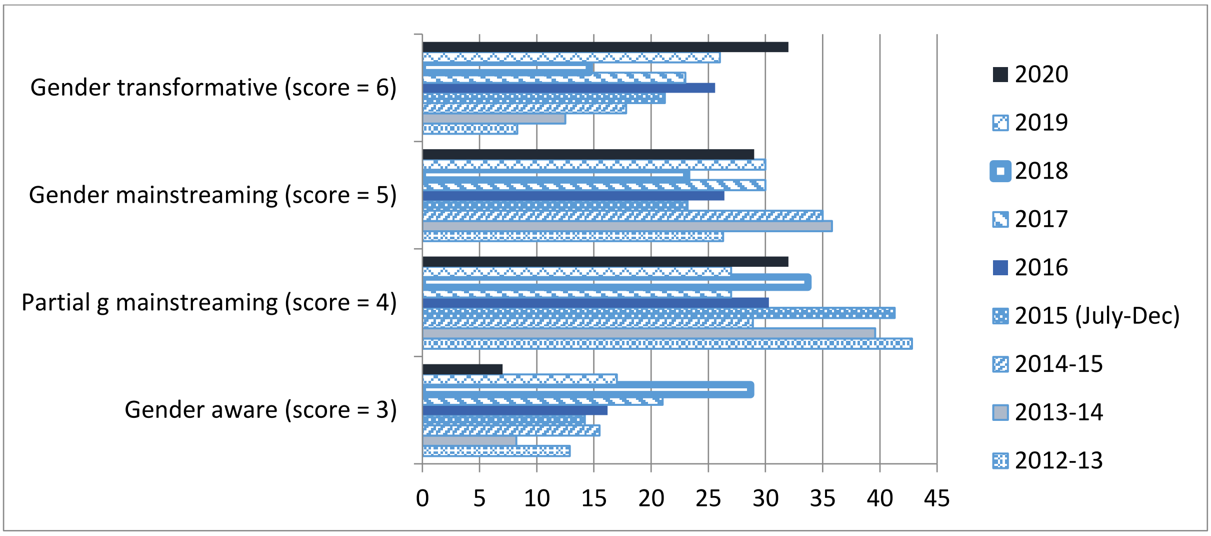
47. The outcome of this year's exercise is outlined in the following paragraphs.

Gender sensitivity of IFAD loans

48. A gender sensitivity analysis was conducted on 27 loans approved by the Executive Board in 2020, amounting to US$751,857,465. Of those, four projects totaling US$52,421,523 were not eligible for the analysis because they did not require the development of a new project design document. The overall gender sensitivity outcome on loans analysed shows that 93 per cent of the loan value was rated moderately satisfactory and above, compared to 83 per cent in last year's analysis and 71 per cent in 2018.

49. The proportion of the total loan value classified as gender transformative rose to an unprecedented 32 per cent (equivalent to US$226,196,934 million), compared to 26 per cent of last year and 14.6 per cent in 2019. By way of comparison, the share of projects rated 6, for gender transformative, was 21 per cent in 2015 and 18 per cent in 2014. This positive trend may be attributable to a progressively institutionalized understanding of what gender transformative projects entail, with the provision of clear guidelines for IFAD staff and consultants involved in project design.

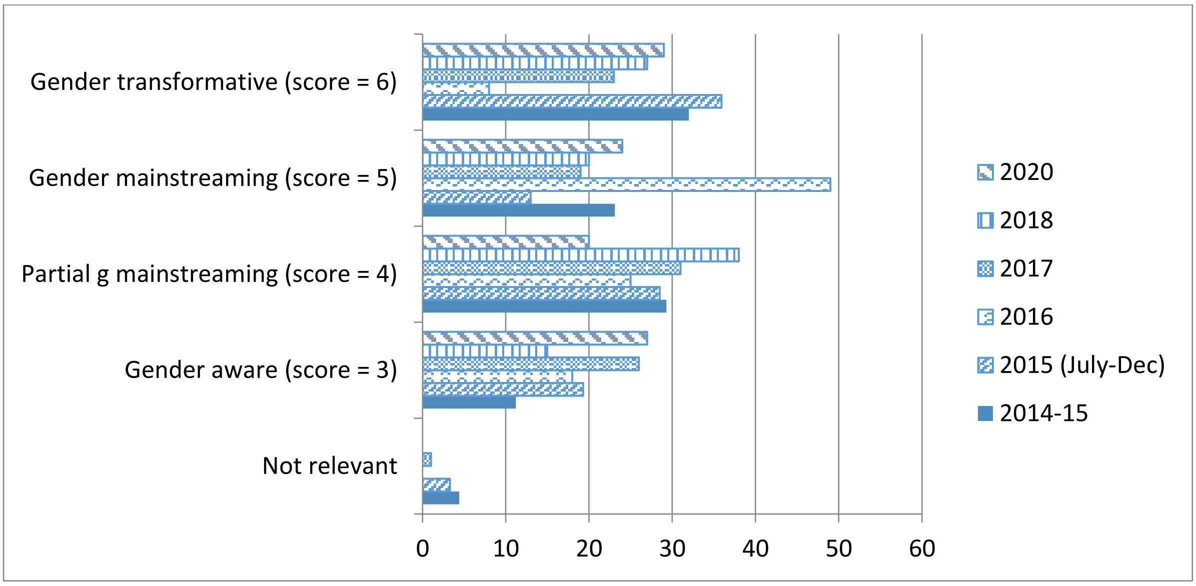
Figure 1
Distribution of total approved loan value by gender score
(Percentage of loan total value)



Gender sensitivity of IFAD grants

50. A gender sensitivity analysis of the 16 IFAD grants approved in 2020 with a total value of US$29.2 million reveals that 73 per cent of grants by value were rated as moderately satisfactory or above compared to 85 per cent approved in 2018, 72 per cent in 2017 and 80 per cent in 2016. On the other hand, 29 per cent of grants were classified as gender transformative, confirming the positive trend of 27 per cent in 2018 and 2017, and well above the 8 per cent seen in 2016. The analysis did not apply to three grants amounting to 3.7 million.

Figure 2
Distribution of total approved grant value by gender score
(Percentage of grant total value)



Capturing gender-related and supporting activities in the regular budget

51. The first attempt to quantify the gender sensitivity of IFAD's regular budget was presented in the 2014 budget document. A more accurate method of capturing gender-related data with better attribution was integrated into the 2015 and 2016 budget preparation processes. This captured gender sensitivity in IFAD's regular budget more comprehensively, within the constraints of the systems that were available at that time. As part of IFAD's drive to improve its approach and data

collection, for the 2021 budget the Office of Strategic Budgeting (OSB) worked with IFAD's gender specialists to collect updated estimates for each job category in the organization to ensure that the data more accurately reflects the gender component of staff time.

52. In 2020, IFAD revised its methodology for estimating the portion of the staff budget that is dedicated to gender. The estimated percentages of staff time spent on gender-related tasks were updated under a participatory approach. All divisions provided their estimates, which were then centrally aggregated and validated by the IFAD gender specialists. The overall result of this exercise is 7 per cent across all IFAD. On a departmental basis, the highest gender mainstreaming rate is in SKD, at 11 per cent, primarily due to the key focus on gender within the Environment, Climate, Gender and Social Inclusion Division. The second highest percentages are seen in PMD and the CSSG, both at 8 per cent on average.

IV. 2022 programme of work

53. Current plans call for a PoLG in 2022 within a range of US$925 million to US$1.2 billion. The exact target will be determined by: (a) the Resources Available for Commitment (RAC); (b) final confirmation of the core resources available under the PBAS and the overall PoLG target for IFAD12 of US$3.5 billion; and (c) the pace of implementation and uptake of the BRAM.

54. IFAD will continue to make a concerted effort to supplement this core programme with approximately US$100 million in IFAD-managed funds mobilized from other sources, such as ASAP+, the Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund), Global Environment Facility Least Developed Countries Fund, Global Agriculture and Food Security Programme, European Commission and European Union, and the Green Climate Fund (GCF), in addition to bilateral supplementary and complementary grants, bringing the total PoLG to US$1.3 billion. IFAD is building up its pipeline for 2022 based on cross-departmental subregional hub plans and in-country consultations.

55. In the first year of IFAD12, Management continues to focus on quality at entry and on improving the performance of projects under implementation in areas determined by the IFAD12 replenishment and identified in the 2021 Annual Report on Results and Impact (ARRI) and Report on IFAD’s Development Effectiveness (RIDE) as underperforming – in addition to a continuing focus on the four mainstreaming areas and social inclusion priorities such as indigenous peoples and persons with disabilities. Emphasis will be placed on contributing to national pathways emanating from the Food Systems Summit, and robust policy engagement to ensure sustainability and potential for scaling up.

Table 4
Actual and projected PoLG
(Millions of United States dollars)

	Actual[a]			*Forecast*		*Planned*	
	2017	*2018*	*2019*	*2020*	*2021*	*2022 range*	
IFAD loans (including loan component grants) and DSF grants	1 256	1 107	1 635	783	1 050	900	1 175
IFAD grants[c]	51	52	25	30	15	25	25
Rural Poor Stimulus Facility[c]	-	-	-	40	-	-	-
Non-sovereign operations	-	-	-	25	-	-	-
IFAD Climate Facility	-	-	-	-	10	-	-
Total IFAD PoLG	**1 307**	**1 159**	**1 660**	**878**	**1 074**	**925**	**1 200**
Other funds under IFAD management[b]	125	171	181	28	275	100	100
Total PoLG	**1 431**	**1 331**	**1 841**	**906**	**1 349**	**1 025**	**1 300**
Cofinancing, international (net of IFAD-managed cofinancing) and domestic	833	1 181	3 398	1 079	1 880	1 242	1 242
Total PoW	**2 264**	**2 512**	**5 238**	**1 985**	**3 229**	**2 267**	**2 542**
Portfolio under implementation	**6 860**	**6 846**	**7 051**	**8 608**	**n.a.**	**n.a.**	**n.a.**

[a] Source: GRIPS as at 9 September 2021. Current amounts reflect any increase (decrease) in financing during implementation, including additional domestic and international cofinancing.
[b] Other funds managed by IFAD, including ASAP, the Spanish Trust Fund, Global Environment Facility Least Developed Countries Fund, Global Agriculture and Food Security Program, European Commission and European Union, and GCF, in addition to bilateral supplementary and complementary grants.
[c] Includes US$1.2 million from the regular grants envelope earmarked for the Climate Finance Design Gap 2021, to cover GCF design costs and US$2.0 million utilized to fund the multi-donor African Agricultural Transformation Initiative Trust Fund.

56. At present, some 18 new projects and programmes and two additional financing proposals are being prepared for approval during 2022 (see annex I). Other investments are being identified to ensure that the overall PoLG target for 2022 of between US$925 million and US$1.2 billion is met.

57. The estimated number of global, regional and other grants in 2022 is between 15 and 20, with an approximate value of US$25 million.

58. The priority areas of IFAD's grant programme for IFAD11 remained aligned with the Strategic Guidance Note for IFAD11, i.e.: (i) production for food security, nutrition and income generation; (ii) climate change, resilience and environmental sustainability; (iii) gender equality and women's empowerment; (iv) opportunities for youth; (v) business opportunities and partnership with the private sector; and (vi) strategic priorities endorsed by the Executive Management Committee.

59. For IFAD12, as established in the 2021 Regular Grants Policy, all activities financed through regular grants will be required to demonstrate alignment with the regular grants programme strategic objectives (SOs) and relevant replenishment commitments and priorities, and make a concrete contribution towards their achievement. A summary of priority replenishment commitments that could benefit from grant-funded activities under IFAD12 will be presented to the Executive Board for consideration at its December 2021 session.

V. 2022 net regular budget

A. Introduction

60. This will be a critical year to advance the implementation of IFAD's Decentralization 2.0 and to continue along the path of rightsizing staff capacity and capabilities as recommended by the human resources study of 2019. Both of these strategic initiatives were agreed with IFAD's governing bodies following intense consultations, and were deemed relevant and necessary to deepen impact on the ground and to build the foundation for the next steps in the evolution of IFAD's business model.

61. Throughout 2021 IFAD has worked hard to translate the findings of the 2019 human resources study into detailed staffing requirements and a mapping of desired skill profiles with the existing workforce. The results of this dynamic workforce planning (DWP) exercise will be implemented gradually from 2022 until 2024, when the desired staffing structure is planned to be fully in place.

62. For 2022 the DWP yielded a net increase of 40 full-time equivalents (FTEs), based primarily in the field. In line with Decentralization 2.0 plans, this will raise the percentage of field-based staff to 39 per cent. Further decentralization cost drivers include relocating existing staff and setting up and running four new field offices in the West and Central Africa (WCA) and East and Southern Africa (ESA) regions.

63. After three years of budgetary austerity, IFAD is not in a position to absorb the cost of implementing such complex initiatives within its regular budget. Hence, a real budget increase of 3.22 per cent is proposed.

64. During 2021, Management acted upon the request made by Member States at the 131st session of the Executive Board to conduct and share a more in-depth analysis of how administrative efficiency is measured at peer institutions. The objective was to present a more comprehensive picture of the Fund's administrative efficiency and ways to measure progress over time.

65. As a result, the Smart Budget Allocation initiative was presented and discussed at an informal Executive Board seminar in July 2021. Representatives welcomed and strongly supported the analysis and approach taken, commending IFAD for having taking swift action towards greater transparency.

66. Starting in 2023, as indicated above, IFAD intends to present its budget in a new format to clearly delineate programme-related budget items (direct costs) from administrative items (indirect costs) by applying a widely accepted cost-classification framework that is already in use in several United Nations entities.

67. Apart from creating more transparency around costs, this initiative is also intended to improve the way IFAD measures and manages corporate performance and efficiency. The aim is to establish stronger links between corporate priorities and resource needs to further enhance the application of results-based management principles at IFAD. Further information regarding the Smart Budget Allocation will be shared in a separate paper to be distributed for the Executive Board at its 134th session.

B. Budget process

Strategic prioritization

68. In 2022, and most likely for the entire IFAD12 period, Decentralization 2.0 and rightsizing will remain top priorities for IFAD. These efforts will enable IFAD to enhance the delivery of transformational results and ensure that it possesses the right capacities to deliver the services, products and expertise required by Member States.

69. Management has identified the need for more integrated workforce planning that takes into account all implications in terms of budget, functional structuring, staff attrition and talent management, through an enterprise-wide lens. As a result, a new DWP approach was implemented in 2021 to enhance IFAD's responsiveness to change and ability to adapt to operational needs aligned with its mandate. This tool is also being used to implement the findings of the 2019 human resources study.

