
High-level preview of IFAD's 2023 results-based programme of work, regular and capital budgets, and budget outlook for 2024-2025, and the preview of the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2023 and indicative plan for 2024-2025

Document: EB 2022/136/R.3

Agenda: 4(a)

Date: 12 August 2022

Distribution: Public

Original: English

FOR: REVIEW

Action: The Executive Board is invited to take note of the high-level preview estimates for 2023 and the list of indicative options for prioritization, and to provide feedback on the proposed trade-offs.

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Executive summary

1. IFAD is uniquely placed to support a reinvigorated effort to achieve the Sustainable Development Goals. Small-scale farmers in rural areas play a key role in ensuring food security. Although they produce half of the world's food calories, rural women and men are often the first to go hungry in the event of a crisis.
2. The current global challenges, including climate change and fragility, make IFAD's work even more relevant. IFAD is ready to scale up its impact and maximize its contribution to tackle poverty and hunger. Achieving this will require sufficient resources and adequate internal capacity.
3. Since 2018, IFAD has been implementing a change process directed towards maximizing programme delivery, consolidating financial sustainability and ensuring quality results. The Twelfth Replenishment of IFAD's Resources (IFAD12) business model was developed to this end, with objectives and commitments intended to set the organization on a trajectory to double and deepen its impact by 2030.
4. To deliver on IFAD's ambition, a recalibration of the regular budget is needed, for 2023 and over the medium term. While cost reductions and prioritization have allowed IFAD to effectively respond to higher demands up until now, it is not possible to rely solely on efficiencies to address the current business needs and increasing costs.
5. This document presents the high-level preview of IFAD's 2023 regular budget and projections over the medium term. Two scenarios are proposed, based on a detailed assessment of costs and priorities:
 - (i) **Scenario 1:** 3.5 per cent annual real growth, or US\$172.78 million in real terms; and
 - (ii) **Scenario 2:** 2.5 per cent annual real growth, or US\$171.10 million in real terms.
6. In preparing the scenarios, Management has sought to identify trade-offs to reduce the extent of the real increase in 2023 as much as possible while ensuring that IFAD12 commitments are met.
7. The estimated budget for 2023 prioritizes country programme design, delivery and impact, with a focus on gender, climate, fragility and resilience. Priority is also given to a continuing decentralization process to bring IFAD closer to the people it serves.
8. Of the total estimated additional cost of US\$11.34 million, US\$10.54 million (93 per cent) is to support IFAD's country programmes, including US\$4.5 million for costs directly related to Decentralization 2.0. Most activities related to IFAD's enhanced financial architecture are deferred until savings can be found to finance them. Management proposes options to reduce institutional costs.
9. The two scenarios are based on different assumptions as to trade-offs. Under scenario 2, Management will need to further reduce costs by US\$1.67 million. This would require exploring organizational streamlining possibilities by means of a careful assessment by Management in consultation with the Executive Board, under the new IFAD leadership.
10. This document is expected to facilitate strategic dialogue with the Executive Board over the coming months to assess priorities and trade-offs and reach an agreed level of ambition for IFAD's regular budget in 2023 and beyond.
11. Those discussions will inform the final proposal to be presented to the Executive Board at the December session.

Part one - High-level preview of IFAD's 2023 results-based programme of work, regular and capital budgets, and budget outlook for 2024-2025

I. Introduction

1. The Executive Board, at its 134th session, called for revisions to IFAD's planning and budget process to enhance transparency and predictability, increase alignment with IFAD's strategy and results focus, and improve prioritization.¹ During the subsequent 135th session held in April 2022, Management presented a medium-term budget outlook for the period 2023 to 2025, together with a list of cost drivers² associated for the implementation of financial, operational and institutional reforms as well as commitments approved by the Board for the Eleventh Replenishment of IFAD's Resources (IFAD11) and IFAD12.
2. During the 135th session, Management highlighted the need to increase the budget to ensure IFAD had a sufficient level of resources to deliver on its IFAD12 commitments and set the organization on the path to double its impact by 2030.³
3. Based on an initial assessment of cost drivers, Management presented three scenarios for the medium-term budget outlook at zero, 2 and 4 per cent annual real growth. Each scenario corresponded to a different assumption on achieving IFAD's mandate and commitments. It was noted that under these scenarios, there would be a minimum need to reduce costs by US\$6 million. Diverse perspectives were expressed by Member States, with several Members requesting further details on prioritization and trade-offs.
4. In response to the Executive Board's request to conduct a fuller assessment of priorities and costs, Management has based estimates of IFAD's regular budget for 2023, and projections for 2024 and 2025, upon ensuring support for the implementation of IFAD12 priorities. The estimated budget is driven by commitments along the three operational pillars of the IFAD12 business model (i.e. country programmes, financial architecture and institutional change), with almost all additional investments in 2023 directed towards country programme design, delivery and impact.
5. As requested by the Executive Board in April 2022, Management has endeavoured to identify trade-offs to reduce the extent of the real increase in 2023. Based on this assessment, Management presents two adjusted scenarios for the high-level preview for IFAD's 2023 regular budget and projections over the medium term. Scenario 1 foresees 3.5 per cent annual real growth for the three years, while scenario 2 implies 2.5 per cent annual real growth.
6. This document is organized as follows. Section I introduces the global context and provides an overview of the reforms and commitments approved in recent years that have implications for IFAD's strategy and budget. Section II outlines the 2021 and 2022 budget utilization and carry-forward levels. Section III presents the two scenarios for IFAD's 2023 regular budget. Section IV introduces the medium-term outlook for the period 2024 to 2025, and section V provides the 2023 capital budget estimate. The document concludes with the proposed way forward.

¹ See EB/134 minutes.

² The main cost drivers are changes in volume of programmatic delivery, increasing cost of doing business, and broadening the scope of IFAD's operations and activities (EB 2022/135/R.4/Rev.1).

³ Doubling IFAD's impact by 2030 was approved during the forty-fourth session of the Governing Council (GC 44/L.6/Rev.1).

II. Context

A. Emerging global environment

7. **In recent years, economic slowdowns, conflicts and climate-related shocks have set back the work to end poverty and hunger by 2030.** The report on the State of Food Security and Nutrition in the World 2022 estimates that up to 828 million people were affected by hunger in 2021 – an increase of 150 million since the outbreak of the COVID-19 pandemic.⁴ The current looming food crisis is being exacerbated by conflicts, climate change and the continued impact of COVID-19. These trends coincide with existing structural challenges, inflationary pressures and rising global debt levels, with 60 per cent of the world’s poorest countries currently in debt distress or at high risk of it.⁵ Together, these factors are undoing decades of development gains and risk, pushing millions of vulnerable people deeper into poverty and hunger.
8. **IFAD plays a critical role in reaching people at greatest risk of being left behind and those who are already behind.** Small-scale farmers in rural areas play a key role in ensuring food security. Although they produce half of the world’s food calories, they are often the first to go hungry in the event of a crisis. Together with the more than 3.1 billion people living in rural areas of developing countries today,⁶ they are critical to ensuring that the world is resilient, sustainable, stable and secure, and to making food systems more inclusive and resilient to future shocks.
9. **IFAD is uniquely placed to support a reinvigorated effort to achieve the Sustainable Development Goals.** The Fund is the second largest provider of official development assistance for agriculture and the only international financial institution solely dedicated to agriculture and rural development with a focus on rural people. To maximize its contribution to tackle poverty and hunger, and to scale up impact, IFAD requires sufficient internal capacity and resources.

B. IFAD’s track record and ambitions

10. **Since 2018, IFAD has been implementing a change process directed towards maximizing programme delivery, consolidating financial sustainability and ensuring quality results.** This has involved, among other things, the consolidation of financial reforms to continue strengthening IFAD’s financial architecture and maximize financing to all clients, increasing and strengthening IFAD’s country presence, and an enhanced focus on transformational impact with significant increases in targets for all mainstreaming areas (i.e. gender, environment and climate, nutrition and youth).
11. **These reforms are paving the way for IFAD to deliver on ambitious commitments during the IFAD12 period,** around the following three pillars:
 - (i) **Country programmes,** with closer interaction with country clients, tailored solutions, context-relevant advice and adaptable programming. IFAD is implementing enriched project design and implementation support processes to enhance quality; increased efforts to mainstream climate, nutrition, youth and gender, in combination with more rigorous safeguards such as the Social, Environmental and Climate Assessment Procedures; expanded programmatic work to cover biodiversity, information and communications technologies for

⁴ IFAD, Food and Agriculture Organization of the United Nations (FAO), United Nations Children’s Fund, World Food Programme, and World Health Organization, 2022. The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable. Rome, FAO.

⁵ United Nations Global Crisis Response Group, 2nd Brief, June 2022: https://news.un.org/pages/wp-content/uploads/2022/06/GCRG_2nd-Brief_Jun8_2022_FINAL.pdf?utm_source=United+Nations&utm_medium=Brief&utm_campaign=Global+Crisis+Response.

⁶ Organisation for Economic Co-operation Development (OECD). <https://www.oecd.org/development/tacklingruraldevelopment-tisessentialforachievingthesustainabledevelopmentgoalsaysnewoecddevelopmentcentrereport.htm#:~:text=31%2F03%2F2016%20%2D%20With,concentrated%20in%20Asia%20and%20Africa.>

development (ICT4D) and targeting of persons with disabilities and indigenous peoples; and strong support for people in countries in fragile and conflict situations.

- (ii) **Financial architecture**, to maximize resources for the poorest countries and ensure financial sustainability. IFAD obtained two AA+ ratings from Fitch and Standard & Poor's in 2020 and is diversifying funding sources through the Integrated Borrowing Framework and the establishment of IFAD's Euro Medium-Term Note Programme, which allowed IFAD to issue its first bond in 2022. IFAD has also established a Borrowed Resource Access Mechanism as a new, risk-based mechanism for allocating borrowed resources to beneficiary countries on ordinary lending terms.
 - (iii) **Institutional change**, to strengthen IFAD's effectiveness and efficiency. This includes the ongoing decentralization of IFAD staff and the establishment of new offices to improve country-level design and delivery; the establishment of a new Project Procurement Unit, which developed IFAD's first procurement framework and related policies, processes and tools, including a contract monitoring tool to closely monitor 85 per cent of IFAD's investments; the establishment of the Office of Enterprise Risk Management (RMO) to better manage risks and embed risk-informed decision-making throughout the organization; and the implementation of the People, Processes and Technology Plan to ensure IFAD has appropriate capabilities, efficient corporate processes and the required technological solutions to expand and deepen impact.
12. **For IFAD12, the consolidation of these reforms is considered critical to allow the organization to deliver more, better and more effectively and efficiently.** In line with this, the IFAD12 business model proposed "to deliver a more comprehensive financial, policy-oriented and programmatic package that works in a synergistic manner to foster systemic change"⁷ to allow IFAD to double its impact by 2030. The ambitious IFAD12 commitments have been set to this end, i.e. to further the reform agenda to allow the organization to double and deepen its impact.⁸
13. **So far, IFAD has been effectively delivering on a growing and more complex portfolio under a zero real-growth budget.** From 2016 to 2021, the approved regular budget for IFAD increased nominally by approximately 1.7 per cent annually, which corresponds to the pre-2021 rate of inflation and consequently means zero real growth in the budget. During the same period, the size of IFAD's active portfolio increased 22 per cent from US\$7.05 billion in 2016 to US\$8.6 billion in 2022.⁹ In addition, the share of the active project portfolio in fragile and conflict situations rose from 18.6 per cent in 2016 to 27.3 per cent in 2022, which is expected to translate into higher costs. Similarly, regional operations, climate finance and the scope of programmatic delivery have posted steady growth. These require more careful monitoring, additional technical support and country-specific advice, as well as adaptive management overall, adding complexity to IFAD's operations.
14. **Until now, efficiency gains, costs savings and prioritization have allowed IFAD to effectively respond to higher demands and the increasing cost of doing business.** IFAD's Operational Excellence for Results reform initiative

⁷ GC 44/L.6/Rev.1.

