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Enabling poor rural people to overcome poverty

IFAD's Supervision and Implementation Support Policy

Corporate-level evaluation

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Contents

Abbreviations and acronyms

AfDB	African Development Bank
ARRI	Annual Report on Results and Impact of IFAD Operations
ADB	Asian Development Bank
CCS	Country Case Studies
CFS	Controller's and Financial Services Division
CO	country office
CI	cooperating institution
COSOP	country strategic opportunities programme
CPM	country programme manager
CPMT	country programme management team
CPO	country programme officer
DSPP	Direct Supervision Pilot Programme
ESA	IFAD's East and Southern Africa Division
FM	financial management
ICOs	IFAD country offices
IDB	Inter-American Development Bank
IFI	international financial institution
IMPP	Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces (Viet Nam)
IOE	Independent Office of Evaluation of IFAD
KWAMP	Kirehe Community-based Watershed Management Project (Rwanda)
M&E	monitoring and evaluation
MTR	midterm review
NEDA	National Economic Development Agency
3PAD	Pro-Poor Partnerships for Agroforestry Development Project (Viet Nam)
PAPSTA	Support Project for the Strategic Plan for the Transformation of Agriculture (Rwanda)
PCR	project completion report
PD	project director
PMD	IFAD Programme Management Department
PMU	project management unit
PPMS	Project Portfolio Management System
PRODESUD	Agropastoral Development and Local Initiatives Promotion Programme for the South-East (Tunisia)
PROFIT	Programme for Rural Outreach of Financial Innovation and Technologies (Kenya)
SIS	supervision and implementation support
SM	supervision mission
SR	supervision report
SSU	Supervision Support Unit
TL	team leader
TOR	terms of reference
UNOPS	United Nations Office for Project Services
WATS	Withdrawal Applications Tracking System
WCA	IFAD's West and Central Africa Division

Executive summary

Overview

1. Following the results of the corporate-level evaluation (CLE) on the Direct Supervision Pilot Programme (DSPP) published in 2005, IFAD introduced direct supervision and implementation support (SIS) as a regular feature of its operating model. In less than five years, the Fund almost completely phased out its reliance on cooperating institutions and extended SIS services to 94 per cent of its projects. The Fund internalized the budget resources once allocated to cooperating institutions and used them to recruit and train staff and consultants and to equip IFAD with the management systems and structures that guided support to the recipients of its financing to another level.

2. Currently, projects benefit from SIS missions lasting 12 days, which are conducted about twice a year. These are composed of six members, on average, and cover technical aspects and fiduciary issues in a satisfactory manner. IFAD staff participate in about 90 per cent of the missions and even lead 55 per cent of them. The responsibility for loan administration and oversight of financial management (FM) was moved from IFAD's Programme Management Department (PMD) to the Controller's and Financial Services Division (CFS) in 2012 to strengthen the division of labour and accountability within IFAD with regard to fulfilling the Fund's fiduciary obligations. However, country programme managers (CPMs) still retain responsibility for procurement review and manage the budget to recruit FM and fiduciary experts.

3. Projects now benefit from intensified institutional dialogue and implementation support through the assistance provided by 40 IFAD country offices (ICOs), staffed with 104 officers, of whom 79 are local and 25 are out-posted staff. The benefits can be easily quantified, particularly in terms of reduced lag in project effectiveness and higher disbursement rates.

4. The impact of the move towards direct supervision on project performance seems evident: directly supervised projects fare better than those supervised by cooperating institutions against almost all performance indicators, but particularly those that matter to IFAD's target group the most, such as targeting, food security, gender and institution-building.

5. While partner governments enjoy the positive externalities of this closer relationship, such as the immediacy of decentralized decision-making, staff have equally had the opportunity to learn more directly about rural poverty issues and successful project implementation arrangements, acquiring knowledge that can be used when preparing country strategic opportunities programmes, designing new projects and implementing ongoing operations. The reports issued by the arms-length quality assurance system prove that this knowledge has led to better designed projects, while portfolio reviews show that the attention to IFAD's priority issues led to more sustainable results.

6. Since bringing project design in-house in the 1990s, the move towards direct supervision was probably the most far-reaching change to IFAD's operating model and its history intertwines with the implementation of the nearly simultaneous decision to establish an IFAD country presence. This change agenda aimed at addressing IFAD's most important concern – increasing impact on rural poverty – and the CLE observed dramatic results, albeit within a fluid reality where many of the change elements are still unfolding. As a result, the team found that assessing some of the consequences may be considered premature and attributing impact to specific elements particularly arduous.

7. Nonetheless, the CLE found that IFAD's achievements in terms of changing for the better through SIS speak for themselves and the evaluation came to a very

positive conclusion. Introducing the IFAD Policy on Supervision and Implementation Support and implementation plan was ambitious for IFAD as a whole and PMD in particular, given the complexity of this undertaking in the middle of major organizational change. The rapid pace of the move to direct supervision, which took IFAD half the time it had originally planned, and the vast array of activities organized to implement the new model bear testimony to IFAD's firm commitment to taking on an expanded role in project supervision. It also demonstrates the drive on the part of IFAD Management and the commitment and ownership of country programme managers (CPMs) and their teams. IFAD embarked on its reform agenda forcefully and with satisfactory results. More benefits in terms of cost reductions and effectiveness will accrue when staff acquire further familiarity with SIS processes, considering that many ICOs staff are new and still need training and mentoring.

8. After the initial period of trial and error, good practices are emerging and these should be mainstreamed within SIS processes. These processes need streamlining both at operational and strategic levels through further designation of responsibilities between IFAD headquarters and ICOs and within units at IFAD. They also need strengthening through a QA system that accords the same intensity and level of collegiality currently directed only at project design.

9. This CLE offers numerous suggestions for further cost reductions and effectiveness gains and identifies a set of priority areas for improvement where the potential pay-offs appear to be the highest. The recommendations that derive therefrom are all respectful of the heterogeneity of the country contexts in which IFAD operates and therefore of the SIS solutions that these require. They involve measures that are practical, budget-neutral and immediately implementable; they will also require a lowering of expectations vis-à-vis SIS activities, given the zero-growth budget scenario. Management can take the recommendations into consideration during the revision of the supervision guidelines, planned for the end of 2013. The key words emerging from the solutions offered by this CLE are accountability, sense of ownership and client orientation; strategic use of grant resources; emphasis on scaling up; strengthening the QA of SIS activities; and increasing efficiency.

Background

10. Upon the request of the Executive Board, the Independent Office of Evaluation of IFAD (IOE) started this CLE with the preparation of a synthesis report, which the Evaluation Committee discussed in October 2011. Based on the Committee's guidance, IOE proceeded with the preparation of the CLE inception report, which was finalized in April 2012. IOE presented the Evaluation Committee with the preliminary findings in April 2013.

11. This CLE espoused the principles of both a summative and a formative evaluation: on the one hand it reviewed IFAD's six-year experience with the implementation of the SIS policy; on the other, it looked to the future, in terms of ways to strengthen the implementation of SIS activities and their results. A two-pronged analysis followed: the CLE first assessed the SIS policy as an instrument guiding the institution towards the desired change; then, it assessed the adequacy of the various SIS activities organized to implement the policy. The assessment used the core evaluation criteria of relevance, effectiveness and efficiency and studied the impact of SIS at both the project and the country programme levels.

12. Building on the findings of the synthesis report, the CLE triangulated data and collected further information through a mix of instruments. These included interactions with IFAD Management and staff, PMD's self-assessment note, the stakeholders' survey and the learning workshop, the meta-evaluation report, country case studies, field visits and consultations, and a benchmarking study that compared IFAD's SIS activities with those of other international financial institutions (IFIs). The CLE also benefited from data and analysis carried out by the

CLE on IFAD's efficiency and from the feedback provided by the Senior Independent Adviser on the draft final report.

13. The area in which the CLE encountered most difficulty was the attribution of impact of SIS on project and country programme performance because of the complex set of factors on which these depend. Even by excluding exogenous factors such as changes in the country contexts, isolating the impact of IFAD's own change agenda items proved particularly challenging and before and after comparisons became meaningless.

14. For these reasons, the focus of this CLE has been on identifying the factors that drive effective supervision rather than measuring the impact of supervision on performance.

The policy

Relevance

15. IFAD introduced the policy after a lengthy period of analysis, pilot studies and preparatory work including the 2005 CLE on DSPP. This reflected a clear understanding of how fundamental a departure it represented from the previous business model with its reliance on cooperating institutions.

16. The principles inspiring the policy reflect the evolution of thinking of the international community about government ownership of the development agenda and the emphasis on results on the ground arising from the Paris Declaration on Aid Effectiveness. As a result, the policy acknowledges the fact that the government is the entity responsible for project implementation, and that supervision and implementation support will assist the project in achieving its development objectives.

17. The policy acknowledges that supervision and implementation support are two distinct instruments and offers clear definitions to differentiate between them. However, it points out that it is important to consider them as integral elements of a strategy aimed at enhancing impact on rural poverty, not only through better project outcomes, but also through more effective policy dialogue, scaling up of proven successes, closer partnerships, and greater efforts to create and share knowledge. In this way, the policy sets manifold expectations for SIS activities: country programme managers (CPMs) and their teams are not only to provide good quality SIS services and close the learning loop between project design and implementation but also to achieve a complex set of objectives related to the implementation of the new business model.

18. In the view of this CLE, the policy's objectives, overall strategy and design logic are coherent, and the proposed implementation arrangements and the monitoring and reporting provisions adequate. The CLE rates the relevance of the new policy as highly satisfactory. Well timed and carefully designed, it was buttressed by a large set of supporting policies, strategies and guidelines that raised the bar of IFAD's assistance to a much higher quality level.

Effectiveness

19. The policy's implementation arrangements include staff training, issuance of manuals and guidelines, the establishment of IFAD country offices (ICOs), setting up of QA systems and outposting of CPMs – all activities to be financed through the budget resources once allocated to IFAD's cooperating institutions. The plan was for IFAD to directly supervise 75 per cent of its portfolio by 2017, while the remainder would remain under the supervision of cooperating institutions. Regardless of the implementation arrangements, the policy made IFAD responsible for implementation support in all cases.

20. The policy included a results framework developed with the aim of self-monitoring the progress of policy implementation, along with fourteen indicators identified for

the achievement of three main objectives (mainstream the policy into the new operating model, create institutional capacity to implement it and create QA systems to monitor SIS quality). These indicators are specific, measurable, attainable, relevant and time-bound, and reveal an overall good quality framework.

21. As relates to the criterion of effectiveness, IFAD successfully implemented the policy against all of the indicators included in the results framework apart from two, which were partially achieved;[1] another two have become irrelevant since the adoption of the policy.[2] The main remark that the CLE makes at this level of analysis relates to the amount of resources dedicated to SIS – the policy expects results at country programme level but IFAD allocates resources for results at project level only. This consideration is further detailed in the section below and reflected in this CLE's conclusions and recommendations. The CLE rates the effectiveness of the policy as satisfactory.

SIS at project level

Relevance

22. Similarly to other IFIs, IFAD adopts a supervision model that envisages the fielding of official missions followed by regular exchanges between its staff and project management units (PMUs) primarily through correspondence and informal visits. The model works well and the CLE found good adaptation of the supervision approach depending on the stage of the project in the implementation cycle – more intense at the beginning, after the midterm review (MTR) or where problems arise, and less intense when the project is mature and faring well. It is noteworthy that the focus intensifies on sustainability starting from the MTR; however the focus comes too late in the case of scaling up, often during the last supervision mission only.

23. The CLE assessed the steps that each supervision mission takes to achieve its milestones and obtain its main deliverables – the aide-memoire and the supervision report (SR). These steps involve interactions with a variety of stakeholders from beneficiaries to implementation partners. The CLE found that when any of these interactions are rushed or skipped altogether, the quality of SIS drops dramatically, the sense of ownership by country partners is reduced and SIS is perceived as a donor-driven process.

24. Although SIS missions are sufficiently frequent, the CLE questions their duration. In some cases, a large team is mobilized for a few days only. This is found inadequate for conducting meaningful field visits or providing feedback on implementation to the PMUs and government counterparts.

25. The composition and size of missions are generally satisfactory, although, in some countries, gaps in technical coverage were noted. Project directors (PDs) expressed dissatisfaction when the team members changed too frequently, lacked familiarity with the project and its context or adopted a "policing" attitude. PDs appreciated, on the contrary, when there was continuity with regard to the team members mobilized, and when the team offered consistent advice and inspired staff with their experience and knowledge, and worked in a capacity-building mode. Missions handle fiduciary issues thoroughly and, in some countries, FM experts provide support to project teams on a regular basis.

[1] These relate to staff capacity-building, which needs further strengthening, and to the integration of SIS design into results-based country strategic opportunities programmes (RB-COSOPs): about a third of COSOPs produced in the last two years varied significantly in terms of the level of attention to SIS design.

[2] These relate to the intention expressed by the policy to maintain engagement with cooperating institutions for 25 per cent of its portfolio, which required better cooperation agreements. At the time of the policy's adoption in 2006, IOE pointed out in its comments on the policy that this intention ran counter to the spirit of the recommendations of past evaluations and the rationale behind the move to direct SIS. Management proceeded with the repatriation of the supervisory function for almost all projects (about 94 per cent) within five years from policy's approval.

26. The CLE noted that in many cases missions struggle with the collection of primary data on progress as monitoring and evaluation (M&E) systems do not provide reliable information on time. Furthermore, baseline surveys are often not conducted on time or provide poor quality information. Of course, without this information, it is not possible to assess impact. Supervision is rarely able to compensate for this up-front failure and indeed, chasing up data during the mission can create friction, which affects the working relationship between the team and the PMU.

27. The CLE rates the relevance of SIS at project level moderately satisfactory.

Effectiveness

28. Although it is clear that major systemic issues cannot be addressed in the context of supervision missions, the CLE found that SRs are technically sound and provide good coverage of fiduciary and implementation issues. Often however, they lack a summary of the key issues to be addressed or include too many recommendations, which are not prioritized or do not take the capacity and workload of those implementing the project into due consideration. In other cases, aides-memoires are too long and place more value on summarizing progress than on guiding the way forward. Generally, the supporting analyses behind policy issues are thin and the recommendations they generate generic. This is understandable because these reports require specialized analytic work, which goes well beyond the scope of and the resources available to regular SIS missions.

29. Follow up on the recommendations on the side of IFAD is good overall, in particular where the project as a whole is experiencing problems. Issues are discussed carefully between IFAD, the CPM and ICO staff - where available - and focused and consistent action is taken. A good practice in this area comes from the Asia and the Pacific Division. This Division was the first to pioneer a QA system for project supervision in 2010, with the introduction of a technical review by an external independent consultant. A client feedback survey supports this review. The survey is sent to the consultants and the PMUs to get their views on the quality of the supervision process at the end of each mission and their feedback is internalized.

30. At department level, follow up takes place through the annual portfolio review process, which is the main in-house process for reviewing progress. This process generates high-quality reports, which provide an effective mechanism for identifying cross-cutting recurring issues, sharing learning and guiding IFAD's performance and its SIS services. The project performance ratings reflect a great deal of candour and realism on the part of CPMs, and the evaluation disconnect[3] close to nil recorded by this CLE and past evaluations confirm this fact.

31. Many CPMs have also instituted a process of annual reviews where they hold meetings with their main counterpart officials and review the progress of the whole country programme. Some CPMs view their country programme management teams (CPMTs) as well engaged in this process. However, the CLE was surprised by the low level of participation by IFAD middle management (divisional directors) in these important events – unlike at other IFIs where such participation is a regular practice.

32. Overall, the CLE found that IFAD is fulfilling its fiduciary obligations in a satisfactory manner. In the period since SIS was instituted, few cases of misconduct have been detected and, in those cases, prompt action was taken. IFAD maintains a good reputation of transparency and fairness in handling procurement and FM as a result.

[3] The evaluation disconnect is the ratio of the ratings in the project completion report (PCR) and the last supervision mission compared to the IOE project evaluations. IFAD's evaluation disconnect compares very favourably with that of other IFIs.

33. Overall, the loan administration function is discharged well - the establishment of the Withdrawal Applications Tracking System (WATS) has helped partly address the delays in processing withdrawal applications. However, IFAD still needs to upgrade its capability to handle applications online – as per the practice at the other IFIs – and drop the requirement for original hard copies of the applications, which is a major burden given the remoteness of some projects. IFAD also needs to look into the level of deposits in the special accounts: these are found to be too small for some projects and the delays in replenishments result in delays in implementation and contractors' payments.

34. The CLE noted while looking into the mounting of fiduciary review missions that CPMs are allocated the budget to recruit FM experts, including a travel budget for CFS officers. However, as of January 2012, CFS is responsible for discharging this function and, in theory, should be free to field a fiduciary review mission independently of the CPM's own judgement. In the view of the evaluation, CFS should be granted its own budget to discharge its role in complete autonomy.

35. While most of the fiduciary responsibilities have been moved to CFS and its officers, the CPMs and country programme officers (CPOs) are still responsible for the discharge of the procurement review function. This is proving quite taxing for them, and sometimes leads to major delays in the issuance of no-objection letters.

36. The traditional answer to procurement risks in IFAD has been to reduce thresholds for each method and exert more control over the process particularly for high-risk country contexts. Lower thresholds mean a higher, more intense involvement of IFAD staff in the procurement review process, which the already overloaded CPMs and CPOs cannot afford. APR pioneered an alternative arrangement under which one full-time procurement officer services the whole region. This arrangement is providing a faster response than that warranted by other divisions. Whichever the solution, this is an area that needs Management's attention.

37. Based on the above elements, the CLE assesses performance against the evaluation criterion of effectiveness as satisfactory.

Efficiency

38. In order to estimate the cost of the institutional architecture behind SIS processes and outputs, this CLE used various sources of information. It encountered two main constraints: first, there is no one system tracking expenditures against activities within IFAD; and second, IFAD does not have a reporting system for staff time. As a result, a number of assumptions were required and these led to the calculation of an average SIS cost per project of about US$114,686,which places IFAD's SIS cost above that reported by the Asian Development Bank (ADB) (around US$86,000) and below that reported by World Bank (around US$120,000). However, both ADB and the World Bank account for their SIS cost differently, which makes comparisons particularly difficult.

39. The cost comparison between the SIS model and the cooperating institution model as implemented within IFAD itself is more meaningful. The comparison suggests that by internalizing the supervision function, IFAD has both delivered SIS services at a considerably lower cost and derived the substantial positive externalities associated with the SIS model.

40. The CLE also found good practices that reveal some potential to further improve the efficiency of SIS. These include: the reduction of systemic issues by further improving project design and readiness; applying a country programme approach to SIS by covering more projects with one mission and/or undertaking thematic reviews (e.g. FM, M&E, gender) of the country programme when required; increasing the use of local expertise; and promoting horizontal collaboration among PMUs both in their country and abroad. Finally, there is the possibility of cost-

sharing with the Government concerned, which could be agreed during design and/or financing negotiations.

41. Staff management is another area for efficiency gains. On one side, responsibilities between CPMs and CPOs need to be better defined; on the other, imbalances in the workload distribution need to be corrected, an issue also raised by the CLE on IFAD's efficiency. This CLE found that some country teams far too stretched – being responsible for too many projects sometimes in complex institutional settings and/or having ambitious objectives. Sometimes these teams do not have the time or the resources to provide good quality SIS services and deliver on all the objectives required by the new business model.

42. Following a recent decision taken by the Policy and Technical Advisory Division (PTA), technical advisers are now available for SIS purposes on a first-come-first-served basis. Although this move is in the right direction, it may be appropriate to consider a different approach, focused on institutional priorities such as participation in MTRs or provision of training for CPOs and local consultants. Finally, additional sources of technical expertise for SIS purposes could be provided by partnership with the Food and Agriculture Organization of the United Nations (FAO) Investment Centre (discussions are ongoing) and the IFAD-grant-funded operations at country and regional level, some of which are already providing effective SIS services free of charge.

43. The overall performance in the area of efficiency is rated satisfactory.

SIS at country programme level

44. Given the importance that the policy attaches to using SIS activities to enhance IFAD's impact at country programme level, the evaluation team looked at the way SIS shaped new RB-COSOPs and knowledge management efforts, helped build partnerships and provided the evidence for policy dialogue. Ratings have not been provided given the difficulty of attributing impact at this level.

45. **RB-COSOPs.** The evaluation focused its review on the RB-COSOPs produced in the last two years and found that all include references to supervision arrangements. The level of detail, however, varies considerably. Some contain a good level of analysis and detail on the subject while others pay more attention to overall management of the RB-COSOP rather than how to use SIS effectively. However, most of them draw specific and useful lessons that influence the design of the new country programme and this fact is reflected in the QA reports.

46. **Knowledge management.** Common belief on this topic is that IFAD is not doing a good enough job and that knowledge management as a whole is weak. This is not what the CLE found. First, the constant improvement of QA-at-entry ratings reflects, among others, a positive learning loop into project design generated by SIS activities. Second, the benchmarking study suggests that for many partner governments, IFAD is doing a better job at sharing the knowledge gained through project implementation than other IFIs. ICOs are making a major contribution to this and CPOs rightly see this as one of their key functions.

47. **Policy dialogue.** While achievements in this area are very promising, the CLE finds that IFAD's policy dialogue needs to be embedded within a framework of interaction with the Government conceived at the COSOP and project design stage and followed up with the commissioning of studies on policy problems and the organization of learning events that disseminate these studies' findings to a wider audience. IFAD would be more effective if it based its policy dialogue on the evidence of results generated by its portfolio and on solid, well-researched evidence.

48. **Partnerships.** In general, IFIs face difficulty in developing meaningful operational partnerships. This is a particularly important obstacle for IFAD, which specialises in pilot projects and relies on governments or partner agencies to promote replication

and scaling up. IFAD needs to follow up the findings of its supervision missions with targeted discussions with other development partners on a regular basis. The increase in IFAD's country presence is a huge step in lowering the transaction costs for other IFIs of partnering with IFAD – a significant constraint in the past.

Conclusions and recommendations

49. This CLE has identified eight main areas for improvement at both operational and strategic levels and where pay-offs seem the highest in terms of quality of IFAD's SIS. These are presented below, with a brief introduction to every recommendation to summarize the rationale.

At strategic level

(i) **Ownership.** There is considerable heterogeneity in the quality of the processes engendered by the various SIS activities and this is reflected in the sense of ownership experienced by partner governments. In some cases, partner government perceive SIS as a "donor-driven" process.

Recommendation: SIS activities should be a joint responsibility between IFAD and the Government. IFAD Management should prepare an accountability framework clearly setting out roles and responsibilities. IFAD should retain a leading role in the review of fiduciary issues while the governments/PMUs could lead the process of identifying issues and solutions. The terms "supervision" and "recommendations" could be replaced by "joint implementation review" and "agreed actions".

(ii) **Expectations of SIS.** Far too much is expected of SIS activities. It is important to point out that SIS cannot fill the gaps in project readiness, find solutions to lack of ownership, address major systemic issues, build local capacity and meet ever-increasing corporate demands. Either SIS expectations are reduced or more resources need to be deployed.

Recommendation: IFAD should make strategic use of its grant instrument and/or mobilize additional resources (i.e. ad hoc multi-donor trust funds) to enhance project readiness and support SIS activities. This would require the establishment of project preparation facilities.

(iii) **Scaling up.** In general, SIS missions provide adequate attention to sustainability issues but not to scaling up. Effective scaling up commences at the COSOP stage, is elaborated during design, and is consistently pursued during implementation through SIS activities.

Recommendation: Scaling-up opportunities for successful interventions should be reviewed during the course of SIS activities. This should involve the effective engagement of local and national authorities, in order to build ownership and provide political mileage for the achievements made.

At operational level

(iv) **Flexibility of SIS.** A host of variables determines the design of SIS activities, for example: project requirements, country and local context, and availability of human and financial resources for country programme management. Hence, no single SIS model applies to all circumstances. Yet, CPMs could weigh up whether some of the good practices identified through QA processes could add value to their own efforts.

Recommendation: SIS arrangements, including budgetary allocations, need to be flexible and respond to the project and country realities in which IFAD operates. At the same time, IFAD Management should mainstream the QA system for SIS activities as implemented already by some

regional divisions and expand it to ensure that the same intensity of quality review undertaken during the project design is maintained during implementation.

(v) **Client orientation.** It is not always clear that the main client of SIS activities is project management. While SRs are technically sound and provide good coverage of fiduciary and implementation issues, they are often focused on presenting too many overly detailed recommendations without sufficient prioritization.

Recommendation: SIS report formats and contents should be adjusted to the needs of project management. Agreed actions should focus on the key measures that have the highest impact on project performance. Aides-memoires should be shorter and the data requirements preceding the fielding of missions should be reduced to avoid overburdening PMUs.

(vi) **Reporting on results.** SIS activities cannot report on results unless project M&E systems generate reliable data. Almost every SR includes a thorough discussion of the M&E issues and concludes that this is an area of weakness. Lack of ownership by some PMUs remains an unresolved issue. Arguably, the battle here is lost and won at the project design stage.

Recommendation IFAD should further strengthen its efforts to ensure that a functioning M&E system is in place before project implementation starts. Consideration should be given also to making the completion of the baseline survey a condition for negotiation of the financing agreement.