70. Throughout the budget process, IFAD applied strict prioritization and re-balancing of foreseen activities for 2022 and the coming years to deliver on its IFAD12 commitments as per the Results Management Framework and to complete organizational reforms. The budget submissions of all departments were guided by the corporate priorities mentioned above.

71. In reviewing individual proposals, OSB adopted a clearly defined holistic approach to identify commonalities among submissions and promote savings by aligning cross-divisional activities across the house and to avoid any overlap in funding sources. Embedding strategic prioritization within the budget process is enhancing intra- and interdepartmental cohesion for proposal submission, thereby ensuring that resource allocations focus on what is required to deliver on organizational SOs and ultimately achieve greater impact.

Staff budget process

72. The process for ensuring workforce alignment with corporate priorities in terms of numbers, competencies and skills was streamlined in 2019. The responsibility for addressing workforce matters has been redistributed among three key players, i.e., OSB, the Human Resources Division and the Change Delivery and Innovation Unit (CDI).

73. As indicated above, the DWP has been adopted to address the need for more integrated workforce planning that takes into account all implications in terms of budget, functional structuring, staff attrition and talent management, under an enterprise-wide lens. The aim is to enhance IFAD’s responsiveness to change, agility and ability to adapt to operational needs in alignment with the corporate vision. The DWP initiative is led by the Vice-President of IFAD.

74. The DWP supports IFAD in ensuring that it has the right people in the right jobs at the right time. An evaluation of workforce capacity and capabilities, and the planning of medium-term scenarios, are used to determine and align the desired workforce composition. The DWP process brings together workforce structure (positions), medium-term affordability (budget) and human resources planning elements (people) to develop a sustainable workforce plan to drive talent management initiatives such as succession planning, recruitment and staff development. This allows Management to fill vacant positions more quickly, improve the talent succession plan, and support IFAD’s corporate priorities and the effective implementation of career opportunities that are better matched with staff capacities and capabilities.

75. The DWP exercise translated the high-level findings of the 2019 human resources study into annual staffing plans for each year until 2024, when the final workforce structure, in terms of both capacity and capabilities, should be in place. This process took place under a consultative approach on departmental inputs, ensuring consistency with overall organizational strategy and assessing overall sustainability over the medium term. The exercise was complemented by an external job audit to ensure that all existing and new positions are classified and graded at the appropriate levels. The job audit results are not yet fully reflected in the staffing proposal and will be implemented by budget-neutral solutions.

76. All departments were requested to reflect the outcome of the DWP in their staffing proposals for 2022. This centralized and harmonized approach to workforce planning proved to be very helpful in aligning departmental and divisional needs with IFAD’s overall trajectory in a holistic way.

77. The planned capacity increase will be in key crucial areas supporting IFAD’s new business model – such as field-based security and operations management, audit and legal affairs, risk management, resource mobilization and partnerships and new financial architecture. In addition, it will support highly technical areas in IT and the mainstreaming themes, including nutrition, the Social, Environmental and Climate Assessment Procedures (SECAP), biodiversity, infrastructure and value chains. The proposed 2022 staffing structure will be introduced gradually, as and when it is needed throughout the year, to ensure maximum and optimum use of resources. However, critical positions in key functional areas or locations will be fast-tracked.

78. As in previous years, the departments distributed their proposed staff costs using institutional output groups (IOGs) to map the contribution of each staff member to these groups and to the corporate results pillars.

Non-staff budget process

79. Budget preparation guidelines for non-staff costs were provided and included budget parameters and overall non-staff cost envelopes for each department, based on the approved 2021 budget. With a relatively new system in place and an enhanced focus on strategic prioritization of planned activities, OSB and the Information and Communications Technology (ICT) Division worked closely with departments as they planned for 2022, seeking to find the right balance between ambition for new commitments and the resource availability of their implementation, as well as identifying areas that would require less focus and investments to allow for the big strategic initiatives to proceed.

80. Budget submissions were prepared using the same IOGs as the previous year and no new IOGs were introduced for 2022. A list of the IOGs, together with an indicative budgetary breakdown, is provided in annex III.

81. As in previous years, departments were instructed to use the Hyperion budgeting system to submit their requirements for incremental activities to be charged to complementary and supplementary funds management fees, for inclusion in the gross budget for 2022. The requests were analysed in collaboration with the Financial Controller's Division (FCD).

82. OSB reviewed all budget submissions in the context of corporate priorities and directions set by Management. As in previous years, a review of the time lines for completion of ongoing capital projects was undertaken, and the corresponding recurrent costs and depreciation for 2022 were estimated on the basis of actual depreciation incurred up to August 2021. An in-depth analysis was conducted to review the general inflation and price adjustments applicable to specific cost items, in particular travel and consultancies.

Finally, the guidance, feedback and inputs provided by the Audit Committee and Executive Board during their deliberations on the high-level preview in September were taken into account in preparing the final budget.

Exchange rate and inflation rate assumptions

83. The result of the calculation of the foreign exchange rate, using the agreed foreign exchange rate calculation methodology,[1] was EUR 0.835:US$1. The difference compared to the exchange rate used for 2021 and in the high-level preview (EUR 0.885:US$1) will have a minor adverse impact on the overall budget estimates due to projected expenditures denominated in euros.

84. The inflation adjustment for the 2022 budget is based on the agreed methodology, using specific inflation numbers for several line items and an indication of the global and Italian consumer price indexes for all other costs.

85. A detailed review was performed of the actual consultancy and travel costs incurred in 2020 and 2021 to determine the inflationary components of such drivers. Consultancies posted a minor increase in average contract value of approximately 1.0 per cent, resulting from higher average daily fees. This percentage has been used as an inflation adjustment for consultancy costs.

86. Regarding travel costs, extensive periods of disruption in the face of the global COVID-19 pandemic have led to a lower utilization of already lower budgeted amounts. On the other hand, based on a review of current trends and market data, an increase in ticket unit costs is expected in 2022. Trends show that to avoid increasing ticket costs airlines are excluding ancillaries such as online check-in,

[1] The average of the United Nations Operational Rates of Exchange for the period October 2020 to September 2021.

luggage allotments and seat pre-assignment, which were previously included in the cost of the ticket. This will result in an additional cost increase of about 10 per cent. This percentage price increase has been used as an inflation adjustment for the travel cost component. Industry consolidation is also expected to result in higher costs.

87. A weighted average of 1.3 per cent was adopted for all other costs.

Staff cost assumptions

88. Staff costs for the 2022 budget are based on the following assumptions:

(i) Standard staff costs were developed separately for each grade level, based on an analysis of statistical data on the actual IFAD staff population. An analysis of standard staff costs was performed for General Service and Professional staff categories located at both headquarters and ICOs, by reviewing actual payroll costs – available in IFAD systems for headquarters and data from the United Nations Development Programme (UNDP) for field-based staff. The analysis factored in increased mobility among Professionals and related allowances, embedding potential raises in salary scales and/or salary components (pensionable remuneration) and including the effects of the normal within-grade step increment as well as the EUR:US$ exchange rate.

(ii) The standard costs for 2022 incorporate the following:

(a) Pensionable remuneration for Professionals and above as normally applied by the International Civil Service Commission (slight decrease);

(b) Average post adjustment variation including multipliers applicable to all locations where IFAD has staff (slight decrease);

(c) Pensionable remuneration for Rome-based General Service staff as applied by the International Civil Service Commission (slight decrease);

(d) Salary scales and exchange rate variation applicable to field-based General Service and national Professional staff (slight increase);

(e) Other allowances such as education grants, home leave and repatriation (increase); and

(f) Exchange rate of EUR 0.835:US$1 for 2022 (adverse impact on standard costs).

(iii) While there is no change in salary structure, the overall revision of standard salary costs will lead to a price increase.

C. Proposed staffing level

89. During this year's budgeting exercise, IFAD used the DWP approach strategically to operationalize the findings of the 2019 human resources study and the midterm trajectory of strengthening the field presence by replacing consultants with IFAD staff. For the proposed 2022 staffing complement, IFAD is focusing on those areas where new skills are urgently needed and the D2.0 plan can already be anticipated for a few field-based positions, i.e. regional office resource analysts and assistants, operations managers and data analysts. The new positions will be advertised at the beginning of 2022 to ensure that the new staff capacity is available as quickly as possible.

90. The planned reduction in other areas, such as the administrative skills group, will be implemented gradually until 2024. To pre-empt the reduction in workforce in these areas, IFAD is already streamlining internal processes to make them more efficient. To achieve the proposed reductions resulting from the DWP exercise, a non-voluntary separation programme is under way as part of the People, Processes and Technology Plan (PPTP) in addition to natural attrition.

91. The approved 2021 level of 709.5 FTEs was used as the baseline for 2022. This included 708.5 FTEs funded from the regular budget and 1.0 FTE performing core functions funded from other sources.

92. The proposed regular budget staffing level for 2022 is 748.5 FTEs, for a net increase of 40 FTEs. The increase is the net effect of 69 new staff positions less reductions amounting to 29 FTEs. Of the total 748.5 FTEs funded by the regular budget, an estimated 296 positions will be based in the field in 2022, compared to 111 positions outposted in 2017 before the decentralization exercise began. This will bring the total number of outposted staff to 39 per cent of total IFAD staff (compared to 36 per cent last year). The new staffing structure brings IFAD closer to the IFAD12 Results Management Framework target of 45 per cent, combining an enhanced field presence with a lean and efficient headquarters structure as a result of separations, reassignments and reorganization.

93. In addition to the proposed staffing for 2022, IFAD will begin a gradual conversion of positions under UNDP contracts and service contracts, which are currently funded by the non-staff budget, based on the final D2.0 map and office space availability.

94. The 69 new staff positions across different departments can be summarized as follows:

(i) Twenty-six positions in PMD, the majority of them located in the field, including administrative positions providing cross-departmental support and country programme and regional managers and specialists; these are required to complete the staffing of the newly established regional offices and an expanded country presence with an emphasis on country director-led offices and countries in fragile situations, as well as operational results and monitoring and evaluation activities;

(ii) Ten positions in SKD to boost IFAD’s technical capacity in the areas of nutrition, biodiversity, global green jobs and youth, value chains, infrastructure and SECAP. Most of these positions will be decentralized and located in regional offices to provide technical support to IFAD operations. Five of the positions are in the Environment, Climate, Gender and Social Inclusion Division, four in the Sustainable Production, Markets and Institutions Division and one in the Research and Impact Assessment Division to strengthen internal capacity on impact assessments;

(iii) Eleven positions in FOD to drive needed organizational and business process transformations in the areas of project financial management, fiduciary management and the implementation of new disbursement modalities under the new decentralized structure, supporting the implementation of IFAD’s new Integrated Borrowing Framework and euro medium-term note programme, and enhancing IFAD’s new financial crime function;

(iv) Eight positions in ERG to strengthen IFAD’s global engagement, visibility and partnerships, including implementing a new approach to the communications strategy, leading IFAD’s engagement in follow-up from the Food Systems Summit, including United Nations Rome-based agency coordination and in-country implementation, and strengthening resource-mobilization efforts and engagement with Member States, including reinforcing the New York Liaison Office.

(v) Six positions in CSSG, including two positions dedicated to enterprise risk governance and risk integration to the Office of Enterprise Risk Management (RMO), two positions in LEG to support corporate matters and programme-related operations, one position dedicated to the Office of Audit and Oversight (AUO) and one position in CDI to support IFAD's change, reform and innovation agenda;

(vi) Eight positions in CSD, three of which will be located in ESA, WCA and the Asia and the Pacific regional offices, to support staff security and decentralized office operations, and six positions in the ICT Division, two of which were previously funded by other funding sources, to address the growing corporate needs for new IT products and services and to support business continuity, high-level security and adapt operational IT infrastructure to the new working environment resulting from the COVID-19 pandemic.

95. The total reduction of 29 positions, including the transfers of two development finance specialists within FOD, is part of IFAD's drive for efficiencies and reshaping the role of headquarters vis-a-vis field offices. Those affected include: one Professional staff position in the Treasury Services Division; national officer positions in the Global Engagement, Partnership and Resource Mobilization Division, Latin America and the Caribbean Division, Near East, North Africa and Europe Division and WCA; and General Service positions in PMD, FCD, the Field Support Unit and Financial Management Services Division. All of these positions were proposed by the relevant departments for rationalization to offset the proposed new positions in the same departments.

96. The number of positions chargeable to management fees and funded from the gross budget will be 21.35 FTEs, of which 1.0 FTE is performing core functions. It is proposed that this position continues to be funded from supplementary fund fees as it directly supports the related activities. This represents a net increase of five FTEs due to the increased amount of supplementary funds received by IFAD and related management fees.

Table 5
Indicative staffing requirements, 2019-2022 (FTEs)

	Approved				
Department	*2019 (realigned)*	*2020 (realigned)*	*2021*	*Proposed 2022*	*Total change 2021 vs. 2022*
Office of the President and Vice-President	14	15.5	14	14	-
Corporate Services Support Group	46	50	63	69	6
External Relations and Governance	85	83	84	91	7
Strategy and Knowledge Department	78	82	92	102	10
Programme Management Department	235	249	276	282	6
Financial Operations Department	74	72	72	76	4
Corporate Services Department	100.5	106.5	107.5	114.5	7
Total staff funded by regular budget	**632.5**	**658**	**708.5**	**748.5**	**40**
Staff FTEs funded by other funding sources	1	1	1	1	-
Total staff funded by regular and other sources	**633.5**	**659**	**709.5**	**749.5**	**40**
Staff FTEs chargeable to management fees	14.25	15.25	15.25	20.35	6.1

97. Indicative 2022 staffing levels funded by the regular budget and by department and grade are set out above and in annexes IV and V. Departmental figures are net of planned reductions. The cost implications of the staff budget exercise are set out in subsection E below. The funding and recruitment of new positions will be carefully planned and prioritized during 2022 in accordance with operational organizational needs.

D. Cost drivers

98. The final real and price-related cost drivers for the 2022 budget proposal are as follows:

(i) **Real cost drivers**:

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 proximity to beneficiaries means making 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 will require an estimated 60 per cent of the budget for new and upgraded regional offices and ICOs, 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.
- The total impact of Decentralization 2.0 on future recurrent costs until completion in 2024 is currently projected at approximately US$6.5 million. Those costs are comprised of regional office running costs, ICO new and upgraded facilities running costs, savings from closed ICOs (the Plurinational State of Bolivia and Guatemala) and the United Nations Department for Safety and Security and resident coordinator charges. Regional office costs are highly dependent on the options chosen, e.g. whether rental fees are entailed, and the options are yet to be confirmed. The projected real increase in the 2022 budget related to D2.0 is estimated at US$3.33 million. This will be the biggest increase in recurrent costs in the entire implementation period of D2.0.
- It is worth noting that there is an interlinkage between D2.0 and the implementation of the human resource study.

