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IFAD
Investing in rural people

IFAD's 2019 Results-based Programme of Work and Regular and Capital Budgets, the IOE Results-based Work Programme and Budget for 2019 and Indicative Plan for 2020-2021, and the HIPC and PBAS Progress Reports

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For: Approval

IFAD's 2019 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2019 and indicative plan for 2020-2021, and the HIPC and PBAS progress reports

1. The attached document sets forth IFAD's 2019 results-based programme of work and regular and capital budgets, the budget of the Independent Office of Evaluation of IFAD (IOE) for 2019 and indicative plan for 2020-2021, and the progress reports on IFAD's participation in the Heavily Indebted Poor Countries (HIPC) Initiative and implementation of the performance-based allocation system (PBAS).

2. The programme of work (PoW) for 2019 was approved by the Executive Board at its 125th session in December 2018. A PoW of SDR 1,265 million (US$1,759 million) in nominal terms was approved for planning purposes, subject to a review of the resources available for commitment during the course of 2019.

3. The Executive Board also reviewed the progress reports on IFAD's participation in the HIPC Initiative and on the implementation of the PBAS and its addendum, containing the 2018 country scores and 2019-2021 country allocations, and recommended that both progress reports be transmitted to the Governing Council for information.

4. 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, IFAD's 2019 results-based programme of work and regular and capital budgets, the IOE results-based work programme and budget for 2019 and indicative plan for 2020-2021 are transmitted to the Governing Council for approval.

5. Accordingly, it is recommended that the Governing Council adopt the attached draft resolution, approving IFAD's 2019 regular and capital budgets, and IOE work programme and budget for 2019 and indicative plan for 2020-2021 in the amounts indicated.

Contents

Annexes

Abbreviations and acronyms

ABC Fund	Agri-Business Capital Fund
ARRI	Annual Report on Results and Impact of IFAD Operations
AC	Audit Committee
AUO	Office of Audit and Oversight
CLE	corporate-level evaluation
CDI	change delivery and innovation unit
CLEE	Corporate-level Evaluation of IFAD's Institutional Efficiency and the Efficiency of IFAD-Funded Operations
COSOP	country strategic opportunities programme
CPM	country programme manager
CSD	Corporate Services Department
CSPE	country strategy and programme evaluation
CSSG	Corporate Services Support Group
DMR	divisional management results
ECD	evaluation capacity development
ECG	Environment, Climate, Gender and Social Inclusion Division
ETH	Ethics Office
FAO	Food and Agriculture Organization of the United Nations
FOD	Financial Operations Department
FTE	full-time equivalent
GEM	Global engagement and multilateral relations division
GRIPS	Grants and Investment Projects System
HIPC	Highly Indebted Poor Countries
ICO	IFAD Country Office
ICP	IFAD Client Portal
ICSC	International Civil Service Commission
ICT	information and communications technology
IE	impact evaluation
IFAD10/11/12	Tenth/Eleventh/Twelfth Replenishment of IFAD's Resources
IOE	Independent Office of Evaluation of IFAD
LEG	Office of the General Counsel
OMC	Operations Management Committee
OpEx	Operational Excellence for Results
OPV	Office of the President and Vice-President
OSC	Operational Strategy and Policy Guidance Committee
PBAS	performance-based allocation system
PCR	project completion report
PCRV	project completion report validation
PMD	Programme Management Department
PoLG	programme of loans and grants
PoW	programme of work
PPE	project performance evaluation
PRISMA	President's Report on the Implementation Status of Evaluation Recommendations and Management Actions
PRM	Partnership and resource mobilization office
RIDE	Report on IFAD's Development Effectiveness
RTA	reimbursable technical assistance
SAFIN	Smallholder and Agri-SME finance network
SEC	Office of the Secretary
SKD	Strategy and Knowledge Department
SWP	strategic workforce planning
UNDS	United Nations Development System
UNEG	United Nations Evaluation Group
WFP	World Food Programme
WIGSI	within-grade step increment

Executive summary

1. The implementation of the Eleventh Replenishment of IFAD's Resources (IFAD11) (2019-2021) begins in 2019. During this period, the Fund will continue to be guided by the IFAD Strategic Framework 2016-2025, which has the overarching goal of inclusive and sustainable rural transformation. IFAD will seek to have a greater impact in agricultural development and to play a larger role in meeting the priorities of the 2030 Agenda for Sustainable Development.

2. The IFAD11 Consultation was completed in February 2018, yielding clear strategic directions for IFAD over the next three years and beyond. This included a programme of business model enhancements aimed at ensuring excellence in operations, with a strong focus on value for money and a commitment to transparency, accountability and results.

3. 2018 has been an important year for defining and implementing reforms to enhance IFAD's capacity to deliver. Through the Operational Excellence for Results (OpEx) exercise and other corporate initiatives, actions have been undertaken aimed at: (i) re-engineering the country-based model; (ii) recalibrating business processes; (iii) delegating responsibility to the frontlines; (iv) making IFAD's headquarters fit for purpose; and (v) creating a results-based architecture.

4. Building on these actions, 2019 will be a year of consolidation and increased delivery, leveraging the enhanced institutional platform provided by the strengthened network of decentralized hubs and IFAD Country Offices, and a headquarters that is being realigned and made fit for purpose. In addition, reforms of non-operations areas will be undertaken and business process enhancement will continue. Strengthening of internal controls and compliance functions will be a key priority for investment in order to ensure adequate staffing of these areas in a more decentralized institution.

5. A major thrust in 2019 will be on implementation of the road map for IFAD's financial strategy, drawing on the outcomes of the external financial risk assessment and recent Corporate-level Evaluation on IFAD's Financial Architecture, and responding to their recommendations in order to meet the requirements for a strong and comprehensive financial architecture. To strengthen the financial architecture and make preparations to ensure a strong credit rating, particular emphasis will be placed on enhancing financial risk management within IFAD.

6. 2019 is expected to be a significant year for IFAD's engagement with the private sector. A number of special initiatives, including the Agri-Business Capital Fund, are gaining momentum and attracting interest from a range of partners. IFAD is also reinforcing its engagement with the United Nations Development System (UNDS) in order to leverage its position as a United Nations specialized agency more effectively.

7. One of the lessons learned from the changes and reforms over the past 18 months is the need to transform the ad hoc and time-bound OpEx mandate into a more permanent function within the institution to ensure that the reforms undertaken are sustained and monitored. Management proposes a Change, Delivery and Innovation (CDI) unit to act as a centre of excellence and expertise, assisting all departments in embedding a culture of change, and to enhance delivery and innovation, through renewal of products and processes, as part of IFAD's drive for greater efficiency and effectiveness. This unit, which has been incorporated into the 2019 budget proposal, will play a key role in ensuring that IFAD delivers on its IFAD11 commitments and targets.

8. The 2019 programme of loans and grants (PoLG) is being developed based on the new country selectivity criteria and the revised formula for the performance-based allocation system (PBAS). IFAD's projected PoLG for 2019 is US$1.76 billion, plus approximately US$75 million in IFAD-managed funds mobilized from other sources,

for a total of at least US$1.83 billion. IFAD expects to attain its PoLG target of at least US$3.5 billion for the IFAD11 period (2019-2021).

9. The primary cost drivers for 2019 include: (i) additional staffing, mainly to complete the mapping and realignment of decentralized offices, and to establish an expanded risk function and strengthen internal controls (though this will be largely offset by position reductions arising from planned organizational changes and outcomes of OpEx reviews); (ii) depreciation and additional software licensing costs; (iii) incremental costs related to the governing bodies; (iv) other real increases related to IFAD11 priorities; and (v) price-related cost drivers, including a significant price increase in IFAD's contribution to UNDS cost-sharing.

10. As indicated in the high-level preview, expected cost reductions have been identified and netted off from the total cost increases. Additional savings from organizational and business process changes, travel and consultancy cost reductions, and other efficiency measures have been incorporated in the final budget proposal.

11. The 2019 net regular budget is proposed at US$158.21 million, representing a 1.7 per cent nominal increase over the 2018 budget of US$155.54 million (compared with 2.4 per cent in the high-level preview). All real increases have been fully offset by real reductions to achieve a zero real growth budget, compared with the 0.7 per cent real increase proposed in the preview. The nominal increase of 1.7 per cent is the net price increase arising from exchange rate, inflation and price increases, offset by price reductions. This is the same level of price increase as the 1.7 per cent indicated in the high-level preview. The exchange rate used for the final budget proposal is EUR 0.841: US$1 (compared to EUR 0.897: US$1 used in the preview), more than 6 per cent higher than the exchange rate for 2018. Limiting the overall price increase to the same level as the preview, in spite of this exchange rate change has required extensive analysis and cost-cutting and cost reduction measures.

12. The zero real increase, is the net effect of: (i) net staff cost increases (US$380,000); (ii) depreciation (US$157,000); (iii) licensing costs (US$300,000); (iv) real increase in governing bodies' costs due to increases in the volume of documentation and number of meetings, including working groups and informal seminars (US$200,000); and (v) other IFAD11-related priorities, including impact assessments and other new initiatives (US$560,000), offset by a real decrease in consultancy (US$1.6 million).

13. The total price increase is US$2.67 million, which is the effect of the net increase in staff costs due to exchange rate and within-grade step increment adjustments, and price increases in consultancy and other costs, offset by price reductions, particularly with regard to travel and the lower price of the 2019 Governing Council session.

14. In addition to being a zero real growth budget, the 2019 budget has an overall nominal increase that is well below the normal level of 2-2.5% stipulated in the 2018 budget document. Special efforts to reduce costs and other cost-cutting and efficiency measures have enabled the overall cost to be contained in spite of the strengthening of the euro. Indeed the total overall price increase of US$2.67 million (at the same percentage level as the preview) is lower than the estimated US$3 million exchange-rate-related price increase mentioned in the preview. Substantial effort was made to contain net staff cost increases to the bare minimum and cut consultancy costs in order to limit real budget growth to zero. Management approached reductions with caution, ensuring capacity for maintaining quality of delivery, and providing the necessary resources for priority areas.

15. The gross budget proposed for 2019 amounts to US$162.91 million compared with US$160.34 million in 2018. Approval is being sought only for the proposed net regular budget of US$158.21 million.

16. For 2019, a regular capital budget of US$2.645 million is proposed, which is slightly above last year's capital budget of US$1.95 million but broadly in line with the preview estimate of not exceeding far beyond US$2.0 million. The slightly higher amount is needed to accommodate the automated voting system requested by Member States for the Governing Council, and to implement a number of upgrades through initial investments for new treasury and risk management systems to strengthen IFAD's financial architecture. This includes a necessary upgrade of Flexcube, which is a critical part of IFAD's financial IT infrastructure.

17. A summary update on OpEx is provided in the main report. Annex X shows details of the approved amounts and expected utilization of both the one-time adjustment and the capital budget for OpEx as of year-end 2018. Based on the latest forecasts the original estimates are fairly accurate. It is unlikely that the original budget will be exceeded and expenditures will be more or less in line with the original breakdown. Hence, no additional one-time adjustment or capital budget is being requested for OpEx in 2019, nor is likely to be requested in future.

18. The 2018 budget was the first to incorporate the new concept of results pillars, which were introduced by the Strategic Framework. For the 2019 budget, the departmental allocation by results pillar is provided in the main report, and a comparative breakdown of the 2018 and 2019 budgets by pillars and institutional output groups is provided in annex III.

19. The results-based work programme and budget for 2019 and indicative plan for 2020-2021 of the Independent Office of Evaluation of IFAD (IOE) are set out in part two of this document; the Heavily Indebted Poor Countries (HIPC) Initiative and PBAS progress reports are contained in parts three and four respectively; and recommendations are contained in part five.

20. 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 disbursements based on operational plans covering the same period, are shown in table 1. It should be noted that the table is indicative and is provided for information purposes only. The format of the table has been aligned with that provided in the Resources Available for Commitment document.

Table 1
Medium-term budgetary projections on the basis of projected inflows and outflows (all sources)
(Millions of United States dollars)

	2017 (Actuals)*	2018 (Projected)	2019 (Projected)
Liquidity at beginning of period	**1 328**	**1 348**	**1 329**
Inflows			
Loan reflows	316	361	412
Encashment of contributions**	411	310	480
Borrowing	174	158	254
Investment income	32	9	9
Outflows			
Disbursements	(805)	(673)	(708)
Borrowing obligations (debt service and fees)	(1.0)	(1.0)	(5.1)
HIPC Initiative impact	(17)	(10)	(8)
Administrative expenses and other budgetary Items***	(152)	(170)	(171)
Fixed assets	(4)	(3)	(3)
Intrafund movements and foreign exchange	66		
Other cash flows			
Liquidity at end of period	**1 348**	**1 329**	**1 588**

* Source for 2017: Consolidated Financial Statements of IFAD as at 31 December 2017.

** Excluding the Adaptation for Smallholder Agriculture Programme.

******* Other budgetary items include one-time budgets and carry-forward resources.

Recommendation for approval

The Governing Council is invited to approve the recommendation as contained in part five of this document and to adopt the draft resolution contained on page 42.

IFAD's 2019 Results-based Programme of Work and Regular and Capital Budgets, the IOE results-based work Programme and Budget for 2019 and Indicative Plan for 2020-2021, and the HIPC and PBAS Progress Reports

Part one – IFAD's 2019 results-based programme of work and regular, capital and special expenditure budgets

I. Context

1. 2019 will be the first year of the Eleventh Replenishment of IFAD's Resources (IFAD11) (2019-2021). During this period. IFAD will continue to be guided by the IFAD Strategic Framework 2016-2025, with the overarching goal of inclusive and sustainable rural transformation. IFAD will seek to have a greater impact in agricultural development, especially in low-income countries and countries with fragile situations, and play a larger role in implementing the 2030 Agenda for Sustainable Development.

2. The IFAD11 Consultation was completed in February 2018, establishing clear strategic directions for IFAD over the next three years and beyond. The Consultation yielded an important package of business model enhancements aimed at ensuring excellence in operations, with a strong focus on value for money and a commitment to transparency, accountability and results. The Consultation also resulted in an agreement to expand the Fund's resources in order to reach a total programme of loans and grants (PoLG) of US$3.5 billion for the IFAD11 period.

3. 2018 has been an important year for defining and implementing reforms to enhance IFAD's capacity for delivery, securing the funds required to finance the US$3.5 billion IFAD11 PoLG and completing delivery of the IFAD10 PoLG, which lays the groundwork for IFAD11. The Operational Excellence for Results (OpEx) exercise and other corporate initiatives have focused on: (i) re-engineering the country-based model; (ii) recalibrating IFAD's business processes; (iii) delegating responsibility to the front lines; (iv) making IFAD's headquarters fit for purpose; and (v) creating a results-based architecture.

4. These initiatives will enhance IFAD's capacity as an assembler of development finance, able to consistently deliver a high level of PoLG, maintain the upward trend in disbursement, improve quality throughout the project cycle, and strengthen country-level policy engagement. Through these actions, IFAD will increase its outreach to 120 million people by the end of 2021 and achieve greater impact across a range of Sustainable Development Goals. Significant progress has been made during 2018 in developing the structures and processes for decentralization to increase IFAD's country-level presence and operational excellence. A summary of OpEx progress is provided in section II.B below.

5. 2019 will be a year of consolidation and increased delivery, leveraging the enhanced institutional platform provided by a strengthened network of decentralized hubs and IFAD Country Offices (ICOs), and a realigned headquarters which has been made fit for purpose. There will be a strong focus on ensuring

tools, training, support and incentives are in place for the new country teams, as well as implementing the revised delegation of authority framework with an appropriate internal control framework, and putting the new project design process into practice. As well as ensuring adequate resources for increased operational delivery and quality, Management intends to invest in strengthening internal control and compliance functions, particularly the Office of Audit and Oversight, and the Ethics Office, in order to ensure adequate staffing of these key areas in a more decentralized institution.

6. In addition, the ongoing review of corporate non-operations areas has identified several opportunities for realignment that will leverage synergies and reduce resource requirements, including the merger of divisions and streamlining of units within divisions. Business process enhancements will achieve further efficiency gains, while maintaining effective support for decentralized offices and realigned headquarters functions.

7. A major thrust in 2019 will be the implementation of the road map for IFAD's financial strategy, drawing on the outcomes of the external assessment of IFAD's financial architecture, and the recent corporate-level evaluation by the Independent Office of Evaluation of IFAD, and responding to their recommendations in order to meet the requirements for a strong and comprehensive financial architecture. Particular emphasis will be placed on enhancing financial risk management within IFAD, not only paving the way for a strong credit rating, but also addressing recommendations from independent risk reviews to ensure an overall robust financial institution. Later in 2019, Management will also begin preparing for the IFAD12 Consultation, which is expected to start in early 2020. A summary of progress in implementing the road map will be presented at that time.

8. Another related thrust will be around the Transition Framework and related initiatives which aim to foster more tailored engagement with partner countries through an enhanced package of financial instruments and tools, and lending and non-lending engagement, such as Reimbursable Technical Assistance (RTA).

9. IFAD is reinforcing its engagement with, and its contributions to, the United Nations Development System (UNDS) in order to more effectively leverage its position as a specialized United Nations agency that is aligned with the United Nations reform process, and strengthen collaboration with other United Nations entities. This will be achieved through decentralization and an increased presence in regional hubs and the strengthening of IFAD's capacity to engage in global policy processes and operationalize the goals of United Nations reform. In addition IFAD will continue to increase collaboration with the Rome-based agencies (RBAs) in line with the memorandum of understanding signed in 2018.

10. 2019 is also expected to be a significant year for IFAD's engagement with the private sector. IFAD has fostered a number of initiatives over the past 18 months, including the Agri-Business Capital (ABC) Fund and the Smallholder and Agri-SME Finance and Investment Network (SAFIN), which are now gaining momentum. Partners such as the European Union are expected to contribute. Given its leading role in establishing the ABC Fund, IFAD will also need to contribute in order to provide assurance to its partners. The amount and source of this funding are currently being assessed by Management, and would be subject to Governing Council authorization.

11. One of the lessons learned from the changes and reforms over the past 18 months is the need to transform the ad hoc and time-bound OpEx mandate into a more permanent function within the institution to ensure that reforms undertaken are sustained and monitored. Furthermore IFAD's business model calls for innovations such as new financial products, improved impact assessments, new partnership schemes, better use of technologies in its operations in rural areas, and innovative

management techniques. Management proposes a Change, Delivery and Innovation (CDI) unit to act as a centre of excellence and expertise, assisting all departments to embed a culture of change, enhance delivery and innovation, through renewal of products and processes as part of IFAD's drive for better efficiency and effectiveness. This unit, which has been incorporated in the 2019 budget proposal, will play a key role in ensuring that IFAD delivers on its IFAD11 commitments and targets.

12. The 2019 PoLG is based on: (i) the new country selectivity criteria established during the IFAD11 Consultation, which ensure strategic focus, absorptive capacity and ownership; and (ii) the revised performance-based allocation system (PBAS) formula, which provides a transparent allocation mechanism with a stronger focus on country poverty and vulnerability, and increases allocations to low-income countries. A planned higher PoLG level in the first year of IFAD11 will respond to demand for IFAD's financing and support, enable IFAD to maximize utilization of available resources and delivery capacity, and allow IFAD to demonstrate its efficiency gains.

13. To summarize, IFAD's primary objectives for 2019 will be to: (i) achieve the planned PoLG with better and faster delivery, and improved quality and project performance; (ii) implement IFAD's financial strategy through a more robust financial architecture; (iii) complete decentralization and enhance institutional effectiveness and efficiency; and (iv) increase the visibility of IFAD's work.

14. In working towards these objectives, there will be particular focus on enhancing risk management, impact assessment, advancing collaboration among the RBAs and implementing the action plans for mainstreaming climate, gender, youth and nutrition through more transformative and integrated approaches. IFAD's greater decentralization and realigned organizational structure will also improve the Fund's positioning and outreach, as well as its ability to meet and respond to Member States' needs.

15. This is an ambitious agenda, which Management will deliver in a cost-effective manner by leveraging efficiencies and through instituting planning and priority- setting measures that ensure optimal resource allocation, returning the overall level of budget growth to normal levels or below.

16. The special funding allocated to the IFAD Consolidated Action Plan to Enhance Operational and Institutional Efficiency will be closed at the end of 2018.[1] This action plan was prepared by Management to address the recommendations of the Corporate-level Evaluation of IFAD's Institutional Efficiency and the Efficiency of IFAD-funded Operations (CLEE). A status report on CLEE actions and costs is provided in annex XI. Once confirmed, any unused funding balance will be returned.

[1] Document EB 2013/109/R.12.

II. Current perspective

A. Update on 2018 programme of loans and grants

17. At the time of writing, the projected PoLG for 2018 is US$1.21 billion, comprising an investment programme of approximately US$1.15 billion in support of 27 new projects and additional financing for 17 ongoing projects.

18. For IFAD's global, regional and country grant programme, it is expected that between 45 and 50 grants will be approved by the end of 2018 with an approximate value of US$61 million.

19. By the end of 2018 – the last year of IFAD10 – a record PoLG of US$3.36 billion is expected to be reached, exceeding the target set during the IFAD10 Consultation.

Portfolio

20. As of 23 October 2018, there are 245 projects in the current portfolio totalling US$8 billion of IFAD financing. The active grant portfolio comprises 201 grants valued at US$226 million. Projected disbursements for the year are estimated at US$673 million.

B. Summary update on OpEx

21. Decentralization and delegation of authority. The new decentralized structure has been defined and is being implemented. The internal reassignment exercise has been completed and recruitment is now under way for remaining vacant positions in regional hubs and ICOs. Progress is also being made in the establishment and upgrading of ICOs and regional hubs, in accordance with the established metrics.

22. Delivery. The new business process for project design has been approved, introducing a risk-based approach that reduces the number of steps and requirements in the design process, and ensures enhanced quality and development effectiveness.

23. Disbursement. Under the Disbursement Action Plan, a set of coordinated actions are being undertaken to improve IFAD's disbursement performance, while also ensuring adequate controls. A number of these actions, including the project restructuring policy and financing instruments to facilitate implementation readiness, are expected to be in place in 2019.

24. Review of non-operations areas and business process changes. A review of IFAD's non-operations areas is currently under way. The aim of the review is to enhance overall institutional effectiveness and efficiency in order to ensure that all corporate functions are fit for purpose to support IFAD's new structure and business model. The initial outcome of the review will focus on proposing structural changes in corporate services to improve effectiveness, or on proposals for rationalization and efficiency. Subsequently the review will be broadened to encompass a review of core business processes such as travel, consultancy and other support processes.

25. A more detailed update on OpEx progress was provided in the OpEx information note (EB 2018/124/R.2) presented at the September session of the Board. A further update will be presented to the Board in December. Some of the known outcomes of the ongoing reviews have been incorporated in the budget proposal, together with estimates of other anticipated resource savings and efficiency gains. Actual numbers will be known during implementation in 2019.

C. 2017 and 2018 net regular budget usage

2017 actual utilization

26. Actual expenditures against the 2017 regular budget amounted to US$145.33 million or 97.3 per cent of the approved budget of US$149.42 million.

The slightly higher utilization (compared to 96.6 per cent in 2016) is primarily due to increased delivery costs for meeting 2017 PoLG targets and initial costs of OpEx and other new initiatives.

Table 1
Regular budget utilization – actual 2016-2017 and forecast 2018
(Millions of United States dollars)

	2016 full year		*2017 full year*		*2018 forecast*	
	Budget	*Actual*	*Budget*	*Actual*	*Budget*	*Forecast*
Regular budget	146.71	141.75	149.42	145.33	155.54	148.18
Percentage utilization		96.6		97.3		95.3

2018 forecast

27. Based on the latest projections, the utilization of the 2018 budget is expected to be US$148.18 million or about 95.3 per cent compared to the 95 per cent estimate in the high-level budget preview. The slightly higher projection is based on the latest actual budget utilization as of end-September 2018 and factors in the average impact of the euro-United States dollar exchange rate which has varied from 0.805:1 to 0.875:1 during the course of the year (vis-à-vis the 0.897:1 exchange rate used for the 2018 budget) and the expected rate for the remaining three months.

28. Table 2 shows actual expenses in 2017 and those forecast for 2018, broken down by department.

Table 2
Regular budget usage by department, 2017 actual, 2018 budget and 2018 forecast
(Millions of United States dollars)

Department	*Actual 2017*	*Budget 2018 (original)*	*Budget 2018 (realigned)**	*Forecast 2018*	*Percentage 2018 forecast vs. realigned budget*
Office of the President and Vice-President (OPV)	2.35	2.39	2.39	2.37	99
Corporate Services Support Group (CSSG)	16.77	7.71	7.79	7.48	96
Partnership and Resource Mobilization Office (PRM)	4.33	-	-	-	-
External Relations and Governance Department (ERG)	-	14.99	16.88	16.02	95
Strategy and Knowledge Department (SKD)	5.74	5.70	15.15	14.19	94
Programme Management Department (PMD)	71.33	75.67	62.64	59.90	96
Financial Operations Department (FOD)	10.14	11.13	12.76	12.32	97
Corporate Services Department (CSD)	26.62	28.32	28.32	26.78	95
Corporate cost centre	8.05	9.63	9.63	9.12	95
Total	**145.33**	**155.54**	**155.54**	**148.18**	**95.3**

* The realigned budget reflects the revised organizational structure which came into effect on 1 April 2018.

29. The relatively lower utilization compared to 2017 arises mainly from a lower fill-ratio. This is due to the newly created decentralized positions and the need to properly time the release of vacancies following completion of internal reassignment exercises. In addition Management's efforts to achieve savings by controlling costs and seeking efficiency gains, while ensuring delivery of the programme of work (PoW), will result in lower utilization in 2018. The final year-end utilization will depend on these efforts as well as other factors.

30. Management requests the use of savings from the lower utilization up to a maximum of 6 per cent (beyond the normal 3 per cent carry-forward) to fund costs

that could be required for new initiatives and to provide the necessary flexibility to fast-track the implementation of the increased mandatory age of separation. In accordance with the standard practice, details of the allocations of all carry-forward funds would be provided to the Executive Board. This request has been included in the draft Governing Council resolution for the 2019 budget which is provided after part 5 of this document.

31. The percentage utilization of some departments in 2018 is lower than in 2017, primarily due to vacant positions and efforts to reduce costs across the board and improve efficiency. The projected utilization is based on the current trend of the exchange rate and planned recruitment for the rest of the year. Additional savings could be possible should there be further weakening of the euro in the fourth quarter, and if already approved and ongoing recruitment does not materialize this year.

D. 2017 carry-forward allocation

32. The 3 per cent carry-forward rule, in place since 2004, states that unobligated appropriations at the close of the financial year may be carried forward into the following financial year up to an amount not exceeding 3 per cent of the previous year's approved annual budget. Since the actual utilization for 2017 exceeded 97 per cent, the carry forward amounted to US$4.1 million (2.7 per cent of the 2017 budget) – less than the maximum of 3 per cent.