(vii) **Knowledge management and evidence-based policy dialogue.** SIS activities are generating a wealth of information that needs to be more fully tapped for the purposes of policy dialogue. IFAD has made tangible progress in knowledge management activities and its country offices have been instrumental in this success. However, a more systematic approach is still required, especially on thematic issues at country and regional level.

Recommendation: IFAD Management should invest more in knowledge management activities linked to SIS and strengthen policy dialogue opportunities by using its middle management (regional directors) to bring systemic issues to the attention of the national authorities. Grant resources can finance knowledge management activities and research studies to support evidence-based policy dialogue.

(viii) **SIS efficiency.** In general, the frequency and composition of SIS missions are appropriate although gaps in technical coverage were noted occasionally. In some countries, SIS missions are too short to ensure adequate field visits and post-field interactions with the PMU and government counterparts. Since lengthening the duration of missions has budgetary implications, the CLE provides a number of suggestions for savings.

Recommendation: In view of a likely flat budget in the coming years, SIS efficiency could be enhanced by savings generated from the adoption of a country programme approach, whereby SIS activities are implemented nationwide, with increased use of local/regional consultants; mobilization of technical support from PTA, FAO and grant-funded partners; and cost-sharing arrangements with governments. A part of these savings should be reinvested in additional capacity-building of CPMs/CPOs, further strengthening ICOs and extending the duration of supervision missions.

Main report of IFAD's Supervision and Implementation Support Policy

Corporate-level Evaluation

Contents

IFAD's Supervision and Implementation Support Policy

Corporate-level Evaluation

I. Background

1. At its December 2010 session, the Executive Board requested that IOE conduct a CLE on IFAD's Policy on supervision and implementation support in 2012-2013. In order to prepare for this evaluation, it also requested that IOE prepare a synthesis report of the findings of past evaluations and focus the learning theme of the 2011 Annual Report on Results and Impact of IFAD Operations (ARRI) on supervision. The synthesis report was discussed by the Evaluation Committee on 7 October 2011. It detailed the history of IFAD's role in supervision and, based on the findings of previous evaluations, provided a preliminary assessment of progress made by IFAD in implementing the policy. The synthesis report also identified issues requiring further assessment. The CLE builds on the findings of the synthesis report.

A. Evolution of IFAD's Supervision Approach[1]

2. The agreement that established IFAD in 1977, stipulated that the Fund would entrust loan administration and project supervision to international cooperating institutions (CI)[2] and only in early 90s the question arose as whether IFAD should address these statutory limitations.

3. A 1992 thematic study carried out by the Monitoring and Evaluation Division concluded that the work done by the cooperating institution (CI) was not adding value or helping improving performances. This study was followed in 1996 by a joint review of supervision issues in IFAD-financed projects, conducted by IFAD and four of its main CIs (World Bank, UNOPS, AFESD and the African Development Bank (AfDB). The CIs themselves expressed concerns about IFAD's inability to learn from the direct supervision experience, depriving it from the learning arising from supporting and following up implementation.

4. Based on the recommendations of the joint review, in 1996 Management proposed a Direct Supervision Pilot Programme (DSPP) which included 15 IFAD-financed projects, three in each regional division.[3] In 1997 IFAD's Governing Council adopted an amendment allowing IFAD to directly supervise the 15 pilot projects.

5. Probably the most important contributions towards the shift to IFAD's direct supervision were the 2004 Independent External Evaluation (IEE) and the 2005 Corporate Level Evaluation (CLE) on the DSPP. The IEE, concerned with IFAD's development effectiveness, pointed towards the adoption of a new business model based on a more hands-on approach.

6. The CLE, in turn, provided a very positive assessment of the DSPP (a summary of these findings is provided in Box 1). As a consequence, management decided to recommend that IFAD be allowed to supervise directly its own investments. Endorsing the conclusions of the evaluation, in February 2006, the Governing Council amended the Fund's Articles of Agreement, delegating decisions on IFAD supervision to the Executive Board.

7. In December 2006 IFAD's Executive Board, approved the IFAD's Policy on Supervision and Implementation Support (hereinafter referred to as the SIS policy), which proposed to increase IFAD's involvement in project supervision and enhance its focus on implementation support. At the time the move was approved,

[1] See more details in Annex 8
[2] Article 7, Section 2 (g).
[3] Countries included in the pilot were Armenia, Bangladesh, Benin, Brazil, Dominican Republic, Gambia, Gaza and the West Bank, India, Indonesia , Mali, Peru, Sudan, Uganda, Zambia, and Zimbabwe.

approximately 95 per cent of IFAD-supported projects were supervised by cooperating institutions.[4]

8. It should be noted that the SIS policy must be seen in the context of the Executive Board decision to establish IFAD country offices. In a parallel process, IFAD first started in 2003 the Field Presence Pilot Programme (FPPP), which also covered 15 countries, three per region. The FPPP was also evaluated by IOE in 2006/07. The evaluation concluded, inter alia, that "the experimentation has proven positive on the whole, particularly as far as implementation support activities are concerned". These two reforms have radically transformed IFAD's business model.

[4] As of 30 June 2006, of the 95 per cent of projects supervised by CIs, nearly 70 per cent of the number of projects and IFAD's financing was supervised by the United Nations Office for Project Services (UNOPS), while the remaining 25 per cent was supervised by World Bank (about 10 per cent), Andean Development Cooperation and West African Development Bank (each about 6 per cent), as well as the Central American Bank for Economic Integration, African Development Bank and Caribbean Development Bank (each covering about 1-2 per cent).

Box 1
Main findings of the CLE of the Direct Supervision Pilot Programme (DSPP)

- "There is a consistent trend in the overall analysis of the evaluation which demonstrates that, compared with supervision by CIs, direct supervision has greater potential to contribute to better development effectiveness at the project level and, at the same time, allows for more attention to IFAD's broader objectives at the country programme level, such as policy dialogue and partnership building. Moreover, through direct supervision IFAD has been able to place special emphasis on issues of prime concern, such as gender mainstreaming, targeting and the building of grass-roots institutions.
- Governments and other development partners at the country level have unanimously expressed deep appreciation for the more frequent contacts with country programme managers (CPMs), which has been facilitated by IFAD's direct supervision activities. The same partners conveyed that they find it more useful to deal directly with IFAD staff rather than with CI representatives. In this regard, for example, the partners conveyed that the response rate and follow-up on implementation issues are faster through direct supervision than supervision by CIs.
- Direct supervision has contributed to developing IFAD's knowledge base. In particular, the CPMs responsible for direct supervision have acquired knowledge of supervision processes, project implementation and general rural development issues in the countries concerned. This knowledge has enabled them to better design and implement new operations. However, the knowledge gained at the CPM level has not been systematically shared with others or sufficiently institutionalized, which is one of the main shortcomings of the DSPP.
- The evaluation concludes that direct supervision allows the CPM to strengthen country-level coordination both within the context of IFAD operations and with the development community at large. It also facilitates the strengthening of existing IFAD-funded programmes and the identification of new programmes and co-financing opportunities, which are mostly available at the country level, given that the majority of IFAD's international and bilateral partners have delegated an increasing amount of authority to their country representatives.
- The evaluation also found that IFAD lacks a robust quality assurance system for direct supervision. As a result, the DSPP was approached and implemented in a variety of ways, based on the perception and understanding of individual CPMs. The evaluation concluded that better quality assurance would have led to even more positive results under the pilot programme.

The average cost of direct supervision per project per year (US$93 300) is higher than the average cost of supervision by CIs (US$61 461). However, the evaluation argues that costs should not be seen in isolation from the benefits that the DSPP has demonstrated. Moreover, from discussions with the United Nations Office for Project Services (UNOPS), it is clear that the amounts paid by IFAD to UNOPS for supervision need to be increased if UNOPS is to deliver the type and quality of service IFAD requires in the future. In parallel, the evaluation feels that there is potential for efficiency gains in direct supervision if, for example, the fiduciary responsibilities related to supervision are entrusted to competent national entities or greater use is made of local consultants for implementation support activities."

Source: IFAD's Direct Supervision Pilot Programme. November 2005 Report No. 1687

B. The Supervision and implementation support policy

9. **Objectives of the SIS policy.** IFAD's new policy on supervision and implementation support was put forward with the intention that it would "allow IFAD to more effectively support developing countries in their efforts to eradicate rural poverty and improve performance". The policy defined the term "supervision" as the administration and disbursement of loans and grants, ensuring compliance with loan covenants, procurement agreements and other contracts, while it defined "Implementation support" as working closely with the project's implementers and recipients to effectively identify and solve problems as they arise. The policy notes that such support would pay "special attention to social and environmental dimensions, including improved targeting and mainstreaming of gender issues with a focus on poor women." A major objective of the move to SIS was to enhance IFAD's ability to capture knowledge, build partnerships, provide innovative development interventions, and improve impact.

10. The new policy was also seen as being more consistent with the principle that project implementation is the responsibility of the borrower, reflecting the growing emphasis to support nationally owned poverty reduction strategies, as set forth in the 2005 Paris Declaration on Aid Effectiveness.[5] In addition, the evaluation of the supervision pilot initiative highlighted the limitations of relying on CIs to conduct supervision, since they tend to have standardized arrangements for all programmes and countries, which may not fully reflect the unique needs of a particular project and/or country, nor, for that matter, the strategic corporate priorities of IFAD.

11. Management indicated when presenting the policy that the type of supervision employed for IFAD-financed projects would now depend on "the size of the particular IFAD country programme, the funding arrangements and a country's implementation capacity". Over the next three years (2007–2009), "IFAD would focus on building the capacity of its staff to conduct top-notch supervision". In management's words, "Within the next two to three years, we expect that most IFAD-initiated loans and grants will be supervised by IFAD." A phased programme of introducing direct supervision was proposed in the policy paper, reflecting concerns over the need to ensure that IFAD staff received the training required to take responsibility for supervision of the fiduciary aspects of projects.

II. Evaluation objectives, methodology and process

A. Objectives

12. This corporate level evaluation is a response to the request of the Executive Board. The objectives of the evaluation are: i) to inform the Board about the extent to which the policy has been implemented and the achievement of the results framework of the policy; ii) to assess whether the implementation of the policy has contributed to more effective supervision and implementation support; and iii) to derive lessons from the experience to date that can provide guidance as to whether changes are needed and what form these should take.

B. Methodology

13. The CLE was carried out in accordance with principles of both a summative and formative evaluation. On one hand, looking at the past experience gained by IFAD since the approval of the SIS Policy; on the other, looking forward in terms identification of recommendations to strengthen the implementation of SIS activities.

[5] The Paris Declaration emphasises ownership (strategic objectives and priorities are set by the developing countries); alignment (donor-assisted projects support these within the local framework); harmonisation (coordination, simplification of procedures, and information sharing amongst donors); results and performance that are measured; and mutual accountability where both developing countries and donors are accountable for development results.

14. In accordance with the Inception Report, at the outset the evaluation team developed a theory of change and conceptual framework that enabled the identification of the most appropriate evaluation criteria as well as the most relevant aspects where the CLE should have focused its analysis.

15. The CLE also made a distinction between: i) the assessment of the SIS Policy, according to the evaluation criteria of relevance and effectiveness; and ii) the assessment of the SIS activities, according to the evaluation criteria of relevance, effectiveness and efficiency. With regard to the latter, a further distinction was made between: i) the assessment of SIS activities at project level which looks at the project measured against its objectives; and ii) the assessment of SIS activities at the country level, looking at the leveraging of supervision experience for the country programme. This is illustrated in Figure 1.

16. In order to meet the challenging goal of assessing the complex nature of a business process that involve several stakeholders in about 260 on-going projects in all regions, having different needs and requirements the CLE has triangulated information, views and data generated by a number of evaluation instruments. This triangulation has required both qualitative and quantitative analysis, whenever possible, in order to enhance the robustness of the findings.

17. In line with the evaluation objectives, a set of evaluation questions was formulated. The CLE did its best to address all of them and utilized these responses as a basis for its final chapter of findings and conclusions.

18. Finally, a number of limitations were listed, some of which could be addressed and overcome while others not.

Evaluation criteria for the assessment of IFAD's SIS policy

19. **Relevance.** The evaluation looked at the relevance of the SIS policy in the context of the corporate strategy at the time it was formulated. It also assessed the coherence of the policy's objectives, overall strategy and design logic, the proposed implementation arrangements, accountability framework, monitoring and reporting provisions, and the quality of the results framework.

20. **Effectiveness.** The evaluation measured the effectiveness of the implementation of the policy against the fourteen indicators used in the results framework of the SIS policy. While examining the extent to which the indicators have been achieved or are likely to be achieved in the near future, the evaluation focused on the up-front steps taken such as the pace of phasing in of the SIS, and the training provided.

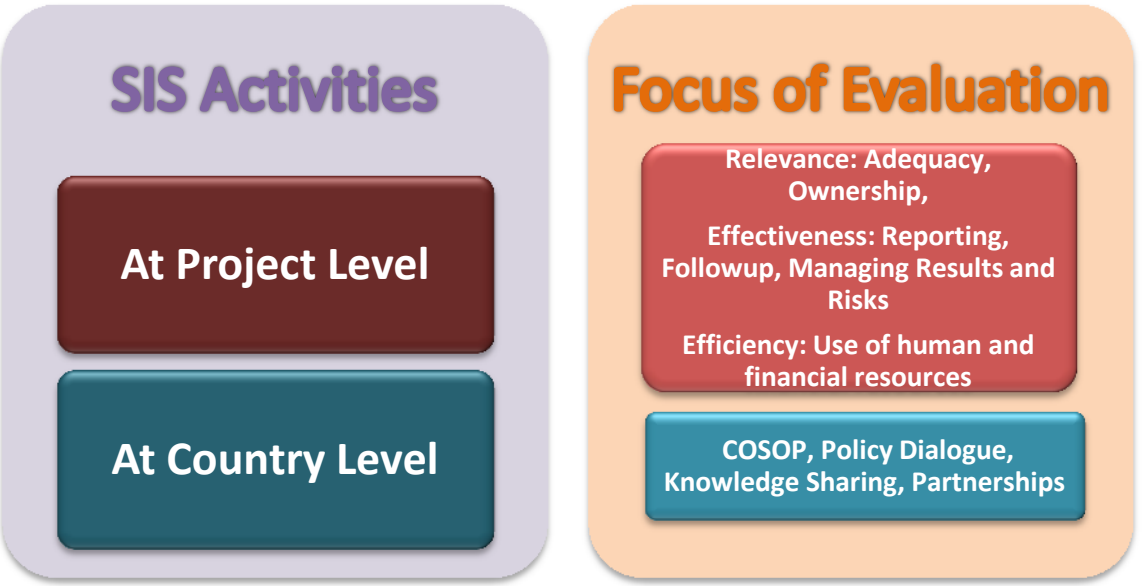
Evaluation criteria for the assessment of IFAD's SIS activities

21. At the **project level**, the evaluation criteria of **relevance** included the aspects of: adequacy (i.e. appropriate coverage, staffing, frequency and length of missions) and ownership (by PMU staff and project implementation partners) of the SIS process. With regard to **effectiveness**, the CLE focused on: the quality of supervision reporting; follow-up; the management of supervision through the course of the project cycle; the contribution of SIS activities to results; and the management of areas of institutional risks, such as the fiduciary aspects. With regard to **efficiency**, the evaluation draws on the findings of the CLE of IFAD's Institutional Efficiency in assessing the human and financial resource allocation as well as staff skills and competencies related to supervision, including the role of CFS, LEG and HRD in supporting the supervision policy

22. At the **country programme level** instead, the evaluation did not follow specific evaluation criteria but tried to assess the contribution of the SIS activities to achieving better results in IFAD-supported country programmes and their contribution to IFAD's overall development effectiveness, focusing on the key elements of IFAD-supported country programmes such as the preparation of

Country Strategic Opportunities Programmes (COSOPs), knowledge-sharing, policy dialogue and partnership building activities.

Figure 1
Dimensions of SIS Activities



23. As part of the evaluation IOE was also asked to benchmark IFAD's performance on supervision against other IFIs. For this purpose, members of the evaluation team visited the World Bank, the IDB, the AfDB, and the ADB. A standard pro forma was used for the interviews with these IFIs and the results are presented in Annex 3. The objective was to derive lessons for IFAD from the experience of other institutions.

Evaluation instruments

24. The CLE addresses the evaluation questions by triangulating data and information collected through a mix of evaluation instruments, including:

- Interactions with IFAD Management and staff;
- PMD Self-Assessment Note;
- Meta-evaluation report;
- Country case studies
- Benchmarking study;
- Stakeholders survey; and
- Learning workshop.

25. **Interactions with IFAD management and staff.** Structured interviews and meetings with IFAD Management and staff have enabled the evaluation to collect information on the opportunities and difficulties encountered in the broader context of IFAD's institutional development during the period, including the expansion of the portfolio, the build-up of country offices, the increasing prominence given to knowledge management and non-lending services, enhanced efforts at quality assurance, etc. In addition, formal meetings with the Core Learning Partnership (CLP) have been held.

26. **Meta-evaluation report.** The report compiled information gathered by past IOE project, country and corporate-level evaluations on IFAD supervision experience. The 2011 synthesis report already covered 38 project evaluations and 17 CPEs, in addition to regional and corporate portfolio review reports, country strategy reports, audit reports and other relevant management documents. Hence, the meta-evaluation updates the synthesis report, including the most recent IOE

evaluations and a review of a sample of supervision reports (SRs), to discern key elements regarding the quality of IFAD supervision.

27. **Country case studies (CCS).** The CCS provided insights especially into the contribution of IFAD's supervision activities at the project and country programme levels:

- **Coverage.** Thirteen CCS were carried out. Of these, five (Peru, Rwanda, Senegal, Sudan, and Viet Nam) were carried out through desk studies supplemented by interviews with the CPM). Four CCS involved field visits by the evaluation team to Honduras, Kenya, the Philippines and Tunisia.[6] The remaining four (Mali, India, Tanzania and Uganda) used the consultants carrying out case studies for the Efficiency CLE by adding coverage of selected supervision issues to their terms of reference;
- **Approach.** Eight of the first nine CCS cited above (i.e. not including those covered by the studies for the CLE on IFAD's Efficiency) cover two IFAD projects, one of which is at a late stage of supervision i.e. including and after the mid-term review, and the other at an early stage of supervision prior to the MTR.[7] The purpose of this is to get a sense of how the supervision process adapts to the stage of project development over time; and
- **Methodology.** The CCS made use of a structured questionnaire relating to the specifics of each project and concluding with an assessment of the contribution of supervision to project effectiveness and a rating. A separate section of the questionnaire relates to the country programme, with the objective of assessing whether the supervision process is making a broader contribution to IFAD-supported country programmes.
- **Reporting.** As indicated above, a report has been drafted for each case study. A summary of each case study is presented in Annex 2.

28. **Benchmarking study.** The benchmarking study of comparator institutions has been undertaken with the following objectives: i) to gauge their experience with supervision; ii) to ascertain the instruments they are using for these purposes; iii) to identify potential lessons for IFAD's modus operandi from either the good practices and successful experiences they have had or from the difficulties they have faced and the areas where they have been less successful.

- **Coverage.** The set of institutions has been limited to those most comparable to IFAD. The study has been carried out for the following organizations:
    - World Bank;
    - Inter-American Development Bank;
    - African Development Bank; and
    - Asian Development Bank.
- **Approach and Methodology.** Structured interview forms were provided to the evaluators as a basis for this assessment. The study examined the objectives of each comparator institutions for their supervision function and what they are doing to achieve effective supervision. The study also looks at what processes each institution has put in place in order to monitor the effectiveness of its supervision programme and what lessons and changes have institutionalized as a result of their findings.
- **Reporting.** A summary of the benchmarking study is presented in Annex 3.

[6] The selection of these four countries for visits was based on practical considerations rather than a systematic sampling. For instance, the Philippines and Tunisia allowed for combined visits with the Asian and African Development Banks respectively. Kenya is the location of IFAD's only regional hub with staffing and responsibility for fiduciary issues, and Honduras took advantage of the option of combining the mission with work on the CLE on Efficiency.
[7] The exception is Tunisia where only one project was available for review.

29. **Stakeholder's survey.** The survey was carried out after the country case studies and benchmarking had been completed to validate or call into question the findings of these studies. It also allowed a more focused assessment of how different groups of stakeholders viewed the supervision process.

- **Approach.** The survey encompassed the following key stakeholders:
  - o project managers/directors (PDs);
  - o recipient governments' counterparts (GOs);
  - o IFAD's CPMs;
  - o Country office (COs) staff; and
  - o Further, a special effort was made to reach the consultants (Cons) who had led supervision missions in the past two years.

30. Overall the survey was sent to 555 stakeholders and the response rate was 31 per cent. Table 1 below shows the distribution of the survey.

Table1
Total survey respondents by category

Resp.	**Sent**	**Replies**	**% of Tot.**	**Complete**	**% of Tot.**
PD	269	79	29.4	79	29.4
Cons	101	50	49.5	50	49.5
CPOs	52	17	32.7	13	25.0
CPMs	61	25	41.0	20	32.8
GOs	72	11	15.3	11	15.3
Total	**555**	**182**	**32.8**	**173**	**31.2**

- **Methodology.** The survey asked these stakeholders for their assessment of the set of topics cited in Table 2 below, with six questions asked of all respondents (highlighted in the table) and others customised to particular groups. Thus for example only CPMs and CPOs were asked about the adequacy of IFAD's budget for supervision.
- **Reporting.** A detailed summary of the survey questions and responses in available in Annex 7.

Table 2
Overview of topics by survey respondent

	Topic	*Respondent/# of Questions*				
		Cons./ 28	CPMs/ 33	CPOs/ 38	PDs/ 26	GOs/ 28
1	Training	x	x	x		
2	Goals of SIS			x	x	x
3	Tasks of SIS missions	x	x	x	x	x
4	Project risks	x	x	x		x
5	Coverage and timing	x	x	x	x	x
6	SIS Budget		x	x		
7	Ownership and participation	x	x	x	x	x
8	Reporting	x	x	x	x	x
9	Follow up	x	x	x	x	x
10	Knowledge management	x	x	x	x	x
11	Policy dialogue	x	x	x		x
12	Partnership development, sustainability, up-scaling, M&E	x				
13	Grants		x			
14	Client's satisfaction				x	x
15	Accountability	x		x	x	x

Reporting: A detailed summary of the survey questions and responses is attached

Evaluation questions

31. The comprehensive list of evaluation questions is presented in the evaluation framework included in the Inception Report. The selected key questions to be addressed are the following:

- Are IFAD's supervision activities adequate in terms of timing and duration of missions, level and composition of supervision teams, and overall budget?;
- Is there sufficient ownership of the supervision of IFAD supported projects on the part of the Government and project authorities, and is there sufficient participation from implementing partners including project beneficiaries, NGOs, the private and banking sectors, and co-financing partners?;
- Are the reports of the quality needed to convey the supervision mission's findings in a clear and concise manner to the appropriate stakeholders, based on sound knowledge and analysis, and do they formulate clear and actionable recommendations?;
- Is there timely and effective follow up of the supervision's recommendations both at IFAD, through the internal reviews and quality assurance, and in-country through discussions with Government and project authorities and implementation support from the country office?;
- Does IFAD's supervision adapt sufficiently to the evolution of projects over time, by providing additional support needed at earlier stages, effective re-evaluation of design at the Mid-Term Review, and adequate focus on sustainability and scaling up at the later stages of project implementation?;

- Does IFAD's supervision contribute to broader programme effectiveness through knowledge sharing activities, policy dialogue and partnership building? Does IFAD leverage its grant programme to support project implementation and deepen, analyse and disseminate the key findings of supervision missions?;
- Do IFAD's corporate business processes provide sufficient support for effective supervision through providing adequate guidance and training to CPMs, and through effective deployment of CPMs, country office staff and consultants, and effective quality assurance support mechanisms at the institutional level?; and
- In light of the above, is there evidence that the implementation of the Supervision Policy is contributing to greater effectiveness of IFAD's supervision both in terms of portfolio outcomes and also through its contribution to more effective country programmes?

32. Each of these questions had a set of sub-questions, leading to what was meant to be the final outcome of the CLE, i.e. the strengthening of SIS activities by suggesting areas where IFAD should consider piloting new approaches, or providing clearer guidelines as to good practice. This said, the CLE did not aim to identify, or push, for a 'one-size fits all' approach to supervision. Rather its ambition was to provide a learning opportunity to capture the diversity of arrangements, emerging good practices and comparative advantages.

