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Enabling poor rural people  
to overcome poverty

## **IFAD's 2012 results-based programme of work and administrative and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014**

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Governing Council — Thirty-fifth Session  
Rome, 22-23 February 2012

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**For: Approval**

## **IFAD's 2012 results-based programme of work and administrative and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014**

1. The attached document sets forth IFAD's 2012 results-based programme of work and administrative and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014. In accordance with article 6, section 10, of the Agreement Establishing IFAD and regulation VI of the Financial Regulations of IFAD, and on the recommendation of the Executive Board, the administrative and capital budgets of IFAD and the administrative budget of the IFAD Office of Evaluation are transmitted to the Governing Council for approval.
2. The programme of work for 2012 was approved by the Executive Board at its 104<sup>th</sup> session. A level of SDR 739 million (US\$1,155 million) in nominal terms was approved for planning purposes, subject to a review of the resources available for commitment during the course of 2012.
3. The Executive Board reviewed the proposed administrative budget and capital budget of IFAD and the administrative budget of the Independent Office of Evaluation of IFAD for 2012 and recommended that they be transmitted to the Governing Council for approval.
4. Accordingly, it is recommended that the Governing Council adopt the attached draft resolution, approving the 2012 administrative and capital budgets of IFAD and the administrative budget of the Independent Office of Evaluation of IFAD in the amounts indicated.

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## **IFAD's 2012 results-based programme of work and administrative and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014**

### **Note to Executive Board representatives**

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 Rome, 12-14 December 2011

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**For: Approval**

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## **Abbreviations and acronyms**

FTE	full-time equivalent
ICT	information and communications technology
IFAD8	Consultation on the Eighth Replenishment of IFAD's Resources
IFAD9	Consultation on the Ninth Replenishment of IFAD's Resources
LGS	Loans and Grants System
MTP	Medium-term Plan
RIDE	Report on IFAD's Development Effectiveness

## Executive summary

5. The Eighth Replenishment of IFAD's Resources (2010-2012) provided IFAD with the mandate to increase its operational programme by 50 per cent, while maintaining a strong focus on achieving the targets set out in its Results Measurement Framework. In this final year of the Eighth Replenishment period, IFAD is proposing an annual programme of work that will ensure that the mandated increase is successfully attained. The achievement of this increase in the core programme of work, coupled with a growing level of cofinancing, will provide a significant boost to IFAD's contribution to the achievement of the first Millennium Development Goal by 2015.
6. In terms of planning for the successful attainment of its strategic objectives of reducing rural poverty and enhancing food security, the IFAD Strategic Framework sets out the Fund's key strategic directions and terms of engagement for 2011-2015. The rolling Medium-term Plan (MTP) translates these strategic directions into activities and outputs. The annual budgeting process focuses on achieving the objectives set out in the rolling MTP 2011-2013 by ensuring that the allocation of resources in 2012 is consistent with MTP priorities.
7. In 2012, the Fund proposes to support approximately US\$1.80 billion in new commitments to smallholder development. These indicative commitments will include US\$1.15 billion in loans and grants from IFAD's resources, and approximately US\$0.65 billion in cofinancing directly managed and supervised by IFAD.
8. The total administrative budget proposed for 2012 is US\$144.14 million compared to the approved budget in 2011 of US\$140.59 million. This overall nominal increase of 2.5 per cent is consistent with the estimate provided in the high-level budget preview document.
9. The share of cluster 1 in the 2012 total administrative budget has increased from 61.4 per cent in 2011 to 61.8 per cent, with cluster 2 registering a slight increase, and clusters 3 and 4 showing a decline.
10. By limiting the overall nominal increase in the administrative budget to 2.5 per cent in spite of a significant increase in the programme of work, IFAD's efficiency ratio is projected to improve from 14 per cent to 12.5 per cent in 2012 (compared with the 2012 target of 13.5 per cent set in the Results Measurement Framework).
11. In accordance with regulation VII of the Financial Regulations of IFAD, medium-term budgetary projections on the basis of projected income flows to the Fund from all sources and projected operational plans and disbursements covering the same period have been provided in this document (see table 2). However, it should be noted that the amounts are indicative and are being provided for information purposes only.
12. Management is proposing a capital budget of US\$3.5 million for 2012, primarily to support IFAD's information technology needs and the security requirements for new country offices.
13. Table 1 below sets out, by cluster, the high-level summary of the final 2012 administrative budget proposal.

Table 1  
**Results and process matrix for results-based budgeting in IFAD and 2012 proposed budgets – administrative and other**

<i>Cluster</i>	<i>Outcome</i>	<i>Corporate management result (CMR)</i>	<i>Process</i>	<i>2012 proposed</i>
<i>Operational</i>				<i>US\$ million</i>
1	Effective national policy, harmonization, programming, institutional and investment frameworks for rural poverty reduction	CMR 1 – Better country programme management CMR 2 – Better project design (loans and grants) CMR 3 – Better supervision and implementation support	Country programme development and implementation	89.01
2	Supportive global resource mobilization and policy framework for rural poverty reduction	CMR 8 – Better inputs into global policy dialogue for rural poverty reduction CMR 10 – Increased mobilization of resources for rural poverty reduction	High-level policy dialogue, resource mobilization and strategic communication	10.45
<i>Institutional support</i>				
3	An effective and efficient management and institutional service platform at headquarters and in-country for achievement of operational results	CMR 4 – Better financial resource management CMR 5 – Better human resource management CMR 6 – Better results and risk management CMR 7 – Better administrative efficiency and an enabling work and information and communications technology (ICT) environment	Corporate management, reform and administration	32.50
4	Effective and efficient functioning of IFAD's governing bodies	CMR 9 – Effective and efficient platform for members' governance of IFAD	Support to Members' governance activities	10.08
<b>Total 2012 administrative budget proposed for clusters 1-4</b>				<b>142.04</b>
Corporate cost centre				2.10
<b>Total administrative budget proposed for 2012</b>				<b>144.14</b>
<b>Other budgets proposed for 2012:</b>				
2012 capital budget				3.50

Table 2

**Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)**

(Millions of United States dollars)

	<i>Actual 2010</i>	<i>Projected 2011</i>	<i>Projected 2012</i>	<i>Projected 2013</i>
Resource balance carried forward at start of year	2 597	2 523	2 273	2 023
<b>INFLOWS TO IFAD</b>				
Loan reflows	270	272	285	293
Investment income	79	36 <sup>a</sup>	43	60
Supplementary fund fees	6	6	5	5
<b>Subtotal INFLOWS TO IFAD</b>	<b>355</b>	<b>314</b>	<b>333</b>	<b>358</b>
<b>OUTFLOWS FROM IFAD</b>				
Administrative budget	(132)	(141)	(144)	(150)
Other administrative expenses <sup>b</sup>	(11)	(2)	-	-
Capital budget	(2)	(15)	(5)	(5)
Costs funded by supplementary fund fees	(6)	(6)	(5)	(5)
FX and intra-fund adjustments	(46)	-	-	-
<b>Subtotal OUTFLOWS FROM IFAD</b>	<b>(197)</b>	<b>(164)</b>	<b>(154)</b>	<b>(160)</b>
<b>NET INFLOWS/(OUTFLOWS) TO IFAD</b>	<b>158</b>	<b>150</b>	<b>179</b>	<b>198</b>
<b>PROGRAMME-OF-WORK-RELATED ACTIVITIES</b>				
Contributions	335	257	302	595
Disbursements	(537)	(657)	(715)	(771)
HIPC impact	(30)	-	(16)	(31)
<b>Subtotal programme-of-work-related activities</b>	<b>(232)</b>	<b>(400)</b>	<b>(429)</b>	<b>(207)</b>
<b>NET INFLOWS/(OUTFLOWS) on all activities</b>	<b>(74)</b>	<b>(250)</b>	<b>(250)</b>	<b>(9)</b>
<b>Resource balance brought forward at end of year</b>	<b>2 523</b>	<b>2 273</b>	<b>2 023</b>	<b>2 014</b>

<sup>a</sup> The decrease in the 2011 projected investment return is due to adverse market conditions.<sup>b</sup> Other administrative expenses include one-time budgets and carry-forward resources.

Note: FX=foreign exchange



## Recommendation for approval

The Executive Board is invited to approve the recommendation on IFAD's 2012 results-based programme of work and administrative and capital budgets and on the administrative budget of the Independent Office of Evaluation of IFAD for 2012, as contained in paragraphs 85 to 86. Furthermore, the Executive Board is invited to consider the draft resolution contained in the attachment on page 21 and to submit it, together with its recommendations thereon, to the thirty-fifth session of the Governing Council in February 2012, for its consideration and adoption.

## IFAD's 2012 results-based programme of work and administrative and capital budgets, and the Independent Office of Evaluation of IFAD's results-based work programme and budget for 2012 and indicative plan for 2013-2014

### Part one – IFAD's 2012 results-based programme of work and administrative and capital budgets

#### I. Context

##### Medium-term Plan and 2012 annual budgeting process

1. The administrative budget allocation for 2012 was set in the context of the updated Medium-term Plan (MTP) which was presented to the Executive Board in May 2011. The programme of work and the administrative budget for 2012 represent an annualized tranche of the implementation of the 2011-2013 MTP. Accordingly, the corporate development/operational objectives for 2012 are to:
  - (a) Achieve the US\$3 billion target of the Consultation on the Eighth Replenishment of IFAD's Resources (IFAD8) by delivering the annual IFAD work programme of US\$1.15 billion through better designed projects and managing US\$0.65 billion in other funds under IFAD's management;
  - (b) Maintain and improve the quality of implementation;
  - (c) Ensure that IFAD is geared to deliver its projected programme for 2013, subject to the IFAD9 outcome, while maintaining minimum increases in the administrative budget.
2. IFAD will continue to prepare its budgets in accordance with the comprehensive internal system of results-based management and performance monitoring established since 2006. The 2012 budget has been structured within a results-based management system that aligns IFAD's budgetary resources with the desired development results and key activity areas.

##### Drivers of incremental resources

3. Incremental resources have been directed towards (i) improving quality of operations through increased country presence; (ii) improving portfolio administration by strengthening the disbursement function; (iii) expanding the Office of Strategy and Knowledge Management to meet stakeholder-directed requirements; (iv) strengthening the human resources function, with an emphasis on support for country offices; and (v) increasing the allocation for operational support activities.

## Budget administration focus areas

4. The focus areas for budget administration in 2012 are:
  - (i) Improved monitoring of budget utilization through quarterly actual utilization reports;
  - (ii) Improved budgetary management of staff costs;
  - (iii) Increased accountability primarily for consultant and travel costs by end-users;
  - (iv) Incentives for cost savings and efficiency improvement measures;
  - (v) Timely reallocation of budgetary resources through the mid-year review exercise to facilitate the availability of resources where they can be used productively to further IFAD's programme of work; and
  - (vi) Improved matching of expenditures with the corresponding funding sources.

## II. 2012 programme of work and administrative budget

### A. 2012 programme of work

5. As an integral part of IFAD8, Member States provided the resources and mandate to enable the organization to play a more significant role in accelerating its contribution to rural poverty reduction and enhancing food security. In this final year of IFAD8, IFAD is now striving to complete the delivery of resources available for commitment, as well as to generate additional resources under new partnership agreements. For 2012, a base work programme of US\$1.80 billion has been proposed,<sup>1</sup> comprising a programme of work of US\$1.15 billion from regular resources and an additional US\$0.65 billion in IFAD-managed commitments financed from other sources (currently including the Global Agriculture and Food Security Programme, Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund), European Commission, OPEC Fund for International Development and Global Environment Facility).

Table 3  
**Actual and projected work programme**  
 (Millions of United States dollars)

	<i>Actual 2007</i>	<i>Actual 2008</i>	<i>Actual 2009</i>	<i>Actual 2010</i>	<i>Projected 2011</i>	<i>Projected 2012</i>
IFAD loans and Debt Sustainability Framework (DSF) grants	520	552	670	794	935	1 080
IFAD grants	36	41	47	51	65	75
<b>Total IFAD programme of loans and grants</b>	<b>556</b>	<b>593</b>	<b>717</b>	<b>845</b>	<b>1 000</b>	<b>1 155<sup>a</sup></b>
Other funds under IFAD management (estimated) <sup>b</sup>	-	-	200	250	500	650
<b>Total IFAD programme of work</b>	<b>556</b>	<b>593</b>	<b>917</b>	<b>1 095</b>	<b>1 500</b>	<b>1 805</b>

Source: 2010 IFAD Annual Report

<sup>a</sup> Since the submission of the Medium-term Plan, the 2012 programme in preparation currently amounts to US\$917 million plus grants, with the amount to be delivered in 2012 expected to reach US\$1,155 million.

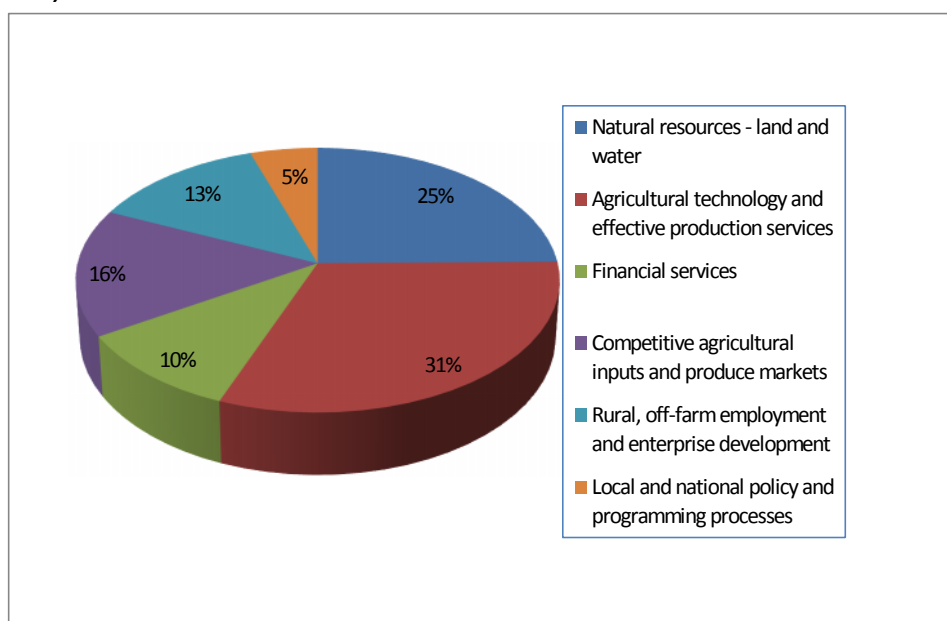
<sup>b</sup> Refers to funds made available mainly through financing mechanisms established after the 2008 food price crisis.

