

Document: EB 2008/95/R.2/Rev.1  
Agenda: 3  
Date: 15 December 2008  
Distribution: Public  
Original: English

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Enabling poor rural people  
to overcome poverty

**Programme of work, Programme  
Development Financing Facility and  
administrative and capital budgets of  
IFAD and its Office of Evaluation for  
2009**

Executive Board — Ninety-fifth Session  
Rome, 15-17 December 2008

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For: **Approval**

## **Note to Executive Board Directors**

This document is submitted for approval by the Executive Board.

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## Abbreviations and acronyms

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD Operations
AsDB	Asian Development Bank
CI	cooperating institution
CLE	corporate-level evaluation
CMR	corporate management result
COMPAS	Common Performance Assessment System
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
CPPMS	Corporate Planning and Performance Management System
DSF	Debt Sustainability Framework
EAD	External Affairs Department
ECG	Evaluation Cooperation Group
FAD	Finance and Administration Department
FTE	full-time equivalent
HR	human resources
ICSC	International Civil Service Commission
IFI	international financial institution
KPIs	key performance indicators
LGS	Loan and Grant System
M&E	monitoring and evaluation
NONIE	Network of Networks on Impact Evaluation
OE	Office of Evaluation
OVP	Office of the President and the Vice-President
PBAS	performance-based allocation system
PDFF	Programme Development Financing Facility
PMD	Programme Management Department
PR	peer review
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
QA	quality assurance
QE	quality enhancement
RIDE	Report on IFAD's Development Effectiveness
UNDP	United Nations Development Programme
UNEG	United Nations Evaluation Group

## **Recommendation for approval**

The Executive Board is invited to approve the recommendation on the programme of work, Programme Development Financing Facility and administrative and capital budgets of IFAD and of its Office of Evaluation for 2009, as contained in paragraphs 126 to 128.

## Executive summary

1. In 2009 IFAD will focus on playing its role in raising the level and effectiveness of national and international responses to the smallholder production and resource issues underlying the food price crisis that unfolded in 2007 and 2008. It will sharpen its focus on agricultural production, technology and resource management challenges, and provide broader knowledge and programme platforms for effective collaboration and financing.
2. IFAD has delivered a programme of work that has been expanding at an average annual rate of 10 per cent since 2003, with growing development effectiveness (as documented by the independent Office of Evaluation's Annual Report on Results and Impact of IFAD's Operations evaluated in 2007). This has been achieved within the budget framework of raising the focus of resources on operational activities and rigorous containment of the administrative budget – all within a continuously improving overall efficiency ratio.
3. Against the background of an increasingly efficient and effective use of resources, and growing demand for assistance in responding to the food price crisis, it is proposed that: the programme of work and grants increase by 10 per cent, to US\$715 million, in accordance with the agreement established in connection with the Seventh Replenishment.
4. It is proposed that: the administrative budget be reduced in real terms by 0.9 per cent; the Programme Development Financing Facility (PDFF) be increased in real terms by 5.1 per cent; and IFAD's overall efficiency ratio improve further (to 15.76 per cent, compared to 16.3 per cent in 2008). Taking into account the real reduction in the administrative budget and the real increase in the PDFF, the combined administrative budget and PDFF would rise by 1.1 per cent in real terms to support a 10 per cent increase in the nominal value of the 2009 programme of work and the implementation of the current portfolio – which, as at 31 December 2007, amounted to over 240 programmes and projects with a total investment cost of US\$8.4 billion, of which IFAD is financing approximately US\$4.0 billion, integrate costs of activities previously financed on a pilot basis under IFAD's Action Plan for Improving its Development Effectiveness, and make preparations for the transition to a significantly higher level of activity in the Eighth Replenishment period.
5. The nominal value of the administrative budget and of the PDFF reflect adjustments made for foreign exchange movements and for inflation in staff and non-staff costs – at 7.8 per cent and 3 per cent, respectively. The proposed nominal value of the administrative budget is US\$73.33 million (a 5.9 per cent increase), and that of the PDFF, US\$41.98 million (a 9.4 per cent increase).
6. The proposed administrative budget and PDFF would involve a further rise in the proportion of operational costs (which include all costs under the PDFF as well as a portion of the administrative budget) to 64 per cent (up from 57 per cent in 2006), compared to 28 per cent for non-operational costs, (relating to administrative activities), down from 35 per cent in 2006.
7. The current structure of the administrative budget and the PDFF is not fully aligned with planning and reporting requirements for a results-based budget. It is thus proposed that the 2010 administrative budget and PDFF, as well as subsequent budgets, be presented in a format revised to better align costs with contribution to results.



## Introduction

1. As in previous years, this document is divided into three parts, the first dealing with IFAD, the second with the Office of Evaluation and the third with the recommendations being made to the Executive Board.
2. Within part one, section I reiterates the strategic directions of IFAD for 2009 as endorsed by the Executive Board in September 2008. Section II describes the level, basis of allocation and strategic distribution of the programme of work. Section III provides an overview of the administrative budget and the Programme Development Financing Facility (PDFF) relative to established budget priorities and corporate management results, and then presents more detailed information relative to the administrative budget and the PDFF separately. It includes information on budget utilization in 2007 and estimates for 2008. Annex XIII supplements information on the management of the administrative budget with a description of a sample of administrative efficiencies and cost reductions. It concludes with a description of planned changes in workforce levels. Section IV introduces the capital budget, which was established in 2008. This includes information on the management of the capital budget approved for 2008 (handling of depreciation, progress in capital project implementation, etc.), as well as the proposed capital budget for 2009. Section V of part one introduces issues relative to the structure of the budget and the path towards better aligning budget structure and management with results.



## **Part one – 2009 Programme of work, Programme Development Financing Facility and administrative and capital budgets of IFAD**

### **I. Strategic directions endorsed by the Executive Board at its ninety-fourth session in September 2008**

1. IFAD's key results are defined in the IFAD Strategic Framework 2007-2010, which focuses IFAD's support to Member States on empowering the rural poor to gain better access to, and the skills and organization (including farmers' and producers' organizations) they need to take advantage of: natural resources, especially secure access to land and water, and improved natural resource management and conservation practices; improved agricultural technologies and effective production services; a broad range of financial services; transparent and competitive markets for agricultural inputs and produce; opportunities for rural off-farm employment and enterprise development; and local and national policy and programming processes.
2. The dramatic events of 2007-2008 with regard to global food availability, prices and trade have prompted a further sharpening of IFAD's focus – with an emphasis in 2009 on urgently addressing some of the medium- and long-term challenges that lay behind those events: increasing agricultural productivity growth through public-private partnerships; improving climate-proofing and adaptation and reducing natural resource degradation; and better supporting pro-poor solutions to emerging land and water issues.
3. Achieving better results on the ground will involve IFAD in: sharing its knowledge and experience more widely as governments and development agencies seek to re-engage with agricultural and rural development on a priority basis; providing programme and project platforms for collaborative action and financing; helping to mobilize non-traditional sources of finance (including remittances) for rural and agricultural development; strengthening partnerships for knowledge-sharing and advocacy; and responding in more differentiated and responsive ways to the needs of different groups of countries (fragile states, stable poor developing countries, middle-income countries, etc.).
4. To provide these responses and services, IFAD itself must continue to change. At the operational level, and building on changes introduced under IFAD's Action Plan for Improving its Development Effectiveness, it will: strengthen country programme development and management – within the framework of the international commitment to effective country ownership and management of development processes (as most recently articulated in the Accra Agenda for Action); expand and improve direct supervision as the most effective tool for achieving immediate improvements in the results of IFAD's support; and strengthen country presence, which is vital to both better country programming and country leadership within the context of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
5. At the level of the internal "infrastructure" for operations, IFAD must provide better support and tools for operations (including "best practice" policies and guidance, new financing and partnership modalities, and management/administration support for country presence and direct supervision), and it must streamline rules, systems and procedures to implement them in the most effective and efficient way possible – to ensure maximum availability of resources for the lending programme and operational activities. As in any service and financial organization, IFAD's key resource is its workforce of staff and consultants, and a change that is vital to achieving all the operational and management objectives is a decisive upgrade in staff capabilities and human resource management. This is the most significant

pending element of the Action Plan, and it will influence the success of the rest. In support of the human resource management reform agenda, a proposal for a voluntary separation programme for IFAD in 2009-2010 is being submitted separately.

6. The above strategic directions for IFAD's operational programme and internal change processes were endorsed by the Executive Board at its ninety-fourth session in September 2008. Implementation of the strategy will be pursued within the framework of a consistent and explicit set of approaches to performance and resource utilization agreed with the governing bodies, namely that:
  - The programme of work should be increased by the maximum consistent with the Seventh Replenishment agreement and resource availability;
  - IFAD's efficiency as measured by the efficiency ratio adopted by the Executive Board in December 2006 should improve;
  - The proportion of IFAD's expenditures devoted to operational activities should rise (i.e. non-operational costs should be reduced as a percentage of total costs);
  - The nominal level of the Programme Development Financing Facility (PDFF) operational costs (see paragraphs 37-45) should follow the evolution of the level of the programme of loans and grants; and
  - The administrative budget should be restricted as closely to zero growth as is compatible with maintaining the resource management standards appropriate to an international financial institution (IFI).
7. IFAD's overall effectiveness relative to development objectives, and its efficiency relative to resource utilization, are managed on a day-to-day basis within the results-based management system (management for development results) developed in IFAD under the Action Plan and implemented since 2007. The alignment of the proposed administrative budget and PDFF to the corporate management results (CMRs) that shape IFAD's results-based management system is presented in section III.B, while indicators and major tasks for 2009 are presented in annex I.

## **II. The 2009 programme of work**

8. The programme of work is comprised of IFAD's programme of loans and grants, including grants extended under the Debt Sustainability Framework (DSF). The authorized level of the programme of work has risen steadily since 2003, including within the framework of the Seventh Replenishment agreement on an average growth rate of 10 per cent per annum. In 2007 the indicative programme of work was US\$589.9 million (exclusive of transfers to PDFF), of which 101.5 per cent was actually committed. In 2008 the indicative programme of work is US\$650 million, of which 100 per cent is planned to be committed.
9. The programme of loans and grants is IFAD's principal instrument for assisting Members to achieve rural poverty reduction objectives, and it is becoming increasingly successful. The independent Office of Evaluation's Annual Report on Results and Impact of IFAD Operations (ARRI) evaluated in 2007 noted that "recent operations tend to perform better than older ones", that "IFAD's development effectiveness is improving", and that "even stronger results can be expected in the future when the reforms of the IFAD's Action Plan for Improving its Development Effectiveness are fully implemented". It also noted that, "for the first time since the production of the first ARRI in 2003, all projects evaluated manifested satisfactory results in two of the most important evaluation criteria, namely project performance and overall project achievement". In this regard, the Executive Board

has commended IFAD for having implemented over 90 per cent of the evaluation recommendations of the independent Office of Evaluation.

10. In effect, IFAD has been doing more in its programme of work and, according to the results of the independent evaluation, has been doing it better – including better than its major comparators (see ARRI 2007, paragraphs 104-106). In response to the pressing needs revealed by the crises of 2007 and 2008, and independent documentation of the positive impact of the resources it commits, IFAD proposes to increase the programme of work by a further 10 per cent in 2009, in accordance with the agreement established in the Seventh Replenishment, to US\$715 million.<sup>1</sup> Of this amount, US\$668.5 million would be committed as loans and DSF grants, and US\$46.5 million would be committed under the regular grant programme (see table 1).

Table 1  
Programme of work, 2008 and 2009

	Millions of United States dollars		Millions of SDRs					
	2008	2009	2008		2009			
	Approved at SDR/US\$ exchange rate of 1.5588	Proposed at SDR/US\$ exchange rate of 1.4879	Approved	Proposed	Percentage of total		Percentage increase	
Loans	489.3							
DSF grants	118.5							
<b>Total loans and DSF grants</b>	<b>607.8</b>	<b>668.5</b>	<b>93.5%</b>	<b>10.0%</b>	<b>389.9</b>	<b>449.3</b>	<b>93.5%</b>	<b>9.3%</b>
Country grants	9.8	10.7			6.3	7.2		
Global/regional window	32.4	35.7			20.8	24.0		
<b>Total grants</b>	<b>42.2</b>	<b>46.5</b>	<b>6.5%</b>	<b>10.1%</b>	<b>27.1</b>	<b>31.2</b>	<b>6.5%</b>	<b>15.3%</b>
<b>Total loans and grants</b>	<b>650.0</b>	<b>715.0</b>	<b>100.0%</b>	<b>10.0%</b>	<b>417.0</b>	<b>480.5</b>	<b>100.0%</b>	<b>15.2%</b>
Number of loans	22				22			
Number of DSF grants <sup>a</sup>	12				12			
<b>Total number of loans and DSF grants</b>	<b>34</b>	<b>36</b>			<b>34</b>	<b>36</b>		

<sup>a</sup> Of the 12 DSF grants, 3 are proposed as 50 per cent loan financing and 50 per cent DSF financing.

11. In line with IFAD's historic practice and the principles of the Paris Declaration (in relation to which IFAD has been independently assessed as performing strongly<sup>2</sup>), resources under the lending and DSF programme will be committed to programmes and projects developed on the basis of country ownership, aligned with national objectives and implemented as much as feasible through national systems. The overall level of resources available for commitment in any borrowing country or grant recipient is determined by IFAD's performance-based allocation system (PBAS). Allocations under the PBAS in 2007 resulted in slightly more than half of resources being committed to programmes and projects in Africa (and over 40 per cent in sub-Saharan Africa).
12. Within the country allocation determined by the PBAS, individual commitments (programmes, projects and grants) are determined, in the case of regular borrowing countries, by IFAD's country strategies (set forth in country strategic opportunities programmes [COSOPs] developed in consultation with borrowers and grant recipients and reviewed by the Executive Board). The programmes agreed in the COSOPs reflect the intersection between country priorities (as outlined in poverty reduction strategy papers and other national strategies) and what IFAD is

<sup>1</sup> Commitments are subject to availability of resources. For a statement on resource availability, see annex II.

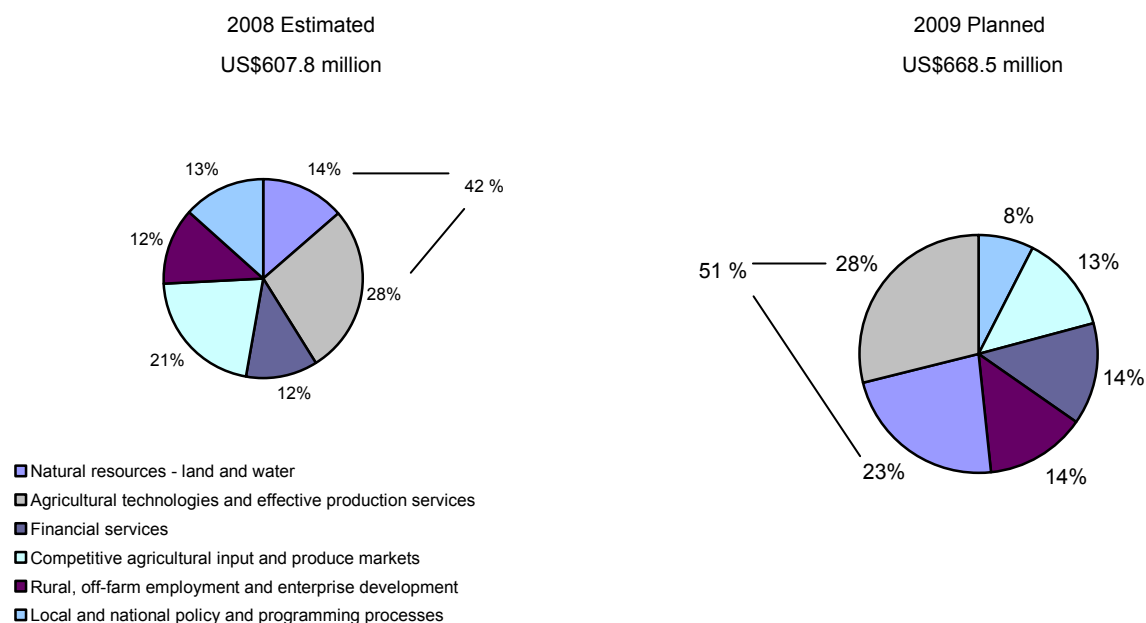
<sup>2</sup> 2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What it will take, Organisation for Economic Co-operation and Development/Development Co-operation Directorate.

best able to support – reflecting its Strategic Framework 2007-2010 and in-country experience. Given the key role in articulating the interface between country ownership and IFAD-supported programmes, COSOP guidelines are currently under review to ensure effective conformity with, inter alia, the Accra Agenda for Action. In this regard, the strategic priorities indicated in paragraph 2 are not independent statements of IFAD, but an expression of how IFAD feels it can best support the strongly emerging demand of developing countries themselves to boost food production among smallholders.

13. It is planned that the programme of work will be delivered through 36 programmes and projects, with an average loan/DSF grant value of US\$18.6 million, continuing the upward movement in average loan/DSF grant size, and representing an increase of 32 per cent over 2007. A list of programmes and projects being developed for submission to the Executive Board in 2009, including reserve projects, is presented in annex III. The increased emphasis on productivity growth and natural resource management is clearly reflected in the planned increased share of investments in natural resource management and agricultural technologies/production services, from an estimated 42 per cent in 2008 to a planned 51 per cent in 2009 (see figure 1).

Figure 1

**Planned distribution of lending and DSF grants by IFAD strategic thrust, 2008 and 2009**



### III. Administrative budget and Programme Development Financing Facility

#### A. Overview of the combined administrative budget and PDFF

##### Scope of the combined administrative budget and PDFF

14. Taken together, the administrative budget and PDFF represent almost all resources allocated for IFAD to support the development and implementation of the programme of work and pursue its strategic development objectives. Unlike most other IFIs and United Nations organizations, IFAD has no large-scale operational programmes or activities funded by off-budget sources,<sup>3</sup> although it does have a number of relatively small-scale and highly targeted activities supported by

<sup>3</sup> The major exceptions have been the two phases of the Strategic Change Programme (including the Action Plan as its second phase) and the Institutional Strengthening Programme (a supplementary fund which was integrated into the Action Plan).

supplementary funds. Consequently, the administrative budget and PDFF cover the overwhelming majority of IFAD's expenditures.

15. The administrative budget and PDFF support: the development of the lending and grant programme (including country programmes and country presence); assistance to borrowers and grant recipients for the implementation of the loan and grant portfolio (including direct supervision); policy development; knowledge management and advocacy; and all the managerial and administrative infrastructure necessary to support these at a rising level of effectiveness and efficiency (including financial asset management, human resource management, information technology (IT) services, housing and security, and corporate governance).
16. The **PDFF** is dedicated to all aspects of development and implementation of the loan and grant programme. The scope of the **administrative budget** is more diverse. In addition to providing the administrative and corporate management framework for activities relating to lending and grant operations, it also finances activities directly involved in operations. For example, it finances the large majority of the staff of the Programme Management Department (PMD) relating to loan and grants management and administration. This overlap between the scope of the administrative budget and the PDFF hinders clear and policy-bound results-based budget management, and it is proposed that the structure of the administrative budget and PDFF be revised prior to the presentation of the administrative budget and PDFF for 2010 (see paragraph 70).

#### **Evolution of the activity level**

17. Partly as a result of the continuing expansion of the programme of work and partly as a result of the implementation of the Action Plan, the effective level of activities financed by the administrative budget and the PDFF has increased. There has been an important increase in activities around programme development and implementation, but equally there has been a major increase in activities servicing operational areas, not least as IFAD has internalized functions previously provided by cooperating institutions within outsourced programme supervision.

#### **Evolution of the real level of the administrative budget and the PDFF**

18. Since 2007 IFAD's approach to resource allocation under the administrative budget and PDFF has been to contain and even reduce the real level of the administrative budget while expanding the real level of the PDFF to serve the quantitative expansion and qualitative improvement of the programme of work. Thus the real level of the approved administrative budget rose by only 0.2 percent in 2007 and was reduced by 4.5 per cent in 2008. In contrast, in real terms, the PDFF rose by 5.3 per cent in 2007 and 8.8 per cent in 2008 (reflecting, in the latter year, both the 10 per cent increase in the programme of work and the integration of field presence costs into the PDFF in the context of the conclusion of the pilot phase of the Field Presence Programme, hitherto financed off-budget on a special programme basis).

#### **Budget execution**

19. Data in table 2 indicate that under the administrative budget the rate of utilization was over 98 per cent in 2007 (over 99 per cent if a deferred expenditure for the new IFAD headquarters is excluded). Estimates for 2008 based on budget utilization (commitment basis) for the first and second quarters suggest a final 100 per cent utilization, reflecting a rate of inflation in non-staff costs significantly higher than foreseen at the time of authorization of the budget.<sup>4</sup> PDFF usage exceeded the PDFF allocation in 2007 and the same situation is anticipated for 2008 as the carry-forward element of a multiyear commitment facility is rapidly diminished.

<sup>4</sup> An inflation rate of 2 per cent was applied to non-staff costs within the 2008 budget, but the actual Eurozone inflation rate in 2008 is currently averaging 3.6 per cent.

Table 2  
**Budget execution**  
 (Thousands of United States dollars)

Source of funding	2007 approved budget restated <sup>a</sup>	2007 actual	Balance	Budget utilization	2008 approved budget restated	2008 actual at end of second quarter	Estimate for 2008	Balance	Budget utilization
Administrative budget	71 788	70 549	1 239	98%	76 884	39 126	76 876	8	100%
PDFF <sup>b</sup>	34 036	35 465	(1 429)	104%	39 169	16 747	39 878	(709)	102%
<b>Total</b>	<b>105 824</b>	<b>106 014</b>	<b>(190)</b>	<b>100%</b>	<b>116 053</b>	<b>55 874</b>	<b>116 754</b>	<b>(701)</b>	<b>101%</b>

<sup>a</sup> Restated at the 2007 actual average EUR/US\$ exchange rate.