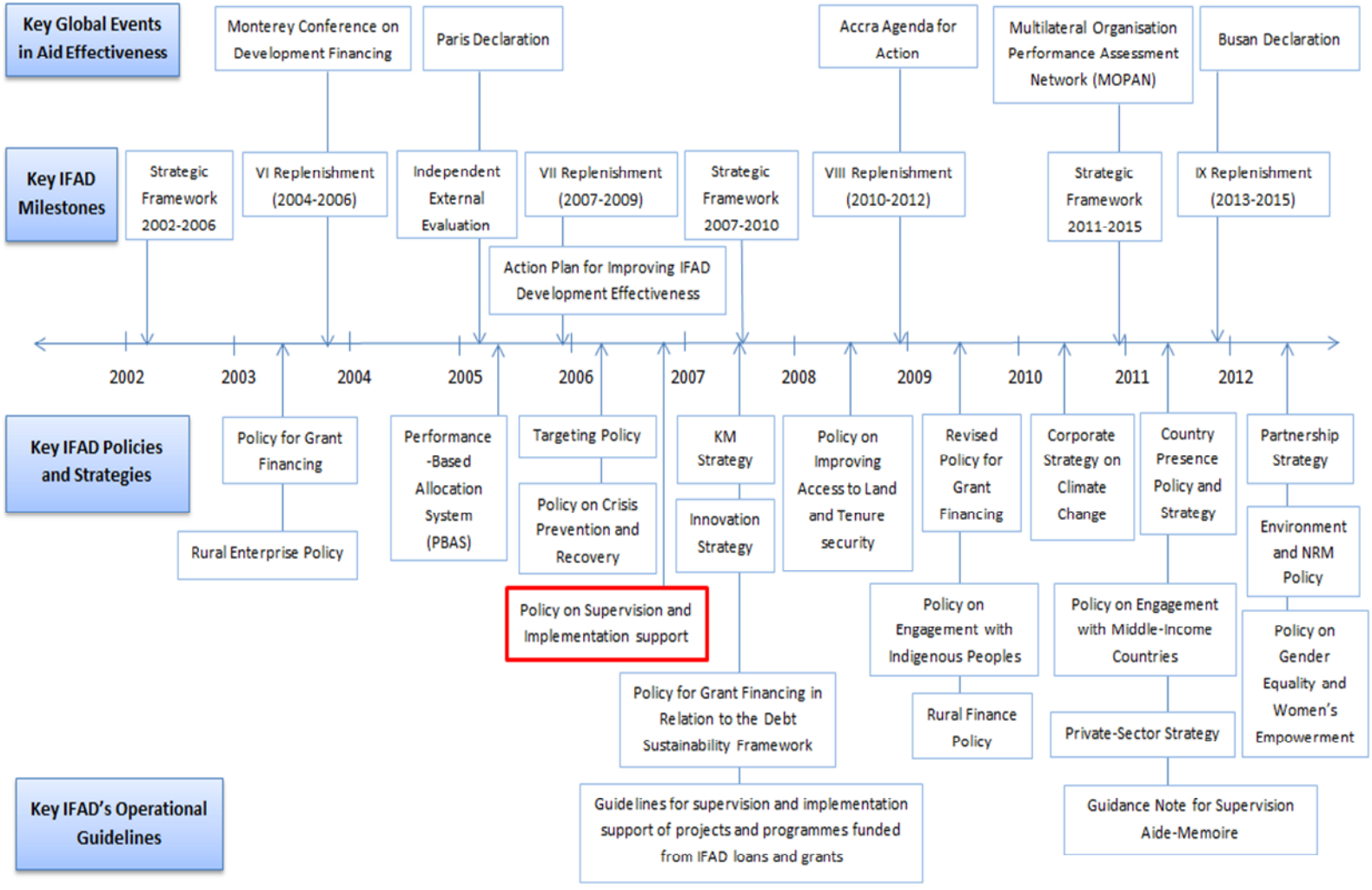
Limitations

33. The CLE benefited from the Synthesis Report that helped in collecting data and analyses carried out by past IOE evaluations that in turn facilitated the preparation of the conceptual framework. At the same time, the CLE had to face a number of limitations and challenges. First of all, data availability. As experienced by other CLEs, the IFAD repository data system is not yet adequate. The simple search of SRs may prove challenging. Hence a lot of time was spent to compile data and verify sources of data. Discrepancies may still remain. Second, IFAD management failed to provide a comprehensive self-assessment of SIS activities, as required by the IFAD Evaluation Policy. This would have been quite useful in providing further focus to the CLE. Still, IFAD management provided a response to a number of questions posed by the evaluation team and remained engaged throughout the process of the CLE. Another challenge was to capture the diversity of SIS arrangements, most of them required for the different project requirements. This implied that most, if not all, observations could be relevant to some SIS activities but not to others.

34. Further, the CLE had to deal with methodological challenges. These relate in particular to the question of attribution of project quality to the supervision process. During the period under review there was an important shift in the business model through implementation of the decentralisation strategy, whose contribution to enhanced project quality cannot be easily disentangled from the impact of SIS. As a matter of fact, the CLE had to factor in that since the completion of the IEE, IFAD has embarked upon a period of tremendous organizational change, marked by the approval of a series of new policies and strategies summarized in Chart 1. Similarly there was an evolution of portfolio content towards projects with more significant involvement of the private sector for example, or with enhanced attention paid to gender equity aspects or with environmental sustainability components. More recently IFAD has begun to attach greater weight to the "scalability" of its project interventions. Finally, IFAD introduced during this period more intensive scrutiny of portfolio performance in the PMD front office and the regional divisions. For all these reasons, attributing results to the sole contribution of SIS is impossible. To overcome this problem, the focus of the evaluation has therefore been to assess whether the drivers of good quality outcomes have been put in place and managed effectively. The assessment

of quality has been used to validate the overall assessment rather than being the key indicator against which the outcomes of the supervision policy were evaluated.

Chart 1
IFAD's reform milestones within global commitments towards increased aid effectiveness



C. Process

35. The evaluation was divided into five phases. The first phase covered the preparation of the synthesis report described earlier. The second phase consisted of the preparation of the approach paper. A third phase was that of the preparatory desk work including the desk-based country case studies and the meta-evaluation. Management's self-assessment was also provided at this stage and used as part of the evidence base for the evaluation. A fourth phase covered the field-based country case studies, the benchmarking studies and the stakeholder survey. The fifth phase consisted of report-writing. A summary of key issues drawn from the report was presented to the Learning Workshop in March 2013 and to the Evaluation Committee in April 2013 before its submission to IFAD Management. The report was then finalized and submitted to the Evaluation Committee in June 2013 and to the Executive Board in September 2013.

III. The assessment of the SIS policy

36. In September 2005 the Board discussed the Corporate-level Evaluation of the DSPP and endorsed the Agreement at Completion Point. That agreement provided for five key steps to be taken. First, management would develop a comprehensive supervision and implementation support policy for IFAD. This was of course accomplished through the presentation to the Board of the Supervision Policy. Second, a definition of supervision and implementation support would be provided. This was also covered by the new policy. Third, management undertook to include SIS in the framework of the COSOP. This was addressed by the Results-Based COSOP approved by the Board in September 2006. The two remaining steps were: to establish a Quality Assurance System for supervision and implementation support activities; and enhance learning and knowledge management around implementation support activities. Management proposed to address these steps through the issuance of supervision guidelines and through other measures to be taken under the new operating model.

37. The policy offers the following definitions of IFAD's supervision and implementation support. Supervision is the administration of loans for the purposes of the disbursement of the proceeds of the loan and the supervision of the implementation of the project or programme concerned. It ensures compliance with loan covenants, procurement, disbursement and the end use of funds, and is an effective tool for promoting economy, efficiency and good governance. Implementation support focuses on development impact based on assessment of progress against agreed indicators embedded in an effective monitoring and evaluation (M&E) system, joint identification of problems with recipients and implementers, and agreement (with recipients) on suitable actions to achieve the project's development objectives. Where needed, project implementation is supported through specific technical support, policy dialogue, innovations and/or design adjustments to improve effectiveness. Implementation support pays special attention to social and environmental dimensions, including improved targeting and mainstreaming of gender issues with a focus on poor women.[11]

38. While conceptually supervision and implementation support are different instruments, in practice almost every supervision mission encompasses both. This is somewhat less true of implementation support missions, where the focus may be narrower, but it is quite common for implementation support missions to assist the borrower with achieving compliance on fiduciary requirements such as financial management. Neither the project authorities nor the IFAD teams separate out those actions required for compliance with loan agreements from those required for effective programme implementation, and SRs do not treat these as separate categories. Nor are supervision and implementation support treated separately within IFAD's budget. This evaluation therefore treats supervision and

[11] EB 2006/89/R.4/Rev.1 pages 1 & 2

implementation support as a seamless process designed to assist the borrower to implement and achieve the development objectives of the project.

A. The relevance of the policy

39. The Policy was introduced shortly after the Paris Declaration on Aid Effectiveness in March 2005. It reflected therefore the evolution of thinking of the international community about Government ownership of the development agenda and the emphasis on results on the ground. At the time IFAD had undergone the Independent External Evaluation (IEE) which prompted drastic changes for the Fund to maintain its relevance and increase its development effectiveness . To internalise the recommendations of the IEE, IFAD birthed a new business model as well as the strategic frameworks, policies and guidelines that supported its implementation. This reform agenda and its implementation provided a very challenging framework for supervision. IFAD's CPMs needed to provide a much closer link between the project design and implementation on the one hand and pursue an additional complex set of objectives arising from the new business model on the other.

40. The new policy was introduced after a lengthy period of analysis, pilot studies and preparatory work including the CLE on the DSPP. This reflected a clear understanding of how fundamental a break it represented from the previous business model with its reliance on CIs. There was concern on a number of issues. First there was concern about the risks involved. Would IFAD's CPMs be able to acquire the knowledge and skills needed to provide oversight in the fiduciary areas or was the institution exposing itself to major new sources of risk? Second there were work-load considerations. While the number of CPMs could be increased, there was no intention to move from the model of the generalist CPM who was fully accountable for the quality of the IFAD's programme in the countries he or she was responsible for. Adding a major responsibility to an already overwhelming agenda could mean serious trade-offs in other areas.

41. For these reasons the policy decision was only taken after the implementation of a pilot study and the evaluation of that pilot. As indicated earlier, the evaluation recorded enhanced client satisfaction as a consequence of IFAD's direct supervision, increased knowledge of development management on the part of CPMs and no significant increase in risk. It did indicate pressures on CPM's capacity and time, however. These were to be handled by the design and implementation of an intensive training programme, by an increase in the number of CPMs, and by the implementation of the parallel decentralisation policy which provided for a supporting role to be played by Country Programme Officers (CPOs) in those countries where IFAD had relatively large lending programmes.

42. In the view of this CLE the relevance of the new policy represents a best practice model. It was well timed and well-designed after a period of careful planning and reflection. It was buttressed by a set of supporting policies and provided the potential for IFAD to take its support to clients to another level.

B. The effectiveness of the policy

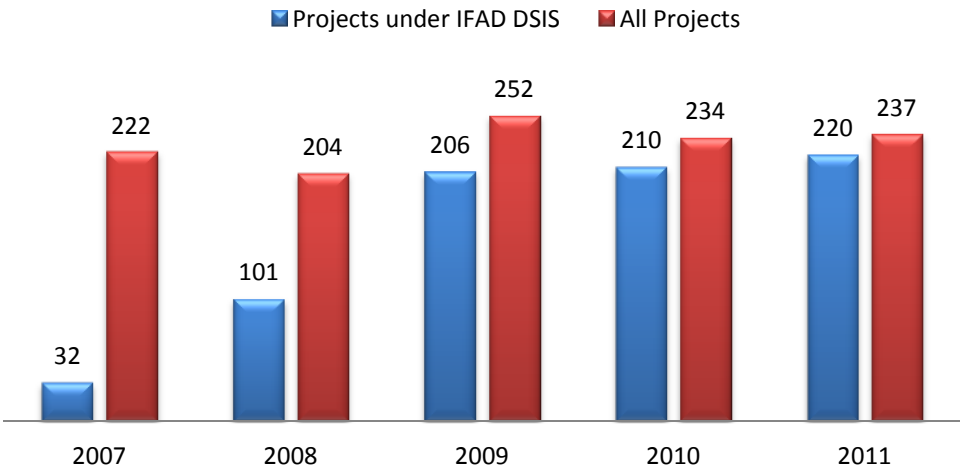
43. The supervision policy outlines two sets of modalities, to be selected on the basis of national implementation capacity, the size of the country programme, and funding arrangements. The first modality covers supervision by IFAD and comprises various "blends" of headquarters staff and contracted service providers, including reputable international, regional and national institutions, and local partners. The second modality, supervision by cooperating institutions, is limited to projects in countries with moderate to low implementation capacity and medium- to small-sized country programmes, and to projects initiated by another international financial institution

(IFI) for which IFAD provides co-financing.[12] The supervision policy states that, regardless of the modality selected, IFAD will always be responsible for providing implementation support related to IFAD financing.

44. The results framework of the supervision policy defined three major goals:

a. To mainstream the new supervision and implementation support policy in IFAD's operating model. The supervision policy anticipated a gradual reduction in the reliance on CI-supervision from 95 per cent of IFAD-financed projects in 2006 to "most grants/loans being supervised by IFAD by the tenth year", excluding projects initiated by other IFIs and co-financed by IFAD. As illustrated in Figure 2 below, the changeover from CI-supervision to the supervision policy's 10-year goal was much faster than anticipated and practically completed by mid-2010;

Figure 2
Evolution of IFAD's SIS 2007-2011



b. To improve the capacity of IFAD to ensure proper supervision and implementation support. The investment on staff training was a central element for the start-up of SIS. In June 2007, a consultant prepared a pilot supervision training programme for concerned IFAD staff. The Supervision Support Unit (SSU) established in the PMD front office then took over the full corporate training programme, which was rolled out between September 2007 and October 2008, followed by a workshop on advanced supervision in December 2008. Over less than two years, nearly all PMD managers and staff, together with managers and staff from other parts of IFAD, participated in the training programme on SIS. The training programme gave major attention to capacity development in areas of loan administration and procurement where IFAD had almost no prior expertise. In addition, a series of procurement training courses were held with experts from the International Labour Organization. In order to create a community of certified procurement specialists at IFAD, as recommended by the internal audit, a two-week training course on procurement was also delivered by Crown Agents. Most Country Office staff have also participated in the corporate-wide training on supervision. The evidence from the survey suggests however that training is still an area that needs additional focus including more careful customisation to the different needs of CPMs and CPOs. As Table 3 below shows, only just over half of CPMs felt that the training had been adequate, and there was

[12] In the 'Comments of the Office of Evaluation on the IFAD Policy on Supervision and Implementation Support issued in December 2008, OE expressed concern at the intention expressed in the document of continuing role for CIs in about 25 per cent of the IFAD portfolio. In the event the speed with which the new policy was implemented resulted in an outcome along the lines recommended by IOE.

particular concern about the coverage of development issues. It is worth noting here that the majority of survey respondents received training in in the initial phase of SIS in 2007 and 2008. In PMD's view the quality of training has improved markedly since then. By contrast with CPMs, CPOs were much more positive overall but 60 per cent felt that they needed more coverage of fiduciary issues. CFS, which is now responsible for supporting CPMs and CPOs in carrying out their financial management responsibilities, concedes that budget has been insufficient to meet the demand coming from country offices for training in this area. To better meet the demand, an on-line 6 module learning programme was designed with certification at the end of the programme. More details on IFAD's training on financial management are provided in Annex 4 of this Report.

Table 3
Survey assessment of training received (U= Unsatisfactory; S= Satisfactory)

The training received was:	**CPOs**		**CPMs**	
	U	**S**	**U**	**S**
1. adequate to your needs	18%	82%	44%	56%
2. effectively covered fiduciary issues	60%	40%	24%	76%
3. effectively covered implementation issues	20%	80%	44%	56%
4. effectively covered development issues	40%	60%	72%	28%
Average	**34%**	**66%**	**46%**	**54%**

Source: Stakeholders' survey, December 2012

c. To monitor the efficiency and effectiveness of supervision and implementation support, through strengthened quality enhancement and quality assurance systems. The first step in this regard was the issuance by PMD, in September 2007, of the *Guidelines for supervision and implementation support of projects and programmes funded from IFAD loans and grants* (hereafter: the supervision guidelines). They represent a comprehensive instruction manual, and cover the following subject areas:

(i) The context of supervision, country programming and the COSOP, starting from the broader context that the supervision policy had provided, emphasizing that preparation for SIS starts in the COSOP and more immediately in project design;

(ii) The supervision cycle, including a chapter devoted to the actions required between loan negotiations and start-up;

(iii) Loan administration, with details on the fiduciary aspects of disbursements, procurement and audit;

(iv) Special issues in supervision, addressing IFAD-specific concerns as defined under various IFAD policies and institutional priorities, e.g. targeting of poor populations, gender, innovation and knowledge management;

(v) More detailed Supervision Guidance Notes followed in March 2008, which, among other things, included guidelines on the preparation of aide-memoires and the revised format of the project status reports (PSRs) that provide inputs for the Project Performance Management System; and

(vi) In addition IFAD's Annual Country Portfolio Review carried out mainly at the level of each Region, provides regular quality assurance. PMD maintains a central PSR data base tracking supervision frequency and ratings.

45. Table 4 provides a detailed assessment of the outcomes measured against the key indicators of the results framework and the extent to which they have been achieved. The quality of the results framework is found overall satisfactory. Twelve of the fourteen indicators were specific, measurable, attainable, relevant and time-bound. Only two were partially achieved while two became irrelevant since the adoption of the Policy itself. The conclusion is that IFAD has implemented the supervision policy effectively.

Table 4
SIS Policy – Results framework

Narrative summary	*Key performance indicators*	*Achievements*
Goal New supervision and implementation support policy mainstreamed in IFAD's operating model	Impact and quality of projects and country programmes improved as a result of better supervision and implementation support	Achieved. 2011 PMD self-assessment on country presence and CPEs[13] conducted since IFAD's take-over of SIS responsibilities and particularly from 2006/7, when field presence was expanded[14] show improvements in both the quality and impact of projects. There are, however, substantial differences in performance between country programmes availing of country offices' support and those that do not. Countries with CPM-led offices were rated markedly better particularly for disbursement.
	Policy adopted by IFAD (December 2006)	Achieved. The policy was adopted in December 2006 and the expansion of the portfolio under direct supervision went from 32 projects in 2007 to 101 in 2008 and 220 in 2011 or 93 per cent of the total portfolio
	Operational guidelines for supervision and implementation support finalized and mainstreamed in regional divisions (May 2007)	Achieved. These were issued by PMD in September 2007
	Results-based COSOP includes assessment of supervision performance and proposed strategy for country programme supervision (May 2007)	Partly achieved. All RB-COSOPs prepared from policy adoption in 2007 onwards include a section on supervision strategy.[15] Not all include an assessment of supervision performance. There are some references to it, especially if the COSOP is based on and quotes the findings of a recent CPE. The assessment is included, however, in supervision reports, specifically in the section on the PSR. However, only some divisions have implemented it (e.g. APR Division)
	Description of supervision modalities included in project design document as a mandatory requirement (May 2007)	Achieved. This description is included in the standard PDD and President's Report
Capacity of IFAD to ensure proper supervision and implementation support is improved	Policy for supervision and implementation support and operational guidelines disseminated to staff, partners, cooperating institutions and consultants (June 2007)	Achieved. The policy was distributed to all stakeholders, followed by workshops and training courses on SIS.
	Enhanced agreements with cooperating institutions designed and approved (June 2007)	Not applicable.[16] The original proposal contemplated the possibility of joint responsibility for supervision between IFAD and CIs with in particular CIs carrying out loan administration functions. PMD reached the conclusion very early that this was not a practical approach.

[13] EC 2011/67/W.P.7/Add.2.
[14] EB 2011/102/R.10/Rev.2 Annex II.
[15] 10 out 10 reviewed.
[16] Although included in the Results Framework, this recommendation and the following one were defined as steps that IFAD 'may' take, and the Framework was therefore not prescriptive with regard to these. In the event management judged that a continuation of some joint responsibility for supervision with CIs would impair clear accountability of IFAD CPMs.

	Framework for selection and evaluation of performance of national/regional partners designed and approved (June 2007)	Not applicable. This was designed as an intermediate step to the adoption of full SIS, with some parts of the supervision function outsourced to national and regional institutions. In practice given the speed of implementation, this intermediate step was unnecessary.
	Needs-based capacity-building training modules on supervision and implementation support for IFAD staff, country partners, cooperating institutions and national/regional partners developed and executed (from June 2007)	Partially Achieved. In June 2007, a consultant to the Director of the WCA Division prepared a pilot supervision training programme. The Supervision Support Unit (SSU) established under the PMD front office then took over the full corporate training programme, which was rolled out between September 2007 and October 2008, and followed by a workshop on advanced supervision in December 2008. Another one-day programme was tailored for Management (the President, Assistant Presidents, and divisional Directors). Thus, over less than two years, nearly all PMD managers and staff, together with managers and staff from other parts of IFAD, including the COs participated in the training programme on SIS. In addition, a series of procurement training courses were held with experts from the International Labour Organization. In order to create a community of certified procurement specialists at IFAD, as recommended by the internal audit, a two-week training course on procurement was also delivered by Crown Agents. Regional divisions have involved the country offices in training project staff to improve quality and check withdrawal applications before they are submitted to headquarters. HRD, in partnership with PMD, prepared induction courses and training of country staff starting from 2011. Survey results indicate however that the training programme remains work in progress with a need to strengthen the exposure of COs on Fiduciary issues; and more focus for CPMs on development issues. This suggests a need to develop special customised modules within the overall training sessions provided.
Efficiency and effectiveness of supervision and implementation support monitored through strengthened quality enhancement and quality assurance systems	Quality of supervision and implementation support reported in annual country programme review (April 2007)	Achieved. Included in RIDE reports since 2007
	Under the Action Plan, quality assurance system established with indicators for supervision and implementation support to undertake at regular intervals independent assessment of quality of supervision (December 2007)	Achieved. Quarterly Key Performance Indicators (KPIs) were introduced in 2008 permitting real-time monitoring of supervision performance. This was achieved by both restructuring the process for updating project status reports and adopting a quarterly KPI to measure pro-activity in addressing problem or at-risk projects.
	Relevance of projects maintained at a minimum level of 60 per cent with high, and 40 per cent with substantial ratings	Achieved.[17] However, the ratings used are highly satisfactory, satisfactory and moderately satisfactory. In the period 2007-2009, relevance peaked at 75 per cent (15 per cent highly satisfactory plus nearly 60per cent satisfactory) while in the period 2008-2010 the relevance rating dropped to 57 per cent. However IOE found that this is due to more rigorous assessments rather than a decline in relevance. If one combines also the moderately satisfactory, over 94 per cent of the IFAD projects were assessed as in the "satisfactory zone" in the period.
	Raising project effectiveness from baseline rating of 66 per cent (Independent External Evaluation) to 75 per cent by December 2008 and to 80 per cent by 2009	Achieved[18]
	Raising the high and substantial level of project efficiency from 45 per cent to a minimum of 60 per cent by 2009	Substantially Achieved. Around 57 per cent

Source: IFAD's policy on SIS, December 2006. CLE's on SIS policy, own assessment, 2012.

[17] ARRI 2011 page 13 Figure 1. http://www.ifad.org/evaluation/arri/2011/arri.pdf
[18] ARRI 2011, page 15, Figure 2.

C. Overall assessment of the SIS policy

46. Introducing the policy and its implementation plan was ambitious, for IFAD as a whole and PMD in particular, given the complexity of this undertaking in the middle of a major organizational change. The rapid pace of the move to direct supervision bears testimony to IFAD's firm commitment to taking on an expanded role in project supervision, its management drive and the commitment and ownership by CPMs. The evaluation endorses the findings of the synthesis report that overall the IFAD SIS policy was effective and highly relevant.

Key points

- The SIS Policy was well timed and highly relevant to the new IFAD's operating model.
- The SIS had three core provisions : a) mainstreaming IFAD direct supervision and implementation support ; b) improving staff capacity to carry out effective SIS ; and c) putting in place effective monitoring, quality enhancement and quality assurance systems.
- Mainstreaming SIS has been achieved. IFAD moved much more rapidly and fully to SIS than the policy had proposed.
- Substantial investments to strengthen staff capacity were made. IFAD provided all staff directly involved with supervision, and also managerial staff, with training on loan administration and fiduciary aspects of supervision. However, the survey results suggest that many CPMs and CPOs still view training as an area that needs to be strengthened.
- Enhanced monitoring and quality processes were substantially achieved. Appropriate systems were put in place and overall quality outcomes were in line with the targets.
- Overall the evaluation concludes that the key performance indicators of the Results Framework have been met.

IV. The assessment of SIS activities at the Project level

47. All the IFIs use a very similar model for their support for investment projects. This begins with a project preparation and design phase, formalised in the production of an appraisal document, which is then submitted to the Board of Directors with a memorandum from the President of the IFI summarising the approach and recommending approval. After approval a project launch is generally held in-country and implementation begins, usually slowly in the initial phase as staffing is firmed up, and basic operating rules and manuals are issued. In IFAD's case, since this generally involves the setting up of a Project Management Unit, the initial phase also requires that new staff is recruited, accounts opened and project offices set up with appropriate equipment. Only at that point can project management get acquainted with the design documents and begin working on establishing management systems[19].