6. Currently, 38 projects and programmes and nine supplementary loans and grants are being prepared for approval in 2012, as set out in annex I. IFAD expects to meet its IFAD8 commitment to provide between 40 and 50 per cent of financing to sub-Saharan Africa.

<sup>1</sup> In addition to the IFAD programme of work, IFAD aims to mobilize an additional US\$1.7 billion in cofinancing.

7. Several projects and programmes planned for 2012 are expected to mobilize cofinancing from the Spanish Trust Fund (currently proposals are being contemplated for Brazil, Cape Verde, Equatorial Guinea, Kenya, Lebanon, Mauritius, Mexico, Swaziland, Tunisia, Uganda, Uzbekistan and Venezuela [Bolivarian Republic of]).
8. The expected distribution of the programme of loans and Debt Sustainability Framework (DSF) grants among the thrusts established in the Strategic Framework is shown in the following chart. In order of magnitude, the proportions are: 31 per cent for agricultural technology and effective production services; 25 per cent for natural resources – land and water; 16 per cent for competitive agricultural inputs and produce markets; 13 per cent for rural, off-farm employment and enterprise development; 10 per cent for financial services; and 5 per cent for local and national policy and programming processes.

**Planned distribution of 2012 lending and DSF grants by IFAD strategic objective (as of 24 October 2011)**



9. The estimated number of global/regional and country grants in 2012 is 70, amounting to some US\$75 million compared to US\$65 million proposed in 2011. Principal outputs of the regular grant programme are: innovative activities; awareness, advocacy and policy dialogue; capacity of partner institutions strengthened; lessons learned and knowledge management of services in support of poor rural people; and knowledge management and dissemination of information on issues related to rural poverty reduction.

## **B. 2012 administrative budget proposal**

### **Summary**

10. The estimate for the 2012 budget is US\$144.14 million compared to US\$140.59 million in 2011. This represents a nominal increase of US\$3.55 million or 2.5 per cent over the 2011 budget, comprising a price increase of US\$2.44 million or 1.7 per cent and a volume increase of US\$1.11 million or 0.8 per cent. Special efforts were made to contain the overall budget increase for 2012 at the 2.5 per cent level proposed in the high-level budget preview document.

Table 4  
**Administrative budget by department, 2011 and 2012**  
(Millions of United States dollars)

<i>Department</i>	<i>Approved 2011</i>	<i>Proposed 2012</i>	<i>Total increase</i>	<i>Increase (percentage)</i>
Office of the President and the Vice-President	3.37	3.37	-	0
Corporate Services Support Group	17.87	18.14	0.27	1.5
Resource Mobilization and Partnership Office	2.85	2.99	0.14	4.9
Office of Strategy and Knowledge Management	3.42	4.02	0.60	17.5
Programme Management Department	79.17	80.70	1.53	1.9
Financial Operations Department	8.53	8.47	(0.06)	(0.7)
Corporate Services Department	23.28	24.35	1.07	4.6
Corporate cost centre	2.10	2.10	-	0
<b>Total</b>	<b>140.59</b>	<b>144.14</b>	<b>3.55</b>	<b>2.5</b>

### **Price and volume increases**

11. **Price increases.** The 1.7 per cent price increase is the net effect of adjustments in salaries and benefits (which are aligned with Food and Agriculture Organization of the United Nations (FAO) assumptions); increase in utility costs, expected inflationary increases on other items such as consultancy and travel; and the United States dollar: euro exchange rate. The price increase – which is lower than the 2.5 per cent indicated in the high-level budget preview document – resulted from: (i) a reduction in certain benefit items; (ii) a freeze of General Service staff salaries; (iii) lower than estimated increase in field office staff costs; and (iv) negotiated reductions in other cost items. For further details on staff and non-staff price increases please refer to annex II.
12. **Volume increase.** The 0.8 per cent volume increase is the minimum required to adequately resource IFAD operations in order to achieve the institution's 2012 deliverables. Consequently, volume increases were provided in the following areas: (i) increased staffing in the Office of Strategy and Knowledge Management to support knowledge activities; (ii) strengthening of the human resources management area, especially to support operational recruitment activities in country offices; (iii) additional staff support for disbursement; (iv) additional resources for legal services in support of cluster 1 activities; and (v) the full-year effect of the establishment of new departments. These were partly offset by reductions in the Office of the Secretary and the Financial Operations Department, as well as the lower increase for the Programme Management Department resulting from efficiency improvement efforts.

### **2012 budget proposal by cluster**

13. Annex III provides an overview of the operational objectives of each cluster. The breakdown of the current year's budget proposal by cluster with the relative share of each cluster is set out in table 5. Annex IV provides a matrix setting out the distribution of departmental expenditures across clusters.

Table 5

**Analysis of percentage share of administrative budget by results cluster, 2011 and 2012**  
(Millions of United States dollars)

<i>Results cluster</i>	<i>2011</i>	<i>2012</i>	<i>Percentage share 2011</i>	<i>Percentage share 2012</i>
1 Country programme development and implementation	86.36	89.01	61.4	61.8
2 High-level policy dialogue, resource mobilization and strategic communication	9.87	10.45	7.0	7.2
3 Corporate management, reform and administration	31.74	32.50	22.6	22.5
4 Support to Members' governance activities	10.52	10.08	7.5	7.0
Corporate cost centre	2.10	2.10	1.5	1.5
<b>Total</b>	<b>140.59</b>	<b>144.14</b>	<b>100</b>	<b>100</b>

14. As anticipated, the share of cluster 1 has increased from 61.4 per cent to 61.8 per cent and now reflects a more realistic assessment of the cost of operation-related activities. An analysis of the relative departmental allocation across clusters (annex IV) indicates a slight increase in cluster 1 activities outside of PMD especially due to the direct operational support activities undertaken by FOD and the Office of the General Counsel.
15. The increase in the share of cluster 2 is directly related to the expanded knowledge management operations and the revised allocation to reflect the relevant SKM activities in this cluster.
16. As expected, the shares of clusters 3 and 4 have declined; this is more pronounced in cluster 4, due to a lower budget allocation for the Office of the Secretary and the revised allocation for SKM.

**2012 Budget proposal by summary cost category**

17. The breakdown of the current year's budget proposal across major cost categories is set out in table 6. Annex V provides an analysis of the 2012 budget proposal by detailed cost category and with departmental breakdown.

Table 6

**Analysis of budget by summary cost category, 2011 and 2012**  
(Millions of United States dollars)

<i>Cost Category</i>	<i>Approved 2011</i>	<i>Proposed 2012</i>	<i>Total increase</i>	<i>Increase (percentage)</i>
Staff	88.86	91.54	2.68	3.0
Consultants	22.94	23.52	0.58	2.5
Other costs	28.79	29.08	0.29	1.0
<b>Total</b>	<b>140.59</b>	<b>144.14</b>	<b>3.55</b>	<b>2.5</b>

18. The 3 per cent increase in staff costs in 2012 over 2011 is the combined effect of salary and benefit cost changes (price) and the higher number of full-time equivalent (FTE) staff (volume) to support operations. Consultant costs have increased 2.5 per cent primarily due to the 2.3 per cent price factor applied to consultant costs as well as some increase in consultant FTEs. Increases in other costs have been contained to 1 per cent in spite of the expected price increases.

**C. Staffing level**

19. The departmental breakdown of the proposed staffing requirements for 2012 supported by the administrative budget is presented in table 7. Of the total 10.8 FTE increase in 2012, some 9.9 FTEs are in PMD. The additional staffing in SKM and

CSD has been partly offset by reductions in the Corporate Services Support Group (CSSG) and the Office of the President and the Vice-President (OPV). Detailed departmental breakdown of the proposed FTEs by staff category is provided in annex VI and annex VII, showing an increase in FTEs for Professional staff and a reduction in General Service staff. This is consistent with improving the Professional staff to General Service staff ratio.

Table 7  
**Indicative staffing requirements, 2011 and 2012**  
Full-time equivalents (FTEs)

<i>Department</i>	<i>Approved 2011</i>	<i>Proposed 2012</i>	<i>Total Increase</i>	<i>Increase (percentage)</i>
Office of the President and the Vice-President	12.25	12.00	(0.25)	(2.0)
Corporate Services Support Group	101.15	99.92	(1.23)	(1.2)
Resource Mobilization and Partnership Office	11.00	11.00	-	0
Office of Strategy and Knowledge Management	12.00	13.00	1.00	8.3
Programme Management Department	284.69	294.55	9.86	3.5
Financial Operations Department	47.20	46.34	(0.86)	(1.8)
Corporate Services Department	92.06	94.30	2.24	2.4
<b>Total</b>	<b>560.35</b>	<b>571.11</b>	<b>10.76</b>	<b>1.9</b>

## D. Efficiency Ratio

20. In IFAD's Results Measurement Framework (RMF), an administrative efficiency ratio – calculated by dividing the administrative budget by the programme of loans and grants – was introduced and an efficiency target of 13.5 per cent was set to be achieved by 2012. Table 8 shows the efficiency ratios for 2010 to 2012, assuming a constant exchange rate. Based on the expected programme and the proposed administrative budget for 2012, the efficiency ratio will be some 12.5 per cent, exceeding the target of 13.5 per cent.

Table 8  
**Approved administrative budget and the planned commitment level**  
(Millions of United States dollars)

	<i>Approved Budget</i>		
	<i>2010</i>	<i>2011</i>	<i>Proposed 2012</i>
<b>Total administrative budget</b>	<b>131.99</b>	<b>140.59</b>	<b>144.14</b>
<b>IFAD Programme of Loans and Grants</b>	<b>845.0</b>	<b>1 000.0</b>	<b>1 155.0</b>
<i>Efficiency ratio</i>	<i>15.6%</i>	<i>14.1%</i>	<i>12.5%</i>

## E. Supplementary funds and corresponding administrative fees

21. IFAD implements and manages a number of operations for third parties that are complementary to its own programme of work. The lending programme is financed by donor-provided supplementary funds. Engaging in these partnership activities involves additional work for IFAD in relation to design, implementation, supervision and administration. The cost of such work undertaken by IFAD is financed by supplementary fund fee income. These costs are outside the proposed 2012 administrative budget. The total expenditure in 2012 to be funded from such fees is estimated at US\$6 million.

## F. Capital budget for 2012

### Initiatives approved (2008-2011)

22. The cumulative amount of capital budget approved for the period 2008 to 2011 amounted to some US\$24.8 million. Of this, US\$12 million relates to the remaining one-time costs for the replacement of the Loans and Grants System approved in 2011. Excluding this amount, the annual capital budget expenditure request averages around US\$3.5 million, primarily representing IT costs. A table summarizing the capital expenditure approvals to date is set out in annex VIII.

### 2012 Capital budget request

23. The total capital budget request for 2012 amounts to US\$3.50 million. The US\$3.22 million for IT includes US\$1.35 million for data warehouse (which will consolidate multiple source transaction systems and allow online reporting); US\$1.34 million for virtualization and communication platform implementation (which will improve computing performance, functionality and connectivity at headquarters and country offices); and US\$0.53 million for workstation replacement (which will replace some 350 workstations as part of the regular replacement programme). The capital expenditure budget for security relating to the new country offices is currently estimated at US\$0.28 million.

Table 9

#### Capital budget request for 2012

(Thousands of United States dollars)

	<i>2012 Proposed</i>
<b>IT infrastructure initiative</b>	
Data warehouse	1 350
Virtualization and communication platform	1 335
Workstation replacement	530
<b>IT initiatives subtotal</b>	<b>3 215</b>
Country presence security	281
<b>Total</b>	<b>3 496</b>

## Part two – Results-based work programme and budget for 2012 and indicative plan for 2013-2014 of the Independent Office of Evaluation of IFAD

### I. Introduction

24. As requested by the Executive Board, the Independent Office of Evaluation of IFAD (IOE) has prepared its fourth three-year rolling evaluation work programme. The document contains the proposed IOE's work programme and budget for 2012 and indicative plan for 2013-2014. Similar to last year, IOE has followed the results-based work programme and budget approach and linked its resource requirements to the achievement of key results.<sup>2</sup>
25. This proposal comes at a time of major corporate reforms in IFAD, and follows internal changes within IOE resulting from the Peer Review of IFAD's Office of Evaluation and Evaluation Function<sup>3</sup> and the adoption of the revised Evaluation Policy. Last year, IOE underwent a major strategic reorientation, making adjustments to ensure high-quality, timely and useful independent evaluations that provide value for money. This year the division will continue to build on these efforts to ensure that independent evaluations can further enhance IFAD's contribution to rural poverty reduction globally.
26. This document has six sections. Section II includes an overview of key developments in the external and internal context and the implications for IOE. Section III describes IOE's objectives,<sup>4</sup> IOE's divisional management results (DMRs) and their linkages with IFAD's corporate management results (CMRs).<sup>5</sup> Section IV summarizes the achievements with regard to the 2011 evaluation work programme under each objective, whereas section V focuses on the proposed activities for 2012-2014. Section VI outlines the proposed 2012 budget and human resources needed for IOE to implement its evaluation activities and achieve the divisional management results and objectives.
27. As in the past, the proposed independent evaluation work programme has been developed in consultation with the IFAD President and the Programme Management Department (PMD), including discussions with the regional divisions and the Policy and Technical Advisory Division. The preview of IOE's results-based work programme and budget for 2012 and indicative plan for 2013-2014 were discussed during the Evaluation Committee's sixty-eighth session in July 2011 and also at the Audit Committee meeting and Executive Board session held in September 2011. After further discussion with the Evaluation Committee at its October 2011 session, IOE's proposed results-based work programme and budget for 2012 and indicative plan for 2013-2014 will be discussed by the Audit Committee in November 2011 and the Executive Board at its December 2011 session, together with IFAD's administrative budget for 2012. As per normal practice, the Board is expected to approve IOE's work programme in December 2011 and recommend the approval of its budget to the Governing Council in February 2012.

<sup>2</sup> IFAD introduced its first results-based annual programme of work and administrative budget in 2010.

<sup>3</sup> The Peer Review was undertaken by the Evaluation Cooperation Group of the multilateral development banks, and the final report was presented to the Executive Board in April 2010.

<sup>4</sup> This is the second year that IOE has followed the results-based management approach by identifying its core objectives and results as well as the activities necessary to achieve those results and objectives.