Staff costs arising from the implementation of the human resources study

- Cost increases are expected in connection with the ongoing implementation of the outcomes of the 2019 human resources study conducted in collaboration with McKinsey. IFAD worked throughout 2020 and 2021 to tailor the initial findings to its specific needs, in order to right-size its workforce with regard to staff capacity and skills by 2024 and rebalance the staff-to-consultant ratio.
- The impact from the implementation of the human resources study on the 2022 regular budget is estimated at approximately US$5.4 million. However, as this exercise was designed to be holistic, it also contains the staffing component from D2.0.

Building back better – Operational adjustments in a post-COVID context

- The effects of the pandemic are still being felt and it is difficult to predict the budgetary adjustments that may need to be made. 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.
- The real budget increases outlined above will be partially offset by a real reduction of 9 per cent in travel costs and 13 per cent in consultancy.

(ii) **Price drivers**:

Staff costs

- Staff costs for 2022 are based on the assumption of no increase in base salaries for either General Service or Professional staff in 2022. Although the International Civil Service Commission did adjust some of the parameters used to determine pensionable remuneration, the resulting increase was factored into the revised standard costs for all IFAD staff categories. The net-pricing effect on the staff cost component is expected to rise as a result of organizational changes, promotions and regular and exceptional within-grade-step increments.

Other costs

- The inflation adjustment for 2022 non-staff budget components is based on the agreed methodology, using specific inflation numbers for several line items and a weighted average of the global and Italian consumer price indexes for all other costs. These adjustments will have an impact on budget lines for consultants, travel, ICT and other costs. Following a review of available industry data, an increase of around 10 per cent in unit prices for travel costs is expected in 2022. Based on historical trends in consultant engagements at IFAD, a price increase of 1 per cent was assumed for this cost category for the 2022 budget.

99. The overall proposed real increase in the 2022 budget is 3.22 per cent and the projected price increase is 1.5 per cent compared to 2021. Based on the long-term strategic trajectory to double IFAD's impact, and as indicated above, senior Management has identified Decentralization 2.0 and rightsizing as top priorities for IFAD. 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.

100. The projected total cost increase for these two major cost drivers is around US$9 million depending on the final selection of D2.0 locations and facilities. A portion of this cost increase can be covered by the proposed real budget increase of 3.22 per cent (US$5.14 million). Another portion of the cost increase from all cost drivers will be offset by a reduction in consultancy costs and travel costs in the amount of US$3.9 million compared to the approved 2021 budget. An overview of increases and decreases in all expenditure categories is provided in table 7 below.

E. Net regular budget proposal

101. As noted above, feedback from the Audit Committee and Executive Board on the high-level preview has been taken into account in preparing the 2022 net regular budget proposal. The latest budget estimates are based on detailed submissions provided by the departments, which have been rigorously reviewed with relevant detailed costing analysis carried out.

102. The 2022 net regular budget is proposed at US$166.9 million, representing a 4.72 per cent nominal increase compared to the 2021 budget of US$159.4 million (as estimated in the high-level preview).

103. The main drivers of the projected nominal increase are: (i) decentralization related costs (US$3.33 million), such as recruitment and relocation and establishment of new ICOs; (ii) net real staff cost increases (US$4.5 million); and (iii) depreciation (US$0.4 million). The nominal increases are offset by: (i) a net real decrease in travel (US$0.65 million); and (ii) a net real decrease in consultancy (US$3.21 million).

Budget proposal by department

104. The budget proposal by department is set out in table 6.

Table 6
Regular budget by department, 2021 and 2022
(Millions of United States dollars)

Department	*Approved 2021*	*Proposed 2022*	*Total change*	*Change (percentage)*
Office of the President and Vice-President	2.77	2.79	0.02	0.7
Corporate Services Support Group	10.73	11.70	0.97	9.0
External Relations and Governance Department	17.22	17.90	0.68	4.0
Strategy and Knowledge Department	15.82	19.59	3.77	23.9
Programme Management Department	60.52	61.58	1.06	1.8
Financial Operations Department	13.12	13.25	0.13	1.0
Corporate Services Department	28.53	30.34	1.80	6.3
Corporate cost centre (allocable)	6.35	5.08	(1.27)	(20.0)
Corporate cost centre (not allocable)	4.35	4.70	0.35	8.0
Total	**159.41**	**166.93**	**7.52**	**4.72**

105. Specific reasons for the changes in 2022 departmental allocations compared to 2021 are as follows:

(i) **OPV.** The slight increase in the budget is mainly due to revised standard salary costs.

(ii) **CSSG.** The CSSG budget reflects the increasing need to ground IFAD’s activity in a stronger corporate governance framework. Risk, compliance, audit, ethics, quality assurance and legal counsel are all key elements of the second line of defence. They provide safeguards for the organization’s financial and programmatic work and ensure that it complies fully with international rules and regulations, guidelines and voluntary commitments reflecting all aspects of IFAD’s role as an IFI for its borrowing Members. The net increase is due to additional positions in some of these areas, as well as revised standard salary costs, the transfer of existing risk management positions from FOD to the newly established RMO in CSSG, and an injection of non-staff costs to adequately support the work needed to address part of the backlog of quality assurance activities along project pipelines.

(iii) **ERG.** The increase in the ERG budget is attributable to additional staff positions to coordinate IFAD’s dialogue and resource mobilization with Member States and donors. The incumbents will advise on how to improve IFAD’s global positioning and bridge 2021 corporate priorities with external interests.

(iv) **SKD.** The budget increase is a result of incremental positions included in the SKD’s budget envelope – partially offset by lower consultancy and travel costs – and an enhanced focus on key activities such as impact assessments, mainstreaming themes knowledge management and private sector.

(v) **PMD.** The increase in PMD's budget is the result of departmental efforts to fund new positions in the field and to reinforce IFAD’s operations and proximity to its beneficiaries, including project design, country strategic opportunities programmes, supervision and implementation support to deliver effectively on IFAD12 commitments.

(vi) **FOD.** The overall FOD budget is increasing in an effort to accommodate the core budget requirements and sustain IFAD's maturing financial architecture. There is also a focus on the provision of financial management oversight for IFAD's operations, including new positions in specialized areas (e.g. financial crime and development finance), while lowering travel and consultancy costs.

(vii) **CSD.** The increase in the CSD budget is driven mainly by additional positions created to support field operations, the IFAD Client Portal (ICP) and ICT security. An increase in non-staff costs is proposed to fully respond to increased needs for technology adaptation to the hybrid working environment and mitigating some of the major risks accumulated over the years due to underinvestment.

(viii) **Corporate cost centre**. Costs under this heading are split between those centrally managed institutional costs that are allocable, such as recruitment, relocations and assignment costs, ICP recurrent costs and Microsoft licensing costs; and those that are centrally managed but not allocable, such as other depreciation and after-service medical costs.

- The non-allocable corporate costs have seen an increase due to higher than expected depreciation costs; and
- The decrease in allocable corporate costs is primarily due to reductions in Decentralization 2.0 budgets due to the revised phasing for ICO upgrades and establishment of new ICOs.

Budget proposal by summary cost category

106. The breakdown of the 2022 budget proposal across major cost categories is shown in table 7 below. A breakdown of cost categories by departments can be found in annex II. The overall final budget proposal is in line with the information contained in the high-level preview. The breakdown by cost categories differs slightly as a result of better cost estimates and cost reduction efforts. To reflect the most recent estimates, an exchange rate of EUR 0.835:US$1 has been applied to the 2022 budget rather than the rate of EUR 0.885:US$1 used in the high-level preview.

Table 7
Analysis of budget by summary cost category, 2021 and 2022
(Millions of United States dollars)

Cost category	*Approved 2021*	*Proposed 2022*	*Total change*	*Change (percentage)*
Staff	95.46	100.85	5.40	5.7
Consultants	24.34	21.13	(3.21)	(13.2)
Duty travel	6.96	6.31	(0.65)	(9.4)
ICT non-staff costs	5.94	6.58	0.63	10.7
Other costs	26.71	32.06	5.35	20.0
Total	**159.41**	**166.93**	**7.52**	**4.72**

107. Consultancy costs for 2022 have decreased, from US$24.34 million to US$21.13 million. The overall decrease is 13.2 per cent or around US$3.21 million. The main reasons for the decrease in consultancy costs is the organizational transition to a dynamic and rightsized workforce.

108. Duty travel shows a decrease of 9.4 per cent compared to 2021 and a 35 per cent decrease compared to pre-COVID levels. Net travel cost reductions reflect a decrease in intercontinental travel in favour of regional and local travel. The design of hybrid working modalities may also have contributed to a sustained net reduction within the more decentralized structure. A significant increase in the unit costs of travel tickets has been absorbed.

109. Recurrent non-staff costs for ICT have risen above 2021 levels as a result of the need to continue to enhance overall ICT infrastructure and cybersecurity, upgrade data analytics tools and support hybrid working modalities.

110. The increase in other costs is attributable to the corporate priority of Decentralization 2.0, which comprises one-time expenditures with minimal or no

future recurrent costs. In the scope of decentralization, examples include interim arrangements for the WCA and ESA regional hubs, and for relocating regional directors and support teams. Building back better with operational adjustments in a post-COVID context is also supported by other costs. The effects of the pandemic are still being felt and costs related to revising procedures for smart working, going digital and facilitating innovation, as well as supporting the required technological changes and adaptations must be taken into account.

IFAD regular budget by results pillars

111. As five years have now passed since the introduction of IOGs, cumulative data is available to analyse trends and draw meaningful conclusions as to how shifting areas of focus could translate into changes in spending and allocation patterns. For this year's budget process, IOGs were again linked more closely to strategic priorities and their relative contributions weighted.

112. Table 8 below shows the 2022 budgets of departments and offices broken down by pillar.

Table 8
Indicative breakdown of regular budget by results pillar, 2022
(Millions of United States dollars)

	Pillar 1	*Pillar 2*	*Pillar 3*	*Pillar 4*	
Department	*Country programme delivery*	*Knowledge building, dissemination and policy engagement*	*Financial capacity and instruments*	*Institutional functions, services and governance*	*Total*
Office of the President and Vice-President	0.10	0.22	0.04	2.42	**2.79**
Corporate Services Support Group	2.14	0.30	0.36	8.90	**11.70**
External Relations and Governance Department	1.08	6.91	3.73	6.19	**17.90**
Strategy and Knowledge Department	7.67	9.84	1.26	0.82	**19.59**
Programme Management Department	55.35	3.56	1.34	1.33	**61.58**
Financial Operations Department	5.54	-	6.85	0.86	**13.25**
Corporate Services Department	3.91	1.89	3.45	21.08	**30.34**
Corporate cost centre:	2.41	-	0.20	7.18	9.78
Corporate cost centre costs (allocable)	2.41	-	0.20	2.48	**5.08**
Corporate cost centre costs (unallocable)	-	-	-	4.70	**4.70**
Subtotal	78.20	22.71	17.23	48.78	**166.93**
Percentage allocation	46.85	13.60	10.32	29.22	**100.00**
Total					**166.93**

113. The above table shows that over 60 per cent of the total budget falls under the operational pillars 1 and 2, while pillars 3 and 4 account for the remaining 40 per cent. The breakdown is slightly different than in 2021, with pillar 1 showing a slight decrease of 2.1 per cent and pillar 2 increasing by 1.6 per cent, while pillars 3 and 4 have not changed in comparison with 2021. This minor redistribution can be explained as the result of increased focus on strengthened IFAD engagement in key global events and other advocacy activities.

114. The breakdown of the budget for each pillar by IOG is shown in annex III, including a comparison to the 2021 and 2020 budgets. Insights can be drawn from observing the trends in IOG distribution over the last three years. In line with Management's commitments in 2022, increased resources are devoted to project design and supervision activities, corporate knowledge and research, global policy engagement and partnerships, resource mobilization and management of additional resources, internal oversight and risk management and human resource management.

F. Gross budget proposal

115. IFAD implements and manages a number of operations for third parties that are external but complementary to the PoLG. These operations are financed using

supplementary funds. Engaging in these partnerships involves additional incremental costs for design, implementation, supervision and administration. These costs are usually funded by management fee income under supplementary fund agreements.

116. The gross budget includes, in addition to the net regular budget, resources required to administer and support incremental work related to supplementary funds. The work to carry out the 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 supplementary funds do not affect the regular budget on a yearly basis. Only incremental costs to support supplementary fund-related activities for ASAP, the European Union, the Spanish Trust Fund and other bilateral supplementary funds are included in the gross budget.

117. For 2022, the cost of supporting supplementary-fund-related work is US$6.8 million over and above the net regular budget of US$166.9 million, which represents an increase of US$2.1 million compared to 2021. This amount can be fully recovered from the annual allocable portion of the fee income generated by ASAP, the Spanish Trust Fund, the European Union and other bilateral contributions.

118. As a result, the gross budget proposed for 2022 amounts to US$173.7 million compared with US$164.1 million in 2021. Approval is being sought only for the proposed net regular budget of US$166.9 million. Table 9 provides a summary of the gross and net regular budget.

Table 9
Indicative gross and net budget for 2022
(Millions of United States dollars)

Cost category	*Approved 2021*	*Proposed 2022*
Gross budget	164.1	173.7
Costs to support supplementary fund activities	(4.7)	(6.8)
Net budget	**159.4**	**166.9**

119. The updated guidelines on cost recovery from supplementary funds have already introduced greater harmonization with other IFIs and United Nations agencies while supporting IFAD's resource-mobilization goals and ensuring cost recovery in line with Governing Council resolutions. The dedicated working group set up in 2020 has concluded its activities to review and further streamline the allocation, monitoring and execution of supplementary funded activities.

G. Efficiency ratios

120. IFAD Management acknowledges that the annual PoLG (and, specifically, disbursements) was historically seen as a key metric for IFAD’s activity level, which was then linked to the resources required to deliver. However, it is important to note that the PoLG is no longer deemed the optimal indicator of resource needs. A more appropriate metric is the total portfolio under management, which also captures activities that IFAD delivers prior to and following the disbursement of loans and grants. Furthermore, as IFAD moves forward with an evolving business model, it is important to align efficiency metrics and reporting of efficiency with the practices of other IFIs.

121. The Smart Budget Allocation inititiative – launched in response to Member State requests for more in-depth and comparative information on administrative efficiency, as outlined above – is intended to present a more transparent picture of the budget beginning in 2023.

