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Enabling poor rural people
to overcome poverty

**Strategic priorities for a results-based
programme of work, Programme
Development Financing Facility, and
administrative and capital budgets of
IFAD and its Office of Evaluation for
2009**

Executive Board — Ninety-fourth Session
Rome, 10-11 September 2008

For: **Review**

Note to Executive Board Directors

This document is submitted for review by the Executive Board.

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Abbreviations and acronyms

AFDB	African Development Bank
CMR	corporate management result
CPE	country programme evaluation
DSF	Debt Sustainability Framework
ECG	Evaluation Cooperation Group
FAD	Finance and Administration Department
GEF	Global Environment Facility
HRM	human resource management
IFI	international financing institution
IT	information technology
MfDR	managing for development results
OE	Office of Evaluation
PDFF	Programme Development Financing Facility
PMD	Programme Management Department
POW	programme of work
RB-COSOP	results-based country strategic opportunities programme
RIDE	Report on IFAD's Development Effectiveness
UNEG	United Nations Evaluation Group

Executive summary

1. In accordance with established practices, the Executive Board is invited to review and provide comments and guidance on the proposed strategic priorities, programme of work and high-level preview of the budget of IFAD and its Office of Evaluation for 2009. Feedback provided will be taken into account in finalizing the programme of work and budget for 2009 that will be presented to the Audit Committee in November and the Executive Board in December 2008.
2. The food crisis that developed in late 2007 and 2008 deeply underscored the growing disequilibrium between the growth of demand for food crops and their supply, and the challenge that this posed for global growth and poverty reduction. Faced with this disparity, the threat posed by climate change, and the implications of rising fuel prices, the international community has given highest priority to increasing rapidly the volume of development assistance for the agricultural sector in developing countries, and for the smallholders within it.
3. Production successes based on smallholder farming demonstrate that a decisive and sustainable improvement in food security can be secured through smallholder development, and there is a will to increase investment to replicate and scale up successes. IFAD has a vital role to play in this: as a direct mechanism for increasing investment, and, indirectly, as a force to promote partnerships for "smart" investment in smallholder agriculture throughout the development system.
4. IFAD will bring about a step change in its direct and indirect response to the food crisis through an expanded programme: directly addressing the roots of the crisis in production and productivity; strengthening global and national platforms for a comprehensive, informed and coordinated response; and building up its internal capacity to deliver.
5. To address the production-related roots of the food crisis, IFAD will strengthen its focus on increasing agricultural productivity growth through public-private partnerships; intensify action for climate-proofing and against natural resource degradation; and expand and improve its treatment of land and water issues.
6. To strengthen the cooperation and partnership basis for the increase in assistance to agricultural development and rural poverty reduction, IFAD will: provide project and programme vehicles through which other donors can increase cofinancing; promote the mobilization of non-aid forms of investment in rural development; share its knowledge and experience more widely to promote more contemporary and experienced-based approaches; and strengthen global and regional partnerships for knowledge development, advocacy and policy dialogue.
7. To achieve this, IFAD will strengthen its own human resources and the tools they use. IFAD will implement a bold strategy to ensure that it has the right workforce structure and profile to meet its operational objectives; that it has an open and empowering culture that supports the values and corporate mission; that it enables all staff to achieve their potential through investment and learning; and that it has the right people systems, tools and processes to support its human resources management (HRM) strategy. This stronger workforce will be supported by robust and relevant operational policies; greater technical capacity (particularly in climate change); strengthened communications and access to corporate management systems at the country level; and human resource management tools (including contracts) that leverage IFAD's participation in the One United Nations Initiative, and are appropriate for country-level contracting and flexible resource management. To address the critical challenge of achieving sustainable improvements in food security and incomes for the rural poor, IFAD will strengthen country programme management through country leadership and partner

assessment of performance; expand and improve direct supervision; and strengthen country presence.

8. IFAD proposes a rise in its combined loans and grants programme for 2009 to the maximum level consistent with the Seventh Replenishment agreement: US\$715 million, 10 per cent higher than the approved level for 2008. The loan and Debt Sustainability Framework grants programme for 2009 will be delivered through about 36 projects. Taking into account cofinancing objectives and prospects, these projects will deliver US\$1 billion - US\$1.5 billion of international assistance focused on food production and insecurity, with a heavy emphasis on natural resource conservation and productivity improvement.
9. To support this expanded (by 10 per cent) programme of work in 2009 and to prepare for a further major increase in 2010, IFAD proposes a combined administrative budget and Programme Development Financing Facility (PDFF) of US\$124.3 million for 2009, a real increase of 1 per cent relative to 2008. This comprises a nominal 10 per cent increase in the PDFF (equivalent to a 6 per cent real increase) and a 5 per cent nominal increase in the administrative budget (equivalent to a 2 per cent real decrease). As in 2008, the PDFF has been increased in real terms and the administrative budget has been reduced in real terms, reflecting both the commitment to directing resources towards operational areas (estimated at 63 per cent in 2009) and to ensuring sustained efficiencies in non-operational areas. Overall, IFAD's efficiency ratio will improve further, to 15.76 per cent (compared with 17.1 per cent in the benchmark year of 2006).

Part one - 2009 strategic priorities for a results-based programme of work, Programme Development Financing Facility, and administrative and capital budgets of IFAD

I. The food crisis

1. After a long period in which food prices were low and supply abundant (in global terms), and there seemed little need to actively engage in concerted sectoral management and investment, prices have risen quickly. For many poor urban and rural people, this has undermined all recent advances in income and food security. For many governments, it has raised the issue of food security in a particularly dramatic way. For the global community, it has disrupted the food trade system, jolted optimism about reaching the targets set by the Millennium Development Goals (MDGs) for poverty reduction and food security, and prompted recognition of the need to change the way in which agriculture has been handled in the international development system.
2. The food crisis is paralleled by a rise in fuel prices; both have challenging implications for the agricultural present and future. The higher costs of fertilizers and transport are eroding farm incomes at a rate that outstrips the pace at which benefits are accrued from rising food prices. This is taking its toll on access to inputs, and in turn heightening rural food insecurity and jeopardizing future levels of productivity. Rising fuel prices give strong market-based signals for the expansion of biofuel production, an area in which the future of small-scale producers is unclear, and in which competition for land and water may – and in some regions already has – become intense.
3. Both developments reflect, in part, urban demographics and urban economics: the expansion of populations with higher levels of income based on energy-intensive systems of production and habitation. Looming over both crises, and linked to them, is climate change. In the future, the agricultural sector may become a positive force in climate change management. Today, however, it is very much a climate change “taker”. Arguably, no other major system of production and livelihood is exposed on such a scale to the effects of climate change. The biggest losers will be among the small farmers of some of the most food-insecure countries.
4. These challenges must be faced: the extremes of the spike in food prices will pass as rapid short-term assistance is mobilized,¹ but the underlying imbalance will remain; climate change will produce a social crisis if not managed better; and poverty will not be overcome until it is confronted where it occurs. The belief that rural issues can be solved in urban areas can no longer be held with the same confidence: the fuel issue casts doubt over the sustainability of the rapid urban economic growth that has absorbed populations faced with few rural opportunities; and the food crisis cannot be solved in the cities. There are strong signs of a desire to decisively reverse the long-term decline in investment in agricultural and rural development. There is less clarity about what the investment should be in, and whether investment alone is sufficient.
5. The world’s 450 million smallholder units are a major asset: India, China, Viet Nam and, more recently, Malawi have shown that small-scale production regimes can contribute decisively to expanded production and food security within a balanced and sustainable food system. The upward turn in food prices holds the possibility of a much revived smallholder sector, offering the prospect of increased global food

¹ Including the re-direction of existing commitments to ensure that vulnerable people and countries have what they need to overcome the effects and immediate causes of the shock. For IFAD’s role in this rapid response, which has been developed in close consultation with the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme (WFP), see document REPL.VIII/3/R.4, entitled IFAD’s response to the food price increases.

supply and reduced rural poverty, without the tremendous social, political and even environmental costs involved in the displacement of smallholders by large-scale producers, which, paradoxically, on a global scale are much more dependent on subsidies and protection than smallholders.

6. Grasping these opportunities calls for “smart” investment and “smart” policy development. The international development community is making commitments to increase investment, but relevant experience is at a premium. Yet this know-how is essential at the global, national and local levels. IFAD has an important contribution to make here. Set up in the context of one food crisis, it has been unique among international financial institutions (IFIs) and bilateral development organizations in maintaining and constantly expanding its engagement with agricultural development, and in deepening its targeting of the specific issues and obstacles confronted by smallholders. Its experience in innovating for results in rural poverty reduction enables IFAD to play a key role in another food crisis by addressing the underlying issue – the underdevelopment of smallholder agriculture and livelihoods as the result of underinvestment and under-targeting of poor rural producers and their challenges.