<sup>5</sup> IFAD has 10 corporate management results, aimed at sustaining the Fund's strategic objectives. These are applied across the organization, according to their relevance to each division's programme of work. Following IFAD's results-based management approach, IOE has also identified its divisional management results, which aim at sustaining the division's proposed objectives.



## II. An evolving environment

28. This results-based work programme and budget has been developed after carefully considering key developments in the external context, the evolving strategic directions as well as the change and reform agenda within IFAD, the new business model of the Fund, and the revised Evaluation Policy and Terms of Reference and Rules of Procedure of the Evaluation Committee which were adopted in May 2011.
29. **Changes in external environment.** There is growing recognition by IFAD of the diversity that exists among recipient Member States (e.g. lower-middle-income, middle-income and upper-middle-income countries; and fragile states, including countries affected by conflict and natural disasters and highly indebted countries). As a result, IOE will need to conduct evaluations within a wide range of country contexts, each requiring its own tailored methodology. Climate change, the growing importance of private-sector investment in agriculture, and the improved prospects for South-South cooperation all require particular attention, and IOE will need to develop measures that better capture the results, impact and performance of IFAD operations in these areas. Joint evaluations continue to receive greater attention as a result of the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action.
30. **IFAD's internal evolving context.** IFAD is going through a major change and reform programme. Some of the initiatives associated with this were discussed in last year's document and continue to have implications for IOE's work. They include human resources reform, wider country presence, and greater emphasis on knowledge management and scaling up.
31. The new IFAD Strategic Framework 2011-2015 was approved by the Executive Board in May 2011 and identified several thematic areas that are important for IOE to consider in developing its evaluation work programme for the coming years. The enhanced IFAD business model with its focus on, inter alia, policy dialogue, strategic partnerships and institutional efficiency, also reveals areas that require independent evaluation to further the Fund's development effectiveness in the Ninth Replenishment of IFAD's Resources (IFAD9) period.
32. IFAD's self-evaluation system is gradually improving, even though its quality still varies across regions and countries. In this regard, and as recognized in the revised IFAD Evaluation Policy, it is important for IOE to continue working closely with Management, for example by undertaking specific evaluation work devoted to assessing the design and functioning of the self-evaluation system, or any of its components; by providing comments and advice for enhancing IFAD's self-evaluation capacity; and by conducting the validation of project completion reports.
33. **Internal changes within IOE.** IOE made a presentation to the second session of the IFAD9 Consultation in June 2011. It identified six strategic and corporate priorities and challenges for the IFAD9 period: (i) promoting gender equality and women's empowerment; (ii) strengthening partnership with the private sector; (iii) enhancing IFAD's institutional and project efficiency; (iv) improving analytical capabilities; (v) strengthening country presence as well as direct supervision and implementation support; and (vi) developing a consistent approach for mobilizing counterpart funding from recipient Member States. These six priorities have been taken into account by IOE in developing its 2012 work programme.
34. The revised Evaluation Policy provides a platform for strengthening the existing collaboration between Management and IOE in addressing the key challenges identified through independent evaluation work. Among the implications for IOE is the need to devote proportionately more resources to higher-plane evaluations,<sup>6</sup> undertaking specific evaluations to assess key corporate business processes and

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<sup>6</sup> Higher-plane evaluations include corporate-level evaluations (CLEs) and country programme evaluations (CPEs).

functions such as direct supervision and implementation support, and quality enhancement and quality assurance. Furthermore, the revised Evaluation Policy requires IOE to contribute to IFAD's knowledge management, develop further the evaluation learning loop and produce evaluation syntheses. The latter aim to facilitate learning and the use of evaluation findings by identifying and capturing accumulated knowledge on common themes and findings across a variety of situations. Synthesizing existing evaluation material allows evaluation evidence to be packaged and fed into the decision-making process when neither the time nor the resources are available to undertake a full-fledged evaluation.

35. IOE became a full member of the Evaluation Cooperation Group (ECG) of the multilateral development banks in November 2010.<sup>7</sup> IOE's membership commits the division to invest specific resources and ensure adequate engagement in ECG activities. The ECG membership is also generating opportunities for strengthening mutual learning and knowledge sharing with other members of the group. For example, among other activities, the ECG is in the process of revising the good practice standards on evaluating public-sector operations, which is expected to have implications for IOE's evaluation methodology and processes in the future.

### III. IOE's results chain

36. IOE has two strategic objectives for its 2012 work programme and indicative plan for 2013-2014. The objectives are as follows:
- (i) **Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations.** This strategic objective reflects the twofold purpose of the independent evaluation function at the Fund, namely to promote accountability and results assessment, as well as learning to improve the performance of IFAD policies and IFAD-supported operations. A rigorous and state-of-the-art methodology for evaluation and effective interactions with IFAD governing bodies is an essential instrument to achieve this strategic objective.
  - (ii) **Strategic objective 2: Promote effective learning and knowledge management.** The aim of this strategic objective is to promote evaluation feedback on cross-cutting themes and issues of corporate priority and interest to IFAD and the development community. The learning and knowledge management activities proposed under this strategic objective therefore are more wide-ranging than the learning promoted under strategic objective one, which is specific to individual country programmes and/or projects financed by IFAD.
37. Robust internal financial systems, human resources management and administrative processes are critical for the timely and cost-effective achievement of these objectives and delivery of the annual work programme. These are required instruments for IOE's regular operations and therefore activities of this nature will be undertaken within the framework of the two strategic objectives.
38. Following the results-based budgeting approach, seven DMRs have been defined for the two IOE strategic objectives. The DMRs will allow the division to track the implementation progress and effectiveness of its work programme and report on the achievement of its strategic objectives. The following table summarizes the proposed DMRs, the strategic objectives and their linkages with IFAD's CMRs. A visual representation of the IOE's results chain is included in annex XVII.

<sup>7</sup> The ECG was established by the heads of evaluation of multilateral development banks in 1996 and aims to strengthen the use of evaluation, share lessons from evaluations, harmonize and promote collaboration between evaluation units, and build the evaluation capacity of borrowing member countries.

Table 1  
**IOE's divisional management results, objectives and linkages with IFAD's corporate management results**

<i>IOE DMRs</i>	<i>IOE objectives</i>	<i>Linkages with IFAD CMRs</i>
DMR 1: Annual reports on the results and impact of IFAD operations (ARRIs) and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes		
DMR 2: CPEs that serve as concrete building blocks for better results-based country strategic opportunities programmes (COSOPs)	Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	CMRs 1, 2 and 3
DMR 3: Project evaluations that contribute to better IFAD-supported operations		
DMR 4: Methodology development		
DMR 5: Work related to IFAD governing bodies		
DMR 6: Production of evaluation syntheses and ARRI learning themes	Strategic objective 2: Promote effective learning and knowledge management	CMR 8
DMR 7: Systematic communication and outreach of IOE's work		

IFAD CMRs: CMR 1: Better country programme management; CMR 2: Better project design (loans and grants); CMR 3: Better supervision and implementation support; CMR 4: Better financial resource management; CMR 5: Better human resource management; CMR 6: Better results and risk management; CMR 7: Better administrative efficiency and an enabling work and information and communications technology (ICT) environment; CMR 8: Better inputs into global policy dialogues for rural poverty reduction; CMR 9: Effective and efficient platform for Members' governance of IFAD; CMR 10: Increased mobilization of resources for rural poverty reduction.

39. In line with IFAD's results-based budget approach, the 2012 IOE budget (staff and non-staff costs) has been earmarked against each DMR and each strategic objective (see table 3, annex XV for details).

#### **IV. Highlights of the 2011 work programme**

40. **One-time activities in 2011.** IOE undertook two major one-time tasks in 2011 as part of the action plan for the implementation of the recommendations of the Peer Review of IFAD's Office of Evaluation and Evaluation Function. These were: (i) preparation of the revised IFAD Evaluation Policy; and (ii) contribution to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee prepared by IFAD Management. As mentioned, both of these documents were approved by the Executive Board in May 2011.
41. With regard to regular evaluation activities overall, by the end of the year, IOE expects to have implemented all the activities planned in the 2011 work programme. Details of the implementation progress of evaluations planned in 2011 are provided in annex XI.

##### **Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations.**

42. The 2011 ARRI – the ninth edition of the document – has been prepared. The report will be discussed first in the Evaluation Committee, and then with the Executive Board in December 2011.
43. IOE presented the final report of the CLE on IFAD's Private-Sector Development and Partnership Strategy to the Evaluation Committee and the Executive Board in April and May 2011, respectively. The CLE on IFAD's efficiency is in full swing. Thus far, the approach paper has been discussed at the Evaluation Committee in March 2011 and the inception report has been prepared. This evaluation is scheduled to be presented to the Evaluation Committee and the Executive Board in the second half of 2012.

44. IOE is also providing written comments on IFAD's new corporate policies or strategies where it has accumulated evaluative evidence and lessons on the topic. So far, comments have been provided on IFAD's country presence and middle-income country policies. IOE will also provide comments on the gender and the private-sector policies, when these policies are submitted to the Executive Board for approval.
45. IOE worked on a number of CPEs in 2011. It completed the Ghana, Kenya, Yemen, Rwanda and Viet Nam CPEs. The CPEs for Jordan and Uganda are under way.
46. IOE has started preparatory work for the Nepal CPE, which is scheduled for completion in 2012. In consultation with IFAD Management, the Haiti CPE, planned to start in November this year, will be deferred to a later date given the current challenges of the country context and the uncertain socio-political environment. Instead, IOE has brought forward and started the preparatory work for a CPE in Ecuador, which was originally planned for 2012-2013. The division has also initiated a further CPE in Mali, to be completed by the end of 2012.
47. In 2011, IOE transformed its approach to project evaluations by undertaking project completion report validations (PCRVs)<sup>8</sup> and project performance assessments<sup>9</sup> on a selective basis. This year IOE is working on around 25 PCRVs and eight PPAs<sup>10</sup> (in Burundi, Cambodia, Ghana,<sup>11</sup> Jordan, the Philippines, Uganda, Viet Nam, and Zambia). Based on initial reactions, the PCRVs and PPAs are appreciated by IFAD Management, since they highlight lessons for use in the design and implementation of IFAD operations. In particular, the PCRVs serve as an incentive to improve the quality of PCRs, by underlining systemic issues and concerns that need to be addressed by Management in the preparation of PCRs.
48. A new harmonization agreement has been signed between IOE and IFAD Management on self-evaluation and independent evaluation methodologies and processes. This agreement has documented, among other issues, the respective roles and responsibilities of IOE and IFAD Management in ensuring an effective and efficient evaluation system within IFAD. This new harmonization agreement is built on the 2006 harmonization agreement between IOE and IFAD Management, but includes various new features to reflect the developments in IFAD's independent and self-evaluation functions over the past five years.<sup>12</sup> Since the beginning of 2011, IOE has also started to apply, together with Management, the new template and process for the agreement at completion point.
49. IOE has provided comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), and the costed action plan prepared by Management in response to a recommendation of the Peer Review. In June, staff from IOE and PMD attended a one-day workshop organized by the Swiss Agency for Development and Cooperation (SDC) in Berne to exchange experiences on IFAD's self-evaluation system and the use of self-evaluation results for independent evaluation.

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<sup>8</sup> The PCRV consists of an independent desk review of the project completion report (PCR) and other available and relevant project documentation. The PMD-assigned ratings for project performance are reassessed, revealing any "net disconnect" in reporting on results generated, respectively, through independent and self-evaluation systems.

<sup>9</sup> The project performance assessment (PPA) is undertaken for a selected number of projects that have undergone a PCRV. It includes a focused field visit. The purpose of the PCRVs and PPAs is to assess the results and impact of IFAD-funded projects and to generate findings and recommendations that can inform the other projects funded by IFAD.

<sup>10</sup> These are two PPAs more than planned, given the need to enhance the evidence base for the planned CPEs in the same countries.

<sup>11</sup> The Ghana PPA was undertaken jointly with the Operations Evaluation Department of the African Development Bank, which is a cofinancier of the project. The Operations Evaluation Department provided input for the evaluation's terms of reference and also comments on the draft final report.

<sup>12</sup> Examples of the new features include the requirement that COSOP completion reviews use the same methodology as that used for CPEs, i.e. as per the Evaluation Manual; and the same or equivalent guiding questions as used in assessing each evaluation criterion, as contained in the Evaluation Manual.

50. By the end of 2011, IOE will have participated in six formal sessions of the Evaluation Committee, as well as the annual country visit of the Committee to Brazil. It will also have participated in the May, September and December sessions of the Executive Board, where evaluation-related items were presented, including the private-sector CLE.
51. As an additional activity, in June this year IOE made a presentation "Managing for Impact and Improved Performance since IFAD8" to the second session of the Consultation on the Ninth Replenishment of IFAD's Resources. As agreed with IFAD Management, two further presentations – on the efficiency evaluation and IOE's contribution to strengthening IFAD's results measurement framework – were made at the third Consultation session in October.

**Strategic objective 2: Promote effective learning and knowledge management.**

52. This year, for the first time, IOE introduced a new product: the evaluation synthesis.<sup>13</sup> IOE has prepared two such syntheses: (i) Refining IFAD's development and targeting strategies to support poor smallholder farmers; and (ii) Direct supervision and implementation support of IFAD-financed activities.
53. As per past practice, the ARRI devotes due space to learning, in addition to providing an account of the performance and impact of IFAD operations. As agreed with the Board last year, the 2011 ARRI focuses on only one learning theme: direct supervision and implementation support. IOE has prepared the evaluation synthesis on the same topic. This was discussed with IFAD Management, country programme managers and other staff at a dedicated in-house learning workshop in September before finalizing the ARRI.
54. IOE continued to strengthen its engagement in several international evaluation platforms and evaluation-related processes. As mentioned above, IOE is now a full member of the ECG and is part of ECG working groups on: (i) revising good practice standards on public-sector operations evaluation; (ii) the review framework for the evaluation function (peer reviews); and (iii) communication. IOE took the lead in organizing a workshop on gender evaluations at the ECG annual meeting in November, in cooperation with the World Bank, Asian Development Bank and African Development Bank. IOE took part in the 2011 annual general meeting of the United Nations Evaluation Group (UNEG),<sup>14</sup> and is involved in a number of UNEG task forces, for example on (i) impact evaluation; (ii) evaluation of the evaluation function; and (iii) evaluation capacity development. The IOE Director is co-chairing the task force entrusted with establishing new evaluation norms and standards in the United Nations. IOE also participated in meetings of the Network of Networks on Impact Evaluation (NONIE).<sup>15</sup>
55. IOE continued to enhance its cooperation with the Food and Agriculture Organization of the United Nations (FAO), the World Food Programme (WFP) and other Rome-based agencies. In April, at the biennial Global Assembly of the International Development Evaluation Association (IDEAS) in Amman, IOE organized a dedicated panel discussion with FAO on the corporate-level evaluation of gender equality and women's empowerment, which was completed last year.<sup>16</sup> In September, IOE staff participated in the "Better Evaluation Initiative", a joint event of FAO, IFAD, WFP and Bioversity International to share experiences and

<sup>13</sup> An evaluation synthesis identifies and captures evaluative knowledge from a variety of evaluations produced by IFAD and evaluation outfits of other organizations, and presents lessons learned from academic literature and targeted interviews to promote learning and the use of evaluation findings.