<sup>b</sup> PDFF approved budget does not include any funds carried forward from previous years.

20. In 2008 a special item of US\$1.8 million for the costs of the Eighth Replenishment consultations was included in the administrative budget. It is estimated that 100 per cent of this resource will have been expended by the time the Eighth Replenishment resolution is approved.

### Budget parameters

21. The key variable in the adequacy of the administrative budget and the PDFF relative to planned activities is the volume of goods and services that they can purchase. In developing its budget proposals for 2009, IFAD has taken into account:
- Proposed changes in the volume of goods and services to be procured (the real change in the budget) to achieve its development objectives;
  - Changes in the unit price level of the goods and services procured; and
  - Changes in the EUR/US\$ exchange rate, which is of great importance because, while the budget is stated in United States dollars, a large part of IFAD's expenditure under the administrative budget and the PDFF takes place in euros – and fluctuations in the EUR/US\$ exchange rate may have a significant impact on the volume of goods and services that can be mobilized for a given United States dollar value. Correspondingly, since 1987 IFAD has been authorized to restate its annual budget at the average EUR/US\$ exchange rate of the budget year, eliminating the impact of fluctuations on the budget. Estimates of inflation, on the other hand, are factored into estimated budget requirements, and these are clearly indicated in the corresponding tables.
22. Like all other IFIs, IFAD uses a composite cost inflation factor combining different inflation rates for staff and non-staff costs.<sup>5</sup> The inflation factor for staff costs is based on anticipated changes in unit staff costs arising from application of International Civil Service Commission (ICSC) recommendations for United Nations staff salaries and benefits. The inflation factor for non staff costs is the anticipated change in the Eurozone consumer price index (CPI).
23. The proposed administrative budget and PDFF for 2009 have been prepared on the basis of a EUR/US\$ rate of 0.79, and the administrative budget and PDFF for 2008 have been restated at that rate for the purpose of comparison in the following tables. The estimated inflation factor for staff costs is 7.8 per cent, and the basis of that estimate is presented in annex VIII. The inflation factor in the Eurozone CPI has been estimated at 3 per cent. Clearly, there is a degree of uncertainty surrounding this latter figure under the current macroeconomic circumstances. The inflation factor that shaped the 2008 administrative budget and PDFF is likely to

<sup>5</sup> The composite inflation rates for the administrative budget and the PDFF are different, reflecting the different weight of staff and non-staff costs in planned expenditures.



represent an underestimate of non-staff price inflation for 2008, a difference IFAD will absorb through real expenditure reduction.

### High-level budget figures

24. Within these parameters of foreign exchange rates and inflation, the total administrative budget and PDFF proposed for 2009 amounts to US\$115.31 million (see table 3), compared to US\$107.62 million for 2008 (with the 2008 budget restated at the EUR/US\$ 0.79 exchange rate used for preparation of the 2009 estimates). This is composed of US\$73.33 million for the administrative budget and US\$41.98 million for the PDFF.
25. Against the proposed increase in the programme of work of 10 per cent, the nominal growth in the combined budgets is 7.2 per cent: 5.9 per cent for the administrative budget and 9.4 per cent for the PDFF. Taking into account the composite cost inflation factor, the combined budget proposal involves an overall real increase of 1.1 per cent: encompassing a real reduction in the administrative budget (0.9 per cent) and a real increase in the PDFF (5.1 per cent).

Table 3

#### Proposed combined administrative budget and PDFF, 2009

(Thousands of United States dollars)

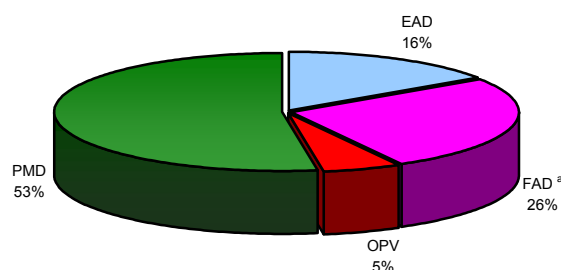
	<i>2008 Approved budget restated @ 0.79</i>	<i>2009 Proposed budget @ 0.79</i>	<i>Nominal increase</i>	<i>Composite inflation factor</i>	<i>Real increase/(decrease)</i>
Administrative budget	69 240	73 330	5.9%	6.8%	(0.9)%
PDFF	38 379	41 983	9.4%	4.3%	5.1%
<b>Total</b>	<b>107 619</b>	<b>115 313</b>	<b>7.2%</b>	<b>6.0%</b>	<b>1.1%</b>

26. The combined total of the administrative budget and PDFF would be allocated among IFAD's departments as follows: Programme Management Department (PMD), 53 per cent; External Affairs Department (EAD), 16 per cent; Office of the President and the Vice-President (OVP), 5 per cent; Finance and Administration Department (FAD), 26 per cent (see figure 2).

Figure 2

**Interdepartmental distribution of combined administrative budget and PDFF, 2009**

(Percentage)



<sup>a</sup> FAD includes a number of IFAD corporate costs i.e. training, After-Service Medical Coverage Scheme, recruitment, maternity and paternity leave. EAD includes service to IFAD's governing bodies.

**Compliance with resource management guidelines**

27. The proposed programme of work, administrative budget and PDFF for 2009 are completely aligned with the indicative performance and resource utilization framework described in paragraph 6:
- The ongoing improvement in project impact has been documented in the ARRI;
  - The programme of work has expanded at a rate of approximately 10 per cent, and is proposed to increase by a further 10 per cent in 2009;
  - IFAD's efficiency ratio<sup>6</sup> would improve further, from 16.3 per cent in 2008 to 15.8 per cent in 2009 (see table 4);
  - The nominal and real value of the PDFF would rise (see table 3);
  - The ratio between operational and non-operational costs would rise (see table 5); and
  - The administrative budget would fall again in real terms (see table 3).

Table 4

**Evolution of IFAD's efficiency ratio**

(Millions of United States dollars)

	2006 <i>approved</i>	2007 <i>approved</i>	2008 <i>approved</i>	2009 <i>proposed</i>
A – Programme of work, net of transfers	536.25	589.88	650.00	715.00
B – Total costs @ EUR/US\$ 0.819	91.58	99.31	105.95	112.70
Cost <b>benchmark</b> or tracking ratio (B/A)	17.10%	16.80%	16.30%	15.76%

<sup>6</sup> The efficiency ratio was adopted by the Executive Board in December 2006. It refers to the ratio between the combined administrative budget and the PDFF, stated at the constant EUR/US\$ exchange rate of 0.819, and the programme of work (net of transfers to the PDFF, a practice discontinued in 2008).

Table 5

**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	64
Corporate management and administrative support costs	35	34	30	28
Governance <sup>a</sup>	8	9	9	8

<sup>a</sup> Governance costs consist of (a) Executive Board and other committee meetings' costs both in terms of logistics and producing documents and (b) Governing Council costs and (c) costs relating to managing Member State relationships.

**B. The administrative budget and the PDFF within the framework of IFAD's results-based management system**

28. Just as the programme of work is developed within a management matrix composed of the Strategic Framework 2007-2010, the PBAS and the COSOPs, and is monitored within the framework of the ARRI and the Report on IFAD's Development Effectiveness (RIDE), incorporating the Results Measurement Framework, so, since 2007, the administrative budget and the PDFF have been managed within a common framework of results, results alignment, performance monitoring and performance management. This framework, the Corporate Planning and Performance Management System (CPPMS), specifies the results that use of the administrative budget and the PDFF should achieve, indicators of success, and processes for proactive management and risk escalation.
29. The CPPMS was developed on the basis of close scrutiny of best practice in other IFIs and United Nations organizations, and in 2008 IFAD joined the Common Performance Assessment System (COMPAS) of the multilateral development banks in order to participate more actively in knowledge-sharing and to raise the level of comparability of IFAD's performance assessment system with other international development agencies. In 2007, the CPPMS was organized around seven CMRs: better country programme management; better project design (loans and grants); better project implementation support; improved resource mobilization and management; improved human resource management; improved risk management; and improved administrative efficiency. In 2008, a further CMR was added: more strategic international engagement and partnership. Annex I provides highlights of management objectives under each CMR in 2009. Table 6 provides information on the alignment of the administrative budget and the PDFF combined with the CMRs for 2008 and 2009.

Table 6

**Distribution of the administrative budget and the PDFF against corporate management results, 2008 and 2009**

(Thousands of United States dollars)

<i>Corporate management result</i>	<i>Percentage</i>		
	<i>2009</i>	<i>2009</i>	<i>2008</i>
CMR 1 - Better country programme management	14 530	13%	12%
CMR 2 - Better project design (loans and grants)	16 949	15%	14%
CMR 3 - Better implementation support	25 917	22%	22%
CMR 8 - More strategic international engagement and partnership	11 449	10%	11%
<b>Subtotal</b>	<b>68 845</b>	<b>60%</b>	<b>59%</b>
CMR 4 - Improved resource mobilization and management			
CMR 5 - Improved human resource management			
CMR 6 - Improved risk management			
CMR 7 - Improved administrative efficiency			
<b>Subtotal CMRs 4-7</b>	<b>46 468</b>	<b>40%</b>	<b>41%</b>
<b>Total</b>	<b>115 313</b>	<b>100%</b>	<b>100%</b>

30. The planned overall distribution of resources under the administrative budget and PDFF against CMRs is almost unchanged relative to 2008, reflecting continuity in the strategic framework governing the Seventh Replenishment period.

**C. Proposed administrative budget for 2009**

31. In order to make more resources available for programme activities, IFAD has successfully contained the administrative budget, notwithstanding the expansion of the programme of work and correlated demands on the administrative budget. In 2007 the administrative budget expanded in real terms by only 0.2 per cent, and in 2008 the budget makes provision for a real reduction in the administrative budget by 4.5 per cent. This has involved more work being handled with fewer resources on the basis of increased intensity of work in the area of administrative (non-operational) area – and streamlining of rules, systems and procedures (for a discussion of some efficiencies achieved in some non-operational areas, see annex XIII).
32. For 2009, IFAD proposes a further real decrease of 0.9 per cent in the administrative budget, while maintaining the real level of the training budget, which was substantially increased in 2008. Global Environment and Climate Change (GECC) Unit-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 for the first time.<sup>7</sup> Net of GECC Unit integration and depreciation (i.e. comparing like to like) the real reduction of the administrative budget proposed for 2009 would be approximately 1.8 per cent. The proposed nominal value of the administrative budget for 2009 is US\$73.33 million.

<sup>7</sup> The capital budget methodology adopted in 2008 provided for charging depreciation of assets acquired under capital projects to IFAD's administrative budget.

Table 7

**Components of the 2009 proposed administrative budget**

(Thousands of United States dollars)

	<i>2008 Approved budget restated @ 0.79</i>	<i>2009 Proposed budget @ 0.79</i>	<i>Nominal increase</i>	<i>Composite inflation factor</i>	<i>Real increase/ (decrease)</i>
Staff costs	55 316	59 141	6.9%	7.8%	(0.9)%
Non-staff costs	12 725	12 827	0.8%	3.0%	(2.2)%
Depreciation	-	125	-	-	-
Training	1 100	1 137	3.4%	3.0%	0.4%
Contingency	100	100	-	-	-
<b>Total</b>	<b>69 240</b>	<b>73 330</b>	<b>5.9%</b>	<b>6.8%</b>	<b>(0.9)%</b>

33. Data in table 7 indicate that the main component of the administrative budget is staff costs, representing 81 per cent. Annex X presents the proposed 2009 administrative budget by expense, showing that the major items after staff costs are facility management, information technology services, travel costs, and interpreters and translators.

**Training**

34. A major element in the effective implementation and sustainability of the human resource reform is staff development. The main challenge for 2009 is to assess development needs effectively and provide cost-effective learning solutions. Central to this will be further intensification of workforce planning.
35. Skills and knowledge development will be supported in the technical aspects of activities, as well as in strengthening the human resource foundations for supervision, quality assurance and risk management. As indicated in table 8, high priority will be given to supporting middle managers and professionals with managerial training, in order to build an effective talent pipeline. Basic managerial training will also be provided to General Service staff to build a truly enabling environment.
36. In support of system-wide reform IFAD will continue to work closely with the Rome-based agencies on initiatives such as the joint World Food Programme (WFP)/Food and Agriculture Organization of the United Nations (FAO)/IFAD management development centre. The 360-degree staff evaluation will be expanded to ensure professional assessment and focus of development needs.

Table 8

**Description and costs of the training programme**

(Thousands of United States dollars)

<i>Description</i>	<i>Amount</i>
Capacity-building	607
Middle management assessment and training	300
Talent management	230
<b>Total</b>	<b>1 137</b>

**D. Programme Development Financing Facility**

37. The PDFF, the structure of which was approved by the Governing Council in 2001, is exclusively devoted to programme development and implementation, and represents the majority of the resources available for supporting the programme of work and the portfolio of loans and grants. As such, it is one of the areas most involved in the implementation of the Action Plan, including: raising the quality-at-entry of loans and grants; improving supervision (principally through expanding direct supervision); improving country-level partnerships and programme alignment; and better knowledge creation and sharing.
38. Given the objective of expanding the volume and impact of the programme of work through implementation of these changes, the PDFF has been increased consistently since 2007 – with the positive development results reported in the ARRI. Broadly in line with the nominal increase in the programme of work, the Executive Board approved a 10 per cent nominal increase in 2007. In 2008 the Executive Board approved a nominal 13.9 per cent increase, including the integration into the PDFF of the Country Presence Programme, which had hitherto, in its pilot phase, been financed on an extra-budgetary basis. In 2009 it is proposed that the PDFF should rise by 9.4 per cent in nominal terms to US\$42 million in alignment with the evolution of the level of the programme of work. This increase includes the costs of integration of innovations piloted under the Action Plan budget into IFAD's regular budgets.
39. The PDFF is made up of two major categories: PDFF "A" (new programme and grant development); and PDFF "B" (ongoing programme and grant portfolio). Reflecting the decision to increase support to the development effectiveness of already committed resources, the percentage of the PDFF devoted to PDFF "B" increased from 2006 to 2008, and the positive results of this decision are already visible in project impact data. In 2009 PDFF "A" will increase slightly faster to address the need to maintain a substantial portfolio of projects under development and to create more head-room for the application of stringent quality-at-entry standards.

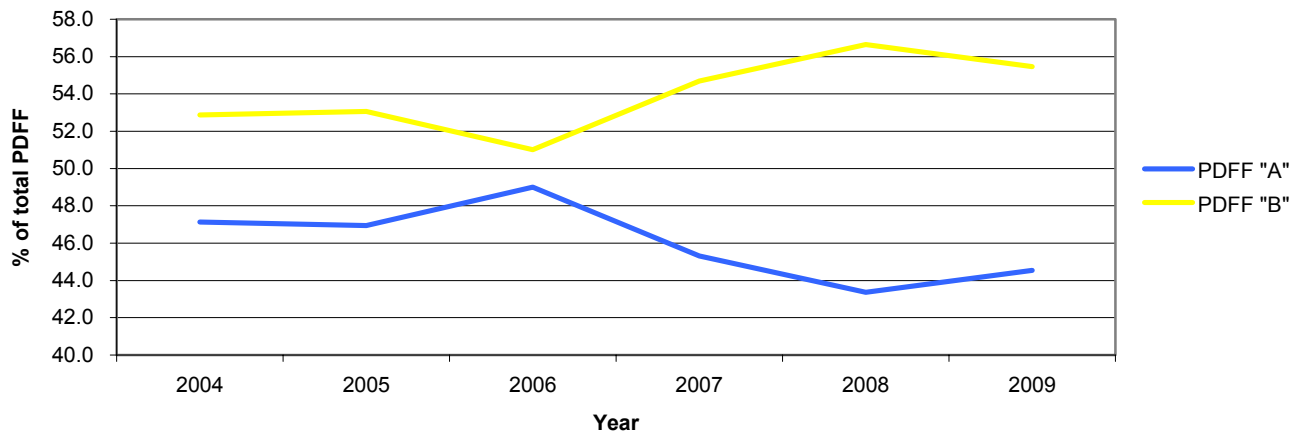
Table 9

**2008 and 2009 PDFF "A" and "B"**

(Millions of United States dollars)

	<i>2008</i> <i>@0.79</i>	<i>2009</i> <i>@0.79</i>	<i>Increase/</i> <i>(decrease)</i>
PDFF "A" – New programme development	16.6	18.6	12.2%
PDFF "B" – Ongoing project portfolio	21.8	23.3	7.2%
<b>Total PDFF</b>	<b>38.4</b>	<b>42.0</b>	<b>9.4%</b>

Figure 5  
**PDFF "A" and "B" percentage share of total PDFF, 2004-2009**  
 (Percentage)



40. Under PDFF "A", principal expenditures are on programme development, driven by the number of new programmes under development and quality targets, as well as the number of new COSOPs for Executive Board review. The number of programmes to be submitted to the Executive Board in 2009 will be approximately 36, a slight increase relative to 2008. However, to ensure that a satisfactory level of quality is achieved in all programmes submitted for Executive Board approval, and to ensure that the lending programme is met irrespective of force majeure slippages in scheduled programme design readiness, the target for the number of programmes under development at any one time in 2009 is 60. A major effort was made to increase the programme pipeline (number of programmes under development) in 2008, and this will be maintained in 2009.
41. A key aspect of programme development is quality control, and in 2009 all programmes and projects will undergo the Action Plan-initiated, arms-length quality assurance (QA) process in addition to the quality enhancement (QE) process. These processes were piloted under the Action Plan budget in 2008. In 2009 most of these costs will be integrated into regular budgets, including the PDFF. Results of the QE/QA process in 2008 are presented in the RIDE (EB 2008/95/R.8).
42. The largest component of the PDFF is PDFF "B", which supports the implementation of the portfolio of over 240 programmes and projects for a total investment cost of US\$8.4 billion, of which US\$4.0 billion in IFAD funding<sup>8</sup>. Within PDFF "B" itself, the largest component is programme supervision, the organization and management of which has changed radically under the Action Plan. Prior to 2008 the large majority of IFAD-supported programmes were supervised by third-party cooperating institutions (CIs). In response to the shortcomings of this arrangement relative to programme development effectiveness – identified, inter alia, by the Independent External Evaluation (IEE) of IFAD – IFAD has rapidly taken the large majority of programme supervision directly under its management, and it is planned that more than 185 programmes will be under IFAD's direct supervision by end-2008. Overall, this has led to an important shift in the internal distribution of PDFF "B" expenditures: away from CI costs towards expenditures managed directly by IFAD. Table 10 indicates the planned level of CI charges in 2009, as well as IFAD's planned expenditures on direct supervision. Within PDFF "B", CI costs are planned to fall by more than half (56 per cent), while direct supervision costs will rise by 62 per cent. Supervision follow-up and implementation support will also fall,

<sup>8</sup> As at 31 December 2007.

reflecting a reduced need to provide back-up to CI supervision as IFAD takes on the direct supervision role.

Table 10

**Planned expenditures on programme supervision implementation support, 2008 and 2009**

(Thousands of United States dollars)

	2008 <i>Restated</i>	2009 <i>Proposed</i>	<i>Increase (decrease)</i>	<i>Percentage increase (decrease)</i>
<b>Loan implementation:</b>				
IFAD direct supervision	6 906	11 221	4 315	62.5%
Cooperating institutions' supervision	5 654	2 497	(3 157)	(55.8)%
Supervision follow-up and implementation support	3 837	3 218	(619)	(16.1)%
Other	1 302	1 454	152	11.7%
<b>Total (annex XI)</b>	<b>17 699</b>	<b>18 390</b>	<b>691</b>	<b>3.9%</b>

43. In the light of the positive evaluation of the impact of IFAD's Field Presence Pilot Programme, IFAD has expanded the level of commitment of resources within the PDFF (principally) to programme development and implementation activities organized at the country level. The overall plan for the consolidation and expansion of this programme in 2009 is presented for the consideration and approval of the Executive Board in the document "IFAD's Country Presence Programme: Progress Report and Activity Plan" (EB 2008/95/R.9). Table 11 lists the countries in which IFAD would have a formal and continuous presence in 2009.

Table 11

**Countries with country presence arrangements, 2009**

<i>Country offices</i>		<i>Proxy presence to be converted to country offices</i>	
1	Brazil	1	Madagascar
2	China/Mongolia	2	Mozambique
3	Democratic Republic of the Congo	3	Nepal
4	Egypt	4	Pakistan
5	Ethiopia	5	Rwanda
6	Haiti	6	Sri Lanka
7	India	7	Uganda
8	Kenya	<b><i>New country office initiatives</i></b>	
9	Nigeria	1	Burkina Faso
10	Peru	2	Ghana
11	Senegal	3	Guinea
12	Sudan		
13	United Republic of Tanzania (outposted country programme manager [CPM])		
14	Viet Nam/Lao People's Democratic Republic (outposted CPM)		
15	Yemen		
<b><i>Additional countries with outposted CPMs</i></b>			
1	Colombia		
2	Panama		



44. Since the conclusion of the Field Presence Pilot Programme, country presence is financed from the authorized administrative budget and PDFF as one of the major modalities for providing effective and efficient programme development and implementation support to developing Member States. Table 12 presents estimated costs (including the costs of outposted CPMs) of the Country Presence Programme within IFAD's overall budget envelopes.