⁸ Doubling impact means that IFAD will increase the income of more than 40 million people per year by 2030, up from 20 million in 2020. Deepening impact means that this increase will be more than 10 per cent greater for each beneficiary.

⁹ Active portfolio is defined as projects (IFAD financing only) that have entered into force and are under implementation. For the remainder of 2022 to 2024, the definition includes projects that are expected to be approved and start disbursing, excluding those scheduled to close. For 2025, the numbers are based on expected financial envelopes for year 1 of IFAD13. The data source is the Grants and Investment Projects System. The programme of loans and grants commitment figures include funds cancelled and recommitted from previous cycles.

(2017-2018) focused on increasing impact on the ground, while ensuring a strong centre equipped to strengthen knowledge connectivity, and provide strategic guidance and appropriate monitoring mechanisms. This focus resulted in additional resources being channelled into strengthening certain areas in the organization, which were offset by identifying savings and efficiencies in other areas. Forty staff positions were phased out following a detailed functional review during this period. To support changes in IFAD’s financial architecture, IFAD developed new policies and frameworks,¹⁰ established RMO, strengthened the Office of the General Counsel (LEG) and obtained a credit rating for a total recurring annual cost of US\$2.3 million.¹¹ IFAD also recently established a project procurement function at a cost of US\$1.3 million. These increases, along with other increases in compliance functions, were all absorbed with minimal increases to IFAD’s regular budget. However, they have meant that IFAD’s ability to take on additional onlending work in countries (including policy work, advice, and monitoring and measurement) has been a challenge.

15. **These mechanisms have already reached their limits and it is not possible to rely on them to address the current business needs and increasing costs.** As noted in the statement by the IFAD Staff Association to the Executive Board at its 135th session, “the steady expansion of IFAD’s commitments and reforms without adequate resources and staffing has resulted in an often unmanageable increase of staff workload”.¹² Consequently, to effectively deliver on IFAD12 commitments, set the organization on a trajectory to double its impact by 2030 particularly in the interlinked food, energy and finance crisis, and continue consolidating the reform agenda, a recalibration of the regular budget is needed for 2023 and over the medium term (2024-2025).

III. 2021 and 2022 budget utilization and carry forward

16. As business adjusts to the new normal post-COVID, budget utilization is expected to rise in 2022 compared to the last two years. In 2021, IFAD spent US\$151.95 million or 95.3 per cent of the planned regular budget. The gap was due to reduced travel, training and a slower pace of recruitment caused by restrictions associated to COVID-19. In 2022, budget utilization is projected to reach around US\$162 million at the pre-pandemic level of 97 per cent (see table 1). This would result in a carry-forward allocation of approximately US\$5 million, which is in line with the request for IFAD to return to a carry-forward level of 3 per cent. An updated forecast will be provided in the final budget document.

Table 1
Regular budget utilization – actual 2020-2021 and forecast 2022
(Millions of United States dollars)

	2020 full year		2021 full year		2022 forecast	
	Budget	Actual	Budget	Actual	Budget	Forecast
Regular budget	157.90	142.43	159.41	151.95	166.93	161.92
Percentage utilization		90.2		95.3		97.0

¹⁰ Capital Adequacy Policy (EB 2019/128/R.43), Borrowed Resource Access Mechanism (EB 2021/132/R.9/Rev.1), Enterprise Risk Management Policy (EB 2021/133/R.7), Integrated Borrowing Framework (EB 2020/131(R)/R.21/Rev.1), Liquidity Policy (EB 2020/131(R)/R.20/Rev.1), RMO charter (PB/2021/07), technical risk committees (PB/2021/06), Risk Appetite Statement (EB 2021/134/R.21/Rev.1), Corporate Risk Dashboard.

¹¹ The number is based on the additional costs to establish RMO and strengthen LEG, and annual recurring credit rating costs of approximately US\$436,000.

¹² Statement of the IFAD Staff Association to the Executive Board, 25 April 2022 (<https://webapps.ifad.org/members/eb/135/docs/2022-04-22.pdf>).

III. 2023 net regular budget

17. Management has developed the estimates for IFAD's regular budget for 2023 while ensuring support for the implementation of IFAD12 priorities. The estimated budget is driven by the following objectives, which conform to the three operational pillars of the IFAD12 business model (i.e. country programmes, financial architecture and institutional change):

- (i) **Pillar 1 - Country programmes.** There are three main IFAD12 commitments under this pillar that create an additional need for funding, namely: to increase the mainstreaming of IFAD's gender transformative approaches;¹³ to enhance focus on climate,¹⁴ fragility and resilience;¹⁵ and to bring IFAD closer to the people it serves through decentralization.¹⁶

Delivering on these commitments will require additional specialized expertise in the countries where IFAD operates and more investment in project design, data-driven advice and supervision to increase mainstreaming. Funding is also needed to scale up the use of technology for improved targeting and monitoring, measurement and evaluation of IFAD-financed projects. IFAD's increased country presence over the next three years, including regional, multi-country and country offices, is essential to achieve these ambitions.

Management has estimated an additional need of US\$16 million over the period 2023-2025 in this pillar related to these three main programmatic commitments. Based on the status of Decentralization 2.0, an estimated US\$10.54 million of the total amount will be required in 2023.

- (ii) **Pillar 2 - Financial architecture.** Resource requirements under this pillar derive from the need to continue with the consolidation of IFAD's financial reforms and reflect the Fund's evolution as a development finance institution.¹⁷ These efforts are needed to maintain a positive credit rating and broaden IFAD's funding sources. This includes increased borrowing activities, collateral management, financial modelling and transactions. Moreover, there are plans for enhanced reporting on financial crimes; environmental, social and governance considerations; climate finance; and private sector investments.¹⁸ Finally, IFAD incurs recurrent costs for critical systems and systems updates related to financial transformation, such as the Treasury, Accounting and Risk Management System.

Management has estimated an additional funding need of approximately US\$6.5 million for the period 2023-2025 in order to deliver on the commitments for this pillar. Of this amount, Management has estimated that US\$1.3 million will be required in 2023. Based on the proposed rationalization in administrative staff functions arising from ongoing reforms, a reduction of

¹³ As part of IFAD12 commitments, IFAD will continue to integrate gender transformative approaches, aiming for 35 per cent of projects in IFAD12 to be gender transformative, up from 25 per cent in IFAD11 (IFAD12: commitment 1.1, indicator 3.2.3, Projects designed to be gender transformative). GC 44/L.6/Rev.1.

¹⁴ IFAD12 is expected to deliver "an enhanced focus on climate finance in IFAD's investment projects, an increased target for climate finance to constitute 40 per cent of the IFAD12 programme of loans and grants, and 90 per cent of projects will aim to include activities that build climate-related adaptive capacity across multiple dimensions (e.g. increasing incomes, improved access to productive resources, empowerment of vulnerable groups)." GC 44/L.6/Rev.1.

¹⁵ As part of this IFAD12 commitment, IFAD is expected to develop specific initiatives for enhanced IFAD engagement in the Sahel and Horn of Africa, leveraging the Rural Resilience Programme, including the Initiative for Sustainability, Stability and Security in Africa, and the Great Green Wall Initiative to increase resources and strengthen collaboration with partners (IFAD12: commitment 1.2, action 14). GC 44/L.6/Rev.1.

¹⁶ As part of IFAD12 commitments, IFAD will increase decentralization from 32 per cent to 45 per cent of staff (IFAD12: commitment 3.1, action 35).

¹⁷ The Debt Sustainability Framework mechanism, sustainable replenishment baseline, Capital Adequacy Policy, revised Liquidity Policy, Integrated Borrowing Framework and revised approach to determining resources available for commitment are key elements to strengthen IFAD's sustainability and financial discipline in a synergistic manner.

¹⁸ The establishment of the Private Sector Financing Programme to crowd in private sector investments, know-how and innovation for the benefit of small-scale producers is an IFAD12 commitment (IFAD12: commitment 4.1, action 38). Also, the updated internal control framework and controllership function, new guidelines on financial crime and an updated Enterprise Risk Management Framework are key elements to reinforce the Fund's governance for enhanced financial discipline.

US\$290,000 is expected, which brings the net additional need to approximately US\$1 million for 2023.

- (iii) **Pillar 3 - Institutional change.** In the third pillar, there are additional needs related to mainstreaming technology automation pilots, enhancing cybersecurity, addressing the need for enhanced oversight in a decentralized environment and meeting the increased recurrent system costs and depreciation after implementing the various reforms. Management has estimated an additional need in the next three years of approximately US\$5.54 million in this pillar. Notwithstanding this need, Management is not requesting any additional funding for this for 2023. Following on from recent reforms, Management is estimating a staff cost saving of US\$210,000 in this pillar during 2023.

18. Table 2 provides a summary breakdown of IFAD’s projected recurrent additional costs for 2023-2025. In 2023, of the total estimated additional cost of US\$11.34 million, US\$10.54 million (93 per cent) is to support IFAD’s country programmes, including US\$4.5 million for costs directly related to Decentralization 2.0 facilities. Net of estimated staff savings, an amount of US\$1 million has been estimated to support activities related to the implementation of IFAD’s enhanced financial architecture. The institutional change costs reflect staff savings arising from recent reforms.

Table 2

Additional requirement – forecast 2023- 2025 by IFAD12 pillar
(Millions of United States dollars)

	<i>2023 estimated</i>	<i>2024 projection</i>	<i>2025 projection</i>	<i>Total projection</i>
Country programmes	10.54	3.05	2.42	16.01
Financial architecture	1.01	3.45	2.04	6.50
Institutional change	(0.21)	2.51	3.24	5.54
Totals	11.34	9.01	7.70	28.05

A. Budget scenarios

19. The detailed assessment presented above indicates that the additional budget requirement for 2023 represents a real increase of 7 per cent. Mindful of the challenge entailed by such an increase, and as requested by the Executive Board in April 2022, Management has worked on identifying trade-offs to reduce the extent of the real increase in 2023 as much as possible.
20. This additional analysis led to the current proposal of two scenarios for the high-level preview of IFAD’s 2023 regular budget. These are:
- (i) **Scenario 1:** 3.5 per cent annual real growth, or US\$172.78 million in real terms; and
- (ii) **Scenario 2:** 2.5 per cent annual real growth, or US\$171.10 million in real terms.
21. **Scenario 1 - 3.5 per cent increase.** Under this scenario, Management proposes the following adjustments along IFAD12 pillars:
- (i) **Pillar 1 - Country programmes**
- (a) The incremental cost of converting personnel on service contracts in the field to staff contracts, amounting to US\$0.68 million, will be fully offset against existing non-staff budgets to ensure zero budget impact;
- (b) IFAD’s research activities will be recalibrated. This includes revising the scope and model of the IFAD flagship Rural Development Report and IFAD’s Research Series; and

(c) Although the outcome of the corporate-level evaluation on decentralization is outstanding, Management is open to reviewing a revised timeline for the establishment of the regional offices in the Asia and the Pacific (APR) and Latin America and the Caribbean (LAC) regions to 2024 and 2025, respectively, and for the establishment of two IFAD country offices until after 2025. The recommendations from the corporate-level evaluation are expected to inform future decisions on this front.

(ii) **Pillar 2 - Financial architecture**

(a) For 2023, Management is proposing that the full additional need of US\$1.01 million is deferred. This means that the additional reporting and systems upgrades mentioned above will be postponed until savings can be found to finance the activity.

(iii) **Pillar 3 - Institutional change**

(a) Management is proposing to reduce cost in this pillar by holding biennial Governing Council sessions and, in consultation with the Executive Board, reducing the volume of documents for governing bodies. Some further organizational consolidation will be explored by the end of 2022.