<sup>14</sup> UNEG, established in 1984, is a professional network that brings together the heads of units responsible for evaluation in the United Nations system. It currently has 46 members.

<sup>15</sup> Established in 2006, NONIE comprises the evaluation network of the Organisation for Economic Co-operation and Development/Development Assistance Committee (OECD/DAC), the UNEG, the ECG and the International Organization for Cooperation in Evaluation (a network of regional evaluation associations).

<sup>16</sup> During the panel discussion, staff from the Evaluation Office of FAO presented highlights on the methodology and process of its ongoing evaluation on gender.

knowledge among Rome-based evaluators. IOE also participated in the second global agriculture knowledge share fair, where it presented the results of the private-sector CLE and engaged in a panel discussion with the participation of FAO staff and others. The purpose of IOE participation in these events is to ensure a wider outreach of evaluation findings and lessons.

56. IOE staff participated in selected in-house committees, teams and events, such as meetings of the Operational Strategy and Policy Guidance Committee (OSC), country programme management teams (CPMTs), and knowledge fairs to ensure that lessons learned from evaluations are adequately shared, discussed and eventually internalized in the development of new IFAD policies, strategies and projects. IOE is also a member of the IFAD Community of Practice on Knowledge Management.
57. IOE has undertaken a thorough review of its evaluation communication and dissemination work in order to define measures and opportunities for promoting broader learning and knowledge sharing. The review revealed, inter alia, the need to embed more thoroughly communication in the evaluation process. This could be done through the preparation of more detailed communication plans for evaluations up front as part of the approach paper; the capturing of human stories from evaluations to use in communication work; and the training of relevant IOE staff in presentation and writing skills. By year-end, IOE will have developed an enhanced evaluation knowledge and communication approach.
58. IOE continues to implement measures to strengthen its financial systems, human resource management, and administrative processes. Various measures that have been successfully implemented are now being mainstreamed into IOE's standard practices, such as: streamlining the process for identifying, selecting and managing consultants; defining more clearly the respective roles, responsibilities and standard level of effort of IOE staff and consultants for each type of evaluation; and undertaking quarterly stocktaking of the division's overall budget use.
59. The division continues to send its staff on evaluation training courses, for example, such as the International Programme for Development Evaluation Training organized by the Independent Evaluation Group of the World Bank and Carleton University and the training courses of the Evaluators' Institute. On-the-job training and knowledge sharing among staff are promoted in order to enhance the skills set of IOE staff.

## V. The 2012 results-based work programme and indicative plan for 2013-2014

60. This section charts the proposed activities for 2012-2014 to enable IOE to achieve its DMRs and the strategic objectives contained in table 1. Details of the proposed evaluations for 2012 and the indicative plan for 2013-2014 are provided in annex XII. Moreover, as suggested by the Peer Review, annex XIII contains a list of evaluations included in last year's 2012-2013 indicative work programme that are now proposed to be dropped or deferred until a later date, and provides the rationale for doing so.

### **Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations**

61. **DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes.** In 2012, under this DMR, IOE will work on the CLE on IFAD's efficiency, and prepare the tenth edition of the ARRI. IOE will also start the CLE on direct supervision and implementation support. The latter is timely as by then it will be around six years after the Board's approval of the IFAD policy on the topic.

62. The indicative plan for 2013-2014 includes the preparation of the eleventh and twelfth editions of the ARRI, as well as the undertaking of two further CLEs on: (i) IFAD's approach to policy dialogue and results, to be started in 2013; and (ii) the Revised IFAD Policy on Grant Financing, which, as agreed with Management, will be started in 2014 rather than in 2013. Deferring the evaluation from 2013 to 2014 will facilitate the assessment of results generated by the policy on the ground. Furthermore, as agreed with IFAD Management, IOE plans to make a systematic contribution to IFAD10 by informing Member States of the results and lessons emerging from independent evaluation.
63. As required by the revised Evaluation Policy and Terms of Reference of the Evaluation Committee, IOE will prepare written comments on selected corporate policy proposals submitted by Management to the Board. IOE will only provide comments on new corporate policies or strategies where it has accumulated evaluative evidence and lessons on the topic. As per past practice, IOE's comments will be submitted for consideration to the Committee and the Board together with the new policy or strategy proposal.
64. **DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs.** Under this DMR, IOE will complete the CPEs in Ecuador, Jordan, Mali, Nepal and Uganda. The division will commence CPEs in Burundi, Indonesia, Madagascar, and the Syrian Arab Republic (or Moldova in case the socio-political situation in the Syrian Arab Republic does not improve) for completion in 2013. The indicative plan for 2013-2014 also includes CPEs for the Plurinational State of Bolivia, Guatemala, Pakistan, Senegal, Turkey and Zambia. As in the past, priority will be given to countries with large portfolios and where the IFAD regional division intends to develop a new COSOP after the CPE is completed.
65. **DMR 3: Project evaluations that contribute to better IFAD-supported operations.** In 2012, IOE plans to conduct around 25 PCRVs. This will allow for a relatively rapid expansion over time of the sample size of evaluation ratings available for inclusion in the ARRI, and enable IOE to provide a more reliable account, through the ARRI, of the performance of the IFAD-funded project portfolio, based on a larger sample of evaluated projects.
66. About eight PPAs are planned to be undertaken next year. The criteria<sup>17</sup> for selecting projects for assessment and the methodology and processes that were developed by IOE during the PCRv/PPA pilot exercise in 2010, and enhanced in 2011, will continue to be used.
67. **DMR 4: Methodology development.** Methodology development is not an isolated, one-time activity but rather a continuous process. Therefore, as required, IOE will continue to make adjustments to the Evaluation Manual and to the guidelines for undertaking PCRVs/PPAs to reflect key emerging issues. Efforts and resources will continue to be invested in understanding the proximate causes of performance (i.e. the "why factor"). IOE will also continue to participate actively in ECG, UNEG, NONIE, IDEAS and other evaluation platforms to keep in step with evolving approaches in the international arena for state-of-the-art independent evaluation methodology.
68. The division will contribute to improving the quality of IFAD's self-evaluation system which, as recognized in the revised Evaluation Policy, is critical both for improving IFAD's performance and for conducting independent evaluations. In 2012, IOE will continue to work with IFAD Management to further the implementation of the revised harmonization agreement between IFAD Management and IOE regarding self-evaluation and independent evaluation

<sup>17</sup> The selection criteria for PPA are: (i) major information gaps, inconsistencies, and analytical weaknesses in the PCR found by IOE during the validation process; (ii) innovative project approaches; (iii) need to build an evidence base for higher-plane evaluations planned in the future; (iv) geographical balance; and (v) any disconnect between the ratings contained in the PCR and those generated by IOE during the validation process.

methodologies and processes. Also, through the PCRV and PPA exercises, IOE will gain an overview of the evaluation function within IFAD and produce recommendations to improve the self-evaluation system.

69. As in the past, IOE will review and prepare comments on the PRISMA and the Report on IFAD's Development Effectiveness (RIDE). It will also continue to assess the quality of monitoring and evaluation systems at the project and country level, through its regular evaluation work, and participate in any in-house task forces on results measurement.
70. IOE will contribute to strengthening the evaluation capabilities of Member States by supporting evaluation capacity development (ECD). As requested by the Board, IOE's engagement in ECD will be guided by its priorities and availability of resources. In addition, IOE will continue its engagement in ECD in the context of regular evaluation processes, and will also invite national evaluation associations to participate in core learning partnerships as appropriate. IOE will continue its partnership with government oversight authorities to provide on-the-job training during evaluation fieldwork.
71. **DMR 5: Work related to IFAD governing bodies.** In 2012, IOE will continue to participate in all Evaluation Committee sessions, as per the revised Terms of Reference and Rules of Procedures of the Evaluation Committee. In this regard, the Committee's provisional agenda for 2012 will be considered by members at the session in December. IOE will also participate in the annual country visit of the Evaluation Committee and share the findings of the related evaluation in the country visited. IOE will participate and make presentations as required in all Executive Board sessions where evaluation-related items are to be presented.

#### **Strategic objective 2: Promote effective learning and knowledge management**

72. **DMR 6: Production of evaluation syntheses and ARRI learning themes.** The following syntheses are proposed for 2012-2013: (i) COSOP as an instrument, including its structure, development and implementation process; (ii) Role of cooperatives in rural development in 2012; (iii) Gender; and (iv) Water management and conservation in 2013.
73. The division will continue its in-depth treatment of a specific learning theme in ARRI each year (for example, the learning theme covered by the 2011 ARRI is direct supervision and implementation support, which is also the topic of the evaluation synthesis). In-house workshops will be organized on the ARRI learning theme and/or the evaluation syntheses selected. The proposal for next year's theme is policy dialogue, as a basis for the corporate-level evaluation on the same topic planned for 2013-2014.
74. **DMR 7: Systematic communication and outreach of IOE's work.** Activities under this DMR include the dissemination of evaluation reports and evaluation Profiles<sup>18</sup> and Insights<sup>19</sup> to Executive Board members and IFAD Management, as well as to governments and partners in developing Member States. Efforts will be made to regularly update the evaluation section on the IFAD website. Evaluation reports will also be made available through external websites, such as those maintained by the ECG, UNEG and IFAD's regional knowledge networks.<sup>20</sup> For selected CLEs and CPEs, IOE will also issue a press release to inform the wider audience of the main results and lessons yielded by these evaluations.

<sup>18</sup> Evaluation Profiles are two-page summaries of the main conclusions and recommendations arising from each IFAD evaluation. They provide a sampling of evaluation results and an incentive for readers to delve deeper and follow up on interesting issues in the full report.

<sup>19</sup> Evaluation Insights focus on one learning issue emerging from corporate, thematic or country programme evaluations. The hypothesis presented in the insights will form the basis for debate and discussion among development professionals and policymakers within IFAD and outside the institution.

<sup>20</sup> Such as IFADAsia and FIDAMERICA.



75. In-country learning workshops will be organized for each CPE undertaken to discuss evaluation results and lessons learned with multiple stakeholders. As in the past, learning workshops will be held, but with greater support from the government concerned. This will help lower the costs for IOE and enhance country ownership and follow up. With regard to CLEs, given their institution-wide implications, workshops and informal seminars will be organized with IFAD Management and Board members as appropriate.
76. IOE will continue to participate in IFAD's internal platforms (e.g. OSC and CPMT) to improve the understanding of evaluation lessons and recommendations, as well as the IFAD Community of Practice on Knowledge Management. As per practice over the last two years, quarterly meetings will continue to be held between IOE and the Office of the President and the Vice-President to exchange information and share knowledge on emerging evaluation issues. IOE will also participate, where relevant, in knowledge sharing and other learning events in IFAD.
77. IOE will participate actively in the following international evaluation groups: ECG, UNEG, NONIE and IDEAS, and continue to enhance its cooperation with other Rome-based agencies. Together with the FAO and WFP evaluation offices, IOE will organize the 2012 annual UNEG and NONIE meetings in Rome. Moreover, IOE will take part in key international and regional conferences on evaluation, including those organized by selected evaluation societies and associations (e.g. the African Evaluation Association and the European Evaluation Society). The aim of IOE's participation in these platforms is to exchange knowledge and lessons learned, remain engaged in the international debate on evaluation, and network with evaluators from different organizations and from developing countries.
78. IOE will cooperate with the Global Environment Facility and other organizations in conducting a desk review of past independent external evaluations of multilateral development organizations, including reviewing the follow-up by Management and the impact of such evaluations. The aim of this review is primarily to generate lessons, good practices and an overall systematic approach for conducting such evaluations in the future.
79. IOE will continue its partnership with the SDC, which will allow IOE to pilot innovative evaluation methods and processes that cannot be financed through its regular administrative budget.
80. Following an internal review of its evaluation communication and dissemination work in 2011, IOE will define and take additional measures, in the form of "quick wins" and medium- and longer-term gains, to promote broader learning and knowledge sharing, so as to enhance its contribution to IFAD's mission and objectives. Such measures will include the streamlining of the production process for IOE documents, the preparation of communication plans for evaluations at an early stage in the process, and the adoption of new ways of enhancing the communication and dissemination of evaluative learning both within IFAD and externally.

## **VI. 2012 resource issues**

81. **A zero real increase budget in 2012.** IOE's concerted efforts to generate financial savings have made it possible to have a 6.3 per cent real reduction in the 2011 budget. The division is committed to maintain the same level of budget for 2012 in real terms. In this regard, using the inflation factor of 2.3 per cent for non-staff cost, the standard position cost and the exchange rate of US\$1=EUR0.72 – as suggested by IFAD's Budget Unit (which the Fund also applies in developing its final 2012 annual administrative budget) – IOE's budget proposal for 2012 is approximately US\$6 million. This reflects a zero increase in real terms.

82. The proposed IOE budget for 2012 is well within the cap established by the Executive Board in 2008.<sup>21</sup> Taking 2006 as the starting year, that cap has been decreasing consistently, although 2007 was an anomalous year in this respect.<sup>22</sup> Using another indicator, namely the ratio of IOE's annual budget to IFAD's administrative budget, it is evident that the proportion of IOE's budget has been decreasing steadily since 2009. Details of the evolution of the IOE's annual budget are provided in table 2 and figure 1 below. The proposed IOE 2012 budget is presented, as in the past, by cost category in annex XV, tables 1 and 2. In the same annex, table 3 illustrates IOE's results-based budget, in which the total resources required in terms of both staff and non-staff have been earmarked against the seven DMRs. The total resources required to achieve each strategic objective are shown in the same table.