Table 12

**Indicative country presence allocations, 2008 and 2009**

(Thousands of United States dollars)

	2008	2009
Country offices	2 532 <sup>a</sup>	3 728 <sup>b</sup>
New country office initiatives	-	375
Proxy presences proposed to be brought under IFAD's regular country presence	-	623
<b>Total country presence</b>	<b>2 532</b>	<b>4 726</b>

<sup>a</sup> 17 countries, of which 4 with outposted CPMs.<sup>b</sup> 27 countries, of which 11 with outposted CPMs.

45. Annex XII presents the PDFF by expense. The major types of expense are consultancy services (which, by contrast, represent a very minor element of the administrative budget, underlining that an important part of the PMD workforce is composed of consultants), travel, staff costs and CI costs. Travel costs are estimated to rise dramatically, reflecting increased unit costs and the increased travel associated with direct supervision and strengthening partnerships in cases where there is no IFAD country presence. Staff costs are also projected to increase by 25.6 per cent, reflecting both the ICSC inflator and expanded staff numbers to handle the internalization of supervision and the growing programme of work at headquarters and at the country level (see below).

## E. Staff and workforce under the administrative budget and PDFF

46. As indicated in table 7, the main component (81 per cent) of the administrative budget involves staff costs, including staff engaged in programme activities. Staff costs also represent 24.3 per cent of costs under the PDFF. Overall staff costs under the administrative budget are projected to increase by 6.9 per cent, reflecting the combination of an anticipated 7.8 per cent rise in staff unit costs (see annex VIII) with a reduction in staff numbers. As indicated in paragraph 45 above, under the PDFF staff costs are projected to rise faster (25.6 per cent), reflecting the increase in staff unit costs and an increase in staff numbers to service the expansion of the programme of work, the implementation of Action Plan changes, and the assumption of direct supervision responsibilities.

Table 13

**Proposed staffing level for 2009: administrative budget and PDFF<sup>a</sup>**

(Expressed in full-time equivalents [FTE])

Source of funding	Total 2008	Continuing and Fixed-term staff			Short-term staff	Total 2009	Change in FTEs
		Professional and higher	General service	Total			
Administrative budget (annex XIV)	389.9	186.4	183.3	369.7	10.4	380.1	(9.8)
PDFF (annex XIV)	60.4	43.7	23.3	67.0	7.0	74.0	13.6
<b>Total</b>	<b>450.3</b>	<b>230.1</b>	<b>206.6</b>	<b>436.7</b>	<b>17.4</b>	<b>454.1</b>	<b>3.8</b>

<sup>a</sup> 1 FTE = 12 months. President and Vice-President not included.

47. The projected distribution of staff by funding source (i.e. the administrative budget or PDFF) and by department and category (i.e. General Service and Professional staff) are presented in tables 13 and 14. The total number of staff full-time equivalents (FTEs) is planned to rise by less than 1 per cent overall, involving a reduction of 10 FTEs under the administrative budget and an increase of 14 under the PDFF (see table 13). The estimated ratio of General Service to Professional staff is slightly less than 1:1, it being understood that a large number of General Service staff are engaged in work that would be considered professional outside the United Nations' specific approach to human resources nomenclature.

Table 14

**Proposed staffing level for 2009, by department and category<sup>a</sup>**

(Expressed in full-time equivalents)

<i>Department</i>	<i>Continuing and Fixed-term staff</i>				<i>Short-term staff</i>	<i>Total 2009</i>	<i>Change in FTEs</i>
	<i>Total 2008</i>	<i>Professional and higher</i>	<i>General service</i>	<i>Total</i>			
External Affairs Department (EAD)	107.8	46.3	53.1	99.4	9.0	108.4	0.6
Finance and Administration Department (FAD)	142.2	57.4	78.7	136.1	1.4	137.5	(4.7)
Office of the President and the Vice-President (OPV Group)	31.9	17.0	13.3	30.3	-	30.3	(1.6)
Programme Management Department (PMD)	168.4	109.4	61.5	170.9	7.0	177.9	9.5
<b>Total</b>	<b>450.3</b>	<b>230.1</b>	<b>206.6</b>	<b>436.7</b>	<b>17.4</b>	<b>454.1</b>	<b>3.8</b>

<sup>a</sup> Includes regular posts, fixed-term staff and temporary staff financed by the administrative budget and the PDFF.

48. For a broader overview of the workforce as a whole and its distribution among departments, table 15 provides the distribution of consultant use by department in 2007, showing that PMD employed 47 per cent of the entire workforce, including both staff and consultants. Data for quarter 1 and quarter 2 of 2008 show a surge in consultant use by PMD as it takes up direct supervision responsibilities, suggesting that over 50 per cent of workforce FTEs for 2008 will have been employed by PMD by the end of the year.

Table 15

**2007 actual staff<sup>a</sup> and consultant full-time equivalents funded by the administrative budget and PDFF**

<i>Department</i>	<i>Staff</i>	<i>Consultants</i>	<i>Total</i>	<i>Percentage</i>
External Affairs Department (EAD)	107	22	130	21%
Finance and Administration Department (FAD)	147	9	155	26%
Office of the President and the Vice-President (OPV)	32	5	37	6%
Programme Management Department (PMD)	156	128	284	47%
<b>Total</b>	<b>442</b>	<b>164</b>	<b>605</b>	<b>100%</b>

<sup>a</sup> Includes all staff with continuous, fixed-term and short-term contracts.

## IV. Capital budget

49. IFAD's 2008 capital budget was approved by the Executive Board at its ninety-second session in December 2007 after taking into consideration the Audit Committee's endorsement of the capital budgeting framework, which stipulated how capital expenditures spanning more than one year were to be implemented and managed within IFAD.

50. The capital budget is developed, implemented and tracked on a multi-year basis, and the amounts submitted for approval within the framework in any one year reflect the total cost of the projects involved, even though the resources may be spent over a number of years.
51. Depreciation of the projects is charged against the administrative budget from the point of completion of the project. The 2009 administrative budget includes US\$125,000 in depreciation charges (see table 7) relating to the purchase and deployment of the computers that were part of the infrastructure renovation project presented in the 2008 budget.

#### **Status of 2008 capital budget projects**

52. **Loan and Grant System integration.** A working group has been formed to validate IFAD's high-level business requirements in the area of loans and grants, analyze approaches for the replacement of the Loan and Grant System (LGS), and recommend a way forward. The group has reviewed the available options in light of the experience of other United Nations agencies and IFIs, and has recommended that IFAD undertake an expert assessment of commercially available packages. Upon completion of this assessment, a final decision is expected within 2008 with a view to start implementation in 2009.
53. **Streamlining of institutional processes.** Three initiatives have commenced within this project. The first one involves the implementation of system functionality to streamline the administration of consultants (US\$134,000). The second one is the fit-gap analysis and platform upgrade of the current financial system as recommended by Cedar Consultants (US\$390,000). The third initiative, which involves the review and enhancement of the Travel and Expenses System is under way (US\$166,000).
54. **Infrastructure renovation.** Two initiatives under this project are under way, namely the replacement of obsolete computer workstations (US\$500,000) and the implementation of a new corporate back-up solution (US\$100,000). The tender process has been completed and the workstations have been procured. The workstation deployment process is under way and is expected to be completed by the end of 2008. Regarding the new back-up solution, the definition of a new business continuity strategy is in progress and the implementation is planned to be completed in early 2009.

#### **2009 capital budget**

55. The 2009 capital budget is classified into two groups: headquarters capital improvements and investment in information technology.

Table 16  
**Capital budget proposal for 2009**  
 (Thousands of United States dollars)

	<i>2008 Approved</i>	<i>2009 Proposed</i>
<b>Headquarters capital improvements</b>		
Green building certification	-	150 <sup>9</sup>
External parking	-	400
<b>Subtotal</b>	-	<b>550</b>
<b>Information technology</b>		
Loan and grant management integration	710	1 050
<b>Subtotal</b>	<b>710</b>	<b>1 050</b>
<b>Institutional efficiency</b>		
Administer consultants and human resources self-service	134	541
Streamlining of institutional processes	556	-
Document production management system	-	300
Integrating information and knowledge applications	-	240
PMD project dashboard	-	200
<b>Subtotal</b>	<b>690</b>	<b>1 281</b>
<b>Infrastructure renewal</b>		
Replacement of obsolete computers	500	750
business continuity	100	450
<b>Subtotal</b>	<b>600</b>	<b>1 200</b>
<b>Total</b>	<b>2 000</b>	<b>4 081</b>

### Headquarters capital improvements

56. **Green building certification (US\$150,000).**<sup>9</sup> This investment falls within the context of the broader initiative "Greening the United Nations" and IFAD's own action to limit its carbon imprint. This project would secure green building certification for the Headquarters building, thus providing evidence that IFAD has taken and continues to take steps towards achieving climate neutrality.
57. **External parking (US\$400,000).** The Italian Government has requested the construction of an additional parking lot near IFAD's headquarters and has granted IFAD an area for its construction. The new parking lot is necessary for IFAD to meet the planning regulations of office space parking ratios. It would also serve to limit congestion and IFAD's impact on the immediate neighbourhood. The US\$400,000 amount represents the cost of the initial survey, detailed design and construction supervision. The Italian Government would pay for the main construction, which would cost US\$10.5 million. The envisaged new parking lot would provide approximately 300 parking spaces and would be equipped with adequate security measures.

### Information technology

58. In 2009, the Information Technology Division will continue the work begun in 2008 to implement the IT strategy in support of IFAD's Strategic Framework. In line with this objective, the request for capital funding in 2009 will support the following key institutional themes:
- Loan and Grant System integration
  - Institutional efficiency and knowledge management
  - Infrastructure renewal

<sup>9</sup> Correction to typographical error in original document submitted to the Executive Board.

59. **Loan and Grant System (US\$1,050,000).** The LGS project will cost an estimated US\$2.96 million, but a staged approach is being adopted with respect to requests from the capital budget. Building on the work which commenced in 2008 (described in paragraph 52 above), and taking into account requirements to better support direct supervision, the project will continue in 2009, requiring an amount of US\$1.05 million.

**Institutional efficiency and knowledge management (US\$1,281,000)**

60. **Administer consultants.** For human resources (HR) reform, the primary focus of enterprise resource planning development for 2009 will be to consolidate the full workforce within the PeopleSoft HR Management system through the introduction of the administer consultants module. Achieving this goal will involve the migration of all existing consultant data, which currently reside in separate divisional spreadsheets and a standalone HR database. In addition to consolidating the data administration for consultants, e-Performance and e-Recruitment will be rolled out to include consultants, thus providing coverage to IFAD's full workforce.
61. Within the HR reform programme, the Human Resources Division (FH) has identified three other priority areas needing IT support, namely:
- Electronic workflows
  - HR self-service
  - HR analytics
62. The implementation of electronic workflows in the HR area is essential to shift the focus from transaction to people management. This is particularly relevant in relation to the current request for personnel action process, which is inefficient.
63. A **self-service** platform is also essential to cut down on transaction and low-level control tasks in FH. Updating and verification of employee status information and personal data needs to be decentralized in order to place accountability with the stakeholders.
64. To focus on people rather than transactions, reporting and analysis of skills, competencies and professional experience needs to be enhanced and supported with appropriate tools. HR analytic tools will enhance IFAD's capacity to identify, select and deploy the right resources at the right time and where most needed through better management of curricula vitae and résumés.
65. **Integrating information and knowledge applications.** The content management system will be expanded to cover not only the Rural Poverty Portal but to enable a fully dynamic approach for all IFAD internal and external web sites. This enhancement will streamline the maintenance of IFAD's web communication channels and will greatly improve the accessibility of corporate documents and data from country offices.
66. **Document production management system.** The timely production and delivery of governing body documents is a priority for the Fund and the implementation of a documents production management system will improve document tracking and turn-around times.
67. **PMD project dashboard.** To support PMD with the new project design and direct supervision processes, this initiative includes a results and impact monitoring system, tools to support the quality assurance and quality enhancement processes and an automated project completion report.
- Infrastructure renewal (US\$1,200,000)**
68. **Replacement of obsolete computers.** IFAD needs to complete the transition from rented equipment to owned equipment to permit a more transparent cost allocation of IT tools through depreciation. Therefore, 375 notebook docking stations on rental contracts that will expire in 2009 will be returned to the vendor and replacement equipment will be purchased and capitalized. In order to

streamline the deployment of the new equipment, IFAD will purchase a solution that will automate the transfer of user data to the new equipment and will permit a centralized backup of all end user workstations to reduce the risk of data loss.

69. Regarding **business continuity**, in particular infrastructure stability and reliability, the capacity of the virtual server pool will be increased to support the initiatives planned for 2009 and to prevent a single point of failure. Additional hardware and software will be required to support the implementation of a new, more robust and efficient backup strategy and introduce a disaster recovery capability.

## V. Future budget structure

70. As observed in paragraph 16, the current structure of IFAD's regular budgets for recurrent expenses, the administrative budget and the PDFF, is misaligned to a results-based budget management system by virtue of the overlap between them relative to both expense types charged and objectives served. Thus the PDFF, which is exclusively devoted to programme/operational activities, does not include **all** operations-related costs (for example, it does not include the larger part of PMD staff costs, which are charged to the administrative budget). On the other hand, a significant part of administrative costs are dedicated to operational activities. This structure prevents direct benchmarking with the budgets of other IFIs, which do not have the equivalent of the PDFF. It also prohibits simple and clear budget analysis of which resources are provided for what purpose (for example, operations, administration and governance), and leads to imprecise application of budget policies (for example, a policy of real containment or reduction in the administrative budget also has the effect of reducing operational expenditures by virtue of the important part of operational costs under the administrative budget). In consultation with the Audit Committee, and subject to the agreement of the Governing Council, IFAD intends to present costs currently under administrative budget and PDFF within a revised budget structure in the 2010 and subsequent budgets. The revised structure will be more consistent with the requirements of results-based budgeting and more susceptible to comparison with the budgets of other IFIs.

## **Part two – Three-year rolling work programme (2009-2011) and budget for 2009 for IFAD’s Office of Evaluation**

### **I. Background**

71. In September 2008, during the Evaluation Committee’s fifty-second session and the Executive Board’s ninety-fourth session, discussions took place on the preview of the Office of Evaluation’s (OE) three-year rolling work programme (2009-2011) and on resource issues for 2009. Based on the guidance and comments provided by the Committee and the Board during those sessions, OE prepared its comprehensive three-year rolling work programme and budget for 2009, which, as per usual practice, was discussed at the fifty-third session of the Evaluation Committee in October. This final proposal builds on the guidance and suggestions provided by the Committee at its October session. It was also considered by the Audit Committee in November 2008, together with the administrative budget of IFAD for 2009.

### **II. Summary of the 2009 work programme and budget**

72. The proposed OE work programme and budget for 2009 requires a higher level of effort as compared with 2008. This is mainly driven by the request of the Evaluation Committee and Executive Board to introduce a coherent system for monitoring and enhancing the effectiveness and quality of OE’s work. As proposed in September, this will entail undertaking five mutually reinforcing measures (see paragraphs 104-114), including an external peer review of OE.
73. Following the endorsement by the Evaluation Committee and Executive Board of the preview of the OE’s three-year rolling work programme (2009-2011) and budget for 2009, OE made detailed cost estimates of the human and financial implications of introducing the above-mentioned measures. As such, the proposed OE budget for 2009 is US\$5.85 million, which represents an increase of US\$351,000 in real terms, as compared with the 2008 budget. In addition, the final budget proposal includes the request for a one-time, below-the-line cost allocation of US\$300,000, specifically for the OE external peer review in 2009.

### **III. Achievements in 2008**

74. OE broadly implemented all the activities planned in 2008 (see annex XVIII). However, in the light of the complexity of joint evaluations and the vast scope of the undertaking, requiring more OE staff time than anticipated, the joint evaluation with the African Development Bank (AfDB) on agriculture and rural development policies and operations in Africa will be completed in the first part of 2009 (see the following paragraph). This demanding joint evaluation and the workload it generated for OE caused a slight delay in 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. In the year under review, OE also undertook a number of unforeseen activities, such as preparatory work for an interim evaluation of the Vegetable Oil Development Project, to be conducted in early 2009 in Uganda.<sup>10</sup>
75. 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. The interim report of this evaluation has been

<sup>10</sup> The Eastern and Southern Africa Division requested this year that OE undertake the interim evaluation, which is mandatory in accordance with the Evaluation Policy. This was discussed and agreed upon by the Evaluation Committee and Executive Board at their September 2008 sessions.

prepared, and it draws on four specific studies: (i) the challenging context and prospects for agriculture and rural development in Africa; (ii) a meta-evaluation of the past performance of both organizations, based on existing evaluative evidence; (iii) an assessment of the partnership between AfDB and IFAD, and of partnerships of the two organizations with other major actors in agriculture and rural development in Africa; and (iv) a review of key business processes.

76. The joint evaluation's phase of in-country work has been completed, including visits to eight countries.<sup>11</sup> This phase also entails an ongoing portfolio analysis, with the main objective of assessing the extent to which current strategies and operations have considered past experiences and the ongoing change processes in both organizations. The draft final joint evaluation report will be produced by the end of 2008.
77. OE has begun the corporate-level evaluation (CLE) of IFAD's capacity to promote pro-poor replicable innovations for rural poverty reduction. This evaluation will also include an assessment of the Initiative for Mainstreaming Innovation. It will be discussed by the Board in 2009.
78. OE completed the Ethiopia CPE, which found that in terms of key evaluation criteria, the performance of IFAD operations in the country was better than the overall averages in all regions, as reported in last year's ARRI. The CPE also underlined that there was a need to ensure wider synergies within and across projects in the country, and highlighted the importance of strengthening linkages with the private sector and between research and extension to ensure better adoption of technologies by small farmers.
79. The Pakistan CPE, which has been finalized, found that the Fund has made an important contribution to agriculture and rural development in Pakistan. It highlighted the need for IFAD to ensure a better balance in its future country strategy for Pakistan between agricultural and non-farm investments for rural poverty reduction given the large number of rural poor who derive their livelihood from non-farm activities. The CPE also underlined the need for IFAD to continue its engagement in disadvantaged and remote areas of the country, some of which are also experiencing conflicts.
80. The Nigeria CPE revealed that the Fund has made a significant contribution to promoting community-driven development. It stresses the need to study 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 in improving the livelihoods of the poor in rural areas and for food security in general. Finally, OE is working on the Sudan CPE, and has launched the Argentina, India, Mozambique and the Niger CPEs, all of which will be completed next year.
81. With regard to project evaluations, OE worked on six evaluations in Argentina, China, the Democratic People's Republic of Korea, Guatemala, Madagascar and Mauritania. The evaluations were conducted broadly within the planned time frames, with the exception of Mauritania, where some delays have occurred due to the coup d'état in August in the country. OE also undertook preparatory work for the Uganda Vegetable Oil Development Project evaluation in 2009.
82. OE produced the sixth edition of the ARRI report. Evaluation findings revealed that for the first time since the production of the first ARRI report in 2003, all projects evaluated in 2007 manifested satisfactory results in two of the most important evaluation criteria, namely project performance and overall project achievement. In addition, analysis of data according to three two-year blocks (2002-2003, 2004-2005 and 2006-2007) shows that performance is improving over time in most evaluation criteria. However, these results should not lead to complacency, as

<sup>11</sup> Ghana, Mali, Morocco, Mozambique, Nigeria, Rwanda, the Sudan and the United Republic of Tanzania.



numerous projects that show positive results are only moderately satisfactory and performance in efficiency, sustainability and some impact domains (such as access to markets, and the environment and natural resources) can be improved further.

83. This year's ARRI report also devotes expanded space to learning. It focuses on two themes: the importance of considering the country context in country strategy formulation, project design and implementation; and the need to improve weak monitoring and evaluation systems at the project level.
84. Five sessions of the Committee were held during 2008. In addition, OE organized the annual field visit of the Evaluation Committee – this year to the Philippines – which allowed the Committee to visit an IFAD-funded project and participate in a learning workshop on the project's evaluation. One member participated in the Pakistan CPE national round-table workshop in July. Finally, dedicated introductory sessions were organized for new members joining the Committee during the year.
85. OE continued to strengthen its engagement in various international evaluation platforms and processes, including the Evaluation Cooperation Group (ECG) of the multilateral development banks, the Network of Networks on Impact Evaluation (NONIE), and the United Nations Evaluation Group (UNEG). Annex XVII provides further information on the mandate and organization of these platforms, including the specific role and contribution made by OE and the results achieved thus far.
86. OE staff participated actively in the Fund's evolving quality enhancement activities, in addition to several operational policy and strategy committee meetings and project development teams.
87. OE has prepared its new evaluation manual, which contains the division's enhanced evaluation processes and methodologies. The manual was discussed with the Evaluation Committee and will be rolled out in 2009. The manual also benefited from the inputs of the PMD, evaluation consultants and directors of selected IFAD-funded projects, and an international expert panel of seven members from different backgrounds in development evaluation.
88. OE has held initial discussions with PMD on launching an institution-wide effort to enhance project-level monitoring and evaluation (M&E) systems, to be completed in 2009. In addition to preparing an issues paper and holding a one-day workshop with IFAD staff on the topic, an OE representative took part in a regional workshop on M&E in the Near East and North Africa region.
89. Significant results have been achieved towards a better work environment in OE, following the establishment in 2007 of a number of "improvement working groups" as part of the division's overall team-building and renewal process. The main objective of this initiative is to improve communication, knowledge sharing and teamwork in OE.
90. Finally, OE continued to devote attention to communication and dissemination of evaluation results. Among various activities, in addition to several in-country workshops held in the context of project evaluations, OE organized three CPE national round-table workshops and two ARRI workshops with IFAD staff to discuss the two selected learning issues (see paragraph 83). Two in-house workshops were organized with World Bank staff on the Bank's recent evaluations on fragile states and middle-income countries, and another workshop was held to discuss the main results and conclusions contained in this year's ARRI. Evaluation reports published in 2008 were disseminated in hard copy and posted on the evaluation subsite on IFAD's website. In addition, *Profiles* were produced for all evaluations and *Insights* for higher-plane evaluations.