22. Table 3 provides a summary of the proposed options for cost reductions under scenario 1.

Table 3

Proposed options for cost reductions – Scenario 1 (3.5 per cent)

(Millions of United States dollars)

<i>IFAD12 pillar</i>	<i>Category</i>	<i>2023</i>	<i>2024</i>	<i>2025</i>
Country programmes	• Reduction in non-staff budget to fully compensate the conversion of personnel with service contracts into staff contracts	(0.68)		
	• Recalibration of research activities	(0.69)		
	• Timing of APR regional office (for discussion)	(0.96)	0.96	
	• Timing of LAC regional office (for discussion)	(0.34)		0.34
	• Timing of at least two IFAD country offices (for discussion)	(0.40)		
Country programmes, subtotal		(3.07)	0.96	0.34
Financial transformation	• Defer all incremental costs related to the financial transformation in 2023	(1.30)		
Financial transformation, subtotal		(1.30)		
Institutional change	• Biennial virtual Governing Council sessions	(0.50)		
	• Reduction in the volume of documents	(0.20)	(0.20)	
	• Further organizational consolidation (to be explored)	(0.42)		
	• Future rationalizations or deferrals to be identified		(3.73)	(1.81)
Institutional change, subtotal		(1.12)	(3.93)	(1.81)
Total		(5.49)	(2.97)	(1.47)

23. **Scenario 2 - 2.5 per cent increase.** Under this scenario, Management will need to further reduce costs by US\$1.67 million. This would require identifying additional savings and institutional efficiencies (see table 4).

24. Savings options, including the option to explore organizational streamlining possibilities, would require a careful assessment by Management and the subsequent trade-offs and budget implications would require agreement from the Executive Board, under the new IFAD leadership.

Table 4

Proposed options for cost reductions – Scenario 2 (2.5 per cent)

(Millions of United States dollars)

IFAD12 pillar	Category	2023	2024	2025
Institutional change	• Future rationalizations or deferrals to be identified	(1.67)	(3.44)	(5.31)

B. Nominal budget

25. With regard to inflation, as in previous years IFAD will apply differentiated price factors to the various expenditure categories. The proposed approach for adjusting the 2023 regular budget for inflation and price increases is outlined in annex I.
26. Based on current assumptions with a net price increase of approximately 2 per cent, it is projected that IFAD’s regular budget would amount to US\$176.37 million under scenario 1 and US\$174.65 million under scenario 2, as reflected below in table 5.

Table 5

Regular budget growth scenarios

(Millions of United States dollars)

Scenario	2022 approved budget	2023 real growth	2023 price increase	2023 nominal budget
Scenario 1 (3.5% increase)	166.93	5.85	3.59	176.37
Scenario 2 (2.5% increase)	166.93	4.17	3.55	174.65

IV. 2024-2025 budget outlook

27. IFAD’s regular budgets in 2024 and 2025 are expected to support the continuation of the planned activities under the three pillars of IFAD12 business model as follows:
 - (i) **Pillar 1 - Country programmes.** IFAD will continue to increase its investment to meet IFAD12 commitments under this pillar. Management has estimated an amount of US\$5.47 million to do so. Specifically in relation to Decentralization 2.0, IFAD is expected to continue with the decentralization of offices from 2024 onwards, taking into account the outcomes of the corporate-level evaluation on decentralization. Preliminary estimates indicate that this could cost up to US\$1.3 million. Over the next three to five years, additional funding will be required for priorities such as ensuring that IFAD is aligned with the Paris Agreement, engaging countries in data-driven context-specific sector advice and increasing engagement in fragile situations.
 - (ii) **Pillar 2 - Financial architecture.** IFAD will further increase investments to fully implement the recent financial reforms, maintain a positive credit rating and broaden its funding sources, with an estimated US\$5.5 million over 2024 and 2025.
 - (iii) **Pillar 3 - Institutional change.** An additional investment of US\$5.7 million has been estimated for institutional enhancements as outlined above. This includes mainstreaming technology automation pilots, data storage and encryption, enhancing cybersecurity, addressing the need for enhanced oversight and tracking in a decentralized environment and meeting the increased recurrent system costs and depreciation after implementing the various reforms.
28. Over the coming months, there will be further assessments of IFAD’s priorities and potential additional rationalizations that could be made over the medium term, taking into account the vision of IFAD’s new leadership, IFAD12 commitments and emerging IFAD13 priorities.

V. 2023 capital budget

29. As in prior years, the 2023 capital budget is split into:
 - (i) Capital expenditures that are cyclical or regular in nature, and have an economic lifetime of more than one year (e.g. annual replacement of computers, and replacement of vehicles in IFAD country offices); and
 - (ii) Major ICT and other investment projects, subject to available capacity.
30. IFAD units are progressing well on cyclical upgrades. Major ICT investment projects and other crucial initiatives, such as end-to-end project procurement, are also on track. Cloud-based solutions expected to shift costs from capital expenditure to regular expenditure.
31. For 2023, a capital budget of between US\$6.25 million and US\$6.8 million is expected to be proposed, which is similar to the 2022 capital budget envelope of US\$6.5 million. Due to the Fund's gradual transition to cloud solutions, a shift from capital expenditures to recurring operational expenditures continues to be expected. Management continues to explore approaches to manage this transition in order to mitigate pressure on future recurrent costs.

VI. Way forward

32. This document is expected to facilitate strategic dialogue with the Executive Board over the coming months to assess priorities and trade-offs and reach an agreed level of ambition for IFAD's regular budget in 2023 and beyond. Those discussions will inform the final proposal to be presented.
33. Management will present the proposal for IFAD's 2023 results-based programme of work and regular and capital budgets to the Executive Board at the December session, together with the results-based work programme and budget for 2023 and indicative plan for 2024-2025 of the Independent Office of Evaluation of IFAD (IOE). The Heavily Indebted Poor Countries and performance-based allocation system progress reports will also be presented during that session.

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

I. Introduction

1. **Evaluations during the global crisis.** As in 2020 and in 2021, the COVID-19 pandemic has affected the conduct of evaluations during the current year. However, after two years of remote missions, in 2022 the Independent Office of Evaluation of IFAD (IOE) has been able to resume in-person missions to selected countries, where conditions and regulations allowed for international travel. This has supplemented the data collection through document reviews, remote stakeholder consultations by telephone, Zoom and Skype, remote-sensing data, and field visits already being undertaken by national consultants. IOE will continue to assess the situation in countries where missions are planned and adapt its approach to the evolving circumstances.¹⁹
2. **Emerging priorities.** This document illustrates the priorities for IOE in 2023 and beyond, their relevance to the multi-year evaluation strategy of IOE for the period 2022-2027,²⁰ and the resource implications. The document was informed by extensive consultations with IFAD's governing bodies and Management, including the Programme Management Department (PMD) and the Strategy and Knowledge Department. This document is aligned to the multi-year evaluation strategy, which was presented to the Evaluation Committee at its 114th session and to the Executive Board at its 134th session in December 2021. The multi-year strategy helps operationalize the 2021 Revised IFAD Evaluation Policy.²¹

II. Activities in 2022

3. This section provides an update on the progress made in 2022, budget utilization up to June 2022 and projected 2022 year-end budget utilization. In line with the 2021 evaluation policy, the IOE budget is developed independently of IFAD's administrative budget.

A. Key evaluations and related initiatives

4. The progress made on selected evaluation activities is outlined below:
 - **Corporate-level evaluation (CLE) of IFAD's decentralization experience.** The CLE has concluded the data collection and the country case studies. The draft report is being prepared and, after a peer review in IOE, will be shared with Management for comments. The report will be finalized taking comments into consideration. The CLE report is planned to be presented to the Evaluation Committee at its 120th session in April 2023 and the Executive Board at its 138th session in May 2023. This schedule takes into account the updated timeline for decentralization, including the opening of two regional offices in East and Southern Africa and West and Central Africa, respectively.
 - **Subregional evaluation (SRE) of fragile situations in West Africa.** In 2022, IOE concluded its first SRE. In consultation with the West and Central Africa Division, IOE covered countries included in the G5 Sahel programme – Burkina Faso, Chad, Mali, Mauritania and Niger – in addition to operations in

¹⁹ <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>.

²⁰ <https://webapps.ifad.org/members/eb/134/docs/EB-2021-134-R-36.pdf>.

²¹ <https://webapps.ifad.org/members/eb/132/docs/EB-2021-132-R-5-Rev-1.pdf>.

northern Nigeria. The final report is planned to be presented to the Evaluation Committee at its 119th session in October 2022.

- **Evaluation synthesis on government performance.** An internal learning event on the evaluation findings was organized in June 2022. The report was presented to the Evaluation Committee at its 116th session in March 2022 and the Executive Board at its 135th session in April 2022.
- **Thematic evaluation on gender.** The preparatory work and a preliminary review of the relevant portfolio of operations began in the second half of 2022 and the evaluation will be completed in 2023.
- **Country strategy and programme evaluations (CSPEs).** National roundtable workshops for Eswatini, Indonesia, Malawi and Uzbekistan were conducted via videoconference in the first two quarters of 2022. This allowed for exchanges and discussions with governments and other stakeholders. The CSPEs for Burundi and Eswatini were presented to the Evaluation Committee at its 116th session in March 2022 and the Executive Board at its 135th session in April 2022. The CSPEs for Indonesia and Uzbekistan were presented to the Evaluation Committee at its 117th session in June 2022. The approach paper for the Colombia CSPE has been finalized and data collection is ongoing. Similarly, data collection is being undertaken in China, Ethiopia, Guinea-Bissau and Kyrgyzstan. Given COVID-related travel restrictions in China in 2022, as well as conflict and security concerns in Ethiopia, these two CSPEs will be completed in 2023, including field-visit validation. The CSPE for Haiti will commence in late 2022 and is expected to carry over into 2023, pending a review of the security situation in the country.
- **Annual Report on the Independent Evaluation.** IOE prepared the Annual Report on the Independent Evaluation of IFAD (ARIE), for presentation to the Evaluation Committee at its 118th session and the Executive Board at its 136th session. As anticipated in IOE's multi-year evaluation strategy, this report is a revamped version of the erstwhile Annual Report on Results and Impact of IFAD Operations (ARRI) and is being presented on the twentieth anniversary of that report. As in the past ARRIs, the ARIE contains an analysis of ratings from project-level evaluations as well as ratings for non-lending activities generated by country-level evaluations. However, the new ARIE provides more comprehensive coverage of findings from IOE evaluations, including at the corporate, thematic, country and project level, and places greater emphasis on extracting lessons from evaluations and on learning.
- **Project cluster evaluations.** The project cluster evaluation (PCE) is a new IOE product, and field visits for the first one, on rural enterprise development, took place between the last quarter of 2021 and the first quarter of 2022. IOE finalized the PCE taking into consideration the comments from Management. Also in 2022, IOE will undertake a PCE on rural finance projects in the East and Southern Africa region. The data collection and country missions are expected to take place between late 2022 and the first quarter of 2023 and will be finalized in 2023.
- **Project performance evaluations (PPEs).** PPEs are progressing as planned. Approach papers have been finalized for all PPEs in Cuba, Egypt, Togo and Zambia. International missions have already been undertaken in these countries. The approach paper for the PPE in the Lao People's Democratic Republic is being prepared and the mission is planned for the fourth quarter of 2022.
- **Evaluation manual.** The IFAD Revised Evaluation Manual was produced by IOE in collaboration with Management and presented to the Evaluation

Committee at its 116th session in March 2022 and the Executive Board at its 135th session. Part 1 has been translated into Arabic, French and Spanish. IOE and Management have presented the manual at two internal seminars for IFAD staff and one seminar for an external audience in May and June 2022. IOE has finalized the chapters of part 2 on independent evaluation products. IOE has prepared a web-based self-paced course on part 1, which is being tested before making it available to the public.