122. Under this new approach, programme-related components (direct costs) are clearly segregated from administrative components (indirect costs).

123. For the time being, the administrative expenditures reported include a portion of programme costs, which are not administrative in nature. By applying the new cost-classification framework, it will become evident that approximately 60 per cent of IFAD's current regular budget can be considered programme-related, i.e. directly related to programme delivery.

124. This new and more appropriate way of looking at IFAD's operational expenditures will provide Members with a better understanding of IFAD's efficiency (administrative expenditures as a proportion of portfolio under management). Internal projections already indicate that IFAD is in fact on a par with peer organizations. In addition to this more transparent way of managing its resources, IFAD has also established a quarterly corporate efficiency and performance review at senior Management level that will instill a consistent drive for efficiency and foster a culture that is focused on results. The first such review was held in October 2021.

125. As commitments represent only an initial part of the project lifecycle and a small part of the overall programme implementation, efficiency ratios 1 and 2 do not reflect an accurate picture of IFAD's efficiency.

126. The monetary value of the total active portfolio at the end of 2020 was US$8.6 billion. The value of the portfolio in proportion to total costs is therefore estimated at US$58 for every US$1 of administrative expenditure. The amount of portfolio managed per dollar of administrative expenditure has followed a consistent upward trend from US$43 during IFAD9 and US$46 during IFAD10 periods. Rising efficiency levels also reflect an optimized use of liquidity in the programme, ensuring that resources do not sit idle but are put to work towards the Fund's objectives and goals.

127. In future years, the aim is to achieve a more client-responsive approach to PoLG planning and pipeline development, and to increase the elasticity of IFAD's administrative budget. Accordingly, Management is focusing on a target administrative efficiency ratio, calculated on a 36-month rolling basis in accordance with the Results Management Framework, as a key parameter for the annual budget exercise. As IFAD seeks to address the human capital and technology capacities and capabilities needed for its future operating model, holding the efficiency ratio steady and further improving it will remain a strategic priority.

Table 10
Efficiency ratios
(Millions of United States dollars)

	Actual 2016	*Actual 2017*	*Actual 2018*	*IFAD10*	*Actual 2019*	*Actual 2020*	*Projected 2021*	*Projected IFAD11*	*Projected 2022 (range)*	
PoW										
PoLG	790	1 307	1 159	3 256	1 660	878	1 074	3 612	925	1 200
Other IFAD-managed funds	84	125	171	380	181	28	275	484	100	100
Subtotal	**874**	**1 432**	**1 330**	**3 636**	**1 841**	**906**	**1 349**	**4 096**	**1 025**	**1 300**
Cofinancing	460	833	1181	2 474	3 398	1 079	1 880	6 357	1 242	1 242
Total POW	**1 334**	**2 265**	**2 511**	**6 110**	**5 239**	**1 985**	**3 229**	**10 453**	**2 267**	**2 542**
Value of portfolio under implementation at end of period	**6 846**	**6 860**	**6 846**	**-**	**7 051**	**8 608**	**n.a.**	**n.a.**	**n.a.**	**n.a.**
Total costs										
Regular budget	141.8	145.3	146.95	434.05	150.47	142.74	159.41	452.62		166.93
Costs to support supplementary fund activities	5	6	5.1	16.1	4.7	4.7	4.7	14.1		6.8
Total costs	**146.8**	**151.3**	**152.05**	**450.15**	**155.17**	**147.44**	**164.11**	**466.72**		**173.73**
Efficiency ratio 1: Total costs/PoLG including other IFAD-managed funds	17%	11%	11%	12%	8%	16%	12%	11%	17%	13%
Efficiency ratio 2: Total costs/PoW	11%	7%	6%	7%	3%	7%	5%	4%	8%	7%
Efficiency ratio 3: Portfolio/total costs	47	45	45	-	45	58	n.a.	n.a.	n.a.	n.a.

VI. Capital budget for 2022

Regular 2022 capital budget request

128. The capital budget will be divided into three categories: (i) cyclical and business continuity, to cover capital expenditures that are cyclical or recurrent in nature and have an economic life of more than one year (e.g. regular yearly replacement of desktop and laptop computers and software license upgrades, and replacement of vehicles in ICOs); (ii) 2022 strategic priorities and focus areas; and (iii) other cross-cutting non-priority investments, to fund major IT and other investment projects in line with available capacity for undertaking such projects.

129. Accordingly, the proposed capital budget is intended to support cyclical initiatives for continuity of operations, initiatives relating to corporate priorities and focus areas of work in 2022, and other projects and investments, while contributing to improved efficiencies in operations and cross-cutting themes.

130. The capital budget envelope for 2022 amounts to US$6.5 million, comprising US$1.72 million to cover cyclical or business continuity capital expenditures, US$2.09 million related to the 2022 corporate priorities and an additional investment of US$2.69 million for other cross-cutting initiatives. Major areas for investment in 2022 include the establishment and enhancement of ICOs and regional offices as part of the D2.0 plan and renewal of client hardware and vehicles. Opportunities for system enhancements have been identified to continue the completion of IFAD’s robust financial IT architecture, as well as leveraging institutional efficiency opportunities with targeted projects.

131. Of the total capital budget envelope, US$3.81 million will be dedicated to:

(i) Funding cyclical and other initiatives that are vital for IFAD's systems to function, or "keeping the lights on"; and

(ii) Addressing the 2022 corporate priorities by investing in end-to-end project procurement and establishment of new ICOs.

132. The remaining US$2.69 million will cover the following expenditures:

(i) Enhancement of existing ICOs;

(ii) Financial process improvements;

(iii) Private sector products; and

(iv) Adaptation of systems for IFAD12 monitoring and reporting.

133. The overall capital budget proposed is US$13.70 million. All projects put forward will undergo a detailed evaluation and approval process to ensure that they take into consideration strategic priorities, implementation capacity, future maintenance needs and the containment of recurrent costs, such as depreciation.

134. Based on the current accounting standards being applied by IFAD, depreciation is charged on a straight-line basis over the estimated useful economic life of four years for client hardware and six years for infrastructure hardware, up to a maximum of 10 years for software development. Accordingly, the incremental depreciation for capital expenditure projects based on the current schedule of completion is an estimated US$200,000 in 2022.

Table 11
Capital budget request 2022
(Thousands of United States dollars)

	Proposed	
Category	*US$*	*Percentage*
I. Cyclical and continuity of business operations	1 720	26
II. Strategic priorities and focus areas	2 090	32
III. Other cross-cutting investments	2 690	41
Total	**6 500**	**100**

VII. People, Processes and Technology Plan

135. The PPTP is currently nearing the end of the second year of its three-year implementation period. Considerable progress has been made in the first 18 months on all fronts notwithstanding the challenges faced during the COVID-19 pandemic. Further details on progress and next steps are set out in the separate PPTP update document also presented at the current Executive Board session.

136. In relation to the budget, a cumulative total of US$9.54 million was approved to be drawn down from the Targeted Capacity Investment (TCI) envelope in 2020 and 2021. As of 12 October 2021, actual usage of this allocation amounted to US$6.984 million, leaving US$2.556 million available for use for the remainder of 2021 and 2022 before any additional drawdown request.

137. As noted in the previous PPTP progress update to the Executive Board at its session held in September 2021, Management has leveraged the institutional learning gained so far to shift the focus onto core operational and strategically important areas for the remainder of implementation to enhance the overall impact of the PPTP. As a result, while Management is committed to completing all activities in the plan, significant areas of strategic importance have been identified as priorities for TCI funding for the remainder of implementation: project procurement, loan disbursement, document processing, upskilling and reskilling, and the separation programme.

138. Based on current TCI budget usage and the strategic areas identified for TCI funding going forward, Management proposes the following:

   (i) A final drawdown of US$2.3 million for 2022, including: US$310,000 for targeted upskilling and reskilling; US$705,000 for the staff separation programme; US$1.2 million for implementation of remaining recommendations in the processes workstream, including key aspects of project procurement, loan disbursement and document procession; and US$100,000 for Enterprise Risk Management Framework (ERMF) integration to further embed enterprise risk management into the organization.

139. A full breakdown of TCI budget usage as of 12 October 2021 and proposed drawdown for 2022 can be found in table 12.

140. A detailed update on the progress of the PPTP is provided in a separate document.

Table 12
TCI budget usage as at mid-October 2021 and proposed 2022 drawdown
(Thousands of United States dollars)

		TCI allocated			*TCI actual usage*	*TCI available and proposed drawdown*	
		2020	*2021*	*Total*	*Amount*	*TCI available*	*2022 proposed drawdown*
People	**Strategic workforce planning (SWP)**						
	Development of divisional SWP plans	320	-	320	319	1	-
	Targeted upskilling/reskilling	385	355	740	306	434	310
	Staff separation programme	500	1500	2000	1 446	800	705
	Employee value proposition	-	-	-	-	-	-
	Performance management						
	Dedicated management training and support for supervisors	100	100	200	196	4	-
Processes	**Business process re-engineering**						
	Implementation of first 43 recommendations	1 300	-	1 300	1 298	2	-
	Enhancing business process maturity	350	-	350	80	270	-
	Analysis and implementation of remaining recommendations	800	950	1 750	976	774	1 200
	ERMF						
	ERMF integration	600	160	760	760		100
Technology	Implementation of talent management platform	450	200	650	633	17	-
	Implementation of business process re-engineering technology changes and solutions	570	240	810	561	249	-
	Analysis and piloting of automation use cases (strategic and data-driven)	-	660	660	409	251	-
	Totals	**5 375**	**4 165**	**9 540**	**6 984**	**2 556**	**2 315**

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

I. Introduction

141. **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.

142. **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.

143. **Developing the work programme and budget.** This document provides an update on the progress made in 2021, budget utilization up to September 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

144. 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

145. 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 and one in Malawi in September 2021. Similar local missions are planned for Eswatini and Indonesia by October 2021, 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 prepared the nineteenth Annual Report on Results and Impact of IFAD Operations (ARRI). The report was presented to the September sessions of the Evaluation Committee and the Executive Board. 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 are conducting field visits (where allowed under national regulations). In addition, IOE is conducting desk reviews of the available documentation and remote interviews with stakeholders. The use of other data sources, such as geographic information systems (GIS), is being

[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 was presented 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 September 2021, IOE had published and disseminated to internal and external audiences six evaluation reports;[6] five *Profiles*; five *Insights*; five *Infographics*; 24 news items;[7] 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 and two episodes of a new video series entitled "60 Seconds with the Director". IOE has also launched a new magazine, of which the first issue has been published, and is developing a new division-wide website, for which a full interactive demo and taxonomy tree have been developed.

- **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 September 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. IOE staff also attended the webinar launch of the IDEAS book "Evaluation in Contexts of Fragility, Conflict and Violence"; the Food Systems Pre-Summit 2021 parallel session on "Evidence pathways to gender equality and food systems transformation", and independent dialogue on "The role of evaluation in moving towards zero hunger and sustainable food systems: challenges and solutions".
- IOE was invited to participate in a panel discussion on "learnings and achievements of transformation in climate action" organized by Wilton Park. IOE was also invited to present at the Asian Evaluation Week on lessons from the thematic evaluation on smallholder adaptation to climate change and on its experiences with conducting evaluations under COVID-19-related restrictions. IOE also presented at the European Evaluation Society conference on methodological lessons from the CLE on IFAD's engagement in pro-poor value chain development, completed in 2019; experiences from the evaluation synthesis on community-driven development projects in IFAD-supported projects, completed in 2020; and the methodology of participatory narrative enquiry piloted in impact evaluation in Niger, completed in 2019. IOE is also scheduled to present the findings of the TE on IFAD's contribution to smallholder adaptation to climate change in COP26.

146. **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.

147. 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.

148. 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.

149. 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

150. Table 1 reports on IOE budget utilization in 2020 and 2021 up to September 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 September 2021)
(United States dollars)

Evaluation work	*Approved budget 2020*	*Budget utilization 2020*	*Approved budget 2021*	*Commitment as of September 2021*	*Expected utilization as of year-end 2021*
Non-staff costs					
Travel costs	820 000	140 590	-	55 714	150 000
Consultant fees	1 390 000	1 799 327	-	1 585 966	1 750 000
Evaluation outreach, staff training and other costs	270 390	486 617	-	146 988	500 000
Subtotal	**2 480 390**	**2 426 534**	**2 430 000**	**1 788 668**	**2 400 000**
Non-staff budget utilization (percentage)		**97.8%**		**73.6%**	**98.75%**
Staff costs	**3 388 338**	**2 693 907**[9]	**3 388 338**	**3 163 193**	**3 163 193**[10]
Total	**5 868 728**	**5 120 441**	**5 818 338**	**4 951 861**	**5 563 193**
Total budget utilization (percentage)		**87.25%**		**85.1%**	**95.6%**
Recruitment of IOE Director	**137 000**	**82 533**		**-**	
Evaluation policy	**50 000**	**50 000**		**-**	
Total budget	**6 055 728**	**5 252 974**		**4 951 861**	**5 563 193**

III. IOE 2022 work programme

A. Proposed work programme for 2022

151. 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

[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.

tentative). The work programme for 2022 is the first to operationalize the objectives set out in the multi-year strategy 2022-2027, which are:

(a) 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;

(b) 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;

(c) Engage with Management, Member States and external partners to support **evaluation capacity** and use within and outside IFAD; and

(d) 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.

152. 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.

153. 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.

154. In late 2022, IOE will start a corporate-level evaluation on knowledge management at IFAD. The purpose of the evaluation is to enhance programme effectiveness, including the strengthening of the design of country strategies, project design and quality assurance. The evaluation will be completed in 2023. This evaluation is well aligned with the priorities for topics for strategic evaluations identified in the IOE multi-year evaluation strategy.

155. 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.

156. 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.

157. Also in 2022, IOE will pilot the evaluation synthesis in a new format, the synthesis note. The note on revised evaluation products of IOE[11] 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.

158. 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]

159. 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 were made to select projects in countries and contexts with less evaluation coverage in the past. In 2022, IOE will undertake PPEs in Cuba, Egypt, Lao People's Democratic Republic, Togo and Zambia. The names of the proposed projects are provided in table 1 of annex III.

160. 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.

161. 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.

162. 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.

---

[11] https://webapps.ifad.org/members/ec/111/docs/EC-2020-111-W-P-5.pdf.
[12] https://sustainabledevelopment.un.org/topics/sids/list.

163. 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

164. 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	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

165. 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.

166. **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) standard staff costs provided by Office of Strategic Budgeting (OSB) used for calculating total staff costs; (ii) inflation will be absorbed to the greatest extent possible; and (iii) an exchange rate of US$1:EUR 0.835. The parameters are subject to change once the Office of Strategic Budgeting provides IOE with the updated exchange rate and updated standard staff costs.