II. IFAD’s strategic priorities

7. The IFAD Strategic Framework 2007-2010 provides a clear, stable, and highly relevant strategic direction for maximizing IFAD’s contribution to reducing rural poverty and solving the problems underlying the food crisis. IFAD’s Action Plan for Improving its Development Effectiveness provides a meaningful set of targets and performance goals for IFAD to work towards.
8. The first Report on IFAD’s Development Effectiveness (RIDE) shows that IFAD is getting better at achieving the quality agenda and securing real results: improvements in livelihoods, production and income among the rural poor. The events of the last year demonstrate that no organization working in the agricultural sector can be complacent. IFAD’s priority is to confront this crisis by doing more and doing better:
 - (a) Directly addressing its roots in production and productivity;
 - (b) Promoting a step change in the strength of the global and national platforms for a comprehensive, informed and coordinated response; and
 - (c) Building up IFAD’s internal capacity to deliver against an expanded role in the international response.
9. In terms of innovation in directly addressing the production-related roots of the crisis,² IFAD will:
 - (a) Raise its focus on increasing agricultural productivity growth through public-private partnerships;
 - (b) Increase action for climate-proofing and against natural resource degradation; and
 - (c) Expand and improve its treatment of land and water issues, key factors shaping the ability of poor rural people to improve their food production and manage resources for environmental/climate sustainability.
10. To strengthen the cooperation and partnership basis for the global step change in assistance to agricultural development and rural poverty reduction, IFAD will:
 - (a) provide project and programme vehicles through which other donors can increase cofinancing, particularly for infrastructure improvement to eliminate marketing bottlenecks;

² The IFAD Innovation Strategy (approved in September 2007 [EB 2007/91/R.3/Rev.1]) approaches innovation not as a special line of activity but as a contribution to and dimension of improved development effectiveness in all its activities.

- (b) Promote the mobilization of non-aid forms of investment in rural development, including private investment and remittances;
- (c) Share its knowledge and experience more widely to promote a more contemporary and experience-based approach among institutions that are re-engaging in financing rural development, particularly in the areas of innovative public-private partnerships in technology services and the scaling up of localized projects into national programmes;
- (d) Strengthen global and regional partnerships for knowledge development, advocacy and policy dialogue, particularly in the area of global public goods (especially resource management), land issues, rural finance, gender, rural livelihoods and institutional analysis; and
- (e) Differentiate its support according to country conditions, responding better to the special and different needs of fragile states and middle-income countries in addition to its traditional emphasis on low-income countries.

III. Delivering the priorities

11. To deliver results at the level of its role in the development assistance architecture, and lay the foundations for a step increase in its operations in 2010, IFAD will continue and broaden the reform process initiated under the Action Plan through: a bold approach to the management of its workforce; rapid development of new tools to support operations; strengthening country-level engagement and country ownership; and raising efficiency.

A. Improving human resource management

12. IFAD needs the right people in the right place, with the right motivation and supervision, aligned with priority results and new functions in a more flexible deployment system. The Independent External Evaluation of IFAD pointed out weaknesses in IFAD's human resource management (HRM), and reform was an important component of the Action Plan. Initial progress was slow as IFAD tackled the issues of defining the essential changes required and mobilizing effective leadership at the divisional and corporate levels.
13. The pace of change has increased in 2007 and 2008, and will accelerate further to meet the major challenges of future expansions in the programme of work. Using resources available under the administrative budget (which saw an almost three-fold expansion in the allocation for training in 2008), the Action Plan and the Institutional Strengthening Project, global staff surveys have identified some of the most pressing areas in need of change, a 360-degree survey has established areas requiring strengthening among senior and middle managers, and an organizational and workforce mapping exercise has pinpointed "the what" and "the where" of IFAD's human resource assets relative to the requirements of its future role. Significant staff recruitments have been made for renewal at the middle-management level, the expanded training budget has been focused on improving middle-management capabilities, particularly in HRM skills, and new operational staff have been mobilized with a high level of quality and fitness for IFAD's new operating model and volume of activities. All relevant staff have been trained to meet the demands of new supervision responsibilities. The results management system and the statement of IFAD's core values have provided a clear set of expectations for staff performance at all levels, articulated for new entrants through a completely new corporate induction process.
14. HRM change and improvement is an urgent short-to-medium-term process that has to be driven by a clear and vigorously pursued strategy. IFAD now has one. This strategy will ensure that IFAD:
 - (a) Has the right workforce structure and profile to meet its objectives;

- (b) Has an open and empowering culture that supports the core values and corporate mission;
 - (c) Develops all staff to realize their potential through training and learning; and
 - (d) Has the right people systems, tools and processes to support its HRM strategy.
15. Achieving the right workforce structure and profile will entail re-profiling the workforce to develop flexibility and to link career to performance (to be measured by the number of staff on flexible contracts and the ratio of staff in operations to non-operations staff). Achieving the empowering culture to support the corporate values and mission will involve performance and reward strategies that align staff commitment with business results (as measured by improvement in the response rate and average scores in the global staff survey). Development of staff potential will involve learning plans for all activities, with an emphasis on building core skills to support IFAD's mission (to be measured by increases in learning days and credible succession plans for middle-management and specialist positions). To make this happen, IFAD will have an administratively efficient, strategically effective HR function that supports competent supervisors and a well-led organization.
16. This urgent reform will be driven by a medium-term IFAD people strategy providing a transparent framework for evaluation of progress, to be launched in the fourth quarter of 2008, with implementation achieving full momentum in early 2009. An immediate challenge is raising staff mobility for the redeployment necessary to meet operational results and efficiency objectives, including the shifting of staff resources in favour of the operational area. The experience of other IFIs in major HRM reform is that headroom for change and improvement has to be created. Correspondingly, IFAD proposes to implement a voluntary staff separation programme in 2009, whose objectives, organization and financing will be discussed separately with the Executive Board in December 2008.

B. Creating an empowering environment

17. The principal immediate responsibility for delivering improved development effectiveness lies with IFAD's Programme Management Department (PMD).³ Getting the right people with the right skills in the right numbers into PMD to raise effectiveness and prepare for a step change in operations will be the prime objective of the HRM reform agenda. This task is already in hand through recruitment and focused human resource management. The strengthened workforce will be provided rapidly with improved operational tools, including:
- (a) Stronger and more relevant operational policies, including a land policy and a policy for partnership with farmers' organizations, directly supporting operations and policy dialogue in land access, and resource and climate change management, on the one hand, and country-level partnership and integration, on the other;
 - (b) New financing instruments and modalities. More country-differentiated support capacity and exploration of strong private-sector partnership and private investment mobilization require IFAD to have available new financial instruments, more relevant to the architecture of contemporary development financing (private and public);
 - (c) The full integration of the Global Environment Facility (GEF) into IFAD's regular management and finance structures, with an extended mandate to support environmental and climate change activities across the portfolio and programme of work;

³ Within the managing for development results (MFDR) system in IFAD, these fall within corporate management results (CMRs) 1, 2 and 3 (respectively, better country programme management, better project design and better implementation support). Priority activities for 2009 are mapped against the CMRs in annex I.

- (d) Strengthened communications and access to corporate management systems at the country level for IFAD partners and IFAD in-country staff;
- (e) Improved provisions for field security and institutional arrangements for all country-level staff;
- (f) Human resource management tools (including contracts) that leverage IFAD's participation in the One United Nations Initiative, and are appropriate for country-level contracting and flexible resource management;
- (g) New tools – linked to corporate systems – that measure progress in country programme management and manage resource use;
- (h) A Loan and Grant System (LGS) providing a robust platform for disbursement and financial management accessible on a decentralized basis; and
- (i) More streamlined administrative and financial processes, reducing costs and freeing up operational staff for direct development work.

C. Strengthening country-level engagement and answering the sustainability challenge

18. The RIDE for 2007 concluded that: "...IFAD is an institution on the move towards greater development effectiveness and efficiency". Nonetheless, and in spite of the fact that IFAD's performance is comparable with that of similar institutions and that IFAD's own performance has improved, the level of sustainability of results is still not satisfactory. Addressing this issue is vital to IFAD's contribution to the sustainable solution of the food crisis.
19. Three specific operational factors bear heavily on project sustainability, and all three involve IFAD's engagement in country-level processes: the way in which projects are embedded in country-level strategies, plans, and institutions (public, civil society and private); the quality of supervision during project implementation; and the organizational framework for IFAD's country-level action. All three will be improved.
- (a) **Strengthening country programme development and management.** Integration of activities into the country context is a critical foundation of sustainability and a central element of the country-owned and -led harmonization agenda.⁴ IFAD's results-based country strategic opportunities programmes (RB-COSOPs) are designed to do this, and they will be the principal avenue for the development of more context-sensitive, country-owned and country process-embedded approaches to country-level partnership and assistance. IFAD is organizing stronger country participation in strategy and programme development (through country programme management teams involving core national actors), as well as in-country feedback on the quality of its country programme management. In 2008, it conducted the first series of in-country client/partner surveys, with results from 18 countries. In 2009, feedback from country partners will grow, as will the integration of country programme management into the corporate performance management system, thereby addressing some of the issues involved in maintaining corporate focus and management in a context of country-owned programming. The piloting of the quality enhancement/quality assurance processes for RB-COSOPs in 2008, and their full implementation in 2009 will complete the system of beginning-to-end project quality enhancement and assurance;
 - (b) **Expanding and improving direct supervision.** Direct supervision is one of the fundamental recent shifts in IFAD's operating model. At the beginning of 2007, there were 16 directly supervised projects; in mid-2007 there were 130;

⁴ Third-party reports (RIDE [EB 2007/92/R.9/Rev.1]) indicate that IFAD is doing well against the harmonization objectives and measures of the Paris Declaration on Aid Effectiveness agenda. A system-wide performance update is anticipated shortly.

in 2009, the large majority of projects not under supervision by a cofinancier will be directly supervised, including approximately 90 per cent of projects approved by the Executive Board in 2009 itself. Improved performance is being underpinned by: stronger partnerships with national institutions; training programmes on direct supervision and procurement; recruitment of portfolio advisors (substituting for out-contracting, and within the envelope of supervision costs); and a full review of the legal and fiduciary issues involved in absorbing direct supervision into IFAD's core business. Capacity development at the country and headquarters levels will continue in 2009. Both project and supervision performance data will be recorded and reviewed on a real-time basis within the results and performance monitoring system, allowing for regular and real-time identification, assessment and management of implementation performance issues and actions; and

- (c) **Strengthening country presence.** For better country programming, stronger participation in and support to country-led harmonization (including active capitalization on and contribution to the One United Nations Initiative), and improved implementation support, IFAD must become a much more decentralized, locally present and responsive organization. IFAD has 15 approved full country presence operations and four outposted CPMs embedded in country-level United Nations structures. In 2009, IFAD will outpost two more CPMs, and will explore options for enhanced local participation in additional countries.