- **Evaluation Advisory Panel.** The Director IOE has established an Evaluation Advisory Panel to further enhance IOE's independence, credibility and utility. IOE held a workshop for the advisory panel in July 2022. The panel members also met with representatives of the Evaluation Committee and Executive Board and Senior Management, the directors of evaluation offices at the other Rome-based agencies and IOE staff.
- **Knowledge management and communication.** Between July 2021 and June 2022, IOE published and disseminated to internal and external audiences 11 evaluation reports, six infographics, 28 news items, 34 event pages, five workshop reports, 16 Coffee Talk fact sheets and five Evaluation Advisory Panel fact sheets. IOE also published two issues of Independent Magazine and three newsletters. In addition, IOE created one blog post, four episodes of the video series entitled "60 Seconds with the Director", one feature promotional video, 11 full live learning event videos and five video event excerpts on the Coffee Talk titled "Mindset Strategies for Post-Evaluation Transformation: Perspectives from Brain Science". Finally, IOE launched its new independent website.
- **Internal and external events and cooperation with other evaluation networks.** By September 2022, IOE will have organized four online workshops on CSPEs for Colombia, Indonesia, Malawi and Uzbekistan. Online learning events were organized on: (i) the evaluation synthesis on government performance; (ii) the thematic evaluation (TE) on IFAD's support to smallholder farmers' adaptation to climate change adaptation; and (iii) the revised evaluation manual (three seminars). Management collaborated in these events as keynote speakers, presenters and panellists.
- IOE participated and made contributions to: (i) the Annual General Meeting of the United Nations Evaluation Group (online); (ii) the Spring Meeting of the Evaluation Cooperation Group (Washington, D.C.); (iii) the gLOCAL Evaluation Week (three virtual events); (iv) the annual Meeting of the International Research Group for Policy and Programme Evaluation (IntEval), organized at Wilton Park (United Kingdom); (v) the 2022 European Evaluation Society Biennial Conference (Copenhagen), with four seminars; (vi) the Islamic Development Bank Group Evaluation Symposium; and (vii) the Asia Pacific Evaluation Association.
- IOE is a member of the Global Evaluation Initiative led by the Independent Evaluation Group (IEG) of the World Bank, in collaboration with the Independent Evaluation Office of the United Nations Development Programme. IOE attended the Global Evaluation Initiative Partnership Council (Paris). Plans are being prepared for pilot evaluation capacity activities in Uzbekistan, taking into account the interest expressed by the Government. IOE will support the annual National Evaluation Capacities Conference to be held in Turin (Italy) in late October 2022. IOE and IEG are also sponsoring an international Evaluation for Transformational Change Award to be conferred at the September 2022 Global Assembly of the International Development Evaluation Association, to be held in Bonn.

B. 2022 budget utilization

5. Table 1 reports on IOE budget utilization in 2021 and up to June 2022, and the projected rate at year-end. In 2021, IOE utilized 97.1 per cent of its non-staff budget to accomplish its work programme, in spite of disruptions due to COVID-19. Total budget utilization in 2022 may be affected by staff vacancies that have arisen during the year.

Table 1

IOE budget utilization in 2021 and projected utilization in 2022 (as of end-June 2022)

(United States dollars)

<i>Evaluation work</i>	<i>Approved budget 2021</i>	<i>Budget utilization 2021</i>	<i>Approved budget 2022</i>	<i>Commitment as of end-June 2022</i>	<i>Expected utilization as of year-end 2022</i>
Non-staff costs					
Travel costs		120 091	-	193 712	280 000
Consultant fees		1 939 830	-	1 380 911	1 750 000
Evaluation outreach, staff training and other costs		300 560	-	148 919	370 000
Subtotal	2 430 000	2 360 480	2 460 000	1 723 543	2 400 000
Non-staff budget utilization (percentage)		97.13%		70.06%	97.56%
Staff costs	3 388 338	3 131 497	3 388 338	3 043 273	3 043 273
Total	5 818 338	5 491 977	5 848 338	4 766 816	5 443 273
Total budget utilization (percentage)		94.39%		81.51%	93.07%

III. IOE 2023 work programme

A. Proposed work programme for 2023

6. As recommended by the external peer review, IOE prepared a multi-year evaluation strategy in consultation with the Evaluation Committee, the Executive Board and Management and presented it to 114th session of the Evaluation Committee in September 2021. The multi-year strategy will orient the selection of evaluations for 2023 and beyond (annex II and annex III). The objectives set out in the multi-year strategy 2022-2027 are to:
- 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 the Eleventh Replenishment of IFAD's Resources (IFAD11), IFAD12 and IFAD13;
 - Improve evaluation **coverage** and promote transformative evaluations reflecting the scale and scope of IFAD operations, ensuring methodological rigour, attention to inclusiveness and cultural responsiveness, flexibility and cost-effectiveness;
 - Engage with Management, Member States and external partners to support **evaluation capacity** and use within and outside IFAD; and
 - Retain and deepen IOE's position as an **internationally recognized leader** in the evaluation of rural development programmes, policies and strategies, by further strengthening the relevance of its work, promoting innovative approaches and the adoption of technology for evaluation, and enhancing collaboration with evaluation functions in other organizations and with think tanks and universities.

7. In terms of contributing to IFAD's position as a **transparent, learning-oriented and accountable organization**, IOE will continue to apply the 2022 evaluation manual to all its evaluation products. IOE has worked with PMD to roll out the new evaluation manual and related training activities. This is expected to contribute to a common understanding on methodological fundamentals.
8. In 2023 IOE plans to complete a TE on IFAD's progress on gender equality. Gender equality 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. The evaluation will assess, inter alia, the relevance of the IFAD Policy on Gender Equality and Women's Empowerment (2012), how it compares with similar policies in other organizations, and the progress made and results achieved in implementing the policy. The evaluation will also review organizational issues (e.g. human resources, processes, budgets, technical guidance) to implement the gender policy.
9. In 2023, IOE will conclude a CLE on knowledge management at IFAD. The purpose of the evaluation is to assess the relevance and effectiveness of the knowledge management strategies at IFAD (past and present), drawing and capitalizing on its own experience and the experiences of development partners. It will assess how knowledge generation and systematization processes have contributed to development effectiveness, including the use of knowledge to strengthen IFAD's substantive contribution to country-level policy engagement.
10. In 2023, IOE will begin a TE on the progress made by IFAD on nutrition and food security. IFAD has always been engaged in supporting food security at the household and community level. IFAD's specific agenda on nutrition was shaped by IFAD11 and led to two action plans (2016-2018 and 2019-2025). The evaluation will assess progress made at the strategic, policy and operational levels.
11. IOE will continue to produce the annual ARIE, a revamped version of the ARRI introduced in 2022. The ARIE will retain the analysis of ratings, while providing more information on the full range of activities conducted by IOE. In doing so, it will further contribute to learning, in addition to accountability.
12. As foreseen in the IOE multi-year strategy and as discussed by the Evaluation Committee at its 115th session in October 2021, IOE will pilot two corporate-level reviews in 2023: (i) a review on the Results Management Framework for IFAD12; and (ii) an ex post review on the actions taken on the recommendations of the 2018 CLE on IFAD's Financial Architecture. These reviews are expected to generate concise documents and are an example of "just in time" evaluation work, introduced by the IOE multi-year evaluation strategy.
13. In the past, the option of an ad hoc CLE on IFAD's institutional efficiency was tentatively considered for 2023. Importantly, IOE will complete its second CLE on decentralization in 2022, which will cover key aspects of institutional efficiency in supporting country programme and non-lending activities. Moreover, the ongoing CLE on knowledge management, to be completed in 2023, will assess the efficiency of institutional processes that are meant to promote knowledge flows in the organization. IOE is also planning to discuss the topic of efficiency at the corporate, country programme and operational level in the 2023 ARIE.
14. For this reason, rather than carrying out a separate CLE on institutional efficiency in 2023, IOE plans to analyse institutional efficiency in the context of a proposed comprehensive CLE on the progress made under IFAD11 and IFAD12 and on the relevance of IFAD13. IOE proposes to conduct these reviews in 2024 and 2025. This comprehensive evaluation will assess IFAD's strategic directions, operational activities, institutional efficiency and financial architecture and the changes and results propelled by the replenishment processes. Similar evaluations have been performed at other international financial institutions, for example the Inter-

American Development Bank and the Global Environment Facility. IOE believes this will result in a more cost-effective use of resources and provide better value added for Management and governing bodies. IOE will provide further information on this comprehensive evaluation in 2023 as a part of its work programme and budget submission for 2024.

15. In terms of **improving evaluation coverage to reflect the scale and scope of IFAD operations**, IOE will conduct CSPEs to inform future country strategies. In 2023, IOE will complete the CSPEs in China and Ethiopia started in 2022. Pending an assessment of the security situation, data collection and reporting will commence for the Haiti CSPE. New CSPEs will start in Argentina, India, Mauritania and Rwanda. CSPEs will follow the new structure outlined in the 2022 evaluation manual, which focuses on more strategic aspects of the country programme and leads to more concise reports. It should be noted that Haiti and Mauritania are for the first time being covered by a country-level evaluation at IFAD.
16. As discussed with the Latin America and the Caribbean Division, in 2023 IOE will start a subregional evaluation on the Dry Corridor of Central America, to be completed in 2024. The dry corridor stretches through several countries, including El Salvador, Guatemala, Honduras, Mexico and Nicaragua, and is affected by agroecological fragility and climate change. The evaluation will have a strategic scope and may also include a review of the relevance of IFAD's financial instruments to provide support in the subregion and learn from the experience of other international organizations. Further elements of the scope of this evaluation will be determined through consultation with Management and the national counterparts.
17. IOE will conclude the PCE on rural finance projects in the East and Southern Africa region in 2023. This evaluation will assess projects in selected countries and analyse evidence on successes and shortcomings in the provision of rural financial services and the main explanatory factors. It will help Management draw from the findings to prepare future interventions and support those ongoing.
18. Given the high workload involved in performing higher-plane evaluations and the human resources available, IOE proposes to undertake three PPEs in 2023, as compared to its standard of four or five per annum. Tentatively, the countries considered for PPEs are Bosnia and Herzegovina, Chad and the Solomon Islands. The selection of countries and projects will be confirmed as IOE finalizes the work programme. IOE has not yet conducted a dedicated PPE in Bosnia and Herzegovina or in the Solomon Islands. Only one PPE has been conducted in Chad, in 2017. The PPE in the Solomon Islands will support IOE in preparation for a subregional evaluation on the small island developing states in the Pacific, planned to start in 2024 (the exact geographic coverage of this evaluation will be further discussed with Management). In line with its multi-year evaluation strategy, IOE prioritizes PPEs, taking into account the knowledge needs of Management, IOE's need to generate evidence ahead of strategic evaluations (e.g. CSPEs and SREs, TEs or evaluation syntheses), and opportunities to broaden coverage of countries where few evaluations were conducted in the past.
19. In order to assess and support self-evaluation, IOE will undertake project completion report validations (PCRVs) on an ongoing basis. PCRVs are now shorter, with a focus on criteria where there is a disconnect between PMD's self-rating and IOE's rating.
20. In terms of **evaluation capacity development**, IOE will pursue opportunities to support both internal and external evaluation capacity. The internal opportunities will be dedicated to IFAD staff and will be focused on the utilization of the 2022 evaluation manual, in collaboration with Management. These may consist of IOE's participation in regional workshops or specific technical seminars and methodological roundtables. External opportunities will target capacity

development in Member States, in order to improve the ability of Member States to monitor and evaluate their rural development programmes. IOE's role will be to facilitate cooperation between governments, Management and international networks such as the Global Evaluation Initiative. This is in line with IOE's multi-year evaluation strategy and with the 2021 evaluation policy.

21. In terms of **furthering IOE's leadership role in evaluation**, IOE plans to continue engaging with international networks on evaluation and related international initiatives. IOE will continue to contribute actively to evaluation events and discussions at the country, regional and global level. In 2023, IOE will host the annual meeting of IntEval, comprising high-profile representatives from bilateral and multilateral evaluation outfits, think tanks and applied research.
22. IOE will also continue to engage with its Evaluation Advisory Panel to enhance the quality of its work and continue to be at the cutting edge of the rural development evaluation field. To this end, the annual workshop with the Evaluation Advisory Panel will be conducted in 2023 at IFAD headquarters, preferably in conjunction with the IntEval meeting. The panel will interact with Management and the governing bodies.
23. The proposed list of IOE evaluation activities for 2023 is shown in annex II and the indicative plan for 2024-2025 is presented in annex III.