## IV. Taking stock of 2008

91. Following the example of other evaluation units, OE is devoting greater attention to internal peer reviews as a means of improving the quality of evaluations. The reviews have been found to be extremely useful as they serve as a platform for sharing knowledge and experiences among evaluators. They also contribute to quality assurance and will help reduce inter-evaluator variability in the future. The reviews require thorough preparation by the staff members concerned; thus adequate time and space needs to be factored in to individual annual work programmes.
92. 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 in the country concerned at the end of each evaluation to exchange views on the main results and lessons that have emerged from the evaluation. Moreover, as part of its participation in the corporate-wide working group devoted to 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.
93. The ongoing joint evaluation with AfDB has demonstrated the potential and usefulness of undertaking joint evaluations with other development organizations. While joint evaluations are challenging to conduct for a variety of reasons – including the time and resources they consume – they support the Fund’s commitments under the Paris Declaration on Aid Effectiveness. In sum, more efforts will be made by OE in the future to undertake joint evaluations on a selective basis.

## V. OE priorities for 2009-2011

94. OE proposes four priorities for the period 2009-2011, which take into consideration the eight current IFAD corporate priorities,<sup>12</sup> as well as the requirements of the IFAD Evaluation Policy and the terms of reference of the Evaluation Committee.
95. 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 the terms of reference of the Evaluation Committee;
  - (c) Evaluation outreach and partnerships; and
  - (d) Evaluation methodology and effectiveness of OE.

### **Selected corporate-level, country programme and project evaluations**

96. Under this priority, OE will complete a number of evaluations that were initiated in 2008. These include the joint evaluation with AfDB and the CLE on IFAD’s capacity to promote pro-poor replicable innovations for rural poverty reduction.
97. Following discussion with and the recommendation of the Evaluation Committee, OE proposes to sequence the undertaking of planned CLEs as follows:
  - Conduct the evaluation of IFAD’s approaches and results in promoting gender equity and women’s empowerment in 2010. This would require deferring submission of the IFAD gender policy to the Board until 2011, which would allow the evaluation to be completed and the policy to be appropriately informed by its findings.

<sup>12</sup> Eight corporate management results are desired: 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.

- Undertake the evaluation of IFAD's Private-Sector Development and Partnership Strategy in 2011, and thereafter the evaluation of IFAD's approaches to policy dialogue, in 2012.
98. A number of CPEs are planned for the period 2009-2011. In 2009, OE will complete CPEs for Argentina, India, Mozambique, the Niger and the Sudan. Moreover, in the last quarter of the year, it will undertake preparatory work for CPEs in China, Haiti, Kenya and Yemen, which will be completed in 2010. Other CPEs in the rolling work programme include those planned in Ghana, Madagascar and Viet Nam.
99. Various project evaluations have been planned in the period 2009-2011. In particular, six new project evaluations are proposed for 2009 in Benin, China, the Dominican Republic, Ethiopia, Uganda and Yemen. Project evaluations are provisionally planned in Azerbaijan, Egypt, Ghana, Haiti, Kenya, Lao People's Democratic Republic, Madagascar, Mozambique, Peru, Rwanda and Senegal in 2010 and 2011. Annexes XX and XXI contain, respectively, a complete list of evaluation activities planned by OE in 2009 and a provisional list of activities planned in 2010-2011.

**Specific evaluation work required by the Evaluation Policy and the terms of reference of the Evaluation Committee**

100. OE will prepare the ARRI report each year from 2009 to 2011. Similarly, it will review and prepare comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) and the Report on IFAD's Development Effectiveness (RIDE). Moreover, in accordance with 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, such as the update of the Rural Finance Policy, which is planned for discussion with the Board in April 2009. Finally, each year from 2009 to 2011, OE will prepare a three-year rolling work programme and annual budget.
101. OE will organize four sessions of the Evaluation Committee each year, and any informal sessions considered necessary by the Chairperson, as well as the annual field visit of the Committee. An orientation session will be organized by OE for any new members joining the Committee during the three-year period.

**Evaluation outreach and partnership**

102. 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, *Profiles* and *Insights* to Executive Board members and other partners, and timely updating of the Evaluation Knowledge System will be continued. In line with the Evaluation Policy, OE will participate selectively in internal platforms (e.g. the Operational Strategy and Policy Guidance Committee (OSC) and quality enhancement processes), with a view to enhancing in-house understanding of evaluation lessons and recommendations. Among other activities, in-country learning workshops will continue to be organized at the end of each evaluation as a means of discussing evaluation results with multiple stakeholders.
103. With respect to partnership, 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, it will explore concrete opportunities for joint evaluations with other development partners.
104. In their sessions in September 2008, the Evaluation Committee and the Executive Board requested that OE find ways and means of promoting evaluation capacity development (ECD) in partner countries. In this regard, OE proposes to gradually

become involved more systematically in ECD in close cooperation with other multilateral development organizations and concerned countries, which will involve the development of a coherent approach to the topic and eventually the deployment of dedicated resources for the purpose. It is important to underline that OE will confine its ECD efforts to the agriculture and rural sectors. More information on the proposed role of OE in ECD is provided in annex XXIV.

### **Evaluation methodology and effectiveness of OE**

105. As agreed with the Evaluation Committee and Executive Board, OE will introduce a system that will help 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 five mutually reinforcing activities that can broadly be subdivided into: (i) non-recurrent measures and (ii) recurrent measures.
106. **Non-recurrent measures** comprise an external peer review of OE and the deployment of a new evaluation manual. In 2009, OE will undergo an external peer review of its effectiveness and usefulness. The review will be undertaken by the ECG, to which OE was admitted with observer status in April 2008, pending its consideration for full membership in the near future. The peer review will assess OE performance, including the quality of its evaluation products, methodology and processes. It will also review the context and application of the current IFAD Evaluation Policy. Its objective is to contribute to enhancing the performance and quality of the reviewed evaluation unit, as well as to improve the relevance of the evaluation policy of the concerned member organization. While the concrete elements of the planned peer review will have to be worked out in consultation with the ECG, annex XV contains a proposal for the review. It is based on the ECG framework for reviews of evaluation functions and deals with the overall objectives, scope of work, governance, timing and financing of the peer review. The approach to the external OE peer review was discussed with the Evaluation Committee in October, which expressed its broad satisfaction with the proposal.
107. The other important non-recurrent measure is the rolling out next year of the new evaluation manual. A rigorous methodology is critical to OE's quality and effectiveness. The manual builds on OE's past experience and is in line with international good practice in development evaluation. The manual is, in fact, a key manifestation of OE's efforts to harmonize its evaluation approaches and methodologies with those of other development organizations within the United Nations system and multilateral development banks.
108. A coherent plan is in place for the manual's publication in IFAD's official languages, and its dissemination and implementation. This will entail a comprehensive briefing of OE staff and consultants involved in evaluation work, and a dedicated session at the beginning of the year to brief PMD staff on the main elements of the manual. Moreover, at the end of each year from 2009 to 2011, OE will organize a dedicated session with PMD and selected partners from the countries concerned to take stock of the evaluations conducted during the year, with the aim of identifying lessons learned and opportunities to strengthen further OE evaluation processes and methods. This will be over and above the ongoing process of reflection and improvement within OE to capture key issues related to deployment of the new manual.
109. **Recurrent measures** include:
  - Use of senior independent advisers for all higher-plane evaluations;
  - The introduction of a results measurement matrix for monitoring the quality of OE's work; and
  - Systematic undertaking of OE internal peer reviews for all evaluations conducted by the division.

110. Internal peer reviews will be used as a key instrument for quality assurance of OE evaluations and knowledge-sharing, and as a means of reducing inter-evaluator variability. In the past, internal peer reviews were mostly undertaken for higher-plane evaluations (i.e. CLEs and CPEs), but beginning in 2009, all evaluations will be exposed to a rigorous process of internal peer reviews. This will entail the assignment of all evaluation officers at the beginning of the year as peer reviewers for the various CLEs, CPEs and project evaluations to be conducted by OE. For all types of evaluations, peer reviewers will be required to review and prepare written comments and participate in meetings to discuss major evaluation deliverables, including the final evaluation report.
111. In the past, OE usually mobilized the services of two senior independent advisers for CLEs in order to reassure the Committee and Board that OE evaluations were of the required quality and in line with international good practice. However, as a means to further strengthen the effectiveness and quality of OE's work, the division plans now to hire senior independent advisers systematically for all higher-plane evaluations, including CLEs and CPEs. The role of these senior advisers would be broadly to provide written comments at critical stages (especially during design), review the draft final reports, and participate in the final learning workshop organized by OE in each case. The advisers would be asked to prepare their independent final report on the quality of the evaluation, which will be included as an appendix to the main report. Finally, senior independent advisers would be invited to participate in Evaluation Committee and Executive Board sessions when the corresponding evaluation is being considered by the Committee or Board.
112. However, this rigorous and systematic approach to internal OE peer reviews and the use of senior independent advisers have consequences for the division's overall human and financial resources, which will be discussed in the next section.
113. On a related issue, as a key component of the system to monitor the division's effectiveness and quality of work, OE will introduce a results measurement matrix with a number of indicators for assessing OE's effectiveness. As there is no internationally agreed system for monitoring the quality of the evaluation units of development agencies, OE conducted a scanning of the results/effectiveness frameworks available in selected development organizations (AfDB, the Asian Development Bank [AsDB], the Food and Agriculture Organization of the United Nations, the World Bank and the United Nations Development Programme [UNDP]). Based on this review and the specific requirements of OE, a results measurement matrix has been developed to monitor, assess and strengthen the quality of the division's work (annex XVI).
114. OE's results measurement matrix in annex XVI links the division's priorities with verifiable indicators. In order to ensure timely monitoring and reporting to the Evaluation Committee and Executive Board, OE will designate a focal point for the collection and analysis of data. A computerized database will be established to store the data, which will also allow for time series analysis of OE's effectiveness in the future. In terms of reporting, OE proposes to provide a written account annually to the Evaluation Committee and Executive Board within the framework of the work programme and budget document. This reporting will be based on the indicators in the results measurement matrix, which will enable OE to underline the achievements against its priorities and planned activities. At the end of 2009, OE will take stock of the functioning of the results measurement matrix to find ways and means to develop it further, as required.

## VI. Human and financial resource requirements

115. In September 2008, both the Evaluation Committee and the Executive Board expressed their broad endorsement of the main elements contained in the OE preview document, including in particular the five non-recurrent and recurrent measures<sup>13</sup> required for monitoring and strengthening the effectiveness and quality of OE's work. At the same time, however, both the Committee and the Board requested that OE revisit its resource requirements in order to implement its 2009 work programme in a timely manner. OE estimated the resource requirements and discussed these with the Evaluation Committee in October, which broadly endorsed the proposal.
116. This is important in the light of the additional tasks involved in implementing the non-recurrent and recurrent measures required for monitoring and strengthening OE's effectiveness and quality of work. The main drivers agreed by the Evaluation Committee and Executive Board as having consequences for OE's resources in 2009 are as follows:
- The external peer review of OE covering also the evaluation policy. This will require a sizeable amount of staff time and is estimated to cost approximately US\$300,000, which OE proposes to include as a one-time, below-the-line cost item in the 2009 budget;
  - Mobilization of senior independent advisers for all higher-plane evaluations. Given the seniority and specialization of the advisers, the estimated cost of their mobilization is around US\$72,000 per year; and
  - A more comprehensive and rigorous approach to internal peer reviews will be applied in all evaluations. All in all, it is estimated that more than 200 person/days will be required for this purpose across the division.
117. In addition to the aforementioned, further resources will be required for implementing the other measures to monitor and strengthen the effectiveness and quality of OE's work. These include the deployment of the new OE evaluation manual, the systematic monitoring and reporting on the indicators in the results measurement matrix, and the increased efforts to promote learning and feedback within and outside IFAD.
118. Taking into account the changes proposed above, OE's human and financial resource requirements are outlined in the following paragraphs.
119. **Human resources.** With respect to previous years, OE has reduced its staffing levels by 1.5 units to 18.5 regular and fixed-term positions in 2008. The staff time and financial cost implications of some of the additional tasks referred to in paragraph 117 will be absorbed by OE through efficiency gains, which have been generated through the comprehensive OE team-building and renewal process. However, after analysing the implications of the proposed activities described in paragraph 116, it is clear that OE will not be able to implement the proposed work programme in 2009 with the same level of human resources as in 2008.
120. Based on the above considerations, OE proposes to hire one junior research analyst, beginning in 2009. The recruitment of the new staff member would partly offset the cumulative time that the present evaluators will be expected to devote to the additional activities outlined in paragraphs 116-117. This officer would primarily support lead OE evaluators in undertaking the time-consuming background research and data analysis required to ensure successful launching and implementation of OE evaluations. It is further proposed that OE reassess the need for this additional position at the end of 2009, while developing its 2010 budget.

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<sup>13</sup> See paragraphs 106-114.

Apart from this, OE will use the same staff resources as in 2008. The OE human resource requirements for 2009 are presented in annex XIX.

121. **OE 2009 budget proposal.** To summarize, the additional resource implications for the 2009 budget are as follows:
  - US\$72,000 for the recruitment of senior independent advisers for all higher-plane evaluations; and
  - US\$195,295 for the hiring of one research analyst.
122. The proposed 2009 OE budget of US\$5.85 million (annex XIX) includes the same inflation factor applied to non-staff costs as in the rest of 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. The proposed 2009 budget entails an increase of US\$351,763 in real terms over the 2008 budget.
123. The final budget proposal also includes the request for approval of a one-time, below-the-line cost allocation of US\$300,000 for the OE peer review in 2009.
124. As requested by the Audit Committee and Executive Board in 2007, OE proposes to introduce a cap on its administrative budget. The 2009 proposed OE administrative budget is approximately 0.88 per cent (excluding the one-time cost) of the Fund's proposed programme of work of US\$715 million for 2009. Therefore, OE proposes to introduce a cap on its administrative budget that would remain within 0.9 per cent of IFAD's annual programme of work.
125. Nevertheless, as OE has previously informed the Committee and Board, the capping of the organization's evaluation budget is not a practice in any other United Nations specialized agency or international financial institution. Thus it is suggested that a reassessment of the cap be made at the time of developing OE's budget for 2012, after an initial period of implementation.

## Part three – Recommendations

126. In accordance with article 7, section 2(b) of the Agreement Establishing IFAD, it is recommended that the Executive Board:

- Approve the programme of work for 2009 at a level of SDR 480.5 million (US\$715 million), which comprises a gross grant programme of US\$46.5 million and a lending programme of SDR 449.3 million (US\$668.5 million). The proposed grant programme is made up of a country window grant programme of US\$10.7 million and a global/regional window programme of US\$35.7 million. It is proposed that this programme of work level be approved for planning purposes and that it be adjusted during 2009 in accordance with the level of resources available.

127. In accordance with article 7, section 2(a) of the Agreement Establishing IFAD, it is recommended that the Executive Board:

- Approve the total PDFF in the amount of US\$41.98 million for 2009.

128. In accordance with article 6, section 10 of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, it is recommended that the Executive Board:

- Transmit to the thirty-second session of the Governing Council, firstly the administrative budget of IFAD for 2009 in the amount of US\$73.33 million, secondly, the capital budget of IFAD for 2009 in the amount of US\$4.08 million and thirdly, the administrative budget of IFAD's Office of Evaluation for 2009 in the amount of US\$5.85 million.



## Development of corporate management results and corporate key performance indicators for 2009

1. IFAD's CPPMS was introduced in 2007. Characteristically, for a corporate results system in its second year of implementation, much attention is still being devoted to learning, testing, fine-tuning, awareness building and mainstreaming. Towards this, internal consultation and feedback processes were organized, relevant meetings of United Nations/IFI results management networks were attended to learn from peers, and external expertise was drawn upon. A noteworthy development in 2008 is IFAD's membership in the COMPAS initiative, a common performance assessment system implemented by a group of IFIs including: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Islamic Development Bank and the World Bank. Given the similarities between these organizations, participation in the COMPAS will be particularly useful for sharing lessons and best practices in managing for development results.
2. IFAD managers and staff have displayed an extraordinary appetite for results management both in principle and in practice. The high degree of engagement has stimulated ample reflection on how to improve the CMRs and key performance indicators (KPIs) and on how to use and report performance information more effectively. As a consequence, more comprehensive yet focused quarterly reporting to senior management was developed (integrating information on resources, results and risks into a single report highlighting areas requiring executive attention and/or action); new corporate KPIs were added and some of the existing ones refined or retired; and research on advocacy M&E systems was carried out.
3. The latter activity mentioned above was carried out specifically to strengthen performance management under CMR 8, "more strategic international engagement and partnership", which focuses on international advocacy. The key findings from the review are: advocacy M&E is still relatively underdeveloped and there are no blueprints or established best practices; measuring outcomes is very complex, therefore the prevailing practice is to focus on outputs instead; and performance is generally measured on a project-by-project basis rather than at a corporate level. All said, the output-oriented indicators adopted in the 2008 programme of work and budget were not far off the mark as was initially thought. Nevertheless, the review has provided useful pointers for improvement that will be adopted in 2009.
4. Interestingly, it is evident that similar kinds of challenges affect organizations' ability to monitor outcome performance in another important area of work for IFAD, namely knowledge management.
5. Details of corporate management results and corporate key performance indicators follow below.

### **CMR 1: Better country programme management**

6. Predicated on the principles of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action, IFAD's results-based COSOPs will continue to be the principal avenue for the development of more context-sensitive (e.g. fragile states, stable poor countries, middle-income countries), country-owned and country process-embedded approaches to country-level partnership and assistance. Within this, the emphasis will continue to be on mobilizing partnerships, resources and knowledge, ultimately to promote pro-poor policies that contribute to sustainable poverty reduction.
7. "At-entry" quality assurance for COSOPs and use of client surveys during annual COSOP reviews, both piloted in 2008, will be fully mainstreamed in 2009. Greater attention will be paid to the quality of annual COSOP reviews, as a tool for performance management. Emphasis on strengthening IFAD's country-level

interface, not least through country presence and the establishment of country programme management teams, will be maintained.

8. There is a need for IFAD to use its grants more strategically. The lending programme should build more systematically on grant-financed innovations to scale up and replicate results. To enable this, a new IFAD grants policy will be completed in 2009.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>• New COSOP designs</li> <li>• Annual COSOP reviews</li> <li>• Operational/thematic policies developed/reviewed</li> <li>• New grants policy</li> <li>• Mainstreaming country presence (this output is relevant also under CMRs 5 and 7)</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Number of new COSOPs presented to the Executive Board	11 (1)	= 15
Percentage of annual COSOP implementation reviews carried out on time	100%	= 100%
Percentage of countries within IFAD's Country Presence Programme (15+2 countries) that operate under: (a) a host country agreement; and (b) a United Nations country agreement	(a) 18% (b) 59%	(a) = 50% (b) = 100%
Percentage of COSOPs rated moderately satisfactory or better at-entry by QA (composite)	100%	>= 70%
Percentage of country programmes rated moderately satisfactory or better during implementation according to client surveys	95%	>= 80%
Ratio of cofinancing mobilized from donors for IFAD projects and programmes	1:0.28 (2)	>= 1:1 (3)
<b>Estimated resource allocation</b>		
US\$14.5 million (see table 6)		

Notes:

1. Number of COSOPs approved in the 12 months up to the end of September 2008.
2. Represents the cofinancing ratio (from donors only) over the Sixth Replenishment period (2004-2006).
3. Represents the target for the Seventh Replenishment period (2007-2009) and beyond.