D. Strengthening organizational effectiveness and efficiency

20. Improving operational results in addressing the underlying causes of the food crisis in the smallholder economy also requires an overall improvement in efficiency, capacity and the corporate management framework.
21. A major objective in the challenge of promoting smarter global responses to issues underlying the food crisis will be tighter management of advocacy and partnerships in IFAD itself. CMR 8 (more strategic international engagement and partnership) was introduced in the MfDR system in 2008, and is being modified and tightened in the light of experience. In 2009, CMR 8 will be applied more consistently and comprehensively (focusing on global recognition of the role of smallholders in sustainable expansion of food supply and rural incomes, climate change, land access and agricultural productivity), and will be linked to the improved process for policy development, knowledge management and communications. A vital tool for enhancing IFAD's advocacy performance and coherence will be the finalization of IFAD's Rural Poverty Report (in 2009).
22. IFAD will strengthen knowledge management for its country-level effectiveness, its global advocacy for smarter approaches to agriculture and rural development, its overall efficiency, and its services to middle-income countries, and to be innovative in all these areas. The IFAD Strategy for Knowledge Management was approved by the Executive Board in April 2007,⁵ and included a comprehensive results framework. The activities and targets in the results framework are already embedded within the workplans of PMD and the External Affairs Department. The focus will be on better integration of these activities, strengthening capacity and partnerships for innovation in priority technical areas (notably the impact of climate change), and expansion of knowledge management to support corporate management functions, as well as to include performance data available in the MfDR system.
23. Operational costs account for more than 60 per cent of IFAD's regular budget resources (administrative budget and PDFF), and the operations area itself must be managed better from an efficiency and cost-benefit perspective. A prerequisite is

⁵ EB 2007/90/R.4.

an improved capacity for unit-cost analysis, and for linking cost to the results of particular operations within an internal and external benchmarking framework. Better tools for operational managers to assess efficiency and effectiveness will be available in 2009 – allowing smarter use of resources to align them with corporate objectives within a transparent and effective performance measurement system supported by relevant benchmarks for cost targeting.

24. Among non-operational activities, unit and aggregate real costs will be reduced while support to corporate effectiveness will improve. Priority deliverables for 2009 include:
 - (a) Implementing a comprehensive system of enterprise risk management;
 - (b) Implementing a functional business continuity system;
 - (c) Exploiting the possibilities offered by the move to IFAD's new headquarters building for improved communications and teamwork;
 - (d) Building the information and communications infrastructure for a decentralized business model; and
 - (e) Capturing the full benefits of prior investment in IFAD's enterprise resource planning by expanding implementation of electronic platforms to non-financial transactions, including procurement and consultant management.
25. Supported by joint work with other IFIs on activity benchmarking, further cost savings (see paragraph 34, below) will be secured through: streamlining, simplifying and standardizing processes, paying particular attention to processes affecting operations; and selective outsourcing and use of common systems with other United Nations agencies, principally in Rome. The Rome-based United Nations agencies already collaborate on procurement, and IFAD uses FAO (and the World Food Programme) resources for both operational and administrative services, ranging from project development work, to the provision of medical services, to human resource administration (for example, staff pension management). Elements of financial management platforms are already shared, and regular consultation in the treasury area is planned to lead to the appointment of a common Global Custodian.

IV. Investing in the country-level response to the food crisis: the programme of work for 2009

26. Investment in agriculture in developing countries, and particularly in the poorest countries, must rise substantially and rapidly. IFAD proposes that its combined loans and grants programme in 2009 will rise to the maximum level consistent with the Seventh Replenishment agreement: US\$715 million, 10 per cent higher than the approved level for 2008 (see table 1).

Table 1
Value of the programme of loans and grants, 2006-2009
(millions of United States dollars)

	2006 <i>approved</i>	2007 <i>approved</i>	2008 <i>approved</i>	2009 <i>proposed</i>
Loans^a	495	544.5	607.8	668.50
Grants	55	60.5	42.2	46.48
Less transfers to PDFF ^b	(13.5)	(15.1)		
Total value of programme of work^b	536.5	589.9	650	715
Number of projects	32	34	34	36

^a 2008 and 2009 include Debt Sustainability Framework grants.

^b Transfers to the PDFF were eliminated as of 2008.

27. The loan and Debt Sustainability Framework (DSF) grants programme for 2009 will be delivered through about 36 projects. Taking into account cofinancing objectives and prospects, these projects will deliver US\$1 billion-US\$1.5 billion of international assistance focused on food production and insecurity. This will be realized within a strengthened country programme management process, which supports national priorities in a more coherent system of development investment led by the developing countries themselves.
28. The country-by-country distribution of the programme of work is governed by the performance-based allocation system, and IFAD will continue to commit about half of its resources to Africa (the share of IFAD's loan and DSF commitments in Africa was 52 per cent in 2007). The food crisis has highlighted that large numbers of rural people in middle-income countries live in poverty, are highly food-insecure, and need support to establish a more viable and productive role in the agricultural economy. The development of a more differentiated approach to assistance will enable higher quality collaboration with these countries.
29. The strategic thrusts of IFAD's programme of work are determined by its Strategic Framework, building on country demand. In line with IFAD's priorities in addressing the food crisis, there will be a further shift towards programmes focusing on: natural resources (including climate change proofing); and improved agricultural technologies and effective production services (these two thrusts already account for nearly two thirds of IFAD's portfolio). A fuller report on the planned usage of the programme of work (POW) by strategic thrust will be presented to the Executive Board in IFAD's programme of work and budget proposal in December 2008.

V. Working for results: the administrative budget and the Programme Development Financing Facility for 2009

30. The purpose of IFAD's administrative budget and PDFF is to expand IFAD's development impact. IFAD has increased its assistance for agricultural development, food production and food security consistently: the POW has risen on average by about 10 per cent per year since 2002. Delivering this expanding programme – with rising quality – has required increases in new project development, including both operational and support activities (under the PDFF and the administrative budget). The expansion of new commitments has also necessarily involved an increase in the number of projects under supervision, higher levels of disbursements and disbursement transactions, and a higher level of activity in all support areas (for example, telecommunications, information infrastructure, consultant and staff recruitment, building services and accounting).

31. These activities are funded from the administrative budget and the PDFF. PDFF resources are for operational activities (country programme and project development and implementation). Administrative budget resources are for: corporate management and services (some of which are exclusively oriented to supporting operations); services to governance (support required by the Governing Bodies, for example through the Office of the Secretary of IFAD, which is the largest single division in IFAD); and to the larger part of staff costs in PMD. The distinction between the PDFF and the administrative budget, therefore, is not coterminous with the distinction between operating and administrative costs. Corresponding to the increase in the POW, and necessary to achieve it, there has been an increase in the combined PDFF and the administrative budget. Unlike in many comparable IFIs, IFAD's costs are all on-budget. In a context in which about 90 per cent of lending is to the poorest countries, no project development and start-up costs are factored into loans. Furthermore, IFAD has no major trust funds applicable to project development and implementation costs.
32. Budget management has been governed by four principles:
- (a) IFAD's efficiency ratio should improve: the ratio between the value of the combined PDFF and the administrative budget (stated at a constant euro:United States dollar exchange rate) and the value of the programme of work should fall;
 - (b) Within the combined budgets, the ratio between operational and non-operational costs should rise;
 - (c) Within the total envelope driven by the efficiency ratio, PDFF expenditures should rise as a result of the growth in the programme of work; and
 - (d) Notwithstanding the growth in operations and associated support services, expenditures under the administrative budget should be kept as much as possible within zero-real-growth limits and under all circumstances should demonstrate efficiency gains.
33. The results of this approach are tangible. In the context of annual rates of increase of 10 per cent in the programme of work:
- (a) The budgeted efficiency ratio improved in spite of major price inflation from the benchmark level of 17.1 per cent in 2006 to 16.8 per cent in 2007, and to 16.3 per cent in 2008;
 - (b) The ratio between operational and administrative costs rose from 57 per cent in 2005 to 61 per cent in 2008;
 - (c) The PDFF budget rose – by 10.2 per cent nominal and 7 per cent real in 2007, and by 13.9 per cent nominal and 8.8 per cent real in 2008; and
 - (d) The real administrative budget rose by only 0.2 per cent in 2007 and fell (budgeted figure) by 4.5 per cent in 2008.
34. The administrative budget is the larger element of the combined budgets of IFAD, and resources dedicated to administration and corporate management have been reduced in real terms: more services are being provided for less. Between 2006 and 2007, IFAD increased its programme of work by 10 per cent. In the same period, it increased its overall staff use by 4 per cent. However, staffing in the Finance and Administration Department (FAD) rose only 1 per cent, and it will fall in 2008 and 2009. Between 2006 and 2008 the percentage of total IFAD staff resources deployed in FAD has fallen from 35 per cent to about 31 per cent. Efficiencies have been achieved across the board. In FAD, for example, between 2006 and 2007 the number of loan and grant payments increased by 16.1 per cent without an increase in staff, and the average processing time was reduced by 24.7 per cent; the time required to issue identity cards was reduced from 30 to 15 days,

visas from Italy to abroad, from 12 to 8 days, visas from abroad to Italy, from 7 to 4 days, all with fewer staff; payroll data flows between PeopleSoft, the Human Resources Division and the Treasury Division have been fully automated, and new SWIFT functionality for bulk payments has reduced risk; payroll bank charges have been reduced through streamlining banking arrangements; corporate results and performance analyses (including the implementation of the MfDR and the RIDE) have improved dramatically on the basis of fuller exploitation of IFAD's enterprise resource planning system, with fewer staff applied to them; and printing costs have been reduced (in spite of increased throughput) by a combination of outsourcing, and modernization and rationalization of distributed infrastructure. In the External Affairs Department, reorganization has led to reductions in translation costs and staff savings in administration.