167. **Budget by type of activity.** IOE proposes to undertake five new CSPEs, five new PPEs, the new ARRI and one new thematic evaluation (TE) and one new CLE 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.

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

Type of activity	*Approved 2019 budget (US$)*	*Approved 2020 budget (US$)*	*Approved 2021 budget (US$)*	*Absolute number 2021*	*Level of effort 2021*	*Proposed 2022 budget (US$)*	*Absolute number 2022*	*Level of effort 2022*
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	4	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[13]	420 000	42[14]	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**	-	-

168. **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.

Table 4
Proposed 2022 budget allocation by strategic objectives

Strategic objectives	*Budget*	*% of total budget*
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.

[13] 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.
[14] Ibid.

169. **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

Type of activity	*Proposed 2022 budget*	*Gender component (percentage)*	*US$*
Non-staff costs			
ARRI	120 000	12	14 400
CLEs/TE[15]/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

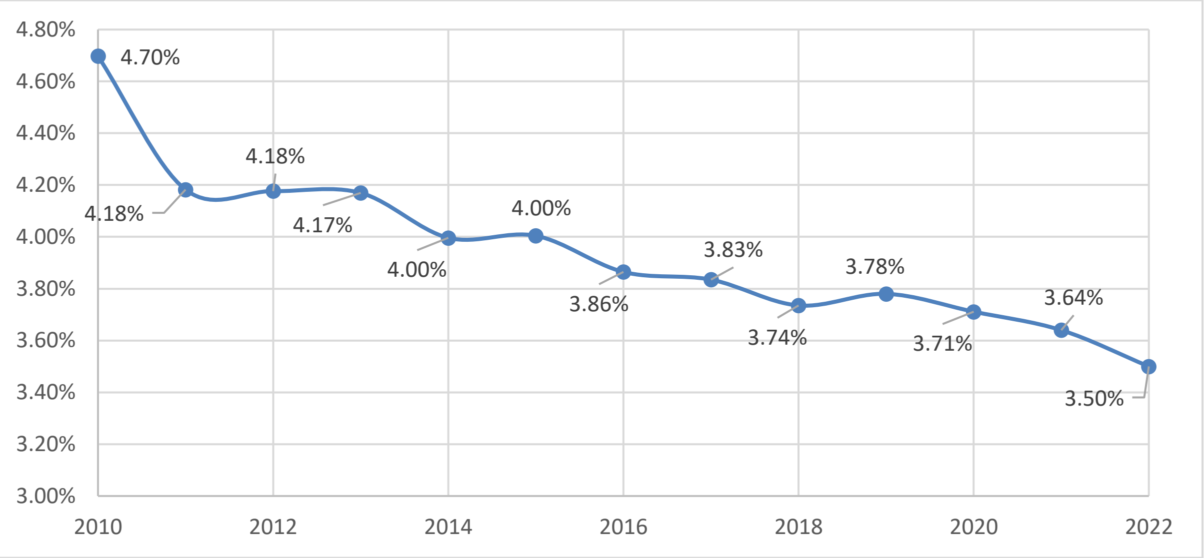
170. **Current proposal.** The proposed 2022 budget totals US$5.85 million, US$30,000 more than the approved budget for 2021. This represents a 0.51 per cent nominal increase, and is lower than the budget requested 10 years previously in 2012, which was US$6.02 million, and lower than the budget requested in 2020, which was US$5.86 million.[16]

171. 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 level of carry-over for IOE will follow the agreement made for IFAD's administrative budget and its utilization will be in line with the relevant organization guidelines.

172. **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). Over the years IOE has sought to streamline processes and products and absorb cost increases to the extent possible.

[15] 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.
[16] 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.

Figure 1
IOE budget as a percentage of IFAD regular administrative budget (2010-2022)



173. 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$3.5 billion, which when spread over three years comes to US$1.16 billion annually.[17] Thus, IOE's proposed budget of US$5.85 million represents approximately 0.5 per cent of IFAD's PoLG.

174. 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.

[17] At the 133rd session of the Executive Board in September 2021, a PoLG of US$3.5 billion was approved. However, this could change depending on further replenishment commitments for IFAD12.

Part three – Enhanced Heavily Indebted Poor Countries Initiative progress report for 2021

I. Introduction

175. The objective of this progress report as at 30 September 2021 is to:

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

II. Background

176. The HIPC Debt Initiative was established in 1996 as a joint collaboration between the World Bank and the International Monetary Fund and other multilateral institutions, including IFAD, with the aim of providing debt assistance to some developing countries. The HIPC Initiative does not affect the preferred creditor status of participating institutions. Neither is it seen as a mechanism to settle arrears, and indeed one of the preconditions for a country's eligibility to become a beneficiary of the HIPC Initiative is not having arrears. A percentage of debt is forgiven, on a pay-as-you-go basis, by all participating lenders following satisfactory economic performance/reforms.[18]

177. The Governing Council, at its twentieth session held in February 1997, approved IFAD's participation in the International Monetary Fund (IMF) and World Bank Debt Initiative for Heavily Indebted Poor Countries as an element of IFAD's broader policy framework for managing operational partnerships with countries that have arrears with IFAD, or that face the risk of having arrears in the future because of their debt-service burden (see EB 96/59/R.73 and GC 20/L.6, resolution 101/XX). The Governing Council delegated authority to the Executive Board to approve, on a country-by-country basis, the debt relief required from IFAD as part of the overall HIPC Debt Initiative effort to reduce a country's debt to a sustainable level.

178. In February 1998 IFAD established a HIPC Trust Fund to receive resources from IFAD and from other external sources, specifically dedicated as compensation to the loan-fund account(s) for agreed reductions in loan repayments under the Initiative. Contributions may be denoted either for the relief of debt of specific countries, or for the general relief of those countries included in the HIPC programme. In 2006, to mitigate the impact of debt relief on resources available for commitment to new loans and grants, Member States supported IFAD's formal access to the HIPC Trust Fund administered by the World Bank. Since then, two thirds of HIPC debt relief has been funded by the World Bank HIPC Trust Fund.

179. HIPC debt relief is provided upon reaching certain milestones, which are closely monitored by the World Bank and IMF:

- **Pre-decision point:** Countries are monitored by IMF and the World Bank to determine arrears settled or going to be settled, as well as for indications of macroeconomic reforms.
- **Decision point:** The World Bank and IMF review macroeconomic conditions in the country and, if satisfactory, declare the decision point to have been reached, upon which debt relief is quantified. A number of assumptions such as the discount factor or common reduction factor are defined at decision point.

[18] The enhanced HIPC Initiative was adopted by the World Bank and IMF in the fall of 1999 to accelerate the delivery of HIPC Initiative assistance and link debt relief more firmly and transparently to poverty reduction. At the same time, the enhancements more than doubled the projected amount of relief to be provided under the original initiative.

- **Interim debt relief:** In some cases, as endorsed by the World Bank and IMF, interim debt relief is provided during the intervening period between the decision point and completion point.
- **Completion point:** Debt relief is provided.

180. Debt relief is provided through the reduction by up to 100 per cent of the respective country's semi-annual debt-service obligations to IFAD (principal, service charges and interest payments), as these fall due, up to the aggregate net present value amount approved.

III. Progress in the implementation of the HIPC Initiative

Completion point countries

181. Progress has been made in the implementation of HIPC since the Initiative's inception. Approximately 92 per cent of eligible countries (35 out of 38) have reached completion point, thereby benefiting from HIPC assistance (see table 1 below). Completion point countries are entitled to debt relief for an amount of about US$529 million. As at 30 September, debt relief already provided amounted to US$511 million, with a remaining balance of approximately US$17 million in debt relief to be provided in future periods.

Decision point countries

182. Substantial progress has been made in the past year with two countries, Somalia and Sudan, reaching the decision point. The IMF and International Development Association (IDA) executive boards have agreed to support a comprehensive debt-reduction package for both countries under the enhanced HIPC Debt Initiative.

Somalia

183. In March 2020 Somalia passed the decision point and qualified for HIPC assistance. As a precondition to allow the debt relief to be effected at completion point (currently forecast in 2023), arrears have to be cleared with all international financial institutions.[19] Somalia does not as yet qualify for HIPC debt relief in IFAD's case, as the country still has long outstanding loan arrears. Management is supporting the Government of Somalia to find a suitable solution in line with the clearance practices adopted by other financial institutions.

184. During 2021, assistance was provided by the Government of Belgium to support clearance of Somalia arrears to IFAD for an amount of EUR 2.5 million. Consequently, Somalia's outstanding (principal and interest) amounts decreased from special drawing rights (SDR) 20.0 million to SDR 17.9 million as at 3 September 2021. The HIPC Initiative will cover an estimated SDR 13.8 million[20] in nominal terms, leaving a shortfall of SDR 4.1 million to be cleared. Member States are encouraged to provide the Fund with additional resources to directly support financing Somalia's participation in the HIPC Initiative. Management will inform the Executive Board on progress made and will submit a proposal for approval to the Board at a forthcoming session in 2022.

Sudan

185. On 29 June 2021, Sudan also reached the decision point, and the IMF and IDA executive boards agreed to support a comprehensive debt-reduction package for the country under the enhanced HIPC Initiative.[21] Based on June 2021 World Bank and IMF data, Sudan would be entitled to HIPC debt relief for an amount of SDR 72.4 million in nominal terms (or SDR 65.3 million in net present value terms); and to the provision of interim debt relief for an estimated amount of

[19] Nearly all the country's official external debt was in arrears at end-2018, including to IDA, IMF and the African Development Bank (AfDB). Somalia has now cleared its arrears to IDA and the AfDB, and has agreed an approach to clear its arrears to the IMF, which has granted interim assistance.
[20] Somalia debt relief is forecast at SDR 12.6 million in net present value terms.
[21] Sudan has cleared arrears to four multilateral development banks, including IDA and AfDB, both of which have also approved interim debt relief to advance support to the country.

SDR 15.2 million in nominal terms. A floating completion point date was forecasted for 2024. Management notes the recent developments in Sudan and is liaising with the World Bank and IMF to ensure a coordinated HIPC debt relief approach.

Pre-decision point country

186. As at 30 September 2021, Eritrea was still at the pre-decision point stage and has yet to start the process of qualifying for debt relief under the Initiative. Debt relief is forecast for an amount of approximately SDR 14.0 million. The main debt relief assumptions and conditions have yet to be confirmed by the World Bank and IMF.

187. The table below provides an illustrative summary of countries participating in the enhanced HIPC Initiative by stage.

Table 1
Member States participating in the enhanced HIPC Initiative, by stage

Completion point countries (35)	*Decision point countries (2)*	*Pre-decision point countries (1)*
Benin	Somalia	Eritrea
Bolivia (Plurinational State of)	Sudan	
Burkina Faso	-	
Burundi	-	
Cameroon	-	
Central African Republic	-	
Chad	-	
Comoros	-	
Congo	-	
Côte d'Ivoire	-	
Democratic Republic of the Congo	-	
Ethiopia	-	
Gambia (The)	-	
Ghana	-	
Guinea	-	
Guinea-Bissau	-	
Guyana	-	
Haiti	-	
Honduras	-	
Liberia	-	
Madagascar	-	
Malawi	-	
Mali	-	
Mauritania	-	
Mozambique	-	
Nicaragua	-	
Niger	-	
Rwanda	-	
Sao Tome and Principe	-	
Senegal	-	
Sierra Leone	-	
Togo	-	
Uganda	-	
United Republic of Tanzania	-	
Zambia	-	

IV. Total IFAD commitments to the HIPC Initiative

188. The Fund's participation in the overall enhanced HIPC Initiative corresponds to US$672.8 million, as indicated in table 2 below. The actual amount may vary from the current estimates depending on changes in economic conditions, HIPC discount rates and potential delays in the remaining countries reaching the decision and completion points.

Table 2
HIPC commitments
(millions of SDR and millions of United States dollars)

	NPV		*Nominal*	
	SDR	*US$*[a]	*SDR*	*US$*[a]
Completion point countries (*approved*)	247.2	348.7	375.1	529.2
Decision point countries[b]	77.9	110.0	86.2	121.6
Pre-decision point	12.6	19.7	15.6	22.0
Total	**339.0**	**478.4**	**476.9**	**672.8**

[a] Exchange rate prevailing on 30 September 2021 of 1.410935.
[b] Figures include Somalia at pre-decision point; IFAD will submit a decision point proposal to the Executive Board at a forthcoming session for approval.

189. As at 30 September 2021, the Fund had provided debt relief amounting to US$511.9 million to eligible countries at completion point, while future debt relief already approved for completion point countries is equivalent to US$17.3 million. It should be noted that IFAD future commitments, including cases yet to be approved, will amount to US$160.9 million, as shown in table 3 below.

Table 3
HIPC debt relief for completion point countries
(millions of SDR and millions of United States dollars)

		Nominal	
		SDR	*US$*[a]
Debt relief provided			
Completion point countries		**362.8**	**511.9**
Future debt relief			
Completion point countries	*Approved*	*12.3*	*17.3*
Decision point	*To be approved*	*86.2*	*121.6*
Pre-decision point	*To be approved*	*15.6*	*22.0*
Sub-total future debt relief		**114.1**	**160.9**
Total		**476.9**	**672.8**

[a] Exchange rate prevailing on 30 September 2021 of 1.410935.

V. Financing IFAD HIPC debt relief

190. IFAD funds its participation in the HIPC Initiative with external contributions (either paid directly to IFAD or transferred through the HIPC Trust Fund administered by the World Bank) and its own resources. External contributions[22] paid amount to about US$287.1 million (52.7 per cent), and contributions from IFAD's own resources amount to about US$249.3 million (45.8 per cent) for transfers made from 1998 to 2021. The remainder is covered by investment income from the IFAD HIPC Trust Fund balance of approximately US$8.4 million (as at end-September 2021).

191. To mitigate the impact of debt relief on resources available for commitment for new loans and grants, Member States have supported IFAD's formal access to the HIPC Trust Fund administered by the World Bank. As agreed in 2006, and in accordance with the enhanced HIPC Initiative procedures, two thirds of HIPC entitlements are compensated by the World Bank HIPC Trust Fund, while the remaining portion is funded by IFAD resources, which may include additional contributions from Member States. Since 2006 IFAD has signed several grant agreements bringing the total received to date to US$215.6 million to cover completion point debt relief.

[22] External contributions include contributions from Member States in the amount of US$71.5 million and contributions from the World Bank HIPC Trust Fund in the amount of US$215.6 million.