Table 2  
**IOE budget as a percentage of IFAD's Programme of Loans and Grants and IFAD's administrative budget**  
 (in millions of United States dollars)

	2005	2006	2007	2008	2009	2010	2011	2012 (proposed)
IOE budget	4.69	4.79	5.69	5.47	5.85	6.22	5.88	6.02
IFAD administrative budget	83.2	91.5	101.3	111.1	115.3	131.99	140.59	144.14
IFAD Programme of Loans and Grants	500	550	605	650	715	845	1 000	1 155
<b>Percentage of IOE budget over IFAD Programme of Loans and Grants</b>	<b>0.94%</b>	<b>0.87%</b>	<b>0.94%</b>	<b>0.84%</b>	<b>0.82%</b>	<b>0.74%</b>	<b>0.59%</b>	<b>0.52%</b>
<b>Percentage of IOE budget over IFAD administrative budget</b>	<b>5.6%</b>	<b>5.2%</b>	<b>5.6%</b>	<b>4.9%</b>	<b>5.1%</b>	<b>4.7%</b>	<b>4.2%</b>	<b>4.2%</b>

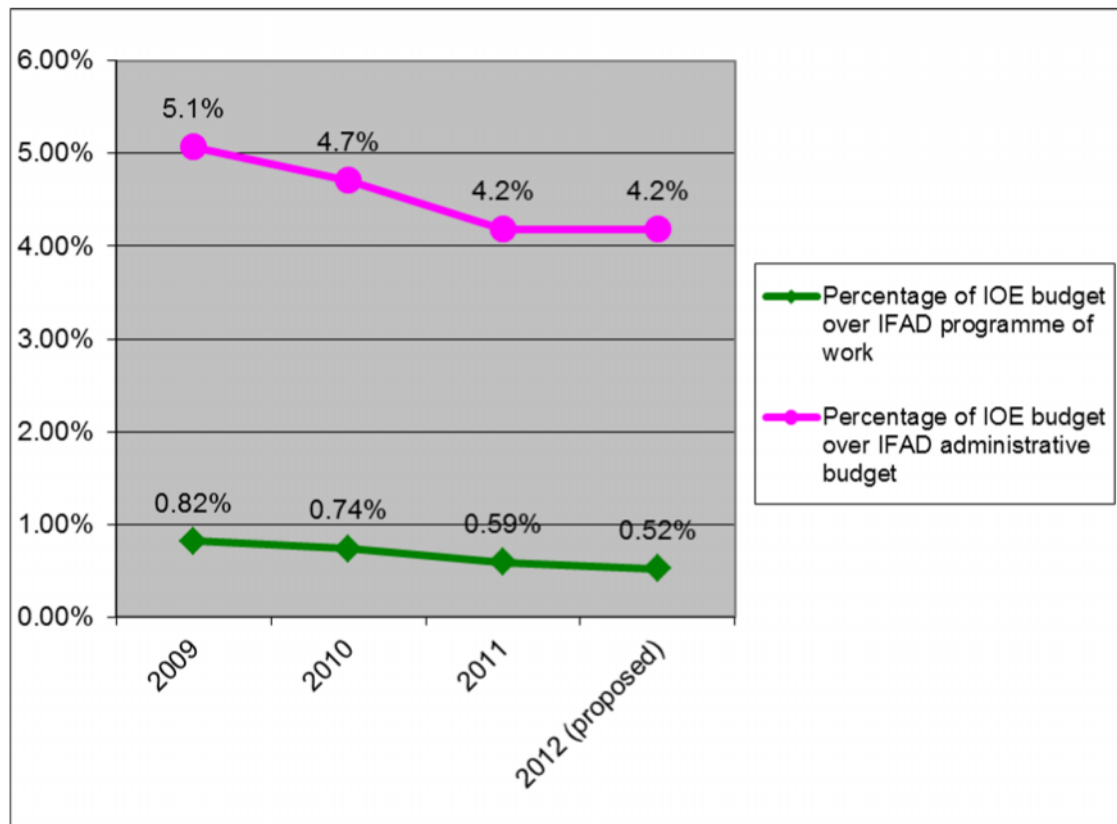
83. Figure 1 shows the trend in IOE's budget compared with IFAD's programme of work and administrative budget in previous years.

<sup>21</sup> In December 2008, the Board decided that the total IOE budget should remain within 0.9 per cent of IFAD's annual programme of work.

<sup>22</sup> Additional resources were required for the implementation of the "one-time" joint evaluation with the AfDB on agriculture and rural development in Africa.

Figure 1

**Trend in the IOE budget compared with IFAD's programme of work and administrative budget**



84. **Human resource.** Despite the growth in overall staff costs (see annex XV) fuelled by the price increase suggested by the IFAD Budget Unit, IOE is not requesting any increase in the total number of staff members at its disposal. Next year, IOE plans to work with the same number of human resources as in 2011. More specifically, the division will require 19.5 staff positions. Further details of the composition of IOE's human resources are given in annex XIV.

## Part three – Recommendations

85. 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 2012 at a level of SDR 739 million (US\$1,155 million), which comprises a lending programme of SDR 691 million (US\$1,080 million) and a gross grant programme of US\$75 million. It is proposed that this programme of work level be approved for planning purposes and that it be adjusted during 2012 in accordance with the level of resources available.
86. 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-fifth session of the Governing Council, first the administrative budget of IFAD for 2012 in the amount of US\$144.14 million, second the capital budget of IFAD for 2012 in the amount of US\$3.5 million, and third, the administrative budget of the Independent Office of Evaluation of IFAD for 2012 in the amount of US\$6.02 million.

**Draft resolution .../XXXV****Administrative and capital budgets of IFAD for 2012 and administrative budget of the Independent Office of Evaluation of IFAD for 2012****The Governing Council of IFAD,**

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

**Noting** that, at its 104<sup>th</sup> session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2012 at a level of SDR 739 million (US\$1,155 million), which comprises a lending programme of SDR 691 million (US\$1,080 million) and a gross grant programme of US\$75 million;

**Having considered** the review of the 104<sup>th</sup> session of the Executive Board concerning the proposed administrative and capital budgets of IFAD for 2012 and the administrative budget of the Independent Office of Evaluation of IFAD for 2012;

**Approves** firstly, the administrative budget of IFAD for 2012 in the amount of US\$144.14 million, secondly, the capital budget of IFAD for 2012 in the amount of US\$3.5 million, and thirdly, the Independent Office of Evaluation of IFAD for 2012 in the amount of US\$6.02 million, as they are set forth in document GC 35/XX, determined on the basis of a rate of exchange of EUR 0.72/US\$1.00;

**Determines** that in the event the average value of the United States dollar in 2012 should change against the euro rate of exchange used to calculate the budget, the total United States dollar equivalent of the euro expenditures in the budget shall be adjusted in the proportion that the actual exchange rate in 2012 bears to the budget exchange rate.

## 2012 indicative gross lending programme

<i>West and Central Africa</i>	<i>East and Southern Africa</i>	<i>Asia and the Pacific</i>	<i>Latin America and the Caribbean</i>	<i>Near East, North Africa and Europe</i>	
Benin	Angola	Afghanistan	Brazil (2)	Egypt	
Burkina Faso	Eritrea	Cambodia	Guyana	Georgia	
Cape Verde	Ethiopia	China (2)	Haiti	Iraq	
Democratic Republic of the Congo	Kenya	Indonesia	Jamaica	Lebanon	
Gambia (The)	Madagascar (2)	Kyrgyzstan	Mexico	Syrian Arab Republic	
Nigeria	Mauritius	Maldives	Panama	Tunisia	
	Mozambique	Nepal	Paraguay	Turkey	
	Rwanda	Philippines	Peru	Uzbekistan	
	South Africa	Tonga	Suriname		
	South Sudan <sup>a</sup>		Venezuela (Bolivarian Republic of)		
	Swaziland				
<b>Total</b>	6	12	10	11	8

<sup>a</sup> Subject to approval of membership by the Governing Council.

## Price increases: staff and non-staff

1. The budget for staff costs is prepared in accordance with the rules and regulations applied to salaries, allowances and benefits for staff members of the United Nations, who are largely governed by the recommendations of the International Civil Service Commission (ICSC) of the United Nations Common System.
2. Standard rates are developed for each grade level, based on an analysis of statistical data for the 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.
3. An overall increase of 0.8 per cent is proposed for the 2012 standard costs, which compares with equivalent increases of 7.8, 4.1 and 0.8 per cent for each of the years in the period 2009-2011, respectively. The following table shows the average percentage increase for each staff entitlement and its impact on the cost of the 2011 approved full-time equivalents (FTEs).

### Composition of standard staff costs

(Millions of United States dollars)

<i>Category description</i>	<i>2011 FTEs at 2011 rates</i>	<i>2011 FTEs at 2012 rates</i>	<i>Percentage increase</i>	<i>Notes</i>
<b>Professional staff</b>				
Salaries	23.44	23.92	2.0	(a)
Post adjustment	16.05	16.10	0.3	
Pension and medical	10.37	10.37	0.0	(b)
Education grants	3.99	4.18	4.8	(c)
Repatriation, separation and annual leave	2.28	2.30	0.9	
Home leave	1.36	1.25	(8.1)	
Dependency allowances	0.85	0.89	4.7	
United States tax reimbursement	0.80	0.81	1.3	
Other allowances	1.53	1.47	(3.9)	
<b>Subtotal</b>	<b>60.67</b>	<b>61.29</b>	<b>1.0</b>	
<b>General Service staff</b>				
Salaries	15.83	15.85	0.1	(a)
Pension & Medical	5.52	5.53	0.2	(b)
Language allowance	0.58	0.60	3.4	
Repatriation and separation	1.44	1.45	0.7	
Other allowances	0.88	0.87	(1.1)	
<b>Subtotal</b>	<b>24.25</b>	<b>24.30</b>	<b>0.2</b>	
<b>Locally recruited country presence staff</b>	<b>3.94</b>	<b>3.95</b>	<b>0.2</b>	
<b>Total administrative staff costs</b>	<b>88.86</b>	<b>89.54</b>	<b>0.8</b>	

- (a) **Salaries and post adjustment.** In accordance with FAO staff budgeting assumptions, an increase of 2.5 per cent is foreseen for Professional staff in 2012. This increase is somewhat offset by the fact that the actual cost of temporary and locally recruited staff at IFAD headquarters was less than expected in 2011. Following the freeze of General Service staff costs in 2011, and in accordance with FAO, Management proposes a freeze also for 2012.
- (b) **Pension.** An increase of 2.75 per cent has been proposed for pension costs and of 6.5 per cent for medical costs for 2012 by FAO. Consistent with FAO, these increases are offset by actual pension and medical costs in 2011 being less than originally anticipated.
- (c) **Education grants.** In direct accordance with the assumptions used by FAO, an increase of 5 per cent has been proposed to education grant costs for 2012. The rationale is based on the revision of the level of education grant and boarding costs recommended by the ICSC to the United Nations General Assembly.

**Non-staff cost price increase**

- 4. Within the administrative budget, a price increase of 2.3 per cent has been applied to non-staff costs for 2012. This rate has been obtained directly from FAO and is in accordance with a detailed analysis performed by IFAD's Treasury Services Division of forecasted 2012 inflation rates within Italy and for the world using data from the Bloomberg system.



## Operational objectives for 2012

### **Country programme development and implementation (cluster 1)**

1. Increasingly, IFAD will aim to deploy innovative solutions for sustainable rural development and to scale up successful pilot operations. Further partnerships will also be sought to mobilize other sources of finance.
2. Within the framework of increased direct supervision, IFAD is focusing on improving its capacity to provide high-quality supervision, implementation and loan administration support to achieve more rapid project impact and resolve issues causing start-up delays. Particular emphasis will be placed on improving the disbursement rate of projects.
3. IFAD proposes to increase the number of country offices from 30 to 40 by 2013, to meet its objective of increased country presence.
4. Additional resources will be directed towards supporting the increased overall work programme for 2012 and rising portfolio implementation costs where needed. Attempts will be made to offset such increases through cost-cutting measures and doing "more with less".

### **High-level policy dialogue, resource mobilization and strategic communication (cluster 2)**

5. During the MTP period, IFAD aims to maximize the use of field-level information, strengthen practice and thematic groups, involve outside reviewers of IFAD projects, continue to disseminate IFAD publications, scale up successful innovations, encourage South-South knowledge-sharing, and partner with other institutions.
6. An expanded Office of Strategy and Knowledge Management will provide the lead in this cluster's activities. IFAD will also concentrate on developing even more cofinancing mechanisms to access greater resources for smallholder agriculture.

### **Corporate management, reform and administration (cluster 3)**

7. The activities under this cluster are increasing as a result of a growing programme of work. While traditionally resources have been allocated away from this cluster, in the long run this area needs to be adequately resourced to effectively deliver the support functions necessary to meet IFAD's overall objectives. The key areas of focus are: provision of timely, high-quality services to meet the higher demand for recruitment of staff and consultants; financial management; supply of day-to-day computing, administration and communication services; and support for country presence and direct supervision.
8. The priority areas in this cluster include: (i) human resource management; (ii) financial management; and (iii) information and communications.

### **Support to Members' governance activities (cluster 4)**

9. Promoting effective relationships between the Fund and its Member States within the governing bodies is a key activity under this cluster. The associated requirements to provide for documentation, translation and interpretation, well-structured and serviced meetings, protocol support and communications are extensive and growing, and need to be properly resourced.