48. The SIS process in IFAD begins with the project launch shortly after the project is declared effective. The first formal supervision mission is usually carried out six months to a year later (practice differs in the various regional divisions). Thereafter SRs are required on an annual basis, but in some countries supervision missions are more frequent. Between supervision missions there may be smaller implementation support missions focused on particular technical or fiduciary issues. On average IFAD mounts 1.2 supervision missions a year per project, and supervision missions have 6 members who spend 12 days in the field. [20] There is of course a wide variance from these averages, which will be discussed later in this Report (See also Annex 5 for a compilation of regional averages in 2010 and 2011). Mid-way through the originally projected life of the project, a Mid-Term Review

[19] For most other IFIs these steps are substantially completed by the time of project approval. As a consequence it takes IFAD 19 months on average to move from approval to first disbursement while this interval is 4-10 months for other IFIs. (See CLE of Efficiency)

[20] This data comes from the self-assessment note prepared by PMD management, which draws from the data available through the Project Portfolio Management System (PPMS).

(MTR) is undertaken at which stage the project design is re-visited to assess whether the project's objectives are still appropriate and whether the design is likely to achieve those objectives if implemented satisfactorily. Subsequent supervision missions focus increasingly on the sustainability of the project. At the end of the cycle a project completion report (PCR) is prepared which reviews the project experience, and is validated by the IOE. In selected cases a field visit is undertaken by IOE to validate the PCR.

49. There are three potential sources of disconnect between the project objectives/design on the one hand, and its results on the other:

- Contextual problems i.e. political, social, climatic, other issues that are of a nature or level that is beyond the risk mitigation measures included in the project design;
- Design problems i.e. evident weaknesses in the project design that may reflect incomplete knowledge or understanding of the initial conditions, or simply do not provide an effective link between the objectives and the results; and
- Implementation problems i.e. lack of institutional, or individual capacity or incentives to put the design into practice.

50. The SIS process is designed to disentangle these problems and to plan actions and follow-up that is appropriate given the nature of the problems**.** This said it needs to be recognised that the design and implementation of IFAD's supervision activities depends on a range of factors listed in Box 2 below. It is not a matter that one size does not fit all. One size will not fit any real world supervision context. The CLE therefore was mindful that no single system or set of findings and recommendations could cover all these variables. There will always be some cases to which the points discussed in this section do not apply.

Box 2
One size does not fit all!

Among the variables that drive differences in SIS design and implementation are:

- the stage of project implementation;
- the project performance level;
- the complexity of the project design;
- the accessibility or remoteness of project sites;
- the size of the country programme;
- the capacity of project management;
- the efficiency of country systems;
- the presence of an IFAD country office;
- the workload of the CPM;
- the availability of grant-funded partners.

Source: CLE's on SIS policy, own assessment, 2012.

A. The relevance of SIS activities at project level

Adequacy of SIS missions

51. Normally the CPM has full delegation of authority from her/his Director concerning the timing and composition of the supervision mission within the allotted budget. In coordination with the ICO, and in consultation with the PMU and the Government s/he determines the frequency, timing, content and composition of a supervision mission.[21] IFAD faces a number of constraints on the timing of missions, through the need often to mount back-to-back supervisions in most countries in order to limit the costs of staff and consultant travel. It is fairly common, but not standard,

[21] While in principle, the CPMs work under the guidance of IFAD's Regional Directors in this regard, the evaluation found almost no instances where Directors had intervened in the staffing and timing of supervision mission.

practice to plan the supervision mission (SM) schedule for the country at the beginning of the year. Some weeks before the mission the CPM will consult and confirm with his/her project management and the lead ministry the timing and focus of the supervision mission. In most cases TORs proposing objectives, team composition and timing are sent some weeks prior to the mission to the Project Management for comment, though the evaluation came across instances where they were sent too late for comment, and one instance where they were not sent at all prior to the mission.

52. Projects are requested to prepare and send at least one week before mission arrival all the updated information required for preparation of the SR. In many cases the data does not arrive in time for prior review by the mission team. By that time, it is impossible to postpone or cancel the mission since the team members have been contracted. The upshot is that the first part of the mission is spent putting together the missing data and this reduces the time available for analysing the data and comparing it with the reality on the ground.

53. The average frequency of IFAD SMs is 1.2 per annum.[22] This reflects some variation, but the median is very close to project supervision at one year intervals.[23] Implementation support missions (ISMs) take place during the course of the year, but in practice the data shows that only about 60 per cent of IFAD projects receive ISMs during the year. In the view of the evaluation team this probably understates the overall IS effort, given the increasing role that Country Offices are playing and the continuous inter-action in many countries between the CPO and the Project Management. The evaluation team did not form the impression that any of the projects reviewed were under-supervised or would have benefitted from more frequent supervision.

54. Some IFAD divisions now require twice yearly SMs. This is the practice in the West African Division which argues that the large number of fragile states among its borrowers requires a high frequency of supervision. In other divisions the projects have been supervised at six monthly intervals in the early stages and 12 monthly at later stages. While the concept of more intensive involvement with the project in fragile states or in early stages is a good one, it probably does not require that a formal AM and SR be produced twice a year.

55. There has been a great deal of discussion about the concept of "continuous supervision". Some CPMs claim that this is now the model that they are using and that traditional concepts of the supervision mission are outdated. In practice, as discussed in Chapter VI on benchmarking with other IFIs, the continuous supervision model is more talked about than practiced. It is questionable whether this is the right way to go. It sacrifices the synergies from bringing a multi-disciplinary team together at a fixed point in time; it loses the comparative basis which comes from looking at progress over time; and perhaps the most serious concern of all is that it runs the risk of diluting the accountability of the PIU and Government.

56. The duration of SMs varies considerably from country to country and is one of the most difficult parameters to understand. In some cases e.g. Sudan, difficult access to project sites requires long supervision missions (23 days on average) undertaken once a year. But other countries where this is less of an issue also have SMs of that length. At the other extreme, in the case of the PAFA and PROMER II projects in Senegal, IFAD carried out back to back SMs of the projects in the portfolio every 6 months, composed of eight to ten people spending from 2 to 4 days on each project. This hardly seems to allow time to prepare an AM, let alone visit any project sites, and indeed the Country Case Study suggests that the quality

[22] All quantitative data on IFAD supervision quoted in the report is drawn from the PPMS managed by PMD.
[23] For the countries reviewed by the evaluation, the frequency of missions was much higher. It is not clear whether this reflects the particular sample, or a difference in the way missions are classified in IFAD's project data base.

of the report prepared on the basis of the 2 day mission was noticeably lower. In the view of the staff of the Project for Enhancing the Rural Economic Competitiveness of Yoro in Honduras, the 7 day duration of the SM did not allow adequate time for the mission to review the progress of each component, nor to discuss with the staffs the motivation for the mission's recommendations. Other important variables in the length of supervision missions are the status of the project (i.e. whether it is considered at risk), its stage in the project cycle, its complexity and the accessibility to project sites. The view expressed by several project authorities was that projects at an early stage of the project cycle require longer SMs than those at later stages.

57. The IFAD-wide average length of SMs is 12 days. In the evaluation team's view 12 days should be the minimum for a project that is reasonably accessible and was rated satisfactory during the prior supervision. Where project sites require more than half a day's travel and where projects are at risk, additional time should be provided. This length of mission allows for some up front consultations in the capital city, 5 or 6 days net for field visits to project sites (with appropriate additional days for projects that are difficult to access), follow up with the project management team, and preparation and discussion of the AM. The question of the optimal duration of a SM was asked of CPMs, CPOs and Consultants in the survey. Only 5 per cent of CPMs felt that SMs should be less than 14 days duration, and indeed fully 60 per cent of CPMs argued for missions lasting 17 to 28 days. This contrasted strongly with CPOs of whom 80 per cent felt that a duration of 10 to 15 days was sufficient, probably reflecting the view that their field presence allows for follow up on questions that cannot be resolved during the mission.

58. The composition of the mission team relates to the programme content. The CPM will normally prepare draft TORs for the mission. This is provided to the PMU and to the Government for review in finalizing the mission. The depth of their review varies. For the Honduras projects reviewed by the evaluation, standardised TORs were issued. These did not provide a discussion of issues to be tackled by the mission. Unfortunately there is no annual plan prepared in this case so that no exchange took place on the critical issues that needed to be followed up through the supervision process.

59. The evaluation found a number of instances where the composition of the mission did not seem to reflect careful thought about the nature of the problem areas and the review and follow up needed. In Rwanda, although supervision was assessed as satisfactory overall, a two-day mission by a community development specialist was only organized for the Kirehe Community-based Watershed Management Project (KWAMP) two years from start-up after three prior supervision missions clearly indicated that the project was struggling with the creation of sustainable community institutions. In Kenya, over time, supervision missions for the SDCP have been reduced in size from 6 to 3 members. This means that there are no more specialists on the team, and the CPM, Associate CPM and IFAD desk officer cover a wide range of issues. [24]

60. The evaluation team found a great deal of variation on these various parameters of mounting supervision missions. While this was understandable in the initial phase of entering into direct supervision, there is now considerable clarity on good practice in issues such as the timing, frequency and coverage of supervision missions. Most of these are reflected in the operational guidelines and it is largely a matter of moving practice in this direction. The best way to achieve this is to improve the monitoring framework so that there is data available to measure to what extent these practices are being followed. However, it is not a matter of

[24] In a complex value chain project, such as the Kenya SDCP, with a record of slow disbursement (42 per cent disbursed after nearly six years of operation), a case could surely have been made for bringing along some expertise on dairy/livestock issues, and private sector development.

enforcing standard rules. There will be numerous occasions when it is reasonable and even desirable to depart from the standard approach.

Ownership and participation by SIS stakeholders

61. **Ownership.** Does the supervision process take place in a context that promotes a collegial effort between IFAD, the Government, and the project management to ensure the best possible outcome? The evidence from the Country Case Studies suggests that supervision is still seen by project authorities as being mainly directed at addressing IFAD's (and other IFI's) own internal requirements. A number of factors appear to be driving this perception.

62. First the use of the word 'supervision' has been pointed out by a number of PDs as an issue. Supervision implies oversight by the IFI of the project authorities through a sequence in which the authorities provide information to the IFI team which then assesses where things stand on the basis of this information and makes recommendations for implementation by the project authorities. This evaluation is of the view that the time has come for IFAD to adopt the concept of an Annual Implementation Review which would be a joint review of progress on implementation.[25] Clearly it has to be recognised that project implementation is subject to constraints established by the legal requirements of both IFAD and the Government and that the review will also serve to establish that project implementation is taking place within those constraints.

63. Second there is the process through which it is determined what will be reviewed in the course of the mission, and the length of the mission and its composition. In this regard the survey data suggest that IFAD is doing a good job of up-front involvement of the project authorities in identifying the key issues, based on their experience on the ground.

64. Third there is the need to engage in a genuine dialogue with listening on both sides. The evaluation team was advised by some PDs that this was not always the case and that their views were either not solicited or not properly reflected in the report. In few cases, reference was made to a "police attitude" adopted by some members of the supervision team that caused uneasiness and situations that were considered "unproductive". The survey results on this issue were overall positive, however, and this did not emerge as a general problem but a problem arising in some countries. Its importance, however, suggests that IFAD's training and guidance to its country teams need to make very clear that a collegial dialogue is part of IFAD's standard operating procedure.

65. **Ownership of recommendations versus agreed actions.** Statistics show that project and other government staffs make up a significant part of the supervision mission teams. IFAD probably has more direct involvement of project and government staffs as participants in supervision than any other IFI. Indeed this is relatively rare for the other IFIs. There is a reason for this however. IFAD loans generally cover the costs of their participation in the mission. While this is mostly only the travel and per diem, in the Philippines, IFAD loans provides a stipend to staff from the National Economic Development Agency (NEDA) of US$100 a day for senior staff and US$50 a day for junior staff. It is argued that the participation of senior staffs from NEDA reduces the need for external and local consultants, while the participation of junior staffs is seen as part of the project's capacity building efforts. The conceptual logic underlying IFAD's approach is not very clear. If the project and government staffs are participating in lieu of IFAD's own staffs or consultants paid from IFAD's budget, it seems inappropriate to require the project to fund this participation in some countries but not others.[26] IFAD needs to provide

[25] This does not preclude other implementation support missions being undertaken during the course of the year.
[26] While in principle IFAD cannot fund Government officials in carrying out their regular duties, in the Philippines case IFAD accepted a formula permitting the release of the concerned staff from their duties, while they participate in the supervision mission.

consistent policy guidance to CPMs on paying the costs of participation of Government officials in the SM.

66. Regardless of who pays, there is still the issue of effective consultation with the project management, government counterparts and other partners such as NGOs and the private sector. The lack of clarity as to the relative roles and responsibilities of IFAD and GOV/PMU in the implementation process, was an issue that came up frequently in discussions between the evaluation team and CPMs. It would be useful to clarify this through an accountability framework. IFAD should retain a leading role in fiduciary issues while GOV/PMUs should lead the process of identifying issues and solutions. IFAD should consider piloting approaches where the Project Management is asked not only to identify the key issues but also propose solutions for discussion with the team during the mission. This would help to reflect the real value added of IFAD implementation support which is the cross-country expertise that it can bring to the table, not the in-depth knowledge of the country situation, which is what the Project Management supplies. It would also help to deal with the problem that some missions do not have time to review the proposals of the Aide Memoire with Project Management prior to its finalisation. In a couple of projects reviewed in the CCS, the Project Management complained that their views had not been listened to by the IFAD team. The survey suggests however that this is not an area of general concern. Most respondents rated IFAD's efforts to obtain feedback and incorporate it into documentation as either Satisfactory or Moderately Satisfactory.

67. The country case studies that were undertaken suggest that the most successful projects are those where government and PMU ownership has been built through the design stage of the project. A particularly good example of building ownership of supervision and of the programme more generally, is provided by the initiative taken by the out-posted CPM for Sudan in 2009 who tasked the Country Programme Management Team (CPMT) to supervise the country programme (See Box 3). The approach of constituting and utilising a CPMT is becoming increasingly used by IFAD CPMs.

Box 3
The role of CPMT in supervising the country programme in Sudan

- The CPMT in Sudan includes Government partners (on occasion representatives of both the Governments of Sudan and South Sudan together), IFAD PDs and advisors, and representatives of producers' organizations such as the Pastoralists' Union and the Farmers' Union. At COSOP formulation stage, it also included representatives from national banks such as the Agricultural Bank of Sudan as well as FAO, UNDP and the World Bank. The CPMT's main tasks were to (i) directly supervise programme performance; (ii) monitor and document projects' results, impacts and sustainability; (iii) follow-up on timely loan service payments by the Government of Sudan; and (iv) mobilize resources for co-financing and capacity-building.
- The CPMT provided continuous implementation support and participated actively in all SMs organized by IFAD during the period of COSOP implementation 2009-2012.This experience went through various phases. At first, the CPMT's inputs led to changing the management and implementation approach of some projects. Then they contributed to increasing the buy-in by the various stakeholders of the changes promoted by projects. Later on the CPMT became the active sponsor of those changes and identified closely with projects' objectives. Eventually, the interactions between stakeholders translated into a formal demand from producers' organizations to participate in resource allocation and policy formulation and the creation of inclusive, sustainable models for the management of resources.
- SIS missions were able not only to tap into the CPMT's professional expertise and input. They also were able to promote cross fertilization between projects and various institutions. Finally, they could count on a mechanism that ensured ownership of mission's recommendations. The travel related costs of the CPMT were financed out of the project's funds.

Source: 2009 COSOP Sudan; CLE's on SIS policy, interview with the CPM, 2012.

68. Another good practice model is the approach taken in Kenya. Here it is not a matter of creating special structures, but of the CPM or mission leader making clear from the outset that supervision is a joint effort, taking the trouble to solicit the views of the key counterparts, both individually and in group meetings, listening to their views, asking questions that demonstrate that those views are taken seriously, and giving full weight to government views in the agreements that are reached. The evaluation team was able to participate in a joint meeting and to confirm this assessment subsequently with government officials.

69. Despite these good practice examples of IFAD involving other development partners in the supervision process, this is not reflected in the survey results, where all respondents consistently rank the involvement of co-financing partners in particular as the weakest aspect of IFAD's effort to achieve effective consultation and participation. While there are cases where IFAD participates in joint missions with the larger IFIs (notably World Bank, Asian Development Bank, African Development Bank) when they are co-financing partners, there were no instances of joint missions of this kind among the country cases reviewed by the evaluation. The feedback from the institutions interviewed as part of the benchmarking study was that the IFIs regard joint missions of this kind as a headache given the logistical difficulties of putting together a team with the right representation at the right time. As far as bilateral aid agencies are concerned, the evaluation came across an example of joint missions with GIZ for the Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces (Viet Nam) (IMPP) in Viet Nam. Participation by NGOs is somewhat more common and the costs of such participation are sometimes met by IFAD or the project. Representatives of other institutions combined (i.e. neither IFAD nor Government) accounted for about 6 per cent of mission composition in 2010 and 2011.

70. A fundamental aspect of any supervision mission is its field work and its interactions with the target group/beneficiaries/clients/co-investors, as they are

called differently in different countries. The thoroughness with which supervision missions reach these groups varies however. In Senegal, two or three day supervision missions do not leave room for meetings with beneficiaries. Even on longer missions however, it is usually the PMU that decides which sites and villages will be visited. There should be discussion prior to the mission between the CPM or TL and the PD on the criteria for selection of sites for the team to visit, as was done for example, in the Philippines Country Case. Some TLs employ the approach of asking the PMU for a list of project sites where in their view the project is being implemented successfully and other sites where they have encountered difficulties and then making a selection from these lists. This is an approach that could well be mainstreamed. The overall performance in the area of Relevance is rated Moderately Satisfactory.

B. The effectiveness of SIS activities at project level

Quality of supervision reports

71. The evaluation found the quality of the SRss (SRs) reviewed to be satisfactory in most cases. This is also validated by the survey respondents. The vast majority of PDs and GOs (91 per cent) are satisfied with the quality of reports. Reports are found to provide an accurate reflection of project progress and to identify the right issues to be addressed. The majority of individual ratings are in the fully and highly satisfactory categories of 5-6. The case studies suggested however, some concern among PDs about the failure to prioritise issues, and this was also reflected in some of the more detailed responses to the survey.

72. The SR usually contains a very comprehensive discussion of progress of each component. There are also annexes that provide detailed quantitative information on physical and financial progress. Recommendations include agreed action, responsibility and agreed timeframe (these include steps that IFAD or its co-financing partners need to take). An annex covers the achievement or non-achievement of the actions specified by the previous SR. A recent instruction from PDMT has also required more information on impact assessments. More emphasis is given to the latter for projects which are at the advanced stage of implementation. As indicated above, this is in large part a question of the adequacy of the M&E framework and data base for the project. The project that provides good information on impact prior to project completion, is the exception rather than the rule.

73. IFAD Management is of the view that the SRs sometimes fail to fully cover fiduciary aspects and proposes strengthening this coverage in the future. The evaluation perception is that the detailed coverage of these aspects is sufficient, but that the report would be strengthened through the inclusion of a summary paragraph on each of these areas indicating any major problems or follow up needed. The data suggest that IFAD's SRs are candid and realistic. An independent review of IFAD's evaluation function undertaken by the Evaluation Co-operation Group in 2010 found the overall quality of the project completion reports satisfactory and recommended IOE to take these as the basis for independent evaluation and move away from in-depth project evaluations. The disconnect between the PCR rating and the last PSR rating (done after the supervision mission) is very low (0.1, in a scale of 6). The disconnect between the PCR and IOE rating is also very low in IFAD. Project-wise comparison between the PCR and the last PSR ratings undertaken as part of the 2011 portfolio review exercise are presented in Annex 5. These results compare very favourably with the other IFIs.

74. The template provides a section on sustainability. The evaluation found the coverage of sustainability aspects to be thorough, especially in the late stage SRs. Replication and scaling-up are not explicitly addressed in the Aide-Memoire or the SR, though some SRs provide coverage of these issues in the sustainability section. Management indicates that staff training and organizational communication

processes have started putting major emphasis on the replication and scaling-up of projects. The survey results suggest that this has not yet been adequately communicated to project authorities, who assessed scaling up as among the lowest priority supervision tasks. The supervision guidelines and the guidelines for preparing SRs will be revised in due course to reflect this emphasis.

75. On balance, while the quality of the SRs is satisfactory, they would be enhanced by the preparation of a concise executive summary, which could also serve as the AM, which indicates the project status and the priority issues for follow up, with detailed discussions included in the main Technical Report. In the words of one PD: "I am faced with a list of more than a hundred steps to be taken before the next supervision mission. Where do I start? There is no indication of the priority among these issues, so I focus on the easy ones, whether or not they are important." Likewise, a Government official complained that the length of the SRs and the focus on minutiae make them "a pain to read". The tendency to report the physical achievements of the project in great detail, even though they are already included in attached tables, is a particular weakness of the documents that needs to be remedied. The discussion should focus on information that is not available in the tables, e.g. why there are shortfalls against the results targets in particular areas.

76. This said the evaluation came across many examples of the role of supervision in providing effective follow-up and contributing to the achievement of project outcomes. For example, in the PAFA project in Senegal early training sessions had very little attendance from women, a key target group for the project. The supervision mission identified this as an important weakness and discussed steps to improve women's attendance at training sessions. In subsequent sessions attendance of women has been 40 per cent of the total. It is this capacity to focus attention on a neglected area or a drift away from the project objectives that is among the most important contributions that supervision can make at the project level. In general the evidence of the CCS suggests that IFAD supervision is contributing to enhanced and better focused follow up efforts on the part of the government and PIUs.

Follow up

77. The follow-up system begins with the AM. The wrap-up meeting on the AM is the key inter-action among IFAD, project management and key counterparts, on the project. As indicated above, Government and mission counterparts receive the AM at best a day before the wrap-up meeting, but very often the night before and occasionally only an hour or two before the meeting. In some cases it is not drafted in the national language and the CPO or a paid translator struggles to get a translated version in time.[27] Even two days probably does not allow sufficient time for internal consultation and review of the AM by the project authorities or the Government.[28] For example, one PD in the Philippines commented on the short time for discussion of the agreed actions, and said that in some cases when he read the AM afterwards he wondered "is this what we agreed?" In one case in Honduras a PD complained that he had only learned of the recommendations of the AM after it had already been signed. A particularly common complaint that the evaluation team heard was that often there is no time for discussion of the AM at

[27] 23 per cent of the CPOs responded to the survey that SIS reports are translated into the local language, 38 per cent say that this is not necessary, while another 38 per cent states that reports are not being translated and it would be advisable to do so.

[28] The revised Administrative Instruction on Aide-Memoires for directly supervised projects, issued in April 2011, states: "the AM and mandatory appendices shall be finalized in country." This guideline is generally complied with. It further states that: "In principle the Aide Memoire should be signed by IFAD and by government representatives at the end of the final wrap-up meeting when major findings and key actions have been agreed with lead ministries and project management. The CPM or mission leader may decide not to require government signature if there is good reason why such signature could not or should not be obtained. The rationale for not requiring signature on the Aide-Memoire should be provided in a separate (short) back-to-office report." Practices somewhat vary, but there has been no glaring example of the recommendations being contested by the governments or other stakeholders.

all levels of the PMU and with implementing partners. Discussion is usually limited to the wrap up meeting which is attended by senior project officials and government representatives and the middle, and more junior members of the project team do not have an opportunity to express their views.

78. The AM is also not organized in a manner that allows the key issues to be identified as a basis for discussion. Some missions make use of power-point presentations for the wrap-up meeting and this is potentially a better basis for the discussion, if it focuses on an agenda of key issues. In IFAD's case these presentations are in addition to the Aide Memoire, but the World Bank often uses these as a substitute for providing the AM prior to the end of the mission. In the words of one World Bank official "why spend two or three valuable days of mission time in preparing an AM rather than doing so at headquarters after the mission returns". On the one hand the preparation of AMs in the field can be extremely time-consuming and may not allow time for sufficient discussion, but on the other hand it remains an important tool for providing direct feedback, building ownership and getting the attention of the PMU and the authorities.

79. In the view of the evaluation team IFAD should move to the preparation of short, issues-based AMs of no more than 10 pages, which identify a set of key issues and discuss how best to address these. As indicated in the preceding section, IFAD needs to move away from reports that list a hundred or more detailed issues. While TLs argue that this is a matter of not having the time to discuss with team members which issues they see as key, the evaluation team disagrees. Each team member needs to apply the discipline of thinking through the three or four key issues in their own area of responsibility. The team can then jointly determine which of these should be the focus of the Aide Memoire and the associated discussions. Most of these so-called issues, currently included in AMs, are really just the next steps that the PMU needs to take, most of which would probably be taken with or without this listing. While the check-list is of value, especially for the less experienced PMUs, it should not be the focus of the supervision mission. A short issues-based AM would also make it possible to ensure that the AM is translated into the local language where this is needed, something that is not always possible at present.

80. The AM forms the basis of the SR, which comprises the AM and mandatory appendices, as well as a second volume of Working Papers/Annexes. The CPM is responsible for 'signing' off on the SR. Within each section of the AM there is a table that specifies agreed action, responsibility and agreed dates. Appendix 2 of the SR summarizes these agreed actions in a single table. Broadly speaking, follow-up within IFAD is the responsibility of the CPM and the ICO. Follow-up from other IFAD staff (e.g., from CFS for financial management issues or PTA for technical issues) would depend on the severity of the problem and is at the discretion of the CPM. Two regions have instituted a peer review process for the SR and in their view this has been useful for the purposes of ensuring quality standards. Consideration could be given to selective mainstreaming of peer reviews based on criteria such as the innovative nature of the project design, whether the project is at risk, etc.