35. A decisive factor for IFAD's budget management is the rate of inflation in the prices of the goods and services it purchases. Like other IFIs, IFAD manages its costs on the basis of a composite rate of inflation, combining a general inflation factor (in IFAD's case, the euro zone inflation rate), which is applied to non-staff costs with an inflator for staff costs, which in IFAD's case reflects the evolution of the United Nations staff cost system. The staff cost inflator has consistently been higher than the general price inflator, a major incentive for very proactive staffing management (including outsourcing and mobilization of consultants), not least with regard to the management of the ratio between Professional and General Service staff. For 2009 the estimated composite inflation rate for IFAD costs under the administrative budget is 7 per cent, composed of inflation of 3 per cent in the euro zone consumer price index and 7.8 per cent in staff unit costs.⁶
36. Paragraphs 37-38 below present the broad envelopes for the administrative budget and PDFF. More detailed breakdown of costs and staffing projections will be presented in December 2008, reflecting how units develop the best fit between resources and development and efficiency objectives within these envelopes.

The proposed administrative budget for 2009

37. The administrative budget provides the platform for pursuing the corporate management and services improvement agenda, for providing staffing for many operational activities, and for supporting corporate governance. The administrative budget for 2008 involved a real decrease of 4.5 per cent, taking into account the composite inflation factor. This real decrease nonetheless accommodated a major real increase in the training budget. For 2009, IFAD proposes a further real decrease of 1.7 per cent, with the training budget held constant at the 2008 level. GEF-related costs in support of strengthened operational capacity in the climate change and natural resource area (US\$486,000) and depreciation charges (US\$125,000) are also included in this figure. Net of the GEF integration and depreciation (i.e., comparing like with like) the real reduction of the administrative budget proposed for 2009 would be about 2.5 per cent.
38. The proposed administrative budget for 2009 amounts to US\$80.9 million, compared to the restated 2008 approved administrative budget of US\$77 million, a nominal increase of 5 per cent. Staff costs, which represent 82 per cent of all costs under the proposed administrative budget, are projected to increase by 6.6 per cent for a total of US\$66.4 million. In the context of estimated increases in staff unit prices (7.8 per cent), the proposed nominal figure involves a real reduction in staff costs by 1.2 per cent. Non-staff costs are projected to fall slightly in nominal terms from US\$13.5 million to US\$13.3 million. Taking staff and non-staff costs (and their respective price inflators) together with training and contingency, the total nominal increase of US\$3.9 million (or 5 per cent) is equivalent to a real decrease of US\$1.3 million (table 2).

⁶ For an analysis of anticipated increases in unit staff costs in 2009, see annex II.

Table 2
Nominal and real changes in the main items of the 2009 administrative budget

	2008 approved budget at 0.737 EUR/US\$	2008 approved budget restated at 0.67 EUR/US\$	Price increase		Real increase/(decrease)		2009* estimate millions of United States dollars	Nominal percentage increase
			Millions of United States dollars	Percentage	Millions of United States dollars	Percentage		
Staff costs	58.5	62.3	4.8	7.8	(0.73)	(1.2)	66.4	6.6
Non-staff costs	12.6	13.5	0.4	2.8	(0.61)	(4.5)	13.3	(1.8)
Training	1.1	1.1	-	-	-	-	-	-
Contingency	0.1	0.1	-	-	-	-	-	-
Total	72.3	77.0	5.2	6.8	(1.3)	(1.7)	80.9	5.0

* Distribution between staff and non-staff is indicative.

The proposed PDFF for 2009

39. In the 2007 and 2008 budgets, IFAD made great efforts to increase the PDFF to compensate for the negligible increase in 2006 (in spite of the increased POW in that year): in 2007 the PDFF was increased by 10.2 per cent in nominal terms, and in 2008 by 13.9 per cent (the latter reflecting a one-time increase prompted by the integration of country presence costs into the regular IFAD budgets). In the light of the discussions in the Executive Board in December 2006, and the proposed 10 per cent nominal increase in the POW, IFAD proposes a 10 per cent nominal increase in the PDFF in 2009, equivalent to a 5.7 per cent real increase. In nominal terms, the PDFF would rise from US\$38.8 million to US\$43.3 million (table 3). The PDFF will be the main direct platform for the improved development effectiveness agenda (including elements of country presence), the expansion of the programme of work, and the increase in the loan and DSF grant portfolio under implementation.⁷
40. The PDFF is made up of two major categories: PDFF "A" (new project and programme development); and PDFF "B" (ongoing project portfolio). In line with the decision to increase support to the development effectiveness of already committed resources, the percentage of the PDFF devoted to PDFF "B" has increased from 2006 onwards, a trend that will be maintained in 2009 (table 3).

Table 3
Total PDFF and major headings, 2004-2009
(Millions of United States dollars)

	2004	2005	2006	2007	2008	2009
PDFF "A" - New project/programme development	13 407	14 068	14 896	15 318	16 804	18 608
PDFF "B"- Ongoing project portfolio	15 041	15 900	15 504	18 558	21 977	24 667
Total PDFF	28 448	29 968	30 400	33 876	38 781	43 275
	<i>Percentage</i>					
PDFF "A" - New project/programme development	47.1	46.9	49.0	45.2	43.3	43.0
PDFF "B"- Ongoing project portfolio	52.9	53.1	51.0	54.8	56.7	57.0

⁷ Country presence costs are fully integrated into IFAD's regular budget process, and the PDFF is the main source of funding.

VI. Overview of combined budgets in the light of budget principles

41. Taking into account the proposed administrative budget and the PDFF, IFAD's total operational budget for 2009 amounts to US\$124.3 million (table 4), a 1 per cent increase in real terms compared with a nominal 10 per cent increase in the POW. The real increase is exclusively in the area of the PDFF.

Table 4
Combined 2009 administrative budget and PDFF

	2008	2008	Price increase		Real increase/(decrease)		2009	Nominal percentage increase
	approved budget at 0.737 EUR/US\$	approved budget restated at 0.67 EUR/US\$	Millions of United States dollars	Percentage	Millions of United States dollars	Percentage	estimate millions of United States dollars	
Regular administrative costs	72.3	76.9	5.3	7	(1.2)	(2)	81.0	5
Replenishment costs	1.8							
Total	74.1	76.9	5.3	7	(1.2)	(2)	81.0	5
PDFF	38.8	39.3	1.7	4	2.3	6	43.3	10
Total	112.9	116.2	7.0	6	1.1	1	124.3	7

42. The budgets presented above are in conformity with the budget principles described in paragraph 32 above. Namely:
- (a) The efficiency ratio for 2009 would be 15.76 per cent, compared to 16.3 per cent in 2008 (table 5). Taking "pure" administrative (non-operating) costs in relation to the programme of work and budgets as a whole, IFAD's administrative cost ratio will be 6 per cent in 2009;

Table 5
The evolution of IFAD's efficiency ratio

	2006 approved	2007 approved	2008 approved	2009 proposed
A – Programme of work, net of transfers (US\$ million)	536.25	589.88	650	715
B – Total costs @ EUR/US\$ 0.819 (US\$ million)	91.58	99.31	105.95	112.7
Cost benchmark or tracking ratio (B/A)	17.10%	16.80%	16.30%	15.76%

- (b) The percentage of the combined total dedicated to operational purposes would rise from 61 per cent in 2008 to an estimated 63 per cent in 2009 (table 6);

Table 6
Distribution of combined administrative budget and PDFF between operational and non-operational costs
(Percentage)

	2006	2007	2008	2009 estimate
Direct and indirect operational costs	57	57	61	63
Corporate management and administrative support costs	35	34	30	29
Governance	8	9	9	8

- (c) The PDFF would rise by 10 per cent in nominal terms (equivalent to the percentage rise in the POW); and
- (d) The administrative budget shows both increased efficiencies and a fall in the real budget level.

VII. The capital budget for 2009

43. In December 2007, the Executive Board approved a framework for capital budgeting in IFAD and an initial capital budget of US\$2 million. The principal objective of the framework is to provide resources for improving IFAD's information technology (IT) infrastructure, which is essential for improved services to members and for realizing planned efficiency gains. A central element of the framework is that depreciation of the capital assets is to be charged to future administrative budgets from the date of completion of individual capital projects funded under the capital budget. Correspondingly, an estimated US\$125,000 depreciation charge will be made to the administrative budget in 2009. The IT benchmarking exercise finalized in 2007 identified that IT spending in IFAD was below the average of other IFIs, and it is expected that further IT projects will be presented within the 2009 capital budget submitted to the Executive Board in December 2008, with priority being given to improving the Loan and Grant System.