### **CMR 2 – Better project design (loans and grants)**

9. IFAD needs to ensure that its projects are designed to the highest quality, are based on best practices and promote innovative approaches. Performance against this CMR relies on success in operationalizing elements of the ongoing organizational reform agenda: (i) the knowledge management strategy, in terms of how learning, knowledge and innovation are fed into the programme design process; (ii) innovation strategy; and (iii) the quality-at-entry enhancement and assurance processes.
10. Since the QE and QA systems are likely to delay or eliminate projects that are not adequately designed, the total number of projects under design will need to be increased to ensure a sufficient stock of reserve projects. During QE and QA, the implementation readiness of new projects will be assessed more thoroughly in order to minimize effectiveness delays.
11. Standards for "at-entry" assessment of grants managed by IFAD will continue to be improved, ensuring closer linkage with country and regional programmes.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>• New loan and DSF-financed projects developed</li> <li>• New country and global/regional grants developed</li> <li>• Development of corporate training programme on project design</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Pipeline ratio	1:1.46 (1)	> 1:1.6
Percentage of projects rated moderately satisfactory or better at-entry by QA (composite)	77% (2)	>= 80%
<b>Estimated resource allocation</b>		
US\$16.9 million (see table 6)		

Notes:

1. Pipeline ratio as at end-September 2008.
2. Refers to projects reviewed at-entry by QA between January-October 2008.

### **CMR 3 – Better project implementation support**

12. It is during project implementation that the processes for achieving objectives articulated at design are managed. The quality of support provided for project implementation is therefore a key determinant of a project's ability to realize intended results and impact. Effective discharge of the project supervision function and improved support to entities responsible for project implementation are vital to enhancing the development effectiveness of IFAD-supported programmes. Increasing the share of projects supervised by IFAD will continue to be a priority in 2009. More attention will also be paid to the quality of grant supervision.
13. Increased involvement in project supervision and implementation support also represents a critical opportunity for IFAD to deepen its knowledge about policies for rural poverty reduction, which may in turn be fed into new project designs, transferred across to other ongoing projects, or employed for purposes of policy dialogue at national or international level.
14. A new IT system will be rolled out in 2009 with a view to strengthening real-time monitoring and management of IFAD's portfolio of ongoing projects.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>• Supervision missions</li> <li>• Continuation of corporate training programme on direct supervision throughout 2009</li> <li>• Establishment of quality assurance process of supervision by end 2009</li> <li>• Roll-out of new portfolio management IT system by end 2009</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Pro-activity index	63%	>= 70%
Percentage projects at risk	17%	<= 25%
Average time from project approval to effectiveness	13.96%	<= 13 months
Percentage of projects with overall supervision rating of satisfactory or better	77%	>= 80%
Percentage of grants with supervision rating of moderately satisfactory or better during implementation	New KPI, baseline not available	>= 80%
<b>Estimated resource allocation</b>		
US\$25.9 million (see table 6)		

#### CMR 4 – Improved resource mobilization and management

15. The thrust of CMR 4 is twofold: (i) to increase the size and security of IFAD's financial resource base; and (ii) to improve the way in which IFAD's resources (contributions, the investment portfolio, loans and grants, and administrative resources) are managed and accounted for.
16. With respect to (i) above, the main focus will be on concluding the Eighth Replenishment exercise successfully, and subsequently on timely receipt of instruments of contribution, as well as on mobilization of supplementary funds. A new multidonor trust fund aimed at strengthening local capacities for effective implementation of poverty reduction programmes will be proposed in 2009.
17. With respect to (ii) above, and for each of the resource envelopes, the thrust of this CMR is summarized as follows:
  - Contributions management: develop/review and implement policies/procedures that improve the management of contributions received;
  - Investment portfolio: develop/review and implement policies/procedures that optimize returns on investment;
  - Loan and grant resources: develop/review and implement policies/procedures that optimize the allocation of resources to support poverty alleviation in recipient countries based either on performance or debt distress, and to support capacity-building for pro-poor research by global and regional institutions; and
  - Administrative resources: develop/review and implement policies/procedures to improve financial management, and to strengthen management for results by increasing alignment between IFAD's budgets and CMRs.

Main outputs		
<ul style="list-style-type: none"> <li>• Proposal for a multidonor trust fund aimed at strengthening local capacities for effective implementation of poverty reduction programmes</li> <li>• Relevant financial policies and procedures reviewed/developed</li> <li>• Departmental and divisional management plans for all departments and divisions</li> <li>• Quarterly performance reviews and reporting at divisional, department and corporate levels</li> <li>• Full implementation of training programme on management for development results by end 2009</li> </ul>		
Key performance indicators	Baseline	Projection for 2009
Instruments of contribution deposited as percentage of IFAD VIII pledges	New KPI, baseline not available	>= 50%
Supplementary resources mobilized (millions of United States dollars)	8.9 (1)	12.1
Percentage variance from the target rate of return on investment	2.6% (2)	= 0%
Percentage of budget carry-over (administration + PDFF)	3%	<= 5%
Estimated resource allocation		
US\$46.5 million for CMRs 4-7 (see table 6)		

Notes:

1. Refers to supplementary funds received between 1 January and 30 September 2008.
2. Actual return for the 2007 financial year was 6.1 per cent.

#### CMR 5 – Improved human resource management

18. The focus of CMR 5 is to improve the quality of human resource management within IFAD; a motivated, well-qualified and well-managed staff is essential for improved development action. Critical foundations for HR reform were put in place in 2008:

priorities were defined, a new people strategy was developed and a workforce mapping exercise determining the "as is" and "to be" of IFAD's human assets is under way. In 2009 the new people strategy will come into full operation with a view to ensuring IFAD: has the right workforce structure and profile to meet its operational objectives; has an open and empowering culture that supports the values and corporate mission; enables all staff to achieve their potential through investment and learning; and has the right supporting systems, tools and processes. In view of the expansion of the Country Presence Initiative, the restructuring of human resource services to facilitate integration of decentralized staff into IFAD's regular management structures, and ensuring adequate support to them will be a high priority.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>Improved management capability</li> <li>Voluntary departure scheme in full operation by mid-2009</li> <li>Staff rules and people management accountability framework in place</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Staff engagement index	69% (1)	>70%
Ratio of General Service to Professional workforce	0.95 (2)	<= 0.95
Proportion of workforce from Lists A, B, C Member States	69%, 2%, 24%	Increase share from Lists B and C
Proportion of women in P5 posts and above	30%	> 30%
Average time to fill professional vacancies (days)	142 (1)	=< 130
<b>Estimated resource allocation</b>		
US\$46.5 million for CMRs 4-7 (see table 6)		

Notes:

- Refers to results of the 2008 staff survey.
- As at the end of September 2008.

### **CMR 6 – Improved risk management**

19. Effective management of risk enhances the likelihood of achieving objectives at all levels – hence, having a functional system for enterprise risk management (ERM) is crucial. Strengthening awareness and capabilities to manage risk, embedding risk management into existing management processes, and promoting effective use of risk management tools will be the main areas concentrated on under this CMR. ERM is also expected to enhance the internal audit function, by creating a more conducive environment for risk-based auditing. In this context, the timeliness of responses to internal and external audit recommendations will be monitored more closely.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>All key framework documents in place by end-2009</li> <li>IFAD's corporate risk profile completed by first quarter 2009</li> <li>Full implementation of corporate training programme on risk management by end-2009</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Percentage of high-priority internal audit recommendations that are overdue	80% (1)	<= 60%
<b>Estimated resource allocation</b>		
US\$46.5 million for CMRs 4-7 (see table 6)		

Notes:

- As at 30 September 2008.

**CMR 7 – Improved administrative efficiency**

20. IFAD has the obligation to ensure that resources provided by its Member States are used in the most efficient way possible to achieve its mandate to reduce rural poverty. Efforts to increase administrative efficiency must necessarily be pursued in a sustained fashion and within a medium-term perspective to avoid compromising the quality of administrative services, upon which IFAD's operational effectiveness depends. Ultimately, the aim is to further increase the share of budgetary resources dedicated to operational activities.
21. This CMR concentrates on rationalizing and streamlining business processes to ensure on the one hand that internal services are performed and delivered more efficiently, and on the other that the amount of time spent by staff on administrative tasks is reduced. An IFAD-coordinated IFI information exchange and benchmarking initiative, which started in 2008 and will continue in 2009, will yield useful insights into this effort. Efficiencies will be sought in part by taking advantage of improved information and communication technology, but also by exploring options for outsourcing, off-shoring, and sharing services with other Rome-based United Nations agencies.
22. Extending effective administrative support to increasingly decentralized operations, and for expanded and improved direct supervision will also be a major priority in 2009.

<b>Main outputs</b>			
<ul style="list-style-type: none"> <li>• IFI benchmarking website fully operational by end 2009</li> <li>• Capital projects approved by IFAD's Information Technology Governance Committee</li> <li>• Process streamlining agreements (either wholly carried out by IFAD, or jointly with sister agencies in Rome)</li> <li>• Service-level agreements established between units providing key services to operations and PMD</li> </ul>			
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>	<b>for</b>
Budgeted efficiency ratio	15.8%(1)	<= 15.5%	
Budgeted ratio of direct operational costs to total budget	63% (1)	>= 65%	
Ratio of Programme Management Department staff to total IFAD staff	37.3%(2)	>= 38.3%	
<b>Estimated resource allocation</b>			
US\$46.5 million for CMRs 4-7 (see table 6)			

Notes:

1. As per 2009 programme of work and budget.
2. As at end of September 2008.

**CMR 8 – More strategic international engagement and partnership**

23. IFAD's most direct impact on helping rural poor people to overcome poverty is delivered at country level, through projects and programmes. But a conducive, enabling environment, which takes into account on-the-ground realities, is essential if the impact of country-level activity is to be maximized. As an international financial institution and a specialized United Nations agency, IFAD has opportunities to inform and influence that environment – and a duty to rural poor people to do so.
24. IFAD does this primarily by drawing on the knowledge and experience generated by the projects it finances, by supporting poor people and strengthening their organizations (thereby enabling rural poor people to speak for themselves in international forums rather than seeking to speak on their behalf), and by developing close partnerships for strategic policy advocacy. These include, for example, IFAD's sister agencies in Rome, other United Nations agencies, the World

Bank, the African Development Bank, farmers' organizations, members of the Consultative Group on International Agricultural Research, and NGOs.

25. IFAD engages with these partners on a range of issues that are important for rural poor women and men, including those relating to food, agricultural and rural development, and improving aid effectiveness (for example the Paris Declaration/Accra Agenda for Action, One United Nations Initiative and Monterrey processes), and more recently ensuring a comprehensive and coordinated response to rising global food prices. In these efforts, IFAD works to ensure that the interests, experience, knowledge, and priorities of rural poor people are taken into account and that they are integral to agricultural and rural development plans and strategies. The implementation of this CMR is closely linked to that of CMRs 1, 2 and 3, as an effective two-way flow of knowledge between the country level and the regional/international level.

<b>Main outputs</b>		
<ul style="list-style-type: none"> <li>• Production of the Rural Poverty Report</li> <li>• Up-to-date and relevant Rural Poverty Portal</li> <li>• Substantive contribution/engagement in relevant regional/international forums (e.g. the Farmers' Forum, the United Nations Permanent Forum on Indigenous Peoples, the United Nations Commission on Sustainable Development-17, the United Nations Economic and Social Council, Financing for Development)</li> <li>• New global/regional grants developed</li> </ul>		
<b>Key performance indicators</b>	<b>Baseline</b>	<b>Projection for 2009</b>
Number of specific, concrete action recommendations, based on IFAD project experience, developed and promoted in relevant policy forums	New KPI, baseline not available	10
Number of policy reference groups developing a corporate IFAD position as a platform for engagement on specific themes	5 (1)	3
Number of global/regional meetings of farmer organizations with substantive IFAD support	3 (1)	4
Partnerships with international organizations for joint policy advocacy expanded or strengthened	4 (1)	4
<b>Estimated resource allocation</b>		
US\$11.4 million (see table 6)		

Notes:

1. Refers to achievements between January and September 2008.

## Projected resources available for commitment, 2007-2009

(Millions of United States dollars)

	<i>2007 Actual</i>	<i>2008 Estimated</i>	<i>2009 Estimated</i>
Committable resources at the beginning of the year	-	-	-
Loan cancellations	52.0	60.0	60.0
Exchange rate adjustment	(28.6)	-	-
<b>Subtotal</b>	<b>23.4</b>	<b>60.0</b>	<b>60.0</b>
Member contributions <sup>a</sup>	290.7	149.0	129.0
Loan reflows <sup>b</sup>	226.6	228.0	243.0
Net investment income <sup>c</sup>	142.6	73.7	70.6
HIPC Debt Initiative transfer <sup>d</sup>	(45.1)	-	(14.0)
ASMCS trust fund transfer <sup>d</sup>	(44.1)	(9.5)	(10.0)
Operating expenditures (including Office of Evaluation) <sup>e</sup>	(85.7)	(83.6)	(87.0)
PDFF	(35.0)	(38.8)	(43.3)
Capital expenditure budget	-	(2.0)	(4.0)
<b>Resources after expenditures</b>	<b>473.4</b>	<b>376.8</b>	<b>344.3</b>
Commitment for loans and grants <sup>f</sup>	(605.4)	(650.0)	(715.0)
Resources before advance commitment authority (ACA)	(132.0)	(273.2)	(370.7)
Net use of ACA	132.0	273.2	370.7

<sup>a</sup> Member contributions for the Seventh Replenishment are included only where the instruments of contribution have been deposited.

<sup>b</sup> Loan reflows are shown gross of repayment on behalf of Heavily Indebted Poor Countries (HIPC) Debt Initiative countries.

<sup>c</sup> Current estimates as at end-September 2008.

<sup>d</sup> 2007 actual includes also a one-time reclassification for After-Service Medical Coverage Scheme (ASMCS) and HIPC Debt Initiative of US\$64.2 million due to changes in accounting principles.

<sup>e</sup> 2008 operating expenditures include US\$1.8 million in relation to IFAD's Eighth Replenishment.

<sup>f</sup> Commitments for loans and grants include grants approved directly by the President.



## 2009 Indicative lending programme

	<i>Western and Central Africa</i>	<i>Eastern and Southern Africa</i>	<i>Asia and the Pacific</i>	<i>Latin America and the Caribbean</i>	<i>Near East and North Africa</i>	<i>Total</i>
<b>Indicative country list (gross programme)</b>						
	Benin	Burundi	Afghanistan	Brazil (2)	Egypt	
	Burkina Faso	Eritrea	Bangladesh	Dominican Republic	Georgia	
	Côte d'Ivoire	Ethiopia (2)	Cambodia	Ecuador	Jordan	
	Chad	Uganda	China	Paraguay	Sudan	
	Liberia	Zambia	India	Peru	Tunisia	
	Guinea	Zimbabwe	Kyrgyzstan		Turkey	
	Mali		Mongolia			
			Nepal			
			Pakistan			
			Sri Lanka			
	<b>7</b>	<b>7</b>	<b>10</b>	<b>6</b>	<b>6</b>	<b>36</b>
<b>Reserve projects</b>						
	Gambia (The)	Uganda	India	Bolivia	Lebanon	
	Ghana		Mongolia	Colombia		
	Sierra Leone		Papua New Guinea	Haiti		
	Togo			Jamaica		

## Average loan and grant size

		Actual							Estimated	Proposed	
		2000	2001	2002	2003	2004	2005 <sup>a</sup>	2006 <sup>b</sup>	2007	2008	2009
<b>Loan and DSF grant approvals</b>											
Number of loans		27	24	24	25	24	32	31	40	34	36
Value of loans	US\$ million	409.0	391.6	353.2	403.6	408.7	499.3	515.0	563.1	607.8	668.5
Average loan size	US\$ million	15.1	16.3	14.7	16.1	17.0	15.6	16.6	14.1	17.9	18.6
<b>Grant approvals<sup>c</sup></b>											
Number of grants		120	106	85	70	87	66	109	77		
Value of grants	US\$ million	32.8	30.8	23.9	20.3	33.3	36.6	41.8	35.7		
Average grant size	US\$ million	0.3	0.3	0.3	0.3	0.4	0.6	0.4	0.5		
<b>Total IFAD loan and grant operations<sup>d</sup></b>	US\$ million	<b>441.8</b>	<b>422.4</b>	<b>377.1</b>	<b>423.9</b>	<b>442.0</b>	<b>535.9</b>	<b>556.8</b>	<b>598.8</b>	<b>650.0</b>	<b>715.0</b>

Sources: IFAD annual reports and the programme of work, Programme Development Financing Facility and administrative and capital budgets of IFAD and of its Office of Evaluation for 2008 (EB 2007/92/R.2/Rev.1).

<sup>a</sup> Includes four programmes (with IFAD financing of US\$33.7 million) approved outside the regular programme for countries affected by the tsunami and a loan approved for *Indonesia* made up of unused proceeds of a loan approved in 1997.

<sup>b</sup> Includes the additional loans (US\$35.0 million) approved for four programmes for countries affected by the tsunami.

<sup>c</sup> Includes all categories of grants, but *excludes* transfer to the PDFF and DSF grants.

<sup>d</sup> Excludes fully cancelled programmes and projects.

## Overview of budget execution in 2007

This annex presents an overview of execution of the administrative budget and the PDFF in 2007 as well as corporate performance thus far in 2008 as monitored by CPPMS.

### Summary of 2007 budget execution

1. The 2007 actual expenditure of the administrative budget amounted to US\$70.5 million, which corresponds to a 15.3 per cent nominal increase compared to 2006. The administrative budget restated on the basis of the average 2007 EUR/US\$ exchange rate is equal to US\$71.79 million, of which US\$1.24 million (1.7 per cent) remained unutilized and carried forward in 2008 (see annex VII).
2. Staff costs are by far the largest expenditure category in the administrative budget accounting for approximately 80 per cent of the total administrative budget. Hence, about 84 per cent of the total increase in the administrative budget took place in the staff cost category.
3. With regard to non-staff costs, training costs increased by 176 per cent between 2006 and 2007, confirming the growing importance attached to the continuous training of IFAD staff.
4. The declining trend of travel costs funded by the administrative budget (-14 per cent) for the period 2006-2007 is counterbalanced by a larger increase in travel costs within the PDFF for the same period. The 24 per cent decrease in the cost for interpreters and translators during the period 2006-2007 is mainly the result of the hiring of translators as fixed-term staff rather than employing them on an ad-hoc basis.
5. PDFF expenditure in 2007 increased by 3.1 per cent in nominal terms, and utilization of total PDFF increased from 90 to 94 per cent based on actual expenditures. The remaining 6 per cent not actually spent in 2007 was committed to specific projects and carried forward into 2008. The total PDFF comprises the current year budget plus carry forward amounts and it should be noted that in 2007 the level of expenditure at US\$35.5 million exceeded the 2007 budget amount of US\$33.8 million.

## Overview of 2006-2008 actual expenditures

### By source of funding

(Thousands of United States dollars)

Source of funding	2006 Actual <sup>a</sup>	2007 Actual		2008 Actual at end of second quarter	Total estimated actual for 2008	
			Increase			Increase
Administrative budget	61 175	70 549	15.3%	39 126	76 876	9.0%
One-time costs	368	-	(100.0)%	-	-	-
PDFF	34 401	35 465	3.1%	16 747	39 878	12.4%
<b>Total</b>	<b>95 944</b>	<b>106 014</b>	<b>10.5%</b>	<b>55 874</b>	<b>116 754</b>	<b>10.1%</b>

<sup>a</sup> Includes the cost of the 12.16 per cent salary increase for General Service staff.

### By department

(Thousands of United States dollars)

Department	2006 Actual <sup>a</sup>		2007 Actual		2008 Actual at end of second quarter	Total estimated actual for 2008	
		percentage of total		percentage of total			percentage of total
External Affairs <sup>b</sup>	15 905	16.6%	17 280	16.3%	8 849	18 367	15.7%
Finance and Administration	25 002	26.1%	28 902	27.3%	16 900	29 752	25.5%
Office of the President and the Vice-President	4 569	4.8%	5 436	5.1%	3 196	6 009	5.1%
Programme Management	50 467	52.6%	54 396	51.3%	26 928	62 626	53.6%
<b>Total</b>	<b>95 944</b>	<b>100.0%</b>	<b>106 014</b>	<b>100.0%</b>	<b>55 874</b>	<b>116 754</b>	<b>100.0%</b>

<sup>a</sup> Includes the cost of the 12.16 per cent salary increase for General Service staff.

<sup>b</sup> The IFAD North American Liaison Office and the former Resource Mobilization Division are included in the External Affairs Department for comparison purposes.

## Carry forward funds

(Thousands of United States dollars)

<i>Department</i>	<i>Description of use of carry forward funds<sup>a</sup></i>	<i>2008</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>	<i>2004</i>
EAD	Communications Division: IFAD's Thirtieth Anniversary and correlated IFAD Eighth Replenishment activities	335	-	-	-	-
	Policy Division: Rural Poverty Report and Governing Council costs	161	-	-	-	-
<b>Total EAD</b>		<b>496</b>	<b>700</b>	<b>9</b>	<b>723</b>	<b>721</b>
FAD	Administrative Services Division: New headquarters costs	600	-	-	-	-
	Information Technology Division: New servers	100	-	-	-	-
<b>Total FAD</b>		<b>700</b>	<b>543</b>	<b>-</b>	<b>442</b>	<b>283</b>
OPV	Office of the Vice-President: Governing Council costs	42	-	-	-	-
<b>Total OPV</b>		<b>42</b>	<b>121</b>	<b>-</b>	<b>273</b>	<b>128</b>
<b>Total PMD</b>		<b>-</b>	<b>510</b>	<b>200</b>	<b>126</b>	<b>333</b>
<b>Total amount carried forward</b>		<b>1 238</b>	<b>1 874</b>	<b>209</b>	<b>1 564</b>	<b>1 465</b>

<sup>a</sup> The 3 per cent carry forward rule is applicable from the 2004 budget year onwards and consists of the following: unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3 per cent of the said financial year.

## Budget preparation parameters

### Staff costs

1. The staff cost budget is prepared in accordance with the rules and regulations being applied to salaries, allowances and benefits for the staff of the United Nations, which are governed by the ICSC of the United Nations Common System.
2. Standard rates are developed for each grade level based on an analysis of statistical data of IFAD population and actual expenditures relating to IFAD staff. The various components of the rates represent the best estimate at the time of preparation of the budget document and have been calculated in collaboration with FAO, taking into account the pending recommendations by the ICSC.
3. The 2008 standard costs have increased by an average of 7.8 per cent compared to the corresponding 2008 rates restated at the 2008 EUR/US\$ exchange rate. The following table shows the average percentage increase for each staff entitlement and its impact on the cost of the 2008 FTEs.