IV. 2023 resource envelope

A. Staff resources

24. **The IOE multi-year strategy drives an increase in evaluation coverage.** As indicated in the multi-year strategy, IOE plans to diversify its suite of evaluation products to better serve IFAD's accountability and learning needs and increase the coverage of IFAD operations and strategies and corporate processes. In particular, IOE has introduced new products, such as subregional evaluations and PCEs that cover, respectively, several countries or several projects within a single evaluation exercise. This is a multi-year effort and is expected to generate more strategic findings and lessons.
25. **Increasing demand for strategic evaluations.** In its discussions with Management on its work programme proposal for 2023 and subsequent years, IOE has experienced a surge in interest in corporate and thematic evaluations, as well as in subregional and country-level evaluations. IOE will maintain a prudent approach to setting the size of its work programme and is conscious that there is a limit to the absorption capacity of the organization, which will require time and resources to internalize findings and implement the recommendations.
26. However, the above increased demand for evaluations is a challenge, given IOE's current staff composition: not only in terms of the number of staff but also in terms of the seniority of staff members. Conducting a country-level, subregional, thematic or corporate-level evaluation requires well-established evaluation professionals with solid technical and methodological experience and capacity to engage with Senior Management at IFAD, as well as senior-level stakeholders outside IFAD.
27. **IOE staff-led evaluations.** IOE will continue its practice of having Professional staff lead evaluations, design the methodology, head multidisciplinary teams, write and finalize the reports and present them to Management, governing bodies, government representatives and other external stakeholders. Staff leadership is essential to ensure that evaluation processes and reporting are of high quality and that knowledge generated through evaluation will stay within IFAD and can be shared when required. IOE pursues the above professional evaluator model, which mitigates risk, enhances the coherence of the evaluation team, allows for better

internal and external engagement around evaluation, and is overall more cost-effective.

28. **Proposed IOE human resource level.** As detailed in table 2, moving forward and taking into consideration the above points, IOE proposes the following changes in the IOE staff complement:

- (a) **Upgrade a current P-3 vacant post (evaluation officer) to P-4 level (senior evaluation officer).** This will allow IOE to hire a staff member with adequate seniority to conduct CSPEs, subregional evaluations and, on a selective basis, TEs.
- (b) **Add a new staff post at the P-3 level (evaluation officer)** to maintain IOE capacity to conduct project-level evaluations, including the new PCEs for which IOE receives continued demand. Project-level evaluations contribute to the evidence base for higher-plane evaluations (e.g. corporate, thematic, subregional and country-level). Moreover, the new staff member will support strategic evaluations led by a senior colleague.
- (c) **Creation of an evaluation assistant staff position at the G-4 level.** This is needed given the increased administrative support required for evaluations that include multi-country visits (e.g. corporate, thematic, subregional and project cluster evaluations), the increasing workload for IOE to engage in learning activities with Management, as well as IOE’s support to evaluation capacity development. The effect of this new position on IOE’s budget will be modest: about half of the additional costs will be internalized in IOE’s current administrative budget.

Table 2
Staffing in 2022 and proposed staffing in 2023

<i>Category</i>	<i>2022</i>	<i>2023 (proposed)</i>
Professional staff		
Director	1	1
Deputy Director	1	1
Lead evaluation officers	3	3
Senior evaluation officers	3	4
Evaluation officers	4	4
Evaluation research analyst	1	1
Evaluation knowledge and communication officer	1	1
Subtotal - Professional staff	14	15
General Service staff		
Administrative associate	1	1
Associate to Director	1	1
Assistant to Deputy Director	1	1
Evaluation assistants	3	4
Subtotal - General Service staff	6	7
Grand total	20	22

B. Budget requirements

- 29. The proposed budget is presented by type of activity 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.
- 30. **Assumptions.** At the time of preparation of this document, the standard staff costs for 2023 were not yet available and the 2022 standard costs have been used. 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 2023 budget will be as follows: (i) standard staff costs provided by the Office of Strategic Budgeting used for calculating total staff costs; (ii) inflation will be absorbed to the greatest extent possible; and (iii) US\$:EUR exchange rate following IFAD assumptions.

Table 3
Proposed budget for 2023 by type of activity and comparison with previous budgets

Type of activity	Approved 2020 budget (US\$)	Approved 2021 budget (US\$)	Approved 2022 budget (US\$)	Proposed 2023 budget (US\$)	Absolute number 2022	Absolute number 2023
Non-staff costs						
ARRI/ARIE, CLE, TE, evaluation synthesis and corporate-level reviews	535 000	400 000	570 000	625 000	5	7
SREs and CSPEs	1 000 000	1 140 000	950 000	975 000	8	8
Project-level evaluations (PCEs, PPEs, PCRVs and impact evaluations [IEs])	485 000	340 000	420 000	360 000	42*	40*
Evaluation manual	-	80 000	30 000	-		
IOE multi-year strategy		10 000	-	-		
Knowledge-sharing, publication, communication, evaluation outreach and partnership activities	260 000	270 000	270 000	290 000		
Evaluation capacity development, training and other costs	120 390	120 000	200 000	220 000		
Buffer for unforeseen evaluation work	80 000	70 000	20 000	20 000		
Total non-staff costs	2 480 390	2 430 000	2 460 000	2 490 000		
Staff costs	3 388 338	3 388 338	3 388 338	3 619 700		
Total	5 868 728	5 818 338	5 848 338	6 109 700		
Recruitment of IOE Director	137 000	-	-	-		
New evaluation policy	50 000	-	-	-		
Total budget	6 055 728	5 818 338	5 848 338	6 109 700		

* 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.

31. **Budget by divisional goals.** Table 4 shows the allocation of the total IOE proposed budget for 2023, including both staff and non-staff costs, against IOE's strategic objectives.

Table 4
Proposed 2023 budget allocation by strategic objectives

<i>Strategic objectives</i>	<i>Budget</i>	<i>% of total budget</i>
Contribute to forging IFAD's corporate culture as a transparent, learning-oriented and accountable organization by providing IFAD governing bodies, Management, governments and national development partners with assessments and knowledge that are critical to fulfilling the commitments made under IFAD11, IFAD12 and IFAD13	1 405 231	23
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	3 360 335	55
Engage with Management, Member States and external partners to support evaluation capacity and use within and outside IFAD	549 873	9
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	794 261	13
Total	6 109 700	100

Note: percentages are rounded up.

32. **Gender-sensitive budget.** IOE's evaluations have historically placed a strong emphasis on examining gender-related issues in IFAD operations. The central transformative principle of the 2030 Agenda for Sustainable Development, Leave No One Behind, is reflected in the 2022 evaluation manual and in IOE's multi-year strategy. IOE will henceforth take a more robust review of gender equality in evaluations (including the issue of transformational change and intersectionality). IOE will also complete a TE on gender equality in 2023.

Table 5
IOE 2023 gender-sensitive budget

<i>Type of activity</i>	<i>Proposed 2023 budget</i>	<i>Gender component (percentage)</i>	<i>Gender component (US\$)</i>
Non-staff costs			
ARIE, CLE, TE, evaluation synthesis and corporate-level reviews	580 000	20	116 000
SREs and CSPEs	970 000	13	126 100
Project-level evaluations (PCEs, PPEs, PCRVs and IEs)	410 000	11	45 100
Knowledge-sharing, communication, evaluation outreach and partnership activities	290 000	8	23 200
Evaluation capacity development, training and other costs	220 000	8	17 600
Buffer for unforeseen evaluation work	20 000	8	1 600
Total non-staff costs	2 490 000	13.3	329 600
Staff costs			
Gender focal point and alternate gender focal point	343 100*	15	51 465
Other evaluation staff members	3 276 600	7	229 362
Total staff costs	3 619 700	7.8	280 827
Total	6 109 700	10.0	610 7

* Assuming a P-3 and a P-4 staff member.

V. IOE budget proposal and considerations for the future

33. **Current proposal.** The proposed 2023 budget totals US\$6.109 million, US\$261,362 more than the approved budget for 2022, mainly due to an increase in the budget for human resources. However, this requested budget envelope is lower than IOE’s budget of US\$6.18 million in 2019 and the budget of US\$6.20 million in 2010 (figure 1).
34. **Streamlining processes.** IOE’s budget as a percentage of IFAD’s administrative budget has witnessed a consistent decline over the last decade (figure 2, based on figures available from Management in October 2021). Over the years, IOE has sought to streamline processes and products and control the cost of conducting evaluations.
35. Furthermore, learning from the experience of limited international travel during the COVID-19 pandemic, IOE has revised its approach to country programme evaluations, as well as thematic and corporate-level evaluations. This includes, for example, conducting virtual preparatory missions, online consultations and online learning events.²² These measures lead to savings in international travel, with the understanding that in-person missions to collect primary data are still required.²³

Figure 1
IOE budget (2010-2023)
(Millions of United States dollars)

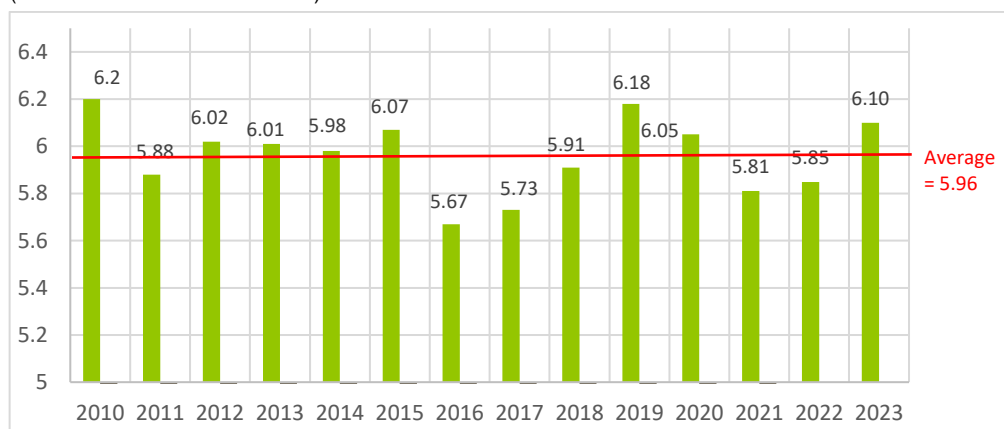
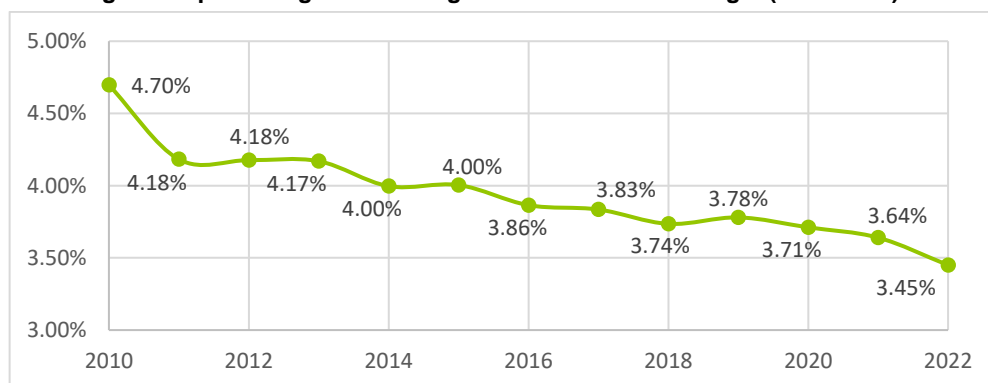


Figure 2
IOE budget as a percentage of IFAD regular administrative budget (2010-2022)



²² For the related learning note elaborated by IOE: https://www.ifad.org/documents/38714182/42217951/LearningNote_Covid19_forweb2.pdf/98f22bb0-6c22-16c3-c54b-4f09b4f0fdcd.

²³ As an example, the typical budget for a CSPE before the COVID-19 pandemic was US\$200,000. If the preparatory mission and the national workshop can be conducted virtually and if the main mission can be conducted in presence, the CSPE budget can be reduced to about US\$150,000 for many countries.