192. As mentioned above and as shown in table 4 below, future debt relief for decision point countries is estimated at approximately US$121.6 million, and compensation from the World Bank HIPC Trust Fund is estimated at US$81.1 million, leaving a remaining balance of US$40.5 million that would have an impact on IFAD resources. Providing HIPC debt relief without commensurate funding for the IFAD portion will result in a reduction in IFAD's capital and thus a reduction in financial and commitment capacity. In advance of the completion point being reached, Management will present a plan with a set of potential options. Among the options included, Management will propose the use of the reserve under IFAD12 that Members agreed to set aside for this purpose.

Table 4
Estimated funding for decision point countries
(Estimates as at 30 September 2021, amounts expressed in millions of United States dollars)

	World Bank HIPC Trust Fund	*IFAD portion*	*Total decision point debt relief*
Future debt relief			
Sudan	68.1	34.0	102.1
Somalia	13.0	6.5	19.5
Total	**81.1**	**40.5**	**121.6**

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

Part four – Progress report on implementation of the performance-based allocation system and 2022 lending terms

I. Introduction to the performance-based allocation system

194. IFAD adopted the PBAS to allocate resources to partner countries in 2003. Since then, the application of the PBAS has provided IFAD with a transparent and predictable approach to resource allocation. The current PBAS formula is the result of a review initiated after a CLE[23] conducted by IOE in 2015 and 2016. The CLE concluded that the adoption of the PBAS had enhanced the Fund's credibility as an international financial institution, and also pointed out areas for further improvement of the PBAS formula.

195. Following consultations with Members through the Executive Board Working Group on the PBAS, the Executive Board approved the updated PBAS formula in September 2017.[24] The formula reads as follows:

$$(\boldsymbol{RuralPop}^{0.405} \times \boldsymbol{GNIpc}^{-0.265}) \times \ \mathbf{IVI}^{0.95} \times (\mathbf{0.35}\boldsymbol{RSP} + \mathbf{0.65}\boldsymbol{PAD})^{1}$$

196. The above PBAS formula has been used to generate the allocations for both IFAD11 and IFAD12. Table 1 provides an overview of the features of each formula variable, its function within the formula and how it affects the allocations.

Table 1
IFAD12 PBAS formula variables

	Variable	*Function within the formula*	*Features*
Country needs component	Gross national income per capita (GNIpc)	This variable is used as a poverty measure indicator, and hence is negatively correlated with the allocation (with an exponent of -0.265). The lower the per capita income, the higher the allocation.	Common to all multilateral development bank (MDB) performance-based systems for allocating resources.*
	Rural population	This variable complements GNIpc as a measure of a country's need. The size of the rural population positively affects allocations (with an exponent of +0.405). The higher the rural population, the higher the allocation.	The rural focus of this variable is in line with IFAD's mandate. Other MDB performance-based systems for allocating resources use the total population.
	IFAD Vulnerability Index (IVI)	The IVI was created in 2017 to capture the multidimensionality of rural poverty. It is an index of 12 indicators that measures rural vulnerability in terms of exposure, sensitivity and lack of adaptive capacity to endogenous and exogenous causes and/or events. Each of these sub-indicators can be associated with one or more IVI focus areas (food security, nutrition, inequality and climate vulnerability). The IVI positively impacts allocations, with an exponent of 0.95. The higher the IVI, the higher the allocation.	IFAD-specific index.
Country performance component	Rural sector performance assessment (RSPA)	The RSPA was developed by IFAD to measure the quality of policies and institutions in areas related to rural development and rural transformation, as well as governance and macroeconomic performance. The RSPA captures robust information about a country's policy framework, focusing on the rural sector and areas influencing it. The RSPA affects allocations positively (with a weight of 0.35). The higher the RSPA, the higher the allocation.	IFAD-specific since it focuses on the rural sector; other MDBs have an equivalent variable to assess the performance of country policies and institutions.
	Portfolio performance and disbursement (PAD)	The PAD variable measures the overall performance of the portfolio by combining two complementary measures. A positive measure – disbursement – is used as a proxy for the agility and pace of portfolio implementation. A negative one – actual problem projects – measures the percentage of the ongoing portfolio in which implementation is unsatisfactory.	IFAD-specific since it is tailor-made to assess the performance of IFAD's portfolio at the country level; each MDB uses a tailor-made portfolio performance measure in its allocation system.

* GNIpc is also included in the performance-based allocation systems of the World Bank's International Development Association, the African Development Bank, Asian Development Bank, Caribbean Development Bank and European Development Fund.

[23] EB 2016/117/R.5.
[24] Details of the review process and a full description of each formula variable can be found in document EB 2017/121/R.3.

II. Application of the PBAS in IFAD11

197. In December 2018 Management presented to the Executive Board the PBAS allocations for the IFAD11 period (2019-2021). In line with IFAD11 commitments,[25] 80 countries were included in the allocations calculation following the application of country selectivity. With regard to financing for country groupings, 90 per cent of IFAD's core resources were allocated to low-income countries (LICs) and lower-middle-income countries (LMICs). The remaining 10 per cent of IFAD's core resources were allocated to upper-middle-income countries (UMICs). Management also ensured that between 25 per cent and 30 per cent of core resources were allocated to countries with fragile situations, 50 per cent to Africa and 45 per cent to sub-Saharan Africa. In addition, IFAD allocated approximately two thirds of its core resources on highly concessional terms.

198. In the same year, the Executive Board approved Management's proposal to adjust the share of DSF-related grant resources allocated to eligible countries while maintaining their overall IFAD11 allocations. This enabled IFAD to maintain the total proportion of DSF resources at the share established as part of the IFAD11 financial framework.[26] In line with this decision, and to ensure that the principles of financial sustainability were upheld, in 2019 the Board approved Management's proposal to maintain the 2019 allocations for all countries for the whole cycle, rather than updating them every year.[27] This decision further enhanced the principles of predictability and stability underlying the rationale for the use of a PBAS formula to allocate resources, as it eliminated the yearly variation in allocations by country. By so doing, it also ensured that countries that had projects approved during the first year of the cycle or were in advanced stages of design could receive allocations equal to their programmed resources. This decision facilitated forward planning throughout the IFAD11 cycle.

199. Further information regarding the application of the PBAS during IFAD11 is provided in the addendum.

III. Country selectivity in IFAD11 and IFAD12

200. During the IFAD11 Consultation, Members agreed on a number of PBAS-related commitments. These commitments introduced country selectivity in order to allocate resources more effectively[28] and set targets for the portion of resources that should be allocated to various country groupings. During the IFAD12 Consultation, Members agreed to maintain the use of actionable country selectivity criteria to access PBAS resources.[29] The criteria are as follows:

   (i) **Strategic focus:** Existence of a valid country strategic opportunities programme or country strategy note early in the PBAS cycle. This ensures that qualifying countries have a strategic vision on the use of IFAD resources and are therefore ready to engage in concrete operational discussions;

   (ii) **Absorptive capacity:** All operations in a country that have been effective for more than one year must have disbursed funds at least once in the previous 18 months. This provides a practical measure of resource absorption capacity and allows the Fund to sequence new designs more closely with implementation support and non-lending activities; and

[25] GC 41/L.3/Rev.1.
[26] EB 2018/125/R.4/Add.1.
[27] EB 2019/128/R.3/Add.2.
[28] Until IFAD10, the decision to include or exclude countries was based on indications of demand by Member States through dialogue with IFAD's country teams. This practice led to inefficiencies: in a given PBAS cycle, close to 20 per cent of countries having expressed their willingness to receive PBAS funding at the beginning of each cycle did not transform those commitments into operations as a result of changes in country conditions and priorities. During IFAD10, 19 per cent of the countries that entered the cycle were later dropped. See the IFAD11 Report, GC 41/L.3/Rev.1.
[29] GC 44/L.6/Rev.1.

(iii) **Ownership:** No approved loans are pending signature for more than 12 months. This proxy ensures adequate ownership and commitment to facilitate the use of IFAD's resources.

201. Management has applied these selectivity criteria and ensured compliance for all countries entering the IFAD12 cycle. The addendum to this progress report provides the full list of countries concerned.

IV. Country grouping allocations: IFAD12 commitments

202. With regard to financing for country groupings, Members of the IFAD12 Consultation agreed that Management would allocate 100 per cent of IFAD's core resources to LICs and LMICs selected for allocations in IFAD12.[30] Management would also ensure that at least 25 per cent of core resources are allocated to countries with fragile situations, 55 per cent to Africa and 50 per cent to sub-Saharan Africa. Taking note also of the IFAD12 financial framework to ensure the Fund's long-term financial sustainability, including the amount of grants to be allocated in line with the DSF mechanism, the IFAD12 Consultation agreed to create two separate pools of core resources: one specific to DSF-eligible countries and another for LICs and LMICs that are not DSF-eligible. The IFAD12 PBAS allocations have been determined in line with this decision. More information regarding IFAD12 allocations and their country grouping distribution is provided in the addendum.

V. Country lending terms for 2022

203. IFAD's lending terms for borrowers include loans on highly concessional, blend and ordinary terms. The lending terms are determined in accordance with the Policies and Criteria for IFAD Financing, primarily based on two criteria: (i) the borrower's GNIpc as calculated by the World Bank Atlas methodology; and (ii) an assessment by the President of IFAD taking into account the country's creditworthiness.

204. The Transition Framework[31] approved by the Executive Board in December 2018 establishes the overall principles and procedures for the transition and reversal of a country's lending terms eligibility. The lending terms applicable to each country are reviewed prior to the start of every replenishment period and are effective in principle for the entire three-year period. If IFAD finds that a country has become eligible for less concessional terms, the new terms are applied gradually over the replenishment period using a phasing-out/phasing-in mechanism. The lending terms are reviewed annually. In any such review, if a country becomes eligible for a reversal to more concessional terms, the reversal is effective the following calendar year.

205. In addition, for LICs that are eligible for highly concessional terms, the Fund determines whether a borrower may be eligible for grants or a mix of loans on more concessional terms under the DSF. In December 2019, the Executive Board approved a DSF reform[32] to tailor IFAD response by introducing granularity of concessionality and to maximize the use of official development assistance for the poorest countries, while adhering to the international architecture of support for debt distress management:

(i) Countries in debt distress or at high risk of debt distress receive 100 per cent of their allocation on grant terms;

(ii) Countries at moderate risk of debt distress with limited or some space to absorb shocks are provided a financing package comprising 80 per cent of their allocation on super highly concessional terms and 20 per cent on highly

[30] Ibid.
[31] EB 2018/125/R.7/Rev.1.
[32] EB 2019/128/R.44.

concessional terms through the application of repayment terms for small states, resulting in a concessionality level of 71 per cent;

(iii) Countries at moderate risk of debt distress with substantial space to absorb shocks receive 100 per cent of their allocation on improved highly concessional terms (lending terms with higher concessionality than regular highly concessional terms through the application of repayment terms for small states), with a concessionality level of 63 per cent; and

(iv) Countries at low risk of debt distress have access to highly concessional terms.

206. Based on the above, the final lending terms applicable in 2022 have been determined as follows:

Table 2
Country lending terms for 2022

B – Blend

D – DSF grant (countries in high risk of debt distress or in debt distress)

SHC/HC – Super highly concessional/highly concessional (countries in moderate risk of debt distress with some/limited space to absorb shocks)

HC – Highly concessional

O – Ordinary

Transition (green)
Reversal (yellow)

Country	Lending terms
Afghanistan	D
Angola	O
Argentina	O
Armenia	O
Azerbaijan	O
Bangladesh	Blend
Belize	O
Benin	SHC/HC (80/20)
Bhutan	HC
Bolivia (Plurinational State of)	O
Bosnia and Herzegovina	O
Botswana	O
Brazil	O
Burkina Faso	HC
Burundi	D
Cabo Verde	HC
Cambodia*	Blend
Cameroon	Blend
Central African Republic	D
Chad	D
China	O
Colombia	O
Comoros	SHC/HC (80/20)
Democratic Republic of the Congo	SHC/HC (80/20)
Congo	Blend
Costa Rica	O
Côte d'Ivoire	Blend

Country	Lending terms
Cuba	O
Djibouti	HC
Dominica	HC
Dominican Republic	O
Ecuador	O
Egypt	O
El Salvador	O
Equatorial Guinea	O
Eritrea	D
Eswatini	O
Ethiopia	D
Fiji	HC
Gabon	O
Gambia (The)	D
Georgia	O
Ghana	Blend
Grenada	HC
Guatemala	O
Guinea	SHC/HC (80/20)
Guinea-Bissau	D
Guyana	HC
Haiti	D
Honduras	Blend
India	O
Indonesia	O
Iraq	O
Jamaica	O
Jordan	O
Kazakhstan	O
Kenya	Blend
Kiribati	D
Kyrgyzstan	SHC/HC (80/20)
Lao People's Democratic Republic	Blend
Lebanon	O
Lesotho	Blend
Liberia	SHC/HC (80/20)
Madagascar	SHC/HC (80/20)
Malawi	SHC/HC (80/20)
Malaysia	O
Maldives	D
Mali	SHC/HC (80/20)
Marshall Islands	D
Mauritania*	Blend
Mauritius	O
Mexico	O
Republic of Moldova***	O

Country	Lending terms
Mongolia**	O
Montenegro	O
Morocco	O
Mozambique	D
Myanmar	Blend
Namibia	O
Nepal	HC
Nicaragua	Blend
Niger	SHC/HC (80/20)
Nigeria	Blend
Pakistan	Blend
Panama	O
Papua New Guinea	Blend
Paraguay	O
Peru	O
Philippines	O
Rwanda	SHC/HC (80/20)
Samoa	D
Sao Tome and Principe	D
Senegal*	Blend
Sierra Leone	D
Solomon Islands	SHC/HC (HC SSE)
Somalia	To be updated****
South Africa	O
South Sudan	D
Sri Lanka	O
Saint Vincent and the Grenadines	HC
Sudan	D
Suriname	O
Syrian Arab Republic	HC
Tajikistan	D
United Republic of Tanzania	HC
Thailand	O
Timor-Leste	HC
Togo	SHC/HC (HC SSE)
Tonga	D
Tunisia	O
Turkey	O
Tuvalu	D
Uganda	SHC/HC (80/20)
Uzbekistan	Blend
Vanuatu	SHC/HC (80/20)
Venezuela (Bolivarian Republic of)	To be updated****
Viet Nam	O
Yemen	To be updated****
Zambia	Blend
Zimbabwe	HC

Notes:

*Country is transitioning to blend terms through the phasing-out/phasing-in mechanism (EB 2018/125/R.7/Add.1), a gradual transition towards less concessional terms:

- Projects approved by the Executive Board during 2022 will be funded on 67 per cent highly concessional terms and 33 per cent blend terms;
- Projects approved during 2023 will be funded on 50 per cent highly concessional terms and 50 per cent blend terms; and
- Projects approved during 2024 will be funded on 33 per cent highly concessional terms and 67 per cent blend terms.