81. The next step in the process is the preparation of the management letter.[29] This is reviewed and signed by the Divisional Director. The management letter provides a summary of key findings and issues for follow up. The management letter is a confidential communication between IFAD and the borrower, in which matters, which are too sensitive for a public document, such as HR/ project management

[29] The revised Instruction further states that: "As is standard practice, a management letter is sent after the conclusion of the supervision mission. The content of a Management Letter is determined by the critical issues that are reflected in the Aide-Memoire and require special attention from the Minister or head of the lead implementing agency. In addition the Management letter may be used to raise sensitive issues that could not be addressed in the Aide-Memoire. A management letter should be signed by the Divisional Director and sent within 10 working days of completion of the supervision mission".

issues, can be raised, and an overall assessment of progress and key issues presented. Often there is no response to these letters and the effectiveness of these letters is questioned by some CPMs.

82. Another issue observed by the evaluation team relates to a number of documents produced by the mission, such as working papers and annexes that are not always shared with the Project Management teams and implementing partners at central and local level. Sometimes this is because they are not translated in local language. This seems a poor use of IFAD's investment. Consideration should be given to providing these as background working papers that have not been subject to management review and having ICOs follow up on their dissemination.

83. One of the most difficult issues facing supervision missions is the decision on the ratings for project implementation and likelihood of achieving development objectives. There are two issues here. First, there is the question of the criteria on which the ratings should be based. While ideally project achievements should be measured against the results framework, much of the time the M&E system does not allow this, and even then there are difficult issues of interpretation as to how for example minor shortfalls from achievement of results should be rated. Second, there is the process issue of whether the ratings should be discussed in advance with the client and what the role of IFAD management is in over-ruling the recommendations of the SM. This is particularly problematic when management changes a rating that has been agreed in the field with the client.

84. The Inter-American Development Bank (IDB) and the AfDB are trying to handle this through putting in place systems for ratings that maximise the use of quantified and objective measurement. Similarly IFAD could go much further in defining development outcomes and impacts and measuring these. Because IFAD's projects normally disburse slowly in the first two years, its ratings of development outcomes have very little credibility during this period. In view of this, IFAD might also want to consider not rating the likelihood of achieving development objectives until the MTR of the project and the first set of impact data.

85. One gap in IFAD's follow up system, observed by the CCS is the failure in many cases to use the grant programme strategically as a mechanism to shore up areas of weak project implementation. The potential in this area is evidenced by the example of the Pro-Poor Partnerships for Agroforestry Development Project (3PAD) in Viet Nam. The 3PAD project has had problems since its inception in establishing partnerships with the private sector and in getting those components of the project relating to improved marketing and the establishment of value chains, off the ground. The supervision mission prior to the Mid-Term Review provided clear evidence that the existing approach was not working. As a consequence the CPM has recently used IFAD grant funding to enter into a US$200,000 contract with a local NGO, with experience in developing private-public partnerships in Viet Nam, to provide support to the project management in this area. By contrast one earlier project in Viet Nam had dealt with this problem by simply cancelling the component at the MTR stage and re-allocating the funds to rural infrastructure. IFAD should make increased use of its grant funding to commission analyses of some of the technical, institutional and policy issues that arise in the course of implementing its projects. At present, this is not done mainly because of the lengthy and cumbersome procedures and uncertainties associated with the allocation of grant resources.

Managing SIS through the project cycle

86. **From Project Approval to the MTR.** In addition to looking at projects from the perspective of the quality of the specific supervision mission, the evaluation also looked at supervision in the course of the project cycle starting from the launch of

the project through early stage supervision, Mid-Term Reviews, late stage supervision and PCRs. In order to do this the evaluation selected for each of the CCS a project that was at a relatively early stage of implementation and one that was at a relatively late stage.

87. **Project readiness.** In almost every SR that the evaluation looked at, there is reference to the slow start-up of the project. Despite the project being well behind in disbursements, in many cases implementation is rated as being satisfactory, on the basis that the short-fall is due to the slow start-up and that, discounting for the first 18 to 24 months, implementation is now on track. During the first year of a project's life there is generally a start-up workshop and some follow-up, often provided by the Country Office, but the first formal supervision is usually only at the end of a year.[30] The rationale for this is precisely that there will be very little to see on the ground until a year has passed. Indeed in one case, the evaluation team was told by a CPM that the advice in the division was not to supervise during the first year, because inevitably the progress of implementation would have to be rated unsatisfactory.

88. This slow pace of initial implementation appears to be a systemic issue. While all other IFIs disburse relatively little in the first year, the slowness of IFAD supported projects to get off the ground often extends well into the second or third years of implementation. This is in large part because other IFIs invest a great deal more in project preparation. Other IFIs have preparation facilities that allow up-front expenditures to be funded before the project is approved. IFAD lacks this capacity, although it can reimburse these expenditures through retroactive financing from the proceeds of the loan for pre-implementation activities to be carried out after appraisal. However, this requires pre-financing from Governments and many are reluctant or unable to do this. In addition, since other IFIs make much more use of the regular government administrative structures for implementing projects, and less use of special purpose PIUs, it is much easier to designate the prospective members of the project management during design and to get the initial steps taken.

89. IFAD normally provides substantial grant funding alongside its project loans. These can be used for technical assistance associated with the project. Small grants of up to US$500,000 do not require Board approval. It seems strange that little or no use has been made of this grant capacity to expedite the initial phases of projects. The reasons seem to be the competition for limited grant resources, the difficulty to process grants in a timely manner, and concern about establishing a precedent so that governments expect such financing to be routinely provided. A relatively small sum, conditioned on government counterpart allocations, could put the Director of a PIU and one or two other key officials into office well before project approval, and could allow for a baseline survey to be carried out, for drafting TORs for the consultants who will be preparing operational manuals for the project, and for carrying out a public awareness campaign to create ownership for the programme being supported by the IFAD loan.

90. The findings of the evaluation underline the importance of starting the project with an adequately staffed M & E function, providing training for the M & E officers, and in particular, mandating a baseline survey that can provide the basis for measuring impact and allow sensible decisions to be made on appropriate adjustments needed at mid-term. IFAD could consider a default position, that unless there are special circumstances, no project will be approved unless the results of the baseline survey are in place.

[30] As indicated Rwanda is an exception here, with two supervision missions at the early stages of the project. While the evaluation team supports this concept it is of the view that the first mission after six months should be classified as expanded implementation support and not required to produce an AM and Supervision Report.

91. **Early stage supervision.** In the circumstances, IFAD's initial supervisions prior to the mid-term review are generally focused on ensuring that basic steps are put in place rather than monitoring progress of the project on the ground. The initial start-up workshop, normally held right after the declaration of loan effectiveness, is taken as an opportunity to go through the design documents and covenants of the financing agreement with the newly appointed project staff, whose initial concerns are obviously focused on getting management systems in place. The effectiveness of start-up workshops vary, as their agenda is normally heavy. As a result, the first SRs normally contain a large number of specific actions – over 100 in some cases - that need to be taken by the PIU. There is also of course a heavy focus on fiduciary issues in the initial supervisions to ensure that the PIU gets these right from the outset. At the same time, the CLE observed that in case of systemic issues the same actions are repeated from one SR to another.

92. **The mid-term review (MTR).** The MTR is a particularly important stage of the project implementation and supervision process. Earlier supervision missions generally take the project design as a given. In some cases they may flag the problems with particular components, but they will generally advise waiting for the MTR before taking action. Thus with the IMPP in Viet Nam, the second supervision mission felt that a proposed Venture Capital Fund was not likely to get off the ground and argued that the MTR should consider recommending its cancellation and the re-allocation of the funds to other components. This was later done on the advice of the MTR. Arguably there was no advantage in waiting for the MTR, but the supervision mission did not have technical expertise in this area, and obviously felt uncomfortable making such an important change in the project design without the 'signoff' of the MTR team.

93. Because the focus of the MTR is on technical and institutional issues relating to the project design, these tend to be more frequently led by consultants[31]. An increasing number of MTRs are being led, however, by CPMs and CPOs according to the data. One interesting approach that is standard in the IDB and is increasingly being used by IFAD is to build into the project design a mid-term review, managed by the Government or project authority, but funded by the loan. Where this evaluation raises critical issues a follow-up mission is then mounted to discuss the findings.

94. An important element of the MTR is the availability of an impact survey that follows up on the baseline survey (hopefully undertaken before the project launch) that can yield some initial findings on project impact. It is rare that the data is available in time for the MTR mission. It was not available in either of the two MTRs covered by the evaluation. This is a major lacuna. IFAD needs to place much greater weight than it currently does in securing the agreement of the Government and PIU that a mid-term impact survey will be carried out and its results will be processed prior to the mounting of an MTR.

95. **Sustainability and Scaling up.** The evaluation included a project at a late stage in most countries and the evaluation team was impressed by the diligence with which the supervision missions working on these projects followed up on sustainability issues.[32] Late stage supervision missions look closely at whether the flow of project benefits will continue after completion, in particular where this involves increased agricultural employment, production and incomes. They also look at the sustainability of the institutions that the project has put in place and whether there are enabling conditions to ensure the continued operation of those institutions.

[31] An issue arises with regard to the involvement of the same mission leader for both the project design/appraisal and the MTR. This also relates to using the same technical specialist. This calls for a pragmatic approach. Where the CPM feels that particular components may need restructuring, this may call for a change in the mission leader or the concerned technical specialist.

[32] It is important that sustainability also be properly treated in the design of the project. Where sustainability is neglected in the design it is difficult to compensate through late-stage supervision.

96. In general the more robust the country's own institutional structure, the more likely that the project will be sustainable. The problem therefore arises particularly in fragile stages and lower income countries with weak institutional structures where the continuation of IFAD financing and of a project-supported PIU are viewed by CPMs as being indispensable for project sustainability. This of course flies in the face of the Paris declaration and the donor consensus that projects should be implemented through Government services. From IFAD's perspective while this may be relevant for projects in sectors such as Health and Education, even in developed countries Ministries of Agriculture do not implement projects. In addition with increasing involvement of the private sector in many of these projects Government agencies may offer inappropriate mechanisms for project implementation. These issues were discussed at length during the Learning Event organized for this CLE.

97. In the view of the evaluation team, there is a great deal of validity in these points, but the approach needs to be careful and selective. The PIU can become a significant interest group, lobbying for its own continuation, and impeding the absorption of project institutions into the overall institutional framework. In some countries IFAD appears to be on a treadmill of financing follow up projects for sustainability. An interesting example is Tuyen Quang province in Viet Nam where IFAD has just financed a third round of essentially identical projects with no visible exit strategy. The Viet Nam CPE argued that there was indeed a strong argument for a continuation of the PIU function in helping to coordinate the efforts of various Government departments in support of poverty reduction, but that it was not clear why IFAD needed to provide funding for the continuation of the PIU indefinitely. The CPE argued that IFAD should negotiate arrangements with the Provincial Government (PG) that combined a phasing down of IFAD's contribution to the cost of the PIU with a phasing up of the PG contribution until the full cost was absorbed as part of the PG budget. It should also work to find an appropriate 'home' for the PIU within the PG structure.

98. There was much less attention paid to scaling up by supervision missions – perhaps because CPMs considered this to be a country strategy issue, outside the scope of the project. The survey respondents were asked to rate coverage of 15 different topics on SMs and all were rated satisfactory with the exception of coverage of scaling up issues, which Consultants felt was Unsatisfactory and PDs assessed as Moderately Unsatisfactory. PMD has indicated that the new SIS guidelines, expected for 2014, will increase the focus of supervision missions on scaling up. This is an important development, but the real challenge would be to indicate how this should be taken up. The guidance to CPMs needs to relate 'scaling up' to IFAD's policy on partnerships with Governments and other IFIs (see Box 6), and to emphasise that this is not something that can be postponed till the project is almost complete. To be effective, 'scaling up' needs to be thought through from the design stage of the project.

Managing results

99. **The divisional QA process.** In line with the third goal of the SIS policy, i.e. the strengthening of the quality enhancement and quality assurance systems aimed to monitor the effectiveness of SIS activities, APR was the first division to move into that direction establishing regular QA meetings attended by CPMs and staff from other divisions to review and discuss SRs. That positive experience, summarized in Box 4 is being replicated by other regional divisions.

Box 4

Quality assurance in APR

In 2010, Asia and Pacific Division pioneered a divisional quality assurance (QA) process for project supervision, with the introduction of a technical review by an external independent consultant and the introduction of a client feedback survey, sent to the consultants and to the PMUs to get their views on the quality of the supervision process.
The QA was introduced because of a number of reasons: firstly, it was felt that while project design was subject to an elaborate QA process, project supervision was lacking a similar quality control. Secondly, with changes in the IFAD disclosure policy, the division needed to ensure the highest level of quality of supervision reporting. Thirdly, the need to introduce a level playing field in the rating of project performance, and that this could best be achieved with inputs from an independent external QA reviewer, rather than relying on CPMs' own decisions. Finally, the willingness to tap on a powerful learning opportunity. To this end, staff from PMD front office and from other divisions are also regularly invited to attend the QA meetings (in particular CPMT members in PTA, CFS and LEG). After three years of implementation, APR reports a number of clear results: the ratings for a number of projects dropped significantly as CPMs were obliged to allow a more objective, standardized and realistic assessment of quality. Secondly, according to the external QA reviewer, the overall quality of reports has improved, and this has minimized the reputational risk associated with disclosure of SRss. Thirdly, the client feedback from projects has demonstrated that PMUs are on the whole satisfied with the process (quality of consultants, involvement in TOR preparation, time in the field, etc.). Looking at the bigger picture, the QA system has clearly resulted in an increased overall quality of supervision in the division. Based on this experience, other divisions (NEN) have now introduced a QA system.

Source: CLE's on SIS policy, own assessment, 2012.

100. **The portfolio review process.** The annual portfolio review process, which takes place at the regional division and corporate level, is the main process for reviewing implementation progress. During the course of the country specific reviews, special supervision issues may be highlighted. Each region produces an annual Regional Portfolio Implementation Report. In the view of the evaluation team, these reports are of high quality. These reports have proved to be an effective mechanism for identifying cross-cutting issues. Many CPMs had a positive assessment of the depth and seriousness of the review process at the regional level which contributed to learning across projects in the region, and to helpful suggestions as to measures to improve project outcomes.

101. The focus of the review process is of course very much on problem projects and projects at risk. While in principle there is little incentive for IFAD CPMs to give ratings to projects that will lead to their being assigned to these categories, in practice the ratings appear, with few exceptions, to reflect a great deal of candour and realism on the part of CPMs. This is the result of an active engagement by PMD Front Office in enforcing common standards and of the encouragement by PMD management not to be complacent. The evaluation found very few instances where a careful reading of the SR and a visit to the project site, suggested a lower (or higher) rating than the supervision mission had provided. As indicated, IFAD's performance in this regard as measured by the evaluation disconnect, i.e. the ratio of the ratings in the PCR and the last supervision mission compared to the IOE project evaluations, compares very favourably with that of other IFIs (see Annex 6 Table 1).

102. The portfolio quality review is essentially an internal process for IFAD, intended to assess the health of the portfolio and to report this to the Executive Board and the

Board of Governors during replenishment discussions. In practice most CPMs have instituted a process of Annual Reviews of their country portfolios, holding meetings with the main counterpart official/s in the Government. In India, for example, there are six monthly reviews of the portfolio, chaired by the Ministry of Finance.

103. **The contribution of supervision to project quality.** While arguably the bottom line is whether IFAD's supervision is providing value for money in terms of positive impact on the likelihood of project's achieving their development objectives, in practice, a complex set of factors is at work in the determination of project quality and the attribution to the change in supervision is very difficult to evaluate. First, it is almost impossible to separate out the impact of IFAD's decentralization and the opening of numerous country offices during the same time-frame as the expansion of direct supervision. Second, there has been a fundamental evolution in IFAD's portfolio with a steady increase in the percentage of projects that build market linkages through value chains and promoting public private partnerships. The recent IOE evaluation of IFAD's support for the private sector identified a shift of about 5 per cent a year in the portfolio in this direction away from traditional integrated rural development programmes. These were generally particularly complex to implement especially within fragile institutional settings of remote rural areas. Third, IFAD projects have become somewhat more complex from the management point of view, with the addition of results frameworks and the inclusion of gender, environmental sustainability and other cross-cutting themes to the 'domains' that are monitored. Fourth, supervision is also expected to play a role in knowledge management and policy dialogue and increase the likelihood of projects being sustainable and scaled up. For these reasons a simple before and after comparison – project ratings before SIS and after – say comparing 2007 and 2011 – may not provide a meaningful comparison.

Variance of project performance under IFAD SIS and CI supervision

104. The CLE also reviewed the PSRs of all projects supervised by IFAD and the CIs in the last three years (2010-2012). As Table 5 below shows IFAD directly supervised projects score slightly better in terms of overall project implementation and slightly worse in terms of likelihood to achieve development objectives in comparison with those supervised by the CIs (the numbers in bold highlight the best performance).

Table 5
Project performance – 2010/12 – IFAD and CI supervised projects

	2010			*2011*			*2012*			*Average 2010-12*		
	IFAD	**CI**	**Total**	**IFAD**	**CI**	**Total**	**IFAD**	**CI**	**Total**	**IFAD**	**CI**	**Total**
Total projects (Nos)	200	25	225	225	20	245	234	20	254	219.67	21.67	241.33
No. of supervisions (Nos)	903	127	1030	1031	63	1094	1104	69	1173	1,012.67	86.33	1,099.00
Effectiveness lag (months)	14.63	11.05	14.24	14.41	9.44	14.01	13.57	9.13	13.22	14.20	**9.87**	13.82
Overall implementation progress	4.12	4.24	4.13	4.05	3.85	4.03	4.05	4.00	4.04	**4.07**	4.03	4.07
Likelihood of achieving the development objectives	4.11	4.28	4.12	4.11	4.10	4.11	4.10	4.20	4.11	4.10	**4.19**	4.11

Source: IFAD PPMS, 2013.

105. IFAD supervised projects are performing better than CI supervised projects in terms of disbursement rate, gender and poverty focus, effectiveness of the targeting approach, innovation and learning, and potential for scaling up. (See

Table 6, where the numbers in bold indicate the best performance when the difference has a margin higher than .1).

Table 6
Average project ratings – 2010/12 – IFAD and CI supervised projects

	Average 2010-12		
	IFAD	**CI**	**Total**
Total projects (Nos)	219.67	21.67	241.33
Effectiveness lag (months)	14.20	**9.87**	13.82
Quality of financial management	3.99	4.05	4.00
Acceptable disbursement rate	**3.81**	3.68	3.80
Counterpart funds	4.36	4.26	4.35
Compliance with loan covenants	4.21	4.25	4.22
Compliance with procurement	4.06	**4.24**	4.08
Quality of project management	4.08	4.14	4.08
Performance of M&E	3.78	3.77	3.78
Coherence between AWPB & implementation	3.84	3.96	3.85
Gender focus	**4.26**	4.12	4.25
Poverty focus	**4.40**	4.16	4.38
Effectiveness of targeting approach	**4.30**	4.04	4.28
Innovation and learning	**4.16**	4.02	4.15
Institution building (organizations, etc.)	4.07	4.06	4.07
Empowerment	4.14	4.07	4.14
Quality of beneficiary participation	4.26	4.28	4.27
Responsiveness of service providers	4.01	4.04	4.01
Exit strategy (readiness and quality)	3.92	3.92	3.92
Potential for scaling up and replication	**4.38**	4.26	4.37
Physical/financial assets	4.11	4.20	4.12
Food security	4.14	**4.26**	4.15
Overall implementation progress	4.07	4.03	4.07
Likelihood of achieving the development objectives (section B3 and B4)	4.10	4.19	4.11

Source: IFAD PPMS, 2013.

106. On the contrary, CIs are preforming better in effectiveness lag, compliance with procurement and food security impact, while for several other PSR categories the ratings are similar and not statistically significant. Overall, it can be said that IFAD is stronger in the domains where it has historically a comparative advantage and that are closer to its mandate.

107. There is another interesting element that seems to be common to all the IFIs i.e. the tendency for ratings to converge around Moderately Satisfactory (4) and particularly a decrease in the number of projects rated Satisfactory (5) and Highly Satisfactory (6). There are a number of hypotheses as to why this has happened. First, there is the requirement that in addition to meeting a set of core objectives, projects also target broader objectives, such as contributing to environmental sustainability or to gender equality. A number of IFAD CPMs as well as PTLs/TTLs from other IFIs, expressed the view to the evaluation team that through adding variables that are not fully within the control of the project authorities, the ratings for these objectives were often less than fully satisfactory, and tended to lower the overall rating even if the projects were achieving their core objectives in a satisfactory manner. Second, there is no consistent approach to how to rate 'moderate' achievement relative to full achievement. Third, there is a feeling among staff that a 4 rating is less likely to be questioned by the evaluators than a 5 or 6 rating, since management's attention sometimes tends to be focused on outliers in either direction. Fourth, perhaps in IFAD there is concern that a 5 or 6 rating can give rise to complacency on the part of the project team. Whatever the explanation for this is, it is difficult to interpret the ratings shown in Table 6 below that whereas in 2006 only 11 per cent of projects were rated 5 or 6, for likelihood of achieving development objectives in 2007 the percentage went up to 37 per cent and has declined steadily since.

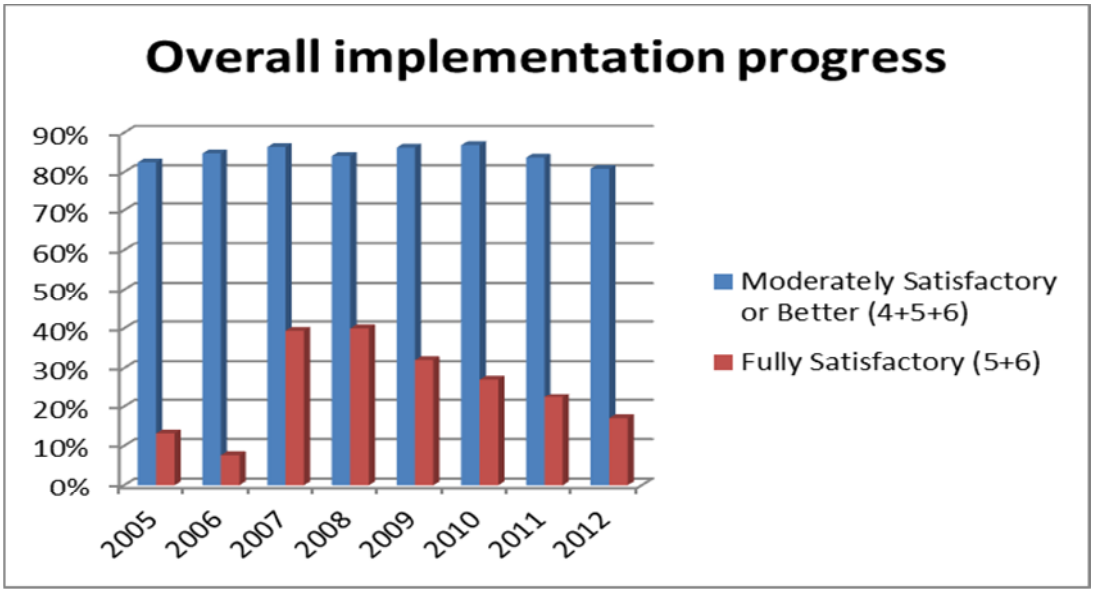
108. For purposes of this evaluation, the more robust figures appear to be those covering the 4, 5 and 6 ratings which have been fairly stable over the period as is shown in the tables and figures below. One could argue that the counter-factual is a decline in the percentage of projects with this range of ratings as a consequence of the shift in the portfolio to more challenging projects. This is speculative, however, and for this reason the focus of this evaluation has been on trying to understand what has happened to those factors that drive effective supervision rather than measuring the impact of supervision on project quality.

Table 7
Ratings for implementation Progress

	Overall implementation progress	
	Moderately Satisfactory or Better (4+5+6)	*Fully Satisfactory (5+6)*
2005	82%	13%
2006	85%	8%
2007	86%	39%
2008	84%	40%
2009	86%	32%
2010	87%	27%
2011	84%	22%
2012	81%	17%

Source: IFAD PPMS, 2012.