36. IOE's budget cap is fixed at 0.90 per cent of IFAD's programme of loans and grants (PoLG). As decided by the Executive Board at its 131st session, the ratio of the budget as a percentage of the average PoLG is calculated 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. Thus, IOE's proposed budget of US\$6.109 million represents approximately 0.52 per cent of IFAD's PoLG, well below the above cap.
37. 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

Inflation assumptions for 2023

1. As in previous years, IFAD will apply differentiated price factors for the 2023 budget since inflation will have varying effects on different expenditure categories.
2. The price increase assumptions and corresponding rationale are outlined below:
 - **Staff costs.** The effect of the weakened euro on the foreign exchange rate will buffer the expected price increase from the revision of standard costs. Therefore, Management proposes to use a price factor of 1 per cent.
 - **Consultancy costs.** Management analysed existing contract data for all consultants, ranging from 2020 to 2022, and calculated the average daily fee increase based on the fee changes for every individual that worked for IFAD in at least two of the three years. As a result, Management is proposing a 3 per cent price increase for this expenditure category.
 - **Travel costs.** The IFAD Travel and Visa Section projects a price increase for travel costs of approximately 10 per cent. Notwithstanding this assessment, Management is proposing a 4 per cent price increase for this category. This will mean that savings will have to be identified to fund the difference.
 - **IT services costs.** For this category, Management normally aligns estimates with the Italian consumer price index. As in the case of the travel cost, Management has capped the price factor at 4 per cent.
 - **Other costs.** This expenditure category is comprised of the following subcategories:
 - Facility management;
 - Other staff costs;
 - Training costs;
 - Interpretation and translation costs;
 - Administrative costs; and
 - Cooperating institutions costs.

Management has applied a 4 per cent increase to all six subcategories within the "other costs" category.

Examples of costs absorbed within minimal growth over the last several years

1. IFAD has shown efficiency and prioritized under a zero real-growth budget.
2. From 2016 to 2021, the approved regular budget for IFAD increased by approximately 1.7 per cent annually, which corresponds to the rate of inflation and zero real growth.
3. During the same period, IFAD implemented a number of significant initiatives, reforms and activities, which reflects a level of organizational efficiency and prioritization:
 - (i) **Enhanced country presence and operational reform.** Under IFAD11, IFAD implemented the Operational Excellence for Results initiative, which focused on maximizing contributions to improving the lives of agricultural smallholders and contributed to enhanced country presence, with approximately US\$9.2 million in recurring costs.
 - (ii) **Changed financial model, architecture and credit rating.** Substantive changes have been implemented to change IFAD's business model and financial architecture. The changes implemented include the establishment of policies and frameworks, the Office of Enterprise Risk Management (RMO), strengthening of the Office of the General Counsel and issuance of a credit rating. The approximate total recurring annual costs of these initiatives amount to US\$2.3 million.
 - (iii) **Broadening the scope of IFAD's operations and activities.** Building on the accomplishments of IFAD11, IFAD has committed to deepen its impact under IFAD12 by strengthening mainstreaming climate, nutrition, youth and gender, with increased delivery targets. In addition, targets have been set to address persons with disabilities, indigenous peoples and information and communications technologies for development, and stronger safeguards have been put in place through the Social, Environmental and Climate Assessment Procedures. While mainstreaming work and expertise is deeply embedded into the organization, the Environment, Climate, Gender and Social Inclusion Division (ECG) takes the lead in mainstreaming cross-cutting themes. In 2018, operations were strengthened, inter alia, through the creation of ECG.
 - (iv) **Project procurement.** In response to the 2017 Annual Report on Results and Impact (ARRI) and other evaluation reports, IFAD decided to professionalize project procurement by establishing a project procurement function. A lead adviser, one analyst and one senior procurement officer in each regional division have contributed to reforming policy, systems and capacity. The investment in enhancing project procurement is reflected in improved programme performance and has added a recurring cost of approximately US\$1.3 million.

IOE Results Management Framework for 2022²⁴

Table 1
IOE key performance indicators for 2022

<i>Key performance indicator</i>	<i>Baseline</i>	<i>Target</i>	<i>Achievement</i>	<i>Notes</i>
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%	The data will be available through PRISMA 2022	Available via PRISMA
2. Percentage of agreed recommendations on high-plane evaluations implemented satisfactorily and in a timely manner	n.a.	90%	To be reported in 2023	Based on biannual verification by IOE on higher-plane evaluation
Coverage of IFAD programmes				
3. Number of higher-level evaluation reports (corporate-level evaluations [CLEs], thematic evaluations [TEs], evaluation syntheses, country strategy and programme evaluations [CSPEs] and subregional evaluations [SREs]) published during the year	6	7-8	7	Computed on an annual basis
4. Proportion of active countries covered through subregional and country-level evaluations, project performance evaluation (PPE), impact evaluations and project cluster evaluations (PCEs) on a two-year basis	25% ²⁵ (years 2019-2020)	28-33%	31.9% (2021-2022) ²⁶	Computed on a biannual basis
Engagement, outreach and feedback received				
5. Feedback received from the Executive Board and subsidiary bodies	n.a.	Tracked	Feedback is recorded in Evaluation Committee and Executive Board minutes and provides supportive remarks (examples in annex VI)	To be reported on in qualitative terms

²⁴ Drawn from IOE's multi-year strategy.

²⁵ Countries covered via CSPEs: 10. Countries covered by PPEs: 13. Average active countries in 2019-2020: 92.

²⁶ Countries covered by SREs: 6. Countries covered by CSPEs: 9. Countries covered by PPEs: 9. Countries covered by PCEs: 6. Number of countries with an active portfolio in 2021-2022: 94.

6. Feedback received from the Evaluation Advisory Panel on evaluation quality	n.a.	Tracked	To be presented in Evaluation Advisory Panel annual report	To be reported on in qualitative terms
7. Engagement events with Management and governments and feedback received	n.a.	Tracked	Per statements made at learning events (examples in annex VI)	To be reported on in quantitative and qualitative terms
8. Number of visits to the IOE website	77 380 (year 2019)	80 000	144,000	Data available from IFAD Communications Division
9. Number of learning events (co-)organized by IOE	8 (year 2019)	10	14	Includes events at IFAD and those open to the public
10. Score assigned IOE by the gender United Nations system-wide Action Plan (UN-SWAP) annual review ²⁷	Score of 10.4/12 (year 2020)	Score equal to or above 9.0/12 (the threshold for exceeding requirements)	Score obtained in 2021: 10.9 (exceeds requirements) Score for 2022 will be available in early 2023	
Utilization of resources and cost-effectiveness				
11. Percentage of non-staff budget utilized	98.7% (2020)	95-100%	97.13% (2021)	
12. Ratio of IOE budget to the programme of loans and grants	0.62% (year 2020)	≤0.90%	0.50% (2022)	The 0.90% cap was decided by the Executive Board in 2008
13. Ratio of IOE budget to IFAD administrative budget	3.64%	Tracked	3.45% (2022)	

²⁷ 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.

IOE proposed evaluation activities for 2023

Table 1
Proposed IOE work programme for 2023 by type of activity

<i>Type of work</i>	<i>Proposed activities for 2023</i>	<i>Start date</i>	<i>Expected finish date</i>
1. Corporate-level evaluations and reviews	Knowledge management (completion)	June-22	Dec-23
	Decentralization (to be completed in 2022, with presentation to governing bodies and related knowledge events planned for 2023)	June-21	Apr-23
	Review of the Results Management Framework for IFAD12	Jan-23	Sep-23
	Ex post review of implementation progress on selected CLE recommendations (CLE financial architecture)	Jan-23	Sep-23
2. TEs	Gender (completion)	June-22	Dec-23
	IFAD's support to food security and nutrition	June-23	Oct-24
4. SREs	Dry Corridor in Central America	June-23	Oct-24
5. CSPEs	Ethiopia (completion)	June-22	June-23
	Haiti	Dec-23	Dec-24
	China (completion)	June-22	June-23
	Argentina	Jun-23	Jun-24
	India	Jan-23	Dec-23
	Mauritania	Jun-23	Jun-24
	Rwanda	Jan-23	Dec-23
6. Project completion report validations (PCRVs)	Validation of all project completion reports (PCRs) available in the year	Jan-23	Dec-23
7. PPEs	Bosnia and Herzegovina, Rural Competitiveness Development Programme	Jan-23	Dec-23
	Chad, Project to Improve the Resilience of Agricultural Systems	Jan-23	Dec-23
	Solomon Islands, Rural Development Programme – Phase II	Jan-23	Dec-23
8. PCEs	Rural finance projects in the East and Southern Africa region	June-22	Sept-23
9. Engagement with governing bodies	Review of implementation of IOE's results-based work programme and budget for 2023 and preparation of results-based work programme and budget for 2024 and indicative plan for 2025-2026	Jan-23	Dec-23
	Annual Report on the Independent Evaluation of IFAD	Jan-23	Sept-23
	IOE comments on the PRISMA	Jan-23	Sept-23

<i>Type of work</i>	<i>Proposed activities for 2023</i>	<i>Start date</i>	<i>Expected finish date</i>
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	Jan-23	Sept-23
	IOE comments on policies and strategies by Management	Jan-23	Dec-23
	Participation in Evaluation Committee, Executive Board and Governing Council sessions, selected Audit Committee meetings and the 2023 Board country visit	Jan-23	Dec-23
	Annual workshop with the Evaluation Advisory Panel	Jan -23	July-23
	IOE comments on country strategic opportunities programmes (COSOPs) when related CSPEs are available	Jan-23	Dec-23
10. Communication and knowledge management activities	Evaluation reports, IOE website and communication activities	Jan-23	Dec-23
	Communicate the evaluation findings and disseminate the lessons and promote the utilization of evaluations	Jan-23	Dec-23
	gLocal, EvalForward and other knowledge management platforms	Jan-23	Dec-23
11. Partnerships	ECG, United Nations Evaluation Group (UNEG); Rome-based agency (RBA) collaboration	Jan-23	Dec-23
	Global Evaluation Initiative	Jan-23	Dec-23
	Hosting annual meeting of the International Research Group for Policy and Programme Evaluation	Jan-23	Dec-23
	Collaboration with universities and think tanks	Jan-23	Dec-23
	Contribution as external peer reviewer to evaluations by other multilateral and bilateral organizations as requested	Jan-23	Dec-23
12. Methodology	Dissemination of new evaluation manual	Jan-23	June-23
	Annual workshop of the Evaluation Advisory Panel	May-23	May-23
13. Evaluation capacity development (ECD)	Engagement in ECD in the context of the Global Evaluation Initiative	Jan-23	Dec-23
	Organization of workshops in partner countries (as per request) on evaluation methodologies and processes	Jan-23	Dec-23

IOE's indicative plan for 2024-2025

Table 1
IOE indicative plan for 2024-2025 by type of activity*

Type of work	Indicative plan for 2024-2025	Year	Remarks
1. CLEs	Comprehensive evaluation of IFAD11 and IFAD12 and review of the relevance of IFAD13	2024 - 2025	This is planned to be a broad evaluation of the progress made on IFAD11 and IFAD12 and an early assessment of the relevance of the strategic directions of IFAD13. Benefiting from a review of previous evaluations and building on new evidence, this evaluation will cover IFAD's strategic directions, operational performance, evolving financial architecture and institutional efficiency. To be completed in 2025, it will inform the IFAD14 preparation process.
	Human resource function of IFAD	2025	To review human resource policy rules and their implementation and how they support the institutional performance and development effectiveness of IFAD.
	External engagements of IFAD	2025-2026	To review international global partnerships and initiatives in which IFAD is involved, as well as related funding sources, their management arrangements and their contribution to further IFAD's mandate.
2. TE	IFAD's support to the private sector	2025-2026	IFAD's private sector engagement strategy was approved in 2019 and Management will conduct a midterm review in 2022-2023. This TE will provide an assessment of IFAD's private sector operations.
3. Subregional evaluations	Small island development states in the Pacific (or broader coverage)	2024 - 2025	This subregional evaluation may focus on the Pacific subregion or have broader coverage.
	Conflict-affected states in the Near East and North Africa region	2024 or 2025	
4. CSPE	Guinea	2024	
	Djibouti	2024	
	Viet Nam	2024	
	Zimbabwe or Mozambique	2024	
	Jordan	2025	
5. PCRVs	Validate all PCRs available in the year	2024-2025	
6. PCEs	Water management in the NEN region	2025	
7. PPEs	About 4-6 PPEs per year	2024-2025	
8. Engagement with governing bodies	Annual Report on the Independent Evaluation of IFAD	2024-2025	
	Ex post review of implementation of recommendations of selected strategic evaluations	2024-2025	