33. Of the total carry forward from 2017, a first tranche allocation of US$3.9 million was approved in accordance with the eligibility criteria and implementing guidelines. In addition, certain corporate priorities emerged during the midyear budget review that met the eligibility criteria set for the use of 3 per cent carry forward and the balance of the carry-forward funding has been allocated accordingly. As a result, there will be no further carry forward for reprogramming during the second tranche.

34. The allocations are expected to be fully utilized by year-end. Any unallocated and unused carry-forward balance will not be available for use in 2019 and will revert back to IFAD's regular resource pool. A table showing the use of the 3 per cent carry-forward is provided in annex VIII.

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

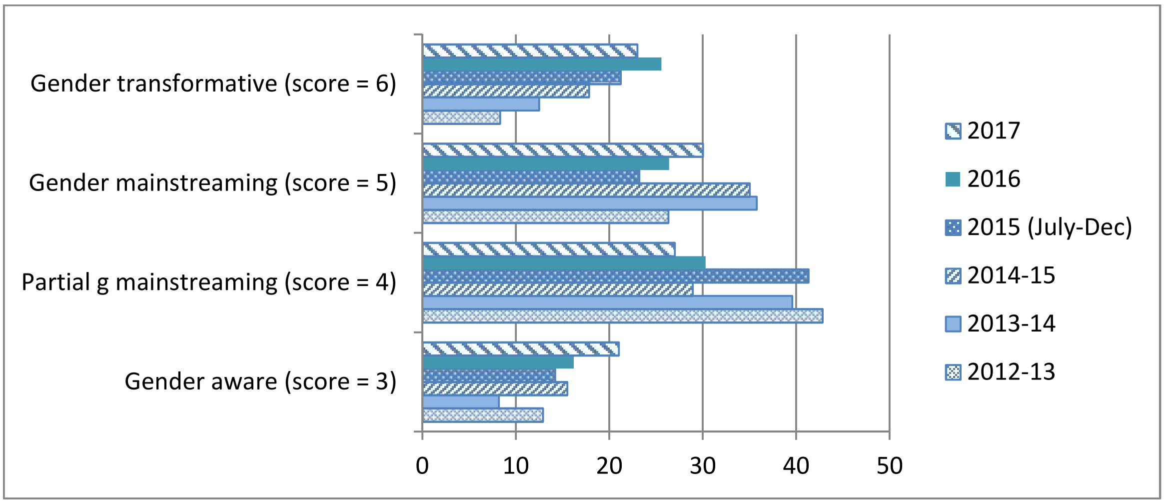
35. UN Women has recognized IFAD as meeting or exceeding targets for 87 per cent of indicators in the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, compared to an average of 64 per cent across the United Nations system. Resource allocation for gender equality was noted as an area where further improvements could be made to strengthen IFAD's leading performance. This is being addressed through actions such as the deployment of gender and social inclusion analysts/specialists in each of the five regions of operation to support IFAD's gender, nutrition and youth mainstreaming agenda, as approved in the 2018 budget. The new budget system, which will be in place for the 2020 budget, will also facilitate more detailed analysis of allocations in IFAD's administrative budget to activities that support gender mainstreaming.

36. For the 2019 budget, IFAD will continue using the methodology developed to: (i) determine the gender sensitivity of IFAD loans and grants; and (ii) distribute the regular budget in terms of gender-related activities. The methodology was first created in 2013 to respond to commitments made in the IFAD Policy on Gender Equality and Women's Empowerment and requirements pursuant to the aforementioned United Nations System-wide Action Plan. The outcome of this year's exercise is reported in the following paragraphs.

Gender sensitivity of IFAD loans

37. Of the 41 loans approved in 2017 (which amounted to approximately US$1.238 billion), 34 projects (with a total value of US$1.056 billion) qualified for the analysis. Of the total value of those 34 projects, 80 per cent were rated as “moderately satisfactory” (partial gender mainstreaming score 4) or above, with 30 per cent as "satisfactory", therefore meeting requirements for “gender mainstreaming” (score 5). A further 23 per cent were rated as "highly satisfactory", meeting the requirements for “gender transformative” (gender score 6). This was slightly less that the 26 per cent level recorded in 2016 but still above the 21 per cent figure registered for 2015 and the 18 per cent level recorded in 2014.

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

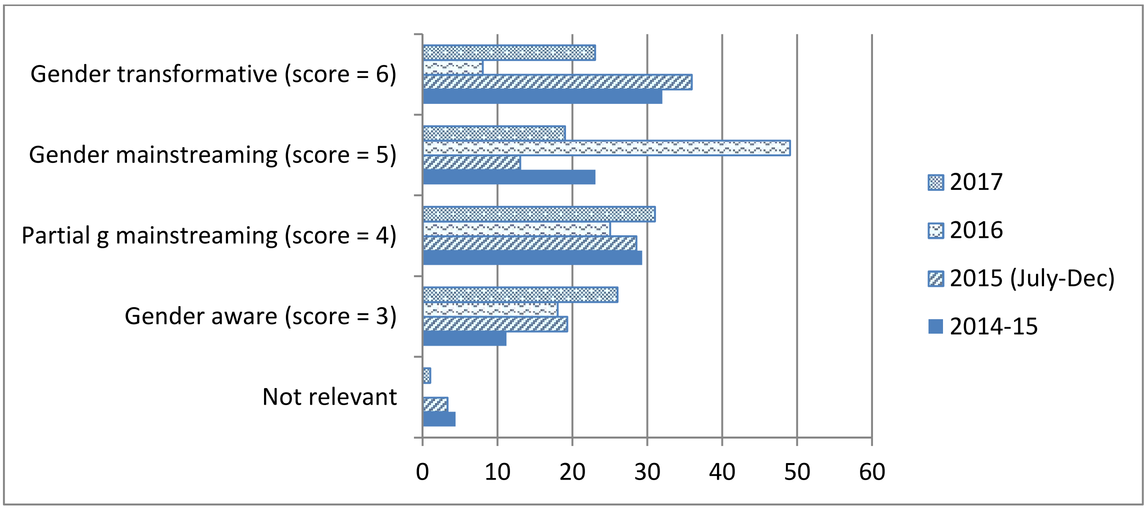


Gender sensitivity of IFAD grants

38. As in prior years, a gender sensitivity analysis was also undertaken of the IFAD grants approved in 2017, and compared with the previous year (figure 2).

39. In the overall analysis, the proportion of grants’ value rated moderately satisfactory or above with respect to gender is 73 per cent, compared to 80 per cent last year. However, the proportion of grants that can be classified as gender transformative is 23 per cent compared to 8 per cent in 2016, 36 per cent in 2015 and 32 per cent in 2014. Gender-aware projects have increased from 18 per cent in 2016 to 26 per cent in 2017.

Figure 2
Distribution of total grant value approved 2014-2017 by gender score
(Percentage of total grant value)



Capturing gender-related and gender supportive activities in the regular budget

40. The first attempt to quantify the gender sensitivity of IFAD's regular budget was presented in the 2014 budget document. A more accurate method of capturing gender-related data with better attribution was integrated into the 2015 and 2016 budget preparation processes. This captured gender sensitivity in IFAD's regular budget more comprehensively, within the constraints of currently available systems. As part of IFAD's drive to improve its approach and data collection, the Office of Budget and Organizational Development collaborated, for the 2017 budget, with IFAD's gender specialists to review the gender allocation for each staff position in IFAD to ensure that the data more accurately reflect the gender component of staff time. In preparing the 2019 analysis, the impact of the net increase in positions has been layered onto the 2018 baseline.

41. The overall result of this year's exercise shows continuation of the increasing trend in the percentage of total staff cost spent on gender-related activities from 8.7 per cent in 2017 to 8.9 per cent in 2018 and 9.1 per cent in 2019. On a departmental basis, the highest gender mainstreaming rate is in SKD, at 16.2 per cent, primarily due to the key focus on gender within the Environment, Climate, Gender and Social Inclusion Division (ECG). The second highest is in PMD, at an average of 13 per cent, with all the regional divisions at a rate of 13 per cent or higher.

42. IFAD will continue to improve its approach and validate its data to further enhance reporting on gender sensitivity by seeking inputs from other organizations undertaking similar work, also leveraging the new budget software now being implemented.

IV. 2019 programme of work

43. 2019 is the first year of the IFAD11 period. It is therefore a pivotal year for establishing the IFAD11 work programme.

44. At the time of writing this document, the PoLG for 2019 is planned at a record level of US$1.76 billion, representing about 50 per cent of the IFAD11 target of US$3.5 billion. In addition, IFAD will continue to make concerted efforts to supplement this core programme with approximately US$75 million in IFAD-managed funds expected to be mobilized from other sources, bringing the total PoLG to US$1.83 billion. IFAD is already organizing itself to deliver this ambitious agenda, including through deployment of dedicated staff to support the IFAD country teams and scaling up of its collaboration with the Food and Agriculture Organization of the United Nations (FAO) Investment Centre for enhanced delivery and quality of investment projects.

45. A particular focus for 2019 will be ensuring resources are allocated and utilized efficiently and effectively to enhance quality of delivery, both at project design stage and during project implementation. Key measures are now in place to support this, including the new PBAS formula and country selectivity criteria, the revised project design process and focus on larger projects, and the realigned organizational structure. Strong coordination mechanisms, including the corporate level Programme Management Committee, which brings together PMD, SKD and FOD to provide coordination and oversight of operational delivery, and the CPM-led Project Delivery Teams, will ensure effective collaboration to deliver IFAD's work programme and incentivise shared ownership of project quality and results. An intensive programme of capacity building and training through the Operations Academy, is ensuring that operational staff have the tools, knowledge and understanding required to put the new business model into practice.

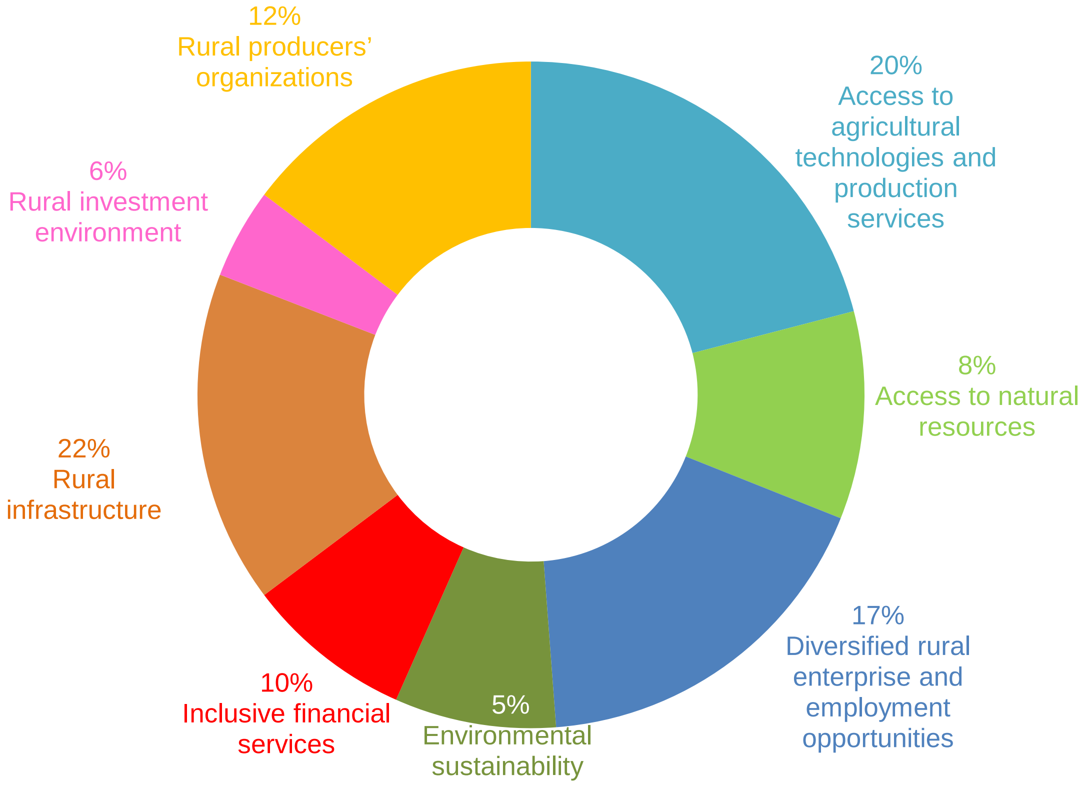
Table 3
Actual and projected PoLG
(Millions of United States dollars)

			IFAD10				
	2014	2015	2016	2017	2018	IFAD10 total	2019
	Actual [a]				Planned	Projected	Projected
IFAD loans (including loan component grants) and Debt Sustainability Framework grants	713	1 264	755	1 293	1 152	3 201	1 701
IFAD grants	46	65	48	51	61	160	58
Total IFAD PoLG [b]	**760**	**1 329**	**804**	**1 344**	1 213	3 361	1 759
Other funds under IFAD management [c]	114	68	68	44	121	233	75
Total PoLG	**873**	**1 397**	**871**	**1 389**	1 334	3 594	1 834
Cofinancing (international [net of that managed by IFAD] and domestic)	846	1 785	520	942	1 050	2 512	1 558
Total PoW	**1 720**	**3 182**	**1 391**	**2 331**	2 384	6 107	3 392
Portfolio under implementation	**6 000**	**6 860**	**6 846**	**7 085**	**n.a**	**n.a**	**n.a**

[a] Grants and Investment Projects System as of 23 October 2018. Current amounts reflect any increase or decrease in financing (e.g. loan cancellations) during implementation, including additional cofinancing.
[b] Includes resources from the Adaptation for Smallholder Agriculture Programme (ASAP).
[c] Other funds managed by IFAD include the Spanish Food Security Cofinancing Facility Trust Fund (Spanish Trust Fund), Global Environment Facility/Least Developed Countries Fund, Global Agriculture and Food Security Program, European Union funds, the OPEC Fund for International Development, and the Green Climate Fund, in addition to bilateral supplementary/complementary grants.

46. Some 53 projects and programmes, including additional financing for 14 ongoing projects, are currently being prepared for approval during 2019 (see annex I for full list of countries). It is estimated that IFAD will provide approximately 51 per cent of the 2019 IFAD PoLG to sub-Saharan Africa and 55 per cent to Africa as a whole, above the target levels of 45 per cent of core resources to sub-Saharan Africa and 50 per cent to Africa as a whole.

Figure 3
Indicative distribution of 2019 investment programme by area of thematic focus



Note: Food security and nutrition, gender, youth and climate change adaptation and mitigation are depicted as such to reflect the mainstreaming of these priorities across each area of thematic focus.

47. The number of global, regional and country grants in 2019 is estimated at between 40 and 50, totalling US$58 million.

48. The priority areas for IFAD's grant programme in 2019 are being determined. The focus is expected to be on IFAD11 priorities, including the mainstreaming of nutrition, youth, climate and gender, and engagement with the private sector.

V. 2019 net regular budget

A. Introduction

49. The 2019 budget addresses the primary objectives for 2019 as outlined in section I above, ensuring resources for: (i) higher delivery of the PoLG in the first year of IFAD11; (ii) preparations for delivery targets for 2020; (iii) the recurrent staff and non-staff costs arising from increased decentralization and other OpEx initiatives; (iv) strengthening financial risk management and internal controls; and (v) other requirements and IFAD11 commitments.

50. While there are a number of real cost drivers such as additional staffing, these have been fully offset through reductions in several other budget items to achieve zero real growth in the 2019 budget. Cost reductions in several budget categories have been incorporated to offset inflation, exchange rate and other price increases to the extent possible.

B. Budget process

2019 strategic workforce planning exercise

51. The strategic workforce planning (SWP) exercise aims to ensure that IFAD's workforce is closely aligned with the Fund's needs and priorities in terms of numbers, competencies and skills. For 2019, the process has been adjusted to take

into account the ongoing OpEx exercise and the need for a harmonized approach to determining staffing needs and implementing changes.

52. The 2019 strategic workforce plan is focused on: (i) implementing decisions regarding staffing in ICOs and operational divisions in 2019, including adjustments required as an outcome of the 2018 reassignment processes; (ii) implementing results of OpEx-led reviews of core, non-operations functions which aim to ensure that these areas are fit for purpose to support decentralization and IFAD's new business model; and (iii) reassessments of existing positions. These reviews include an analysis of key functions, benchmarking to industry standards and are expected to identify opportunities for staff and other cost savings. At the time of budget preparation the exact staff and other cost savings have not been finalized but anticipated savings have been incorporated based on achievable estimates.

53. The known outcomes of the 2019 SWP exercise are detailed in paragraphs 62-71 below and in annexes IV to VI.

2019 non-staff budget process

54. Budget preparation guidelines for non-staff costs were provided to each department. Guidelines included budget parameters and overall non-staff cost envelopes for each department, based on the realigned 2018 budget. Departments were requested to propose their 2019 non-staff budgets to include incremental costs and factor in price-related increases, as required.

55. This year departments were requested to take a zero-based approach in their budget requests. This was necessary to ensure that the 2019 budget fully reflects the recent organizational realignment, changes in divisional responsibilities, and the strategic priorities and directions of IFAD11, including adequately resourcing delivery of the 2019 PoLG.

56. Submissions were prepared using the institutional output groups (IOGs), which have been slightly updated since 2018 to rationalize the number of such groups and ensure that they adequately reflect IFAD11 priorities. The updated list of IOGs and indicative budgetary breakdown is provided in annex III.

57. A separate submission was required for incremental activities to be charged to complementary and supplementary funds management fees, which would form the gross budget for 2019.

58. The Office of Budget and Organizational Development reviewed all budget submissions in the context of corporate priorities and directions set by Management. A systematic approach was followed in reviewing the submissions, which were discussed in detail with individual departments and divisions. As in previous years, a review of the timeline of completion of ongoing capital projects was undertaken, and the corresponding recurrent costs and depreciation for 2019 were estimated. The impact of general inflation and price escalations on specific cost items, such as travel and consultancy, was reviewed for each major non-staff expenditure item, and an attempt was made to absorb as much as possible.

59. Finally, the guidance, feedback and inputs provided by the Audit Committee and the Executive Board during their deliberations on the high-level preview in September were taken into account in preparing the final budget. Substantial efforts, over several iterations, were made to lower the overall budget increase.

C. Assumptions

Exchange and inflation rate assumptions

60. Using the agreed foreign exchange rate calculation methodology (which is the average of the United Nations operational monthly rate from October 2017 to September 2018), the exchange rate for 2019 is EUR 0.841:US$1, compared to last year's exchange rate of EUR 0.897:US$1 (which was the rate also used in the 2019 preview document). This strengthening of the euro against the United States

dollar significantly increases staff costs and euro-denominated non-staff costs in the 2019 budget proposal. Significant efforts have been made to limit the impact on the overall budget of this increase in the exchange rate.

61. The inflationary adjustment for the 2019 budget is based on the agreed-upon methodology, using specific inflation numbers for several line items and a weighted average of the world and the Italian consumer price indices for all other costs. Based on available data, the expected inflation rates are: 1.5 per cent for consultants; 1 per cent for travel; and a weighted average of 2.3 per cent for other costs. In the final budget proposal an attempt was made to absorb the inflation price increases to the extent possible.

2019 staff salary cost assumptions

62. Staff costs for the 2019 budget are based on the following assumptions:

(i) There will be no increase in salaries in 2019 for either General Service or Professional staff at headquarters. The International Civil Service Commission (ICSC) has proposed a number of changes in the salary structure for Professional staff that will reduce net take-home pay over the next several years. While there was no impact on the salary component for 2018, planned reductions in transition allowances during 2019 will lower the salary component for 2019.

(ii) While there is no change in salary structure, the normal within-grade step increment (WIGSI) constitutes a price increase. The step increase varies from 1.6 to 3.2 per cent for Professional staff and from 2.1 to 4.2 per cent for General Service staff, depending on the grade level and step. With the annual salary increase replaced by a biennial increase for Professional staff at step 7 and above for each grade level, the budget impact of the WIGSI is reduced. As a result, compared to previous years there will be a lower WIGSI-related staff salary increase.

(iii) There are changes in the benefit portion (essentially in the education grant) of Professional staff remuneration. The reduction has been incorporated into the revised standard costs.

(iv) As in previous years, standard staff costs were developed separately for each grade level, adjusted for the weighted distribution by salary step based on an analysis of statistical data of the actual IFAD staff population. The standard costs for 2019 incorporate the following: (i) benefit changes for Professional staff starting in 2019 (impact on standard costs – slightly lower); (ii) WIGSI increase (impact on standard costs – increase); (iii) biennial increase for staff at step 7 or above (impact on standard costs – slightly lower); and (iv) exchange rate of EUR 0.841:US$1 for 2019 (impact on standard costs – substantial increase, especially for General Service staff). The combination of these changes results in an average increase of 6 per cent in the standard staff costs for General Service staff and slightly over 2 per cent for Professional staff. The lower increase in Professional staff standard costs compared to General Service is due to the dollar-denominated component of the overall Professional staff remuneration as well as an updated assessment of dependency allowances, based on the current staffing.

(v) Since 2017 the cost of new General Service recruits has been based on the lower salary scale proposed by ICSC and approved by Management. However, with minimal recruitment of General Service staff in 2018, no further reduction in General Service staff costs related to the lower salary scale is expected for 2019.

D. Proposed staffing level for 2019

63. The approved 2018 level of 628.3 full-time equivalents (FTEs) was used as the baseline for 2019. It included: 627.3 FTEs funded from the regular budget and

1.0 FTE performing continuing requirements funded from other sources. In addition, 13.25 FTEs with coterminous contracts were funded from the gross budget (5 FTEs in relation to ASAP, 8.25 FTEs in relation to other grants).

64. The proposed staffing level for 2019 is 633.5 FTEs (including the one FTE performing core functions funded from other sources) or a net increase of 5.2 FTEs. The 5.2 FTE increase is the net effect of 45 new staff positions proposed for 2019, less the expected staff reductions arising from the organization’s efforts to reduce overall costs and improve efficiency, amounting to 40 FTEs.

65. The 45 new staff positions across different departments can be summarized as follows: (i) 20 positions required for mapping of IFAD’s decentralized offices (17 for operations and 3 national communications officers); (ii) 5 positions in FOD required to strengthen IFAD’s financial architecture and risk function; (iii) 1 incremental FTE for the new Change, Delivery and Innovation (CDI) unit (in addition to one existing position to be repurposed); (iv) 4 positions to enhance internal control capacities (1 in the Office of the General Counsel [LEG], 2 in the Office of Audit and Oversight [AUO] and 1 in the Ethics Office [ETH]); and (v) 15 FTEs to complete the requirements of the organizational changes made in 2018, including the establishment of the Operational Policy and Results Division, and regularization of two key positions in the nutrition team of the Environment, Climate, Gender and Social Inclusion Division (ECG), which are currently funded by Canadian supplementary funds.

66. The total reduction of 40 FTEs as part of IFAD’s drive for operational excellence includes both Professional and General Service staff. The reductions result from: (i) mergers and consolidation of divisions and units; (ii) planned phasing-out of positions as a result of streamlined decentralization; (iii) expected outcomes of the OpEx non-operations reviews; and (iv) deferment of certain vacant positions, including some decentralized positions not immediately required. Implementation of these reductions is expected to be achieved in 2019 through a combination of attrition, minimizing external recruitment for certain staff categories, reassignment and use of vacant positions resulting from the recently concluded voluntary separation programme, which will make some positions available from the beginning of 2019. The precise mix of reductions and their timing will depend significantly on the outcomes of the ongoing reviews. The schedule of recruitment of required new positions will be determined as reductions are confirmed and on the basis of operational needs.

67. Regarding core positions funded from supplementary fund fees, only one position remains – i.e. 1 FTE (28 positions have already been absorbed into the regular budget over the last five years). It is currently proposed that this position continue to be funded from supplementary fund fees as it directly supports supplementary fund-related activities.

68. Of the total staff number of 632.5 FTEs funded by the regular budget, an estimated 198 positions will be based in the field in 2019, compared to 111 positions outposted in 2017, before the decentralization exercise began. This will bring the total number of outposted staff to 30 per cent of total IFAD staff. This places IFAD in a position to set and achieve ambitious targets for decentralization key performance indicators that will be confirmed as part of the IFAD11 Results Management Framework update in 2019, including the ratio of budgeted staff positions in ICOs (the proposed target is 30 per cent) and percentage of supervision and implementation support budget used through regional hubs and ICOs (proposed target 70 per cent).

69. The 5.2 FTE net increase is consistent and in line with the stipulation in the 2018 budget that the staff increases in 2019 will be minimal as they will be offset by reductions in headquarters staff.

70. The number of positions chargeable to management fees and funded from the gross budget will be 14.25 FTEs. This is an increase of 1 FTE compared to 2018, resulting from the planned conversion of one fixed-term position previously charged to the regular budget to a coterminous position funded by the gross budget to administer and support incremental work relating to supplementary funds.

Table 4
Indicative staffing requirements, 2016-2019
(Full-time equivalents)

	Approved					
Department	*2016*	*2017*	*2018*	*2018 (realigned)*	*Proposed 2019*	*Total change 2018 (realigned) vs. 2019*
Office of the President and Vice-President	11.00	11.00	12.00	12.00	12.00	0.00
Corporate Services Support Group	93.00	94.00	41.00	43.00	48.00	5.00
Partnership and Resource Mobilization Office	19.00	20.00	-	-	-	0.00
External Relations and Governance Department	-	-	74.00	82.00	94.00	12.00
Strategy and Knowledge Department	23.00	25.00	25.00	76.00	78.00	2.00
Programme Management Department	281.50	283.90	306.80	242.80	263.00	20.20
Financial Operations Department	65.00	66.00	65.00	68.00	74.00	6.00
Corporate Services Department	102.50	103.50	103.50	103.50	103.50	0.00
Positions to be reduced	-	-	-	-	(40.00)	-
Total staff funded by regular budget	**595**	**603.40**	**627.30**	**627.30**	**632.50**	**5.20**
Staff FTEs funded by other funding sources	2.00	1.50	1.00	1.00	1.00	0.00
Total staff funded by regular and other sources	**597.00**	**604.90**	**628.30**	**628.30**	**633.50**	**5.20**
Staff FTEs chargeable to management fees*	8.00	13.25	13.25	13.25	14.25	1.00

* Staff with coterminous contracts funded from the gross budget.

71. Indicative 2019 staffing levels funded by the regular budget and by department and grade are set out above and in annexes IV and V. Departmental figures are gross of planned reductions. The cost implications of the SWP exercise are set out in subsection E below. The sequencing of planned reductions, with the funding and recruitment of new positions, will be carefully planned and prioritized during 2019 in accordance with operational needs.

E. 2019 cost drivers

72. The final real and price-driven cost drivers for the 2019 budget proposal are as follows:

(i) Real cost drivers:

Staff costs

- Additional staffing arising from: (a) mapping and realignment of the decentralized offices; (b) establishment of an expanded risk unit in accordance with the recommendations of the external financial risk assessment; (c) establishment of the new CDI unit; (d) to strengthen internal controls; and (e) to complete the requirements of organizational changes. This will result in 45 additional FTEs.