## Indicative distribution of the 2012 administrative budget by cluster and department

(Millions of United States dollars)

Department	Cluster 1			Cluster 2			Cluster 3			Cluster 4			Total		
	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)	2011	2012	Increase (decrease)
Office of the President and the Vice-President	0.84	0.5	(0.34)	0.93	1.03	0.10	1.04	0.96	(0.08)	0.56	0.88	0.32	3.37	3.37	-
Corporate Services Support Group	3.27	3.66	0.39	4.19	4.23	0.04	1.74	1.98	0.24	8.67	8.27	(0.40)	17.87	18.14	0.27
Resource Mobilization and Partnership Office	0.18	0.17	(0.01)	2.09	1.8	(0.29)	0.01	0.36	0.35	0.57	0.66	0.09	2.85	2.99	0.14
Office of Strategy and Knowledge Management	0.51	-	(0.51)	2.18	3.16	0.98	0.35	0.86	0.51	0.38	-	(0.38)	3.42	4.02	0.60
Programme Management Department	79.17	80.62	1.45	-	0.03	0.03	0	0.05	0.05	-	-	0	79.17	80.7	1.53
Financial Operations Department	2.37	3.13	0.76	-	-	-	5.99	5.23	(0.76)	0.17	0.11	(0.06)	8.53	8.47	-0.06
Corporate Services Department	0.02	0.93	0.91	0.48	0.2	(0.28)	22.61	23.06	0.45	0.17	0.16	(0.01)	23.28	24.35	1.07
Corporate cost centre		-	-	-	-	-	-	-	-	-	-	-	2.1	2.1	-
<b>Total</b>	<b>86.36</b>	<b>89.01</b>	<b>2.65</b>	<b>9.87</b>	<b>10.45</b>	<b>0.58</b>	<b>31.74</b>	<b>32.50</b>	<b>0.76</b>	<b>10.52</b>	<b>10.08</b>	<b>(0.44)</b>	<b>140.59</b>	<b>144.14</b>	<b>3.55</b>

## Indicative distribution of the 2012 administrative budget by cost category and department

(Millions of United States dollars)

<i>Department</i>	<i>Staff</i>	<i>Consultants</i>	<i>Travel</i>	<i>Administrative</i>	<i>Facilities</i>	<i>Institutional contracts</i>	<i>Information Technology</i>	<i>Other staff costs</i>	<i>Training</i>	<i>Interpreters and translators</i>	<i>Grand total</i>
Office of the President and the Vice-President	2.68	0.20	-	0.49	-	-	-	-	-	-	3.37
Corporate Services Support Group	15.53	0.47	0.55	0.49	0.01	-	-	0.22	0.01	0.86	18.14
Resource Mobilization and Partnership Office	2.10	0.13	0.22	0.34	0.14	-	-	0.01	0.01	0.04	2.99
Office of Strategy and Knowledge Management	3.03	0.47	0.35	0.17	-	-	-	-	-	-	4.02
Programme Management Department	46.33	21.52	7.52	1.77	0.44	2.56	0.05	0.33	0.10	0.08	80.70
Financial Operations Department	7.88	0.15	0.17	-	-	-	0.05	0.12	0.10	-	8.47
Corporate Services Department	13.99	0.34	0.13	3.05	2.80	0.13	2.26	0.58	1.07	-	24.35
Corporate cost centre		0.24	-	1.19	-	-	-	0.67	-	-	2.10
<b>Total</b>	<b>91.54</b>	<b>23.52</b>	<b>8.94</b>	<b>7.50</b>	<b>3.39</b>	<b>2.69</b>	<b>2.36</b>	<b>1.93</b>	<b>1.29</b>	<b>0.98</b>	<b>144.14</b>

## Indicative 2012 staff levels – administrative budget

(Full-time equivalents)<sup>a</sup>

Department <sup>b</sup>	Continuing and fixed-term staff					Total 2012
	Prof. and higher	General Service	Total continuing and fixed-term staff	Short-term staff	Locally recruited field staff	
<b>Office of the President and the Vice-President (OPV)</b>	<b>7.00</b>	<b>5.00</b>	<b>12.00</b>	-	-	<b>12.00</b>
<b>Corporate Services Support Group (CSSG)</b>						
Office of the General Counsel	9.83	6.00	15.83	-	-	15.83
Office of the Secretary	17.04	22.00	39.04	10.87	-	49.91
Office of Audit and Oversight	6.00	2.50	8.50	-	-	8.50
Communications Division	16.43	9.25	25.68	-	-	25.68
<b>Total CSSG</b>	<b>49.30</b>	<b>39.75</b>	<b>89.05</b>	<b>10.87</b>	-	<b>99.92</b>
<b>Resource Mobilization and Partnership Office (RMP)</b>						
North American Liaison Office	3.00	1.00	4.00	-	-	4.00
Arab Gulf States Liaison Office	3.00	1.00	4.00	-	-	4.00
Resource Mobilization and Partnership Unit	2.00	1.00	3.00	-	-	3.00
<b>Total RMP</b>	<b>8.00</b>	<b>3.00</b>	<b>11.00</b>	-	-	<b>11.00</b>
<b>Office of Strategy and Knowledge Management (SKM)</b>	<b>11.00</b>	<b>2.00</b>	<b>13.00</b>	-	-	<b>13.00</b>
<b>Programme Management Department (PMD)</b>						
PMD front office	8.00	4.00	12.00	0.80	-	12.80
Policy and Technical Advisory Division	25.43	11.00	36.43	-	-	36.43
West and Central Africa Division	24.00	13.00	37.00	-	17.00	54.00
East and Southern Africa Division	23.75	12.00	35.75	-	21.40	57.15
Asia and the Pacific Division	21.80	13.00	34.80	2.00	21.00	57.80
Latin America and the Caribbean Division	19.25	7.00	26.25	-	1.00	27.25
Near East, North Africa and Europe Division	19.25	11.00	30.25	-	6.00	36.25
Environment and Climate Division	8.70	3.50	12.20	0.67	-	12.87
<b>Total PMD</b>	<b>150.18</b>	<b>74.50</b>	<b>224.68</b>	<b>3.47</b>	<b>66.40</b>	<b>294.55</b>
<b>Financial Operations Department (FOD)</b>						
FOD front office	1.50	-	1.50	1.00	-	2.50
Controller's and Financial Services Division	17.34	13.00	30.34	-	-	30.34
Treasury Services Division	6.00	5.00	11.00	-	-	11.00
Budget Unit	2.50	-	2.50	-	-	2.50
<b>Total FOD</b>	<b>27.34</b>	<b>18.00</b>	<b>45.34</b>	<b>1.00</b>	-	<b>46.34</b>
<b>Corporate Services Department (CSD)</b>						
CSD front office	2.00	1.00	3.00	0.50	-	3.50
Human Resources Division	13.00	9.00	22.00	-	-	22.00
Administrative Services Division	7.00	24.30	31.30	-	-	31.30
Security Unit	2.00	7.50	9.50	-	-	9.50
Information and Communications Technology Division	14.00	14.00	28.00	-	-	28.00
<b>Total CSD</b>	<b>38.00</b>	<b>55.80</b>	<b>93.80</b>	<b>0.50</b>	-	<b>94.30</b>
<b>Grand total – 2012</b>	<b>290.82</b>	<b>198.05</b>	<b>488.87</b>	<b>15.84</b>	<b>66.40</b>	<b>571.11</b>
<b>Grand total – 2011</b>	<b>272.24</b>	<b>204.98</b>	<b>477.22</b>	<b>16.63</b>	<b>66.50</b>	<b>560.35</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 2012 are finalized.

## Indicative 2012 staffing by department and grade

(Full-time equivalents)

Category	Grade	OPV	CSSG	RMP	SKM	PMD	FOD	CSD	2012 Total	2011 Total
Professional and higher <sup>a</sup>	Department Head and above	2.00	-	-	1.00	1.00	1.00	1.0	6.00	5.00
	D-2	1.00	2.00	-	1.00	2.00	-	1.0	7.00	9.00
	D-1	-	2.00	2.00	1.00	5.00	2.00	2.00	14.00	11.75
	P-5	1.00	5.00	1.50	3.00	55.84	4.50	7.00	77.84	81.00
	P-4	2.00	13.93	1.50	3.00	35.63	8.75	12.00	76.81	69.14
	P-3	-	17.25	2.00	1.00	28.95	6.75	9.00	64.95	66.40
	P-2	1.00	9.12	1.00	1.00	21.76	3.34	6.00	43.22	28.95
	P-1	-	-	-	-	-	1.00	-	1.00	1.00
<b>Subtotal</b>		<b>7.00</b>	<b>49.30</b>	<b>8.00</b>	<b>11.00</b>	<b>150.18</b>	<b>27.34</b>	<b>38.00</b>	<b>290.82</b>	<b>272.24</b>
General Service <sup>a</sup>	G-7	-	-	1.00	-	-	-	2.00	3.00	3.00
	G-6	3.00	15.25	-	1.00	28.00	9.00	17.00	73.25	78.75
	G-5	1.00	9.00	2.00	1.00	29.00	6.00	11.80	59.80	63.55
	G-4	1.00	10.50	-	-	16.50	3.00	18.50	49.50	46.34
	G-3	-	4.00	-	-	1.00	-	1.00	6.00	7.34
	G-2	-	1.00	-	-	-	-	5.50	6.50	6.00
<b>Subtotal</b>		<b>5.00</b>	<b>39.75</b>	<b>3.00</b>	<b>2.00</b>	<b>74.50</b>	<b>18.00</b>	<b>55.80</b>	<b>198.05</b>	<b>204.98</b>
<b>Total</b>		<b>12.00</b>	<b>89.05</b>	<b>11.00</b>	<b>13.00</b>	<b>224.68</b>	<b>45.34</b>	<b>93.80</b>	<b>488.87</b>	<b>477.22</b>
Percentage Professional category		58%	55%	73%	85%	67%	60%	41%	59%	57%
Percentage General Service category		42%	45%	27%	15%	33%	40%	59%	41%	43%
Ratio Professional to General Service		1.40	1.24	2.67	5.5	2.02	1.52	0.68	1.47	1.33

<sup>a</sup> Excluding locally recruited field staff and short-term temporary General Service staff.

## Capital budget by thematic focus, 2008-2011

(Thousands of United States dollars)

	2008	2009	2010	2011	<i>Total approved</i>
<b>ICT initiatives</b>					
Loans and grants (LGS replacement)	710	1050	2 000	12 000	15 760
Human resources (HR) reform	134	541	400	500	1 575
Institutional efficiency	556	300	470	1 423	2 749
Delivering as One	-	440	300	-	740
IT infrastructure	600	1200	360	375	2 535
<b>ICT initiatives subtotal</b>	<b>2 000</b>	<b>3 531</b>	<b>3 530</b>	<b>14 298</b>	<b>23 359</b>
Non-IT headquarters projects	-	550	-	889	1 439
<b>Total</b>	<b>2 000</b>	<b>4 081</b>	<b>3 530</b>	<b>15 187</b>	<b>24 798</b>

## Carry-forward funds allocation

(Thousands of United States dollars)

<i>Department</i>	<i>Description of use of carry-forward funds</i>	<i>2010 6% carry forward<sup>a</sup></i>	<i>2010 3% carry forward<sup>b</sup></i>
CSSG	Office of the General Counsel: Support for loan negotiation activities	268	
	Communications Division: Support for technical publications	243	
	Ethics Office: Office start-up costs		57
RMP	Support for resource mobilization activities		80
SKM	Conference on new directions for smallholder agriculture; launch of Rural Poverty Report	446	
PMD	Support for project activities	2 850	
FOD	Controller's and Financial Services Division: Support for financial management of projects	218	
	Controller's and Financial Services Division: Annual report costs		30
CSD	Human Resources Division: Support for enhanced intern programme	400	
	Human Resources Division: Walk-in clinic and support for reform costs		207
	Security Unit: Support for country office security	133	
	Information and Communications Technology Division: Support for business continuity	43	1 117
	Contribution to United Nations events		10
	Contingency		159
<b>Total</b>		<b>4 601</b>	<b>1 660</b>

<sup>a</sup> The 6 per cent carry-forward rule is applicable only for 2010 to facilitate operational flexibility for cluster 1.

<sup>b</sup> The 3 per cent carry-forward rule is applicable starting 2004 onwards. It establishes that unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3 per cent of the said financial year. The maximum carry-forward amount from the 2011 budget cannot exceed US\$4.22 million, subject to budget utilization.

## Country presence budget information

### Proposed 2011 country presence budget by region (Millions of United States dollars)

Region	2011			2012		
	Staff	Non-staff	Total	Staff	Non-staff	Total
West and Central Africa	2.18	1.00	3.18	2.66	1.20	3.86
East and Southern Africa	3.07	1.05	4.12	3.13	1.27	4.40
Asia and the Pacific	1.17	0.70	1.87	1.29	-	1.29
Latin America and the Caribbean	1.06	0.36	1.42	0.98	0.71	1.69
Near East and North Africa	0.69	0.24	0.93	0.74	0.36	1.10
<b>Total</b>	<b>8.17</b>	<b>3.35</b>	<b>11.52</b>	<b>8.80</b>	<b>3.54</b>	<b>12.34</b>

### 2012 country presence budget staff analysis (internationally/locally recruited staff) by region

Region	Internationally recruited Professional staff		Locally recruited staff		Total	
	FTEs	US\$ million	FTEs	US\$ million	FTEs	US\$ million
West and Central Africa	8.00	1.71	17.00	0.95	25.00	2.66
East and Southern Africa	9.75	2.08	21.40	1.05	31.15	3.13
Asia and the Pacific	1.00	0.22	21.00	1.07	22.00	1.29
Latin America and the Caribbean	4.00	0.95	1.00	0.03	5.00	0.98
Near East and North Africa	1.00	0.22	6.00	0.52	7.00	0.74
<b>2012 Total</b>	<b>23.75</b>	<b>5.18</b>	<b>66.40</b>	<b>3.62</b>	<b>90.15</b>	<b>8.80</b>
<b>2011 Total</b>	<b>19.75</b>	<b>4.23</b>	<b>66.50</b>	<b>3.94</b>	<b>86.25</b>	<b>8.17</b>



## Increased efficiency and savings

1. This annex responds to the request of the Audit Committee at their meeting held on 5 December 2011 for further information on actions taken to increase efficiency and savings in the context of the presentation of the proposed administrative budget for 2012.

### Programme Management Department (PMD)

2. **Efficiency in delivering programmes.** Direct supervision, more realistic project design, and increased decentralization to country offices and regional hubs have resulted in:
  - More resources delivered faster to projects in country programmes – visible in a 14.1 per cent increase in disbursements during 2010-2011;
  - Reduction in historical averages in the period from approval to entry into force of projects from 8.5 months to 12.3 months, over a five-year period;
  - Increase in cofinancing in the period 1 July 2010-30 June 2011 from US\$750 million to US\$1,488 million; and
  - Decline in the average period between Executive Board approval and first disbursement.
3. **Increased efficiency in managing financial and human resources** has resulted in the following outcomes:
  - Comprehensive, cost-effective, multi-project supervision missions (reduction in IFAD's cost per project);
  - Increase in project cancellations during the implementation period (rather than at project completion) has reduced the costs of IFAD working on non-performing projects;
  - Increased in-country knowledge generated by direct supervision and increased country presence has cut operational costs associated with both project design and project implementation; and
  - Design of larger, lower-risk projects while ensuring necessary resources for design of programmes in complex environments.
4. **Cost savings.** Intense monitoring of 2011 budgetary resources has resulted in intra-departmental transfers of funds from knowledge management and capacity development activities (only where this does not compromise design quality) principally to project design (quality improvement), supervision and results management activities, with the emphasis on transferring efficiency gains to effectiveness goals. Management of future staffing requirements and vacancies within PMD has led to a US\$1 million reduction in PMD's proposed budget for 2012. Savings through reduction in numbers of country strategic opportunities programmes (COSOPs) in 2012 are also proposed.