(Thousands of United States dollars)

<i>Account description</i>	<i>2008 FTEs at 2008 rates</i>	<i>2008 FTEs at 2009 rates</i>	<i>Increase</i>	<i>Notes</i>
<b>Professional staff entitlements</b>				
Salaries and post adjustment	23 521	24 663	4.9%	(a)
Pension and medical	5 913	6 288	6.4%	(b)
Other allowances	822	959	16.6%	(c)
Repatriation and separation	645	668	3.5%	(d)
Annual leave	569	1 030	81.1%	(e)
Education grants	2 247	2 332	3.8%	(f)
Home leave	794	824	3.7%	(g)
United States tax reimbursement	484	533	10.2%	(h)
<b>Subtotal</b>	<b>34 995</b>	<b>37 297</b>	<b>6.6%</b>	
<b>General Service staff entitlements</b>				
Salaries	14 197	14 882	4.8%	(a)
Pension and medical	3 728	3 981	6.8%	(b)
Other allowances	552	572	3.6%	(c)
Repatriation and separation	2 749	2 858	3.9%	(d)
Annual leave	332	580	74.6%	(e)
<b>Subtotal</b>	<b>21 559</b>	<b>22 873</b>	<b>6.1%</b>	
<b>Total entitlements</b>	<b>56 554</b>	<b>60 170</b>	<b>6.4%</b>	
Vacancy factor from 1.4 per cent to zero	-	800	-	(i)
<b>Total entitlements + reduction of vacancy factor</b>	<b>56 554</b>	<b>60 970</b>	<b>7.8%</b>	

- (a) Salaries and post adjustment: There will be an expected 3-3.5 per cent salary increase in the General Service and in the Professional and higher categories. In addition, step increases are expected to contribute 2-2.5 per cent to the Professional staff increase and 1-1.5 per cent to the General Service staff increase.
- (b) Pension and medical: In line with the annual increases of the last two years, a 3 per cent pensionable remuneration increase is expected, effective January 2009 for both General Service and Professional staff. For medical costs, it is expected that there will be a 5-6 per cent increase in medical plan contributions, as well as additional costs arising from the operation of the cost-capping mechanism for staff members. 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 General Service staff, which are 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 expected salary scale increase.
- (e) Annual leave: The cost related to unused annual leave has been constantly growing in the passed years as a result of the increasing level of unused annual leave allowances. It should be noted that the increase in the salary scale has an impact not only on the newly accrued annual leave 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 grants: There will be an expected 3-4 per cent increase due to cost trends and estimated inflation for this cost item.
- (g) Home leave: There will be an expected 3-4 per cent increase due to cost trends and estimated inflation for this cost item.
- (h) United States tax reimbursement: In 2008, there was 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) Vacancy factor: Unutilized funds on vacant posts i.e. "vacancy factor" will be reduced from 1.4 per cent to zero: the decrease in the "vacancy factor" is necessary due to the expected full utilization of savings from vacant posts during 2009. This decrease results in a US\$0.8 million increase in staff costs of the administrative budget.

#### **Non-staff costs**

4. Within the administrative budget, a price increase of 3 per cent has been applied to non-staff costs. The increase of 3 per cent represents the Harmonized Indices of Consumer Prices in the Eurozone projected for 2009 by Eurostat.
5. Within the PDFF a price increase of 3 per cent has been applied to all non-staff costs except for those relating to cooperating institutions, for which price increases depend on the respective agreements.

**Exchange rates**

6. In line with IFAD's financial regulations, the administrative budget and PDFF is presented in United States dollars, including a component of euro-denominated expenditures converted into United States dollars at 0.79 EUR/US\$ exchange rate, representing the best estimate forecast at the time of preparation of the budget document.
7. The proposed programme of work is presented in special drawing rights<sup>1</sup> (SDRs) converted into United States dollars on the basis of a 1.4879 US\$/SDR exchange rate, representing the projected rate for 2009 at the time of preparation of the budget document.

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<sup>1</sup> A Special Drawing Right is an artificial currency unit based upon the basket of United States dollars, euros, Japanese yen and pounds sterling serving as the official monetary unit of several international organizations including the International Monetary Fund.



## 2009 administrative budget by activity

(Thousands of United States dollars)

	Office of the President and the Vice-President (OPV)			External Affairs Department (EAD)			Finance and Administration Department (FAD) <sup>a</sup>			Programme Management Department (PMD)			Total		
	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)
<b>Programme management</b>															
Country programmes	236	268	13.6%	106	34	(67.9)%	-	-	-	3 074	3 583	16.6%	3 416	3 885	13.7%
Design of loans and grants	452	565	25.0%	23	24	4.3%	-	-	-	3 987	4 158	4.3%	4 462	4 747	6.4%
Loan implementation	166	177	6.6%	-	-	-	1 684	1 596	(5.2)%	4 751	5 753	21.1%	6 601	7 526	14.0%
Grant management	365	380	4.1%	100	35	(65.0)%	419	447	6.7%	1 027	997	(2.9)%	1 911	1 859	(2.7)%
<b>Total programme management</b>	<b>1 219</b>	<b>1 390</b>	<b>14.0%</b>	<b>229</b>	<b>93</b>	<b>(59.4)%</b>	<b>2 103</b>	<b>2 043</b>	<b>(2.9)%</b>	<b>12 839</b>	<b>14 491</b>	<b>12.9%</b>	<b>16 390</b>	<b>18 017</b>	<b>9.9%</b>
<b>Partnership and policy engagement</b>															
Manage external relationships	1 160	1 243	7.2%	2 667	2 926	9.7%	386	424	9.8%	1 832	1 291	(29.5)%	6 045	5 884	(2.7)%
Knowledge management and policy development	209	231	10.5%	4 246	4 460	5.0%	110	131	19.1%	1 127	1 045	(7.3)%	5 692	5 867	3.1%
<b>Total partnership and policy engagement</b>	<b>1 369</b>	<b>1 474</b>	<b>7.7%</b>	<b>6 913</b>	<b>7 386</b>	<b>6.8%</b>	<b>496</b>	<b>555</b>	<b>11.9%</b>	<b>2 959</b>	<b>2 336</b>	<b>(21.1)%</b>	<b>11 737</b>	<b>11 751</b>	<b>0.1%</b>
<b>Resource management</b>															
Manage financial resources	53	-	(100)%	158	118	(25.3)%	4 224	4 237	0.3%	411	428	4.1%	4 846	4 783	(1.3)%
Develop and manage human resources	116	124	6.9%	370	834	125.4%	5 700	6 519	14.4%	769	690	(10.3)%	6 955	8 167	17.4%
<b>Total resource management</b>	<b>169</b>	<b>124</b>	<b>(26.6)%</b>	<b>528</b>	<b>952</b>	<b>80.3%</b>	<b>9 924</b>	<b>10 756</b>	<b>8.4%</b>	<b>1 180</b>	<b>1 118</b>	<b>(5.3)%</b>	<b>11 801</b>	<b>12 950</b>	<b>9.7%</b>
<b>Corporate services</b>															
Manage information technology	37	39	5.4%	923	526	(43.0)%	4 648	5 290	13.8%	52	90	73.1%	5 660	5 945	5.0%
Manage occupancy and security costs	23	58	152.4%	181	187	3.3%	8 176	9 104	11.4%	55	63	14.5%	8 435	9 412	11.6%
<b>Total corporate services</b>	<b>60</b>	<b>97</b>	<b>61.7%</b>	<b>1 104</b>	<b>713</b>	<b>(35.4)%</b>	<b>12 824</b>	<b>14 394</b>	<b>12.2%</b>	<b>107</b>	<b>153</b>	<b>43.0%</b>	<b>14 095</b>	<b>15 357</b>	<b>9.0%</b>
<b>Corporate planning and monitoring</b>															
Planning and management	475	465	(2.1)%	421	414	(1.7)%	1 579	1 864	18.0%	1 135	814	(28.3)%	3 610	3 557	(1.5)%
Risk management	2 246	2 327	3.6%	9	16	77.8%	129	214	65.9%	-	-	-	2 384	2 557	7.3%
<b>Total corporate planning and monitoring</b>	<b>2 721</b>	<b>2 792</b>	<b>2.6%</b>	<b>430</b>	<b>430</b>	<b>0.0%</b>	<b>1 708</b>	<b>2 078</b>	<b>21.7%</b>	<b>1 135</b>	<b>814</b>	<b>(28.3)%</b>	<b>5 994</b>	<b>6 114</b>	<b>2.0%</b>
<b>Governance and evaluation</b>															
Governance	192	192	0%	8 330	8 352	0.3%	600	449	(25.2)%	28	100	257.1%	9 150	9 093	0.6%
Evaluation	-	-	-	-	-	-	-	-	-	73	47	(35.6)%	73	47	(35.6)%
<b>Total governance and evaluation</b>	<b>192</b>	<b>192</b>	<b>0%</b>	<b>8 330</b>	<b>8 352</b>	<b>0.3%</b>	<b>600</b>	<b>449</b>	<b>(25.2)%</b>	<b>101</b>	<b>147</b>	<b>45.5%</b>	<b>9 223</b>	<b>9 141</b>	<b>(0.9)%</b>
<b>Grand total</b>	<b>5 730</b>	<b>6 069</b>	<b>5.9%</b>	<b>17 534</b>	<b>17 927</b>	<b>2.2%</b>	<b>27 656</b>	<b>30 276</b>	<b>9.5%</b>	<b>18 320</b>	<b>19 059</b>	<b>4.0%</b>	<b>69 240</b>	<b>73 330</b>	<b>5.9%</b>

<sup>a</sup> FAD includes IFAD corporate costs i.e. training, After-Service Medical Coverage Scheme, recruitment, maternity and paternity leave.

## 2009 administrative budget by expense

(Thousands of United States dollars)

	Office of the President and the Vice-President (OPV)			External Affairs Department (EAD)			Finance and Administration Department (FAD) <sup>a</sup>			Programme Management Department (PMD)			Total		
	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)
Administrative costs <sup>b</sup>	152	166	9.2%	722	759	5.1%	2 471	1 943	(21.4)%	129	149	15.5%	3 474	3 017	(13.2)%
Consultancy services	86	123	43.0%	1 072	639	(40.4)%	68	69	1.5%	-	45	-	1 226	876	(28.5)%
Facility management	2	6	200.0%	-	-	-	3 349	4 040	20.6%	-	-	-	3 351	4 046	20.7%
Information technology services	-	-	-	-	13	-	2 187	2 603	19.0%	-	-	-	2 187	2 616	19.6%
Interpreters and translators	2	-	(100.0)%	1 185	1 118	(5.7)%	-	-	-	-	-	-	1 187	1 118	(5.8)%
Staff costs <sup>c</sup>	5 169	5 401	4.5%	13 816	14 713	6.5%	18 286	20 247	10.7%	18 045	18 783	4.1%	55 317	59 141	6.9%
Training	-	-	-	-	-	-	1 100	1 133	3.0%	-	4	-	1 100	1 137	3.3%
Travel costs	318	374	17.6%	739	686	(7.2)%	195	242	24.1%	146	78	(46.6)%	1 398	1 380	(1.3)%
<b>Total</b>	<b>5 730</b>	<b>6 069</b>	<b>5.9%</b>	<b>17 534</b>	<b>17 927</b>	<b>2.2%</b>	<b>27 656</b>	<b>30 276</b>	<b>9.5%</b>	<b>18 320</b>	<b>19 059</b>	<b>4.0%</b>	<b>69 240</b>	<b>73 330</b>	<b>5.9%</b>

<sup>a</sup> FAD includes IFAD corporate costs i.e. training, After-Service Medical Coverage Scheme, recruitment, maternity and paternity leave.

<sup>b</sup> Administrative costs consist of hospitality, printing and equipment rent, annual report and publications, library books and periodicals, mailing, courier and pouch services, telephone, telecommunication, auditors' fees and expenses, storage services, office and building supplies, rent of conference and conference set up facility, building refurbishment, and contributions to United Nations committees.

<sup>c</sup> Staff costs includes fixed-term staff, short-term staff, overtime, After-Service Medical Coverage Scheme, recruitment costs, FAO medical charges, maternity and paternity replacement and separation packages previously under administrative costs.

## 2009 Programme Development Financing Facility by activity

(Thousands of United States dollars)

	Office of the President and the Vice-President (OPV)			External Affairs Department (EAD)			Finance and Administration Department (FAD)			Programme Management Department (PMD)			Total		
	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)
<b>Programme management</b>															
Country programmes	38	40	5.3%	-	-	-	-	-	-	6 016	7 105	18.1%	6 054	7 145	18.0%
Design of loans and grants	35	55	57.1%	-	-	-	-	-	-	10 926	12 147	11.2%	10 960	12 202	11.3%
Loan implementation (table 10)	16	32	100.0%	-	-	-	90	120	33.3%	17 594	18 238	3.7%	17 699	18 390	3.9%
Grant management	-	-	-	-	-	-	-	-	-	1 872	1 641	(12.3)%	1 872	1 641	(12.3)%
<b>Total programme management</b>	<b>89</b>	<b>127</b>	<b>42.7%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>120</b>	<b>33.3%</b>	<b>36 408</b>	<b>39 131</b>	<b>7.5%</b>	<b>36 585</b>	<b>39 378</b>	<b>7.6%</b>
<b>Partnership and policy engagement</b>															
Manage external relationships	66	69	4.5%	-	-	-	-	-	-	376	453	20.5%	442	522	18.0%
Knowledge management and policy development	46	48	4.3%	-	-	-	-	-	-	750	972	29.6%	796	1 020	28.1%
<b>Total partnership and policy engagement</b>	<b>112</b>	<b>117</b>	<b>4.5%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 126</b>	<b>1 425</b>	<b>26.6%</b>	<b>1 238</b>	<b>1 542</b>	<b>24.6%</b>
<b>Resource management</b>															
Manage financial resources	-	-	-	-	-	-	-	-	-	69	173	150.7%	69	173	150.7%
Develop and manage human resources	-	-	-	-	-	-	-	-	-	187	444	137.4%	187	444	137.4%
<b>Total resource management</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>256</b>	<b>617</b>	<b>141.0%</b>	<b>256</b>	<b>617</b>	<b>141.0%</b>
<b>Corporate services</b>															
Manage information technology	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manage occupancy and security costs	-	-	-	-	-	-	-	-	-	19	30	57.9%	19	30	57.9%
<b>Total corporate services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19</b>	<b>30</b>	<b>57.9%</b>	<b>19</b>	<b>30</b>	<b>57.9%</b>
<b>Corporate planning and monitoring</b>															
Planning and management	-	-	-	-	-	-	-	-	-	261	403	54.4%	261	403	54.4%
Risk management	3	3	0.0%	-	-	-	-	-	-	-	-	-	3	3	0.0%
<b>Total corporate planning and monitoring</b>	<b>3</b>	<b>3</b>	<b>0.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>403</b>	<b>54.4%</b>	<b>264</b>	<b>406</b>	<b>53.8%</b>
<b>Governance and evaluation</b>															
Governance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Evaluation	-	-	-	-	-	-	-	-	-	17	10	(41.2)%	17	10	(41.2)%
<b>Total governance and evaluation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>10</b>	<b>(41.2)%</b>	<b>17</b>	<b>10</b>	<b>(41.2)%</b>
<b>Grand Total</b>	<b>204</b>	<b>248</b>	<b>21.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>120</b>	<b>33.3%</b>	<b>38 085</b>	<b>41 616</b>	<b>9.3%</b>	<b>38 379</b>	<b>41 983</b>	<b>9.4%</b>

## 2009 Programme Development Financing Facility by expense

(Thousands of United States dollars)

	Office of the President and the Vice-President (OPV)			External Affairs Department (EAD)			Finance and Administration Department (FAD)			Programme Management Department (PMD)			Total		
	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)	2008	2009	Increase (decrease)
Administrative costs <sup>a</sup>	-	-	-	-	-	-	-	-	-	501	219	(56.4)%	501	219	(56.3)%
Consultancy services	-	-	-	-	-	-	-	-	-	20 502	23 127	12.8%	20 502	23 127	12.8%
Cooperating institutions	-	-	-	-	-	-	-	-	-	5 830	2 496	(57.2)%	5 830	2 496	(57.2)%
Facility management	-	-	-	-	-	-	-	-	-	124	209	68.5%	124	209	68.5%
Information technology services	-	-	-	-	-	-	-	-	-	5	10	100.0%	5	10	100.0%
Interpreters and translators	-	-	-	-	-	-	-	-	-	14	34	142.9%	14	34	142.9%
Staff costs	153	161	5.2%	-	-	-	-	-	-	7 975	10 046	26.0%	8 128	10 207	25.6%
Training	-	-	-	-	-	-	-	-	-	-	34	-	-	34	-
Travel costs	51	87	70.6%	-	-	-	90	120	33.3%	3 142	5 440	73.6%	3 275	5 647	72.4%
<b>Total</b>	<b>204</b>	<b>248</b>	<b>21.6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>120</b>	<b>33.3%</b>	<b>38 085</b>	<b>41 615</b>	<b>9.3%</b>	<b>38 379</b>	<b>41 983</b>	<b>9.4%</b>

<sup>a</sup> Administrative costs consist of hospitality, printing and equipment rent, annual report and publications, library books and periodicals, mailing, courier and pouch services, telephone, telecommunication, auditors' fees and expenses, storage services, office and building supplies, rent of conference and conference set up facility, building refurbishment, and contributions to United Nations committees.

## Administrative efficiencies

1. The purpose of this annex is to provide examples of improved administrative efficiencies within IFAD. This is best demonstrated by the reduction in staff numbers in the two support departments, while the programme of work and other initiatives have been increasing. The number of staff FTEs in EAD and FAD proposed for 2009 is 3 per cent and 6 per cent less respectively, than for 2007 (see table 1). The combination of increased workload and reduced staffing has been achieved on the basis of a wide variety of adjustments in processes in the non-operational departments, examples of which are presented below.

Table 1

### Staff reduction in FAD and EAD, 2007-2009

<i>Department</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>Percentage decrease 2007-2009</i>
EAD full-time equivalents	111.9	107.80	108.4	3%
FAD full-time equivalents	146.3	142.08	137.6	6%

2. In EAD, increased efficiency improvements in the Office of the Secretary have produced a 21 per cent saving of the administrative budget allocated to interpreters and translators.

Table 2

### Budget allocation for interpreters and translators, 2007-2009

(Thousands of United States dollars)

	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>Percentage decrease 2007-2009</i>
Interpreters and translators	1 501	1 245	1 188	21%

3. In FAD, efficiency gains have been achieved in the cash management unit of the Treasury Division through maximization of available in-house resources and improving use of internal and external systems. Payment processes were reorganized enabling the same number of staff to process a 20 per cent increase in the volume of transactions in (January-May 2008), an increase resulting largely from the internalization of direct supervision.
4. The implementation of new payroll processes using SWIFT resulted in a 90 per cent reduction in bank charges, while new banking relationships have resulted in United States dollar bank charges being reduced by 66 per cent and euro bank charges being reduced by 100 per cent. Cost containment has not been at the expense of effectiveness: even with the increased workload the loan administration unit was able to decrease the average processing time per payment by nearly seven days.
5. At the same time as managing various aspects of IFAD's relocation to the new headquarters, the facility management unit coped with a 10 per cent increase in workload. In 2007 over 5,300 issues were reported through the call centre. Field security activities brought an additional 24-30 per cent workload to the Security Section. This was absorbed with the same staffing level as 2006, by optimizing certain work processes such as: insourcing of the duty officer's function; connecting the badge reader system to the HR data base, giving the Human Resources Division and the Privileges and Visas Section direct access to the staff photo database; simplifying the treatment of theft/damage of property and parking permits; arranging to have security guards on loan from the World Food Programme; and reorganizing outsourced security personnel's service in view of a more efficient surveillance of IFAD premises.