- Staff position reductions arising from: (a) the merger of the Global Engagement and Multilateral Relations Division (GEM) and Office of Partnership and Resource Mobilization (PRM), and consolidation of separate units within the Office of the Secretary (SEC); (b) OpEx non-operations reviews; and (c) business process reviews. Pending finalization and the outcome of the reviews, and other efforts to reduce overall staff costs, including deferment of funding for certain vacant positions, the expected reduction is 40 FTEs, or a net increase of 5.2 FTE and a net real increase of approximately US$0.38 million in staff costs.

Depreciation and other recurrent expenses related to capital budgets

- Based on the implementation schedule of the IFAD Client Portal (ICP), and other capital expenditure programmes, the net increase in depreciation in 2019 (net of fully depreciated capital budgets) will be approximately US$157,000. This is lower than the preview amount of US$300,000 and is based on a more detailed calculation using estimated capital budget project completion dates that was carried out as part of the final budget preparation.
- In addition there will be an increase of US$300,000 in licensing costs arising from a new Microsoft Enterprise Agreement that will begin in 2019 and cover an increased number of licences.

Incremental costs related to governing bodies

- Additional costs associated with the incremental volume of documentation, translation requirements and number of meetings of IFAD's governing bodies, including working groups and informal seminars, totalling approximately US$200,000.

Other IFAD11 priorities

- Impact assessment: For the first time a portion of the costs of undertaking impact assessments, in line with the Development Effectiveness Framework, has been included in the regular budget (US$360,000).
- Higher recurrent costs of IFAD11-related priorities and initiatives (US$200,000).

73. The above real increases will be fully offset by a real reduction of US$1.6 million in consultancy costs.

(ii) Price drivers:

Staff costs

- Staff costs for the 2019 budget are based on the following assumptions:

  (a) There will be no increase in salaries in 2019 for either General Service or Professional staff at headquarters. Recent adjustments in salary scales in countries where IFAD has offices have been incorporated into the standard cost calculations.

  (b) The overall net price-related increase in staff costs amounts to US$2.77 million, or 3.1 per cent over 2018 staff costs. This is based on the revised standard costs for 2019. As noted above, the standard cost was prepared separately for each grade level, adjusted by the weighted distribution by salary step, based on an analysis of statistical data of the actual IFAD staff population. It incorporates the revised rules for WIGSI increases for Professional staff and the effect of the strengthened euro, and is adjusted for reductions arising from benefit changes and lower estimated recruitment costs based on the share of locally recruited field staff positions in the additional FTEs.

Other costs

- As part of the reform of the United Nations Resident Coordinator system, United Nations agencies' cost-sharing contributions to United Nations development coordination activities will be doubled. IFAD's contribution for 2019 has been confirmed at US$1.4 million, which is a price increase of approximately US$700,000, without the additional real increase as anticipated in the preview document.

- Based on the agreed-upon methodology, using specific inflation numbers for several line items and a weighted average of the world and Italian consumer price indices for all other costs will result in price increases. The impact of inflation and exchange rate changes has been substantially absorbed through savings and other cost-cutting measures.
- However in accordance with normal practice, the cost of each expenditure was estimated on the basis of: actual price increases (when available); negotiated prices for specific contracts; other price reduction factors; and application of the regular inflation rate. While these have been identified, they have been almost fully absorbed, and in some cases – such as travel and the cost of the 2019 Governing Council session – significant price reductions have been achieved.

74. The overall net price increase in the budget is US$2.67 million (1.7 per cent), which is the same as the preview estimate but now includes the impact of the exchange rate changes, and is even lower than the price-related increase in staff costs. This was made possible by concerted efforts to absorb price increases to the extent possible through cost reductions and efficiency gains, and through some overall price reductions.

F. 2019 net regular budget proposal

75. As noted above, feedback from the Audit Committee and Executive Board on the high-level preview has been taken into account in preparing the 2019 net regular budget proposal. The latest budget estimates are based on detailed submissions provided by the departments, which have been rigorously reviewed. In addition, detailed costing was carried out, especially with regard to the impact of the exchange rate.

76. The 2019 net regular budget is proposed at US$158.21 million, representing a 1.7 per cent nominal increase over the 2018 budget of US$155.54 million (compared with 2.4 per cent in the high-level preview). The real increase has been reduced to zero. There is a net price increase of 1.7 per cent primarily arising from exchange rate related increases in staff costs. The total nominal increase proposed amounts to US$2.67 million. The baseline for comparison is the 2018 net regular budget, including incremental recurrent costs of decentralization, but excluding the OpEx one-time costs.

77. As indicated above, the zero real increase is the net effect of: (i) net real staff cost increases (US$380,000); (ii) depreciation (US$157,000); (iii) licensing costs (US$300,000); (iv) real increase in governing bodies' costs (US$200,000); and (v) IFAD11-related priorities, including impact assessments and other new initiatives (US$560,000), offset by a real decrease in consultancy costs (US$1.6 million).

78. The total price increase is US$2.67 million, which is the effect of the net increase in staff costs due to exchange rate and WIGSI adjustments, price increases in consultancy, travel and other costs offset by price reductions, particularly with regard to travel costs and the lower price of the 2019 Governing Council session. Significant price increases for other items have been absorbed through cost reduction efforts.

79. In addition to being a zero real growth budget, the 2019 budget reflects an overall nominal increase that is well below the normal level of 2-2.5 per cent stipulated in the 2018 budget document. Special efforts to reduce costs and other cost-cutting and efficiency measures have enabled the overall cost to be contained in spite of the strengthening of the euro and the higher PoLG for 2019. Indeed the total

overall price increase of US$2.67 million (at the same percentage level as the preview) is lower than the estimated exchange rate related price increase of US$3 million mentioned in the preview. Substantial efforts were made to contain net staff increases to the bare minimum and to cut consultancy costs in order to limit real budget growth to zero, while providing the necessary resources for priority areas. During 2019 all cost drivers will be closely monitored to ensure alignment with the budget estimates and identify variances.

2019 budget proposal by department

80. The current year's budget proposal by department is set out in table 5.

Table 5
Regular budget by department, 2018 and 2019
(Millions of United States dollars)

Department	*Approved 2018*	*Realigned 2018**	*Proposed 2019*	*Total change*	*Change (percentage)*
Office of the President and Vice-President	2.39	2.39	2.60	0.21	9.0
Corporate Services Support Group	7.71	7.79	9.22	1.43	18.4
External Relations and Governance Department	14.99	16.88	18.33	1.45	8.6
Strategy and Knowledge Department	5.7	15.15	15.92	0.77	5.1
Programme Management Department	75.67	62.64	65.24	2.59	4.1
Financial Operations Department	11.13	12.76	13.62	0.87	6.8
Corporate Services Department	28.32	28.32	26.65	(1.67)	(5.9)
Corporate cost centre – allocable	4.82	4.82	5.23	0.41	8.6
Corporate cost centre – not allocable	4.81	4.81	4.84	0.03	0.5
Planned reductions	-	-	(3.43)	(3.43)	
Total	**155.54**	**155.54**	**158.21**	**2.67**	**1.7**

* Realigned budget reflects the new organizational structure implemented on 1 April 2018

81. Most departments show a slight increase in their 2019 budget compared with 2018. These are primarily due to additional staff and a rise in staff costs as a result of the exchange rate increase.

82. Specific reasons for the changes in 2019 departmental allocations compared with 2018 are the following:

(a) OPV. There is a minimal increase in the budget due to higher standard staff costs.

(b) CSSG. The total approved budget for CSSG in 2019 amounts to US$9.22 million compared to US$7.79 million in the realigned 2018 budget. Most of the increase is due to additional positions to strengthen compliance and internal control functions, particularly for AUO, LEG and ETH, as well as the establishment of the CDI unit within CSSG, and higher standard costs, partly offset by reductions in consultancy and travel costs.

(c) ERG. The increase of US$1.45 million in the ERG budget is primarily from staff increases, including three regional communication positions and two South-South and Triangular Cooperation (SSTC) positions to be located in the regional hubs and regional SSTC and knowledge management centres; higher standard staff costs; and some growth in travel budget, partly offset by a reduction in consultancy costs.

(d) SKD. There is an increase in the SKD budget, primarily due to staff cost increases and new positions for nutrition, as well as additional travel, and other costs related to impact assessments. These are partly offset by lower consultancy costs resulting from the revised project design process, though increased non-staff resources have been allocated to ECG to support the mainstreaming agenda.

(e) PMD. The increase in the 2019 budget is primarily due to additional staff positions associated with completing the decentralization exercise and strengthening the newly created Operational Policy and Results Division, as well as increases in other costs to ensure that tools, training, and support are in place for the new country teams; to meet IFAD11 commitments; and to increase collaboration with the FAO Investment Centre. These increases have been partly offset by reductions in travel costs, while maintaining the PMD consultancy budget at the same level as 2018. Despite the overall zero real budget growth, all efforts have been made and will continue to be made to ensure that the requirements for programme delivery are met.

(f) FOD. The higher budget is mainly due to additional staff positions associated with investment in the risk management and treasury functions in response to the findings of the external assessments, offset by reductions in consultancy and travel as a result of decentralization and increased staffing. Resources for financial management were transferred from PMD to FOD during 2018, as indicated in the 2018 budget document. These have been incorporated in FOD's realigned 2018 budget and are included directly in their proposed budget for 2019.

(g) CSD. The overall 2019 budget of CSD is lower than that of 2018 due to lower consultancy, reduced temporary staff, reductions in other costs as a result of the transfer of UNDS contribution funding to the corporate cost centre, reduced costs as a result of the change in venue for the 2019 Governing Council session, and other cost reduction measures.

(h) Corporate cost centre. Costs under this heading are split between those centrally managed institutional costs that are allocable (i.e. recruitment and assignment costs, ICP recurrent costs and Microsoft licensing costs) and those that are centrally managed but not allocable (i.e. other costs related to depreciation and after-service medical coverage).

- The increase in allocable corporate costs is due to the additional licensing costs and the full cost of the UNDS contribution including the 2019 increase, offset by other cost reductions.
- The small increase in unallocable corporate costs is primarily due to the increase in regular depreciation, offset by other reductions.

83. Planned Reductions. Cost reductions are expected to result from the mergers and consolidation of units, OpEx non-operations and business process reviews, and programmed implementation of new staff positions. Certain headquarters and field-based positions will also be phased out, as was already planned as a result of streamlined decentralization. These reductions will be implemented over the remainder of 2018 and during 2019 and will affect most departments. The estimate of US$3.43 million is based on anticipated outcomes of ongoing processes that will be finalized by early 2019. During 2019 careful attention will be paid to sequencing the achievement of planned reductions and implementation of planned increases.

2019 budget proposal by summary cost category

84. The breakdown of the 2019 budget proposal across major cost categories is shown in table 6. Annex II shows the departmental breakdown by cost category. The final budget by cost category differs from the high-level preview as a result of better cost estimates and cost reduction efforts and has been revised in accordance with the exchange rate of EUR 0.841:US$1. Except for staff costs, all other estimates are lower than the preview.

Table 6
Analysis of budget by summary cost category, 2018 and 2019
(Millions of United States dollars)

Cost category	*Approved 2018*	*Proposed 2019*	*Total change*	*Change (percentage)*
Staff	90.16	93.31	3.15	3.5
Consultants	24.11	22.94	(1.17)	(4.9)
Duty travel	9.97	9.38	(0.59)	(5.9)
ICT non-staff costs	5.24	5.45	0.21	4.1
Other costs	26.06	27.12	1.06	4.1
Total	**155.54**	**158.21**	**2.67**	**1.7**

85. The increase in staff costs from US$90.16 million to US$93.31 million is primarily due to the significant change in standard costs as a result of the exchange rate, and includes the mandatory WIGSI adjustment. Of the total increase of US$3.15 million, US$380,000 is a net real increase fully offset elsewhere in the budget.

86. As per the commitment in 2018, the consultancy costs for 2019 have been further lowered - from US$24.11 million to US$22.94 million – by reducing non-PMD consultancy costs. The overall real decrease is over 5 per cent, but this has been partly offset by inflation and exchange rate impact, resulting in a net reduction of 4.9 per cent. This translates into a total real reduction in consultancy costs of 10 per cent over the past two years, when compared to the 2017 consultancy budget of US$24.80 million, or approximately US$25.60 million when adjusted for inflation and exchange rate changes. Attention will be necessary in future years to keep consultancy costs at a level that continues to give optimum value for money without any adverse impact on delivery levels and quality.

87. As a result of changes in the travel guidelines and the effect of shorter average travel times arising from decentralization, a net reduction in travel costs of 5.9 per cent was made possible, primarily as a price reduction, in spite of inflation and exchange rate impacts. This has also allowed for a reduction of more than 10 per cent in travel costs over the past two years, when compared to the 2017 travel budget of US$10.24 million, or approximately US$10.51 million when adjusted for inflation and exchange rate changes.

88. Non-staff costs for information and communications technology show a slight net increase as a result of minor increases in licensing and other costs. This excludes the recurrent costs associated with the ICP project, which are included in the corporate cost centre as other costs.

89. The increase in other costs is mainly due to price increase in the UNDS contribution and exchange rate changes, as well as increases in depreciation, new initiatives, regularization of impact assessment, increased governing bodies costs, and due to a more detailed review of cost categorization of individual budget items facilitated by the zero based approach to non-staff budget preparation for 2019.

Moving from clusters to pillars

90. IFAD strives to constantly improve and be on the cutting edge in its approach to corporate planning and budgeting, with the aim of effectively focusing resources on meeting its strategic objectives. The shift from clusters to pillars has improved the effectiveness of corporate planning and budgeting processes.

91. This improvement allows IFAD to focus more on results and link the budget directly to outputs and the institutional output groups. This in turn means that outcomes and outputs now drive the budget process, rather than budget driving the planning process. Table 7 below shows the 2019 budgets of departments and offices broken down by pillars.

Table 7
Indicative breakdown of regular budget by results pillar, 2019
(Millions of United States dollars)

Department	***Pillar 1*** *Country programme delivery*	***Pillar 2*** *Knowledge building, dissemination and policy engagement*	***Pillar 3*** *Financial capacity and instruments*	***Pillar 4*** *Institutional functions, services and governance*	*Total*
Office of the President and Vice-President	0.10	0.18	0.05	2.28	**2.60**
Corporate Services Support Group	1.93	0.32	0.54	6.43	**9.22**
External Relations and Governance Department	0.86	6.72	3.62	7.13	**18.33**
Strategy and Knowledge Department	7.11	7.36	0.61	0.84	**15.92**
Programme Management Department	59.53	2.53	1.08	2.10	**65.24**
Financial Operations Department	6.57	0.03	5.25	1.77	**13.62**
Corporate Services Department	4.28	1.24	3.09	18.04	**26.65**
Corporate cost centre:					
Corporate cost centre costs (allocable)	3.24	-	0.20	1.80	**5.23**
Corporate cost centre costs (unallocable)	-	-	-	4.84	**4.84**
Subtotal	83.60	18.39	14.43	45.22	**161.64**
Percentage allocation	52	11	9	28	100
Planned reductions					**(3.43)**
Total					**158.21**

92. The above table shows that pillar 1 accounts for 52 per cent of the total budget, while pillars 2 to 4 account for 11 per cent, 9 per cent and 28 per cent respectively. This breakdown is very similar to 2018, with the exception of a small increase in pillar 3, from 8 per cent in 2018 to 9 per cent in 2019, and a small decrease in pillar 4, from 29 per cent in 2018 to 28 per cent in 2019.

93. The breakdown of the budget for each pillar by IOG (which have been updated for 2019) is shown in annex III, including a comparison to the 2018 budget.

94. For IFAD11, Management has committed to developing a tailored system to quantify the full costs of key business processes. This system will build on the structure provided by the IOGs and focus initially on processes with clearly identifiable outputs – such as the preparation of country strategic opportunities programmes (COSOPs), project design, and supervision and implementation support – and on core support business processes, including consultant recruitment and travel, which will be reviewed by OpEx.

G. 2019 gross budget proposal

95. IFAD implements and manages a number of operations for third parties that are external but complementary to IFAD's PoLG. These operations are financed from supplementary funds. Engaging in these partnerships involves additional incremental costs for IFAD in design, implementation, supervision and administration. These costs are usually funded from management fee income through the supplementary fund agreements.

96. The gross budget includes the net regular budget as well as resources required to administer and support incremental work related to supplementary funds. The work to carry out IFAD's core PoLG and related activities will continue to be funded by the net regular budget. Separating the gross and net budgets ensures that fluctuations in the workload related to supplementary funds do not affect the regular budget on a yearly basis. Only incremental costs to support supplementary fund related activities for the ASAP, the European Union, the Spanish Trust Fund and other bilateral supplementary funds are included in the gross budget.

97. For 2019, the cost of supporting supplementary fund related work is US$4.7 million over and above the net regular budget of US$158.21 million. This is lower than the 2018 cost of US$4.8 million but slightly higher than the preview estimate due to the increase in FTEs financed by this budget. This amount can be fully recovered from the annual allocable portion of the fee income generated from ASAP, the Spanish Trust Fund, the European Union and other bilateral contributions.

98. As a result, the gross budget proposed for 2019 amounts to US$162.91 million compared with US$160.34 million in 2018 and US$163.79 million in the preview document. Approval is being sought only for the proposed net regular budget of US$158.21 million. Table 8 provides a summary of the gross and net regular budget.

Table 8
Indicative gross and net budget for 2019
(Millions of United States dollars)

Cost category	*Approved 2018*	*Proposed 2019*
Gross budget	160.34	162.91
Costs to support supplementary fund activities	(4.80)	(4.70)
Net budget	**155.54**	**158.21**

99. Management is currently updating IFAD’s guidelines on cost recovery from supplementary funds. The new guidelines will aim for greater harmonization with other international financial institutions and United Nations agencies while supporting IFAD’s resource mobilization goals and ensuring cost recovery in line with Governing Council resolutions.

H. Efficiency ratios

100. For the overall IFAD10 period, the ratio of total PoLG (including other IFAD-managed funds) to gross budget (efficiency ratio 1) is projected to be 13 per cent, which is the same as that of IFAD9 period. For 2019, based on a PoLG of US$1.8 billion and the proposed gross budget of US$162.91 million, the administrative efficiency ratio for 2019 is expected to be 9 per cent. This is a significant improvement compared to recent trends mainly due to the significantly higher PoLG for 2019.

101. If cofinancing is included, efficiency ratio 2 – based on the total programme of work – is projected at 5 per cent in 2019, compared to 6 per cent for the IFAD9 period and 7 per cent for the IFAD10 period.

102. Efficiency ratio 3 was introduced in 2016 to measure the amount of portfolio managed per dollar of budget expenditure. The monetary value of the current portfolio at the end of 2017 was US$7.1 billion and hence the portfolio value as a ratio of total costs was US$47 for every US$1 of budget expenditure. The amount of portfolio managed per dollar of budget expenditure has increased from US$43 during the IFAD9 period to US$47 for IFAD10.

Table 9
Efficiency ratios
(Millions of United States dollars)

	IFAD9 period [c]	*Actual 2016*	*Actual 2017*	*Projected 2018*	*IFAD10 period*	*Projected 2019*
Programme of work						
PoLG	3 045	803	1344	1213	3 361	1 759
Other IFAD-managed funds	286	68	44	121	233	75
Subtotal	**3 331**	**871**	**1 388**	**1334**	**3 594**	**1 834**
Cofinancing[a]	3 767	520	942	1050	2 512	1 558
Total PoW	**7 098**	**1 391**	**2 330**	**2 384**	**6 107**	**3 392**
Value of portfolio under implementation at end of period	**6 860**	**6 846**	**7 085**	**n/a**	**n/a**	**n/a**
Total costs						
Regular budget	422.9	141.8	145.3	155.5	443.5	158.2
Costs to support supplementary fund activities	14.2	4.6	5	4.8	14.4	4.7
Total costs	**437.1**	**146.4**	**150.3**	**160.3**	**457.9**	**162.9**
Efficiency ratio 1: Total costs/PoLG incl. other IFAD-managed funds[b]	13%	17%	11%	12%	13%	9%
Efficiency ratio 2: Total costs/PoW	6%	11%	6%	7%	7%	5%
Efficiency ratio 3: Portfolio/total costs in US$	43:1	47:1	47:1	n/a	n/a	n/a

[a] Amounts shown as cofinancing with other IFAD-managed funds reflect a revised cofinancing ratio target of 1:1.2 of PoLG.
[b] Efficiency measure agreed as part of IFAD9.
[c] Sourced from the Grants and Investments Projects System (GRIPS) as at 23 October 2017. Actual amounts reflect any increase/decrease in financing during implementation, including additional domestic funding and cofinancing. Hence, some numbers may be different from those presented in the 2018 budget document.

103. Despite the 9 per cent total costs/PoLG efficiency ratio in 2019, current projections indicate that efficiency ratio 1 for the overall IFAD11 period will be similar to IFAD10. However it is expected that the ongoing OpEx reviews will result in further tangible efficiency gains later in 2019 and during 2020-2021. In addition, ongoing resource mobilization efforts are expected to increase the level of IFAD-managed funds above the current average of US$75 million per year. As both of these factors could significantly affect IFAD's institutional efficiency ratios, the IFAD11 targets for these ratios will be updated in 2019, based on the outcomes of OpEx, as indicated in the IFAD11 Report (GC 41/L.3/Rev.1).

104. In future years, in order to permit a more client-responsive approach to PoLG planning and pipeline development, and increase the elasticity of IFAD's administrative budget, Management intends to place greater focus on the target administrative efficiency ratios (on a 36-month rolling basis, as per the RMF targets) as key parameters for the annual budget exercise. The current focus on the level of real budget increase causes challenges for adequate consideration of the level of PoLG delivery in a particular year, or of changes in the number of ongoing projects. As a result Management must distribute design and delivery costs across budget periods, and plan PoLG delivery based on administrative budget availability, rather than operational considerations, or when it is most expedient for the borrower. This contributes to the inelasticity of the administrative budget, and affects IFAD's ability to respond in a timely manner to Member States' requests.

105. Therefore the goal of zero real growth and a flat budget trajectory must be contextualized with regard to the targets for efficiency ratios and the size of IFAD's overall programme of work and total portfolio being managed. The focus of reforms for coming years to meet efficiency targets is to ensure the trajectory of budget growth levels is lower than that of the overall PoLG growth and to steadily improve efficiency ratios.

VI. Capital budget for 2019

Regular 2019 capital budget request

106. As in prior years, the regular capital budget will be split into two categories: (i) an annual capital budget to cover capital expenditures that are cyclical or regular in nature and have an economic life of more than one year (e.g. normal replacement of desktops, laptops and hardware and replacement of vehicles at ICOs); and (ii) a capital budget to fund major IT and other investment projects.

107. For 2019, a capital budget of US$2.645 million is proposed, which is slightly above last year's capital budget of US$1.95 million, but broadly in line with the preview estimate of not exceeding far beyond US$2 million. The slightly higher amount is needed to accommodate the automated voting system requested by Member States as part of the requirement for the Governing Council, and to implement upgrades and initial investments in the new treasury and risk management systems required to strengthen IFAD's financial architecture. This includes a necessary upgrade of Flexcube, which is a critical part of IFAD's financial IT infrastructure, will take place in 2019, and is a prerequisite of future system enhancements. Based on the conclusion of the independent external risk reviews, a detailed assessment of the business requirement and functional specifications will determine the full extent of the investments needed to complete the robust financial IT architecture. This will be communicated to the Executive Board in subsequent years.

108. As detailed in table 10, the total amount of the capital budget is comprised of:

    (i) An annual capital budget for regular IT hardware replacement (US$640,000) and a provision for vehicle replacement in ICOs/hubs (US$100,000). The saving of US$260,000 in the IT hardware replacement cost, compared to 2018, is primarily a result of more intense use of virtualization technology as well as an extension of the useful life of infrastructure components.

    (ii) Other capital budget requirements including: (a) investment in borrowing and financial systems, including the upgrade of Flexcube (US$1,250,000); (b) improvements to IFAD's budgeting and planning systems (US$150,000); (c) corporate analytics, specifically an update of GRIPS and data reporting (US$195,000); (d) necessary facilities and building infrastructure maintenance at headquarters (US$100,000); and (e) the automated voting system for the Governing Council (US$210,000).

109. A number of other capital budget requests have been deferred pending further evaluation and as a result of efforts to limit the capital budget and related depreciation and recurrent costs.

110. Based on the current accounting standards being applied by IFAD, depreciation is charged on a straight-line basis over the estimated useful economic life of four years for IT hardware (six years for certain items starting from 2019) and up to a maximum of 10 years for software development costs, including Loan and Grant System replacement costs. Accordingly, the incremental depreciation for capital expenditure projects based on the current schedule of completion of the capital expenditure projects in 2018 and 2019 will be approximately US$157,000 in 2019.

Table 10
Capital budget request, 2019
(Thousands of United States dollars)

		2019 proposed
(a)	**Annual capital budget**	
	IT regular hardware replacement	640
	ICO vehicle replacement	100
(b)	**Other capital budget**	
	Borrowing and financial systems	1 250
	Budget and planning systems	150
	Corporate analytics	195
	Facilities/infrastructure	100
	Automated voting system	210
	Total	**2 645**

VII. One-time adjustment and capital budget for OpEx

111. The approved one-time adjustment budget for OpEx was US$6.60 million and the one-time IT-related capital budget for OpEx was US$3.05 million. A summary update of the work being undertaken by OpEx is provided in paragraphs 21-25 above. Annex X shows details of the approved amounts and expected utilization of both the one-time adjustment and capital budget for OpEx as of year-end 2018.

112. Based on the latest estimates and projected requirements the original estimates are fairly accurate. It is unlikely that the original budget will be exceeded and expenditures will be more or less in line with the original breakdown. Hence, no additional one-time adjustment or capital budget is being requested for OpEx in 2019, or is likely to be requested in future.

Part two – Results-based work programme and budget for 2019 and indicative plan for 2020-2021 of the Independent Office of Evaluation of IFAD

I. Introduction

1. This document contains the results-based work programme and budget for 2019, and indicative plan for 2020-2021 of the Independent Office of Evaluation of IFAD (IOE). It was informed by extensive consultations carried out by IOE with IFAD's governing bodies and Management.

2. IOE's strategic mission and vision, which are anchored to IFAD's strategic vision 2016-2025, provide the framework for IOE priorities and activities for the coming year (see box 1). It is important to highlight that the mission and vision statements contained in box 1 cover the period from 2016 through 2018. IOE reconfirms its strategic framework for 2019 in view of the outcomes of the external peer review of IFAD's evaluation function, which will be finalized in 2019. Consequently, IOE will also retain its strategic objectives for 2016-2018 (see section III).

Box 1
IOE mission and vision statements

Mission
To promote accountability and learning through independent, credible and useful evaluations of IFAD's work.

Vision
Increasing the impact of IFAD's operations for sustainable and inclusive rural transformation through excellence in evaluation.