Part two - Preview of the Office of Evaluation's three-year rolling work programme (2009-2011) and resource issues for 2009

I. Introduction

44. As decided by the Executive Board,⁸ starting from 2009, the Office of Evaluation (OE) will prepare a three-year rolling evaluation work programme, in line with good practice of other evaluation outfits⁹ that follow a similar approach. This document contains a rolling evaluation work programme for three years (2009-2011) and a budget proposal for 2009.
45. Following the comments of the Evaluation Committee and the guidance and comments provided by the Executive Board during their respective sessions in September 2008, OE will prepare its 2009-2011 work programme and 2009 budget for discussion with the Evaluation Committee during its fifty-third session on 3 October 2008. Thereafter, based on the further guidance of the Committee, OE will prepare the final work programme and budget for discussion at the ninety-fifth session of the Board (in December 2008). Prior to this, as per the Board's decision, the final proposal will be considered by the Audit Committee in November 2008, together with the administrative budget of IFAD for 2009.
46. This document has five sections. Section II presents a summary of OE's main achievements thus far in 2008 (an overview is also contained in annex III). Section III provides selected lessons gained from the implementation of the current year's work programme and budget. Section IV presents the proposed priorities for 2009-2011, including an account of the main evaluation activities that the division plans to undertake. It also contains an initial proposal for introducing a system for monitoring OE's effectiveness and quality of work. Section V outlines the resources for 2009 that will allow OE to implement its work programme in a timely manner. Annexes II and III provide a synthesis of the human and financial resource requirements of OE in 2009.

II. Achievements in 2008

47. OE had four priorities in 2008, which took into consideration the need to satisfy the requirements of the IFAD Evaluation Policy and the Terms of Reference of the Evaluation Committee. These priorities were: (i) selected corporate-level, country programme and project evaluations; (ii) specific evaluation work required under the Evaluation Policy and the Terms of Reference of the Evaluation Committee; (iii) evaluation outreach and partnerships; and (iv) evaluation methodology. Overall, we expect to implement all the activities planned¹⁰ under the four established priorities by the end of 2008. However, the joint evaluation with the African Development Bank (AfDB) on agriculture and rural development policies and operations in Africa required more OE involvement and time than expected and will therefore be completed in the first part of 2009, rather than at the end of 2008. This demanding joint evaluation and the workload it generated for OE have also delayed completion of the Sudan country programme evaluation (CPE) and the Evaluation of IFAD's capacity to promote pro-poor replicable innovations for rural poverty reduction, both of which will be completed in 2009 (see annex III for further information). In the review year, OE also undertook a number of unforeseen

⁸ See paragraph 8 in the Report of the Chairperson on the forty-ninth session of the Evaluation Committee presented to the ninety-second session of the Executive Board in December 2007.

⁹ See, for example, the proposed 2008-2010 Three-year rolling work programme and 2008 Budget of the Operations Evaluation Department of the African Development Bank; and the World Bank's Independent Evaluation Group's Work Programme and Budget (FY08) and Indicative Plan (FY09-10).

¹⁰ In all, OE worked on two corporate level evaluations, eight country programme evaluations and six project evaluations in 2008, in addition to undertaking numerous other evaluation-related tasks.

activities, such as the preparatory work for an eventual project interim evaluation to be conducted in early 2009 in Uganda.

48. With regard to priority (i), OE worked with the Operations Evaluation Department of AfDB to undertake a major joint evaluation of the two organization's agriculture and rural development policies and operations in Africa. This evaluation will be completed in the first semester of 2009, as explained in paragraph 4. Thus far, IFAD and AfDB have signed a memorandum of understanding that provides the broad framework for undertaking the joint evaluation. They also prepared an inception report, which outlines the objectives, processes, evaluation framework and key questions to be covered by the evaluation. Moreover, the interim report on the joint evaluation has been completed, which draws on four specific working papers, namely: (i) the challenging context and prospects for agriculture and rural development in Africa; (ii) a meta-evaluation of past performance of both organizations, based on existing evaluative evidence; (iii) a partnership assessment to evaluate the partnership between AfDB and IFAD, and also the partnership of the two organizations with other major actors in agriculture and rural development in Africa. A benchmarking study was also undertaken to learn from good practices related to partnership that may be found in other development organizations; and (iv) a review of key business processes, with the aim of examining the extent to which such processes affect the performance of the two institutions in achieving the desired results. Currently, the evaluation is in its country work phase, which includes visits to selected countries and interaction with a range of partners and stakeholders at the country level. The draft final report will be produced thereafter. Finally, it is useful to underline that the preliminary results emerging from the evaluation – based on the two working papers available at the time (see items (i) and (ii) above) – were discussed in a side event during the thirty-first session of the Governing Council of IFAD. These preliminary results were also discussed with the respective management teams of the AfDB and IFAD, and during the first ever retreat for AfDB and IFAD operations staff, which was held in Tunis in May.
49. OE started the corporate-level evaluation (CLE) of IFAD's capacity to promote pro-poor replicable innovations for rural poverty reduction. The evaluation approach paper has been produced and discussed with IFAD Management. As agreed with the Board, this evaluation will also include an assessment of the Initiative for Mainstreaming Innovation. The evaluation is currently in its inception phase, and is expected to be completed in 2009 and discussed at both the Evaluation Committee and the Executive Board. Ultimately, the evaluation is expected to contribute to improving IFAD's overall efforts in promoting innovation.
50. OE worked on a number of country programme evaluations (CPEs) in 2008. It completed the Ethiopia CPE¹¹ with the organization of a national round-table workshop in Addis Ababa in June. The Director of the World Bank's Independent Evaluation Group joined OE for a field visit (which preceded the workshop) to an IFAD-funded project and at the evaluation workshop, in order to gain an insight into OE's approach to CPEs. The evaluation revealed that the performance of IFAD operations in terms of key evaluation criteria, such as sustainability and innovation, was better than the overall average for IFAD operations in all regions, as reported in last year's Annual Report on Results and Impact of IFAD Operations (ARRI). Among other issues, the CPE found that there was a need to ensure wider synergies within and across projects in the country and highlighted the importance for IFAD to strengthen linkages between research and extension to ensure better adoption of technologies by small farmers. It also noted the need to encourage further the development of the private sector as a way of promoting access to markets. Finally, while recognizing the independent nature of the CPE, the

¹¹ The Ethiopia CPE will be discussed at the Evaluation Committee session of December 2008.

Government expressed satisfaction with the participatory approach of the evaluation.

51. Likewise, OE completed the Pakistan CPE with the organization of a national round-table workshop in Islamabad in July. During the event, a meeting specifically dealing with the CPE was held with the President of Pakistan. Among other issues, he underlined the need for greater assistance to livestock development, including wider investments in the dairy sector to accelerate rural poverty reduction in the country. The evaluation found that the Fund has made an important contribution to agriculture and rural development in Pakistan, despite its relatively limited volume of investments in the country as compared with public investments and the total overseas development assistance to this sector. At the same time, the CPE highlighted the need for IFAD to ensure a better balance between agricultural and non-farm investments for rural poverty reduction in its future country strategy for Pakistan.¹² Consistent with the views of the Government, the CPE also underlined the need for IFAD to consider continuing its engagement in disadvantaged and remote areas in the country, some of which are affected by conflicts.
52. The Nigeria CPE is under way and will be completed by the end of the year. The draft CPE report has been produced, and shared with IFAD Management and the Government of Nigeria. The Government conveyed their appreciation of what they consider to be a very useful evaluation. The Western and Central Africa Division is also in broad agreement with the main findings and recommendation of the CPE. The findings reveal that the Fund has made a significant contribution to promoting community-driven development as a key feature of agricultural and rural development projects in the country. The evaluation also stresses the need to study carefully the roles and responsibilities of federal, state and local government institutions in future projects and programmes. The evaluation underlined the importance of focusing on the development of smallholder farmers, which is essential for improving the livelihoods of the poor in rural areas and for food security in general. OE is also working on the Sudan CPE, which will be completed in 2009. The draft Sudan evaluation report is under production, and will shortly be shared with partners outside OE for review and comments.
53. With regard to project evaluations, as agreed with the Board, OE is working on six project evaluations, in Argentina, China, the Democratic People's Republic of Korea, Guatemala, Madagascar and Mauritania.
54. With regard to priority (ii), the preparation of this year's ARRI report is well under way. As planned, the document will be discussed in October with the Evaluation Committee and, thereafter, with the Executive Board in December 2008. Following the practice introduced last year, this year's report also devotes greater space to learning, in addition to providing the usual account of performance and impact of IFAD operations. With regard to learning, the ARRI this year focuses on two themes, namely the importance of considering context in country strategy formulation, and project design and implementation; and the need to improve weak monitoring and evaluation systems at the project level. In this regard, OE prepared issues papers, and organized two in-house learning workshops to discuss the two themes and exchange views with IFAD staff. Staff inputs will be used in preparing the two corresponding sections in the ARRI. Moreover, as part of the learning and reflection process related to country context, OE organized two IFAD-wide seminars with speakers from the World Bank's Independent Evaluation Group responsible for World Bank evaluations of fragile states and middle-income countries. These seminars provided an opportunity to learn about the challenges and opportunities the Bank is facing in such countries.

¹² The Pakistan CPE will be discussed at the Evaluation Committee session of September 2008.