### Financial Operations Department (FOD)

5. **Improve loan disbursement process.** Two significant events are taking place in loan disbursement in 2012. First, responsibility for checking and processing loan disbursements – currently split between FOD and PMD – will be consolidated in 2012, when the two relevant groups will be united. A review is already under way of all business processes to plan how the new unit will function. In parallel the Controller's and Financial Services Division is exploring how to move from the current front-loaded process for disbursement checking to a model more similar to that used at other international financial institutions where there is greater reliance on project supervision and audit. This will reduce the amount of upfront work. The

reduction could either take the form of efficiency savings or be redeployed as resources to ensure higher-quality project supervision.

6. **Improve treasury investment management.** The Treasury Services Division is making significant changes to the way in which the investment portfolio is managed. First, the externally managed investment portfolios are being consolidated, which will reduce the portfolios from nine to six or seven. Second, the investment management process is being changed to a risk-based approach by introducing a proprietary risk modelling package. The net result of this will be improved investment monitoring and a likely reduction in fees.

## **Corporate Services Department (CSD)**

### **Administrative Services Division (ADM)**

7. **Travel.** Cost-saving measures, consisting of a change to economy class travel for home leave, abolishment of the 10 per cent uplift in DSA previously paid to staff and direct negotiation of corporate fares have generated savings of approximately US\$900,000 in 2011. The home leave portion of savings has been reflected in a reduction in the relevant line item in the 2012 staff standard costs. Further saving opportunities in travel are being reviewed in conjunction with the other Rome-based agencies. Currently, a joint preferential hotel programme to identify more favourable rates is under examination. If adopted by IFAD, this could result in additional savings.
8. **Staff insurance cover.** The removal of the non-service injury and illness cover for all staff with fixed-term contracts from the staff compensation plan scheme amounted to savings of US\$1 million in 2011. The resulting cash reduction in annual premiums has been reflected in the relevant line item in the 2012 staff standard costs.
9. **Procurement.** The Common Procurement Team (CPT) of FAO, IFAD and WFP is focusing on harmonizing and improving procurement practices and defining common document templates for planning and implementing joint procurement initiatives. To date, the CPT has launched and completed 21 joint tendering processes in areas such as ICT equipment and software, telecommunication services, ICT consultancy services, training and staff development, cleaning services, gas and electricity to realize efficiency gains arising from economies of scale when soliciting common services. An average saving of 3 to 5 per cent of the contract value is estimated as a result of joint tendering. For IFAD, this amounts to an estimated US\$200,000. In 2012, the CPT will further refine the method used for calculating the savings achieved through the joint tendering activities. The three Rome-based agencies have adopted the same e-procurement tool and have integrated this into the procurement portal of the United Nations system – the United Nations Global Marketplace ([www.ungm.org](http://www.ungm.org)). The result of this integration is one of the most advanced e-procurement tools of the whole United Nations community.
10. **ADM review:** In addition to the above, ADM has contracted an external consultant to conduct an independent in-depth review of its processes and procedures with a view of identifying further areas of potential efficiency gains. The results of the review are expected at the end of the year.

### **Human Resources Division (HRD)**

11. **E-recruitment.** The implementation of e-recruitment has led to a more efficient recruitment process, with:
  - Less clerical time spent on uploading documents;
  - A significant drop in the average number of days needed to complete a recruitment from the 2010 level of 178 days – the average recruitment

duration for the first nine months of 2011 is 119 days, and the median (12-month rolling) is 101 days; and

- A reduction in the average time taken to draw up a long list to 12 days, down from 31 days in 2009-2010.
12. The change in separation payments (i.e. not including post-adjustment in the calculation of annual leave) has resulted in savings of US\$100,000 in 2011. This saving has been built into the 2012 staff standard costs.
  13. Other ongoing automation projects include the management of consultants' contracts, for which IFAD has now completed the IT development phase. Over 3,000 consultancy contracts for periods of varying duration were issued in 2011.

#### **Information and Communications Technology Division (ICT)**

14. **Country Offices.** In 2011 IFAD expanded the IT coverage of its Country Offices to provide all locations with access to its computer network. This aim is to ensure that staff working in the Country Offices can access exactly the same corporate applications and IT services as headquarters staff.
15. **Business continuity.** The ICT business continuity plans for headquarters have been fully implemented and tested to ensure that business-critical applications are available to key staff in the event of a disaster.
16. **Process streamlining.** Progress has also been made in streamlining corporate business process:
  - A new Member States interactive platform has been developed and deployed to support more efficient governance processes;
  - IFAD's financial and human resource IT platforms (Oracle-PeopleSoft) have been upgraded in order to reduce the risks posed by obsolete systems and pave the way for future efficiency gains; and
  - The interbank financial transaction platform (SWIFT) used by Treasury Services Division has been upgraded to increase the efficiency of financial transaction processing.

#### **Security Unit (SEU)**

17. A new tender for security services was carried out with the objective of reducing the cost per hour of security services in 2012.

#### **Corporate Services Support Group (CSSG)**

##### **Office of the Secretary (SEC)**

18. The following action has been taken by SEC to reduce the overall divisional budget request for 2012:
  - Proactive document processing, resulting in more timely submissions to SEC, which allows for more accurate planning and efficiency;
  - Increase in outsourced contracting by Language Services;
  - Reduction of editing for selected documentation based on a thorough reassessment of in-house needs, which has led to a reduced demand for document processing;
  - Reduction of hospitality costs through a reassessment of the current approach and the resulting elimination of some hospitality events; and
  - Initial reduction in the volume of documents requiring language processing due to the streamlining of the internal language processing framework.

**Office of the General Counsel (LEG)**

19. With the elimination of a General Service position effective 1 January 2012, LEG will have reached the target set in the Medium-term Plan 2011-2013 of eliminating two GS positions.

**Office of Audit and Oversight (AUO)**

20. The AUO division is mandated to recommend efficiency and economy improvements for all IFAD business processes. In 2011, Management agreed to implement efficiency improvements recommended by AUO in the consultant and institutional contract areas. It also implemented the efficiency measures recommended by AUO in the areas of recruitment, procurement and travel. In 2011, AUO streamlined its own internal processes, which has allowed for the reduction of its administrative support staffing by half of a position in the 2012 budget.

## IOE achievements in 2011

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
1. Corporate-level evaluations	IFAD's Private Sector Development and Partnership Strategy	To be completed in May 2011	Completed. The evaluation was discussed at the Evaluation Committee and Executive Board in April and May 2011, respectively.
	Approaches and results in promoting gender equality and women's empowerment in IFAD operations (outreach activities only)	To be completed in December 2011	IOE organized a dedicated panel discussion with FAO on this evaluation at the Global Assembly of IDEAS. IOE also made a presentation on the findings of this evaluation at the workshop on "Removing Gender-based Barriers to Agricultural Development" organized by the Swedish International Agricultural Network Initiative. IOE took the lead in the organization of a workshop on gender evaluations at the ECG annual meeting in November this year, in cooperation with the World Bank, African Development Bank and Asian Development Bank.
	An assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations	To be completed in 2012	In progress as planned.
2. Country programme evaluations	Ghana	To be completed in December 2011	Completed. The national round-table workshop was organized in November 2011.
	Jordan	To be completed in March 2012	In progress as planned. Main mission was fielded in June-July 2011.
	Haiti	To start in November 2011	In consultation with Management, this evaluation has been deferred to a later date given the challenges in the country context and the uncertain socio-political environment. Instead, IOE has brought forward the CPE in Ecuador, which was originally planned for 2012-2013. The division has also initiated a further CPE in Mali, to be completed by end 2012.
	Nepal	To start in November 2011	Started as planned.
	Rwanda	To be completed in December 2011	Completed ahead of schedule. The national round-table workshop was organized in September 2011.
	Uganda	To be completed in March 2012	Undertaken as planned.
	Viet Nam	To be completed in December 2011	Completed. The national round-table workshop was held in November 2011.
	Yemen	To be completed in June 2011	Completed. The evaluation was discussed at the Evaluation Committee in October 2011.

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
3. Project evaluations	25 project completion report validations	To be completed in December 2011	In progress as planned.
3.1. Project completion report validation			
3.2. Project performance assessment	6 project performance assessments	To be completed in December 2011	In progress as planned. Two additional PPAs are undertaken given the need to enhance evidence base for the planned CPEs in the same countries in the future.
4. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2011 and indicative plan for 2012-2013, and preparation of the results-based work programme and budget for 2012 and indicative plan for 2013-2014	To be completed in December 2011	In progress as planned.
	Ninth Annual Report on Results and Impact of IFAD's Operations (ARRI)	To be completed in December 2011	In progress as planned.
	IOE comments on the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA)	To be completed in September 2011	Completed.
	IOE comments on the Report on IFAD's Development Effectiveness (RIDE)	To be completed in December 2011	Will be undertaken as planned. RIDE with IOE comments will be discussed with the Evaluation Committee and thereafter by the Board in December 2011.
	IOE comments on the following IFAD operational policies for consideration by the Evaluation Committee: (i) Gender policy (ii) Country presence (iii) Private sector (iv) Middle-income countries	To be completed in December 2011	Undertaken as planned. IFAD's country presence policy with IOE's comments and IFAD's middle-income country policy with IOE comments were discussed at the April session of the Evaluation Committee and the May 2011 session of the Executive Board. Comments on the gender policy and private sector policy will be prepared for discussion at the December sessions of the Evaluation Committee and Executive Board.
	Participation in four regular sessions and additional ad hoc sessions, according to the Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed in December 2011	By the end of 2011, six formal sessions will have been held. IOE participated in the Evaluation Committee annual country visit to Brazil, and made a presentation on the results of the Dom Helder project evaluation.
5. Communication and knowledge-management activities	Evaluation reports, Profiles, Insights, IOE website, etc.	January-December 2011	In progress as planned. A review of IOE's evaluation communication and dissemination work was undertaken, and on that basis an enhanced evaluation knowledge and communication approach will be prepared.
	Evaluation syntheses on:	To be completed in December 2011	Completed

<i>Type of work</i>	<i>Evaluation activities</i>	<i>Planned implementation status</i>	<i>Present status</i>
	(i) Refining IFAD's development and targeting strategies to support poor smallholder farmers		
	(ii) Direct supervision and implementation support of IFAD-financed projects	To be completed in December 2011	Completed
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Participate selectively in CPMTs.	January-December 2011	In progress as planned
6. Partnerships	ECG, NONIE, UNEG and SDC partnership	January-December 2011	In progress as planned. IOE also participated in the Global Assembly of IDEAS
7. Methodology	Fine-tune the methodology for PCR validations and PPAs as needed	January-December 2011	Completed
	Implement adjustments to IOE evaluation methodology in terms of gender, climate change and scaling up	January-December 2011	In progress as planned
	Revise and implement harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	January-December 2011	The revised harmonization agreement was presented to the Evaluation Committee at its session in March 2011. It is being implemented as planned.
8. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development.	January-December 2011	In progress as planned
9. Financial, human resources and administrative management	Activities for strengthening financial, human resources and administrative management including consultants' management, evaluation planning and budget monitoring	January-December 2011	In progress as planned
10. Peer Review of IFAD's Office of Evaluation and Evaluation Function	Revise the IFAD Evaluation Policy	To be completed by May 2011	Completed. The revised IFAD Evaluation Policy was discussed in the Evaluation Committee during its April 2011 session and thereafter in the May 2011 session of the Executive Board.
	Comments on the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	To be completed by September 2011	Completed ahead of schedule. The revised Terms of Reference and Rules of Procedure of the Evaluation Committee with IOE comments were discussed in the Evaluation Committee during its April 2011 session and thereafter in the May 2011 session of the Executive Board.

## Proposed IOE activities for 2012 and indicative plan for 2013-2014

Table 1  
Proposed IOE work programme for 2012 according to type of activity

<i>Type of work</i>	<i>Proposed activities for 2012</i>	<i>Start date</i>	<i>Expected finish</i>
1. Corporate-level evaluation	An assessment of IFAD's institutional efficiency and efficiency of IFAD-funded operations	Jan-11	Sep-12
	Direct supervision and implementation support	Jan-12	Jun-13
2. Country programme evaluation	Burundi	Nov-12	Dec-13
	Ecuador	Nov-11	Dec-12
	Indonesia	Nov-12	Dec-13
	Jordan	Jan-11	Mar-12
	Madagascar	Jun-12	Sep-13
	Mali	Nov-11	Dec-12
	Nepal	Nov-11	Dec-12
	Syrian Arab Republic (or Moldova)	Sep-12	Oct-13
	Uganda	Jan-11	Mar-12
3. Project completion report validation	Around 25 PCR validations	Jan-12	Dec-12
4. Project performance assessment	Around 8 PPAs	Jan-12	Dec-12
5. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2012 and indicative plan for 2013-2014, and preparation of the results-based work programme and budget for 2013 and indicative plan for 2014-2015	Jan-12	Dec-12
	Tenth ARRI	Jan-12	Dec-12
	IOE comments on the PRISMA	Jun-12	Sep-12
	IOE comments on the RIDE	Oct-12	Dec-12
	IOE comments on selected IFAD operations policies prepared by IFAD Management for consideration by the Evaluation Committee	Jan-12	Dec-12
	Participation in all sessions of the EC, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	Jan-12	Dec-12
6. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	Jan-12	Dec-12
	Evaluation syntheses (COSOP as an instrument, including its structure, development and implementation process; Role of cooperatives in rural development; Gender)	Jan-12	Dec-12
	Attend all OSCs regarding corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend selected CPMTs.	Jan-12	Dec-12
7. Partnerships	ECG, UNEG, NONIE, IDEAS and SDC partnership	Jan-12	Dec-12
8. Methodology	Fine-tune, as needed, the methodology for PCR validation	Jan-12	Dec-12



Type of work	Proposed activities for 2012	Start date	Expected finish
	and PPAs		
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Jan-12	Dec-12
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	Jan-12	Dec-12