3. As in the past, this document is "based on a critical assessment of needs, rather than simply using the current budget as a baseline".[2] It illustrates the linkages between IOE's work programme and expenditures, and details the breakdown of budgeted costs – particularly non-staff costs – including those for consultants. In addition, the document provides details of actual expenditures for 2017, budget utilization up to October 2018 and a current estimate of expected 2018 year-end utilization.

4. In line with the IFAD Evaluation Policy,[3] the IOE budget is developed independently of IFAD's administrative budget.[4] Yet the proposed budget is based on the same budgeting principles and parameters (e.g., exchange rate, standard costs for staff positions and inflation factor) used by IFAD Management in preparing its own administrative budget for 2019.

II. Current perspective

A. Highlights of 2018

5. IOE expects to implement all activities planned in the 2018 work programme by the end of the year. Selected achievements to date include:

- Undertaking of the corporate-level evaluation (CLE) on IFAD's engagement in pro-poor value chain development. The evaluation has two objectives: (i) to provide an assessment of IFAD's performance in supporting the development of pro-poor value chain development, and how this work has contributed to achieving IFAD's mandate of rural poverty reduction and inclusive and sustainable rural development; and (ii) to identify

[2] See the minutes of the 107th session of the Executive Board, para. 29.
[3] See IFAD Evaluation Policy (https://webapps.ifad.org/members/eb/102/docs/EB-2011-102-R-7-Rev-3.pdf).
[4] See IFAD Evaluation Policy, para. 38: "The levels of the IOE component and IFAD's administrative budgets will be determined independently of each other".

opportunities for improvement and make recommendations to enhance IFAD's approach to value chain development as a means for rural development and poverty reduction. The approach paper[5] for the CLE was presented to the Evaluation Committee in March 2018 and finalized when comments by Committee members were incorporated. The country visits have been completed and the report drafting has started.

- External peer review of IFAD's evaluation function. The approach paper of the external peer review of IFAD's evaluation function was prepared by the Evaluation Cooperation Group (ECG) and comments were elicited from IOE and IFAD Management. A self-assessment exercise was undertaken. The peer review team conducted interviews at IFAD headquarters in October 2018 and is undertaking stakeholder surveys.

- Finalization of country strategy and programme evaluations (CSPEs). National workshops for Cambodia, Cameroon and Peru took place at the beginning of the year. The national workshop for Angola took place in May 2018. The Cambodia and Georgia CSPEs were discussed at the March session of the Evaluation Committee while the CSPEs for Cameroon and Peru were presented at the June session. The 2018 CSPEs are being implemented as planned. The Tunisia national workshop took place in October.

- The impact evaluation (IE) of the Smallholder Horticulture Marketing Programme in Kenya is complete and was presented at the October session of the Evaluation Committee. The project selected for the 2018-2019 IE is the Food Security and Development Support Project in the Maradi Region (PASADEM) in Niger, which is ongoing.

- An international conference, Rural inequalities: evaluating approaches to overcome disparities was held on 2 and 3 May at IFAD headquarters. The conference explored whether strategies and programmes that aim to eradicate rural poverty reduce disparities within rural areas. This conference featured five panel sessions, 15 breakout sessions and 59 speakers. More than 200 participants from all over the world attended the conference, sharing new experiences and knowledge. It allowed for a discussion of the importance of staying ahead of the innovation curve by capturing inequalities and their implications on the evaluation functions in international organizations.

6. Reporting. The 2016-2018 Results Measurement Framework, IOE's monitoring and reporting framework for that period, is included in annex XII. Progress in implementing planned evaluation activities for 2018 is summarized in table 1 of annex XIII. Table 2 of annex XIII includes a summary of progress made as of October 2018 in meeting the targets for each of the Results Measurement Framework's key performance indicators. The data reveal that the activities are on track.

[5] See https://webapps.ifad.org/members/ec/100/docs/EC-2018-100-W-P-6-Rev-1.pdf.

B. 2018 budget utilization

7. Table 1 reports IOE budget utilization in 2017 and up until October 2018, as well as the year-end projection.

Table 1
IOE budget utilization in 2017 and projected utilization in 2018

Evaluation work	*Approved budget 2017*	*Budget utilization 2017*	*Approved budget 2018*	*Commitment as of October 2018**	*Expected utilization as of year-end 2018*
Non-staff costs					
Staff travel	440 000	354 095	460 000	317 668	340 000
Consultant fees	1 400 000	1 437 865	1 400 000	1 482 317	1 490 000
Consultant travel and allowances	380 000	324 708	380 000	338 053	345 000
In-country CSPE learning events	45 000	38 715	45 000	26 404	35 234
Evaluation outreach, staff training and other costs	225 861	315 320	220 390	194 560	220 390
Subtotal	**2 490 861**	**2 470 703**	**2 505 390**	**2 359 001**	**2 430 624**
Staff costs	**3 235 056**	**3 078 504**	**3 307 259**	**3 323 766**	**3 323 766**
Total	**5 725 917**	**5 549 207**	**5 812 649**	**5 682 767**	**5 754 390**
Utilization (percentage)		**96.9**		**97.8**	**99**
External peer review (2018 portion of the total cost)			**100 000**	**91 058**	
Total 2018 budget			**5 912 649**		

* Based on committed staff costs adjusted for exchange rate up to 22 October 2018.

8. Total expenses against IOE's 2017 budget amounted to US$5.5 million – equal to 96.9 per cent utilization. The slightly lower-than-expected utilization rate resulted from savings in staff costs derived from the strengthening of the United States dollar against the euro in the latter part of the year, as well as from a P-5 position remaining vacant until November 2017. Some of these cost savings were used to undertake additional outreach in order to ensure wider dissemination of evaluation lessons and training programmes during the year.

9. Against an approved budget of US$5.8 million for 2018, utilization (in terms of commitments) as of October 2018 stood at US$5.68 million, or 97.8 per cent. The 2018 budget utilization as of October did not include the cost of contracting some of the consultants and service providers for primary data collection related to the 2018 IE. Overall utilization of the total 2018 IOE budget at year end is currently projected at US$5.75 million, representing 99 per cent of the approved budget.

C. Utilization of the 2017 carry-forward

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

11. The IOE 3 per cent carry-forward from 2017 amounted to US$170,083. Part of these funds have been allocated towards the following activities:

(i) Development, editing and publication of IOE books. The first book, "Evaluation for Inclusive and Sustainable Rural Transformation", examines how evaluation practice has evolved to reflect, respond to and inform changing expectations of development assistance. It also reveals how evaluation products and methodologies have progressively strengthened IFAD's capacity to assess its operations and better understand its results. The book concludes with reflections on the challenges that lie ahead, including how IFAD's independent evaluation function can continue to evolve to meet future challenges and enhance the impact of development initiatives on people's lives. The second book, "Information and Communication Technologies for Development Evaluation" is based on the international conference organized by IOE in 2017.

(ii) Developing new communication products (podcasts for radio programmes) that better capture the views of project beneficiaries in the field.

(iii) Testing new data collection methods, in the context of the ongoing IE in Niger, that can capture the experiences of beneficiaries and allow these to be treated through qualitative and quantitative analysis.

III. IOE strategic objectives

12. As agreed with the Executive Board in December 2013, IOE aligns its strategic objectives (SOs) with IFAD replenishment periods to ensure a more coherent link between IOE's SOs and corporate priorities. The following were proposed for 2016-2018 (the Tenth Replenishment of IFAD's Resources [IFAD10]) and approved by the Board in December 2015:

    (i) SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability; and

    (ii) SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness.

13. These two SOs should allow IOE to achieve the overarching goal set for independent evaluation: to promote accountability and foster learning for improved performance of IFAD-supported operations. IOE will retain these SOs until 2019.

IV. 2019 work programme

14. This section provides an overview of IOE's main evaluation activities for 2019. Consultations with IFAD Management and governing bodies highlighted the need to undertake a CLE on IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture. This CLE will not be limited to technical innovation and will look at IFAD's role in: (i) strengthening internal capacity to identify innovations that respond to productivity; (ii) social and environmental constraints faced by rural people; (iii) incorporating and testing innovations within projects; (iv) learning from these innovations; and (v) scaling up successes for expanded and sustainable impact. It will also look at IFAD's role in supporting countries' efforts to scale up successful pro-poor rural development models, widen their geographical coverage and reach larger numbers of people.

15. The aim of CSPEs is to assess the results and impact of partnerships between IFAD and governments in reducing rural poverty, and provide building blocks for the preparation of an IFAD country strategy in each country following completion of the CSPE. In 2019, IOE will complete the CSPEs begun in 2018 in Mexico and Sri Lanka. Based on thorough consultations with IFAD Management, IOE plans to launch five new CSPEs in Ecuador, Madagascar, Nepal, Sierra Leone and Sudan.

16. Next year, IOE will finalize the 2018 IE in Niger and launch an additional IE.[6] IEs conducted by IOE were not included in the set of evaluations undertaken by IFAD Management in the IFAD9 and IFAD10 periods. IOE's main objectives in conducting IEs are to test innovative methodologies and processes for assessing the results of IFAD operations more rigorously, and contribute to ongoing dialogue on IE.

17. Evaluation synthesis reports (ESRs) are largely based on existing evaluation evidence and serve to consolidate lessons and good practices that can inform the development and implementation of IFAD policies, strategies and operations. IOE

[6] A programme will be chosen for the IE in the first half of 2019.

proposes to reduce the number of ESRs from two to one in 2019 based on the rationale outlined in the section V – 2019 resource envelope – of this document. IOE will complete the 2018 ESR on technical innovations and conduct a new ESR on IFAD's approaches and contributions to community-based rural development. Selected CSPEs, project-level evaluations and IEs provide an adequate evidence base on the topic.

18. Following current practice, IOE will validate all project completion reports (PCRs) and conduct eight project performance evaluations (PPEs) on selected projects. The objectives of PPEs are to: (i) assess the results of the projects; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in the country; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluation. They also serve as critical inputs for the CLEs, CSPEs and the Annual Report on Results and Impact of IFAD Operations (ARRI).

19. The proposed number of PPEs affords IOE wide coverage of IFAD operations in all regions, helping to strengthen IFAD's broader accountability framework. This is fundamental since most of IFAD's development resources are channeled to developing Member States through investment projects and programmes.

20. Pursuant to the Evaluation Policy, IOE will prepare the 2019 ARRI, the Fund's flagship evaluation report. As in previous years, the ARRI will include a detailed analysis and a dedicated chapter on a major learning theme. Following the deliberations of the Executive Board during its 124th session, IOE proposes "relevance of IFAD project interventions" as the learning theme for the 2019 ARRI. Many aspects highlighted in the 2018 ARRI as critical to project performance fall under the assessment of this key evaluation criterion. These include a thorough understanding of the country context (including government capacity) and the quality and appropriateness of project designs to those contexts and to mitigating any associated risks. In addition, the criterion of relevance shows the highest disconnect between IOE ratings and Management self-ratings. Therefore, by unpacking the key factors driving relevance, this study will also contribute to further harmonization between the independent evaluation and self-evaluation systems.

21. IOE will also support selected recipient countries in evaluation capacity development (ECD) activities, with the aim of building institutional capacity to evaluate public policies and programmes for rural poverty reduction. IOE will embed evaluation capacity development activities in selected countries when conducting CSPEs and IEs. It will also continue to engage in the Centers for Learning on Evaluation and Results (CLEAR) initiative on impact evaluation, with a view to building capacity among project staff and other personnel in-country.

22. There will be an increased focus on strengthening partnerships with the other Rome-based agencies (RBAs). The RBAs' evaluation offices will continue to collaborate in the Evaluation for Food Security, Agriculture and Rural Development community of practice, which includes international organizations, academia, the private sector, governments and NGOs. The aim of this community of practice is to exchange knowledge and experience that enhances the evaluations of projects and programmes focused on agriculture, food security and rural development.

23. IOE will ensure timely, customized dissemination and outreach of results and lessons to key audiences. It will present all CLEs, the ARRI, selected CSPEs and other documents to the Evaluation Committee and the Executive Board. It will also present impact assessments and ESRs to the Evaluation Committee, and if requested, to the Board.

24. As per established practice, IOE will prepare written comments on new country strategic opportunities programmes (COSOPs) that have been preceded by CSPEs

and are presented for consideration by the Executive Board. In line with the Evaluation Policy, IOE will provide written comments on new corporate policies and strategies that have been informed by major CLEs. Finally, the ECG will complete an external peer review of IFAD's evaluation function in 2019.

25. Table 2 summarizes the evaluation activities planned by IOE in 2019. The proposed list of IOE evaluation activities for 2019 is shown in table 1 of annex XIV and the indicative plan for 2020-2021 is presented in table 2 of that annex. The selection and prioritization of independent evaluations is facilitated by the use of a selectivity framework (annex XVII), which is instrumental in enhancing transparency in developing the divisional work programme.

Table 2
Evaluation activities planned by IOE for 2019

Strategic objectives	*Divisional management results (DMRs)*	*Outputs*
SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations	**CLE** on IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture **17th ARRI** **Comments** on the Report on IFAD's Development Effectiveness (RIDE), President's Report on the Implementation Status of Evaluation Recommendations and Management Actions (PRISMA), selected COSOPs and corporate policies and strategies, including comments on upcoming IFAD corporate strategies and policies
	DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations	**CSPEs** in Ecuador, Madagascar, Nepal, Sierra Leone and Sudan
	DMR 3: Systemic issues and knowledge gaps in IFAD are addressed	**ESRs:** Complete the 2018 ESR on technical innovations and conduct a new ESR on IFAD's approaches and contributions to community-based rural development
	DMR 4: IFAD-supported operations are improved through independent project evaluations	**8 PPEs** **All PCRs** available in the year validated
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	DMR 5: Evaluation manual is implemented and new evaluation methods and products are piloted	**Project IE** completed and a new IE started Contribution to in-house and external debates on **IEs**
	DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased	**One learning theme** in the context of the 2019 ARRI In-country learning workshops on the main results from CSPEs to provide building blocks for the preparation of new COSOPs; learning events in IFAD from other evaluations (e.g. CLEs, ESRs, ARRI) to share lessons and good practices Partnerships with ECG, United Nations Evaluation Group (UNEG) and RBAs
	DMR 7: Evaluation capacity development in partner countries	ECD engaged in thorough seminars and workshops on evaluation methodology and processes in the context of: (i) regular evaluations (e.g. ongoing CSPEs or PPEs); (ii) the CLEAR initiative; and (iii) upon request, in countries where IOE is not undertaking evaluations
Strategic objectives 1 and 2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured*	Preparation of the IOE work programme and budget; participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, as well as selected Audit Committee meetings; participation in internal platforms such as the Operational Strategy and Policy Guidance Committee (OSC), Operations Management Committee (OMC), IFAD Management Team meetings, country programme management team meetings and selected learning events

* Several outputs contribute to DMR 8, which cuts across both strategic objectives.

V. 2019 resource envelope

A. Staff resources

26. IOE's staff requirements are based on a comprehensive annual strategic workforce planning exercise, which confirmed that the office should be in a position to deliver all planned activities in a timely manner with its current staffing level (see annex XV).

B. Budget requirements

27. This section outlines IOE budget requirements. The proposed budget is presented by type of activity, strategic objective and category of expenditure. Each table includes both the 2018 approved budget and the proposed budget for 2019, facilitating a comparison between the two years. Table 6 also contains the IOE gender-sensitive budget, which identifies the budget distribution for gender-related activities.

28. Assumptions. As in the past, the parameters used to develop the proposed 2019 budget are the same as those used by IFAD Management in developing IFAD's administrative budget. They are currently as follows: (i) no increase in the salaries of professional and general service staff anticipated for 2019, so the same 2018 standard costs were used, adjusted for the euro/United States dollar exchange rate; (ii) inflation will be absorbed to the greatest extent possible; and (iii) an exchange rate of US$1= EUR 0.841. The exchange rate is different from that utilized by IFAD until September 2018 (US$1 = EUR 0.897) and is the same as the rate adopted by IFAD Management. For this reason, the staff costs presented in the work programme and budget document submitted to 103rd Evaluation Committee in October 2018 had to be revised in this version, in line with corporate practice.

29. Budget by type of activity. Table 3 displays the proposed IOE 2019 budget by type of activity. IOE will apply the same methodological rigour and internal preparation of its evaluation products without increasing the cost of the individual evaluations compared to 2018. IOE proposes to keep the total number of PPEs at eight and reduce the number of ESRs from two to one in 2019 in order to ensure that enough staff time is devoted to the external peer review of IFAD's evaluation function. The increase in knowledge, communication and outreach costs reflects the need to expand communication efforts to reach country and regional offices in a decentralizing environment and to strengthen knowledge management through new communication products.

Table 3
Proposed budget for 2019 by type of activity*

Type of activity	*Approved 2018 budget (US$)*	*Absolute number 2018*	*Level of effort 2018*	*Proposed 2019 budget (US$)*	*Absolute number 2019*	*Level of effort 2019*
Non-staff costs						
ARRI	80 000	1	1	80 000	1	1
CLEs	430 000	2	1	430 000	2	1
CSPEs	1 000 000	7	5.2	1 000 000	7	5.2
ESRs	110 000	2	2	55 000	1	1
PPEs	320 000	8	8	320 000	8	8
PCRVs	30 000	30	30	30 000	30	30
IEs	200 000	2	1	200 000	2	1
Knowledge-sharing, communication, evaluation outreach and partnership activities	200 000	-	-	260 000	-	-
ECD, training and other costs	135 390	-	-	135 390	-	-
Total non-staff costs	**2 505 390**	-	-	**2 510 390**	-	-
Staff costs	**3 307 259**	-	-	**3 473 221**	-	-
Total	**5 812 649**	-	-	**5 983 611**	-	-
External peer review	**100 000**	-	-	**200 000**	-	-
Total 2019 budget	**5 912 649**	-	-	**6 183 611**	-	-

Note: A more detailed explanation of the breakdown is given in annex XVI, table 2.

* Based on cumulative experience and historical figures, 140 person (staff) days are allocated for conducting a CLE, 130 days for a CSPE, 40 days for an ESR, 80 days for an IE, 50 days for a PPE and 11 days for a project completion report validation (PCRV). These figures were used to estimate the level of effort by type of activity, as shown.

30. The 2019 budget proposal includes a request for approval of a below-the-line cost allocation of US$200,000 for the external peer review of IFAD evaluation function in 2019.

31. Budget by category of expenditure. Table 4 shows the proposed budget for 2019 by expenditure category. Of the non-staff budget, 55 per cent is allocated to consultancy fees to support evaluation work – the same proportion of total non-staff costs allocated in 2018. With regard to consultants, IOE is continuing its efforts to ensure adequate gender and regional diversity across all evaluation types. Preference is given to hiring consultants from the country or region in which an evaluation is planned, especially for PPEs, CSPEs and country visits undertaken in the context of CLEs and the preparation of ESRs. Moreover, IOE is absorbing the costs of in-country CSPE learning events within other expenditure categories. Finally, the increase in the budget for evaluation outreach, staff training and other costs reflects the higher level of effort in communication and knowledge management for future evaluations, as explained in paragraph 29.

Table 4
Proposed budget for 2019 by category of expenditure

Category of expenditure	*Approved 2018 budget*	*Proposed 2019 budget*
Non-staff costs		
Staff travel	460 000	460 000
Consultant fees	1 400 000	1 400 000
Consultant travel and allowances	380 000	380 000
In-country CSPE learning events	45 000	-
Evaluation outreach, staff training and other costs	220 390	270 390
Total non-staff costs	**2 505 390**	**2 510 390**
Staff costs	**3 307 259**	**3 473 221**
Total	**5 812 649**	**5 983 611**
External peer review	**100 000**	**200 000**
Total 2019 budget	**5 912 649**	**6 183 611**

32. Staff travel, consultants' fees, allowances and travel expenses will remain at the same. As in the past, a small allocation is proposed for staff training, which is crucial for continuous professional development. The higher total staff costs include a "cushion" to absorb unforeseen expenses such as prolonged sick leave, other extended absences in line with IFAD Human Resources Policy and any other unforeseen changes in staff costs. This is required since IOE does not benefit from the IFAD budget for such expenses given the independent nature of its budget.

33. Budget by strategic objective. Table 5 shows the allocation of the total IOE proposed budget for 2019, including both staff and non-staff costs, against IOE's SOs. The greatest amount is allocated to SO1 since a large part of IOE's consultancy resources are allocated to activities contributing to this objective (including CLEs, CSPEs and PPEs). Many of the activities undertaken towards this objective also contribute to SO2 by promoting evaluation-based learning and an institutional-results culture. For example, in-country workshops at the end of CSPEs – which are included in the SO1 budget – provide a unique opportunity to exchange lessons learned and good practices with policy and decision makers, IFAD operations staff and other stakeholders.

Table 5
Proposed 2019 budget allocation by strategic objective

	Approved 2018 budget		*Proposed 2019 budget*	
Strategic objective	*Amount (US$)*	*%*	*Amount (US$)*	*%*
SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	4 031 596	69	3 957 180	66
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	1 462 348	25	1 624 969	27
Joint SO1 and SO2	318 705	6	401 461	7
Total	**5 812 649**	**100**	**5 983 611**	**100**
External peer review	**100 000**		**200 000**	
Total budget	**5 912 649**		**6 183 611**	

Note: percentages are rounded up.

34. Gender-sensitive budget. IOE's methodology for constructing a gender-sensitive budget entails determining the proportion of staff and non-staff costs devoted to analysing and reporting on gender issues in its evaluations. It is important to note that IOE has a dedicated criterion on gender equality and women's empowerment that is applied in all ARRIs, CSPEs, PPEs, PCRVs and IEs. Attention is also paid to

gender issues in other evaluations such as CLEs and ESRs. Finally, extensive primary data on women-headed households and women beneficiaries is collected in the context of IEs. Table 6 shows that 7.3 per cent of the total proposed IOE budget for 2019 is directly allocated to the examination of gender issues.

Table 6
IOE 2019 gender-sensitive budget

Type of activity	*Proposed 2019 budget*	*Gender component (percentage)*	*US$*
Non-staff costs			
ARRI	80 000	10	8 000
CLEs	430 000	10	43 000
CSPEs	1 000 000	10	100 000
ESRs	55 000	5	2 750
PPEs	320 000	7	22 050
PCRVs	30 000	5	1 500
IEs	200 000	15	30 000
Knowledge sharing, communication, evaluation outreach and partnership activities	260 000	4	10 400
ECD, training and other costs	135 390	5	6 770
Total non-staff costs	**2 510 390**	**8.9**	**224 470**
Staff costs			
Gender focal point	169 377	20	33 875
Alternate gender focal point	112 444	10	11 244
All evaluation staff	3 303 844	5	165 192
Total staff costs	**3 473 221**	**6**	**210 311**
Total	**5 983 611**	**7.3**	**434 781**

VI. IOE budget proposal

35. The proposed 2019 budget totals US$6.18 million, which includes US$200,000 for the 2019 portion of the total cost of the IOE external peer review. Excluding this below-the-line cost allocation, the total budget is US$5.98 million, representing a 2.94 per cent nominal increase with respect to the 2018 approved budget of US$5.81 million.

36. The proposed 2019 IOE budget represents 0.34 per cent of IFAD's expected programme of loans and grants (PoLG) for next year,[7] which is well below the IOE budget cap of 0.9 per cent adopted by the Executive Board.[8] An overview of IOE's proposed budget, including historical trends since 2013, is shown in annex XVI, table 1.

[7] It is anticipated that IFAD will commit approximately US$1.76 billion in new loans and grants in 2019.
[8] This decision was made by the Executive Board in December 2008.

Part three – Heavily Indebted Poor Countries Initiative progress report for 2018

I. Introduction

1. The objective of this progress report for 2018 is to:

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

II. Progress in HIPC Initiative implementation

2. Substantial progress has been made in the implementation of the HIPC Initiative since the its inception: 92 per cent of eligible countries (35 out of 38) have reached the decision point as well as completion point and qualified for HIPC assistance. Three countries – Eritrea, Somalia and Sudan – are still at the pre-decision point stage and have yet to start the process of qualifying for debt relief under the Initiative.

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

Completion point countries (35)	*Decision point countries*	*Pre-decision point countries (3)*
Benin	-	Eritrea
Bolivia (Plurinational State of)	-	Somalia
Burkina Faso	-	Sudan
Burundi	-	
Cameroon	-	
Central African Republic	-	
Chad	-	
Comoros	-	
Congo	-	
Côte d'Ivoire	-	
Democratic Republic of the Congo	-	
Ethiopia	-	
Gambia (The)	-	
Ghana	-	
Guinea	-	
Guinea-Bissau	-	
Guyana	-	
Haiti	-	
Honduras	-	
Liberia	-	
Madagascar	-	
Malawi	-	
Mali	-	
Mauritania	-	
Mozambique	-	
Nicaragua	-	
Niger	-	
Rwanda	-	
Sao Tome and Principe	-	
Senegal	-	
Sierra Leone	-	
Togo	-	
Uganda	-	
United Republic of Tanzania	-	
Zambia	-	

III. IFAD commitment to the HIPC Initiative

3. The Fund's commitment to the overall HIPC Initiative corresponds to US$679.6 million, as indicated in table 2 below. The current estimates may vary depending on changes in economic conditions, HIPC discount rates and potential delays in the remaining countries reaching decision and completion points.

Table 2
HIPC commitments
(Amounts expressed in SDR/US$ million)

		Net present value		*Nominal*	
	Countries	*SDR*	*US$[*]*	*SDR*	*US$[1]*
Completion point countries	35	247.1	345.2	376.0	525.1
Pre-decision point	3	94.2	131.6	110.6	154.5
		341.3	**476.8**	**486.6**	**679.6**

[*] SDR/US$ exchange rate prevailing on 30 September 2018 of 1:1.39655.

4. As at 30 September 2018, the Fund provided debt relief amounting to US$482.7 million to eligible countries at completion point, while future debt relief is equivalent to US$42.4 million, as shown in table 3 below.

Table 3
HIPC debt relief for completion point countries
(Amounts expressed in SDR/US$ million)

			Nominal	
	Countries		*SDR*	*US$[*]*
Completion point countries	35	Debt relief provided	345.6	482.7
		Future debt relief	30.4	42.4
			376.0	**525.1**

[*] SDR/US$ exchange rate prevailing on 30 September 2018 of 1:1.39655.

5. Total debt relief payments are estimated at US$13.5 million for the year 2018.

IV. Financing debt relief

6. IFAD funds its participation in the HIPC Initiative with external contributions (either paid directly to IFAD or transferred through the HIPC Trust Fund administered by the World Bank) and its own resources. External contributions[9] (paid) amount to about US$287.1 million (55.1 per cent), and contributions from IFAD's own resources amount to about US$225.7 million (43.3 per cent) for transfers made from 1998 to 2018. The remainder is covered by investment income from the IFAD HIPC Trust Fund balance of approximately US$8.2 million (as at end-September 2018).