## Staffing tables

### 2009 staff levels – Administrative budget – Total staff<sup>a</sup> (Expressed in full-time equivalents)

Department <sup>b</sup>	2008					2009				
	Continuing and fixed-term staff				Total 2008	Continuing and fixed-term				Total 2009
	Prof. and higher	General Service	Total continuing and fixed- term staff	Short- term staff		Prof. and higher	General Service	Total continuing and fixed- term staff	Short- term staff	
<b>External Affairs Department (EAD)</b>										
Office of the Assistant President	5.0	2.0	7.0	-	7.0	4.3	2.0	6.3	-	6.3
Communications Division	12.0	7.0	19.0	-	19.0	15.0	13.5	28.5	0.6	29.1
Policy Division	9.0	5.0	14.0	-	14.0	9.0	5.0	14.0	1.0	15.0
Office of the Secretary	16.0	38.8	54.8	8.9	63.7	15.0	31.6	46.6	7.4	54.0
North American Liaison Office	3.0	1.0	4.0	-	4.0	3.0	1.0	4.0	-	4.0
<b>Total EAD</b>	<b>45.0</b>	<b>53.8</b>	<b>98.8</b>	<b>8.9</b>	<b>107.7</b>	<b>46.3</b>	<b>53.1</b>	<b>99.3</b>	<b>9.0</b>	<b>108.4</b>
<b>Finance and Administration Department (FAD)</b>										
Office of the Assistant President	2.0	1.0	3.0	-	3.0	2.0	1.0	3.0	-	3.0
Financial Services Division	13.0	20.0	33.0	-	33.0	12.0	18.7	30.7	-	30.7
Strategic Planning and Budget Division	6.0	1.0	7.0	-	7.0	5.0	1.0	6.0	-	6.0
Treasury Division	7.0	6.0	13.0	-	13.0	7.0	5.0	12.0	-	12.0
Human Resources Division	7.0	10.0	17.0	2.0	19.0	8.4	11.0	19.4	-	19.4
Information Technology Division	14.0	16.0	30.0	-	30.0	14.0	13.0	27.0	-	27.0
Administrative Services Division	5.0	29.8	34.8	2.3	37.1	6.0	29.1	35.1	1.4	36.5
IFAD (corporate)	-	-	-	-	-	3.0	-	3.0	-	3.0
<b>Total FAD</b>	<b>54.0</b>	<b>83.8</b>	<b>137.8</b>	<b>4.3</b>	<b>142.1</b>	<b>57.4</b>	<b>78.8</b>	<b>136.2</b>	<b>1.4</b>	<b>137.6</b>
<b>Office of the President and the Vice-President (OPV)<sup>c</sup></b>										
Office of the President	2.0	3.0	5.0	-	5.0	2.0	2.0	4.0	-	4.0
Office of the Vice-President	1.0	2.0	3.0	-	3.0	1.0	2.0	3.0	-	3.0
Office of Audit and Oversight	5.0	3.0	8.0	-	8.0	5.0	2.5	7.5	-	7.5
Office of the General Counsel	8.1	6.8	14.9	-	14.9	8.0	6.8	14.8	-	14.8
<b>Total OPV</b>	<b>16.1</b>	<b>14.8</b>	<b>30.9</b>	<b>-</b>	<b>30.9</b>	<b>16.0</b>	<b>13.3</b>	<b>29.3</b>	<b>-</b>	<b>29.3</b>
<b>Programme Management Department (PMD)</b>										
Office of the Assistant President	7.0	3.0	10.0	-	10.0	7.0	2.0	9.0	-	9.0
Western and Central Africa Division	11.0	9.0	20.0	-	20.0	11.0	7.0	18.0	-	18.0
Eastern and Southern Africa Division	13.0	6.0	19.0	-	19.0	13.0	6.0	19.0	-	19.0
Asia and the Pacific Division	10.0	6.0	16.0	-	16.0	10.0	6.0	16.0	-	16.0
Latin America and the Caribbean Division	9.0	7.0	16.0	-	16.0	8.0	6.0	14.0	-	14.0
Near East and North Africa Division	8.0	6.0	14.0	-	14.0	8.0	5.0	13.0	-	13.0
Technical Advisory Division	8.2	6.0	14.2	-	14.2	8.0	5.8	13.8	-	13.8
Global Environment and Climate Change Unit	-	-	-	-	-	1.8	0.5	2.2	-	2.2
<b>Total PMD</b>	<b>66.2</b>	<b>43.0</b>	<b>109.2</b>	<b>-</b>	<b>109.2</b>	<b>66.8</b>	<b>38.2</b>	<b>105.0</b>	<b>-</b>	<b>105.0</b>
<b>Grand total</b>	<b>181.3</b>	<b>195.4</b>	<b>376.7</b>	<b>13.2</b>	<b>389.9</b>	<b>186.4</b>	<b>183.3</b>	<b>369.7</b>	<b>10.4</b>	<b>380.1</b>

<sup>a</sup> 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.

<sup>b</sup> The distribution of staff by department is indicative and subject to change as the staffing plans for 2009 are finalized.

<sup>c</sup> President and Vice-President are not included.

**2009 staff levels – PDFF – Total staff<sup>a</sup>**  
(Expressed in full-time equivalents)

	2008					2009				
	<i>Continuing and fixed-term staff</i>					<i>Continuing and fixed-term staff</i>				
	<i>Prof. and higher</i>	<i>General Service</i>	<i>Total continuing and fixed-term staff</i>	<i>Short-term staff</i>	<i>Total 2008</i>	<i>Prof. and higher</i>	<i>General Service</i>	<i>Total continuing and fixed-term</i>	<i>Short-term staff</i>	<i>Total 2009</i>
<b>Office of the President and the Vice-President (OPV)</b>	1.0	-	1.0	-	1.0	1.0	-	1.0	-	1.0
<b>Programme Management Department (PMD)</b>										
Office of the Assistant President	0.2	0.2	0.4	0.2	0.6	-	1.0	1.0	0.8	1.8
Western and Central Africa Division	4.2	4.4	8.6	-	8.6	5.2	6.0	11.2		11.2
Eastern and Southern Africa Division	5.2	5.2	10.4	1.0	11.4	6.5	5.0	11.5		11.5
Asia and the Pacific Division	6.7	5.0	11.7	-	11.7	8.5	4.0	12.5	4.0	16.5
Latin America and the Caribbean Division	8.9	0.2	9.1	-	9.1	9.0	1.0	10.0		10.0
Near East and North Africa Division	5.7	4.2	9.9	0.8	10.7	5.5	5.0	10.5	0.8	11.3
Technical Advisory Division	4.8	1.0	5.8	1.5	7.3	8.0	1.3	9.3	1.5	10.8
<b>Total PMD</b>	<b>35.7</b>	<b>20.2</b>	<b>55.9</b>	<b>3.5</b>	<b>59.4</b>	<b>42.7</b>	<b>23.3</b>	<b>66.0</b>	<b>7.0</b>	<b>73.0</b>
<b>Grand total</b>	<b>36.7</b>	<b>20.2</b>	<b>56.9</b>	<b>3.5</b>	<b>60.4</b>	<b>43.7</b>	<b>23.3</b>	<b>67.0</b>	<b>7.0</b>	<b>74.0</b>

<sup>a</sup> 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.

## **Proposal to conduct a peer review of IFAD's independent Office of Evaluation and IFAD's evaluation function**

### 1. Overall objective

The objective of the peer review (PR) is to assess the performance of IFAD's OE, including a review of the 2003 IFAD Evaluation Policy, which constitutes the framework within which OE operates. The PR will be undertaken to contribute to enhancing OE's performance and quality of work, as well as to improving IFAD's evaluation policy by bringing it into line with best practices and established international standards and principles.

### 2. **Scope of the PR**

- (a) Review of OE performance, including the quality of its evaluation products, methodology and processes;
- (b) Review of the relevant content and application of the current IFAD Evaluation Policy.

The review of the Evaluation Policy would require assessment of two other elements, which, together with OE, make up the evaluation system of IFAD:

- (c) Review of the self-evaluation maintained by IFAD Management, including its approaches and products such as the Results and Impact Management System (RIMS), country portfolio review, COSOP review, RIDE and PRISMA; and
- (d) As requested by the Board, review of the oversight functions of the Evaluation Committee with respect to both OE and the self-evaluation maintained by IFAD Management.

Finally the PR will be expected to produce a set of recommendations in relation to points 2(a) and 2(d) above.

### 3. **Governance**

- (a) The PR will be commissioned by the Executive Board, which will designate the role of main client for this exercise to the Evaluation Committee. The latter will discuss and approve the terms of reference for the PR and will consider the final PR report before its presentation to the Executive Board.
- (b) The PR will be conducted by the ECG of the multilateral development banks. The PR panel will consist of the heads of the evaluation offices of ECG members. As required, the panel will be supported by consultants to undertake detailed work. In view of IFAD's nature as both an international financial institution and a United Nations specialized agency, the director of the UNDP evaluation office, who is a permanent observer to the ECG, should also be a member of the panel.
- (c) The Chairpersons of the Evaluation Committee and the PR panel will form a peer review reference group to sort out ad hoc problems and issues during the PR. They will be supported by a dedicated staff from OE and from the self-evaluation function of IFAD Management.

### 4. **Timing**

The timing of the proposed PR will be determined in consultation with the ECG, which has been informed of IFAD's decision to conduct a PR. The proposed indicative timing for the various phases of the PR is as follows:



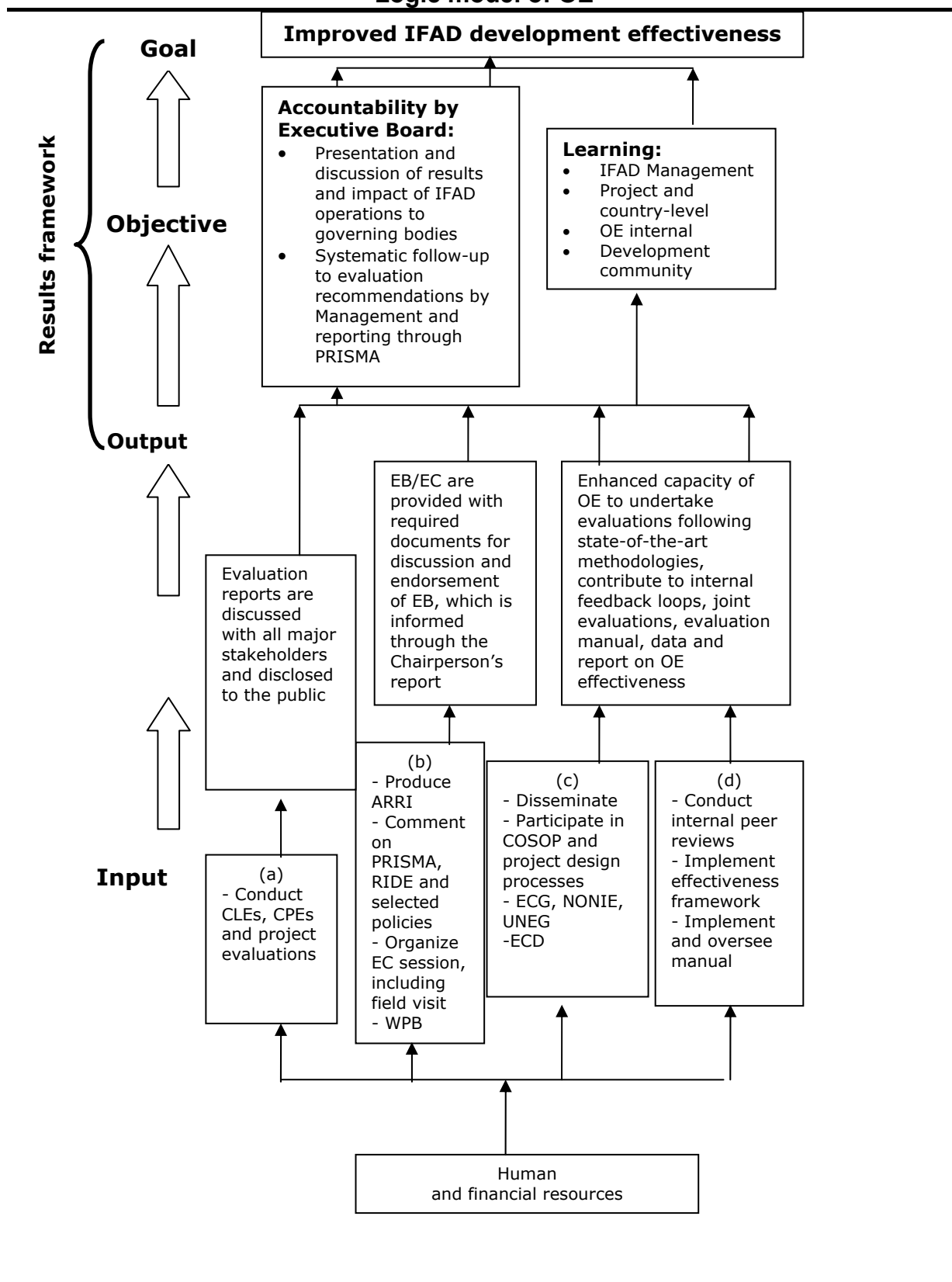
- (a) **Preparatory phase:** establishment of the PR panel, selection of consultants and preparation and approval of the terms of reference/approach paper for the PR: January–April 2009;
- (b) **Consultation phase:** preparation by the PR panel of the draft report, which provides an assessment of the evaluation function and sets forth the main conclusions and recommendations: May–November 2009;
- (c) **Assessment phase:** consideration by the Evaluation Committee and Executive Board of the final peer review report and its disclosure to the public on the IFAD and ECG websites: December 2009.

## 5. **Financing**

There are not many references for estimating the cost of such a PR. Based on the actual cost of the few available comparable exercises (e.g. the PR of the UNDP evaluation office in 2005), an amount of US\$300,000 would seem a realistic estimate of the cost involved in the IFAD PR. These costs will be financed by IFAD through a one-time below-the-line contribution in the 2009 OE budget.

## Framework for monitoring OE's effectiveness

### Logic model of OE



Note: EB: Executive Board; EC: Evaluation Committee; WPB: work programme and budget

## OE results measurement framework

<i>Results</i>	<i>Verifiable indicators</i>
Usefulness of evaluations	<ul style="list-style-type: none"> <li>• Evaluation recommendations adopted by IFAD Management and the government concerned, as captured in the agreement at completion point (ACP)</li> </ul>
	<ul style="list-style-type: none"> <li>• Senior independent advisers convey their full satisfaction with quality of evaluation process and content</li> </ul>
	<ul style="list-style-type: none"> <li>• Evaluation Committee and Executive Board express broad agreement with key evaluation findings and recommendations</li> </ul>
<b>Outputs – clustered by priority</b>	
(a) CLEs, CPEs and project evaluations	<ul style="list-style-type: none"> <li>• Evaluations completed against annual targets in accordance with work programme</li> </ul>
	<ul style="list-style-type: none"> <li>• Evaluation reports, Profiles and Insights issued within three months of established completion date (i.e. following signing of ACP)</li> </ul>
(b) Evaluation work required by Evaluation Policy and the terms of reference of the Evaluation Committee	<ul style="list-style-type: none"> <li>• Number of planned Evaluation Committee sessions and annual field visit held in accordance with work programme</li> </ul>
	<ul style="list-style-type: none"> <li>• ARRI report produced annually and discussed with Evaluation Committee and Executive Board, in accordance with established practice</li> </ul>
	<ul style="list-style-type: none"> <li>• Written comments prepared on PRISMA, RIDE and selected corporate policies and processes in a timely manner</li> </ul>
(c) Evaluation outreach and partnerships	<ul style="list-style-type: none"> <li>• Evaluation reports, <i>Profiles</i> and <i>Insights</i> disseminated to internal and external audiences</li> </ul>
	<ul style="list-style-type: none"> <li>• Number of hits on the Evaluation section of the corporate website</li> </ul>
(d) OE methodology and effectiveness	<ul style="list-style-type: none"> <li>• Evaluations conducted with internal peer reviews and higher-plane evaluations with senior independent advisers</li> </ul>
	<ul style="list-style-type: none"> <li>• Evaluations in full compliance with Evaluation Policy</li> </ul>

## OE's roles in ECG, UNEG and NONIE

### Evaluation Cooperation Group

1. The ECG of the multilateral development banks was established in 1996 to:
  - (i) strengthen the use of evaluation for greater effectiveness and accountability;
  - (ii) share lessons from evaluations and contribute to their dissemination;
  - (iii) harmonize performance indicators and evaluation methodologies and approaches;
  - (iv) enhance evaluation professionalism within the multilateral development banks and collaborate with the heads of evaluation units of bilateral and multilateral development organizations; and
  - (v) facilitate the involvement of borrowing member countries in evaluation and build their evaluation capacity.
 The ECG is focusing now on the following four priority areas of work: (i) country programme and country assistance evaluation methodology; (ii) policy-based-lending evaluation methodology; (iii) evaluation capacity development in developing member countries; and (iv) role refinement of independent versus self-evaluation. In addition to these priorities, ECG members will also devote greater attention to issues of comparative evaluation governance, disclosure, attestation and evaluability, regional and global public goods, annual reporting and joint evaluations. The ECG has seven members and five permanent observers, including IFAD. The current members are AfDB, AsDB, the European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank, International Monetary Fund and World Bank. The observers are the Council of Europe Development Bank, IFAD, the Islamic Development Bank, the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC) and UNEG represented by UNDP. The current chairperson is the director of the Operations Evaluation Department of AfDB. AsDB hosts the secretariat at present, and the ECG meets biannually. Given its recent admission as observer in April of this year, OE has not contributed in the past to any working groups of the ECG. However, among other issues, the ECG offers ample opportunities in the future for OE to: learn from the evaluation methodologies applied by multilateral development banks; build on the ECG's work in evaluation capacity development, which is an area of increasing interest to OE; and identify more easily possibilities for joint evaluations in agriculture and rural development with international financial institutions.

### United Nations Evaluation Group

2. UNEG, established in 1984, is a professional network that brings together the heads of units responsible for evaluation in the United Nations system, including the specialized agencies, funds, programmes and affiliated organizations. OE has always been a full member of UNEG, which aims to strengthen the objectivity, effectiveness and visibility of the evaluation function across the United Nations system and to advocate the importance of evaluation in learning, decision-making and accountability. UNEG provides a forum for members to share experiences and information, discuss the latest evaluation issues and promote simplification and harmonization of reporting practices. It currently has 43 members. In recent years, OE has been a core contributor to the work of five UNEG task forces on:
  - (i) development of a United Nations system-wide independent evaluation mechanism;
  - (ii) evaluation of the One United Nations Pilot Initiative, for which a study in the eight pilot countries has recently been concluded;
  - (iii) country-level evaluations;
  - (iv) impact evaluation methodologies; and
  - (v) evaluation of the Paris Declaration on Aid Effectiveness.
 The current UNEG chairperson is the director of the Evaluation Office of UNDP, which also hosts its secretariat. UNEG meets once a year for its Annual General Meeting. OE has contributed to the final reports on the independent evaluation mechanism, which was distributed at the Evaluation Committee session on 3 October, and the evaluation of the Paris Declaration distributed at the Evaluation Committee session on 5 September. In addition, OE is

contributing to the One United Nations Pilot Initiative study, which will be made available in the near future, once the process is completed.

**Network of Networks on Impact Evaluation**

3. NONIE, established in 2006, comprises the DAC Network on Development Evaluation, UNEG, the ECG and a fourth network drawn from the regional evaluation associations. OE has been a member since its establishment. NONIE's purpose is to foster a programme of impact evaluation activities based on a common understanding of the meaning of 'impact evaluation' and of approaches to conducting impact evaluation. The aim is to: (i) build an international collaborative research effort in high-quality, useful impact evaluations as a means to improving development effectiveness; and (ii) provide its members with opportunities for learning, collaboration, guidance and support, leading to the commissioning and carrying out of impact evaluations. NONIE's membership also includes developing country participants, who bring important perspectives on these issues. OE's participation includes the exchange of experiences and lessons learned on approaches and methods for undertaking rigorous impact evaluations. OE contributed to NONIE's Impact Evaluation Guidance, a copy of which was distributed at the Evaluation Committee session on 3 October. The current chairperson is the head of evaluation at the Department for International Development (United Kingdom). The World Bank's Independent Evaluation Group hosts the secretariat, and NONIE organizes one to two meetings annually.

## OE achievements in relation to planned priorities and activities in 2008

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
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 agriculture 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, some of whom are also closely involved in the innovation evaluation
	2. Country programme evaluations	Argentina	To start in November 2008	Undertaken as scheduled
		Ethiopia	To be completed in May 2008	Completed
		India	To start in November 2008	Undertaken as scheduled
		Mozambique	To start in June 2008	Undertaken as scheduled
		Niger	To start in November 2008	Undertaken as scheduled
		Nigeria	To be completed in October 2008	Completed
		Pakistan	To be completed in March 2008	Completed
		Sudan	To be completed in December 2008	Will be completed at the beginning of 2009
	3. Project evaluations 3.1. Interim evaluations	China: Qinling Mountain Area Poverty-Alleviation Project	To be completed in October 2008	This evaluation was introduced upon its approval by the Board in April 2008 as a replacement for the Wulin Mountains Minority-Areas Development Project. As such, it will be completed by the end of 2008
		Guatemala: Rural Development Programme for Las Verapaces	To be completed in October 2008	Completed
		Democratic People's Republic of Korea: Uplands Food Security Project	To be completed in October 2008	Completed

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
		Mauritania: Poverty Reduction Project in Aftout South and Karakoro	To be completed in August 2008	This project evaluation was introduced to replace a planned project evaluation in Côte d'Ivoire. Due to the coup d'état in August, the preparatory mission was cut short, and the evaluation will be completed early next year
	3.2. Completion evaluations	Argentina: Rural Development Project for the North-Eastern Provinces (PRODERNEA)	To be completed in August 2008	Completed
		Madagascar: Upper Mandrare Basin Development Project – Phase II	To be completed in October 2008	Completed
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
		Review of implementation of the work programme and budget 2008 and preparation of a three-year rolling work programme and budget for 2009	To be completed by December 2008	Completed
		Annual Report on Results and Impact of IFAD Operations (ARRI) evaluated in 2007	To be completed by December 2008	Completed
		OE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed by July 2007	Completed
		OE comments on the Portfolio Performance Report (PPR)	To be completed by December 2008	Completed (as part of the RIDE)
		OE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed by December 2008	Completed
		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 in 2008
		Four regular sessions and additional ad hoc sessions of the Evaluation Committee	To be completed by December 2008	Completed. An additional informal session was held on 5 December to discuss the new OE evaluation manual

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
Priority C: Evaluation outreach and partnerships	5. Communication activities	Evaluation reports, <i>Profiles, Insights</i> , OE website, etc.	January-December 2008	Completed
	6. Partnerships	ECG, NONIE and UNEG	January-December 2008	Completed
		Evaluation, with UNEG, of the implementation of the Paris Declaration on Aid Effectiveness	June 2007-December 2009	Completed
		Evaluation, with UNEG, of the One United Nations Pilot Initiative	September 2007-December 2011	Undertaken as scheduled
	7. Quality enhancement, quality assurance and OSCs	Participate in selected quality enhancement and quality assurance activities. Attend all OSCs that discuss corporate policies and strategies, COSOPs, and projects evaluated by OE being considered for a follow-up phase	January-December 2008	Completed
Priority D: Evaluation methodology development	8. Methodological work	Proposal to enhance OE effectiveness and quality of its work	January-December 2008	Completed
		Evaluation manual, including enhanced methodologies and processes	January-June 2008	Completed
		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 2009 budget and human resources proposal

Table 1  
**2009 OE evaluation budget**  
(In United States dollars)

	2005 budget <sup>a</sup>	2006 budget <sup>a</sup>	2007 budget <sup>a</sup>	2008 budget <sup>b</sup>	2008 budget <sup>c</sup>	Proposed 2009 budget			
						3 per cent inflation <sup>d</sup>	Staff cost increase (International Civil Service Commission <sup>e</sup> )	Real increase	Total 2009 budget
Evaluation work									
Non-staff cost	2 600 000	2 684 000	2 990 565	2 495 040	2 465 565	73 967	-	156 468	2 696 000
Evaluation work									
Staff cost	2 206 000	2 221 000	2 835 130	2 973 505	2 777 012	-	185 543	195 295	3 157 851
<b>Total</b>	<b>4 806 000</b>	<b>4 905 000</b>	<b>5 825 695</b>	<b>5 468 545</b>	<b>5 242 577</b>	<b>73 967</b>	<b>185 543</b>	<b>351 763</b>	<b>5 853 851</b>

One-time cost for external peer review of OE in 2009	300 000
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<sup>a</sup> Restated budget – 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.