**Country is transitioning to ordinary terms through the phasing-out/phasing-in mechanism (EB 2018/125/R.7/Add.1), a gradual transition towards less concessional terms:

- Projects approved during 2022 will be funded on 67 per cent blend terms and 33 per cent ordinary terms;
- Projects approved during 2023 will be funded on 50 per cent blend terms and 50 per cent ordinary terms; and
- Projects approved during 2024 will be funded on 33 per cent blend terms and 67 per cent ordinary terms.

***The Republic of Moldova is not eligible for the phasing-in/out mechanism as the country graduated to UMIC classification effective 1 July 2021 and is therefore eligible for BRAM resources only under loans on ordinary terms.

****To be updated: The arrears monitoring issued on 10/10/2021 shows that the country is in arrears status. The lending terms will be updated once arrears are cleared.

Part five – Recommendations[33]

207. In accordance with article 7, section 2(b), of the Agreement Establishing IFAD, the Executive Board has approved and is transmitting to the Governing Council:

- The programme of loans and grants for 2022 at a level of up to SDR 846.28 million (US$1,200 million), which comprises a lending programme of SDR 828.65 million (US$1,175 million) and a gross grant programme of SDR 17.63 million (US$25 million). It is noted that the programme of loans and grants has been approved at this level for planning purposes and will be adjusted as needed during 2022 in accordance with available resources.

208. The Executive Board considered options A and B set out in the Conference Room Paper (EB2021/134/C.R.P 1) and decided to submit for approval by the Governing Council in 2022, option B for IFAD’s 2022 results-based programme of work and regular and capital budgets.

209. The Executive Board further requested Management to ensure that the adoption of this option will have no impact on frontline operation-related objectives and activities planned for 2022, including South-South and Triangular Cooperation; and that adjustments will be equitably distributed among departments. The Board noted that this significant real increase in the regular and capital budgets was being approved on an exceptional basis to support the costs associated with Decentralization 2.0 and the DWP exercise and does not set a precedent for future budget discussions. Therefore, budget execution in 2022 should not pre-empt increases of the budget envelope for subsequent years.

210. The Board called upon Management to:

- Enhance the budget formulation process, including through the provision of a medium-term budget outlook, which provides indicative budget expenditures by line item and an explanation of the costs associated with key anticipated reforms such as Decentralization 2.0 and the DWP exercise, and allowing for timely consultation.
- Bring together all budget lines to provide a comprehensive summary of the budget for greater transparency.
- Provide a strategic overview of the DWP exercise and Decentralization 2.0 and their implementation modalities, including a detailed discussion of the full cost implications as realized during IFAD11 (2019-2021) and projected for IFAD12 (2022-2024).
- Ensure that costings are provided for all new strategies and policies to avoid future discussions being purely rhetorical, and instead are based on a comprehensive understanding of the objectives of new strategies and policies and their associated costs.
- Conduct a structural review of priority setting for the organization, which will identify areas to be prioritized and also areas to be deprioritized given resource and staffing constraints.

211. Therefore, in accordance with article 6, section 10, of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, the Executive Board recommended that the Governing Council approve:

- First, the regular budget of IFAD for 2022 in the amount of US$ 166.93 million;

[33] The recommendation will be amended to reflect recommendations arising from the HIPC and PBAS sections, as appropriate, in the document presented to the Executive Board in December 2020.

- Second, the capital budget of IFAD for 2022 in the amount of US$6.50 million;
- Third, the budget of the Independent Office of Evaluation of IFAD for 2022 in the amount of US$5.85 million and
- Fourth, the carry-forward of unobligated appropriations at the close of the 2021 financial year into the 2022 financial year up to an amount not exceeding 5 per cent of the corresponding appropriations on an exceptional basis, with the understanding that this level exceeds the 3 percent level stipulated in the Financial Regulations of IFAD and the expectation that the carry forward from 2022 to 2023 will return below the stipulated level.

212. The Executive Board also recommended the submission of the following to the forty-fifth session of the Governing Council for information:

- the substance of the progress report on IFAD's participation in the Heavily Indebted Poor Countries Initiative; and
- a progress report on the implementation of the performance-based allocation system, based on the report provided in part four of the present document.

Draft resolution .../XXXXX

Administrative budget comprising the regular budget, capital budget and an Independent Office of Evaluation of IFAD budget for 2022

The Governing Council of IFAD,

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

Noting that, at its 134th session, the Executive Board reviewed and agreed upon a programme of loans and grants of IFAD for 2022 at a level of up to SDR 846.28 million (US$1,200 million), which comprises a lending programme of SDR 828.65 million (US$1,175 million) and a gross grant programme of SDR 17.63 (US$25 million);

Having considered the review of the 134th session of the Executive Board concerning the proposed regular budget, capital budget and the Independent Office of Evaluation of IFAD budget for 2022;

Aware that, in 2004, Governing Council resolution 133/XXVII authorized the amendment of regulation VI, paragraph 2 of the Financial Regulations of IFAD, to allow unobligated appropriations at the close of the financial year to be carried forward into the following financial year up to an amount not exceeding 3 per cent of the said financial year;

Conscious that the aforementioned 3 per cent carry-forward currently applies to the administrative budget, and noting the need for a 5 per cent cap for carrying forward unspent balances arising from savings achieved in 2021 into the 2022 financial year to support delivery of certain corporate priorities;

Approves the administrative budget, comprising: first, the regular budget of IFAD for 2022 in the amount of US$166.93 million; second, the capital budget of IFAD for 2022 in the amount of US$6.50 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2022 in the amount of US$5.85 million, determined on the basis of a rate of exchange of EUR 0.835:US$1;

Determines that, in the event the average value of the United States dollar in 2022 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2022 bears to the budget exchange rate; and

Further approves that unobligated appropriations at the close of the financial year 2021 may be carried forward into the 2022 financial year up to an amount not exceeding 5 per cent of the corresponding appropriations.

Indicative list of countries with projects in the pipeline for 2022 (new projects and additional financing for ongoing projects)

West and Central Africa	*East and Southern Africa*	*Asia and the Pacific*	*Latin America and the Caribbean*	*Near East, North Africa and Europe*
New projects				
Cameroon	Angola	Bangladesh	Brazil	Iraq
Cabo Verde	Ethiopia	Indonesia	Haiti	Morocco
Democratic Republic of the Congo		Mongolia		Sudan
Mauritania		Viet Nam		Syrian Arab Republic
Niger				
Togo				
6	2	4	2	4
Additional financing proposals				
Mali	Pakistan			
1	1	0		0
		Total new projects		18
		Total additional financing		2
		Total investments		**20**

Source: Grants and Investments Project System as at 7 September 2021.

Regular budget by cost category and department, 2021 approved and realigned budget versus 2022 proposal

(Millions of United States dollars)

	Staff		*Consultants*		*Duty travel*		*ICT non-staff costs*		*Other costs*	
Department	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*	*2021*	*2022*
Office of the President and Vice-President	2.53	2.56	0.05	0.05	0.05	0.03	-	-	0.16	0.16
Corporate Services Support Group	9.50	10.74	0.77	0.33	0.13	0.11	0.04	0.07	0.29	0.46
External Relations and Governance Group	11.91	12.69	1.84	1.26	0.51	0.47	0.11	0.14	2.85	3.35
Strategy and Knowledge Department	14.21	15.96	0.88	0.56	0.26	0.27	-	-	0.47	2.80
Programme Management Department	33.30	33.05	15.89	15.15	5.29	4.90	0.07	0.06	5.98	8.42
Financial Operations Department	9.96	10.55	2.45	1.73	0.35	0.31	0.06	0.08	0.31	0.59
Corporate Services Department	14.06	15.31	2.46	2.06	0.37	0.23	5.37	5.86	6.27	6.88
Corporate cost centre (allocable)	-	-	-	-	-	-	0.30	0.37	5.45	4.71
Corporate cost centre (not allocable)	-	-	-	-	-	-	-	-	4.95	4.70
Total	**95.46**	**100.85**	**24.34**	**21.13**	**6.96**	**6.31**	**5.94**	**6.58**	**26.71**	**32.07**

Indicative breakdown of 2022 regular budget by results pillar and institutional output group

(In millions of United States dollars)

	2020		2021		2022	
Pillar	*US$*	*% of total*	*US$*	*% of total*	*US$*	*% of total*
Pillar 1 – Country programme delivery						
Country strategies and programmes	6.57	4	7.30	5	6.87	4
Country-level policy engagement	2.13	1	2.34	1	2.05	1
Design of new loan and grant financed projects	14.85	9	13.26	8	14.65	9
Supervision and implementation support	27.71	18	27.98	18	28.29	18
Enable and support	22.43	14	21.48	13	21.59	14
Enabling management functions	3.00	2	2.58	2	2.54	2
Allocable corporate costs	3.49	2	2.55	2	2.21	2
Subtotal pillar 1	**80.17**	**51**	**77.50**	**49**	**78.20**	**47**
Pillar 2 – Knowledge building, dissemination and policy engagement						
Corporate knowledge and research	3.06	2	3.57	2	4.58	3
Communication and outreach	5.78	4	5.71	4	5.01	3
South-South and Triangular Cooperation	1.02	1	0.98	1	0.74	0
Impact assessments	1.86	1	1.01	1	1.75	1
Global policy engagement and global partnerships	3.76	2	4.04	3	5.53	3
Enable and support	2.83	2	3.39	2	4.09	3
Enabling management functions	1.09	1	0.93	1	1.01	1
Allocable corporate costs	0.00	0	0.00	0	0.00	0
Subtotal pillar 2	**19.41**	**12**	**19.63**	**12**	**22.71**	**14**
Pillar 3 – Financial capacity and instruments						
Replenishment	1.16	1	1.00	1	0.82	1
Resource mobilization and management of additional resources	3.29	2	3.48	2	4.26	3
Corporate financial management and reporting	0.90	1	0.97	1	1.07	1
Corporate fiduciary and financial risk management	2.55	2	2.62	2	2.65	2
Corporate controllership	0.66	0	0.65	0	0.62	0
Financial projections, products, strategic and operational liquidity planning/management	0.89	1	1.12	1	0.26	0
Investment portfolio management	0.53	0	0.56	0	0.54	0
Enable and support	3.95	3	4.62	3	5.44	3
Enabling management functions	1.42	1	1.53	1	1.38	1
Unallocable corporate costs	0.20	0	0.20	0	0.20	0
Subtotal pillar 3	**15.54**	**10**	**16.74**	**11**	**17.23**	**10**
Pillar 4 – Institutional functions, services and governance						
Enabling information technology environment	5.27	3	5.13	3	5.03	3
Client-oriented transaction services	0.81	1	0.98	1	0.84	1
Effective and sustainable administrative services	1.97	1	2.03	1	2.01	1
Headquarters security services	1.30	1	1.30	1	1.58	1
Effective and sustainable facilities management	2.57	2	2.85	2	2.92	2
Human resource management	4.64	3	5.46	3	6.16	4
Corporate planning, budgeting and reporting	3.63	2	3.55	2	3.51	2
Internal oversight and risk management	3.40	2	3.63	2	5.86	4
Corporate legal services	0.57	0	0.47	0	0.51	0
IFAD management functions	1.55	1	1.33	1	1.64	1
In-house communications	0.32	0	0.33	0	0.29	0
Ethics Office	0.69	0	0.65	0	0.60	0
Governing bodies	5.24	3	4.86	3	5.02	3
Membership and protocol	0.47	0	0.81	1	0.87	1
Enable and support financial institutional functions	1.55	1	1.62	1	3.79	2
Enabling management functions	2.43	2	2.60	2	2.32	1
Allocable corporate costs	1.40	1	3.20	2	1.14	1
Unallocable corporate costs	4.95	3	4.75	3	4.70	3
Subtotal pillar 4	**42.78**	**27**	**45.55**	**29**	**48.78**	**29**
Total	**157.90**	**100**	**159.41**	**100**	**166.93**	**100**

Indicative 2022 staff levels, regular budget only

(Full-time equivalents [FTEs])[a]

Department	Continuing and fixed-term staff: Professional and higher	General Service	Total continuing and fixed-term staff	Locally recruited field staff	Total 2022
Office of the President and Vice-President (OPV)	**8**	**6**	**14**	**0**	**14**
Corporate Services Support Group (CSSG)					
Office of the General Counsel	18	4.5	**22.5**	0	**22.5**
Office of Strategic Budgeting	4	1	**5**	0	**5**
Office of Audit and Oversight	12	2.5	**14.5**	0	**14.5**
Ethics Office	2	1	**3**	0	**3**
Quality Assurance Group	6	2	**8**	0	**8**
Change, Delivery and Innovation Unit	3	0	**3**	0	**3**
Office of Enterprise Risk Management	12	1	**13**	0	**13**
Subtotal CSSG	**57**	**12**	**69**	**0**	**69**
External Relations and Governance Department (ERG)					
ERG front office	3	1	**4**	0	**4**
Global Engagement, Partnership and Resource Mobilization Division	22	8	**30**	1	**31**
Office of the Secretary	11	16	**27**	0	**27**
Communications Division	20	4	**24**	5	**29**
Subtotal ERG	**56**	**29**	**85**	**6**	**91**
Strategy and Knowledge Department (SKD)					
SKD front office	4	2	**6**	0	**6**
Environment, Climate, Gender and Social Inclusion Division	28	5	**33**	5	**38**
Sustainable Production, Markets and Institutions Division	35	8	**43**	6	**49**
Research and Impact Assessment Division	7	2	**9**	0	**9**
Subtotal SKD	**74**	**17**	**91**	**11**	**102**
Programme Management Department (PMD)					
PMD front office	3	3	**6**	0	**6**
Operational Policy and Results Division	16	4	**20**	0	**20**
West and Central Africa Division	26	1	**27**	37	**64**
East and Southern Africa Division	22	1	**23**	34	**57**
Asia and the Pacific Division	23	6	**29**	32	**61**
Latin America and the Caribbean Division	19	5	**24**	7	**31**
Near East, North Africa and Europe Division	22	7	**29**	14	**43**
Subtotal PMD	**131**	**27**	**158**	**124**	**282**
Financial Operations Department (FOD)					
FOD front office	4	1	**5**	0	**5**
Financial Management Services Division	19	2	**21**	9	**30**
Financial Controller's Division	12	11	**23**	0	**23**
Treasury Services Division	14	4	**18**	0	**18**
Subtotal FOD	**49**	**18**	**67**	**9**	**76**
Corporate Services Department (CSD)					
CSD front office	2	1	**3**	0	**3**
Human Resources Division	13	9	**22**	0	**22**
Administrative Services Division	13	26.5	**39.5**	0	**39.5**
Field Support Unit	6	1	**7**	0	**7**
Information and Communications Technology Division	26	15	**41**	0	**41**
Medical Services Unit	1	1	**2**	0	**2**
Subtotal CSD	**61**	**53.5**	**114.5**	**0**	**114.5**
Grand total 2022	**436**	**162.5**	**598.5**	**150**	**748.5**
Grand total 2021	402	175.5	577.5	131	708.5

[a] 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.