55. As per the Terms of Reference of the Evaluation Committee, OE has so far this year organized two sessions of the Committee, in April and September. During these sessions, the Committee discussed a project evaluation in Burkina Faso, the Brazil CPE, the preview of the three-year rolling work programme and 2009 resource issues, and the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA). In addition, OE organized the annual field visit of the Evaluation Committee, this year to the Philippines, which allowed the Committee to visit the IFAD-funded Cordillera Highland Agricultural Resource Management Project and participate in a learning workshop on the evaluation of the project. During their field visit, the Committee had discussions with the President of the Philippines. She underlined the role of IFAD in improving agriculture productivity, which is especially important in the context of rising food and commodity prices. Eight members of the Committee took part in the field visit, and the Chairperson of the Committee provided a written report on the visit to the Executive Board in April.
56. With regard to priority (iii), OE continued to strengthen its engagement in various international evaluation platforms and processes related to evaluation. OE took part in the annual meeting of the United Nations Evaluation Group (UNEG). OE is a member of the UNEG task forces on: (i) the establishment of a United Nations system-wide independent evaluation mechanism, (ii) the evaluation of the One United Nations Initiative, (iii) country-level evaluations, (iv) evaluation quality enhancement, and (v) impact evaluation. The Director of OE also took part in the annual meeting of the Evaluation Cooperation Group (ECG) of the multilateral development banks, in which OE has been admitted as an observer, pending a final decision by the ECG on full membership next year. This decision will be taken following an assessment by the ECG of OE's independence and methodologies. With regard to the Network of Networks on Impact Evaluation (NONIE), an OE representative who is a NONIE member took part in the discussions about the network, which is a platform for development agencies concerned with developing methodologies and approaches for rigorous evaluation of impact. OE continued its partnership with the Swiss Agency for Development and Cooperation. Some areas of focus are: strengthening the evaluation partnership with AfDB's Operations Evaluation Department; and assessing, through CPEs, IFAD's engagement in donor harmonization, policy dialogue and aid coordination mechanisms at the country level. Finally, having ensured that there were no implications for OE's independence, OE staff participated in the evolving quality assurance and quality enhancement activities, in addition to several operational policy and strategy committee meetings, and project development teams. OE will follow the development of these in-house platforms, and will then define its own participation for next year accordingly.
57. One important task under priority (iv) is the preparation of OE's new evaluation manual, which will provide the division's enhanced evaluation processes and methodologies for project and country programme evaluations. This major task is well under way and, as agreed with the Evaluation Committee last year, the document will be discussed at a dedicated informal session of the Committee before the end of the year, prior to finalization. Thus far, OE has held numerous discussions within the division, in addition to organizing a workshop on the subject with evaluation consultants and directors of selected IFAD-funded projects, which generated useful comments. A discussion was also held on the draft manual with PMD. In the coming weeks, a workshop will be organized on the draft manual with the international experts panel (IEP) set up by OE. The IEP is composed of seven members from different backgrounds in development evaluation, and its main role is to carry out a peer review of the document, provide methodological inputs and ultimately ensure that the manual reflects cutting-edge know-how and is consistent with international evaluation norms and standards.

58. Following the establishment in 2007 of a number of OE “improvement working groups” with the objective of improving communication, knowledge-sharing and teamwork, significant results have been achieved towards a better work environment in OE. These results include: the introduction of an orientation programme for all new OE staff; the development of new tools to enhance OE's ability to recruit and manage high-quality consultants; improvements in supervisor/supervisee relationships and identification of best practices to promote such improvements; a systematic approach to dealing with any grievances; and the definition of specific activities for better knowledge-sharing. In order to mainstream the work to date and ensure that the benefits realized are sustained, OE has also introduced divisional focal points whose roles encompass PeopleSoft Support, specialized assistance with consultant management, staff training and new staff orientation.

III. Taking stock of 2008

59. As in past years, before defining its priority areas, work programme for the three year period 2009-2011 and resource issues for 2009, OE reviewed the experience in implementing its 2008 work programme and budget. Some key issues are summarized below.
60. OE is devoting greater attention to internal peer reviews as a means of improving the quality of evaluation deliverables. The reviews have been found to be extremely useful: not only do they serve as a platform for sharing knowledge and experiences among evaluators, but they will also help reduce inter-evaluator variability in the future. The reviews require thorough preparation by the staff concerned, therefore adequate time and space needs to be factored into individual annual work programmes.
61. Similarly, OE has continued to devote resources to knowledge management, especially to finding ways and means to share evaluation-based lessons with partners in developing countries and within IFAD. For example, OE organizes a learning workshop at the end of each evaluation to exchange views on the main results and lessons that have emerged from the evaluation. Furthermore, as part of its participation in the corporate-wide working group devoted to the implementation of the IFAD Strategy for Knowledge Management, OE has established an internal working group to tackle this theme in a more systematic and comprehensive manner.
62. The ongoing joint evaluation with the AfDB has demonstrated the potential for OE to undertake joint evaluations with other development organizations. While joint evaluations are challenging to conduct for a variety of reasons – including the level of time and resources that they consume – they support the Fund's commitments under the Paris Declaration on Aid Effectiveness. For example, such joint endeavours contribute to reducing transaction costs for developing country evaluations, provide opportunities for widening the scope of a given evaluation and offer greater possibilities for learning. In sum, more efforts will be made by OE in the future to undertake joint evaluations on a selective basis. Options are currently being explored to conduct a joint CPE in Mozambique with the AfDB and a joint evaluation of agricultural and rural development policies and operations in the Latin America and Caribbean region with the Inter-American Development Bank.

IV. OE Priorities for 2009-2011

63. OE proposes four priorities for the period 2009-2011, which take into consideration the eight current IFAD corporate priorities¹³ as well as the requirements of the Evaluation Policy and the Terms of Reference of the Evaluation Committee.
64. The four main priority areas for 2009-2011 are:
 - (a) Selected corporate-level, country programme and project evaluations;
 - (b) Specific evaluation work required by the Evaluation Policy and under the Terms of Reference of the Evaluation Committee;
 - (c) Evaluation outreach and partnership; and
 - (d) Evaluation methodology and effectiveness of OE.
65. Priority area (a) represents the core of OE's work programme. Under this priority, OE will complete a number of evaluations that were initiated in 2008. These include the joint evaluation on agriculture and rural development in Africa, the CLE on IFAD's capacity to promote pro-poor replicable innovations for rural poverty reduction, and the CPEs for Argentina, India, Mozambique, Niger and Sudan.
66. As agreed with the Executive Board in December 2007, OE will initiate the CLE on IFAD's Private Sector Development and Partnership Strategy in 2009, which will be completed towards the end of 2010. Two further CLEs are included in the three-year rolling evaluation programme, these will deal with: (i) the IFAD Policy on Sector-wide Approaches (SWAp) for Agriculture and Rural Development;¹⁴ and (ii) IFAD's efforts and approaches in promoting gender equity and women's empowerment in its operations. The undertaking of such an evaluation by OE was called for in the document Mainstreaming a Gender Perspective in IFAD's Operations, approved by the Executive Board in April 2003. This is an important evaluation, as it is expected to generate building blocks for the preparation by Management of an IFAD policy on gender.
67. A number of CPEs are provisionally planned for the period 2009-2011. A major factor when deciding to include a CPE in the rolling programme is that there is a clear intention on the part of Management to develop a new country strategy opportunities programme (COSOP) in that country, once the evaluation is complete. Hence, following consultations with PMD, CPEs for the following countries are planned during 2009-2011: China, Ghana, Haiti, Kenya, Madagascar, Viet Nam and Yemen.
68. Various project evaluations have also been planned for the same period. In particular, six new project evaluations are proposed for 2009: in China, the Dominican Republic, Ethiopia, Mali, Uganda and Yemen. The evaluations in Ethiopia and Uganda are interim project evaluations, which are mandatory under the Evaluation Policy, before Management embarks on the design of the subsequent phase of the projects concerned. Completion and interim project evaluations for 2010 and 2011 will also be provisionally included in the three-year rolling work programme, for discussion with the Evaluation Committee in October 2008.
69. Under priority (b), OE will prepare the ARRI report each year from 2009 to 2011 and present it as per usual practice to both the Evaluation Committee and the Executive Board. Similarly, it will review, and prepare comments on, the PRISMA

¹³ The Fund has eight corporate management results: better country programme management, better project design, better project implementation support, improved resource mobilization and management, improved human resource management, improved risk management, improved administrative efficiency and more strategic international engagement and partnership.

¹⁴ At the time of approving the policy in 2005, the Executive Board decided that OE would undertake the SWAp policy evaluation.

report, the RIDE Report and the Portfolio Performance Report (PPR).¹⁵ Moreover, as per the Terms of Reference of the Evaluation Committee, OE will prepare its comments on any corporate policy proposal developed by Management following the undertaking of an evaluation by OE on the same topic, for example, IFAD's engagement with indigenous people planned for Board presentation in April 2009. Finally, each year from 2009-2011, OE will prepare a three-year rolling work programme.¹⁶ This document will also contain a specific budget proposal for the first year of the three-year rolling work programme.