7. To mitigate the impact of debt relief on resources available for commitment to new loans and grants, Member States have supported IFAD's formal access to the HIPC Trust Fund administered by the World Bank. This was agreed in 2006, recognizing that it would add to the overall financing requirements of the HIPC Trust Fund. Since 2006, IFAD has signed several grant agreements bringing the total received to date to US$215.6 million.

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

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

Part four – Progress report on implementation of the performance-based allocation system and 2019 lending terms

I. Application of the PBAS in IFAD10 (2016-2018)

1. In the first year of the 2016-2018 allocation period, which coincides with the Tenth Replenishment of IFAD's Resources (IFAD10), 102 countries were included in the initial calculations of allocations using the performance-based allocation system (PBAS). China and India received the maximum allocation, equivalent to 5 per cent of the funds allocated through the PBAS. Comoros and Sao Tome and Principe received the minimum allocation. Countries that were expected to use only part of their allocations have been capped.[10] Since December 2015, when Management first presented the PBAS allocations for IFAD10 to the Executive Board, 18 countries had been dropped from the cycle.[11] At the end of the cycle, 82 Member States had utilized their PBAS allocations.

2. In line with a recommendation of the Corporate-level evaluation (CLE) on the PBAS undertaken by Independent Office of Evaluation of IFAD (see EB 2016/117/R.5), Management began reallocating unutilized resources earlier in the IFAD10 cycle as opposed to the previous practice of reallocating resources in the third year.[12] Overall in IFAD10, Management reallocated 15 per cent of the total amount of resources allocated through the PBAS, equivalent to US$455.1 million. Of this, 86 per cent went to low-income countries (LICs) and lower-middle-income countries (LMICs).

3. At the end of IFAD10, after all funds had been reallocated, the distribution of core resources resulted in LMICs receiving 92 per cent of the total – an increase from 89 per cent in the initial allocation – while 66 per cent of the funds were borrowed on highly concessional terms and/or provided on a grant basis. Geographically, countries in sub-Saharan Africa received 53 per cent of core resources while 55 per cent of core resources went to Africa as a whole, both of which were an increase over allocations at the start of IFAD10.

4. In line with Management's commitment to a broader corporate approach to the PBAS, all PBAS-related processes, including reallocations, were carried out under the guidance of the Operational Management Committee and the Executive Management Committee.

II. Updating of the PBAS formula for use in IFAD11

5. According to the CLE, conducted in 2015 and 2016, the PBAS has enhanced the Fund's credibility as an international financial institution since its introduction in 2003 by providing a more transparent, flexible and predictable approach to resource allocation. It also pointed out areas for further improvement of the PBAS formula.

6. At its April 2016 session, the Executive Board acknowledged the findings of the evaluation and agreed that the PBAS needed adjustment in order to fit IFAD's mandate, role, evolving policies and the IFAD Strategic Framework 2016-2025. The Board underscored that the system should be able to assess food and nutrition security, economic and social inclusion, climate change, fragility and other

[10] Countries capped in IFAD10 were: Afghanistan, Democratic Republic of the Congo, Islamic Republic of Iran, Demoratic People's Republic of Korea, Lao People's Democratic Republic, Malaysia, Nepal, and Nigeria.
[11] Countries dropped were: Armenia, Botswana, Democratic Republic of the Congo, Congo, The Gambia, Guinea-Bissau, Islamic Republic of Iran, Demoratic People's Republic of Korea, Mauritius, Namibia, Seychelles, South Africa, South Sudan, United Republic of Tanzania, Uruguay, Vanuatu, Bolivarian Republic of Venezuela, and Yemen.
[12] For a more detailed description of the reallocation methodology, see document EB 2017/121/R.3, annex V: Finalizing enhancements to the PBAS management process.

vulnerabilities since these indicators would contribute to a better reflection of rural poverty. There was agreement that the revised PBAS should be simple and easy to understand.

7. Following consultations with Members through the Executive Board Working Group on the PBAS, the Board approved the updated PBAS formula for IFAD11 in September 2017.[13] The formula reads as follows:

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

8. Table 1 provides an overview of the features of each formula variable, its function within the formula and how it affects the allocations.

Table 1
IFAD11 PBAS formula variables

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

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

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

9. During the fourth quarter of 2018, the data for all variables in the formula (rural population, GNIpc, IVI, RSPA and PAD) were updated in order to produce IFAD11 country scores and allocations. Annex XVIII provides all these data by region and country.

10. Annex XIX presents details of the rural sector performance assessments (RSPA) for 2018, in line with the criteria for such assessments set out in document EB 2017/121/R.3. These assessments form the basis for the RSPA score used in the calculation of the PBAS country allocation.

III. Country selectivity

11. During the IFAD11 Consultation, members agreed on a number of PBAS-related commitments. These commitments introduced country selectivity in order to allocate resources more effectively[14] and set targets for the portion of resources that should be allocated to various country groupings.

12. In order to determine the countries that would access new resources in IFAD11, Management and Members agreed on three actionable criteria:

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

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

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

13. Reinforcing the need for better planning of financing and related activities since the beginning of the cycle, the IFAD11 Consultation set a target of 80 countries to enter the IFAD11 cycle. It also agreed that 10 per cent of the share of resources distributed through the PBAS could be reallocated during IFAD11. Management has applied these selectivity criteria and ensured that all countries entering the IFAD11 cycle comply with all three criteria.

IV. Country groupings allocations: IFAD11 commitments

14. The application of the country selectivity criteria reduced the number of countries receiving allocations in IFAD11 from about 100 to 80, thus focusing IFAD's core resources on LICs and LMICs. With regard to the share of financing for country groupings, Members of the IFAD11 Consultation agreed that Management would allocate 90 per cent of IFAD's core resources to selected LICs and LMICs in IFAD11. The remaining 10 per cent of core resources would go to selected upper-middle-income countries (UMICs). Management would also ensure that between 25 per cent and 30 per cent of core resources would be allocated to countries with most fragile situations (MFS), 50 per cent to Africa and 45 per cent to sub-Saharan Africa. In addition, IFAD would allocate approximately two thirds of its core

[14] Until IFAD10, the decision to include or exclude countries was based on indication of demand by Member States through dialogue with IFAD's country teams. This practice led to inefficiencies in IFAD's PBAS: in a given PBAS cycle, close to 20 per cent of countries that expressed their willingness to receive PBAS funding at the beginning of each cycle did not transform these commitments into operations as a result of changes in country conditions and priorities. During IFAD10, 19 per cent of the countries that entered the cycle were later dropped. See the IFAD11 Report, GC41/L.3/Rev.1.

resources on highly concessional terms. The application of the revised PBAS formula for IFAD11 resulted in allocations in line with these IFAD11 commitments (see table 1).

Table 1
IFAD11 allocation commitments as a share of core resources
(Percentage)

Share of core resources	*IFAD11 share of core resources*	*Commitment*
Africa	62	50
Sub-Saharan Africa	59	45
LICs and LMICs	90	90
UMICs	10	10
MFS countries	29	25-30
Highly concessional terms	65	≈ 66

15. For the 80 countries selected for IFAD11, the PBAS allocations were derived using the formula approved by the Executive Board in September 2017. For five of these countries,[15] Management capped the allocations derived from the formula based on the following rationale: (i) a technical economic analysis of the country's debt related to concessional and non-concessional resources; and/or (ii) concerns about the country's absorption capacity based on previous uptake of IFAD lending or ongoing crises or conflicts. In line with the PBAS guidelines, minimum and maximum allocations were also applied. The resulting country allocations for the IFAD11 period are shown in annex XVIII.

V. Country lending terms for 2019

16. In line with IFAD's commitment under the transparency action plan and the discussions of the Transition Framework Working Group, the country lending terms established for 2019 in accordance with the Policies and Criteria for IFAD Financing are disclosed in annex XVIII. Countries borrowing on highly concessional terms may be eligible for assistance under the DSF,[16] which provides that countries with moderate debt sustainability receive 50 per cent of IFAD financing as a grant and those with low debt sustainability receive 100 per cent of financing as a grant. Further to the principles contained in the DSF arrangements document (EB 2007/90/R.2), including the approaches and emerging trends at other institutions; the results of technical economic country analyses; and the resource allocation under the IFAD11 financial framework, it was recommended that the Executive Board approve changes to the DSF to allow varying percentages of financing to be provided as grants. Specifically for 2019, the revised percentages for countries with moderate debt sustainability and low debt sustainability would be 27 per cent and 80 per cent, respectively. In December 2018, the Board deferred its approval of the percentage eligibility of countries for the DSF to no later than May 2019, to allow more time for consultation. The country lending terms and DSF eligibility shown in annex XVIII result in an overall DSF allocation of 17 per cent, which is in line with the financial framework forecast provided in the IFAD11 Report (see GC/41/L.3/Rev.1).

[15] Afghanistan, Viet Nam, Tajikistan, United Republic of Tanzania and Yemen.
[16] See EB 2007/90/R.2, Proposed Arrangements for Implementation of a Debt Sustainability Framework at IFAD.

Part five – Recommendations

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

    - The programme of work for 2019 at a level of SDR 1,265 million (US$1,759 million), which comprises a lending programme of SDR 1,223 million (US$1,701 million) and a gross grant programme of US$58 million. It is noted that the programme of work has been approved at this level for planning purposes and will be adjusted as needed during 2019 in accordance with available resources.

2. 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 Governing Council approve:

    - The administrative budget comprised of, first, the regular budget of IFAD for 2019 in the amount of US$158.21 million; second, the capital budget of IFAD for 2019 in the amount of US$2.645 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2019 in the amount of US$6.18 million.

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Administrative budget comprising the regular, capital and one-time budgets of IFAD for 2019 and the budget of the Independent Office of Evaluation of IFAD for 2019

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 125th session, the Executive Board reviewed and agreed upon a programme of work of IFAD for 2019 at a level of SDR 1,265 million (US$1,759 million), which comprises a lending programme of SDR 1,223 million (US$1,701 million) and a gross grant programme of US$58 million;

Having considered the review of the 125th session of the Executive Board concerning the proposed regular and capital budgets of IFAD for 2019 and the budget of the Independent Office of Evaluation of IFAD for 2019;

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

Conscious that the aforementioned 3 per cent carry-forward currently applies to the administrative budget, and noting the need for a 6 per cent cap for carrying forward unspent balances arising from savings achieved in 2018 into financial year 2019 to support delivery of certain corporate priorities;

Noting that the Governing Council at its thirty-fourth session approved such increase for financial year 2011 in its resolution 161/XXXIV.

Approves the administrative budget, comprising: first, the regular budget of IFAD for 2019 in the amount of US$158.21 million; second, the capital budget of IFAD for 2019 in the amount of US$2.645 million; and third, the budget of the Independent Office of Evaluation of IFAD for 2019 in the amount of US$6.18 million, as set forth in document GC 42/L.6, determined on the basis of a rate of exchange of EUR 0.841: US$1.00; and

Determines that, in the event the average value of the United States dollar in 2019 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 2019 bears to the budget exchange rate.

Further approves that unobligated appropriations at the close of the financial year 2018 may be carried forward into the 2019 financial year up to an amount not exceeding 6 per cent of the corresponding appropriations.

Indicative list of countries with projects in the pipeline for 2019 (new projects and additional financing for ongoing projects)

West and Central Africa	*East and Southern Africa*	*Asia and the Pacific*	*Latin America and the Caribbean*	*Near East, North Africa and Europe*	**Total**
New projects					
Cameroon	Angola	Afghanistan	Bolivia (Plurinational State of)	Egypt	
Gambia (The)	Eritrea	Bangladesh	Cuba	Jordan	
Guinea-Bissau	Ethiopia (2)	Cambodia	Ecuador	Kyrgyzstan	
Liberia	Malawi	India	Nicaragua	Morocco	
Mali	Mozambique (2)	Indonesia	Peru	Sudan	
Mauritania	Rwanda	Lao People's Democratic Republic		Syria Arab Republic	
Nigeria	Uganda	Pakistan			
Senegal	Zambia	Samoa			
		Sri Lanka			
		Viet Nam			
8	**10**	**10**	**5**	**6**	**39**
Additional financing					
Benin		Bangladesh			
Burkina Faso		Bhutan			
Central Africa Republic		Kiribati			
Chad		Nepal			
Côte d'Ivoire		Tonga			
Gabon					
Liberia					
Sierra Leone					
Togo					
9	**-**	**5**	**-**	**-**	**14**
17	**10**	**15**	**5**	**6**	**53**

Source: GRIPS as at 23 October 2018.

Regular budget by cost category and department, 2018 approved and realigned* budget versus 2019 proposal

Table 1a
Regular budget by cost category and department, 2018 approved and realigned* budget versus 2019 proposal
(Millions of United States dollars)

	Staff			*Consultants*			*Duty travel*			*ICT non-staff costs*			*Other costs*		
Department	*2018*	*2018 (realigned)*	*2019*	*2018*	*2018 (realigned)*	*2019*	*2018*	*2018 (realigned)*	*2019*	*2018*	*2018 (realigned)*	*2019*	*2018*	*2018 (realigned)*	*2019*
Office of the President and Vice-President	2.09	2.09	2.30	-	-	-	0.20	0.20	0.20	-	-	-	0.10	0.10	0.10
Corporate Services Support Group	6.37	6.38	7.79	0.91	0.99	0.83	0.18	0.18	0.14	-	0.00	0.02	0.25	0.25	0.44
External Relations and Governance Department	11.02	12.52	13.62	1.62	1.74	1.43	0.60	0.76	0.87	0.10	0.10	0.10	1.65	1.75	2.31
Strategy and Knowledge Department	4.03	12.44	13.08	1.24	1.86	1.43	0.30	0.57	0.70	-	-	-	0.13	0.27	0.71
Programme Management Department	42.67	32.75	34.35	17.14	15.19	15.19	7.88	6.97	6.55	-	-	-	7.98	7.73	9.14
Financial Operations Department	9.31	9.31	10.71	1.04	2.17	2.06	0.54	1.03	0.64	-	-	-	0.24	0.24	0.22
Corporate Services Department	13.37	13.37	13.90	2.16	2.16	2.01	0.27	0.27	0.28	5.14	5.14	5.03	7.38	7.38	5.44
Corporate cost centre – allocable	1.30	1.30	1.00	-	-	-	-	-	-	-	-	0.30	3.52	3.52	3.93
Corporate cost centre – not allocable	-	-		-	-		-	-		-	-		4.81	4.81	4.84
Planned reductions	-	-	(3.43)	-	-	-	-	-	-	-	-	-	-	-	-
Total	**90.16**	**90.16**	**93.31**	**24.11**	**24.10**	**22.94**	**9.97**	**9.99**	**9.38**	**5.24**	**5.24**	**5.45**	**26.06**	**26.05**	**27.12**

* Realigned budget reflects the new organizational structure implemented on 1 April 2018.

Table 1b

Regular budget totals by department, 2018 approved and realigned* budget versus 2019 proposal

(Millions of United States dollars)

	Total			
Department	*2018*	*2018 (realigned)*	*2019*	*Change (2019 vs realigned 2018)*
Office of the President and Vice-President	2.39	2.39	2.60	0.21
Corporate Services Support Group	7.71	7.79	9.22	1.43
External Relations and Governance Group	14.99	16.88	18.33	1.45
Strategy and Knowledge Department	5.70	15.15	15.92	0.77
Programme Management Department	75.67	62.64	65.24	2.59
Financial Operations Department	11.13	12.76	13.62	0.87
Corporate Services Department	28.32	28.32	26.65	(1.67)
Corporate cost centre – allocable	4.82	4.82	5.23	0.41
Corporate cost centre – not allocable	4.81	4.81	4.84	0.03
Planned reductions			(3.43)	(3.43)
Total	**155.54**	**155.54**	**158.21**	**2.67**

* Realigned budget reflects the new organizational structure implemented on 1 April 2018.

Indicative breakdown of 2019 regular budget by results pillar and institutional output group (IOG)

(In millions of United States dollars)

	2018		2019	
Pillar	*US$*	*% of total*	*US$*	*% of total*
Pillar 1 – Country programme delivery				
Country strategies and programmes	9.58	6	7.82	5
Country-level policy engagement *(new)*	NA	NA	1.70	1
Design of new loan and grant financed projects	19.10	12	19.92	12
Supervision and implementation support	31.16	20	26.41	16
Enable and support	15.20	10	20.74	13
Enabling management functions	3.50	2	3.76	2
Allocable corporate costs	2.59	2	3.24	2
Subtotal pillar 1	**81.13**	**52**	**83.60**	**52**
Pillar 2 – Knowledge building, dissemination and policy engagement				
Corporate knowledge and research	2.35	2	3.76	2
Communication and outreach *(updated)*	1.96	1	4.83	3
Knowledge promotion *(not used in 2019)*	3.03	2	NA	NA
South-South and Triangular Cooperation	0.63	-	0.86	1
Impact assessments	1.59	1	1.30	1
Global policy engagement and global partnerships	2.71	2	3.32	2
Enable and support	2.30	1	2.90	2
Enabling management functions	2.60	2	1.43	1
Allocable corporate costs	0.57	-	0.00	0
Subtotal pillar 2	**17.74**	**11**	**18.39**	**11**
Pillar 3 – Financial capacity and instruments				
Replenishment	1.11	1	0.73	0
Resource mobilization and management of additional resources	2.79	2	3.80	2
Corporate financial management and reporting	0.94	1	0.91	1
Corporate fiduciary and financial risk management *(updated)*	1.96	1	2.53	2
Corporate controllership	0.26	-	0.28	0
Financial projections, products, strategic and operational liquidity planning/management	0.21	-	0.46	0
Investment portfolio management	0.49	-	0.50	0
Enable and support	2.59	2	3.52	2
Enabling management functions	1.12	1	1.50	1
Allocable corporate costs	0.38	-	0.20	0
Subtotal pillar 3	**11.85**	**8**	**14.43**	**9**
Pillar 4 – Institutional functions, services and governance				
Enabling information technology environment	6.51	5	5.38	3
Client-oriented transaction services	1.25	1	0.85	1
Administrative services	2.05	1	2.44	2
Headquarters security services	1.38	1	1.39	1
Facilities management	2.83	2	2.70	2
Human resource management	4.99	3	4.08	3
Corporate planning, budgeting and reporting	2.00	1	3.98	2
Budget planning, monitoring and organizational development *(combined with above IOG in 2019)*	2.50	2	NA	NA
Internal oversight and risk management	2.98	2	3.15	2
Corporate legal services	0.59	-	0.55	0
IFAD management functions	1.26	1	1.79	1
In-house communications	0.40	-	0.38	0
Ethics Office	0.48	-	0.68	0
Governing Bodies	5.04	3	4.97	3
Membership and protocol	1.03	1	1.01	1
Enable and support	1.61	1	2.87	2
Enabling management functions	1.83	1	2.37	1
Allocable corporate costs	1.28	1	1.80	1
Unallocable corporate costs	4.81	3	4.84	3
Subtotal pillar 4	**44.82**	**29**	**45.22**	**28**
Subtotal	**155.54**	**100**	**161.64**	**100.0**
Planned reductions			-3.43	
Total	**155.54**	**100**	**158.21**	**-**

Indicative 2019 staff levels, regular budget only

(Full-time equivalents)[a]

Department [b]	Continuing and fixed-term staff: *Professional and higher*	*General Service*	*Total continuing and fixed-term staff*	*Locally recruited field staff*	*Total 2019*
Office of the President and Vice-President (OPV)	**7**	**5**	**12**	**0**	**12**
Corporate Services Support Group (CSSG)					
Office of the General Counsel	12	6	18	0	18
Office of Budget and Organizational Development	5	2	7	0	7
Office of Audit and Oversight	9	3	12	0	12
Ethics Office	2	1	3	0	3
Quality Assurance Group	4	2	6	0	6
Change, Delivery and Innovation unit	2	0	2	0	2
Subtotal CSSG	**34**	**14**	**48**	**0**	**48**
External Relations and Governance					
ERG front office	2	1	3	0	3
Partnership and Resource Mobilization Office and Global Engagement and Multilateral Relations Division[c]	22	10	32	2	34
Office of the Secretary	14	19	33	0	33
Communications Division	17	4	21	3	24
Subtotal ERG	**55**	**34**	**89**	**5**	**94**
Strategy and Knowledge Department (SKD)					
SKD front office	5	3	8	0	8
Environment, Climate, Gender and Social Inclusion Division	16	4	20	5	25
Sustainable Production, Markets and Institutions Division	24	7	3	5	36
Research and Impact Assessment Division	7	2	9	0	9
Subtotal SKD	**52**	**16**	**68**	**10**	**78**
Programme Management Department (PMD)					
PMD front office	3	3	6	1	7
Operational Policy and Results Division	14	4	18	0	18
West and Central Africa Division	23	9	32	22	54
East and Southern Africa Division	20	10	30	22	52
Asia and the Pacific Division	22	9	31	22	53
Latin America and the Caribbean Division	19	6	25	11	36
Near East, North Africa and Europe Division	21	9	30	13	43
Subtotal PMD	**122**	**50**	**172**	**91**	**263**
Financial Operations Department (FOD)					
FOD front office (incl. Risk Unit)	8	1	9	0	9
Financial Management Services Division	17	3	20	5	25
Accounting and Controller's Division	8	14	22	1	23
Treasury Services Division	13	4	17	0	17
Subtotal FOD	**46**	**22**	**68**	**6**	**74**
Corporate Services Department (CSD)					
CSD front office	2	2	4	0	4
Human Resources Division	14	10	24	0	24
Administrative Services Division	11	28.5	39.5	0	39.5
Field Support Unit	3	2	5	0	5
Information and Communications Technology Division	16	15	31	0	31
Subtotal CSD	**46**	**57.5**	**103.5**	**0**	**103.5**
Planned reductions					**-40**
Grand total 2019	**362.0**	**198.5**	**560.5**	**112.0**	**632.5**
Grand total 2018	**334.9**	**196.5**	**531.4**	**95.9**	**627.3**

[a] 1 FTE = 12 months. Includes part-time staff corresponding to less than one FTE.
[b] Distribution of staff by department is indicative and subject to change during 2019.
[c] As a result of the OpEx review the Partnership and Resource Mobilization Office and Global Engagement and Multilateral Relations Division will be merged in 2019.

Indicative 2019 staffing by department and grade

(Full-time equivalents)

Category	*Grade*	*OPV*	*CSSG*	*ERG*	*SKD*	*PMD*	*FOD*	*CSD*	2019 total	2018 total*
Professional and higher *										
	Department head and above	2	0	1	1	1	1	1	7	7
	D-2	1	1	-	-	1	-	1	4	5
	D-1	-	3	5	3	5	3	2	21	19
	P-5	1	5	10	23	40	4	6	88	87.7
	P-4	2	12	14	17	36	14	15	110	91.5
	P-3	-	9	20	5	31	16	13	93	86.7
	P-2	1	4	5	2	8	6	8	34	35
	P-1	-	-	-	1	-	2	-	3	3
Subtotal – Professional and higher		**7**	**34**	**55**	**52**	**122**	**46**	**46**	**362**	**334.9**
National officer (NO)										
	NOD	-	-	-	-	1	-	-	1	
	NOC	-	-	-	2	39	-	-	41	
	NOB	-	-	5	8	2	3	-	18	
	NOA	-	-	-	-	22	-	-	22	
Subtotal – national officer		**0**	**0**	**5**	**10**	**64**	**3**	**0**	**82**	
Subtotal – Professional		**7**	**34**	**60**	**62**	**186**	**49**	**46**	**444**	
HQ General Service*										
	G-7							1	1	1
	G-6	1	3	9	6	17	6	15	57	59
	G-5	2	5	9	6	20	13	19	74	73
	G-4	1	4	13	2	11	1	12.5	44.5	44.5
	G-3	1	2	3	2	2	2	5	17	14
	G-2	-	-	-	-	-	-	5	5	5
Subtotal – HQ General Service		**5**	**14**	**34**	**16**	**50**	**22**	**57.5**	**198.5**	**196.5**
National General Service										
	G-6	-	-	-	-	2	1	-	3	
	G-5	-	-	-	-	24	2	-	26	
	G-4	-	-	-	-	1	-	-	1	
Subtotal – National General Service		**0**	**0**	**0**	**0**	**27**	**3**	**0**	**30**	
Subtotal – General Service		**5**	**14**	**34**	**16**	**77**	**25**	**57.5**	**228.5**	
Total		12	48	94	78	263	74	103.5	672.5	
Planned reductions									(40)	
Total after reductions									632.5	
Percentage Professional category		58%	71%	64%	79%	71%	66%	44%	66%	
Percentage General Service category		42%	29%	36%	21%	29%	34%	56%	34%	
Ratio Professional to General Service		1.4	2.4	1.8	3.9	2.4	2.0	0.8	1.9	

* 2018 figures are provided for Professional and headquarters General Service staff only as 2019 is the first time figures for locally recruited field staff have been included.

Staff costs

1. The budget for staff costs is generally prepared in accordance with the rules and regulations applied to salaries, allowances and benefits of 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 standard costs represent the best estimate at the time of preparation of the budget document.

3. The change in standard costs from 2018 to 2019 primarily reflects the impact of the change in the exchange rate, within-grade-step increment (WIGSI) adjustment, and changes to benefits, as reflected in the table below.

Composition of standard staff costs
(Millions of United States dollars)

Category description	*2019 FTEs at 2018 rates*	*2019 FTEs at 2019 rates*	*(Decrease) Increase*
Professional staff			
Salaries	31.31	31.70	0.39
Post adjustment	11.68	12.57	0.89
Pension and medical	12.95	13.09	0.14
Education grants	4.38	4.47	0.09
Repatriation, separation and annual leave	2.18	2.22	0.04
Home leave	1.29	1.30	0.01
Dependency allowances	1.21	1.21	-
United States tax reimbursement	1.13	1.13	-
Other allowances	1.14	1.14	-
Centralized recruitment costs	1.30	1.00	(0.30)
Subtotal	**68.57**	**69.83**	**1.26**
General Service staff			
Salaries	11.68	12.45	0.77
Pension and medical	4.24	4.53	0.29
Language allowance	0.55	0.59	0.04
Repatriation and separation	1.12	1.18	0.06
Other allowances	0.56	0.60	0.04
Subtotal	**18.15**	**19.35**	**1.20**
Locally recruited country presence staff	**7.15**	**7.56**	**0.41**
Subtotal	**93.87**	**96.74**	**2.87**
Planned reductions	**(3.33)**	**(3.43)**	**(0.10)**
Total regular staff costs	**90.54**	**93.31**	**2.77**

Capital budget (excluding CLEE), 2008-2018

(Thousands of United States dollars)

	2008	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*Total*
ICT initiatives												
Loans and grants (IFAD Client Portal/Loans and Grants System replacement)	710	1 050	2 000	12 000	-	-	-	-	-	-	-	15 760
Human resources reform	134	541	400	500	-	575	400		480	286	-	3 316
IFAD Country Office (ICO) infrastructure – IT and communications	-	-	-	-	-	1 170	-	-	-	-	-	1 170
Institutional efficiency	556	300	470	1 423	-	780	787	600	975	775	-	6 666
Delivering as One	-	440	300	-	-	-	-	-	-	-	-	740
Knowledge management	-	-	-	-	-	-	613	-	-	-	-	613
IT infrastructure	600	1 200	360	375	3 215	775	497	1 200	470	890	900	10 482
Budget preparation system	-	-	-	-	-	-	-	-	375	-	-	375
Transparency/accountability	-	-	-	-	-	-	-	-	-	-	500	500
Borrowing systems	-	-	-	-	-	-	-	-	-	-	300	300
Corporate analytics	-	-	-	-	-	-	-	-	-	-	150	150
Subtotal ICT initiatives	**2 000**	**3 531**	**3 530**	**14 298**	**3 215**	**3 300**	**2 297**	**1 800**	**2 300**	**1 951**	**1850**	**40 072**
Non-IT headquarters projects	-	550	-	889	-	-	-	890	-	-		2 329
ICO security and vehicles/MOSS compliance*	-	-	-	-	281	400	-	-	100	454	100	1 335
Total	**2 000**	**4 081**	**3 530**	**15 187**	**3 496**	**3 700**	**2 297**	**2 690**	**2 400**	**2 405**	**1 950**	**43 736**

* MOSS = United Nations Minimum Operating Security Standards.