Table 2  
IOE indicative plan for 2013-2014 according to type of activity

Type of work	IOE proposed indicative plan for 2013-2014	Year	
1. Corporate-level evaluation	IFAD's approach to policy dialogue and results	2013-2014	
	Revised IFAD Policy on Grant Financing	2014-2015	
	Contribution to future IFAD replenishment (IFAD10)	2013-2014	
	Joint Evaluation of the Reformed Committee on World Food Security	2013-2014	
2. Country programme evaluation	Plurinational State of Bolivia	2013	
	Guatemala	2014	
	Pakistan	2014	
	Senegal	2013	
	Turkey	2014	
	Zambia	2014	
3. Project completion report validation	Around 25 PCR validations/year	2013-2014	
4. Project performance assessment	Around 8 PPAs/year	2013-2014	
5. Evaluation Committee and Executive Board	Review of the implementation of the results-based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget for 2014 and indicative plan for 2015-2016	2013	
	Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016 and preparation of the results-based work programme and budget for 2015 and indicative plan for 2016-2017	2014	
	Eleventh and twelfth ARRIs	2013-2014	
	IOE comments on the PRISMA	2013-2014	
	IOE comments on the RIDE	2013-2014	
	IOE comments on selected IFAD operational policies prepared by IFAD Management for consideration by the Evaluation Committee	2013-2014	
	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	2013-2014	
	6. Communication and knowledge management activities	Evaluation reports, Profiles, Insights, website, etc.	2013-2014
		Evaluation syntheses (Water management and conservation, and other topics to be determined)	2013-2014
		Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE. Attend selected CPMTs.	2013-2014
7. Partnerships	ECG, UNEG, NONIE, IDEAS and SDC partnership	2013-2014	

<i>Type of work</i>	<i>IOE proposed indicative plan for 2013-2014</i>	<i>Year</i>
8. Methodology	Fine-tune, as needed, the methodology for PCR validation and PPAs	2013-2014
	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	2013-2014
9. Evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development	2013-2014

Table 3  
Provisional activities according to IOE divisional management results and objectives

<i>Objectives</i>	<i>IOE divisional management results</i>	<i>Proposed activities for 2012</i>	<i>Proposed indicative plan for 2013-2014</i>
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	DMR 1: ARRI and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	Tenth ARRI	Eleventh and twelfth ARRI
		CLE on IFAD's efficiency (2011-2012). CLE on direct supervision and implementation support (2012-2013)	CLE on IFAD's approach to policy dialogue and results (2013-2014), CLE on revised IFAD Policy on Grant Financing (2014-2015), Contribution to future IFAD replenishment (IFAD10) (2013-2014), Joint Evaluation of the Reformed Committee on World Food Security (2013-2014)
		Comments on policies, as required	Comments on policies, as required
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	Burundi, Ecuador, Indonesia, Jordan, Madagascar, Mali, Nepal, Syrian Arab Republic (or Moldova) and Uganda	Plurinational State of Bolivia, Guatemala, Pakistan, Senegal, Turkey and Zambia
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	PCR validations (around 25/year)	PCR validations (around 25/year)
	DMR 4: Methodology development	PPAs (around 8/year)	PPAs (around 8/year)
		Continue to fine-tune the methodology for PCR validation and PPAs, as required	Continue to fine-tune the methodology for PCR validation and PPAs, as required
		Partnership: ECG, UNEG, NONIE, IDEAS, SDC, (indirect contribution to this DMR)	Partnership: ECG, UNEG, NONIE, IDEAS, SDC (indirect contribution to this DMR)
		Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes	Implement the revised harmonization agreement between IOE and IFAD Management on independent and self-evaluation methodology and processes.
		Comments on RIDE, PRISMA	Comments on RIDE, PRISMA
		Implementation of activities in partner countries related to evaluation capacity development	Implementation of activities in partner countries related to evaluation capacity development
	DMR 5: Work related to IFAD governing bodies	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee	Participation in all the sessions of the Evaluation Committee, according to the revised Terms of Reference and Rules of Procedure of the Evaluation Committee
		Review of the implementation of the results-	Review of the implementation of the results-

<i>Objectives</i>	<i>IOE divisional management results</i>	<i>Proposed activities for 2012</i>	<i>Proposed indicative plan for 2013-2014</i>
		based work programme for 2012 and indicative plan for 2013-2014, and preparation of the results-based work programme and budget for 2013 and indicative plan 2014-2015	based work programme for 2013 and indicative plan for 2014-2015 and preparation of the results-based work programme and budget 2014 and indicative plan 2015-2016. Review of the implementation of the results-based work programme for 2014 and indicative plan for 2015-2016 and preparation of the results-based work programme and budget 2015 and indicative plan 2016-2017.
Strategic objective 2: Promote effective learning and knowledge management	DMR 6: Production of evaluation syntheses and ARRI learning themes	Evaluation syntheses (COSOP as an instrument, including its structure, development and implementation process; Role of cooperatives in rural development; and Gender)	Evaluation syntheses (Water management and conservation, and other topics to be determined)
		Analysis of one ARRI learning theme	Analysis of one ARRI learning theme each year
	DMR 7: Systematic communication and outreach of IOE's work	Evaluation reports, Profiles, Insights and website	Evaluation reports, Profiles, Insights and website
		Internal platforms (OSCs, CPMTs)	Internal platforms (OSCs, CPMTs)
		In-country learning workshops	In-country learning workshops
		Partnership: ECG, UNEG, NONIE, IDEAS, SDC	Partnership: ECG, UNEG, NONIE, IDEAS, SDC
		Participation in learning events or meetings of evaluation societies	Participation in learning events or meetings of evaluation societies
		Other learning and outreach activities	Other learning and outreach activities

## Evaluations from the previous 2012-2013 indicative plan<sup>23</sup> to be deferred or dropped

<i>Nature of evaluation</i>	<i>IOE's proposal to drop or defer (with rationale)</i>
CLE on revised IFAD policy on grant financing in 2013	As agreed with Management, this evaluation will be deferred to a later date (2014-2015) to facilitate the assessment of the results generated by the policy on the ground.
CPE in Haiti to start in November 2011	In consultation with Management, this CPE will be deferred due to challenges in the country context and the uncertain socio-political environment. Instead, IOE has brought forward the CPE in Ecuador which was originally planned for 2012-2013. The division has also initiated a CPE in Mali to be completed at the end of 2012.
CPEs in Burkina Faso, Cambodia, the Philippines, and the United Republic of Tanzania	These CPEs were included in last year's indicative plan 2012-2013 but it is now proposed to replace them with higher-priority CPEs.

<sup>23</sup> See annex XII, document GC 34/L.6.

## IOE staff levels for 2012

2008 level	2009 level	2010 level	2011 level	2012		
				Professional staff	General Service staff	Total
18.5	19.5	19.5	19.5	<b>11.5</b>	<b>8</b>	<b>19.5</b>

### Human resources category

	2011	2012
Director	1	1
Deputy Director	1	1
Senior evaluation officers	4	4
Evaluation officers	4	4
Evaluation research analyst	1	1
Evaluation Knowledge and Communication Officer	0.5	0.5
<b>Total Professional staff</b>	<b>11.5</b>	<b>11.5</b>
Administrative assistant	1	1
Assistant to the Director	1	1
Assistant to the Deputy Director	1	1
Evaluation assistants	5	5
<b>Total General Service staff</b>	<b>8</b>	<b>8</b>
<b>Grand total</b>	<b>19.5</b>	<b>19.5</b>

In 2012, IOE will also benefit from the services of one associate professional officer (from Sweden).

### IOE's General Service staff levels

2005	2006	2007	2008	2009	2010	2011	2012 (proposed)
9.5	9.5	9.5	8.5	8.5	8	8	8

## Proposed IOE budget for 2012

Table 1  
**IOE overall budget 2012**  
(In United States dollars)

	2008 budget <sup>a</sup>	2009 budget <sup>b</sup>	2010 budget <sup>b</sup>	2011 budget <sup>b</sup> (1)	Proposed 2012 budget			
					Real increase (2)	Price increase <sup>c</sup> (3)	Exchange rate increase/decrease <sup>d</sup> (4)	Total 2012 budget at US\$1=EUR 0.72 (5)=(1)+(2)+(3)+/- (4)
Evaluation work								
Non-staff costs	2 465 565	2 696 000	2 600 000	2 238 000	0	51 474	0	2 289 474
Evaluation work								
Staff costs	2 777 012	3 157 851	3 620 204	3 645 576	0	88 954	0	3 734 530
<b>Total</b>	5 242 577	5 853 851	6 220 204	5 883 576	0	140 428	0	<b>6 024 004<sup>f</sup></b>

<sup>a</sup> Restated budget. As for the rest of IFAD, figures were restated during the year by IFAD's Strategic Planning Division to take into account fluctuations of the EUR/US\$ exchange rate.

<sup>b</sup> As approved by the Governing Council (at the exchange rate of US\$1=EUR 0.79 in 2009 and US\$1=EUR 0.722 in 2010 and 2011).

<sup>c</sup> As for the rest of IFAD and conveyed by the Budget Unit. Price increase for non-staff costs is 2.3 per cent. For staff costs, this increase is the difference between 2011 and 2012 total standard costs.

<sup>d</sup> As conveyed by the Budget Unit, the exchange rate to be applied is the same exchange rate as applied for the 2011 budget, ie. US\$1=EUR 0.72. Therefore, exchange rate increase/decrease is zero.

<sup>e</sup> See table 2 for further details on non-staff costs.

<sup>f</sup> Figures presented in this table are not the same as those given in the IOE's results-based work programme and budget for 2012 and indicative plan for 2013-2014 presented to the Evaluation Committee on 7 October 2011. This is the result of the application of different price increases for both staff costs and non-staff costs, which was suggested by the Budget Unit, following the presentation of the IOE budget to the Evaluation Committee in October 2011.

Table 2  
2012 IOE budget proposal breakdown for non-staff costs

<i>Cost category</i>	<i>Absolute number</i>	<i>Number in full-time equivalent<sup>a</sup></i>	<i>Standard unit costs<sup>b</sup>(US\$)</i>	<i>Proposed non-staff costs in 2012 (US\$)</i>
ARRI	1	1	150 000	150 000
Corporate-level evaluations	2	1.4	Differentiated cost based on scope and nature of issues to be assessed: 300 000-450 000	450 000
Country programme evaluations	9	4.4	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evaluative evidence: 235 000-315 000	1 170 000
PCR validations	Around 25	Around 25	-	- <sup>c</sup>
PPAs	Around 8	Around 8	25 000	200 000
Evaluation syntheses	3	3	45 000-50 000	140 000
Communication, outreach, knowledge sharing and partnership activities	-	-		108 000
Training	-	-		10 000
Overhead and miscellaneous costs	-	-		61 474
<b>Total</b>				<b>2 289 474</b>

<sup>a</sup> Often evaluations are begun one year and completed the following year. This figure represents the percentage of time that IOE will devote to such evaluations in 2012.

<sup>b</sup> Standard unit costs also include staff travel when necessary.

<sup>c</sup> However, this activity will involve around 275 days of staff time (the standard unit cost in terms of staff time is eleven days/PCR validation).

Table 3  
**IOE proposed budget allocation (staff and non-staff costs) by objective and divisional management result**  
(In United States dollars)

<i>IOE objectives</i>	<i>IOE DMR</i>	<i>Proposed budget (staff and non-staff cost)</i>	<i>Percentage overall total proposed budget</i>
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes	1 020 245	17
	DMR 2: CPEs that serve as concrete building blocks for better results-based COSOPs	2 211 750	37
	DMR 3: Project evaluations that contribute to better IFAD-supported operations	769 614	13
	DMR 4: Methodology development	381 009	6
	DMR 5: Work related to IFAD Governing Bodies	238 956	4
<b>Total for strategic objective 1</b>		<b>4 621 574</b>	<b>77</b>
Strategic objective 2: Promote effective learning and knowledge management	DMR 6: Production of evaluation syntheses and ARRI learning themes	669 158	11
	DMR 7: Systematic communication and outreach of IOE's work	733 272	12
<b>Total for strategic objective 2</b>		<b>1 402 430</b>	<b>23</b>
<b>GRAND TOTAL</b>		<b>6 024 004</b>	<b>100</b>



## Key performance indicators

<i>IOE objectives</i>	<i>Key performance indicators</i>	<i>IOE DMRs*</i>	<i>Means of verification</i>	<i>2011 baseline**</i>	<i>2014 target</i>	
Strategic objective 1: Contribute to improving the performance of corporate policies and IFAD-funded operations	1. Percentage of evaluations receiving positive feedback from the Evaluation Committee and Executive Board members	DMRs 1, 2 and 3	Reports of Evaluation Committee Chairperson and minutes of the Executive Board	100%	100%	
	2. Percentage of evaluations completed in full compliance with the IFAD Evaluation Policy and IOE evaluation methodology	DMRs 1, 2, and 3	IOE's internal peer review	100%	100%	
	3. Senior independent advisers certify the quality of evaluation process and methodology used, for CLEs and selectively for CPEs	DMRs 1, 2 and 3	SIA reports		100%	100%
	4. Number of events attended by IOE staff, related to self-evaluation and evaluation capacity development	DMR 4	IOE record		1 event	3 events
	5. Number of IOE staff members sent on evaluation training each year, on a rotational basis	DMR 4	IOE record		3 staff	3 staff
	6. Number of planned Evaluation Committee sessions held in accordance with the Committee's Terms of Reference	DMR 5	IOE record		4 regular sessions	4 regular sessions
	7. IOE participation as required in sessions of the Audit Committee, Executive Board, Governing Council and Evaluation Committee annual country visit	DMR 5	IOE record		100%	100%
Strategic objective 2: Promote effective learning and knowledge management	8. Number of key learning events organized by IOE within IFAD	DMRs 6 and 7	IOE record		2 events	4 events
	9. Number of in-country learning events co-organized by IOE with Governments	DMR 7	IOE record		4 events	5 events
	10. Number of major in-house learning events attended by IOE staff for knowledge sharing	DMR 7	IOE record		2 events	4 events
	11. Number of external knowledge events with IOE staff participation to share lessons from evaluation	DMR 7	IOE record		3 events	5 events
	12. Evaluation reports, and related products (i.e. Profiles and Insights) published within three months of established completion date and disseminated to internal and external audiences	DMRs 6 and 7	IOE record		80%	90%

\* DMR 1: ARRIs and CLEs that provide concrete building blocks for the development and implementation of better corporate policies and processes; DMR 2 CPEs that serve as concrete building blocks for better results-based COSOPs; DMR 3: Project evaluations that contribute to better IFAD-supported operations; DMR 4: Methodology development; DMR 5: Work related to IFAD governing bodies; DMR 6: Production of evaluation syntheses and ARRI learning themes; DMR 7: Systematic communication and outreach of IOE's work.

\*\* Please note that the baseline values are indicative since the calendar year had not yet ended at the time of document preparation.

## IOE's results chain