70. As per the Terms of Reference of the Evaluation Committee, OE will organize four sessions of the Committee each year, and any special sessions considered necessary by the Chairperson. The Board will determine the composition of a new Evaluation Committee in April 2009, which will have a mandate of three years (until the April 2012 Board session). An orientation session will be organized by OE for any new members joining the Committee during the three-year period. The Committee will define its provisional agenda for the subsequent year at its December session, including the country of destination and time frame for the annual field visit.
71. With regard to priority (c), OE will continue its efforts to ensure that communication and evaluation knowledge dissemination are factored in as important aspects of each evaluation from the outset. The present practice of sending printed copies of evaluation reports and Profiles and Insights to Executive Board members and others, and the updating of the Evaluation Knowledge System will be made more timely and systematic. In line with the Evaluation Policy, OE will participate selectively in internal platforms (e.g. the Operational Strategy and Policy Committee (OSC) and quality enhancement processes) with a view to enhancing in-house understanding of evaluation lessons and recommendations. More specifically, OE will participate in OSCs or quality enhancement processes dealing with new policies, strategies or projects that have been developed following an OE evaluation of that topic. Among other activities, in-country learning workshops will be organized at the end of each evaluation undertaken, as a means of discussing evaluation results with multiple stakeholders.
72. In terms of partnerships, OE will continue to participate actively in the discussions of the ECG, NONIE and UNEG. It will also take part in selected international and regional conferences and workshops on evaluation and related themes. And, as mentioned in paragraph 62, it will explore opportunities for joint evaluations, for example, with organizations that have cofinanced operations with IFAD or that may be undertaking evaluations on a similar theme or country programme.
73. Priority (d) responds to the Committee's request to prepare a proposal for a system that would help both the Evaluation Committee, on behalf of the Board, and OE management in monitoring the division's effectiveness and the quality of its work. This will entail various mutually reinforcing activities as follows: (i) non-recurrent measures; and (ii) continuous measures (see annex VI).
74. Non-recurrent measures include the undertaking of an external peer review/assessment, and the development and deployment of a new evaluation manual. In 2009, OE plans to open itself up to an external peer review of its effectiveness and usefulness. One option is for OE to undergo the quality assessment that the ECG plans to conduct of its members, in particular those newly admitted as full members to the group. Further details on the overall approach and modalities for the external peer review will be included in the

¹⁵ OE is aware that there is a Management proposal to merge the RIDE and the PPR. If the Board approves the proposal, then OE's comments will be limited to the consolidated (RIDE/PPR) report in the future.

¹⁶ These will cover the period 2009-2011 (presented to the Board in 2008), 2010-2012 (for presentation in 2009), and 2011-2013 (for presentation in 2010).

comprehensive work programme and budget document, for discussion with the Committee in October.

75. The other non-recurrent measure is the rolling out next year of the new evaluation manual that will be finalized by the end of 2008. A robust methodology is critical for OE's quality and effectiveness. A coherent plan is in place for the manual's implementation and dissemination, including comprehensive briefing of OE staff and consultants involved in evaluation work (see paragraph 57 for details of the manual's production process).
76. Continuous measures include the systematic undertaking of internal (within OE) peer reviews for all evaluations conducted by the division, the use of senior independent advisors for higher-plane evaluations, and the development of an effectiveness framework for monitoring the quality of OE's work. As in the past, the internal peer reviews will be used as a key instrument for quality assurance of OE evaluations and knowledge-sharing, while the mobilization of the services of senior independent advisors for the higher-plane evaluations will reassure the Committee and Board that OE evaluations are of the required quality and in line with international good practice.
77. As a key component of the system to monitor the division's effectiveness and quality of work, OE proposes to introduce a results framework with a number of indicators to assess OE's effectiveness. As there is no internationally agreed system for monitoring the quality of the evaluation outfits of development agencies, OE has conducted an initial scanning of the results/effectiveness frameworks available in selected development organizations (AfDB, the Asian Development Bank, the Food and Agriculture Organization of the United Nations [FAO], the World Bank and the United Nations Development Programme).
78. Some of the main indicators used by these organizations for monitoring the effectiveness and quality of their evaluation work are: (i) the rate of adoption of recommendations from evaluations undertaken in a given year in new strategies and operations; (ii) the issuance of evaluation reports in a timely manner (within a defined time period after the completion of a particular evaluation), to promote learning among key stakeholders; (iii) the number of hits received on the evaluation section of the organization's website over a month; (iv) requests by audiences for specific evaluation reports; (v) percentage of evaluations completed by year-end as compared with targets defined in the work programme at the beginning of the year; (vi) number of Board members providing positive feedback on an evaluation discussed by the Board; and (vii) number of evaluations conducted in full compliance with the organization's evaluation policy.
79. OE will review these options and propose a results framework to be used in the future to assess the division's effectiveness. The proposal will be included as part of the comprehensive three-year rolling work programme (2009-2011) and 2009 budget document. This will be discussed with the Evaluation Committee at its fifty-third session in October 2008.

V. 2009 Resource Issues

80. With respect to previous years, OE reduced its staffing levels by 1.5 units to 18.5 regular and fixed-term positions in 2008. In 2009, the division plans to work with the same level of human resources as in 2008 (see annex II for more information). It is worth mentioning that in 2009 OE will no longer benefit from the services of the three Associate Professional Officers who have worked in the division for the past three years or so, as their contracts will expire before the end of 2008.
81. The OE 2008 budget included a 13 per cent decrease in real terms over the 2007 restated budget. The decrease was 6 per cent after the mandatory increases were included in the 2008 budget. The proposed 2009 budget is the same as the restated 2008 budget, hence the real growth increase is zero. However, after

adding mandatory increases over which OE has no control – such as the same inflation factor used by IFAD (3 per cent over the restated 2008 budget) and the 2009 standard costs for staff positions as defined by the International Civil Service Commission – OE's budget proposal for 2009 is US\$6.05 million (see annex V). The specific details of the 2009 budget will be presented to the Executive Board in December 2008, following discussions with the Evaluation Committee in October.

82. Finally, as requested by the Audit Committee in 2007, OE will develop, in its 2009-2011 work programme proposal, indicators and benchmarks to assess the efficiency of OE's budget. As mentioned previously, no other evaluation outfit among the IFIs or United Nations organizations adopt such an approach. This could limit the ability of the Board and the respective evaluation outfits to respond to the need for major evaluations which, though required, would result in an increase in the budget beyond the established cap. However, one option would be to establish a cap on the OE budget that could be in the form of a percentage ratio between the OE budget and the Fund's annual programme of work. This efficiency indicator could also be included as part of OE's results framework (see paragraph 79). This specific proposal will also be presented for consideration to the Evaluation Committee in October within the framework of the 2009-2011 rolling evaluation work programme and 2009 budget.

Summary of priorities for 2009 by corporate management results

Operational corporate management results	
<p>Better country programme management</p> <p>Extend coverage of the COSOP quality enhancement (QE) process ("at entry") and the client/partner survey.</p> <p>Increase "at design" and "during implementation" ratings for new and ongoing country programmes.</p> <p>Develop more context-differentiated approaches for country programming and assistance (e.g. in middle-income countries and fragile states). Key focus on knowledge-sharing and scaling up of innovative interventions also in the context of promotion of South-South cooperation.</p> <p>Strengthen country presence through additional CPM outposts and alternative local arrangements.</p> <p>Strengthen operational policies in priority areas of the Strategic Framework 2007-2010.</p>	<p>Better project design (loan and grants)</p> <p>Extend coverage of QE and quality assurance (QA) "at-entry" systems.</p> <p>Increase "at entry" QA ratings, while meeting lending targets (by volume and number of projects).</p> <p>Strengthen the project pipeline.</p>
<p>Better implementation support</p> <p>Improve the quality of project supervision, mainly by expanding the share of projects directly supervised by IFAD and enhancing IFAD's supervision capacities.</p> <p>Roll out new project performance monitoring system and upgrade of the Loan and Grant System.</p> <p>Strengthen operational learning processes and knowledge transfer mechanisms within and among countries with stronger links to country programme management and project design.</p>	<p>More strategic international engagement and partnership</p> <p>Strengthen the effectiveness of IFAD's international policy advocacy work, through improved knowledge management mechanisms (for learning and knowledge transfer) and a more consistent and results-oriented approach to performance management in this area.</p>
Institutional support corporate management results	
<p>Improved resource mobilization and management</p> <p>Strengthen resources-to-results alignment and management for results.</p> <p>Pro-active mobilization of instruments of commitment principally for IFAD's Eighth replenishment, as well as of non-regular resources.</p> <p>Effective management of IFAD's assets and liabilities.</p>	<p>Improved human resource management</p> <p>Full-fledged implementation of IFAD's People Strategy; including, increasing staff mobility, implementation of voluntary staff separation scheme; procedural streamlining and restructuring of the Human Resources Division.</p> <p>Increase share of resources (human and financial) dedicated to operational activities.</p>
<p>Improved risk management</p> <p>Operationalize and mainstream enterprise risk management policy.</p> <p>Implement functional business continuity system.</p> <p>Increase timely implementation of high priority internal audit recommendations.</p>	<p>Increased administrative efficiency</p> <p>Streamline corporate-wide processes to reduce transaction costs in key areas of the new operating model and reduce the administrative process burden on operational groups.</p>

Composition of 2008 standard staff cost and estimated increase for 2009

The following table shows the estimated 2009 standard costs based on the information available at 15 July 2008 and compares them with 2008 standard costs. The EUR-US\$ exchange rate, the Post-Adjustment Multiplier and full-time equivalents (FTEs) are those used for the 2008 administrative budget.

Overall the estimate shows in 2009 an average staff cost increase of 7.8 per cent compared with the corresponding 2008 rates.