Carry-forward funds allocation

(Thousands of United States dollars)

Department	*Description of use of carry-forward funds*	*2018 3% carry-forward*
CSD	Human Resources Division: System and reporting changes.	39
CSSG	Ethics Office: implementation of sexual harassment and abuse policy action plan; Office of the General Counsel: legal opinions database.	40
ERG	Global Engagement and Multilateral Relations Division: family farming and South-South and Triangular Cooperation events; Communications Division: assessment of IFAD communications, 2018 IFAD organizational perception study, and campaign for rural women and girls. Partnership and Resource Mobilization Office: system and reporting changes.	469
FOD	Financial Operations Department: support to establishment of risk and compliance function; Accounting and Controller's Division: internal controls dashboard proposal; Treasury Services Division: comprehensive independent financial risk assessment.	748
OPV	Office of the President and Vice-President: operational and strategic risk management assessment.	100
PMD	Various divisions: IFAD11 commitments, implementation of PBAS reforms, mainstreaming activities, regional events, Operations Academy.	1 218
SKD	Impact assessments, youth, gender, climate and nutrition mainstreaming actions, ICT for development strategy.	1 446
Corporate	IFADTalks.	40
Total		**4 100**

Estimate of direct charges on investment income

(Thousands of United States dollars)

	2017	2018	2019
Management fees			
Global government bonds	153	243	-
Global diversified fixed income bonds	439	270	270
Global inflation-indexed bonds	395	220	-
Emerging market debt bonds	615	315	-
Global diversified short term bonds	-	-	180
Contingent management fees	-	-	-
Subtotal management fees	**1 602**	**1 048**	**450**
Custodian fees	425	425	360
Subtotal custodian fees	**425**	**425**	**360**
Advice, information and trade support			
Financial information providers	462	407	520
Institutional financial advisers	200	200	400
IT systems	-	-	710
Consultants	125	125	150
Due diligence travel	65	65	65
Subtotal advice, information and trade support	**852**	**797**	**1 845**
Overall total	**2 879**	**2 270**	**2 655**

Forecast utilization of one-time adjustment and capital budget for the Operational Excellence for Results (OpEx) exercise

(Millions of United States dollars)

		Expected phasing		*Forecast utilization*		
	Total	*2018*	*2019*	*(end-2018)*	*% of 2018*	*Balance for 2019*
I. **One-time adjustment budget**						
A. Accelerated decentralization						
Staff outposting costs[a]	1.05	0.75	0.30	0.90	120%	0.15
Upgrading and establishment of ICOs[b]	1.45	1.15	0.30	1.00	87%	0.45
B. Results and organization optimization activities						
Business process and functional analysis	0.50	0.50	-	0.22	44%	0.28
Organization and change management expertise	0.75	0.50	0.25	0.22	44%	0.53
Backfilling of staff working on OpEx[c]	1.00	0.65	0.35	0.43	66%	0.57
Training	0.35	0.15	0.20	0.13	87%	0.22
C. Voluntary separation programme	1.50	0.5	1.00	0.50	100%	1.00
Total one-time adjustment expenditures	**6.60**	**4.20**	**2.40**	**3.40**	**81%**	**3.20**
II. **One-time capital budget**						
A. IT system enhancements						
Reconfigure PeopleSoft system to support decentralization	1.55	1.00	0.55	0.86	86%	0.69
Infrastructure set-up and upgrading at ICOs/regional hubs	0.50	0.30	0.20	0.26	88%	0.24
Other IT-related reporting systems and initiatives	1.00	0.75	0.25	0.30	40%	0.70
Total one-time capital budget	**3.05**	**2.05**	**1.00**	**1.42**	**69%**	**1.63**
Total of one-time adjustment and capital budget	**9.65**	**6.25**	**3.40**	**4.82**	**77%**	**4.83**

[a] Number of outpostings were estimated and costed using United Nations average cost of US$50,000.

[b] Outposting and increased number of national officers would require increased space and additional facilities. Upgrades of current ICO facilities were costed at US$30,000 per ICO, upgrades to new ICOs were costed at US$50,000, and the establishment of regional hubs at new locations were costed at US$100,000.

[c] Costed on the basis of 4-5 Professional staff working on the implementation of the OpEx exercise in 2018 reducing to 2-3 professional staff in 2019.

Update on CLEE actions

Ref.	CLEE recommendations	Detail of proposed action	Benefits	Approved costs		Revised costs		Total forecast capital and one-time expenditures	Balance	Remarks/status
				One-time costs	Capital costs	One-time costs	Capital costs	Year-end 2018		
1	Expand IFAD Country Offices (ICOs), as warranted, and strengthen their capacity by recruiting country programme officers and assistants.	Hire additional country programme officers and country programme assistants.	- Better on-the-ground support and enhanced effectiveness. - ICO costs have increased in the period 2014-2017. In addition, 8.5 FTEs and 5.5 FTEs have been added for ICO staffing in 2016 and 2017, respectively. The effects of increased country presence are being experienced in the quality of the portfolio in terms of effectiveness.							Cost implications of 5.5 FTEs and ICO administrative costs included in regular budget.
2	Rationalize the use of consultants by recruiting additional specialist staff in the Policy and Technical Advisory Division to increase in-house technical capacity for providing field support during project design and supervision.	Convert consultants into staff positions.	- Better quality of technical support and retention of institutional knowledge, although there will be a short-term increase in recurrent costs. - All new specialist staff are on-board, resulting in in-house capacity-building.							Incremental full-year effect of new specialist staff fully included in 2015 and 2016.
3	Develop a more robust database, with a management dashboard showing the status of the programme of work as a tool for workload analysis.	Enable Management to retrieve up-to-date information on programme of loans and grants (PoLG) from a single source.	- More effective distribution of workload. - Anticipated efficiency gain in staff costs over the medium term as data availability and processing become more automated. - Cost avoidance rather than efficiency gain.		300 000		242 257	242 257		Project for implementing a more robust database including a logical framework has been completed.
4	Develop and implement more responsive instruments for middle-income countries (MICs).	Hire/contract additional expertise to identify instruments to address requirements of MICs.	- More responsive engagement with MICs, possibly leading to an increased programme of work in these countries.	200 000						Activity undertaken using alternative resources.

				Approved costs		*Revised costs*		*Total forecast capital and one-time expenditures*		
Ref.	*CLEE recommendations*	*Detail of proposed action*	*Benefits*	*One-time costs*	*Capital costs*	*One-time costs*	*Capital costs*	*Year-end 2018*	*Balance*	*Remarks/status*
5	Implement the knowledge management (KM) framework and plan, including incentives for staff participation.	Initiate and implement KM framework and plan (one-time consultant cost).	- Strengthened IFAD capabilities to embed KM in all aspects of its operations. - In the medium term, this is expected to result in more efficient design and implementation of IFAD operations, leading to higher efficiency in the programme of work.	100 000						Activity undertaken using alternative resources.
6	Review and update IFAD's Results-based country strategic opportunities programme. (RB-COSOP) guidelines, including the criteria for deciding when an RB-COSOP is required, e.g. in small country programmes.	Hire/contract additional expertise to revise COSOP guidelines as recommended by CLEE.	- Strengthened RB-COSOPs as a tool for policy dialogue and alignment with country strategies – essential for scaling up. In the medium term, this can be expected to result in more efficient design, implementation and scaling up of IFAD operations – leading to higher institutional efficiency.	100 000						Activity undertaken using alternative resources.
7	Revise the Quality Assurance (QA) process; early engagement of staff.	Change QA process to be engaged at an earlier stage of project development (consultancy costs).	- Better design at entry for consideration by the Operational Strategy and Policy Guidance Committee (OSC), quality improvement and more efficient implementation of projects. - Expected lower costs in project implementation in the medium term.				145 200	145 200		Initial phase completed in 2014 using alternative resources, and additional work undertaken in 2018 to adapt QA IT system to new design process. Expected to be largely completed by end 2018.
8	Intensify staff training programmes in project supervision, financial management, etc.	Train country programme manager, ICO and financial management staff.	- Better skilled workforce and improved programme delivery. - Additional training programmes have been put in place and improvement in effectiveness is anticipated.							Ongoing using alternative resources.

Ref.	*CLEE recommendations*	*Detail of proposed action*	*Benefits*	*Approved costs*		*Revised costs*		*Total forecast capital and one-time expenditures*		*Remarks/status*
				One-time costs	*Capital costs*	*One-time costs*	*Capital costs*	*Year-end 2018*	*Balance*	
9	Prepare a review of IFAD's country presence policy and strategy and submit it for Board approval.	Decentralize ICO administrative support services for existing and future ICO sites (initial cost).	- Strengthened support in the field and work ongoing to upgrade and establish offices. - Improvement in IFAD's operational effectiveness is expected owing to increased country presence, but additional costs will be incurred.	1 500 000		1 280 244		1 280 244		Incremental recurrent costs included in regular budget.
10	Review and change key business processes to enhance efficiency and implement other OpEx initiatives to improve overall organizational effectiveness.	Review IFAD's business processes.	- Streamlined process resulting in efficiency gains in the medium term, as processes that are staff-time intensive become more automated and less costly. - Improved overall organizational effectiveness and efficiency, achieving the right balance between flexibility and standardized approaches.	200 000		819 487		819 487		Several focused reviews undertaken to improve processes in administrative areas. Funding also utilized for initial OpEx costs, prior to approval of OpEx one-time budget.
11	Integrate the core IT platforms (PeopleSoft, Agile open source and Microsoft).	Pursue system integration (consultancy support for IT development).	- Improved access to information to strengthen the management decision-making process. - More efficient use of staff resources anticipated, resulting in cost avoidance.		200 000		137 278	137 278		SharePoint upgrade completed.
12	Upgrade IFAD's software systems to enable more effective and efficient administrative support of ICOs.	Implement IT environment to allow full integration of ICOs within PeopleSoft.	- Support to ICOs, enabling more efficient and effective delivery of IFAD programmes as part of decentralization. - Cost avoidance using an integrated e-recruitment system for headquarters and ICOs.		760 000		405 579	405 579		Funding was used to develop an e-recruitment system to facilitate recruitment at both ICOs and headquarters.

Ref.	CLEE recommendations	Detail of proposed action	Benefits	Approved costs		Revised costs		Total forecast capital and one-time expenditures	Balance	Remarks/status
				One-time costs	Capital costs	One-time costs	Capital costs	Year-end 2018		
13	Implement ICT systems to support IFAD's operational monitoring and evaluation (M&E) processes.	Implement M&E systems.	- Better IT support for operational area and improved delivery, enabling more efficient and effective delivery of IFAD programmes. - Qualitative improvements with no monetary benefits anticipated.		700 000		1 022 343	1 022 343		Funding increased and utilized to support implementation of Operational Results Management System, specifically to deliver on the objectives of the development effectiveness framework in providing a structured and systematic solution to harness project data with management of key milestones across the project lifecycle. The system supports the efforts to foster a culture of results as well as IFAD's commitments to report on progress towards targets and thematic focus areas during IFAD11.
14	Implement mobile technologies to allow access to IFAD systems on the move via a range of devices, including smartphones and tablets.	Implement mobile technologies.	- Staff access to information irrespective of location or IT platform. - Cost avoidance in price increases.		100 000		81 487	81 487		Platform for mobile applications completed.
15	Develop business intelligence solutions to provide relevant management information to support business decisions.	Implement business intelligence solutions.	- More efficient use of staff time, enabling its allocation to programme delivery. - Faster and more efficient decision-making, with possible efficiency gains in the medium term.		375 000		223 069	223 069		Business Intelligence is IFAD's corporate tool for reporting using both internal and external data, including sources such as FAO, OECD and World Bank. The growing demand for this capacity reflects the need for more supported decision-making and the drive towards learning loops and continuous improvement. The project has now been delivered and ensures,

Ref.	CLEE recommendations	Detail of proposed action	Benefits	Approved costs: One-time costs	Approved costs: Capital costs	Revised costs: One-time costs	Revised costs: Capital costs	Total forecast capital and one-time expenditures Year-end 2018	Balance	Remarks/status
										among other factors, that IFAD remains on a secure and supported platform, has enhanced report performance as well as increased integration scope – across business areas and platforms.
16	Introduce GRIPS, retire Project and Portfolio Management System (PPMS) and reconfigure existing systems that rely on PPMS.	Introduce GRIPS and reconfigure existing systems.	- Faster and more efficient decision-making to avoid losses in staff time.		375 000		371 582	371 582		Project completed.
Project management costs					281 000		281 000	281 000		
Unallocated						269	181 205		181 474	
	Total capital budget				**3 091 000**		**3 091 000**	**2 909 795**	**181 205**	Remaining unallocated balance may be utilized prior to end 2018
	Total one-time budget			**2 100 000**		**2 100 000**		**2 099 731**	**269**	

IOE Results Measurement Framework for 2016-2018 (extended to 2019)

Strategic objectives	*Divisional management results (DMRs)*	*Key performance indicators*	*Baseline 2011*	*Target (per year)*	*Means of verification*
Strategic objective 1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations DMR 3: Systemic issues and knowledge gaps in IFAD are addressed DMR 4: IFAD-supported operations are improved through independent project evaluations	1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs	n/a	90%	PRISMA and IOE work programme and budget document
Strategic objective 2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	DMR 5: The evaluation manual is implemented and new evaluation methods and products are piloted	2. Range of new methods and designs applied	n/a.	2	IOE evaluations
		3. Evaluations with quantitative analysis	n/a	3 (in the entire period)	IEs
	DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased	4. Number of outreach products for all evaluations disseminated through social tools and the internet	n/a	70	
		5. Number of in-country learning events co-organized by IOE with governments	4	5	
		6. Number of in-house and external knowledge events organized and attended by IOE	5	5	
		7. Number of page views for IOE reports	n/a	55 000	
		8. Number of people receiving IOE newsletters	n/a	2 500	
	DMR 7: Evaluation capacity development (ECD) in partner countries	9. Number of ECD seminars/workshops organized in partner countries	1	1	IOE records
		10. Number of events attended by IOE staff related to self-evaluation and ECD	n/a	3	
Strategic objectives 1 and 2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	11. Budget cap	< 0.9% of IFAD PoLG	< 0.9% of IFAD PoLG	
		12. Ratio of professional to general service staff	n/a	1:0.46	
		13. Budget execution rate at year end	n/a	97%	
		14. Execution rate of key evaluation activities	n/a	95%	

IOE reporting on achievements

Table 1
Reporting on IOE planned activities (January to October 2018)

Type of work	*Evaluation activities*	*Planned implementation status*	*Present status*
1. CLEs	IFAD's financial architecture	Completed in May 2018	Completed. The final report was completed in April 2018 for presentation to the Evaluation Committee in June 2018 and the Executive Board in September 2018.
	IFAD's engagement in pro-poor value chain development	To be completed in mid-2019	Ongoing. Approach paper finalized and discussed at the March 2018 session of the Evaluation Committee. Country visits were completed in October 2018 and report drafting has started.
2. CSPEs	Angola	Completed in May 2018	Completed. Report finalized in April 2018. National in-country workshop held in Luanda on 22 May 2018. Agreement at completion point signed.
	Burkina Faso	To be completed in December 2018	Ongoing. Approach paper finalized. Main mission completed in May 2018. National workshop planned for November 2018.
	Cambodia	Completed in February 2018	Completed. National workshop held in January 2018. Final report presented to the Evaluation Committee in March 2018 together with the signed agreement at completion point.
	Cameroon	Completed in February 2018	Completed. National workshop held in February 2018. The final report was completed in February 2018 for presentation to the Evaluation Committee in June 2018 together with the signed agreement at completion point.
	Georgia	Completed in early 2018	Completed. Final report presented to the Evaluation Committee in March 2018. Agreement at completion point signed.
	Kenya	To be completed in December 2018	Ongoing. Main mission conducted in June 2018. National workshop planned for December 2018.
	Mexico	To be completed in April 2019	Ongoing. Approach paper finalized. Main mission conducted in August 2018 and a follow-up mission is planned for November 2018. National workshop planned for early 2019.
	Peru	Completed in February 2018	Completed. National roundtable workshop held in February 2018. Final report presented to the Evaluation Committee in June 2018.
	Sri Lanka	To be completed in April 2019	Ongoing. Main mission conducted June 2018. National workshop planned for March 2019.
	Tunisia	To be completed in December 2018	Completed. Main mission completed in April 2018. National workshop held in October 2018.
3. PCRVs	Validation of all PCRs available within the year	To be completed in December 2018	Progressing as planned.
4. PPEs	Eight PPEs	To be completed by December 2019	All PPEs completed or ongoing according to schedule.
5. IEs	Kenya – Smallholder Horticulture Marketing Programme	Completed in July 2018	Completed. Final report presented to the Evaluation Committee in October 2018.

Type of work	*Evaluation activities*	*Planned implementation status*	*Present status*
	One new IE: Niger – Food Security and Development Support Project in the Maradi Region (PASADEM)	To be completed in June 2019	Ongoing. Data collection planned for November 2018.
6. Engagement with governing bodies	16th ARRI	Completed in July 2018	Completed. Final report presented to the Evaluation Committee and Executive Board in September 2018 and internal learning event held in October 2018.
	Review of the implementation of IOE's results-based work programme for 2018 and indicative plan for 2019-2020, and preparation of the results-based work programme and budget for 2019 and indicative plan for 2020-2021	To be completed in December 2018	In progress as planned. The Evaluation and Audit Committees, and the Executive Board reviewed the 2019 preview of the IOE work programme and budget in September. The Evaluation Committee reviewed the work programme and budget document in October 2018.
	IOE comments on PRISMA	Completed in September 2018	PRISMA, with IOE comments discussed at the Evaluation Committee and Executive Board sessions in September 2018.
	IOE comments on RIDE	Completed in September 2018	RIDE, with IOE comments, presented together with the ARRI at the Evaluation Committee and Executive Board sessions in September 2018.
	IOE comments on IFAD strategies and corporate matters submitted at meetings of IFAD's governing bodies meetings by Management	To be completed in December 2018	Ongoing.
	Participation in all sessions of the Evaluation Committee, Executive Board and Governing Council, selected Audit Committee meetings, the 2018 country visit of the Executive Board to Ethiopia and the Executive Board retreat	To be completed in December 2018	IOE's participation thus far includes the: (i) February Governing Council session; (ii) March Evaluation Committee session; (iii) April Executive Board session (iv) April Audit Committee meeting; (v) Executive Board retreat in April; (vi) annual Executive Board country visit to Ethiopia from 12 to 18 May; (vii) September Executive Board session; and (viii) September and October sessions of the Evaluation Committee,
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	To be completed in December 2018	Ongoing as planned. IOE's comments on the COSOP for Mozambique, together with the CSPE for Mozambique, were discussed at the April session of the Executive Board. Comments on the COSOPs for India and the Republic of Moldova were discussed with the Executive Board in September 2018. Comments on COSOPs for Angola, Egypt, Georgia, and Peru will be presented to the Executive Board at its 2018 December session.
7. Communication and knowledge management activities	ESR on fisheries, aquaculture and coastal area development	Completed in July 2018	Completed. Final report presented to the Evaluation Committee in October 2018. To be published in November 2018.
	ESR on inclusive financial services for rural poor people	To be completed in December 2018	Ongoing. Final report being prepared for finalization in December 2018.
	ESR on technical innovations	To be completed in December 2018	Ongoing. Approach paper finalized. Report being prepared.
	Evaluation reports, *Profiles*, *Insights*, IOE website, etc.	January-December 2018	In progress as planned. IOE has published and disseminated to internal and external audiences: 13 evaluation reports, 10 *Profiles*, 7 *Insights*, 5 briefs, 14 press releases, 3 web stories, 2 booklets, 13 infographics, 2 overviews, 3 newsletters, 3 podcasts, 3 blog posts and 14 videos.

Type of work	*Evaluation activities*	*Planned implementation status*	*Present status*
	Organization of in-country CSPE learning workshops and learning events in IFAD, and participation in learning events	January-December 2018	CSPE national roundtable workshops held in (i) Cambodia in January; (ii) Cameroon in February; (iii) Peru in February; (iv) Angola in May; and (v) Tunisia in October. Special efforts are being made to invite representatives of beneficiaries, civil society organizations and NGOs to each workshop. At IFAD headquarters, IOE organized the international conference on Rural inequalities: evaluating approaches to overcome disparities on 2-3 May 2018 (see www.ifad.org/web/events/rural-inequalities). IOE also participated in various in-house events.
	Participation and knowledge-sharing in selected external platforms such as learning events and meetings of evaluation groups	January-December 2018	In progress as planned. IOE participated in: (i) a European Union and Agence Française de Développement conference on understanding global and local inequalities in Paris on 15 January 2018; (ii) a Luxembourg Evaluation and Foresight Society workshop on 21 February, at which IOE delivered a presentation on innovative approaches to development evaluation: The use of ICT (see www.ifad.org/web/ioe/event/asset/40212512); (iii) a presentation on IFAD's evaluation function delivered to the Operations Evaluation Division of the European Investment Bank; (iv) UN-Women and Innovation Norway's commemoration of the International Women's Day held in New York on 8 March, where IOE delivered a presentation on the recently concluded evaluation synthesis on gender equality and women's empowerment (see www.ifad.org/web/ioe/event/asset/40213048); (v) an ECG meeting with chairpersons of the IFIs' evaluation committees in Washington, D.C. on 18 April 2018; (vi) the 13th European Evaluation Society Biennial Conference in Thessaloniki in October 2018; and (vii) IOE will organize a joint panel on evaluating value chain interventions with the Independent Development Evaluation unit of the African Development Bank at the American Evaluation Association annual meeting in Cleveland in November 2018.
	Attendance at all OSC meetings to discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; Attendance as observer at OMC meetings, quality assurance learning sessions, IFAD Management Team meetings and selected country programme management team meetings	January-December 2018	In progress as planned. These forums provide IOE with opportunities to share evaluation lessons with IFAD Management and staff in order to strengthen the design of new policies, strategies and operations. IOE's Director, Deputy Director and several evaluation officers have participated in a number of OSC meetings relevant to monitoring and evaluation. On 1 June 2017, IOE began providing a one-page document containing IOE's comments in advance of OSC meetings. IOE has also participated in portfolio stock-taking meetings held by IFAD's regional divisions. Finally, IOE's Director and Deputy Director have participated in OMC meetings and IFAD Management Team meetings.
8. Partnerships	ECG and UNEG	January-December 2018	In progress as planned. IOE participated in the spring meeting of the multilateral development banks' ECG from 30 May to 1 June 2018, which was hosted by the Asian Development Bank in Manila. IOE will participate in the autumn meeting of the ECG to be held in November in Shanghai. IOE also participated in the 2018 UNEG Evaluation Week from 7 to 11 May 2018, contributing to themes on: (i) Quality assurance beyond the checklist: how can we ensure the reports are evidence-based?; (ii) Evaluation and hindsight: assessing past interventions against yesterday's standards or today's wisdom (in light of new knowledge on climate change, gender, etc.); and

Type of work	*Evaluation activities*	*Planned implementation status*	*Present status*
			(iii) Making the best use of theories of change in evaluations (see www.ifad.org/web/ioe/event/asset/40273553).
	Contributions as external peer reviewer to evaluations by other international organizations as requested	January-December 2018	In progress. Completed four peer reviews of Global Environment Facility projects.
	Implementation of joint statement by the CGIAR, FAO, IFAD and the World Food Programme (WFP) to strengthen collaboration on evaluation	January-December 2018	In progress as planned. Collaboration on the Cameroon CSPE is completed and a final joint in-country national roundtable workshop was held in February. IOE and FAO are exchanging information on their respective Mexico CSPEs. The RBAs are continuing collaboration through a community of practice to exchange knowledge and experience for enhancing the evaluations of projects and programmes focusing on agriculture, food security and rural development. Regular interactions among the RBAs' heads of evaluation are being held along with informal interactions among staff of their evaluation offices to exchange views, experiences and knowledge on evaluation matters, and identify opportunities for joint collaboration.
9. Methodology	Training	January-December 2018	In progress as planned.
	Contribution to in-house and external debates on IEs and ESRs, including the Sustainable Development Goals	January-December 2018	IOE participated in a European Union and Agence Française de Développement conference on understanding global and local inequalities. IOE also participated in a workshop exploring how technology is changing evaluation worldwide, hosted by the Luxembourg Evaluation and Foresight Association. Finally, IOE organized an international event at IFAD headquarters – Rural inequalities: evaluating approaches to overcome disparities on 2-3 May 2018.
	Development of a new harmonization agreement	To be completed in 2019	Ongoing. The first part of the new agreement (about criteria and definitions for project and country-level evaluations) was presented to the Evaluation Committee at its March 2017 session and for information at the April 2017 session of the Executive Board. The second part will cover systems and processes related to both self- and independent evaluations, and will take place after the external peer review of IFAD's evaluation function.
10. Evaluation capacity development (ECD)	Engagement in ECD in the context of regular evaluation processes	January-December 2018	-
	Organization of workshops in partner countries on evaluation methodologies and processes (upon request)	January-December 2018	Ongoing. Engagement with the CLEAR initiative is ongoing.
	Implementation of statement of intent with the Government of China on ECD in the country	January-December 2018	In progress as planned.