Indicative 2022 staffing by department and grade

(FTEs)

Category	*Grade*	*OPV*	*CSSG*	*ERG*	*SKD*	*PMD*	*FOD*	*CSD*	*2022 total*	*2021 total*
Professional and higher										
	Department head and above	2	2	1	1	1	1	1	**9**	**7**
	D-2	1	-	-	-	-	-	1	**2**	**4**
	D-1	-	3	5	3	6	3	2	**22**	**21**
	P-5	1	9	7	23	33	4	9	**86**	**84**
	P-4	3	12	16	28	52	12	18	**141**	**131**
	P-3	-	25	19	16	31	22	18	**131**	**116**
	P-2	1	5	8	3	8	7	12	**44**	**35**
	P-1	-	1	-	-	-	3	-	**4**	**4**
Subtotal – Professional and higher		**8**	**57**	**56**	**74**	**131**	**52**	**61**	**439**	**402**
National officer										
	NOD	-	-	-	-	-	-	-	**0**	**0**
	NOC	-	-	-	4	34	-	-	**38**	**40**
	NOB	-	-	6	7	21	2	-	**36**	**35**
	NOA	-	-	-	-	15	2	-	**17**	**15**
Subtotal – National officer		**-**	**-**	**6**	**11**	**70**	**4**	**-**	**91**	**90**
Subtotal – Professional		**8**	**57**	**62**	**85**	**201**	**56**	**61**	**530**	**492**
Headquarters General Service										
	G-7	-	-	-	-	-	-	-	**0**	**0**
	G-6	2	2	7	4	15	4	16	**50**	**59**
	G-5	2	5	13	7	6	12	18	**63**	**65**
	G-4	1	4	6	1	5	1	14	**31.5**	**32.5**
	G-3	1	1	3	5	1	1	5	**17**	**18**
	G-2	-	-	-	-	-	-	1	**1**	**1**
Subtotal – Headquarters General Service		**6**	**12**	**29**	**17**	**27**	**18**	**54**	**162.5**	**175.5**
National General Service										
	G-6	-	-	-	-	1	1	-	**2**	**2**
	G-5	-	-	-	-	37	1	-	**38**	**24**
	G-4	-	-	-	-	16	-	-	**16**	**15**
	G-3	-	-	-	-	-	-	-	**0**	**0**
Subtotal – National General Service		**-**	**-**	**-**	**-**	**54**	**2**	**-**	**56**	**41**
Subtotal – General Service		**6**	**12**	**29**	**17**	**81**	**20**	**54**	**219**	**217**
Total		14	69	91	102	282	76	114.5	**748.5**	**708.5**
Percentage Professional category		57	83	68	83	71	74	53	71	69
Percentage General Service category		43	17	32	17	29	26	47	29	31
Ratio Professional to General Service		1.3	4.8	2.1	5.0	2.5	2.8	1.1	2.4	2.3

Composition of standard staff costs

(Millions of United States dollars)

Category description	*2022 FTEs at 2021 rates*	*2022 FTEs at 2022 rates*	*(Decrease) Increase*
Professional staff			
Salaries	35.1	34.5	(0.6)
Post adjustment	13.3	12.4	(0.9)
Pension and medical	15.5	14.6	(0.9)
Education grants	3.9	7.7	3.8
Repatriation, separation and annual leave	3.4	2.0	(1.4)
Home leave	0.4	0.5	0.1
United States tax reimbursement	(0.01)	0.2	0.2
Other allowances [a]	5.1	5.4	0.3
Centralized recruitment costs	1.1	1.5	0.4
Subtotal	**77.8**	**78.9**	**1.0**
General Service staff			
Salaries	10.4	10.2	(0.2)
Pension and medical	2.9	2.9	0.0
Repatriation and separation	0.7	1.4	0.7
Other allowances [b]	0.7	0.7	-
Subtotal	**14.7**	**15.1**	**0.4**
Locally recruited country presence staff	**7.4**	**6.9**	**(0.5)**
Total regular staff costs	**99.9**	**100.9**	**1.0**

[a] This includes dependency allowances (US$).
[b] This includes language allowance (US$).

Capital budget (excluding CLEE)* 2009-2021

(Thousands of United States dollars)

	2009	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*Total*
ICT initiatives														
Loans and grants	1 050	2 000	12 000	-	-	-	-	-	-	-	-	175	419	15 644
IFAD Client Portal/Loans and Grants System replacement	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Human resources reform	541	400	500	-	575	400		480	286	-	-	-	-	3 182
IFAD Country Office (ICO) infrastructure enhancement – IT and communications	-	-	-	-	1 170	-	-	-	-	-	-	-	260	1 430
Institutional efficiency (automated voting system)	300	470	1 423	-	780	787	600	975	775	-	210	200	-	6 520
Delivering as One	440	300	-	-	-	-	-	-	-	-	-	-	-	740
Knowledge management	-	-	-	-	-	613	-	-	-	-	-	-	1 015	1 628
IT infrastructure	1 200	360	375	3 215	775	497	1 200	470	890	900	640	981	1 515	13 018
Budget and planning systems	-	-	-	-	-	-	-	375	-	-	150	-	-	525
Transparency/accountability	-	-	-	-	-	-	-	-	-	500	-	-	110	610
Borrowing and financial systems	-	-	-	-	-	-	-	-	-	300	1 250	2 045	2 044	5 639
Corporate analytics	-	-	-	-	-	-	-	-	-	150	195	-	737	1 082
Subtotal ICT initiatives	**3 531**	**3 530**	**14 298**	**3 215**	**3 300**	**2 297**	**1 800**	**2 300**	**1 951**	**1 850**	**2 445**	**3 403**	**6 100**	**50 020**
Non-IT headquarters projects	550	-	889	-	-	-	890	-	-	-	100	541	-	2 970
Non-IT ICO projects	-	-	-	-	-	-	-	-	-	-	-	-	375	375
ICO security and vehicles/MOSS compliance**	-	-	-	281	400	-	-	100	454	100	100	500	275	2 210
Total	**4 081**	**3 530**	**15 187**	**3 496**	**3 700**	**2 297**	**2 690**	**2 400**	**2 405**	**1 950**	**2 645**	**4 445**	**6 750**	**55 576**

* CLEE: Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD-funded operations.

** MOSS = United Nations Minimum Operating Security Standards.

Carry-forward funds allocation

(Thousands of United States dollars)

Department	*Description of use of carry-forward funds*	*2020* *10% carry-forward*
OPV	Consultancy related to the Sanctions Committee and additional travel of the President and relevant Senior Management.	**164 713**
CSSG	Legal consultancy costs to address outstanding finance, operations and corporate policy matters; address backlogs due to COVID-19 delays in implementing the Workplan for IFAD's Office of Audit and Oversight; and ensure compliance with ISO 20022 standards for electronic data exchange, which was not completed in 2020 due to the pandemic.	**684 663**
ERG	Strategic engagements with stakeholders in key global events (e.g. the Food Systems Summit, Indigenous Peoples Forum and the Farmers' Forum), targeted communication to donor and beneficiary communities, and outreach activities. Funds were also used for one-time expertise to establish new partnerships around innovative finance solutions and private sector engagement.	**945 751**
SKD	Completion of impact assessment activities that were delayed due to COVID-19 (in Argentina, Malawi, Mozambique, Philippines, Republic of Moldova, Solomon Islands and Tunisia) and pilot alternative mechanisms for data collection under remote circumstances. Creation, update and dissemination of knowledge products around rural finance, rural markets, agroecology and costs for associated events and research. Development of innovative strategies and policies for the post-COVID-19 context and preparation of procedures to operationalize the new Regular Grants Policy and other corporate operational policies and strategies as part of the Twelfth Replenishment of IFAD's Resources.	**2 231 009**
PMD	Specific programmatic interventions, additional missions and quality reviews to supplement the more than 60 key design, supervision and implementation missions conducted remotely due to COVID-19 in 2020, as well as quality reviews to ensure minimum negative impact on the beneficiaries. Mitigate risks posed to programme delivery; safeguard development outcomes; and enhance project design and implementation methodologies to adapt to the new way of operating and hybrid monitoring approaches. Transitionary support in ICOs impacted by closure, to cover temporary staffing and associated knowledge transfer, increase outreach to beneficiaries and strengthen collaboration with local governments and partners on the ground. Review of non-sovereign operations and projects funded through the China-IFAD South-South and Triangular Cooperation Facility. Advancement of agricultural digitization and youth employment; and reporting on innovations in the rural sector during the pandemic. Extraordinary support provided to fragile countries and measures to combat the African migratory locust invasion.	**1 499 061**
FOD	Enablement of digital signatures and enhancement of business intelligence reporting; for example, on debt due payment risk. Implementation of the new financial architecture, including work on debt capital markets with a potential private placement, following the approval of the Integrated Borrowing Framework in 2020.	**79 896**
CSD	Finalization of works at headquarters and in the ICOs to ensure safe and secure facilities and working environments (and developing supporting policies). This includes more frequent sanitation and cleaning of IFAD offices, deeper cleaning of the air ventilation systems, and provision of antibacterial gel and personal protective equipment. Reinforcement of medical services and health programmes to provide IFAD staff with adequate support for their physical and mental health, in order to minimize disruptions in the delivery of IFAD's mandate. Enhancement of cybersecurity infrastructure and training to purchase software for secure remote connections, threat monitoring and automated incident response. Acquirement of specific external expertise on cybersecurity.	**576 913**
CORPORATE	Costs related to Decentralization 2.0: (i) Extraordinary reassignment, recruitment and relocation costs and enhancement of knowledge-building and exchange for field staff; (ii) Upgrade of existing ICOs to enhance capacity, security, technology, facilities and infrastructure; and (iii) Establishment of new ICOs to extend IFAD's reach and regional offices in East and Southern Africa, and West and Central Africa.	**-**
Total		**6 182 007**

Estimate of direct charges on investment income

(Thousands of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Management fees					
Global government bonds	243	-	-	-	-
Global diversified fixed income bonds	270	270	-	-	-
Global inflation-indexed bonds	220	-	-	-	-
Emerging market debt bonds	315	-	-	-	-
Global diversified short term bonds	-	180	180	-	-
Contingent management fees	-	-	-	-	-
Subtotal management fees	**1 048**	**450**	**180**	-	-
Custodian fees					
Subtotal custodian fees	**425**	**360**	**325**	**356**	**356**
Advice, information and trade support					
Financial information providers	407	520	560	598	740
Consultants and financial advisers	325	550	800	600	550
IT systems	-	710	710	574	470
Due diligence travel	65	65	65	35	35
Subtotal advice, information and trade support	**797**	**1 845**	**2 135**	**1 807**	**1 795**
Overall total	**2 270**	**2 655**	**2 640**	**2 163**	**2 151**

IOE Results Management Framework for 2022[34]

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[35]	Score of 10.4/12 (year 2020)	Score equal to or above 9.0/12 (the threshold for "exceeding requirements")	

[34] Drawn from IOE's multi-year strategy.
[35] The UN-SWAP Gender Equality and the Empowerment of Women is a United Nations 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 2021[36]

Table 1
Reporting on IOE key performance indicators (January to September 2021)[37]

Divisional goals	*Key performance indicators*	*Achievement*	*Target (per year)*	*Means of verification*
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)	100%	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	85	60	IOE records
	3. Number of in-country learning events co-organized by IOE with governments	5[38]	5[39]	
	4. Number of page views for IOE reports	59 653	55 000	
	5. Number of people receiving IOE newsletters	2 218	2 500	
	6. Number of evaluation events with participation of IOE staff	17	5	
	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)	3	3	IOE records
	12. IOE multi-year strategy document	1	1	
	13. Budget cap	0.62%	< 0.9% of IFAD PoLG	
	14. Ratio of Professional to General Service staff	1:0.46	1:0.46	
	15. Budget execution rate at year-end	85.1%	95.6%	

[36] As of September 2021.
[37] As of September 2021.
[38] These were virtual events undertaken at the country level.
[39] Health situation and travel regulations permitting.

IOE proposed evaluation activities for 2022

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

Type of work	*Proposed activities for 2022*	*Start date*	*Expected finish date*
1. CLEs	Progress of IFAD's decentralization reform (completion)	June-21	Dec-22
	Knowledge management at IFAD	Nov-22	Dec-23
2. TE	Gender	June-22	Dec-23
3. SREs	Fragile situations in West Africa (completion)	Jan-21	June-22
4.CSPEs	Colombia[40] (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	Cooperative Rural Development Project in the Oriental Region, Cuba	Jan-22	Dec-22
	Promotion of Rural Incomes through Market Enhancement Project, Egypt	Jan-22	Dec-22
	Southern Laos Food and Nutrition Security and Market Linkages Programme, Lao People's Democratic Republic	Jan-22	Dec-22
	National Rural Entrepreneurship Project, Togo	Jan-22	Dec-22
	Smallholder Productivity Promotion Programme, Zambia	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
	20th Annual Report on Results and Impact of IFAD Operations (ARRI)	Jan-22	Sept-22

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

Type of work	*Proposed activities for 2022*	*Start date*	*Expected finish date*
	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
	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, *Profiles*, *Insights*, 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	Knowledge management at IFAD	2023 (carry-over)	
	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	
	Pacific islands (Fiji, Kiribati, Samoa, Solomon Islands, Tonga)	2024-2025	

Type of work	Indicative plan for 2023-2024	Year	Remarks
4. CSPEs	Guinea-Bissau (carry-over)	2023	
	Angola	2023	
	Djibouti	2023	
	India	2023	
	Rwanda	2023	
	Dominican Republic or Argentina	2023	
	Haiti (carry-over)	2023	
	Mauritania	2023	
	Guinea	2024	
	Jordan	2024	
	Viet Nam	2024	
	Zimbabwe	2024	
5. PCRVs	Validate all PCRs 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	21st and 22nd 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, *Profiles*, *Insights*, 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.