Figure 3
Overall implementation progress



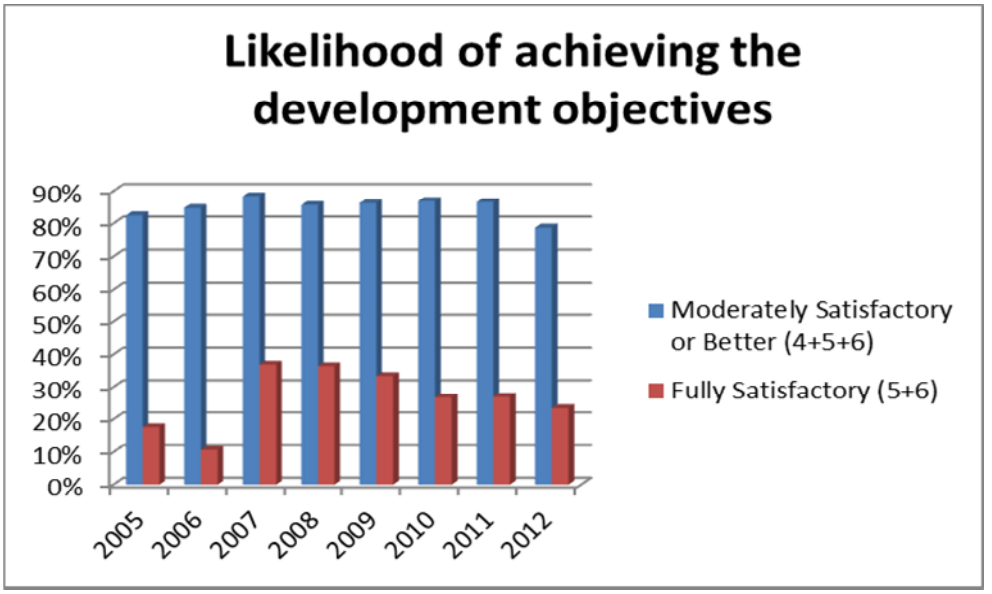
Source: IFAD PPMS, 2012.

Table 8
Ratings for Likelihood of Achieving Development Objectives

Likelihood of achieving the development objectives		
	Moderately Satisfactory or Better (4+5+6)	*Fully Satisfactory (5+6)*
2005	82%	18%
2006	85%	11%
2007	88%	37%
2008	86%	36%
2009	86%	33%
2010	87%	27%
2011	87%	27%
2012	79%	23%

Source: IFAD PPMS, 2012.

Figure 4
Likelihood of achieving the development objectives



Source: IFAD PPMS, 2012.

Managing Risks

109. As discussed earlier, a great deal of the concern about moving to IFAD's direct supervision related to the handling of fiduciary issues and whether the lack of experience of IFAD CPMs might expose IFAD to risks related to these issues. For this reason the 2006 Policy proposed to retain initially contracts with UNOPS to cover loan administration, while IFAD CPMs would focus on the technical and institutional aspects of supervision. In practice it soon became clear that IFAD CPMs needed to pursue a holistic view of supervision.

110. In 2007 PMD established the Supervision Support Unit (SSU) in its front office, led by an experienced former officer of UNOPS, to process withdrawal applications and to support the CPMs and their programme assistants, who started playing a very important role, on loan administration functions. With the rapidly increasing volume of withdrawal applications, the SSU was decentralized in 2008 and each of the five regional divisions established new portfolio adviser positions to take on the SSU function. The portfolio adviser positions were filled by staff with relevant experience in loan administration either from IFAD or from UNOPS. The Portfolio Advisers were intended to provide the back-up and oversight needed by CPMs. In addition as discussed earlier, much of the focus of training activities was on loan administration issues. CPMs received training on project financial management. In addition some 139 staff completed basic procurement and certification with Crown Agents, while 98 staff attended an introduction to procurement provided by ILO. Despite this investment and the encouragement by management[33], a number of CPMs still feel uneasy with their role in the review of procurement activities. Working closely with other units of the Fund, PMD developed and obtained Board approval for new Procurement Guidelines and issued a detailed Procurement Handbook in 2010. A system for monitoring the processing of withdrawal applications was also implemented, called Withdrawal Applications Tracking System (WATS). WATS provides timely information on the status (and location within IFAD) of withdrawal applications.

[33] "Procurement is not rocket science, simply requires common sense" was reported by one CPM.

111. IFAD's supervision guidelines provide for extensive coverage of loan administration issues in SRs. In general the evaluation found that SRs were extremely thorough in flagging issues and potential issues for follow up by the next mission.[34]

112. IFAD projects generally involve small contracts which are subject to national shopping. IFAD has quite stringent requirements, generally with a very low cut-off for sole sourcing.[35]A number of PDs expressed their disappointment about the response time taken by IFAD to process no objections letters on prior review procurement procedures. A specific assessment should be made whether CPMs should continue their role in prior review and whether the current arrangement is effective. The alternative arrangements in APR, with one full-time procurement officer, seem providing faster response time. This is an area that needs management's attention and where IFAD needs to improve.

113. **Financial Management** (FM) tends to be the key fiduciary issue in most IFAD projects.[36] Here two issues tend to be voiced by PIUs. The first is the size of Special Accounts set up for projects. In a number of cases there are complaints that the deposits in the account are too small and that this results in delays until they are replenished and contractors can be paid. SRs are clear about this issue, and are careful to indicate that the SR is a document designed to discuss both the areas where IFAD needs to act and those where the borrower needs to act. In a number of cases where this issue was raised, special missions were mounted by CFS and arrangements on the level and replenishment arrangements for the special account were revised. The second FM issue relates to withdrawal applications. IFAD still requires the original hard copies of such applications and a number of projects complained that this was a major burden given their remoteness. IFAD needs to upgrade its capabilities of handling withdrawal applications on-line as is now done by the other IFIs.

114. Government officers, PDs and consultants who participated in the stakeholders' survey rated the adequacy of the coverage of Financial Management issues in supervision missions as the highest among 12 of the most common areas covered by missions. In general both the procurement and FM areas are reviewed by the CPM. The participation in supervision missions of the specialists in the fiduciary issues depends upon the nature of the problem faced by concerned projects. In cases that demand expertise, IFAD's portfolio advisers or specialists from CFS, participate in the supervision missions. Increasingly this is an area where IFAD is trying to make use of local consultants. There is a huge advantage in some countries to speaking the local language and being well-versed in the government's own systems. The survey respondents also indicated however, that this was the area where sourcing of local expertise was the most difficult. IFAD should explore how it can best support the development of local expertise through training and certification programmes undertaken at the regional level.

115. In 2011 IFAD started rationalising its project financial management operations and structures aimed at strengthening the Fund's effectiveness and efficiency. Accountability and responsibility for financial management, including loan administration and audit tasks, was transferred to CFS from other divisions with effect from 2012. PMD maintained the responsibility for procurement review and signing off on withdrawal applications.

[34] It is important however that reports also describe how the key issues are being or have been dealt with. In the first supervision report reviewed on the IMPP in Viet Nam, the failure of the executing agency, for one component, to follow transparent competitive procedures in selecting consultants was raised. The follow up report simply indicates that the issue was resolved without explaining that this reflected an up-front failure to work with the selected intermediary to ensure that the required procedures were well understood. As a consequence, the pedagogic value of this experience was not captured.

[35] In one country, the PIU staff complained that IFAD's cut-off was much lower than that of the Government – to which the PD retorted that the complaints were because his staff was used to be taken out for dinner by contractors on government projects, but for IFAD contracts this was not the case because the contractors knew that IFAD-financed contracts were awarded strictly on the basis of cost and technical considerations.

[36] A detailed review of IFAD's supervision of financial management is included in Annex 4

116. On the basis of interviews with IFAD managers and AUO's report on direct supervision (2010), it seems that, among the fiduciary functions, the disbursement function and the withdrawal applications, were particularly burdensome for the CPMs and their Program Assistants. These were transferred as part of the package of supervision responsibilities from the former CIs to the CPM.

117. There were good reasons for CPMs taking a direct interest in withdrawal applications as an instrument of control. It enabled them to ascertain that disbursements were made for the purposes intended and were consistent with the expenses incurred by the executing agency responsible for implementing the project. However, the cost for this direct involvement was very high and risked impacting on CPM's foremost role which is to develop and support the country programme as a whole, which is well beyond the management of the disbursement function only. Moving this work to CFS was not motivated by workload implications solely, however. The move was primarily motivated by the need to discharge IFAD's fiduciary responsibilities and for this IFAD needed to separate the fiduciary review function from that of implementation support, a function which is one of the primary concerns of the CPMs and CPOs. This evaluation finds it appropriate that CFS has taken over responsibilities for handling some of these aspects of loan administration 37and notes, however, that there are still some areas of possible improvements. While CFS has now overall responsibility for these areas and integrated the FM staff of PMD within its ranks, CPMs still have the budget for recruiting FM consultants who participate in SIS missions. The CPM drafts and issues their TORs which are subject to approval by CFS. Even CFS own staff participation in missions is funded by the budget managed by the CPM. While it is understandable that IFAD wants to maintain a substantial role and responsibility for CPMs in the financial management process at the project level, it seems unlikely that the current compromise will represent a steady state. In the view of the evaluation, CFS should be allocated the travel budget required for its own staff to review critical issues when it views this as warranted.

118. In 2007 the Eastern and Southern Africa division decided to establish a regional hub for loan administration purposes in Nairobi. This regional hub was an interesting innovation which has remained unique in IFAD (see Box 5 below). The feedback obtained by the evaluation from the country studies in Kenya and Uganda is extremely positive on the impact of the hub in speeding up the turn-around time and providing effective on-the-ground support.

[37] It should be noted that CPMs continue to be responsible for prior reviews within current procurement processes.

Box 5
The regional hub in Kenya

The ESA region set up a hub in Nairobi in 2007. The Division recruited three former UNOPS staff who had previously provided loan administration services to IFAD-assisted operations in the region. Following initial difficulties, the regional hub evolved and took on wider technical responsibilities in supporting IFAD-assisted country programmes throughout the region. Three technical experts were recruited in the areas of gender, financial analysis and land tenure. These six staff were coordinated by a portfolio adviser, mobilized in January 2011, who reports directly to the ESA Director. The Regional Office's overall objective was to play a pivotal role in implementing the new operating model's approach to ensure effective country programmes in the region. Particular emphasis was placed on providing advice and support to CPMs and their country teams on an on-demand basis. The Regional Office was not meant to add an administrative layer between COs and HQs and did not have supervisory functions over ICOs. ICOs continued to report exclusively to the CPMs. With the shift in oversight of financial management to CFS, the three loan officers of the regional office, now supported by two additional fixed-term loan administration assistants, report to CFS directly as of 2012. Since 2012 the Regional Office has been supporting also 9 additional countries from WCA region, further enhancing the efficiency of its operations.

Source: Kenya CPE 2011; Country presence policy and strategy 2011; Country offices' feedback to the synthesis report 2011.

119. **Procurement** remains an area where IFAD has perhaps not yet reached the appropriate balance between the role and responsibilities of CPMs and the use of specialised procurement staff that can undertake deeper reviews of procurement issues. Most Regional Divisions have taken specific steps to ensure that CPMs' decisions are supported by technical advice, particularly when it comes to civil works, technical assistance and consultant services, where the processes involved are less straight-forward than the purchase of goods. But because some IFAD divisions do not have staff positions allocated to this review and support, there are sometimes considerable delays.

120. There are different views among CPMs about how the responsibility for procurement should be balanced between Governments, PIUs and IFAD, with some arguing for a more active role for IFAD while others considering this a government responsibility, with CPMs' role limited to reviewing and providing no-objection to the process, when required.

121. In the period since SIS was instituted, few cases of misconduct have been detected and in those cases actions have been taken and it can be said that in general IFAD maintains a good reputation of transparency and fairness in handling procurement. In general projects have dealt well with the complexities of procurement and even with the pressure that are sometimes exerted by local politicians to influence the process, particularly with regard to civil works, where competition among suppliers seems to be higher than say, in the purchase of goods. This said, particularly in middle income countries, where procurement and projects are larger and involve more civil works and service suppliers, the risks of corruption and fraud remain high. The traditional answer to these risks in IFAD has been to reduce thresholds and ceilings for each procurement method and exert more control over the process particularly for high risk country contexts. In the long run, however, the development community is looking to place greater reliance on national systems and to strengthen national and local partners, operational frameworks, and institutional capabilities, and increase accountability at local levels. The objective over time is to move away from procedures based on mistrust.

122. IFAD may want to identify appropriate mechanisms and funding sources to assist countries in improving their financial management and fiduciary oversight

capacities, similarly to what other IFIs are doing (see Annex 3), so as to be able to gradually harmonise its thresholds with those of other IFIs without exposing itself to higher risks.

123. There would seem to be a disproportionate expenditure of time and effort by CPMs to deal effectively with procurement and minimise the potential reputational risk for IFAD relative to the specific learning they acquire from carrying out this task and its contribution to their work on poverty reduction. As mentioned above, the primary function of the CPM is to support governments, projects and beneficiary groups to tackle rural poverty. While procurement can provide CPMs with deeper knowledge about some aspects of their projects, it substantially increases their workload and does not constitute particularly relevant knowledge for them in the areas of poverty reduction and development.

124. Over the last decade, IFAD has been increasing the role of community organizations, producers' associations, non-governmental organizations and the private sector in its projects, including in its procurement processes. Contracts between projects and beneficiary groups or local organizations for the procurement of civil works, goods and services are becoming common practice. As project funds are allocated for specific purposes within their own development plans, the stakes are high for those beneficiary groups or local organizations: they have every incentive possible to strike the best deal from local or national suppliers. Beneficiary communities' oversight exerted over the implementation of their development plans increases transparency and the risk of fraud decreases as a result.

125. In the light of this evolution and given the many demands on the time of the CPM discussed above, IFAD management may want to re-examine the allocation of responsibilities for procurement and consider whether the time has come to explore other approaches.

126. **Monitoring and Evaluation** has emerged as a critical element of project supervision in recent years as the development community has increasingly turned to results frameworks as an instrument for judging the achievement of projects.[38] Of course it is not possible to assess impact without a proper baseline. In this area there was recently some progress. A total of 139 baseline studies were completed. Their quality and their timeliness however is not always satisfactory. As indicated earlier, neither of the MTRs, that the evaluation team looked at, had meaningful impact data, even though this is critical for any project re-design that is contemplated, and is indeed required by IFAD's Results Implementation Monitoring System (RIMS). Almost every supervision report has a thorough discussion of the M&E issues and concludes that this is an area of weakness. Arguably, the battle here is lost and won at the project design stage gaining the commitment and ownership of PMUs. The failure to set up the project with a set of indicators that are realistic in terms of their number and the data requirements is the key. Supervision is rarely able to compensate for the up-front failures and indeed, the survey data suggest that supervision missions constantly focus on this topic. Supervision teams often need to spend considerable time chasing up data during the mission. This sometimes creates frictions which affect the entire working relationship between the SM and the PMU. Projects should not be considered ready for approval without a set of baseline data in place. This is already practiced by the World Bank. The framework for collecting data (monthly inputs, quarterly outputs, annual outcomes, and three-yearly impact) should be put in place and appropriate

[38] A revised Project Status Report is produced at the end of each mission, which contains an explicit rating of the M&E system. In addition, the role of M&E is implicit in sections of the Aide-Memoire on Outputs and Outcomes and Implementation Progress.

arrangements (e.g. a blend of IFAD grants and government allocations) should be provided before project approval.[39.]

127. **Changes in reporting.** The reporting system has evolved with changes in report formats and the various regional divisions have adopted different formats. The newly designed project status reports bring together all the information/data from project supervision missions and present the recipients with an overview on the state of the project. In the light of the approval of the IFAD Policy on the Disclosure of Documents,[40] which includes the disclosure of supervision mission reports on request, regional divisions have instituted systems to ensure the quality of their PSRs, relying in particular on their portfolio advisers. However, weaknesses remains in the institutional repository system. This evaluation faced serious difficulties in data collecting, including SIS reports. In view of all the above, the overall performance in the area of Effectiveness is rated Satisfactory

C. The efficiency of SIS activities at project level

For the purposes of this evaluation, efficiency is defined as how IFAD manages financial and human resources through the supervision process in order to support effective project outcomes.

Managing Financial Resources

128. In order to estimate the cost of the institutional architecture behind SIS processes and outputs, this CLE used various sources of information including (i) the PMD self-assessment note referring to supervision data for mid-2011; (ii) the CLE on IFAD's Efficiency which utilises data for 2010 and (iii) and the Country Presence Policy and Strategy which refers to cost structures of 2010 and presents cost projections until the end of 2013. There are two main constraints that hamper an accurate cost estimate: first, there is no one system tracking expenditures against activities within IFAD; and second IFAD does not have a time reporting system. As a result, a number of assumptions were required for making indicative cost estimates.

129. The main elements of the SIS cost structure include:

- **Staff cost.** This includes 61 CPMs and 40 CPOs. By mid-2013 a total of 20 CPMs will be out-posted and lead 20 ICOs while 20 CPOs will lead another 20[41]. The staff cost element also includes the contribution from the managerial, technical, legal, financial and support staff at HQs and at the ICOs who support SIS processes and functions;
- **Part of the fixed** (e.g. IT investments) and variable costs (e.g. electricity) required for the management of 40 ICOs as well as HQ;
- **Travel cost** including transportation and DSA cost for international staff travelling from HQs to the country and within the country; and
- **Consultants' costs** including fees, DSAs and travel cost of consultants mobilised to participate in SIS missions.

[39] This topic would require a full report on its own to do justice to the issues. The fundamental issue is the mismatch between the costs and benefits of M&E. The project authorities see the project as bearing the costs, while the Government and IFAD derive the benefits of this monitoring. To make them work, one can either externalise their costs through grants or internalise the benefits through incentives. The design of these systems is an additional problem area. Too often monitoring systems are over-designed with way too many indicators. They do not factor in the regular monitoring that takes place through the formal government system which collects data on the basis of districts or provinces, and not of an artificially defined project area. Incentives are weak since management and supervision tend to focus almost exclusively on input data. None of these obstacles are insurmountable however, and the evaluation found some good practice examples among the projects reviewed.

[40] GC 34/INF.2/Rev.1.

[41] According to the Country Presence Policy and Strategy, these 40 ICOs will deliver about two thirds of total IFAD's lending.

130. Taking the above cost elements into account, the average SIS cost per project amounts to about US$114,686. The cost break down for this calculation is shown in Table 9 below and its assumptions are further detailed in Annex 9 of this Report.

Table 9
SIS cost per project (US$, 2012)

Unit	*Unit Cost (calculation)*	*Unit Cost (actual)*	*Quantity*	*Total*
Outposted CPM/Other International Staff (35%)[42]	=315,200*35%	110,320	20	2,206,400
HQ based CPM (35%)[43]	=219,000*35%	76,650	21	1,609,650
ICO staff including CPOs	=111,470*50%	55,735	40	2,229,400
Other IFAD Staff (half of HQ based CPM's cost)	=219,000*17.25%	37,778	234	8,839,935
SIS budget (Consultants)	45,000 per project	45,000	234	10,530,000
SIS budget (IFAD staff travel)	5,000 per project	5,000	234	1,170,000
ICO staff travel (local transportation)	6,280 per ICO	6,280	40	251,200
Total SIS Cost				26,836,585
Total SIS Cost per Project				114,686

Source: 2012 CLE on IFAD's efficiency; 2005 CLE on DSSP; 2011 Country presence policy and strategy, 2011.

131. This amount would place IFAD above the cost incurred by ADB (around US$86,000) and below that of the World Bank of around US$120,000. As emerged from the IFIs benchmarking study conducted by this CLE[44], it is noteworthy, however, that both ADB and World Bank grant one supervision mission a year per project, on average, while IFAD grants 1.2 supervision missions (or about two SIS missions, see Table 1 in Annex 5) in addition to continued support and follow up provided by the country office staff and the CPMs.

132. The CLE on efficiency provides some comparative data on the costs of supervision by CIs (using both historical and current data on cooperating partners such as the World Bank). The trends in IFAD's costs and the estimated CI costs are shown in Table 10. The trends suggest that by internalising the supervision function, IFAD has both delivered supervision at lower costs, and derived the substantial positive externalities associated with the SIS model.

[42] This percentage is based on CPMs' self-assessment of their workload conducted within a survey prepared for the CLE on IFAD's Efficiency
[43] Ditto
[44] Similar findings emerged from the 2005 CLE on IFAD's Pilot of SIS

Table 10
Unit cost evolution of supervision – IFAD and CI model

	2004[45]		*2013*[46]	
	IFAD	CI model	IFAD	CI model
CI fee	12 278	80 000		120 000
IS	40 656	11 344	51 074	17 000
Staff cost	40 366	11 854	63 612	17 800
Total	93 300	103 198	114 686	154 800

Source: CLE on IFAD's Efficiency, 2012; CLE on DSPP, 2005; Country presence policy and strategy, 2011.

133. Given the budget pressures IFAD is facing, there is scope for improving the efficiency of IFAD's supervision. The CLE on IFAD's Efficiency makes a point relating to the cost of SIS which this CLE would like to reiterate. It relates to the issue of project readiness at the time of Executive Board approval, which affects implementation performance and thus the level of intensity of supervision and implementation support that the project requires. This, in turn, affects the resources that IFAD needs to mobilise to manage performance.

134. The main observation that the CLE on IFAD's efficiency makes in this regard is that both the IFAD QA report and the PSR indicator of effectiveness lag indicate recurring issues with design and which current SIS budgets are not able to fix during implementation.

135. This CLE has reviewed numerous SRs which described how missions spent considerable amounts of their limited time in coming to grips with design issues which were beyond their scope of work and expertise complement and noted that they were addressing the same problems for consecutive missions. This element keeps impacting on the effectiveness of the SIS resources' use in addition to IFAD's efficiency relating to the delivery of country programs in general[47].

136. The CLE on IFAD's efficiency suggests mobilisation of IFAD's QE resources early on in the design process to ensure higher levels of quality-at-entry, while strengthening the peer review process, including more even distribution of workload among CPMs, during project implementation. This CLE confirms these findings and the appropriateness of this suggestion, along with that of encouraging IFAD to make strategic use of the grant funded program to further support project readiness levels.

137. More benefits also in terms of cost reductions and effectiveness will accrue when staff acquire more familiarity with SIS processes, considering that many of the ICO staff are new to the system (in two years, ICO staff increased from 63 to over 100) and needed training and mentoring in this area. SIS processes will be streamlined

[45] From the CLE on DSSP. The CI model refers to World Bank supervised projects as budgeted in IFAD administrative budgets in 2004/05.
[46] The estimates for the CI model refer to World Bank cofinanced projects only which means that the fee includes an element of subsidization of IFAD supervision cost. The estimates also assume that the percentages of IS and IFAD staff time of 2004/05 used by the CLE on DSPP as proportions of total SIS cost are still valid.
[47] For example, APR Division in the PPR of 2011-2012 states: "**(v) Design vs Implementation:** The balance between resources allocated to design vs implementation appears to warrant further study. With some notable exceptions, there are cases where implementation gets off to a slow start in part because of incomplete design. Evaluation of appropriate management units, and possible roles of the NGO and private sector are only some of the factors involved. Simple processes such as working out the transfer of funds to a district level, or failure to understand that local agencies and contractors cannot open accounts in foreign currencies therefore direct payment to contractors is not possible, all can lead to start-up delays." Further: "Chronic problem projects: [..] The majority are characterized as "complex" with implementation in multiple states/provinces or areas with very different characteristics. Finally, weak project management and issues with project design are also a common issue.

through further articulation of responsibilities between HQs and ICOs following the Country Presence Policy and Strategy and the Country Office Handbook. Along with a systematisation of the good practices which are emerging as pointed out by this CLE and which regional divisions are regularly pointing out in their performance review and management plans, further reductions in cost and increases in effectiveness will accrue to the SIS processes.

138. This evaluation report makes a number of suggestions that go in the direction of increased allocations for supervision, such as, longer supervision missions, enhanced capacity development for CPOs and local consultants, etc., all of which have significant cost implications. However, the CLE is fully aware of the difficulties of funding such programmes within what is at present a flat budget overall with declines in the allocations for PMD. Hence, the CLE has made an effort to identify a number of specific areas where there could be cost savings.

139. In many countries the components of IFAD projects overlap or build on those of the preceding project. In many cases these projects are managed by the same PIU, yet often IFAD supervises these as separate projects with separate teams, rather than adopting a programme approach to supervision and reducing costs (and arguably enhancing the substantive quality of the supervision effort). There is scope for a move in this direction. Even where there is more than one PIU this is often just a matter of the same model being implemented in a different region of the country. Once again it may be possible in some country portfolios to supervise these projects through a combined mission.

140. A related option is that of carrying out a review of a selected topic across all projects in a country, e.g. CFS could review financial management, or as is quite frequently done already, a gender specialist could come out and look at the gender aspects of the programme as a whole. Supporting country-level M&E systems is another example. A programme approach can be effective and efficient in dealing with thematic areas, where the issues faced during project implementation are likely to be similar and where an horizontal exchange of experience could enable mutual learning. While some activities along these lines should be part of the annual supervision plans discussed earlier, the CPM needs to reflect carefully on the trade-offs through the loss of synergy of different experts inter-acting on a supervision mission which is one of the important benefits of a coordinated supervision mission.

141. Other IFIs make much more use of local consultants than IFAD does. They are able to do this through leveraging their local offices which can recruit and manage local consultants for this work. IFAD has moved in this direction, but the data suggest that there is scope for much more involvement.

142. An adjunct of the use of local consultants is to promote horizontal collaboration among project staff of PIUs, in helping to supervise other projects. Within the same country this can be sensitive and must be carefully managed and carried out in a collegial spirit. There is good experience in the World Bank however, in using staff from a PIU in one country to help in supervision of another. This can be a win-win, building capacity and providing the mission with a staff member who can empathise with the problems the PIU is dealing with on a daily basis.