Table 2
Reporting on IOE key performance indicators (January to October 2018)

Strategic objectives	*Divisional management results (DMRs)*	*Key performance indicators*	*Achievements as of October 2018*	*Target (2018)*	*Means of verification*
SO1: Generate evidence through independent evaluations of IFAD's performance and results to promote accountability	DMR 1: Corporate policies and processes are improved through independent evaluations DMR 2: Country strategies/COSOPs are enhanced through country-level evaluations DMR 3: Systemic issues and knowledge gaps in IFAD are addressed DMR 4: IFAD-supported operations are improved through independent project evaluations	1. Adoption rate of recommendations from CLEs, CSPEs, ESRs and PPEs	86%	90%	PRISMA and IOE work programme, and budget document
SO2: Promote evaluation-based learning and an enhanced results culture for better development effectiveness	DMR 5: The evaluation manual is implemented and new evaluation methods and products are piloted	2. Range of new methods and designs applied	4	2	IOE evaluations
		3. Evaluations with quantitative analysis	7	4	IEs and CSPEs
	DMR 6: Awareness and knowledge of evaluation-based lessons and quality of products are enhanced and increased	4. Number of outreach products for all evaluations disseminated through social tools and the Internet	90	70	IOE records
		5. Number of in-country learning events co-organized by IOE with governments	5	5	
		6. Number of in-house and external knowledge events organized by IOE	4	3	
		7. Number of page views for IOE reports	89 300	50 000	
		8. Number of people receiving IOE newsletters	263 800	2 500	
	DMR 7: Evaluation capacity development in partner countries	9. Number of ECD seminars/workshops organized in partner countries	0	1	IOE records
		10. Number of events attended by IOE staff related to self-evaluation and ECD	4	3	
SO1 and SO2	DMR 8: Efficiency of the independent evaluation function and liaison with governing bodies are ensured	11. Budget cap	<0.9% of IFAD PoLG	< 0.9% of IFAD PoLG	IOE records
		12. Ratio of professional to general service staff	1:0.46	1:0.46	
		13. Budget execution rate at year end	99%	98%	
		14. Execution rate of key evaluation activities	98%	98%	

Note: Based on IOE's 2016-2018 Results Measurement Framework, the following reporting matrix provides an overview of IOE achievements as of October 2018 against key performance indicators as agreed upon with the Executive Board.

* Includes February to mid-June 2018, which follows the date (1 February) when the new IFAD website went live.

IOE proposed evaluation activities for 2019 and indicative plan for 2020-2021

Table 1
Proposed IOE work programme for 2019 by type of activity

				*Expected delivery period**				
Type of work	*Proposed activities for 2019*	*Start date*	*Expected finish date*	*Jan-Mar 2019*	*Apr-Jun 2019*	*Jul-Sep 2019*	*Oct-Dec 2019*	*2020*
1. CLEs	IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture	Mar-19	Apr-20					X
2. CSPEs	Ecuador	Jan-19	Dec-19				x	
	Madagascar	Apr-19	Apr-20					x
	Nepal	Apr-19	Apr-20					X
	Sierra Leone	Jan-19	Dec-19				X	
	Sudan	Jan-19	Dec-19				X	
3. PCRVs	Validation of all PCRs available in the year	Jan-19	Dec-19	X	X	X	X	
4. ESRs	IFAD's approaches and contributions to community-based rural development	Jan-19	Dec-19				X	
5. PPEs	Eight PPEs	Jan-19	Dec-19			X	X	
6. IEs	One new IE (project to be determined)	Jul-19	Jun-20					X
	Finalize Niger IE	Sep-18	Sep-19			X		
7. Engagement with governing bodies	Review of implementation of IOE's results-based work programme and budget for 2019, and indicative plan for 2020-2021, and preparation of results-based work programme and budget for 2020 and indicative plan for 2021-2022	Jan-19	Dec-19			X	X	
	17th ARRI	Jan-19	Sept-19			X		
	IOE comments on the PRISMA	Jan-19	Sept-19			X		
	IOE comments on the RIDE	Jan-19	Sept-19			X		
	IOE comments on policies and strategies by IFAD Management	Jan-19	Dec-19	X	X	X	X	
	Participation in Evaluation Committee, Executive Board and Governing Council sessions, selected Audit Committee meetings and the 2019 Board country visit	Jan-19	Dec-19	X	X	X	X	
	IOE comments on COSOPs when related CSPEs are available	Jan-19	Dec-19		X	X	X	
8. Communication and knowledge-management activities	Evaluation reports, *Profiles*, *Insights*, website, etc.	Jan-19	Dec-19	X	X	X	X	
	Organization of in-country CSPE learning workshops and learning events in IFAD	Jan-19	Dec-19	X	X	X	X	

Type of work	Proposed activities for 2019	Start date	Expected finish date	Expected delivery period[*]				
				Jan-Mar 2019	Apr-Jun 2019	Jul-Sep 2019	Oct-Dec 2019	2020
	Participation and knowledge-sharing through selected external platforms such as learning events and meetings of evaluation groups	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
	Attendance at all OSC meetings that discuss corporate policies, strategies, COSOPs and selected projects recently evaluated by IOE. Attendance at meetings of OMC and IFAD Management Team	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
9. Partnerships	ECG, UNEG	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
	Contribution as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
	Implementation of joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
10. Methodology	Contribution to in-house and external debates on impact evaluation	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
11. ECD	Engagement in ECD in the context of regular evaluation processes	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
	Organization of workshops in partner countries (as per request) on evaluation methodologies and processes	Jan-19	Dec-19	**X**	**X**	**X**	**X**	
One-time activity	IOE external peer review	Jun-18	Sept-19		**X**	**X**		

[*] The quarterly delivery period is marked with an **X** only for an expected specific deliverable.

Table 2
IOE indicative plan for 2020-2021 by type of activity*

Type of work	*Indicative plan for 2020-2021*	*Year*
1. CLEs	IFAD's contribution to smallholder adaptation to climate change	2020
	Joint evaluation with the evaluation offices of WFP and FAO on country-level collaboration among RBAs; IFAD's decentralization experience – follow-up; **or** IFAD's effort to ensure project quality at entry	2021
2. CSPEs	Burundi	2020
	Guatemala	2020
	Niger	2020
	Pakistan	2020
	Uzbekistan	2020
	Côte d'Ivoire	2021
	Malawi	2021
	Viet Nam	2021
	Latin America and the Caribbean region (to be decided)	2021
	Near East and North Africa region (to be decided)	2021
3. PCRVs	Validate all PCRs available in the year	2020-2021
4. PPE	16 to 20 PPEs	2020-2021
5. IEs	One new IE per year (project to be determined)	2020-2021
6. Engagement with governing bodies	18^{th} and 19^{th} ARRIs	2020-2021
	Review of implementation of results-based work programme and budget for 2020, and indicative plan for 2021-2022; and preparation of results-based work programme and budget for 2021, and indicative plan for 2022-2023	2020-2021
	IOE comments on the PRISMA	2020-2021
	IOE comments on the RIDE	2020-2021
	IOE comments on selected IFAD operational policies, strategies and processes prepared by IFAD Management for consideration by the Evaluation Committee	2020-2021
	Participation in all sessions of Evaluation Committee, Executive Board and Governing Council, and the annual country visit of the Board.	2020-2021
	IOE comments on COSOPs when related country programme evaluations/CSPEs are available	2020-2021
7. Communication and knowledge-management activities	Evaluation reports, *Profiles*, *Insights*, website, etc.	2020-2021
	Evaluation synthesis on rural enterprise development approaches	2020
	Evaluation synthesis on contributing to improved households income and assets; **or** food security	2021

Type of work	*Indicative plan for 2020-2021*	*Year*
	Attend all OSCs that discuss corporate policies and strategies, COSOPs and selected projects evaluated by IOE; attend meetings of OMC, IFAD Management Team and selected country programme management teams	2020-2021
8. Partnership	ECG, UNEG	2020-2021
	Implement joint statement by CGIAR, FAO, IFAD and WFP to strengthen collaboration in evaluation	2020-2021
	Contribute as external peer reviewer to key evaluations by other multilateral and bilateral organizations as requested	2020-2021
9. Methodology	Contribute to in-house and external debate on impact evaluation	2020-2021
10. ECD	Implement activities in partner countries related to ECD	2020-2021

* The topics and number of CLEs, CSPEs and ESRs are tentative; actual priorities and numbers of activities to be undertaken in 2020 and 2021 will be confirmed or determined in 2019.

IOE staffing for 2019

Table 1
Total IOE staff levels for 2019

							2019 (proposed)		
2012 level	*2013 level*	*2014 level*	*2015 level*	*2016 level*	*2017 Level*	*2018*	*Professional staff*	*General service staff*	*Total*
19.5	18.5	18.5	19	19	**20**	**20**	**14**	**6**	**20**

Table 2
Human resource category

Category	*2016*	*2017*	*2018*	*2019 (proposed)*
Professional staff				
Director	**1**	**1**	**1**	**1**
Deputy Director	1	1	1	1
Lead evaluation officers	3	3	3	3
Evaluation officers	6	7	7	7
Evaluation research analyst	1	1	2	2
Evaluation knowledge and communication officer	1	1	-	-
Subtotal Professional staff	**13**	**14**	**14**	**14**
General Service staff				
Administrative assistant	1	1	1	1
Assistant to Director	1	1	1	1
Assistant to Deputy Director	1	1	1	1
Evaluation assistants	3	3	3	3
Subtotal General Service staff	**6**	**6**	**6**	**6**
Grand total	**19**	**20**	**20**	**20**

Table 3
IOE general service staff levels

2009	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019 (proposed)*
8.5	8	8	8	6	6	6	6	6	6	6

IOE proposed budget for 2019

Table 1
IOE proposed budget 2019
(United States dollars)

						Proposed 2019 budget				
	2013 budget	*2014 budget*	*2015 budget*	*2016 budget*	*2017 budget*	*(1) 2018 budget*	*(2) Increase/(decrease) due to exchange rate*	*(3) Real increase/(decrease)*	*(4) Price increase/(decrease)*	*(5) Total 2019 budget**
Non-staff costs	2 346 711	2 395 992	2 455 892	2 541 520	2 490 861	2 505 390	-	(55 000)	60 000	2 510 390
Staff costs	3 667 268	3 586 690	3 614 041	3 127 899	3 235 056	3 307 259	91 607	-	74 355	3 473 221
Total	**6 013 979**	**5 982 682**	**6 069 933**	**5 669 419**	**5 725 917**	**5 812 649**	**91 607**	**(55 000)**	**134 355**	**5 983 611**

* *(5)=(1)+(2)+(3)+(4)*

IOE external peer review (2019 portion of the total cost)	**200 000**
Total 2019 budget	**6 183 611**

Table 2
2019 IOE budget proposal breakdown for non-staff costs
(United States dollars)

Type of activity	*Absolute number*	*Relative number in terms of % of work*[a]	*Standard unit costs* [b] *(US$)*	*Proposed non-staff costs in 2019 (US$)*
ARRI	1	1	80 000-150 000	80 000
CLEs • IFAD's support to innovation and productivity growth for inclusive and sustainable smallholder agriculture • IFAD's contribution to agriculture-related pro-poor value-chain development	2	• 1 • 0.8 • 0.2	Differentiated cost based on scope and nature of issues to be assessed: 250 000-450 000	430 000
CSPEs	7	5.2	Differentiated cost based on size of portfolio, size of country, travel costs and availability of evidence: 180 000-200 000	1 000 000
ESRs • IFAD's approaches and contributions to community-based rural development	1	1	40 000-65 000	55 000
PPEs	8	8	30 000-40 000	320 000
PCRVs	About 30	About 30	-	30 000
IEs	2	1	-	200 000
Knowledge-sharing, communication, evaluation outreach and partnership activities	-	-	-	260 000
ECD, training and other costs	-	-	-	135 390
Total				**2 510 390**

[a] Some evaluations straddle two years. This figure represents the percentage of work per type of evaluation activity in 2019.
[b] Standard unit costs also include staff travel when necessary.

IOE selectivity framework

Table 1
Criteria for the selection and prioritization of evaluations for inclusion in IOE's work programme

CLEs	*CSPEs*	*ESRs*	*PPEs*	*IEs*
1. **Strategic priority.** The evaluation contributes to IFAD's strategic priorities and replenishment commitments 2. **Accountability.** Topic selected contributes to strengthening IFAD's institutional accountability 3. **Knowledge gap.** CLEs contribute to filling a critical knowledge gap in IFAD 4. **Timeliness.** Evaluation results feed punctually into corporate policies, strategies and processes 5. **Corporate risks.** The evaluation serves to minimize critical corporate risks	1. **Link to COSOPs**. Results feed into the development of IFAD country strategies/ COSOPs 2. **Coverage:** (a) Regional and country coverage of CSPEs (b) Size of the portfolio in terms of total investments and number of operations (c) Debt Sustainability Framework classification (red, yellow, green) (d) Lending terms (highly concessional, blended or ordinary)	1. **Evaluation evidence.** Availability of adequate evaluation evidence by IOE and evaluation functions in other development organizations 2. **Knowledge gap.** ESRs contribute to filling a critical knowledge gap in IFAD 3. **Strategic priority.** The synthesis contributes to IFAD's strategic priorities and replenishment commitments 4. **Timeliness.** The synthesis feeds punctually into corporate policies, strategies and processes 5. **Building block.** The synthesis serves as an input for other IOE products	1. **Availability of PCR.** PPEs are undertaken only when a PCR is available 2. **Geographic coverage.** PPEs selected to ensure regional balance of the IOE evaluation programme 3. **Building block.** Priority given to PPEs that provide an input into CSPEs, CLEs or ESRs 4. **Information gaps.** PCR does not provide sufficient analysis of project performance and results 5. **Inconsistencies.** PCR ratings are inconsistent with narrative 6. **Innovative approaches.** The project includes innovative approaches that merit deeper analysis and documentation 7. **Learning from PPE.** Evidence needed on what worked and why	1. **No duplication.** No IE conducted by IFAD Management on the same operation 2. **Learning from IE.** Evidence needed on what works in a certain context 3. **Building block.** Priority for IEs that provide an input into CSPEs, CLEs or ESRs 4. **Completion date.** IEs will be finalized within three years after completion date 5. **Baseline data.** The availability and usability of baselines is essential to determine the methodology to be applied in IEs 6. **Information gaps.** The PCR does not provide sufficient analysis of the effectiveness and impact of certain interventions 7. **Innovative approaches.** The project includes innovative approaches that merit deeper analysis and documentation

2018 PBAS country scores and IFAD11 allocations for 2019-2021

Table 1

Asia and the Pacific

	IFAD11 PBAS formula variables					*Lending terms and DSF eligibility*				*IFAD11 allocation*			
Country	*GNIpc 2017 (US$)*[1]	*Rural population 2017*	*IVI score (2019-2021)*	*RSPA score 2018*	*PAD score 2018*	*Income category classification*[2]	*Lending terms*	*Maturity premium category*[3]	*Grant portion*[4,*]	*Initial DSF allocations for eligible HC countries***	*Highly concessional*	*Additional HC allocation*	*Total IFAD11 allocation*
Afghanistan[5,11]	570	25 734 438	1.73	3.10	4.19	LIC	HC		100%	40 000 000	-	10 000 000	50 000 000
Bangladesh[6,7,11]	1 470	105 734 447	1.49	3.74	5.96	LMIC	B		0%	-	-		119 702 882
Bhutan[7,8,11]	2 720	483 799	1.46	4.16	5.77	LMIC	HC		0%	-	-		11 281 031
Cambodia[9,11]	1 230	12 615 435	1.54	3.75	5.93	LMIC	HC		0%	-	-		54 395 170
China	8 690	583 630 703	1.32	4.17	5.83	UMIC	O	Standard	0%	-	-		134 995 532
India[10]	1 820	890 086 071	1.50	4.12	5.94	LMIC	O	Exemption	0%	-	-		166 250 000
Indonesia	3 540	118 328 856	1.33	3.97	5.43	LMIC	O	Discount	0%	-	-		84 355 555
Kiribati[5,11]	2780	64 481	1.69	3.28	4.69	LMIC	HC		100%	3 600 000	-	900 000	4 500 000
Lao People's Democratic Republic [6,11]	2 270	4 069 015	1.42	3.42	2.05	LMIC	B		0%	-	-		13 237 685
Maldives[8]	9 570	229 051	1.38	3.15	5.12	UMIC	HC		50%	1 215 000	1 215 000	2 070 000	4 500 000
Nepal[11]	790	23 624 810	1.54	3.75	5.93	LIC	HC		0%	-	-		78 848 934
Pakistan	1 580	118 800 621	1.56	3.46	5.06	LMIC	B		0%	-	-		111 546 237
Samoa[8]	4100	159 450	1.42	3.92		UMIC	HC		100%	3 600 000	-	900 000	4 500 000
Sri Lanka[10]	3 840	17 482 221	1.45	3.56	5.93	LMIC	O	Exemption	0%	-	-		42 758 466
Tonga[8]	4 010	82 205	1.35	3.60	5.53	UMIC	HC		100%	3 600 000	-	900 000	4 500 000
Viet Nam[10]	2 170	62 217 124	1.39	3.82	5.96	LMIC	O	Exemption	0%	-	-		43 000 000
Total Asia and the Pacific										**52 015 000**	**1 215 000**	**14 770 000**	**928 371 492**
Total IFAD													**3 325 000 000**

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100% grants, column shows grant at 80% of total allocation. For countries eligible for 50% grants, column shows grants at 27% of total allocation.

Acronyms: GNIpc = gross national income per capita; IVI = IFAD Vulnerability Index; RSPA = rural sector performance assessment; PAD = portfolio and disbursement measure; DSF = Debt Sustainability Framework; HC = highly concessional; O = ordinary; B = blend; LIC = low-income country; LMIC = lower-middle-income country; MIC = middle-income country; UMIC = upper-middle-income country.

Table 2

East and Southern Africa

	IFAD11 PBAS formula variables					*Lending terms and DSF eligibility*				*IFAD11 allocation*			
Country	*GNIpc 2017 (US$)*[1]	*Rural population 2017*	*IVI score (2019-2021)*	*RSPA score 2018*	*PAD score 2018*	*Income category classification*[2]	*Lending terms*	*Maturity premium category*[3]	*Grant portion*[4,*]	*Initial DSF allocations for eligible HC countries***	*Highly concessional*	*Additional HC allocation*	*Total IFAD11 allocation*
Angola[10,11]	3 330	16 209 154	1.56	3.29	3.26	LMIC	O	Exemption	0%				29 754 999
Burundi[5,11]	290	9 488 071	1.60	3.22	5.46	LIC	HC		100%	50 923 901		12 730 975	63 654 876
Comoros[5,8,11]	760	581 613	1.45	2.95		LIC	HC		50%	2 532 607	2 532 607	4 314 813	9 380 027
Eritrea[5,11]	1 083	5 085 602	1.78	1.93	5.88	LIC	HC		100%	29 663 801		7 415 950	37 079 751
Ethiopia[11]	740	83 568 162	1.56	3.47	5.96	LIC	HC		50%	35 097 317	35 097 317	59 795 430	129 990 064
Kenya[7]	1 440	36 532 381	1.51	3.91	5.63	LMIC	B		0%				76 810 020
Lesotho[7,11]	1 280	1 599 696	1.31	3.54	4.52	LMIC	B		0%				16 199 036
Madagascar[11]	400	16 269 226	1.66	3.43	5.93	LIC	HC		50%	22 545 624	22 545 624	38 411 062	83 502 309
Malawi[11]	320	15 521 896	1.60	3.53	5.88	LIC	HC		50%	22 621 646	22 621 646	38 540 582	83 783 874
Mozambique[5,11]	420	19 932 709	1.67	3.64	5.64	LIC	HC		100%	68 290 974		17 072 744	85 363 718
Rwanda[11]	720	8 456 641	1.54	4.06	5.94	LIC	HC		0%				54 471 273
South Sudan[5]	546	10 152 625	1.00	1.87	1.00	LIC	HC		100%	7 893 591		1 973 398	9 866 989
United Republic of Tanzania[11]	905.24	38 384 531	1.56	3.66	5.63	LIC	HC		0%				58 800 000
Uganda[11]	600	35 664 553	1.59	3.73	5.64	LIC	HC		0%				99 567 042
Zambia[6,7,11]	1 300	9 941 946	1.45	3.69	4.49	LMIC	B		0%				37 491 586
Zimbabwe[5]	910	11 206 118	1.63	3.26	3.01	LIC	HC		0%				35 687 318
Total East and Southern Africa										**239 569 462**	**82 797 194**	**180 254 953**	**911 402 884**
Total IFAD													**3 325 000 000**

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100% grants, column shows grant at 80% of total allocation. For countries eligible for 50% grants, column shows grants at 27% of total allocation.

Table 3

Latin America and the Caribbean

	IFAD11 PBAS formula variables					*Lending terms and DSF eligibility*				*IFAD11 allocation*			
Country	*GNIpc 2017 (US$)*[1]	*Rural population 2017*	*IVI score (2019-2021)*	*RSPA score 2018*	*PAD score 2018*	*Income category classification*[2]	*Lending terms*	*Maturity premium category*	*Grant portion**	*Initial DSF allocation for eligible HC countries***	*Highly concessional*	*Additional HC allocation*	*Total IFAD11 allocation*
Argentina	13 040	3 528 402	1.32	4.12	4.71	HIC	O	Standard	0%				13 131 915
Bolivia (Plurinational State of)[10]	3 130	3 392 510	1.42	4.04	5.91	LMIC	O	Exemption	0%				23 601 282
Brazil	8 580	28 940 383	1.18	4.16	5.74	UMIC	O	Standard	0%				35 659 394
Cuba	7 709	2 607 012	1.37	3.76	5.77	UMIC	O	Standard	0%				15 501 417
Dominican Republic	6 630	2 083 737	1.33	3.78	4.68	UMIC	O	Discount	0%				12 375 596
Ecuador	5 890	5 949 039	1.33	4.13	5.86	UMIC	O	Discount	0%				23 468 778
Guatemala	4 060	8 035 267	1.32	3.99	1.00	UMIC	O	Discount	0%				11 339 549
Guyana[6,8]	4 460	553 960	1.32	3.60	3.96	UMIC	HC		0%				7 023 078
Haiti[5,11]	760	4 295 527	1.61	3.25	3.01	LIC	HC		100%	19 048 111		4 762 028	23 810 139
Mexico	8 610	26 111 648	1.31	4.31	5.87	UMIC	O	Standard	0%				38 452 817
Nicaragua[6]	2130	2 521 789	1.45	3.67	5.92	LMIC	B		0%				23 035 434
Peru	5970	6 679 806	1.28	4.29	5.89	UMIC	O	Discount	0%				23 968 777
Total Latin America and Caribbean										**19 048 111**		**4 762 028**	**251 368 178**
Total IFAD													**3 325 000 000**

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100% grants, column shows grant at 80% of total allocation. For countries eligible for 50% grants, column shows grants at 27% of total allocation.

Table 4

Near East, North Africa and Europe

	IFAD11 PBAS formula variables					*Lending terms and DSF eligibility*				*IFAD11 allocation*			
Country	*GNIpc 2017 (US$)[1]*	*Rural population 2017*	*IVI score (2019-2021)*	*RSPA score 2018*	*PAD score 2018*	*Income category classification[2]*	*Lending terms*	*Maturity premium category*	*Grant portion**	*Initial DSF allocation for eligible HC countries***	*Highly concessional*	*Additional HC allocation*	*Total IFAD11 allocation*
Djibouti[5,6,8,11]	1 880	215 102	1.60	3.17	3.71	LMIC	HC		0%				6 617 006
Egypt	3 010	55 283 371	1.50	3.60	4.78	LMIC	O	Discount	0%				64 534 943
Iraq[5]	4 770	11 588 406	1.62	3.42		UMIC	O	Exemption	0%				25 561 898
Jordan	3 980	1 540 054	1.37	3.76	5.85	UMIC	O	Discount	0%				15 087 638
Kyrgyzstan	1 130	3 968 092	1.43	3.77	5.88	LMIC	HC		50%	8 519 700	8 519 700	14 515 044	31 554 443
Morocco	2 863	13 876 964	1.38	4.04	4.97	LMIC	O	Discount	0%				36 691 376
Republic of Moldova	2 180	1 944 979	1.41	4.31	5.87	LMIC	B		0%				20 750 972
Sudan[5,11]	2 379	26 659 987	1.74	3.03	5.95	LMIC	HC		100%	50 355 702		12 588 926	62 944 628
Syrian Arab Republic[5]	1 178	7 588 024	1.73	2.34	1.00	LIC	HC		0%				14 211 460
Tajikistan	990	6 510 975	1.49	3.45	5.90	LIC	HC		50%	6 750 000	6 750 000	11 500 000	25 000 000
Tunisia	3 500	3 775 734	1.44	3.91	5.87	LMIC	O	Discount	0%				23 897 146
Turkey	10 930	20 700 601	1.34	3.80	3.04	UMIC	O	Standard	0%				21 000 368
Uzbekistan	1 980	20 527 007	1.36	3.24	5.77	LMIC	B		0%				49 000 572
Yemen[5,11]	935	18 145 527	1.69	2.79	1.00	LIC	HC		100%	8 000 000		2 000 000	10 000 000
Total Near East, North Africa and Europe										**73 625 402**	**15 269 700**	**40 603 969**	**406 852 451**
Total IFAD													**3 325 000 000**

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100% grants, column shows grant at 80% of total allocation. For countries eligible for 50% grants, column shows grants at 27% of total allocation.

Table 5
West and Central Africa

	IFAD11 PBAS formula variables					Lending terms and DSF eligibility				IFAD11 allocation			
Country	*GNIpc 2017 (US$)[1]*	*Rural population 2017*	*IVI score (2019-2021)*	*RSPA score 2018*	*PAD score 2018*	*Income category classification[2]*	*Lending terms*	*Maturity premium category*	*Grant portion**	*Initial DSF allocations for eligible HC countries***	*Highly concessional*	*Additional HC allocation*	*Total IFAD11 allocation*
Benin[11]	800	6 163 729	1.52	3.59	3.37	LIC	HC		50%	7 901 243	7 901 243	13 461 377	29 263 862
Burkina Faso[11]	610	13 145 355	1.57	3.89	5.90	LIC	HC		0%				68 155 269
Cameroon[7]	1 360	10 706 554	1.48	3.50	5.92	LMIC	B		0%				46 970 628
Central African Republic[5,11]	390	2 765 350	1.56	2.83	5.76	LIC	HC		100%	28 263 280		7 065 820	35 329 100
Chad[5,11]	630	11 505 477	1.70	2.98	5.87	LIC	HC		100%	49 346 650		12 336 663	61 683 313
Congo[5]	1360	1 777 502	1.57	2.98	1.00	LMIC	B		0%				7 991 611
Democratic Republic of the Congo[5,11]	450	45 926 997	1.54	2.74	1.00	LIC	HC		50%	9 852 510	9 852 510	16 785 758	36 490 778
Côte D'Ivoire[5,6]	1 540	10 800 231	1.38	3.78	1.32	LMIC	B		0%				18 389 535
Gabon	6 610	252 130	1.40	3.25	5.49	UMIC	O	Discount	0%				5 956 671
Gambia (The) [5,11]	450	823 633	1.53	3.19	5.88	LIC	HC		100%	17 016 190		4 254 047	21 270 237
Ghana[6]	1490	12 884 884	1.38	4.01	5.62	LMIC	B		0%				46 045 375
Guinea[11]	820	7 865 573	1.55	3.38	2.95	LIC	HC		50%	7 951 993	7 951 993	13 547 840	29 451 826
Guinea-Bissau[5,11]	660	915 118	1.46	3.04	5.78	LIC	HC		50%	5 181 139	5 181 139	8 827 126	19 189 405
Liberia[5,11]	380	2 342 057	1.50	3.12	5.90	LIC	HC		50%	9 191 311	9 191 311	15 659 271	34 041 892
Mali[5]	770	10 857 998	1.58	3.59	5.40	LIC	HC		50%	14 486 933	14 486 933	24 681 442	53 655 308
Mauritania[11]	1100	1 723 120	1.58	3.46	5.87	LMIC	HC		100%	18 957 581		4 739 395	23 696 976
Niger[11]	360	17 331 576	1.67	3.41	5.94	LIC	HC		50%	23 864 625	23 864 625	40 658 250	88 387 501
Nigeria	2080	96 582 747	1.46	3.54	4.87	LMIC	B		0%				87 465 926
Sao Tome and Principe[8,11]	1 770	69 116	1.48	3.56	5.81	LMIC	HC		100%	4 264 041		1 066 010	5 330 051
Senegal[11]	950	8 809 111	1.59	3.68	5.93	LIC	HC		0%				51 863 209
Sierra Leone[11]	510	4 480 898	1.47	3.35	5.89	LIC	HC		50%	11 022 943	11 022 943	18 779 829	40 825 715
Togo[5,11]	610	4 603 369	1.61	3.33	1.00	LIC	HC		50%	4 198 717	4 198 717	7 153 370	15 550 805
Total West and Central Africa										**211 499 156**	**93 651 415**	**189 016 198**	**827 004 994**
Total IFAD													**3 325 000 000**

* Per 2007 DSF implementation formula EB/2007/90/R.2

** For countries eligible for 100% grants, column shows grant at 80% of total allocation. For countries eligible for 50% grants, column shows grants at 27% of total allocation.