<sup>b</sup> As approved by thirty-first session of the Governing Council.

<sup>c</sup> Restated at 0.79 EUR/US\$.

<sup>d</sup> As for the rest of IFAD.

<sup>e</sup> As conveyed by the Strategic Planning and Budget Division, based on International Civil Service Commission data.

Table 2  
**OE human resource requirements in 2009**  
(Number)

2005 level	2006 level	2007 level	2008 level	2009		
				Professional staff	General service staff	Total
18	18	20	18.5	11	8.5	19.5

## OE work programme for 2009

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Start date</i>	<i>Expected finish</i>
Priority A: Selected corporate-level, regional strategy, country programme, and project evaluations	1. Corporate-level evaluations	Joint evaluation with AfDB agriculture and rural development policies and operations in Africa	Jan-07	Jun-09
		IFAD's capacity to promote pro-poor replicable innovations	Jun-08	Dec-09
		Approaches and results in promoting gender equity and women's empowerment in IFAD operations	Oct-09	Dec-10
	2. Country programme evaluations	Argentina, PL	Nov-08	Dec-09
		China, PI	Nov-09	Dec-10
		Haiti, PL	Nov-09	Dec-10
		India, PI	Nov-08	Dec-09
		Kenya, PF	Nov-09	Dec-10
		Mozambique, PF	Jun-08	Sep-09
		Niger, PA	Nov-08	Dec-09
		Sudan, PN	Nov-07	Mar-09
		Yemen, PN	Nov-09	Dec-10
	3. Project evaluations 3.1 Interim evaluations	Ethiopia: Rural Financial Intermediation Programme	Jan-09	Aug-09
		Uganda: Vegetable Oil Development Project	Jan-09	Aug-09
	3.2 Completion evaluations	Benin: Roots and Tubers Development Programme	Jan-09	Aug-09
		China: West Guangxi Poverty-Alleviation Project	Jan-09	Aug-09
Dominican Republic: South Western Region Small Farmers Project – Phase II		Jan-09	Aug-09	
Yemen: Raymah Area Development Project		Jan-09	Aug-09	

Priority area	Type of work	Evaluation activities	Start date	Expected finish
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 (specific date to be decided by the Evaluation Committee in December 2008)	Jan-09	Dec-09
		Review of the implementation of the three-year rolling work programme and budget 2009-2011 and preparation of the three-year rolling work programme and budget 2010-2012	Jan-09	Dec-09
		Seventh Annual Report on Results and Impact of IFAD Operations (ARRI)	Jan-09	Dec-09
		OE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	Jun-09	Sep-09
		OE comments on the Report on IFAD's Development Effectiveness (RIDE)	Oct-09	Dec-09
		OE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	Jan-09	Dec-09
		Implementing of four regular sessions and additional ad hoc sessions, according to the revised terms of reference and rules of procedure of the Evaluation Committee	Jan-09	Dec-09
Priority C: Evaluation outreach and partnerships	5. Communication activities	Evaluation reports, <i>Profiles</i> , <i>Insights</i> , OE website, etc.	Jan-09	Dec-09
	6. Partnerships	ECG, NONIE and UNEG	Jan-09	Dec-09
	7. Quality enhancement and OSCs required	Participate in selected quality enhancement processes. Attend all OSCs that discuss corporate policies and strategies, COSOPs, and projects evaluated by OE being considered for a follow-up phase	Jan-09	Dec-09
	8. Evaluation capacity development	Development of an approach for evaluation capacity development in partner countries	Jan-09	Dec-09
Priority D: Evaluation methodology and effectiveness of OE	9. Methodological work	External peer review of OE, including the Evaluation Policy by ECG	Jan-09	Dec-09
		Improvement of M&E systems in IFAD operations	Jan-09	Dec-09
		Quality assurance and supervision of methodology application	Jan-09	Dec-09
		Implementation of the results measurement matrix for monitoring and strengthening the effectiveness and quality of OE's work, including reporting to the Evaluation Committee and Executive Board	Jan-09	Dec-09
		OE internal peer reviews of all evaluations	Jan-09	Dec-09

Note: PA: Western and Central Africa Division; PF: Eastern and Southern Africa Division; PI: Asia and the Pacific Division; PL: Latin America and the Caribbean Division; PN: Near East and North Africa Division

## OE provisional work programme for 2010-2011

<i>Priority area</i>	<i>Type of work</i>	<i>Evaluation activities</i>	<i>Start date</i>	<i>Expected finish</i>
Priority A: Selected corporate-level, regional strategy, country programme, and project evaluations	1. Corporate-level evaluations	Joint evaluation with the Inter-American Development Bank on agriculture and rural development policies and operations in the Latin America and the Caribbean region	To be decided	To be decided
		IFAD's private-sector development and partnership strategy	Nov-10	Dec-11
		IFAD's policy dialogue approaches	Nov-11	Dec-12
	2. Thematic evaluations	Evaluation of a portfolio of projects and programmes on Small Island Developing States or emergency responses in the Asia and the Pacific region	Jan-11	Dec-11
	3. Country programme evaluations	Ghana, PA	Nov-10	Dec-11
		Madagascar, PF	Nov-10	Dec-11
		Viet Nam, PI	Nov-10	Dec-11
	4. Project evaluations 4.1. Interim evaluations	Mozambique: Sofala Bank Artisanal Fisheries Project	Jan-10	Aug-10
		Rwanda: Smallholder Cash and Export Crops Development Project	Jan-11	Aug-11
	4.2. Completion evaluations	Azerbaijan: Rural Development Programme for Mountainous and Highland Areas	Jan-10	Aug-10
		Egypt: Sohag Rural Development Project	Jan-11	Aug-11
		Ghana: Rural Financial Services Project	Jan-10	Aug-10
		Haiti: Food Crops Intensification Project – Phase II	Jan-10	Aug-10
		Kenya: Central Kenya Dry Area Smallholder and Community Services Development Project	Jan-10	Aug-10
		Lao People's Democratic Republic: Oudomxai Community Initiatives Support Project	Jan-10	Aug-10
		Madagascar: North-East Agricultural Improvement and Development Project	Jan-11	Aug-11
		Peru: Market Strengthening and Livelihood Diversification in the Southern Highlands Project	Jan-11	Aug-11
Senegal: Village Management and Development Project	Jan-11	Aug-11		

Priority area	Type of work	Evaluation activities	Start date	Expected finish
Priority B: Specific evaluation work required by the Evaluation Policy and the terms of reference of the Evaluation Committee	5. Evaluation Committee and Executive Board	Field visits of the Evaluation Committee (one each year, specific dates to be decided by the Evaluation Committee in December of the preceding year)	Jan-10	Dec-11
		Review of implementation of the three-year rolling work programme and budget 2010-2012; 2011-2013 and preparation of the three-year rolling work programme and budget 2011-2013; 2012-2014	Jan-10	Dec-11
		Eighth and Ninth Annual Reports on Results and Impact of IFAD Operations (ARRI) (one report each year)	Jan-10	Dec-11
		OE comments on the President's Reports on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA) (one report each year)	Jun-10 Jun-11	Sep-10 Sep-11
		OE comments on the Reports on IFAD's Development Effectiveness (RIDE) (one report each year)	Oct-10 Oct-11	Dec-10 Dec-11
		OE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	Jan-10	Dec-11
		Implementing of four regular sessions each year and additional ad hoc sessions, according to the revised terms of reference and rules of procedure of the Evaluation Committee	Jan-10	Dec-11
Priority C: Evaluation outreach and partnerships	6. Communication activities	Evaluation reports, <i>Profiles</i> , <i>Insights</i> , OE website, etc.	Jan-10	Dec-11
	7. Partnerships	ECG, NONIE and UNEG	Jan-10	Dec-11
	8. Quality enhancement and OSCs required	Participate in selected quality enhancement processes. Attend all OSCs that discuss corporate policies and strategies, COSOPs, and projects evaluated by OE being considered for a follow-up phase	Jan-10	Dec-11
	9. Evaluation capacity development	Implementation of activities in developing countries related to ECD	Jan-10	Dec-11
Priority D: Evaluation methodology and effectiveness of OE	10. Methodological work	Quality assurance and supervision of methodology application	Jan-10	Dec-11
		Implementation of the results measurement matrix for monitoring and strengthening the effectiveness and quality of OE's work, including reporting to the Evaluation Committee and Executive Board	Jan-10	Dec-11
		OE internal peer reviews of all evaluations	Jan-10	Dec-11

Note: PA: Western and Central Africa Division; PF: Eastern and Southern Africa Division; PI: Asia and the Pacific Division

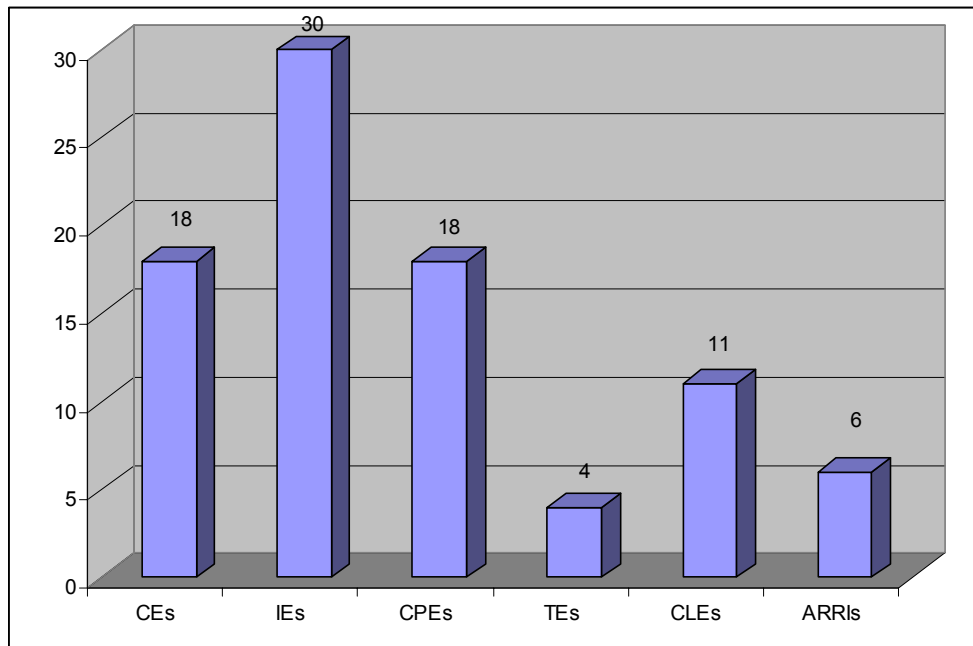
## Key features of country programmes and projects to be evaluated in 2009

<i>Country programme evaluations</i>	<i>Key programme features</i>
Argentina	5 projects (2 ongoing, 1 not signed), IFAD loan amount US\$84 million, total portfolio costs US\$158 million, latest COSOP approved in 2004
China	21 projects (4 ongoing, 1 not effective), IFAD loan amount US\$528 million, total portfolio costs US\$1.39 billion, latest COSOP approved in 2005
Haiti	7 projects (2 ongoing, 1 not effective), IFAD loan amount US\$84 million, total portfolio costs US\$153 million, latest COSOP approved in 1999
India	22 projects (6 ongoing, 2 not signed), IFAD loan amount US\$595 million, total portfolio costs US\$1.74 billion, latest COSOP approved in 2005
Kenya	14 projects (5 ongoing), IFAD loan amount US\$179 million, total portfolio costs US\$385 million, latest COSOP approved in 2007
Mozambique	9 projects (3 ongoing), IFAD loan amount US\$144 million, total portfolio costs US\$246 million, latest COSOP approved in 2004
Niger	7 projects (2 ongoing), IFAD loan amount US\$95 million, total portfolio costs US\$174 million, latest COSOP approved in 2006
Yemen	19 projects (4 ongoing, 1 not effective), IFAD loan amount US\$191 million, total portfolio costs US\$594 million, latest COSOP approved in 2007
<i>Country and project name: Interim evaluations</i>	<i>Project objectives</i>
Ethiopia: Rural Financial Intermediation Programme	The programme aims at alleviating rural poverty through a sustained increase in agricultural production, productivity and family incomes. Its primary objectives are to enhance outreach and financial deepening by MFIs through institutional development and through the provision of equity and credit funds; develop a community banking framework by promoting the establishment of grass-roots, people-owned and -managed rural financial cooperatives; promote linkages between the rural financial network and the Ethiopian banking system; and improve the regulation and supervision of MFIs and rural savings and credit cooperative organizations and unions, including their self-regulatory processes. Total project cost: US\$88.7 million; IFAD loan: US\$25.7 million.
Uganda: Vegetable Oil Development Project	The main thrust of the project is to increase cash income among smallholders by revitalizing and increasing domestic vegetable oil production. More specifically, the project will: (i) develop an oil palm industry, chiefly promoting partnership between smallholder growers and private sector processors, with the Government of Uganda and IFAD playing catalytic roles; (ii) introduce industrial-sized mills that are energy-efficient and of high environmental standards for the efficient and cost-effective processing of fresh-fruit bunches; (iii) develop with NGO support the potential for smallholder vegetable oil and other arable oilseed production and processing; (iv) catalyze and support the development of smallholder-produced raw material base and know-how for the subsequent commercial extraction of essential oils; and (v) support government efforts to establish a consultative body (Vegetable Oil Development Council) to facilitate the interaction among farmers, trade associations, processors, financial institutions, NGOs and other principal actors involved in shaping of the development of the vegetable oil subsector. Total project cost: US\$60 million; IFAD loan: US\$20 million.

<i>Country and project name: Completion evaluations</i>	<i>Project objectives</i>
Benin: Roots and Tubers Development Programme	The programme's overall development goal is to help alleviate poverty through sustainable increases in the cash incomes of poor and/or vulnerable rural households by enhancing productivity at all stages of roots and tubers production, from farming to marketing. This objective is in line with the highest priorities of the Government and has high operational priority for IFAD and the donor community with which the programme will establish close collaboration. The programme's specific objectives are to: (i) raise the productivity of roots and tubers growing by smallholder farmers, using environmentally sound and sustainable practices, including improved and resistant roots and tubers varieties, integrated pest management and improved soil fertility methods; (ii) remove a major bottleneck to production increases by boosting the output of local women's processing groups and encouraging them to form marketing associations with other village-based groups; and (iii) strengthen local capability to analyse and resolve constraints related to roots and tubers development. Total project cost: US\$19.3 million; IFAD loan: US\$13.1 million.
China: West Guangxi Poverty-Alleviation Project	The goal of the project is to achieve sustainable and equitable poverty eradication for 240,000 vulnerable rural households living in an environment with degraded natural resources. The objective is to achieve a sustainable increase in productive capacity, both on- and off-farm, and to offer increased access to economic and social resources, including financial services, education, health and social networks. Total project cost: US\$107.3 million; IFAD loan: US\$30.4 million.
Dominican Republic: South Western Region Small Farmers Project – Phase II	The overall objective of the project is to improve the incomes and living conditions of the rural poor and alleviate extreme poverty. Specific objectives are to: (i) create and improve income-generating opportunities in agricultural and non-agricultural production; (ii) improve access by family members to local financial resources for investments and capital resources for agricultural and microenterprise initiatives; (iii) improve the area's social and productive infrastructure, roads and market channels; and (iv) strengthen the ability of local organizations and NGOs to provide communities with social and productive services. Total project cost: US\$17.6 million; IFAD loan: US\$12 million.
Yemen: Raymah Area Development Project	Project objectives are twofold: (i) to improve living conditions in Raymah through the provision of sustainable rural infrastructure and services and the setting-up of strong community organizations able to express community demands and aspirations; and (ii) to increase rural incomes on a sustainable basis by improving the productivity of smallholdings. Total project cost: US\$17.02 million; IFAD loan US\$12.11 million

## Independent evaluations (2003-2008)

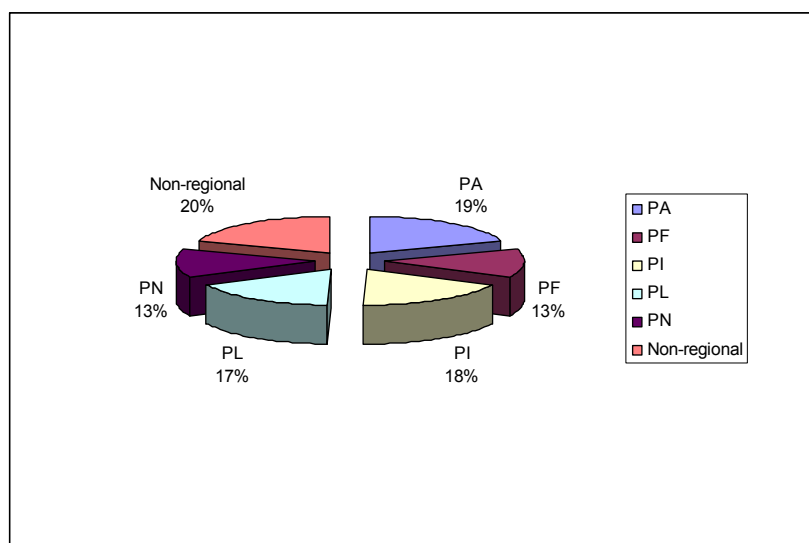
Number of evaluations by type (2003-2008)



**Legend**

- CEs Completion evaluations
- IEs Interim evaluations
- CPEs Country programme evaluations
- TEs Thematic evaluations
- CLEs Corporate-level evaluations
- ARRIs Annual Reports on Results and Impact of IFAD Operations

Distribution of evaluations by region (2003-2008)



**Legend**

- PA Western and Central Africa Division
- PF Eastern and Southern Africa Division
- PI Asia and the Pacific Division
- PL Latin American and the Caribbean Division
- PN Near East and North Africa Division



## OE's proposed involvement in evaluation capacity development

1. ECD entails the strengthening of evaluation systems, including methodologies and processes, as well as the development of human resources in borrowing countries, so that evaluation is regularly conducted and utilized by the countries themselves.
2. Although OE has been involved in some such activities in the past, these have not been conducted under the banner of ECD. For example, the development by the division of the IFAD-wide Guide for Project-Level M&E Systems in 2002 is one example of an activity intended to promote ECD. Similarly, back in 1997, OE developed the IFAD grant-funded Programme for Strengthening the Regional Capacity for Monitoring and Evaluation of IFAD's Rural Poverty Alleviation Projects in Latin America and the Caribbean (PREVAL), which contributed to the development of evaluation capacity in partner countries with a view to enhancing the impact of IFAD-financed operations. The proactive mobilization of national consultants and involvement of local NGOs, universities and research centres during independent evaluations have also contributed to ECD. Finally, OE has facilitated the participation of representatives from developing countries involved in evaluating agriculture and rural sector programmes in international and regional conferences and workshops on evaluation.<sup>1</sup>
3. In recent years, a number of country authorities (e.g., China, India and the Philippines) have approached OE for support in building their national evaluation systems. The Evaluation Committee has been briefed on such requests and agreed, during its October 2008 session, that OE would gradually widen its contribution to ECD in the agriculture and rural sectors. In the meantime, the Committee asked OE to provide additional information on some of the potential elements of OE's efforts in this respect.
4. The range of possible activities for involvement by OE embraces: (i) mapping the various ECD efforts of other development organizations and defining their needs for ECD in the agriculture and rural sectors to identify areas in which IFAD could take the lead; (ii) assessing the impact of PREVAL – now under implementation for several years – to identify lessons for future efforts in promoting ECD in the Latin America and Caribbean region; (iii) reviewing and identifying the means to generate demand for M&E in developing countries, which is a critical success factor also identified by this year's ARRI; and (iv) implementing two specific measures, namely to organize dedicated workshops in China and India to brief relevant stakeholders comprehensively on OE's evaluation methodology and processes, and to assess the viability of OE's involvement in key development evaluation training programmes, such as the International Program for Development Evaluation Training,<sup>2</sup> the Shanghai International Program for Development Evaluation Training (SHIPDET)<sup>3</sup> and the UNEG training programmes.
5. The experiences in 2009 will be analysed and, thereafter, OE will prepare a short concept note detailing its approach for ECD.

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<sup>1</sup> For example, OE recently supported the participation of several developing country representatives in the annual European Evaluation Society conference.

<sup>2</sup> An executive training programme in development evaluation jointly organized by the Independent Evaluation Group of the World Bank and Carleton University (Canada).

<sup>3</sup> SHIPDET was jointly launched by the Ministry of Finance of China, the World Bank Group, the Asian Development Bank and the Asia-Pacific Finance and Development Center.