The following table shows the average percentage increase for each staff entitlement and its impact on the cost of the 2008 administrative budget FTEs:

Administrative Budget

(United States dollars, exchange rate of 0.737 Euro to 1 United States dollar)

<i>Account Description</i>	<i>2008 FTEs at 2008 rates</i>	<i>2008 FTEs at 2009 rates</i>	<i>Percentage Increase</i>	<i>Notes</i>
Salaries & Post-Adjustment PR	23 521 195	24 663 277	4.9%	(a)
Pension & Medical PR	5 912 662	6 288 464	6.4%	(b)
Other Allowances PR	821 974	958 815	16.6%	(c)
Repatriation & Indemnity PR	645 369	667 849	3.5%	(d)
Annual Leave PR	568 624	1 029 863	81.1%	(e)
Education Grants	2 247 160	2 331 595	3.8%	(f)
Home Leave	794 191	823 773	3.7%	(g)
US Tax	483 860	533 206	10.2%	(h)
Total PR	34 995 035	37 296 841	6.6%	
Salaries GS	14 197 220	14 881 699	4.8%	(a)
Pension & Medical GS	3 728 170	3 981 335	6.8%	(b)
Other Allowances GS	551 793	571 663	3.6%	(c)
Repatriation & Indemnity GS	2 749 376	2 857 948	3.9%	(d)
Annual Leave GS	332 421	580 465	74.6%	(e)
Total GS	21 558 980	22 873 110	6.1%	
Total PR + GS	56 554 015	60 169 950	6.4%	
Vacancy factor from 1.4% to zero		800 000		(i)
Total PR + GS + reduction of vacancy factor	56 554 015	60 969 950	7.8%	

- (a) Salaries: 3-3.5 per cent increase in General Service staff salaries. Regarding professional and higher categories, 3 per cent increase in gross and net salaries and 3 per cent increase in the post-adjustment multiplier effective January 2009. In addition, step increases are expected to contribute 2-2.5 per cent to the Professional staff (PR) increase and 1-1.5 per cent to the General Service staff (GS) increase.
- (b) Pension: in line with the annual increases of the last two years, a 3 per cent pensionable remuneration increase effective January 2009 for both GS and PR staff.
- Medical costs: 5-6 per cent increase in medical plan contributions estimated for 2009, plus a growing cost impact of the 5 per cent cap of the gross salary above which medical costs are totally borne by IFAD. Moreover, we estimate a 15 per cent increase in the compensation plan premium.
- (c) Other allowances: This category includes costs for dependency and language allowances for GS staff, which is estimated to increase at a 3-3.5 per cent yearly rate; regarding the Professional and higher categories, costs for rental subsidy, dependency allowance and non-removal claims are expected to increase by 3-3.5 per cent on an yearly basis. The child allowance for Professional staff is expected to increase by 35 per cent (from US\$1,936 to US\$ 2,686).
- (d) Repatriation and separation: The increase reflects the salary scale increase.
- (e) The cost related to unused annual leave have been constantly growing in the last years as a result of the increasing number of unused annual leave allowances, the depreciation of the US\$ against the Euro and increase in the salary scale for GS and PR staff. It should be noted that the increase in staff entitlements have an impact not only on the newly accrued annual leaves but also on the cost of the cumulative annual leave accrued in previous years. As a result, the 2008 administrative budget included, for the first time, a specific provision for unused annual leave costs. In light of the 2007 unused annual leave costs, this provision should be considerably increased in the 2009 budget.
- (f) Education grant: Expected 3-4 per cent increase due to cost trends and estimated inflation for this particular cost item.
- (g) Home leave: Expected 3-4 per cent increase due to cost trend and estimated inflation for this particular cost item.
- (h) United States tax: In 2008, there has been a significant increase in the cost of United States tax due to the change of policy in the United States regarding its calculation. In 2009, a 10 per cent increase is foreseen.
- (i) Reduction of the "vacant posts factor" from 1.4 per cent to zero: the decrease in the "vacancy factor" has an impact on all the staff cost items included in the standard costs and results in a US\$0.8 million increase in staff costs of the administrative budget.

OE achievements in relation to planned priorities and activities in 2008

Priority area	Type of work	Evaluation Activities	Planned Implementation status	Present status
Priority A: Conducting of selected corporate-level, country programme and project evaluations	1. Corporate-level evaluations	IFAD's capacity to promote pro-poor innovations for rural poverty reduction	To be completed in December 2008	Will be completed in 2009 (see comment under the present status of the joint Africa evaluation below)
		Joint evaluation with AfDB on Agricultural and Rural Development in Africa	To be completed in December 2008	Will be completed in 2009. The joint and complex nature of this evaluation has absorbed more time than anticipated on the part of concerned OE staff, who are also closely involved in the innovation evaluation
	2. Country programme evaluations	Argentina	To start in November 2008	Will be undertaken as scheduled
		Ethiopia	To be completed by May 2008	Completed
		India	To start in November 2008	Will be undertaken as scheduled
		Mozambique	To start in June 2008	Undertaken as scheduled
		Niger	To start in November 2008	Will be undertaken as scheduled
		Nigeria	To be completed in October 2008	Undertaken as scheduled
		Pakistan	To be completed in March 2008	Completed
		Sudan	To be completed in December 2008	Will be completed at the beginning of 2009
		China: Qinling Mountain Area Poverty Alleviation Project	To be completed in October 2008	This evaluation was introduced upon the approval of the Board in April 2008, as a replacement of the Wulin Mountain Areas Development Project. As such, it will be completed by the end of 2008
	3. Project evaluations 3.1. Interim evaluations	Guatemala: Rural Development Programme for Las Verapaces	To be completed in October 2008	Undertaken as scheduled

		Democratic People's Republic of Korea: Uplands Food Security Project	To be completed in October 2008	Undertaken as scheduled
		Mauritania: Poverty Reduction Project in Aftout South and Karakoro	To be completed in August 2008	This project evaluation was introduced as a replacement of a planned project evaluation in Ivory Coast. As for the China project evaluation, it will be completed in the end of 2008.
	3.2. Completion evaluations	Argentina: Rural Development Project for the North-Eastern Provinces	To be completed in August 2008	Will be completed before the end of 2008
		Madagascar, Upper Mandrare Basin Development Project - Phase II	To be completed in October 2008	Undertaken as scheduled
Priority B: Specific evaluation work required by the Evaluation Policy and the Terms of Reference of the Evaluation Committee	4. Evaluation Committee and Executive Board	Field visit of the Evaluation Committee	Field visit in 2008	Field visit undertaken to the Philippines in April 2008
		Review of the implementation of the work programme and budget 2008 and preparation of three-year rolling work programme and budget for 2009	To be completed by December 2008	Will be undertaken as per schedule
		Sixth Annual Report on the Results and Impact of IFAD's Operations (ARRI)	To be completed by December 2008	Will be undertaken as per schedule
		OE comments on the President's report on the implementation status of evaluation and management action (PRISMA)	To be completed by July 2007	Completed
		OE comments on the Portfolio Performance Report	To be completed by December 2008	Will be undertaken as scheduled
		OE comments on the Report on IFAD's Development Effectiveness	To be completed by December 2008	Will be undertaken as scheduled
		OE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	To be completed by December 2008	Not applicable so far in 2008
		Four regular sessions and additional ad hoc sessions of the Evaluation Committee	To be completed by December 2008	Will be undertaken as scheduled

Priority C: Evaluation Outreach and Partnerships	5. Communication activities	Reports, Profiles, Insights, OE Website, etc.	January-December 2008	Being undertaken as scheduled
	6. Partnerships	ECG, NONIE, UNEG and SDC partnership	January-December 2008	Being undertaken as scheduled
		Evaluation of the implementation of the Paris Declaration on Aid Effectiveness, together with the United Nations Development Group	June 2007-December 2009	Completed
		Evaluation of the One United Nations Initiative, together with UNEG	September 2007-December 2011	Undertaken as scheduled
	7. Quality Enhancement, Quality Assurance and OSCs	Participate in selected quality enhancement and quality assurance activities All OSCs that discuss corporate policies and strategies, COSOPs, and projects evaluated by OE being considered for a follow-up phase	January-December 2008	Undertaken as scheduled
Priority D: Evaluation methodology development	8. Methodological work	Proposal to enhance OE effectiveness and quality of its work	January-December 2008	Will be undertaken as scheduled
		Evaluation Manual, including methodologies and processes	January-June 2008	The manual will be completed and then discussed at an informal session of the Committee before the end of the year
		Improvement of monitoring and evaluation systems in IFAD operations	January-December 2008	Issues paper produced and workshop held with PMD. Initiative will be completed in 2009.

OE staff levels for 2009

The proposed regular and temporary staffing levels are the same as in 2008.

	<i>Regular Posts</i>	<i>Fixed-term Staff¹⁷</i>	<i>Total</i>
Administrative Budget	16.5	2	18.5

¹⁷ These are staff members employed following a competitive recruitment process, with a contract duration of a maximum of one year, renewable subject to resource availability.

Proposed 2009 OE budget
(United States dollars)

	2007 Budget restated ^a	2008 budget as approved by thirty-first Governing Council	2008 budget restated at 0.67 euro/US\$ ^a	Real budget in 2009 ^b	Mandatory increase		2009 budget
					3 per cent inflation ^c	staff cost: International Civil Service Commission ^d	
Evaluation work	2 990 565	2 495 040	2 546 784	2 546 784	76 404	-	2 623 188
Staff costs	2 835 130	2 973 505	3 184 251	3 181 494	-	244 661	3 426 155
Total	5 825 695	5 468 545	5 731 035	5 728 278	76 404	244 661	6 049 343

^a As for the rest of IFAD, figures are restated during the year by IFAD's Strategic Planning and Budget Division to take into account fluctuations of the EUR/US\$ exchange rate

^b Figures in real terms are those calculated before the application of mandatory increases, over which OE has no control

^c As for the rest of IFAD

^d As conveyed by the Strategic Planning and Budget Division based on International Civil Service Commission data

Schematic illustration of proposed system for monitoring OE's effectiveness and quality of work