Footnotes

1. As per the World Bank Atlas methodology, available at https://data.worldbank.org/indicator/NY.GNP.PCAP.CD.

2. As per World Bank Country and Lending Groups, available at https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups.

3. Reclassifications to a lower maturity premium category will be effective from the following calendar year, while reclassifications to a higher maturity premium category will be effective in the first calendar year of the next replenishment period. This is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

4. The grant portion for countries eligible for highly concessional terms is determined through the DSF. Eligibility for grants through the DSF may change during the calendar year.

5. The country is classified as a Fragile and Conflict-affected Situation Country as per the World Bank Harmonized List. Countries eligible for ordinary terms are exempt from the maturity premium increase (this is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

6. The country's GNIpc has been above the IFAD operational cut-off for more than two years, but not considered creditworthy for ordinary terms financing. Unless also classified as a Small State Economy and therefore eligible for highly concessional terms, it receives financing on blend terms.

7. The country's lending terms have changed from highly concessional to blend from this replenishment period; the country will transition to the new lending terms with the phasing-out/phasing-in mechanism, if approved by the Executive Board as per documents EB 2018/125/R.7 and EB 2018/125/R.8.

8. The country is classified as a Small State Economy. If the country would normally be eligible for blend terms, it instead receives IFAD financing on highly concessional terms. If the country is eligible for ordinary terms, it is exempt from the maturity premium increase (this is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

9. The country's GNIpc has been above the IFAD operational cut-off for one or two years, therefore still eligible for highly concessional terms at IFAD.

10. The country became eligible for ordinary term loan financing in IFAD9 or IFAD10, therefore exempt from the maturity premium increase. This is subject to the approval of maturity premium differentiation by the Executive Board as per document EB 2018/125/R.45.

11. The country is classified as a Least Developed Country as per the United Nations classification, available at www.un.org/development/desa/dpad/least-developed-country-category.html.

2018 Rural Sector Performance Assessment (RSPA) scores

Table 1
Asia and the Pacific

RSPA indicator	Afghanistan	Bangladesh	Bhutan	Cambodia	China	India	Indonesia	Kiribati	Lao People's Democratic Republic	Maldives	Nepal	Pakistan	Samoa	Sri Lanka	Tonga	Viet Nam
1. Policies and legal framework for rural organizations (ROs) and rural people																
(1.1) Policies and framework for rural development and rural poverty alleviation	3.6	4.2	4.4	3.1	4.7	4.2	3.9	3.5	4.3	2.6	4.0	4.2	4.7	4.2	4.0	4.2
(1.2) Legal frameworks for and autonomy of rural people's organizations	3.8	3.8	4.0	3.8	3.4	4.9	4.4	3.0	2.3	3.0	4.4	3.5	3.9	4.4	3.5	3.3
(1.3) Representation and influence of ROs and rural people	1.8	3.3	4.2	4.2	3.4	4.7	3.9	4.2	3.4	3.9	4.2	4.2	3.3	3.6	3.4	4.2
2. Rural governance, transparency and public administration																
(2.1) Quality and transparency of allocation of resources for rural development	1.9	3.4	5.0	3.2	4.5	4.4	3.8	2.5	2.1	2.5	3.2	3.2	4.0	2.9	3.5	3.2
(2.2) Accountability, transparency and corruption	2.0	2.9	4.6	2.3	2.7	4.4	4.0	3.5	2.2	2.5	3.2	3.2	4.0	3.7	3.5	2.7
3. Natural resources and environmental policies and practices																
(3.1) Environmental assessment policies and grievance mechanisms	3.4	3.6	4.8	4.4	4.2	4.2	4.1	4.6	4.5	4.2	3.8	4.3	4.0	3.7	4.2	4.8
(3.2) National climate change policies	3.0	4.1	4.1	3.9	3.6	4.1	4.0	4.6	4.1	3.8	3.1	3.4	3.3	2.7	3.9	3.8
(3.3) Access to land	1.3	3.4	3.9	4.0	3.8	3.2	4.9	3.5	3.8	3.0	3.2	3.6	4.0	2.7	3.9	3.2
(3.4) Access to water	2.7	4.0	5.2	3.5	4.5	4.1	3.8	3.7	3.1	4.7	4.2	3.2	4.2	3.5	4.3	4.4
4. Financial policy, access to services and markets																
(4.1) Access to and use of rural financial services	3.2	3.9	3.9	4.0	4.8	4.6	2.7	2.5	1.9	3.0	4.3	3.5	3.5	3.2	3.5	2.7
(4.2) Investment Climate for Rural Business	3.1	2.8	3.8	2.8	4.4	4.0	4.3	2.2	1.9	3.2	3.1	3.8	2.6	3.5	3.3	3.4
(4.3) Access to agricultural input and produce markets	4.0	2.5	4.4	3.3	3.5	3.2	3.0	4.2	3.7	3.2	3.6	2.7	3.5	3.6	3.1	3.7
(4.4) Access to extension services	3.5	5.2	4.1	4.2	4.2	5.0	4.8	2.4	4.7	2.4	3.8	3.3	4.6	4.4	3.9	2.9
5. Nutrition and gender equality																
(5.1) Nutrition policy framework and	4.2	4.5	4.9	4.6	5.1	4.4	4.9	3.6	4.5	2.8	4.2	3.1	4.1	4.8	2.5	4.8

RSPA indicator	Afghanistan	Bangladesh	Bhutan	Cambodia	China	India	Indonesia	Kiribati	Lao People's Democratic Republic	Maldives	Nepal	Pakistan	Samoa	Sri Lanka	Tonga	Viet Nam
outcomes																
(5.2) Policy framework for gender equality	3.4	3.4	3.8	3.9	4.8	3.4	4.0	2.5	3.8	3.0	2.8	3.5	3.9	2.8	3.0	4.4
6. Macroeconomic policies and conditions for rural development																
(6.1) Monetary and exchange rate policies	4.0	4.6	3.2	4.0	4.8	4.4	4.2	3.0	4.3	3.0	4.0	3.5	4.5	3.6	3.5	4.7
(6.2) Fiscal Policy and Taxation	3.5	3.5	4.7	4.0	3.7	2.8	3.6	3.0	3.5	2.5	4.2	3.3	4.5	3.0	3.5	3.8
(6.3) Debt Policy	2.4	4.9	3.5	4.3	4.8	4.3	3.3	2.5	3.2	2.5	4.3	3.5	3.5	3.2	3.5	4.1
(6.4) Trade Policy	4.1	3.2	2.5	3.8	4.5	3.9	3.9	3.5	3.7	4.0	3.5	3.0	4.5	4.2	4.5	4.3
Average of all indicators	**3.1**	**3.7**	**4.2**	**3.8**	**4.2**	**4.1**	**4.0**	**3.3**	**3.4**	**3.1**	**3.7**	**3.5**	**3.9**	**3.6**	**3.6**	**3.8**

Table 2

East and Southern Africa

RSPA indicator	Angola	Burundi	Comoros	Eritrea	Ethiopia	Kenya	Lesotho	Madagascar	Malawi	Mozambique	Rwanda	South Sudan	United Republic of Tanzania	Uganda	Zambia	Zimbabwe
1. Policies and legal framework for rural organizations (ROs) and rural people																
(1.1) Policies and framework for rural development and rural poverty alleviation	3.7	3.5	3.5	2.5	3.4	4.5	2.6	3.0	3.1	3.8	4.3	2.0	3.4	3.2	3.6	3.8
(1.2) Legal frameworks for and autonomy of rural people's organizations	2.7	3.2	4.0	1.6	3.4	4.1	4.2	4.2	4.5	3.9	3.8	1.0	4.2	4.1	4.7	3.1
(1.3) Representation and influence of ROs and rural people	4.2	2.0	2.6	1.0	3.9	5.0	3.4	4.2	5.0	4.2	3.9	2.6	3.8	4.2	4.2	3.5
2. Rural governance, transparency and public administration																
(2.1) Quality and transparency of allocation of resources for rural development	2.6	2.1	2.5	1.4	3.1	3.1	4.1	2.2	2.4	3.2	3.7	1.0	1.5	3.4	4.2	1.9
(2.2) Accountability, transparency and corruption	2.3	1.8	2.5	1.5	2.3	3.0	4.2	3.5	3.6	3.3	4.9	1.5	3.6	2.6	3.2	1.9
3. Natural resources and environmental policies and practices																
(3.1) Environmental assessment policies and grievance mechanisms	4.3	2.9	2.0	1.3	4.0	4.8	3.8	3.4	3.3	3.9	3.9	1.2	4.7	4.0	4.1	3.0
(3.2) National climate change policies	4.4	4.2	4.7	2.4	3.6	4.0	4.0	3.7	3.6	3.7	4.1	3.9	4.5	4.4	4.0	3.4
(3.3) Access to land	3.5	3.2	3.0	1.8	2.9	4.4	4.4	4.9	3.5	3.8	4.1	2.1	4.1	3.6	2.6	3.7
(3.4) Access to water	3.1	3.7	3.5	3.0	3.9	4.4	4.3	3.4	4.2	3.5	4.7	3.3	3.5	3.8	3.1	3.4
4. Financial policy, access to services and markets																
(4.1) Access to and use of rural financial services	2.4	3.1	2.5	1.0	2.9	4.6	2.6	3.4	3.5	3.6	4.1	1.3	3.2	4.2	4.5	3.3
(4.2) Investment Climate for Rural Business	2.6	2.2	2.7	2.0	3.6	2.5	2.2	2.8	2.6	2.6	4.0	1.6	3.9	3.0	3.8	3.3
(4.3) Access to agricultural input and produce markets	3.4	4.2	3.2	3.9	3.5	3.5	2.7	2.4	3.1	4.0	3.8	2.0	3.7	3.0	2.0	3.7
(4.4) Access to extension services	3.6	4.8	2.4	1.0	4.7	4.8	3.8	2.7	4.9	4.4	4.1	4.1	3.6	4.4	5.1	3.9
5. Nutrition and gender equality																
(5.1) Nutrition policy framework and outcomes	2.9	3.8	2.0	2.0	4.4	4.4	3.5	4.0	4.5	4.2	3.9	1.0	4.1	4.7	3.6	4.2
(5.2) Policy framework for gender equality	4.2	4.4	3.0	2.5	4.2	3.7	3.1	2.9	2.5	4.3	5.0	2.0	4.0	4.1	3.2	4.2
6. Macroeconomic policies and conditions for rural development																
(6.1) Monetary and exchange rate policies	3.3	2.3	3.0	2.8	2.9	3.6	3.2	3.7	2.7	3.1	3.8	1.0	3.7	3.3	3.7	2.8
(6.2) Fiscal Policy and Taxation	4.0	3.4	2.5	1.9	3.8	3.3	4.0	3.5	2.8	2.8	3.9	1.0	3.3	3.4	3.5	3.3
(6.3) Debt Policy	2.6	3.1	3.0	1.6	3.1	3.4	3.8	3.8	3.7	2.8	4.2	1.0	4.0	4.1	3.8	2.5
(6.4) Trade Policy	2.8	3.3	3.5	1.5	2.2	3.3	3.3	3.5	3.5	3.9	2.9	2.0	2.9	3.4	3.3	3.0
Average of all indicators	**3.3**	**3.2**	**3.0**	**1.9**	**3.5**	**3.9**	**3.5**	**3.4**	**3.5**	**3.6**	**4.1**	**1.9**	**3.7**	**3.7**	**3.7**	**3.3**

Table 3
Latin America and the Caribbean

RSPA indicator	Argentina	Bolivia (Plurinational State of)	Brazil	Cuba	Dominican Republic	Ecuador	Guatemala	Guyana	Haiti	Mexico	Nicaragua	Peru
1. Policies and legal framework for rural organizations (ROs) and rural people												
(1.1) Policies and framework for rural development and rural poverty alleviation	4.7	4.5	4.3	4.6	4.7	4.1	4.4	3.8	3.4	4.4	4.0	3.5
(1.2) Legal frameworks for and autonomy of rural people's organizations	4.5	4.8	5.1	3.3	4.3	4.6	4.2	4.9	4.0	4.6	4.3	4.9
(1.3) Representation and influence of ROs and rural people	4.2	5.0	4.2	3.4	2.3	5.0	4.2	3.6	1.8	4.7	3.4	4.2
2. Rural governance, transparency and public administration												
(2.1) Quality and transparency of allocation of resources for rural development	3.6	4.0	4.1	3.5	2.6	3.8	3.8	2.2	2.4	3.3	3.8	3.6
(2.2) Accountability, transparency and corruption	4.7	3.5	4.1	2.9	3.9	3.8	2.7	4.7	2.6	3.9	3.2	3.9
3. Natural resources and environmental policies and practices												
(3.1) Environmental assessment policies and grievance mechanisms	4.2	4.7	5.1	3.8	3.8	4.3	4.9	3.1	3.7	4.1	2.8	4.4
(3.2) National climate change policies	3.9	3.7	3.8	3.8	4.2	3.6	4.2	4.1	3.5	4.1	3.4	4.0
(3.3) Access to land	4.8	4.6	5.0	3.3	3.4	5.0	4.4	3.2	3.9	4.7	3.4	4.8
(3.4) Access to water	3.6	3.0	3.9	4.9	3.7	4.8	3.1	4.6	2.7	3.9	3.5	4.2
4. Financial policy, access to services and markets												
(4.1) Access to and use of rural financial services	3.6	3.5	3.9	2.8	2.8	3.4	4.2	2.1	3.5	4.2	3.2	4.4
(4.2) Investment Climate for Rural Business	4.1	3.0	4.0	3.1	4.0	2.4	3.4	2.6	2.6	4.2	3.4	4.0
(4.3) Access to agricultural input and produce markets	4.7	3.7	3.6	2.2	4.0	3.8	3.5	3.9	3.4	3.9	2.6	3.9
(4.4) Access to extension services	5.0	4.7	5.1	4.4	4.1	5.1	4.7	2.9	4.0	5.1	3.8	4.7
5. Nutrition and gender equality												
(5.1) Nutrition policy framework and outcomes	4.4	4.2	5.1	4.0	3.9	4.8	4.5	3.1	3.6	5.3	4.8	5.2
(5.2) Policy framework for gender equality	5.0	5.1	4.2	5.4	4.4	4.9	3.8	4.1	3.4	4.9	4.6	4.2
6. Macroeconomic policies and conditions for rural development												
(6.1) Monetary and exchange rate policies	2.9	3.6	3.6	4.5	4.4	4.5	4.6	4.1	3.1	3.8	4.1	4.6
(6.2) Fiscal Policy and Taxation	3.4	4.2	3.8	4.4	3.8	3.8	3.5	3.9	3.4	4.3	3.7	4.2
(6.3) Debt Policy	3.3	3.6	2.7	3.3	3.4	2.8	3.6	4.0	3.0	4.3	4.0	4.1
(6.4) Trade Policy	3.6	3.3	3.6	3.7	4.1	3.7	4.0	3.6	3.9	4.3	3.8	4.8
Average of all indicators	**4.1**	**4.0**	**4.2**	**3.8**	**3.8**	**4.1**	**4.0**	**3.6**	**3.3**	**4.3**	**3.7**	**4.3**

Table 4
Near East, North Africa and Europe

RSPA indicator	Djibouti	Egypt	Iraq	Jordan	Kyrgyzstan	Republic of Moldova	Morocco	Sudan	Syrian Arab Republic	Tajikistan	Tunisia	Turkey	Uzbekistan	Yemen
1. Policies and legal framework for rural organizations (ROs) and rural people														
(1.1) Policies and framework for rural development and rural poverty alleviation	3.7	4.1	4.0	4.1	3.8	5.1	4.5	3.5	2.4	4.3	4.7	4.3	4.4	1.8
(1.2) Legal frameworks for and autonomy of rural people's organizations	3.2	3.6	3.8	3.8	3.6	4.8	4.1	2.7	1.3	3.0	4.5	3.2	2.6	2.7
(1.3) Representation and influence of ROs and rural people	1.0	3.3	3.4	3.4	3.9	4.7	4.2	3.1	2.6	3.6	3.4	3.9	2.8	3.9
2. Rural governance, transparency and public administration														
(2.1) Quality and transparency of allocation of resources for rural development	3.1	3.3	2.8	2.7	3.0	3.0	2.8	3.2	1.3	1.3	2.8	2.6	2.1	1.3
(2.2) Accountability, transparency and corruption	2.5	3.0	2.0	3.7	2.9	3.8	3.5	3.0	1.3	1.8	4.2	3.3	1.6	1.5
3. Natural resources and environmental policies and practices														
(3.1) Environmental assessment policies and grievance mechanisms	3.9	4.4	4.0	2.9	4.3	4.9	4.4	3.0	2.5	3.7	3.3	4.2	3.4	4.1
(3.2) National climate change policies	4.5	4.1	3.6	4.6	2.6	4.5	4.7	3.9	1.9	3.2	4.4	3.9	4.0	2.1
(3.3) Access to land	3.0	3.7	2.7	3.5	4.8	5.0	4.8	3.0	2.0	4.5	4.1	3.3	3.2	3.6
(3.4) Access to water	4.1	4.6	4.1	4.0	4.6	4.5	4.9	3.2	4.1	4.2	4.1	4.0	4.2	3.0
4. Financial policy, access to services and markets														
(4.1) Access to and use of rural financial services	1.4	3.2	1.9	4.2	4.4	2.8	3.6	2.6	1.9	4.4	3.2	4.0	2.5	1.9
(4.2) Investment Climate for Rural Business	3.1	3.8	3.2	3.7	2.2	3.4	3.4	3.9	3.2	2.1	4.4	4.4	3.3	3.2
(4.3) Access to agricultural input and produce markets	1.9	3.6	3.7	3.4	4.2	4.9	3.6	3.0	3.2	4.2	3.9	3.7	3.4	3.5
(4.4) Access to extension services	4.1	3.3	2.8	4.0	3.5	4.7	3.7	3.1	4.0	2.7	4.7	4.6	2.7	3.8
5. Nutrition and gender equality														
(5.1) Nutrition policy framework and outcomes	3.2	3.8	4.4	4.6	5.1	4.8	5.3	4.2	1.8	3.8	5.0	3.9	3.7	2.7
(5.2) Policy framework for gender equality	3.2	3.1	3.8	3.5	3.1	4.8	4.1	2.8	2.1	4.3	3.6	3.3	3.3	2.0
6. Macroeconomic policies and conditions for rural development														
(6.1) Monetary and exchange rate policies	4.1	3.5	4.8	3.8	3.7	3.7	4.0	2.4	1.9	3.5	3.2	3.6	4.0	2.6
(6.2) Fiscal Policy and Taxation	3.9	3.1	3.8	3.9	4.1	4.5	3.8	2.9	1.7	3.8	3.8	4.1	4.2	2.9
(6.3) Debt Policy	3.3	3.4	3.6	3.3	3.4	3.4	3.7	1.6	2.7	3.4	3.4	3.5	4.0	2.8
(6.4) Trade Policy	2.9	3.7	2.7	4.3	4.4	4.5	3.7	2.4	2.2	3.7	3.5	4.6	2.2	3.6
Average of all indicators	**3.2**	**3.6**	**3.4**	**3.8**	**3.8**	**4.3**	**4.0**	**3.0**	**2.3**	**3.5**	**3.9**	**3.8**	**3.2**	**2.8**

Table 5
West and Central Africa

RSPA indicator	Benin	Burkina Faso	Cameroon	Central African Rep	Chad	Congo	Democratic Republic of the Congo	Côte d'Ivoire	Gabon	Gambia (The)	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Sao Tome and Principe	Senegal	Sierra Leone	Togo
1. Policies and legal framework for rural organizations (ROs) and rural people																						
(1.1) Policies and framework for rural development and rural poverty alleviation	3.1	2.9	3.8	3.1	2.9	4.6	3.3	4.6	4.8	3.6	4.2	3.9	3.2	3.6	3.9	4.2	3.4	3.5	4.2	3.4	3.8	3.6
(1.2) Legal frameworks for and autonomy of rural people's organizations	3.3	3.1	3.3	2.1	2.7	2.9	2.7	4.3	3.0	3.3	4.5	3.8	2.5	2.8	3.5	4.1	3.2	4.1	3.8	4.0	3.4	3.0
(1.3) Representation and influence of ROs and rural people	4.7	5.0	5.0	3.9	3.4	1.5	1.0	3.5	1.0	4.2	4.2	1.8	3.6	2.0	3.6	2.6	4.2	3.6	3.4	3.8	2.3	3.6
2. Rural governance, transparency and public administration																						
(2.1) Quality and transparency of allocation of resources for rural development	3.4	4.1	2.6	1.6	2.9	2.9	2.0	3.3	3.3	3.0	2.8	3.6	2.0	1.6	4.0	3.5	4.2	2.5	4.1	3.2	3.3	3.4
(2.2) Accountability, transparency and corruption	4.2	3.7	2.4	1.6	1.8	1.9	1.5	3.2	2.5	2.8	4.8	2.3	1.5	3.3	3.2	2.6	3.2	3.0	4.6	4.4	3.7	3.1
3. Natural resources and environmental policies and practices																						
(3.1) Environmental assessment policies and grievance mechanisms	3.5	4.0	3.7	3.3	3.8	3.2	3.7	4.5	3.6	4.0	4.7	3.9	2.5	4.4	3.9	3.9	3.0	4.0	3.7	3.9	3.8	3.7
(3.2) National climate change policies	2.7	4.6	4.6	4.4	4.4	3.6	2.7	3.9	3.7	2.9	4.5	4.7	4.5	3.1	4.2	4.6	3.9	2.6	4.0	4.1	3.8	4.3
(3.3) Access to land	3.9	3.8	2.4	2.7	2.4	4.1	2.4	4.5	2.9	3.2	3.9	3.5	3.9	3.4	3.9	3.2	3.8	2.9	3.1	2.7	2.9	3.3
(3.4) Access to water	3.9	3.6	3.1	3.5	4.2	3.1	2.9	3.3	2.9	3.7	4.0	3.1	3.4	2.5	3.6	3.9	3.3	3.7	4.7	4.2	3.5	3.0
4. Financial policy, access to services and markets																						
(4.1) Access to and use of rural financial services	2.9	3.0	1.9	1.8	1.4	2.1	3.1	2.7	2.5	2.3	4.2	2.8	2.0	3.5	2.6	1.5	2.6	3.9	1.7	3.3	3.2	3.1
(4.2) Investment Climate for Rural Business	3.7	3.8	3.5	2.1	3.1	1.6	1.8	3.2	3.0	3.3	4.1	3.1	3.5	2.5	4.3	1.8	1.8	3.0	1.8	2.0	1.9	3.8

RSPA indicator	Benin	Burkina Faso	Cameroon	Central African Rep	Chad	Congo	Democratic Republic of the Congo	Côte d'Ivoire	Gabon	Gambia (The)	Ghana	Guinea	Guinea-Bissau	Liberia	Mali	Mauritania	Niger	Nigeria	Sao Tome and Principe	Senegal	Sierra Leone	Togo
(4.3) Access to agricultural input and produce markets	2.9	4.1	4.2	3.3	4.6	3.5	3.6	3.5	3.8	3.8	3.1	3.4	4.0	2.3	3.5	3.8	4.1	4.0	3.8	4.5	3.5	4.0
(4.4) Access to extension services	4.4	4.8	3.8	1.7	2.4	1.7	2.9	4.1	3.3	2.5	5.1	4.3	1.7	4.8	1.7	5.3	3.8	4.4	3.2	2.8	5.0	1.8
5. Nutrition and gender equality																						
(5.1) Nutrition policy framework and outcomes	4.0	4.4	4.3	3.2	3.1	3.6	3.8	4.3	4.5	4.0	4.6	3.7	4.0	2.3	3.8	4.2	3.3	4.5	3.9	4.3	4.0	3.5
(5.2) Policy framework for gender equality	3.1	2.8	3.8	3.0	2.7	3.4	1.7	3.2	2.2	2.6	3.4	3.4	3.5	2.9	2.5	3.3	2.8	3.0	3.3	4.3	2.6	3.7
6. Macroeconomic policies and conditions for rural development																						
(6.1) Monetary and exchange rate policies	3.5	4.4	4.5	3.7	3.1	3.6	2.9	4.4	4.2	2.6	3.6	2.5	3.0	2.8	4.4	2.8	3.1	4.1	4.0	4.1	2.7	3.2
(6.2) Fiscal Policy and Taxation	3.2	3.8	3.2	3.3	3.1	2.8	3.2	3.5	3.8	3.5	3.5	3.0	2.5	4.1	3.5	3.7	3.6	2.9	4.1	3.5	3.5	3.3
(6.3) Debt Policy	4.0	4.2	4.0	2.5	2.5	2.9	4.3	3.8	3.4	2.5	3.6	3.8	2.5	3.7	4.5	3.2	3.9	4.6	3.3	3.8	3.7	2.8
(6.4) Trade Policy	4.0	4.0	2.2	2.9	2.2	3.6	2.6	4.1	3.3	2.8	3.4	3.5	4.0	3.6	3.8	3.7	3.4	3.0	3.0	3.7	3.2	2.9
Average of all indicators	**3.6**	**3.9**	**3.5**	**2.8**	**3.0**	**3.0**	**2.7**	**3.8**	**3.2**	**3.2**	**4.0**	**3.4**	**3.0**	**3.1**	**3.6**	**3.5**	**3.4**	**3.5**	**3.6**	**3.7**	**3.4**	**3.3**