143. Another approach is that of cost-sharing with the Government concerned, either through having them contribute specialised staff or share the costs of supervision. Cost-sharing arrangement could be agreed during design and/or negotiations. These arrangements could relate to different functions, i.e. IFAD covering the costs of fiduciary aspects, while the Government covers those of technical support.

144. The example included in Box 6 was provided during the learning event organized in March 2013 for the CLE. It illustrates the potential for more efficient supervision by promoting a dialogue between IFAD and the Government on what is the right

approach both from an efficiency perspective, but also so that the Government itself is able to derive benefits from supervision through knowledge sharing, while minimising the scarce time which key officials need to spend on the process.

Box 6
Cost sharing of supervision in Argentina

IFAD moved from an area-based project to a national programme approach in Argentina, which tripled the size of its country programme between 2006 and 2011. Soon it became clear that the traditional supervision modality was no longer applicable to a portfolio spread over almost the entire territory of a large middle-income country, for both its time and cost implications. Therefore, at the end of 2011, the IFAD CPM and counterparts from the Unit for Rural Change (UCAR) of the Ministry of Agriculture (MoA) decided to elaborate a new supervision methodology. The methodology aimed at keeping cost and time requirements under control, while ensuring quality delivery on the two main features of a supervision mission: the external monitoring of fiduciary aspects and the technical assistance (TA) and implementation support. Instead of spreading the supervision team very thin on an increasing number of provinces over an ever-longer period of time, it was agreed that each supervision mission would concentrate on a single sub-region, comprising several provinces.

This new methodology has achieved the following results: i) reduction of the duration from 3 to 2 weeks and the size of external supervision teams by one-third; ii) lower cost for IFAD and the Government, and a lower time investment for both; iii) increased ownership by both federal and provincial governments of the supervision process and their subsequent will to monitor the implementation of agreed recommendations; iv) increased participation of the provinces that now see the supervision as a learning and knowledge-sharing event; and v) enhanced mutual federal-provincial accountability regarding their respective duties.

Source: Extracted from the CPM's own written contribution to this CLE, March 2013.

Managing human resources

145. **The role of the CPM.** IFAD's CPMs cover a range of activities that is unique among the IFIs. They prepare Country Strategy documents, manage institutional relationships with Government and other development partners, lead consultations and the policy dialogue, manage the processing of new loans and grants, oversee the design and preparation of projects, lead or participate in supervision missions, provide oversight of the follow up of mission recommendations, design knowledge-sharing activities, and manage and mentor country office staffs. In larger IFIs such as the World Bank, each of these activities might be undertaken by a different staff member. It is important to recognise that the model of the all-encompassing CPM was designed before IFAD moved to a new business model with direct supervision and an increasing number of country offices.

146. The management response to the new business model was essentially to increase the number of CPMs and the number of CPOs located in IFAD Country Offices. The number of CPMs grew by almost a quarter in 2007 and a similar increase took place in 2012 reflecting in part the new policy of out-posting CPMs. (See Table 11 below). Much of the increase has been in Sub-Saharan Africa where the number of CPMs has doubled. This meant that the number of active projects per CPM was reduced from about 6 to 4. For many CPMs, this also meant a reduction in the number of countries for which they were responsible.

Table 11
Number of CPMs by division, 2007-2012

	2007	2008	2009	2010	2011	2012
Asia and the Pacific	8	9	8	8	8	11
East and Southern Africa	7	10	12	11	12	15
Latin America and the Caribbean	7	9	8	8	8	10
Near East, North Africa and Europe	7	8	9	9	10	10
West and Central Africa	9	11	10	10	11	17
Total	38	47	47	46	49	63

Source: Meta-evaluation report, 2012

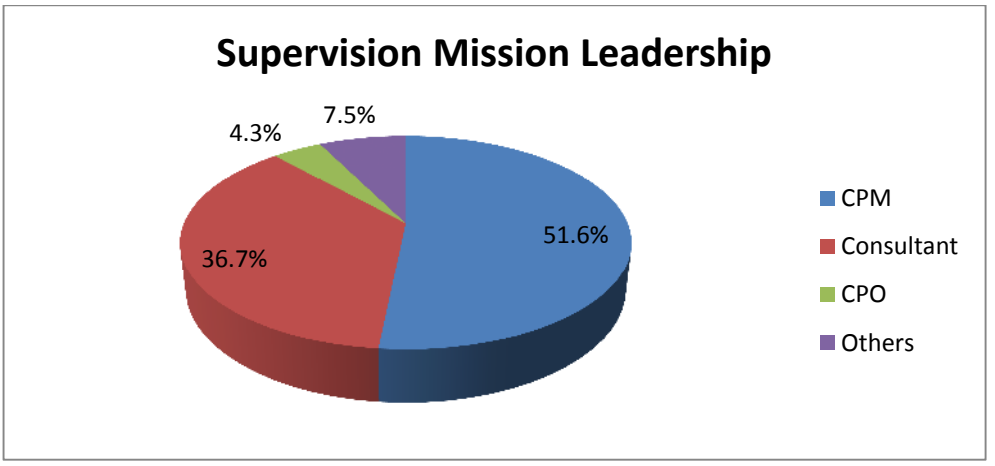
147. In terms of the overall workload implications, on average CPMs estimate that 35-40 per cent of their time is dedicated to SIS while CPOs dedicate at least 50 per cent of their time. However, survey results revealed considerable imbalances in the workload distribution among staff, which the CLE on IFAD's Efficiency confirmed[48.]

148. What the CLE noticed is that, over the past few years, different models for dealing with uneven workloads have evolved. Some regional divisions make use of a senior CPM covering a number of countries, and deputy, associate or junior CPMs each responsible for one country. Some regions such as the WCA make ample use of the APO program to support this model. In others such as APR, there is the case of the country program in India, for example, with 11 active projects, and only one CPM based in Rome[49] and a country office providing support. Obviously for those CPMs with a large number of active projects in their country programs like the country program in India, leadership of all supervision missions is not feasible[50].

149. Leading supervision missions is a very labour intense activity which impacts heavily on CPMs and now increasingly on CPOs' workloads. Currently, on average, CPMs and CPOs are able to take over the role of mission leader for about 55 per cent of the missions (Figure 5-7 below and Table 1 in Annex 5). However, there are considerable regional variations. While this ratio is very high in ESA and LAC (75 per cent), the ratio is much lower in APR (15 per cent). This is in part explained by the way the professional staff is deployed – as CPMs or as specialist staff. APR which has the lowest number of supervision missions led by CPMs also has the second highest number of projects per CPM, as shown in Table 12.

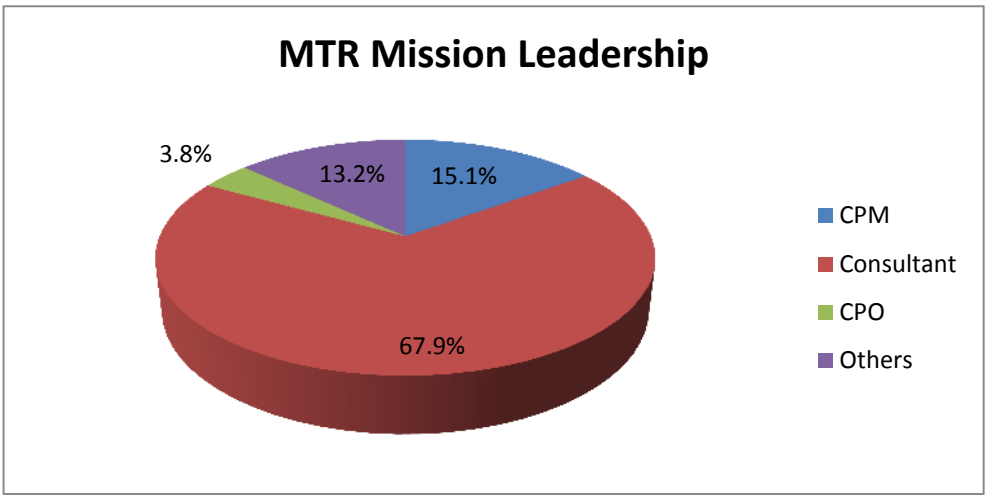
[48] In particular, the CLE on IFAD's Efficiency observed that were the gaps between minimum and maximum workload kept at the minimum as in the NENA region, or, even better, were all the "CPM teams" bearing the workload of the minimum workload currently born by a CPM team of the NENA region, IFAD could deliver the current country programs with 10 CPMs less.
[49] At the time of this Report's writing, PMD is planning the outposting of the CPM responsible for India.

Figure 5
Supervision mission leadership



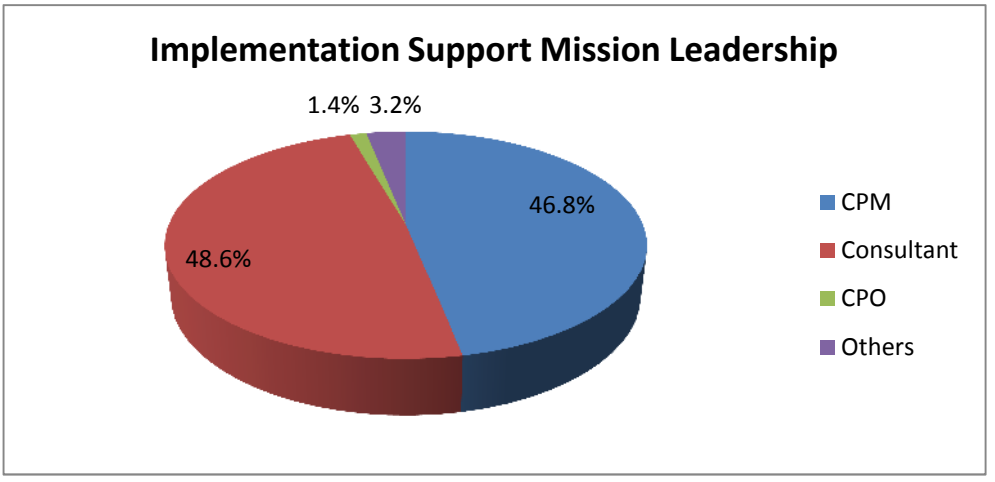
Source: PMD Self-assessment note, 2012

Figure 6
MTR mission leadership



Source: PMD Self-assessment note, 2012

Figure 7
IS mission leadership



Source: PMD Self-assessment note, 2012

Table 12
Projects per CPM by region

Division	*No of CPMs*	*No of projects in current portfolio*	*Project/CPM*
WCA	17	59	3.5
ESA	15	52	3.5
APR	12	63	5.3
LAC	10	44	4.4
NEN	10	53	5.3
Total	64	271	4.2

Source: PMD Self-assessment note, 2012

150. In management's view "IFAD's current operating model does not envisage that all supervision missions are led by CPMs. The staff-consultant budget ratio overrules such possibility. So the ratio of CPM-led to total missions is unlikely to change in the near future unless the operating model and consequent number of staff changes significantly."[51] Clearly leading serial supervision missions leaves no time for CPMs to conduct all remaining tasks and provide the strategic leadership needed for country-level impact. However, if this is the case, then the question of how best to deploy the CPM in the supervision process is an important one and needs to be addressed. Box 7 proposes a possible model for IFAD supervision mission leadership which could help normalise workloads and still enable the CPM engage strategically in the SIS processes.

[51] Management's self-assessment note.

Box 7
A possible model for IFAD supervision mission leadership (e.g. of a 6 year project)

- The approach below proposes that IFAD requires that the CPM leads at least three supervision missions for each project, i.e. when there is a need to pay attention to the corporate agenda: i) the first supervision mission, so as to ensure continuity and follow-up with QA recommendations and legal covenants[52]. This would be required especially in case the CPM was the leader of the appraisal mission; ii) the mid-term review, which provides the opportunity to review the project and re-shape the approach as needed (if the MTR is carried out by the Government, the CPM would then lead the first mission after the MTR); and iii) either the last supervision mission before the PCR or the PCR itself, so as to focus on impact, sustainability and scaling up issues.
- Each supervision mission would, of course, continue to have close involvement and follow up from both CPMs and CPOs and one or both would attend the wrap-up meetings for all supervision missions.
- The model below also factors in the proposals of the CLE on Efficiency for a substantial increase in the technical support capacity of PTA and the possibility therefore that an in-house technical specialist may be available for mission membership or occasionally, leadership. This is of course a stylised approach and in practice there will be variations, but it is appropriate to begin with a model and then explore the rationale for diverging from the approach.

• Supervision Mission 1	• Led by CPM
• Supervision Mission 2	• Led by CPO/Consultant
• Supervision Mission 3	• Led by CPO/Consultant
• Mid-Term Review	• Led by CPM or Government managed
• Supervision Mission 4	• Led by CPM, if the MTR was Government managed
• Supervision Mission 5	• Led by CPO/consultant
• Final Supervision Mission 6	• Led by CPM
• Project Completion Report	• Government managed

Source: CLE's on SIS policy, own assessment, 2012.

151. **The role of the country office (ICO).** Along with the increased number of CPMs, IFAD also increased the number of ICOs, reaching a total of 40 in 2013 (see Table 13) for a total staff of 104, including 25 out-posted staff. The first selection criteria determining the establishment of ICOs is the size of IFAD's country programs. All together, the 40 ICOs cover less than half of the 93 countries where IFAD has currently an active portfolio. However, they cover two thirds of total IFAD's projects and three quarters of total IFAD's lending. Hence, they play a key role. As per IFAD's Country Presence Policy and Strategy (approved in 2011), "ICO staff will participate in, and increasingly lead, project supervision, implementation support,

[52] The potential conflict of interest of leading both design and SIS activities was raised by some IFAD staff. The CLE considers that this issue indeed deserves management attention. The proposed rotation of SIS leadership is also aimed to mitigate this risk.

mid-term and completion missions, and follow up with counterparts to resolve issues affecting implementation." The role played by these offices varies from leading supervision missions, to specific technical responsibility (often for areas related to institutional or fiduciary arrangements). Normally, staff from ICOs participates in supervision missions carried out in the respective country and are intimately involved in following up with relevant stakeholders on the status of implementation of supervision missions.

Table 13
Projects per CPM by region

Establishment of IFAD's Country Offices (2003 – 2013)							
	2003	2004	2007	2008	2009	2010	2011 - 2013
Total	7	5	1	12	3	2	10
Cumulative	7	12	13	25	28	30	40

Source: IFAD's country presence policy and strategy, 2011

152. In terms of leading supervision missions also, the role of ICOs has increased. In 2010 and 2011 CPOs led 20 supervision missions and 2 mid-term review missions (Annex 5, Table 1). Implementation support is another core area for the ICOs. They provide significant follow-up and implementation support between missions, ranging from advice on withdrawal applications to IFAD policies, from M&E to procurement. However, given resource constraints, ICO staff provide only limited advice on technical areas.

153. There is little doubt that the CPOs will play an increasing role in mission leadership. For this reason a constant investment on their competencies through training and exposure to IFAD supported programmes in other countries is important. Individual CPMs have taken important initiatives in this regard. The CPM responsible for the country programme in The Philippines, for example, enabled the CPO from that country to join missions in Sri Lanka, Maldives and China, while drawing on the CPO from Sri Lanka to lead the MTR of the RUMEPP project in the Philippines. IFAD should consider setting a target that each CPO participates in a mission to another country at one or two year intervals. This is not only important for building their capacity, but also for knowledge sharing.

154. The increasing responsibilities delegated to ICOs has begun to raise similar issues of trade-offs in the use of scarce staff time as is the case for CPMs. Several ICOs are also responsible for knowledge management and spend a substantial amount of time organising learning events. As they take on an increased share of supervision and implementation support activities, with the substantial inputs that these require, they have less time for knowledge sharing activities and partnership building. Indeed some of the feedback from ICOs is that they find participation in donor coordination in the field too time-consuming relative to the benefits – yet the need for an enhanced role for IFAD in this area was an important rationale for creating field offices. The ICO in India, for example, leverages its large SIS budget through the use of local consultants. As a result, it can employ separate staff members responsible for knowledge sharing and implementation support[53]. Going forward, IFAD will have to further explore various options for the composition of field offices and the most effective use of the time of its CPOs.

155. **The role of outposted CPMs.** An important step forward to enhance the quality of supervision was the out-posting of CPMs. The Supervision Policy states: "Field presence and out-posted CPMs, where present, will form an important element in improving the quality of supervision. Mechanisms for quality enhancement need to

[53]Regrettably, the India ICO was recently downsized and the position of KM officer was cancelled against the CPE recommendations to further strengthen the ICO.

be embedded in the operations of regional divisions to ensure timely procedures to improve supervision and implementation quality."

156. The process of out-posting of CPMs was particularly slow, as noted by the 2011 Country Presence Policy and Strategy. The main reasons the document mentions were the lengthy protocol procedures required for the official establishment of ICOs on one side and the difficulties encountered in the process of identification and recruitment of the appropriate candidates based on the IFAD HR policies. These did not envisage sufficient incentives for out-posting or adequate career development rewards. With the adjustment of such policies and the speeding up of the official acknowledgement processes in some countries, deployment of CPMs started speeding up and IFAD will be able to achieve its target of 20 out-posted CPMs by mid-2013 (Table 14).

Table 14
Out-posting of IFAD's CPMs (2008-2013)

	2008	*2009*	*2010*	*2011*	*2012*	*2013*
Total	4	2	1	1	10	2
Cumulative	4	6	7	8	18	20

Source: IFAD's country presence policy and strategy, 2011; CLE's on SIS policy, own assessment, 2013.

157. Given the limited time elapsed since out-posting and the small sample size of out-posted CPMs during the course of this evaluation, this CLE could collect only anecdotal evidence in terms of their impact on the quality of supervision. However, the feedback obtained so far is very positive. In-country stakeholders mention the numerous benefits associated with the permanent presence of the CPM. In particular, partner governments appreciate the possibility of taking decisions promptly for the projects and the country program as a whole and appreciate the continuity of dialogue and support that they are warranted.

158. **Staff training and guidance.** In 2007, a supervision support unit was established in the PMD Front Office (staffed by one full-time professional and one full-time general service) to facilitate the adoption of supervision responsibilities across the organization. This unit developed and established systems for handling withdrawal application processing and provided services to regional divisions to process withdrawal application and review procurement decisions. An important aspect of this work was the development of training materials to assist staff complying with the new supervisory role. To date, more than 251 staff members have completed this training programme, of which 63 were ICO staff. A major focus of this was training in fiduciary areas, particularly procurement. This is further discussed in the next paragraphs.

159. Management still expresses concern about the adequacy of training of CPMs and ICO staffs on fiduciary issues. This was also reflected in the assessment of CPOs who participated in the Survey, though not in the views of the majority of CPMs. This would seem to suggest that many CPMs are delegating responsibilities on fiduciary issues to their CPOs who do not feel that they have an adequate comfort level in this area. Most CPMs are careful to ensure that there is proper coverage of procurement and financial management in the staffing of supervision missions. An instance of good practice that the evaluation found was the use of local consultants in this area in Viet Nam. Two fiduciary specialists are on a retainer and participate in all supervision missions in addition to providing implementation support between missions. The ability to communicate in the local language, and familiarity with government procurement systems are major assets in this regard. This is a model that IFAD could well consider replicating in other countries.

160. On the other hand, training of IFAD CPMs and CPOs in the non-fiduciary aspects of project supervision and implementation support has been much thinner and a

number of CPMs and CPOs indicated to the evaluation team that they could usefully benefit from enhanced training efforts on development topics or how to trouble shoot certain implementation issues.

161. **The role of consultants.** An important part of the argument for direct supervision, reflected also in the findings of the 2005 CLE on the Direct Supervision Pilot Programme, was that in essence CIs were acting as consultants and that they had little accountability for supporting effective project outcomes. At the same time the use of CIs resulted in less effective follow-up by CPMs and a missed opportunity for an enhanced learning loop for better project designs. Also the 2005 IEE concluded that the Fund's "extensive use of consultants limits its learning ability" and the findings of the generation of CPEs that followed the change to direct supervision validated this assessment. The India CPE, for example, found that during the period of CI supervision, the reports prepared were generally of good quality with valuable insights into what needed to be done, but that very little happened between supervision missions. The CI staff went off to supervise projects in other countries, while the CPM was occupied with developing the new project pipeline. The findings of the CLE on the DSPP also report that governments appreciated the stronger engagement of the CPM in supporting the effectiveness of project implementation. This said, IFAD's current operating model precludes a sharp reduction in the use of consultants, because of CPMs current workload and their limited support staff.

162. The average size of IFAD supervision missions is about 6 members (Table 2 Annex 5), while implementation support missions include an average of 3.5 members each. While it is difficult to arrive at precise estimates, consultants constitute the bulk of the team members – about half of the supervision mission members. The proportion of consultants in supervision missions is well above that of the other IFIs (the World Bank, for example, uses consultants for about 30 per cent of its supervision teams, and many of these are former staff members, who had participated in preparation of the project). IFAD tends to use consultants in both the fiduciary and technical areas. Other IFIs focus their use of consultants on technical skills where they may not have a critical mass of expertise available to support all supervision activities.

163. From an efficiency perspective, as IFAD increasingly out-posts it's CPMs and builds up its Country Offices, there is likely to be much greater reliance on local consultants in supporting activities such as supervision. The evidence of the CCS is that the role of regional and local consultants is expanding albeit from a rather low base. In some cases these local consultants are being used in other countries in the same region. This is happening in both the Latin America region and North Africa for example[54]. In general, however, the impression is that other IFIs, perhaps because of their larger field presence, have moved much more rapidly than IFAD to reliance on local consultants for staffing of supervision missions.

164. The most important difference between IFAD and other IFIs in this regard however, relates to the use of consultants for leading SMs where most other IFIs only very rarely use consultants. In 2010 and 2011 about 38 per cent of IFAD supervision missions were led by consultants, and in particular they led two-thirds of the Mid-Term Reviews in those years. While there is little doubt that strong consultant technical input is required into the MTR in order to identify new directions and provide fresh and independent insights, as indicated above there is also a need for the CPM's strategic leadership to ensure that those directions and insights are acted upon.[55]

[54] . In Honduras IFAD is using a Guatemalan consultant to cover issues of Marketing and Market Access on its projects.
[55] The costs and benefits of using consultants is reviewed in detail in the CLE on Efficiency which points out the problems of loss of institutional memory and effective cross-country learning through using consultants and argues for a partial shift towards increased reliance on in-house technical expertise lodged in PTA.

165. **The role of in-house technical expertise.** Until 2011 IFAD made relatively little use of in-house technical expertise in supervision. PTA is the institutional source of technical staff skills. However, its staff spent most of their time on the QE/QA review processes of design documents. In 2012 PTA management decided to counteract this situation and make its staff available for all design missions and approximately 25 per cent of supervision missions. The idea was to establish a demand-based service with the CPM requesting support from PTA and paying the travel costs. This is obviously a very attractive service for CPMs as this provides at a limited cost PTA staff expertise and institutional knowledge. PTA currently has about 20 professional staff on board. Only eight PTA staff members have technical or economics degrees in agronomy, agriculture, or rural development[56]. PTA has an additional complement of 14 consultants, but none of these are agronomists or rural development specialists. As a result, PTA can play a critical role in providing cross-country, cross-regional knowledge and an institutional perspective on IFAD's work programme as the CLE on IFAD's efficiency pointed out. Currently PTA provides support on a first-come-first-served basis. In the long run, it may be appropriate to consider a better prioritized approach to PTA participation in SIS missions, focusing for example on the MTR. PTA could also play a particularly useful role in helping CPMs and CPOs establish in-country pools of local consultants. PTA could provide some mentoring and support so as to ensure the quality of these consultants' expert services to the country programmes.

166. **The role of partners' technical expertise.** The on-going IFAD grant-funded operations at country and regional level, can supply relevant and effective technical expertise for SIS purposes. In India, ICRISAT agreed to send their TA to a number of IFAD SIS free of charge with the objective to assess the potential for scaling-up the adoption of their improved seeds and to strengthen their partnership with IFAD. Likewise, IFAD is negotiating with FAO a Memorandum of Understanding in order to avail of the FAO staff, currently under-tasked, in its 107 country offices. Likewise, a collaboration with the FAO/Investment Centre could be pursued with objective of mutual interest. These are only examples of the untapped resources that could be made available through effective partnership arrangements. The overall performance in the area of Efficiency is rated Satisfactory.

D. Overall assessment of SIS activities at project level

167. Despite the intensive process of organization change in the last few years, IFAD has acted on the implementation of the SIS policy with energy, expanding its workforce at HQs and country-office level. These efforts have been appreciated by key stakeholders. At the same time, SIS activities place a very heavy burden on PMUs[57], with excessive data requirements. Further, SIS activities don't always reflect a partnership relationship between IFAD and GOVs/PMUs. The evaluation team has indicated a number of areas where improvements could be considered by management, while preparing the new Guidelines and achieved at relatively low cost. IFAD's efforts in SIS activities are rated Satisfactory at project level, a composite of the Moderately Satisfactory for their Relevance, and Satisfactory for Effectiveness and Efficiency.