<i>Type of work</i>	<i>Indicative plan for 2024-2025</i>	<i>Year</i>	<i>Remarks</i>
	Preparation of the results-based work programme and budget for 2025, and indicative plan for 2026-2027	2025-2026	
	IOE comments on the PRISMA	2024-2025	
	IOE comments on the RIDE	2024-2025	
	IOE comments on selected IFAD operational policies and strategies prepared by Management for consideration by the Evaluation Committee	2024-2025	
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, and the annual country visit of the Board	2024-2025	
	Annual workshop with the Evaluation Advisory Panel	2024-2025	
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	2024-2025	
	Evaluation reports, IOE website and communication activities	2024-2025	
9. Communication and knowledge management activities	Communicate the evaluation findings and disseminate the lessons	2024-2025	
	Promote utilization of evaluations	2024-2025	
	gLocal, EvalForward and other knowledge management platforms	2024-2025	
10. Partnership	ECG, UNEG	2024-2025	
	Global Evaluation Initiative	2024-2025	
	RBA collaboration on evaluation	2024-2025	
	Contribute as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	2024-2025	
	Collaboration with universities and think tanks	2024-2025	
11. ECD	Capacity development for member countries	2024-2025	

* The topics and number of TEs, CLEs, CSPEs, PCEs, SREs and evaluation synthesis reports (ESRs) are tentative; actual priorities and numbers of activities to be undertaken in 2024 and 2025 will be confirmed or determined in 2023 and 2024, respectively.

IOE products

1. This annex presents the spectrum of IOE products between 1 March 2021 and 30 June 2022, and documents the progress in the areas of leadership and strategy, advancing established outputs, generating new products, improving staff capability and communications. The work has focused both internally and externally, noting that IOE operates within a global oversight architecture with the independent evaluation and oversight functions of other international financial institutions and the United Nations Evaluation Group.

A. Expand and deepen IOE's leadership role in building global evaluations

2. A set of initiatives seeking to advance the quality of evaluations in IFAD overall were completed, each of which introduces an element to support effective planning, common terminological and methodological understanding, and advance the capacity of staff.

Improvement of IOE evaluation quality

- **[Multi-Year Evaluation Strategy of the Independent Office of Evaluation of IFAD](#)**. For the first time, the work of IOE is guided by a multi-year evaluation strategy. The strategy spans a period of six years from 2022 to 2027 (IFAD12 and IFAD13). IOE will conduct a review at midterm, to reflect priorities that will be agreed in the context of IFAD13 as well as to learn from the experience of the first three years.
- **[Revised IFAD Evaluation Policy](#)**. The new policy presents, for the first time, a comprehensive framework through which self-evaluation (conducted under the aegis of Management) and independent evaluation will be planned, conducted and used. The revised policy also seeks to promote complementarity and synergy between the two.
- **[Evaluation Manual, third edition](#)**. The manual implements IFAD's 2021 evaluation policy to which it is aligned. It seeks to renew, update and consolidate current guidelines. For the first time, the manual provides a comprehensive institution-wide approach through which self- and independent evaluation will be planned, conducted and used.
- **IOE Evaluation Advisory Panel** [[here](#)] [[here](#)]. Comprising internationally renowned leaders in the field of evaluation, the newly established Evaluation Advisory Panel provides the IOE Director with systematic advice, by reviewing and commenting on various aspects of IOE's work to enhance the professionalism of the evaluation function. The panel also serves as a "critical friend", drawing on its substantive experience and expertise to help improve IOE's independence, credibility and utility.

Professionalization

- **Global evaluation networks**. IOE has formal membership in three global professional evaluation networks comprising the United Nations and international financial institutions. These are the [United Nations Evaluation Group](#), the [Evaluation Cooperation Group](#) and the [Global Evaluation Initiative](#).
- **Information and communications technology for evaluation**. In the forthcoming years, IOE plans to make more systematic usage of information and communications technology for evaluation. In 2021, IOE conducted a stocktaking of its own experience, on progress made at IFAD and in evaluation offices of major multilateral organizations. This resulted in an assessment of available options in order of importance and time priority. This will help orient IOE directions in the future.

Participation

- **[IOE-led seminars and events, and global invitations](#)**. IOE organized and co-hosted five international seminars and events, in addition to which IOE staff have been invited to deliver presentations and participate in 25 international events. These efforts have helped forge evaluation coalitions to improve IFAD effectiveness.
- **[Evaluation Advisory Panel seminars](#)**. IOE hosted five seminar presentations, delivered by the members of the Evaluation Advisory Panel.
- **[Coffee Talk series](#)**. IOE hosted 24 sessions of its Coffee Talk series, aimed at providing an informal forum in which to address a variety of evaluation-related topics.

Publication

IOE staff members authored, co-authored and edited the following books, peer-reviewed journal articles and publications:

- **[Transformational Change for People and the Planet](#)**, book published by Springer. Indran A. Naidoo, Suppiramaniam Nanthikesan and Prashanth Kotturi among co-authors
- **[Evaluation in Contexts of Fragility, Conflict and Violence](#)**, book published by the International Development Evaluation Association (IDEAS). Simona Somma among co-authors
- **[Transformational Evaluation for the Global Crises of Our Times](#)**, book published by IDEAS. Fabrizio Felloni among co-authors
- **[Japanese Journal of Evaluation Studies, volume 21, number 2](#)**. Indran A. Naidoo authored an article
- **[Evaluations under COVID-19: How the Pandemic Affected the Evaluation of the Performance of the Coastal Climate Resilient Infrastructure Project in Bangladesh, and What We Learned](#)**, article published by the African Development Bank, co-authored by Fabrizio Felloni

B. Improve evaluation coverage

The IOE Director provided oversight for the publication of 32 evaluation reports, covering US\$900 million of IFAD financing, and the design of three new evaluation products.

Evaluation reports published

- **[Annual Report on Results and Impact of IFAD Operations \(ARRI\)](#)**. The primary objective of the ARRI is to report on all IOE evaluation activities in a given year, and present a synthesis of IFAD's performance, lessons and challenges. Its main users are Senior Management, directors, staff of regional and technical divisions, and members of IFAD's governing bodies. During the reporting period, IOE published the 2021 ARRI.
- **[Corporate-level evaluations \(CLEs\)](#)**. The primary objective of a CLE is to assess the organizational performance and institutional effectiveness of IFAD. Its main users are Senior Management, directors, staff of regional and technical divisions, and members of IFAD's governing bodies. During the reporting period, IOE published the Joint Evaluation on the Collaboration among the United Nations Rome-based Agencies.
- **[Evaluation synthesis reports \(ESRs\)](#)**. The primary objective of an ESR is to contribute to knowledge generation by consolidating findings from past evaluations. Its main users are Senior Management, directors, staff of regional and technical divisions, and members of IFAD's governing bodies. During the reporting period, IOE published two ESR reports, namely the ESR:

Infrastructure at IFAD; and the ESR: Government performance in IFAD-supported operations.

- **Country strategy and programme evaluations (CSPEs).** The primary objective of a CSPE is to assess performance and results of country strategy and operations, and provide lessons and recommendations to guide the preparation of the next country strategy. Its main users are divisional and country directors, country teams, and governments. During the reporting period, IOE published five CSPE reports: [Morocco CSPE](#); [Uganda CSPE](#); [Niger CSPE](#); [Pakistan CSPE](#); and [Burundi CSPE](#).
- **Impact evaluations (IEs).** The primary objective of an IE is to provide a rigorous quantitative assessment of the impact on rural poverty of selected IFAD operations. Its main users are regional and country directors, technical advisers, operational staff, and government counterparts. During the reporting period, IOE published the [Ethiopia IE](#).
- **Project performance evaluations (PPEs).** The primary objective of a PPE is to assess the performance and results of project-level operations funded by IFAD. Its main users are regional and country directors, technical advisers, operational staff and government counterparts. During the reporting period, IOE published seven PPE reports: [Uzbekistan](#); [Indonesia](#); [Senegal](#); [Uganda](#); [Dominican Republic](#); [Tajikistan](#); and [Bangladesh](#).
- **Project completion report validations (PCRVs).** The primary objective of a PCRV is to validate the project completion reports prepared by Management. Its main users are IOE and Management for reporting and feedback. During the reporting period, IOE published 13 PCRV reports: [Uganda](#); [Mozambique](#); [Guinea](#); [Nepal](#); [Fiji](#); [El Salvador](#); [Ethiopia](#); [Azerbaijan](#); [Senegal](#); [Burundi](#); [Viet Nam](#); [Peru](#); [China](#); and [Rwanda](#). In addition, the Director has approved five further PCRV reports.

New evaluation products designed

- **Thematic evaluations (TEs).** The primary objective of a TE is to provide evidence of development effectiveness, performance and results of operations in a thematic topic. Its main users are Senior Management, directors, staff of regional and technical divisions, and members of IFAD's governing bodies. During the reporting period, IOE conducted a TE of IFAD support to smallholder farmers' adaptation to climate change. The report will be published during the course of 2022.
- **Subregional evaluations (SREs).** The primary objective of an SRE is to assess strategy, common intervention approaches and IFAD organizational set-up in a set of countries that share salient characteristics. Its main users will be regional and country directors, technical advisers, operational staff and government counterparts. IOE's first SRE will be published during the course of 2022.
- **Project cluster evaluations (PCEs).** The primary objective of a PCE is to assess the experience of several projects that have a common theme or common major component. Its main users will be regional and country directors, technical advisers, operational staff and government counterparts. IOE's first PCE, on rural enterprises, will be published during the course of 2022.

C. Engage strategically with IFAD governance and Management

3. IOE has placed increasing emphasis on engagement with Member States and Management, with a view to further promoting learning, accountability and reflection through independent evaluation. These efforts have taken shape through

a series of briefings to donor and programme countries, corporate learning workshops, country learning workshops, and an Executive Board field mission.

Country briefings

4. IOE delivered 18 tailored briefing packages to members of the Evaluation Committee and non-borrowing members of the Executive Board. The reports present the commitment of IOE to transparent and proactive communication, based on Board-approved evaluation policy, strategy and requests.

Corporate learning workshops

5. IOE organized five corporate learning workshops, with the involvement and participation of IFAD Senior Management, regional and country directors, and other staff members: the [2021 ARRI](#), 11 November 2021; [ESR on infrastructure at IFAD](#), 26 March 2021; [TE of IFAD's support to smallholder farmers' adaptation to climate change](#), 19 May 2022; the [2022 IFAD Evaluation Manual](#), 2 June 2022; and [ESR on government performance in IFAD-supported operations](#), 3 June 2022.

Country learning workshops

6. IOE organized nine country learning workshops, with the involvement and participation of government representatives, national partner agencies, IFAD staff and international development agencies, including multilateral and bilateral partners. Workshops included: [Morocco](#), 3 February 2021; [Uganda](#), 5 February 2021; [Niger](#), 15 April 2021; [Burundi](#), 24 May 2021; [Pakistan](#), 2 June 2021; [Eswatini](#), 28 January 2022; [Uzbekistan](#), 24 February 2022; [Indonesia](#), 18 March 2022; and [Malawi](#), 17 May 2022.

Executive Board field missions

7. The IOE Director joined a high-level delegation of IFAD's Executive Board members and IFAD senior staff for a [five-day working visit to Egypt](#), from 23 to 28 October. During the mission, the delegation met with high-level government officials, and travelled to IFAD-supported projects in the country to see progress and meet with community members and rural farmers.

D. Enhance IOE strategic communication, outreach and knowledge management

8. Over the past 12 months, IOE has repositioned its brand identity. A range of new communication resources now defines IOE's visual persona, embodying its independent stature. Through this assortment of new products, IOE is building safe spaces for user interaction, which invite its stakeholders to continuously reach out and engage with IOE products in a more accessible manner.

New communication products

- **[Independent Magazine](#)**. As IOE's flagship communication product, Independent Magazine brings to the forefront of the global development dialogue the major efforts undertaken by IOE, while seeking to advance IFAD's vision of vibrant, inclusive and sustainable rural economies, where people live free from poverty and hunger. During the reporting period, the first three editions of the magazine reached over 14,000 readers in 84 countries, across all continents.
- **IOE website**. The website, for which IOE maintains full intellectual ownership, is structured to best meet the specific needs of IOE, with the adoption of dynamic functionalities that maximize opportunities for user engagement. It also ensures an intuitive, easy navigation experience as IOE moves forward in building evaluation capacity across IFAD, advancing the IOE conduct model, and building bridges through evaluation dialogues to enhance understanding and improve performance.

- **IOE logo.** The new IOE logo adopts a strong visual identity that ensures continuity with IFAD's image while providing scope for a clear, coherent and visually independent brand image.
- **[Video series: 60 seconds with the Director.](#)** The new video series offers easy-to-digest insights into the IOE Director's perspectives on a number of salient, evaluation-related issues.
- **Advisory Panel seminar series.** Each instalment of the previously presented seminar series is captured through two new communication products, namely the fact sheets and re-live videos.
- **IOE Coffee Talk series.** Each instalment of the previously presented talk series is captured through new fact sheets.
- **IOE blogs.** The new blogs advance IOE's critical thinking vis-à-vis issues at the heart of the international evaluation debate, stimulating thought-provoking dialogue and debate.

Existing communication products enhanced during 2021

- **Social media.** IOE has relaunched its strong, active and vibrant social media presence. Stakeholders are updated in real-time of the latest evaluation endeavours and are able to interact with IOE in an ongoing and fluid fashion [[here](#)] [[here](#)].
- **IOE newsletter.** IOE has re-engineered its newsletter, to ensure optimal alignment with its new visual identity and strategic approach to communications. The broad readership of the newsletter ensures that IOE stakeholders have quick access to the latest outputs.
- **Infographics.** IOE's re-envisioned infographics offer an invaluable compendium to its evaluation reports. Each infographic presents soundbite report extracts, packaged in visually appealing solutions.

Summary infographic

2021/22



IOE | **IFAD**
Investing in rural people
Independent Office of Evaluation

Engage strategically with IFAD governance & management

Expand IOE learnership in building global evaluations

Improve evaluation coverage



18 Briefing packages to members of the Evaluation Committee and non-borrowing members of the Executive Board.

5 Corporate learning events



9 Country learning workshops

High-level IFAD delegation mission to Egypt



IMPROVE IOE EVALUATION QUALITY

- Multi-year Evaluation Strategy
- Revised IFAD evaluation policy
- Evaluation manual 3rd edition
- Evaluation Advisory Panel

PROFESSIONALIZATION

- Membership of global networks (UNEG, GEF, ECG)
- 4 International seminars hosted by IOE
- IOE staff invited to deliver presentations in 14 international events

STRATEGIC COMMUNICATION

- Independent Magazine: n. countries > 80, n. readers > 8,500
- Website
- Logo
- Video series (60 episodes)

EVALUATION REPORTS APPROVED

5 Country Strategy & Programme

7 Project Performance

19 Project Completion Report Validation

NEW PRODUCTS DESIGNED

- Thematic evaluation**: Effectiveness, performance & results in a thematic topic.
- Sub-regional evaluation**: Strategy, interventions & set-up in set of countries.
- Project cluster evaluation**: Assess projects that have common theme or major component.

Examples of feedback from governing bodies and Management received by IOE

Table 1
Examples of feedback from governing bodies

CSPE Burundi

"The Evaluation Committee welcomed this first CSPE for Burundi, covering the period from 2009 to 2020, together with the agreement at completion point signed by the Government and IFAD Management, as contained in document EC 2022/116/W.P.2. Committee members commended the high quality of the evaluation, particularly considering the challenges presented by the ongoing COVID-19 pandemic."

CSPE Eswatini

"The Evaluation Committee welcomed this first CSPE for Eswatini, covering the period from 2000 to 2021, as contained in document EC 2022/116/W.P.3, together with the agreement at completion point signed by the Government and IFAD Management, as contained in the addendum.

Members took note of the statement delivered on behalf of the Government of Eswatini by His Excellency Vuyile Dlamini, Ambassador and Permanent Representative-designate to the United Nations agencies in Rome.

Committee members commended the evaluation team for their thorough work, and agreed with the recommendations made and the proposed follow-up actions. The findings and lessons learned from the evaluation should inform the next COSOP."

Evaluation Synthesis on Government Performance

"The Evaluation Committee welcomed the evaluation synthesis report on government performance in IFAD-supported operations, as contained in document EC 2022/116/W.P.4, together with Management's response, as contained in the addendum.

Given the importance of the topic, members proposed that a discussion on the synthesis evaluation be held during the upcoming Executive Board session. Both IOE and Management welcomed the proposal. Recommendations had not been included in the report. This was because evaluation syntheses do not always provide recommendations and, particularly for the subject in question, no one size fits all. Given its focus on learning, the report contained findings for Management's consideration, to inform project design and implementation."

2022 Revised Evaluation Manual

"The Evaluation Committee welcomed the update provided by IOE and Management on the progress made in the preparation of the Revised Evaluation Manual, as contained in document EC 2022/116/W.P.5.

Committee members acknowledged how the Revised Evaluation Manual encompassed both IFAD's self-evaluation and independent evaluation functions, forcing coherence between the two functions, and reflecting international best practices and standards, including those stemming from the 2030 Agenda.

In terms of the content, members praised the emphasis on leaving no one behind, transformative change, social justice, gender intersectionality and climate resilience, and the strong focus on context and adaptability.

At the same time, the need for attention to conflict and fragility was underlined in order to deepen institutional understanding of such contexts. Non-lending activities like knowledge management, partnership development and policy engagement were highlighted as key to building capacity and promoting country ownership. Generating lessons learned from these activities would inform future discussions on budget and build a case for resource allocation to these activities. Management was also encouraged to consider timeframes to measure impact and transformative results that were neither too short nor too long. Management advised that evaluation efforts would focus more on an intermediate timeframe since the use of indicators tracking outcome-level results in the medium term had become mandatory for projects approved under IFAD12.

In response to the call for wider circulation of the Revised Evaluation Manual, beyond IFAD staff, IOE confirmed that the manual would be translated into all IFAD's official languages and presented at international evaluation events. Part II of the manual, containing specific descriptions of evaluation products, would soon be rolled out and would cover joint evaluations. The manual should be thought of as a dynamic living document that will change and need to be adapted."

- Excerpted from the minutes of the 116th session of the Evaluation Committee, 17 March 2022

Table 2

Examples of feedback from Management

“The report [Evaluation synthesis on government performance in IFAD-supported operations] was discussed at IFAD’s Evaluation Committee and later at the Executive Board and really got a lot of interest. I would possibly say some of the most interest we’ve had for any report. [...] I really, really welcome this report, I think it brings the spotlight on a number of really, really critical issues for impact and results. [...] From IFAD’s management perspective, we are very, very committed to working with governments to address the issues outlined in this report.”

- Donal Brown, Associate Vice-President, Programme Management Department (PMD) learning event: Evaluation synthesis on government performance in IFAD-supported operations (2010–2020)
3 June 2022

“I would like to highlight that there is a very productive collaboration that Management has had with IOE on evaluation topics and deliverables over the past few years. We have improved, quite significantly, our coordination, our knowledge-sharing, and the contributions to one another’s programmes and products. At the same time, of course, we have maintained the mutual independence, the separate roles, as per our separate mandates. [...] We look forward to the continued fruitful collaboration with IOE. We expect that exchanging strategic views and information will enhance the relevance and also the quality of evaluation products, and will ultimately boost the transformational impact on poor rural people.”

- Nigel Brett, Director, Operational Policy and Results Division (OPR)
gLOCAL learning event: The 2022 IFAD Evaluation Manual as a new tool for rural development practitioners
2 June 2022

“It has been a real pleasure for me to be here today, and to be part of such a constructive and dynamic discussion on IFAD investments in Malawi. Please be assured that the insights from the discussion as from the evaluation report itself will be internalized in our work as we move forward. I would also like to reiterate that, as a Division, East and Southern Africa strongly supports the findings and recommendations of this CSPE, and I thank IOE, particularly Johanna and her team, for the extensive efforts in compiling the report and organizing this important workshop.”

- Sara Mbago-Bhunu, Regional Director, East and Southern Africa Division (ESA)
Malawi country strategy and programme evaluation, virtual national workshop
17 May 2022

“The evaluation gives us an opportunity to take stock of the IFAD country programme in Uzbekistan, draw lessons from the experience, and – as we move forward – adjust to the weaknesses and build on the successes in the context of the rapidly evolving context of Uzbekistan. Management appreciates the recommendations provided by this evaluation and recognizes the need for stronger focus on areas such as knowledge management, partnership development and policy engagement. Furthermore, Management concurs with the assessment and the recommendations of the evaluation to continue embedding targeting strategies at the core of IFAD’s intervention, invest in robust monitoring and evaluation systems and enhance programme management support. In fact, this evaluation comes at the right time. The findings and lessons will inform the upcoming design of the new country strategic opportunities programme. [...] Let me close by expressing the hope that together we will use this evaluation to build a more relevant, effective and efficient IFAD country programme, that ultimately delivers the best possible development impact for the rural people of Uzbekistan.”

- Dina Saleh, Regional Director, Near East, North Africa and Europe Division
Uzbekistan country strategy and programme evaluation, virtual national workshop
24 February 2022

“We will continue to carefully consider the findings and recommendations provided by this evaluation, as well as in our work across the East and Southern Africa region, to which many of the findings are very pertinent. [...] I would like to reiterate our appreciation for this thorough evaluation.”

- Sara Mbago-Bhunu, Regional Director, ESA
Eswatini country strategy and programme evaluation, virtual national workshop
28 January 2022

“I always look forward to reading the CSPEs conducted by our Independent Office of Evaluation, as they really delve into the meat of our work to provide rich and constructive insights that hold us to account and help us to improve. This CSPE for Eswatini is no exception, and comes at the perfect time as we finalize IFAD’s new country strategic opportunities programme for the country for 2022-2027, as well as a new investment project scheduled to start in 2023. In this regard I am pleased to note that the recommendations from this CSPE have been well integrated into the country strategy document, which is currently in draft form.”

- Donal Brown, Associate Vice-President, PMD
Eswatini country strategy and programme evaluation, virtual national workshop
28 January 2022

"I really thought that was a fantastic panel discussion. On behalf of PMD, I want to say thank you very much to IOE for convening this learning event. We really highly appreciate the engagement with IOE on these learning moments as an important aspect of the evaluation function. I think this is really evident in the 2021 ARRI which provides a lot of insights into the performance of IFAD's portfolio, combining both the qualitative and the quantitative. It provides really relevant learning and advice on working in fragile situations. PMD really welcomes the overall findings and recommendations in the ARRI analysis. It provides an excellent long-term perspective. It's thorough, it's balanced, it looks at the strengths and also the weaknesses in a very constructive fashion. Management agrees with the conclusions, with the areas identified. These conclusions, this year – in previous years not so much – are very consistent with those in the RIDE. Management is very committed to identifying with IOE solutions to these issues".

- Nigel Brett, Director, OPR
Learning event on the 2021 ARRI
11 November 2021