[56] It is observed that however PTA does not avail of project management expertise. According to ESA's portfolio analysis, the quality of project management is the most important element affecting project performance.

[57] The evaluation team asked all PMUs they met with whether on balance they felt that the supervision mission had added value. The general response was positive. But the reason given was often that the supervision mission had helped them to understand and meet IFAD's own requirements and not that it had added to the project's performance or achievement.

Key points

- There are many different factors that drive the design of supervision missions and one size cannot possibly fit all in this area.
- The duration of supervision missions sometimes does not allow enough time for discussion and feedback to the PIU on the mission findings.
- The CPMT is proving an effective mechanism in a number of countries for enhancing both government ownership and the role of partners in the supervision process.
- Many SRs are lengthy, with recommendations that are not sufficiently focused on the key areas of follow up.
- There is some scope for saving costs on supervision through supervising at the programme level especially through covering fiduciary areas across programmes.
- There is a need to reflect on how the CPM can make the most effective contribution to the supervision process, perhaps through selective leadership of key missions.
- Increasing use is being made of CPOs for mission leadership and needs to ensure that it builds the capacity of these staff.
- IFAD has not yet taken sufficient advantage of its country offices to increase the involvement of local consultants in the supervision process.
- While it is difficult to prove from the numbers that the quality of IFAD projects has improved as a result of SIS activities, it seems clear that overall it has not deteriorated.
- A positive step to strengthen the management of fiduciary controls and loan processing was taken in 2011 through moving responsibility for these areas to a central unit, CFS.
- Overall the evaluation judges IFAD's supervision at the project level to be satisfactory, and at least on a par with the supervision of agricultural and rural development activities in other IFIs.

V. The assessment of SIS activities at country programme level

168. As discussed in Chapter II, the evaluation drew a distinction between the role that SIS has played in supporting projects performance and its role at the country programme level. This is because the rationale for moving to SIS was based not only on improving project outcomes but also on the positive externalities of the process e.g. the enhanced capacity of IFAD to deepen its knowledge and engage in a dialogue on issues that arise out of SIS activities, to close the learning loop between design and implementation, to share knowledge more effectively across projects, and to build more effective partnerships. It is obviously very difficult to attribute any outcomes in this regard to the SIS given the recent approval of a series of new policies and strategies and given the simultaneous implementation of the decentralization strategy. All these elements have contributed to the new operating model and have arguably played a role at country program level. The evaluation team therefore looked at the SIS activities in relation to four specific areas – the RB-COSOP, knowledge management, partnership building and the policy dialogue – without the intention to provide ratings.

A. Results-based COSOP

169. On 13 September 2006 IFAD's Executive Board approved a new format and approach for IFAD's country programmes, with much more emphasis on results, accountability, and country ownership[58] . The Board also agreed on a new instrument to describe and manage IFAD country programmes i.e., the Results Based Country Strategic Opportunities Programme (RB-COSOP).

170. The roots of the results-based approach lied in the increasing public concern with development effectiveness and the concerns about the transactions costs implied by uncoordinated donor activities. Old style IFAD COSOPs, for example, focused on investment projects as the key instrument for delivering IFAD's development assistance. As this became more varied through the increase of non-lending activities and pooled financing arrangements became more popular, there was the

[58] EB 2006/88/R.4

need for the country strategy to evolve into a vehicle for linking various elements together to capture areas of synergy and complementarity. Consequently, the emphasis shifted to results, performance management, learning and accountability, "bringing with it the need for compliance with the country led alignment and harmonization agenda, including consistency with country-owned strategies and better donor cooperation"[59].

171. The third agreed recommendation of the 2005 CLE on the DSPP envisaged that an overall approach to supervision and implementation support be developed at the time of preparing the COSOPs so that it could be developed in a holistic manner and kept the country programme as a whole at the centre. The recommendation was implemented as the RB-COSOP standard outline includes a section on supervision[60] and twenty two of the thirty-four RB-COSOPs developed in the period 2008- 2012 contain substantial details on IFAD's supervision offering a sense that SIS is used as a tool to manage not only portfolio performance but also to support greater integration between the various lending and non-lending activities across a country programme.

172. Given the enhanced attention paid to learning from supervision in the newest version of RB-COSOP Guidelines, the evaluation focussed its review on the ten most recent RB-COSOPs for the period ending in mid-2012. All of them include references to supervision arrangements. The level of details, however, varies considerably. Six have a very good level of analysis and details on arrangements and their SIS strategy is solidly based on past supervision experience, on what did and did not work in helping performance management. Four present a more modest level of details and attention is paid more to the RB-COSOP management as a whole rather than how to use effectively the instrument of SIS. All ten include a section on the lessons learned from supervising the projects in the portfolio. Seven of these were evaluated as drawing specific and useful lessons which influenced the design of the new country programme and proposed activities.

B. Knowledge-sharing

173. While most IFAD strategies, policies and guidelines highlight the importance of integrating knowledge gained during the supervision process in project design and country programme formulation, most internal and external assessments tend to say that IFAD is not doing a good enough job in this area and that knowledge management as a whole is weak. The evaluation team is of the view that the time has come to change what seems a common belief on this topic.

174. First, the constant improvement in the QA ratings at-entry can be attributed, among other factors, to the learning loop into project design generated by SIS activities. This is acknowledged by the 2012 annual report on Quality Assurance of IFAD's projects and programmes. As shown in Table 15 all four RMF categories have met the 2012 corporate target on quality at entry.

[59] IFAD Guidelines for the Preparation and Implementation of RB-COSOPs, 2011, Page 1.

[60] The Board adopted a new results-based COSOP format in September 2008. The section on Country Program Management would contain a description on country presence arrangements, supervision modalities, annual country programme implementation review workshops and country programme management team arrangements.

Table 15
Average quality at entry ratings and % of projects with satisfactory or better overall ratings

Average Quality-at-entry Ratings and % of Projects with Satisfactory or Better Overall Ratings[i]

RMF ratings	Description	Average rating					Percentage of projects with Satisfactory or better ratings					2012 Target
		2008	2009	2010	2011	2012	2008	2009	2010	2011	2012	
RMF 1	Effectiveness of thematic areas	4.5	4.6	4.6	4.5	4.7	87	94	97	93	97	90
RMF 2	Projected impact on poverty measures	4.6	4.6	4.7	4.5	4.7	87	88	97	95	100	90
RMF 2D	Gender equity and target population	4.6	4.5	4.7	4.6	4.6	82	85	92	95	94	-
RMF 3	Innovation, learning and scaling up	4.4	4.2	4.1	4.2	4.5	83	79	78	85	94	90
RMF 4	Sustainability of benefits	4.4	4.4	4.3	4.2	4.3	80	85	72	83	94	90
Average		4.5	4.4	4.4	4.4	4.6						

[i] Quality-at-entry ratings are based on a scale of 1-6, where 1 is highly unsatisfactory and 6 is highly satisfactory. The percentage indicates the number of projects receiving a rating of 4 or better out of the total number of projects.

Note: 2011 and 2012 data includes two sets of RMF ratings for two projects – one that was reviewed in 2011 and the other in 2012.

Source: Annual report on quality assurance in IFAD's projects and programmes, EB 2012/107/R.8/Rev.1

175. Further, the benchmarking study suggests that for many, though not all, of its borrowers, IFAD is doing a better job at sharing the knowledge gained through project implementation, than other IFIs. The Country Offices are making a major contribution to this. Country Programme Officers rightly see this as one of their key functions and wherever country offices exist, a variety of mechanisms have been put in place to share knowledge and disseminate innovations. The contrast with countries where there is no CO is striking. Any knowledge sharing that occurs is accidental – a by-product of, say, a consultant who is knowledgeable about another project within the country program and is being part of the supervision mission to another project. By contrast, in countries like India, the Philippines and Viet Nam (see Box 8), the CPO leads an active programme bringing together project managers and teams, government officials, and civil society to discuss experience and promote various programme related objectives. In addition to the efforts of the CPOs, IFAD's regional divisions have taken numerous initiatives to support country programmes through measures such as region specific web sites, regional workshops and knowledge networks as well as knowledge sharing events. Good practice examples, such as the annual Analysis and Learning Markets in the Philippines, could be cited for a number of countries where a Country Office has been in place for three years or more.

Box 8
Knowledge-sharing in Viet Nam

> In Viet Nam each project has a web-site that is well-populated with information about activities, there are extensive training programmes for staff and beneficiaries and visits are undertaken to other provinces where IFAD programmes are being implemented in order to share experiences. An interesting initiative is that, under the Learning Route Program implemented by PROCASUR, a group of Viet Nam PDs was taken to Peru on a study tour to visit the IFAD programmes in that country. This being said, IFAD has now in place an extensive programme of knowledge sharing events in all regions.

Source: Country case study for Viet Nam, 2012

176. The stakeholders survey revealed a very high demand for knowledge sharing opportunities and support in better managing knowledge from PDs. In their observations on what constituted a good practice in SIS, PDs made reference to

missions that dedicated adequate time to knowledge sharing and learning. PDs showed a sharpened awareness of the importance of accessing and managing knowledge generated through the supervision process which is a remarkable achievement per se. About half of the consultants found that more could be done in terms of attention paid to this aspect during SIS missions.

177. In their suggestions for improving SIS, PDs provided numerous ideas that would help meet their need to access lessons learned from supervision at regional and global level. In particular, they referred to the need to access to information on projects similar to theirs in other country contexts and learn from them on what did and did not work. Some CPMs interviewed for the preparation of the Country Case Studies, consultants and PDs participating in the survey affirm that a very good tool for sharing knowledge is the instrument of the study tour where beneficiaries and their organizations, project staff and staff of implementing agencies are given the opportunity to visit projects that have successfully implemented innovative models and learn from them directly about how to replicate them. IFAD has supported the implementation of the learning route methodology in various countries[61] and its impact on sharing knowledge and enabling cross fertilisation among projects seems very promising. CPMs and CPOs also swear by the cross-supervision experience, where they are given the opportunity to supervise projects on behalf of their colleagues. They consider this measure extremely effective in sharing cross-country knowledge and beneficial for both IFAD and the partner governments.

178. Given these and other examples of good practice, this evaluation offers some suggestions for further improvement as follows:

- The experience in some countries suggests that although IFAD's knowledge sharing is reaching the top managers in the central PIU, it is not reaching the middle level/local office staff nor project implementing partners. Hence, IFAD may require deepening of efforts to expand its knowledge outreach.
- Apart from in-country knowledge sharing programmes, IFAD could organise more regional events for thematic areas, such as for those in charge of M&E of its projects, to give one example. This is being done occasionally but a more systematic programme of this kind could be instituted.
- While most projects have websites and there are regional websites, there are few country-level websites – these would help to share knowledge across projects within the country.
- In addition IFAD may want to help foster better knowledge sharing across the rural development donor community, building not only on its own experience but also those of partner institutions.
- Finally, IFAD may want to make knowledge management as the primary responsibility of its Country Offices given the comparative advantage they have demonstrated in this area.

C. Policy dialogue

179. IFAD's SRs document the experience of its investments designed to reduce rural poverty and identify the constraints that arise in the course of implementation. These constraints may be related to existing national policies. As a result, bringing them to the attention of key government officials is an important step of the supervision process.

180. The most common issues arise as a consequence of the Government's operating procedures. One is handling the HR aspects of projects. In India, for example, the Government policy for frequent rotation of IAS officers can mean that PDs have

[61] The CLE reviewed examples in all regions.

very short tenure – one IFAD project had nine directors in as many years. In Tunisia, all except three members of the PMU are consultants with no contract beyond a year. Supervision Team Leaders point out that HR issues take up an inordinate amount of their time, almost go unnoticed in supervision reports, and are very rarely resolved within a SIS mission or through follow up work.

181. Consultants estimate that attention to policy dialogue during SIS missions is overall limited and 43 per cent of them consider it overall unsatisfactory[62]. This may be due to the fact that the majority of the policy dialogue is conducted by CPMs and CPOs personally and the PMU staff, and only limitedly by consultants (Table 16). Further, the occasions in which policy dialogue activities take place are primarily discussions held at sector working groups (Table 17). Other useful occasions are ad hoc fielded missions, COSOP/design missions and SIS missions. Some CPMs have pointed out that these events are supported by regular correspondence and follow up with the concerned policy makers on their side and that achievements in this area would have not been possible otherwise.

Table 16
Who conducts policy dialogue?

	CPOs		*CPMs*	
	Yes	No	Yes	No
1. Consultants	23%	77%	40%	60%
2. Staff of the PMU	54%	46%	70%	30%
3. CPO	92%	8%	100%	0%
4. CPM	92%	8%	72%	28%
5. Local government	77%	23%	42%	58%

Source: Stakeholders survey, 2012

Table 17
Venues of policy dialogue- % average by category of respondent, by venue

			CPOs		*CPMs*
	Yes	No	Don't Know	Yes	No
1. SIS missions	69%	31%	0%	80%	20%
2. Ad hoc fielded missions	54%	23%	23%	85%	15%
3. Discussions held at sector working groups	77%	0%	23%	80%	20%

Source: Stakeholders survey, 2012

182. Part of the problem is that IFAD has not thought through the issue of how to conduct a policy dialogue with Governments on broad rural poverty issues or systemic project implementation issues brought up during the supervision process. This is not a matter of the CPM calling up his or her counterpart, asking for a meeting and tabling a set of issues. Policy dialogue needs to be embedded in a structure of inter-actions with the Government. One interesting option is to embed policy dialogue in the project design. A complementary approach would be commissioning studies on policy problems and using learning events as a way of disseminating these studies to a wider audience. A focused study conducted by a team of local and international experts with its findings being well disseminated in the country could add to the depth of IFAD's knowledge and understanding of the

[62] Stakeholders Survey, 2012

problems of rural poverty reduction. IFAD would be more effective if its policy dialogue was based on solid, well-researched evidence.

D. Partnerships

183. Several IFAD projects in the sample reviewed for the Country Case Studies, have co-financing from bilateral sources. The evaluation team found very few cases, however, where it would have been appropriate to use the word partnership to describe these co-financing arrangements. A partnership reflects a division of labour based on the comparative advantage of each institution so that hopefully the end-product is better than it would otherwise have been. Partnerships need to be established at the design stage of a project. The role of supervision and implementation support is to ensure that the partnership adds the value to the project that was foreseen at the design stage. The design of the IMPP in Viet Nam has some genuine elements of a partnership of this kind in the synergies between IFAD's community development support and the technical assistance for livelihoods development offered by GIZ to the two provinces participating in the project. By carrying this partnership through into the supervision missions IFAD and GIZ have been able to ensure that their respective contributions to the project's outcomes are maximised.

184. Such partnerships are more difficult with other IFIs. A successful partnership with an IFI requires recognition that while one is in the lead, the other has clearly defined responsibilities and accountability for providing support as and when needed in its areas of expertise. Unfortunately this is rarely the way that the IFIs conduct business with each other. Usually, neither the senior nor the junior partner is willing to compromise its own institutional priorities in terms of timing and staff allocation. Governments such as India and Brazil which have a strong focus on aid coordination, have simply given up on IFIs working together and steer them to different regional or economic priorities. There are good practice examples however. Generally they start with a commitment on the part of the Government concerned and a positive attitude on the part of the local IFI representatives. The cases of Rwanda and Kenya in Box 9 below show that partnerships do not need to involve project cofinancing in order to have an impact.

Box 9
Effective partnerships in Rwanda and Kenya

- In Rwanda parallel World Bank (RSSP) and IFAD (PAPSTA and KWAM) projects have been able to benefit from good collaboration in using approaches pioneered by the partner institution. The key here was the role played by the Rwandan Ministry of Agriculture in establishing an Irrigation Working Group including World Bank and IFAD funded projects. Group members agreed that the development of a legal framework to support independent, single function, and user-led WUAs was of paramount importance – this was stressed in project design documents as well as by SIS missions. IFAD SIS missions and RSSP TA were able to develop draft WUA by-laws. A subsequent IFAD SIS mission to KWAMP developed a draft Irrigation Management Transfer Agreement, Model By-laws, Model WUA regulations and a draft Ministerial Order for the establishment of WUAs on government funded irrigation systems. This order grants land and water rights to WUAs operating independently within the areas allocated to cooperatives' management – a solution that will likely be up-scaled country-wide. The development of the operational framework for Water Users' Associations (WUAs) is now well advanced in Rwanda and a WUA training module is being implemented, for training of trainers and WUA members).
- In Kenya, the Programme for Rural Outreach of Financial Innovation and Technologies (PROFIT) was designed in close coordination with key partners in the donor community and taking into account experiences of other donors in supporting the financial sector (GIZ, KFW, SIDA, World Bank, DfID, USAID). Consultations were also held with Danida to learn from its experience with value chains and enterprise innovations. PROFIT is an approach that can easily be scaled up, and discussions have been held with the World Bank, the EU and USAID about their co-financing PROFIT as a follow up to the Enhancing Agriculture Productivity Programme (EAPP), financed by them. In addition PROFIT is working with a large group of implementing partners (mainly NGOs including AGRA) and will channel significant funding through these implementing partners.

Source: Country case studies for Rwanda and Kenya

185. The general failure of the IFIs to develop meaningful operational partnerships is a particularly important obstacle for IFAD which specialises in 'pilot' projects and relies on Governments or partner agencies to promote replication and scaling up of these projects. Even more serious is the failure to develop more systematic knowledge partnerships. This is particularly serious for small IFIs such as IFAD which do not have enough capacity to engage in the creation of new knowledge or the systematic aggregation of existing knowledge. IFAD needs to follow up the findings of its supervision missions with targeted discussions with the World Bank and regional banks to discuss how best to address some of the many difficult issues it is dealing with. IFAD's increasing country presence is a huge step in lowering the transaction costs for other IFIs of partnering with IFAD – a significant constraint in the past.

Key points

- The content of the majority of the RB-COSOPs developed in the period 2008 - 2012 provides a sense that SIS is used as a tool to manage not only portfolio performance but also to support greater integration between the various lending and non-lending activities across a country program.
- IFAD is doing a better job at sharing the knowledge gained through project implementation, than other IFIs and SIS has been instrumental, particularly through the ICOs, for this purpose. Demand is high for regional sharing of lessons learned emerging from SIS and for thematic areas, such as M&E.
- IFAD has not internalized how to conduct an evidence-based policy dialogue with Governments on broad rural poverty issues or systemic project implementation issues brought up during the supervision process. This will require commissioning studies on policy problems and using learning events as a way of reaching a wider audience.
- The general failure of the IFIs to develop meaningful operational partnerships is an issue in particular for IFAD which specialises in 'pilot' projects and relies on Governments or partner agencies to promote replication and scaling up of these projects. IFAD can follow up on the findings of its supervision missions with targeted discussions with development partners to discuss how best to address some of the issues it is dealing with.

VI. Benchmarking IFAD's SIS against other IFIs

186. An important element of the evaluation was a benchmarking exercise carried out to understand how IFAD's supervision compared with that of other institutions. The major purpose of this was not to provide a ranking of supervision but rather to derive lessons from good practices in other institutions. A formal framework was used for this purpose so that the data obtained would be comparable. This followed the conceptual framework used for the evaluation. The full comparative assessment is provided in Annex 3.

187. **Adequacy of Coverage and Frequency of Missions.** In almost all cases the supervision mission is initiated through Terms of Reference cleared both internally and with the host government. Increasingly the IFIs are moving to a cycle which plans the timing, frequency and coverage of supervision mission on an annual basis to allow for sufficient advance planning in organising the mission and avoid the need to get agreement at the last minute when any delays can be extremely costly.

188. IFIs such as World Bank, ADB and AfDB use a standard of at least one full supervision mission per year, but more frequent missions for projects at early stages of implementation, or ones that are rated 'at risk'. Missions usually last one to two weeks on average and are composed of 2 to 6 staffs and consultants, who only very rarely take over the leadership role. Increasingly Country offices are taking over the supervision function – the World Bank and IDB, for instance, now have 70 per cent of supervision missions led by staffs stationed in the field. Country Offices also host the specialists that are in charge of the fiduciary oversight which is carried out on an on-demand basis independently of the main mission. The mission itself focuses on technical and institutional issues.

189. In terms of costs, a figure of US$100,000 a year seems average for most IFIs, though the variations are enormous between projects and accurate comparisons are practically impossible due to a lack of staff time accounting system for the regional development banks.[63] Most IFIs also do not separate out supervision and implementation support as separate budget or management categories. It is particularly difficult to estimate how many resources are absorbed by the first or the second.

[63] As a result, only discretionary costs such as travel and consultants are budgeted and included in the above estimate.

190. It is noteworthy that the basic IFI supervision model evolved during a period when IFIs had very limited presence in the field. Supervision had to be carried out from headquarters and for this purpose it was efficient to mount supervision missions at fixed intervals – usually six monthly or yearly – with teams sent out from headquarters for one to two weeks and project authorities asked to prepare data on project progress in advance of the mission's arrival. As IFIs have expanded their field presence and, in particular, have located fiduciary staffs in country offices, or in regional hubs, the periodic supervision model has evolved towards a combination of more frequent small missions looking at specific aspects of project implementation. Some IFIs such as AfDB are considering a more radical move towards carrying out supervision on a continuous basis, responding to demands from project authorities for support, and taking a more thematic approach to project review e.g. a gender specialist reviewing gender aspects of all projects in a country separately from other team members. In practice, the transition to a continuous supervision model involves trade-offs that raise serious questions as to whether this is the way to go. Box 10 below examines the issues involved.

Box 10
Periodic supervision or continuous supervision?

It is difficult to define a satisfactory model based entirely on continuous supervision, and most IFIs such as World Bank, IDB and ADB are moving to a hybrid system where different activities are carried out at various times through the year, but there is still a focal mission at a particular point in time that is responsible for the preparation of an Aide Memoire and a Supervision Report. The problems with continuous supervision are worth looking at more closely:

It requires a much more effective M&E system than most projects now have in place, with a hierarchy of data collection points based on the results framework: e.g. monthly data on inputs (e.g. man-days worked on rehabilitating roads) ; quarterly data on outputs (e.g. kilometres of roads rehabilitated) ; annual data on outcomes (e.g. change in traffic volumes on rehabilitated roads and reductions in vehicle operating costs) ; and three yearly data on impacts (changes in volumes marketed and incomes in area served by the roads);

- It runs the risk that constant interventions will impair the ownership of the project team and promote dependence on a hand-holding approach;
- It can impose an even greater burden than periodic supervision, on the time the project team has to spend to accompany and service visiting supervisors.
- It may lose the synergies derived from bringing together different specialists who can inter-act with each other as they review the project; and
- The requirements for follow up actions may not be presented as systematically and with the context, provided by a periodic review mission, and may not as a consequence receive as careful consideration.
- While in principle many of these problems can be overcome, it is difficult to argue that the weaknesses of the traditional approach are such as to warrant a sweeping change. The hybrid approach combining less frequent full-scale supervision – once a year AMs and reports should be adequate, even for poor performing projects – combined with more frequent short missions, seems to provide most of the benefits, but avoids the potential costs of continuous supervision.

Source: Benchmarking study, 2012

191. **Ownership and participation.** All IFIs are very clear that their public sector loans support the Government's projects and that the Government has primary responsibility for both implementation and supervision. The role of the IFIs is then to monitor those efforts in general and the compliance with the financing agreements in particular.

192. There is increasing focus on ownership, not just at the country level, but also at the sub-national, local and community levels. A number of interesting approaches are being piloted, including by IFAD for this purpose (see the discussion on the role of the CPMT in Sudan in Box 3). In its work on the ARD sector, the World Bank is making increasing use of techniques such as community scorecards and the posting of contracts in the community. A second approach being used is grievance redressing mechanisms. These are being built into the project design so that those who feel that they are unfairly treated have an opportunity to seek redress. A third approach relates to the use of technology – mobile telephone surveys of project beneficiaries, and the use of geo-referencing of project activities.

193. The principle of country ownership is still seen, however, in contrast with the responsibility of IFIs to discharge fiduciary oversight functions. Country leadership in programme design and implementation is seen as linked to the achievement of results on the ground and the monitoring of those results. This should be accompanied by reliance on country systems for procurement, financial management and environmental safeguards. However, this has not been the case in general, given the continuing concerns about potential misuse of funds in many countries.

194. Results frameworks have become an overlay of additional requirements over and above the control on expenditures for inputs. Hopefully, over time, the focus of supervision will shift to putting in place monitoring systems that enable the IFIs to demonstrate value in terms of results on the ground, to their shareholders. In the meantime the IFIs are increasingly focusing on helping countries to strengthen their fiduciary systems so that they can be certified for project implementation purposes. IDB systematically includes in its country strategies a discussion of the steps needed to strengthen country systems and the role IDB can play in support. AfDB follows a similar approach.

195. IFAD should strengthen its focus on the use of country fiduciary systems for smallholder-based rural development programmes, by devoting specific attention in the COSOP to this issue; by providing technical support for improved country systems through its grant programme; and by incorporating these issues in the enhanced portfolio review process discussed earlier.

196. **Quality of the supervision report.** The IFIs are moving away from large omnibus reports that are rarely read from cover to cover, even by the project team. Overall the quality of IFI reporting is good and there is increasing concern to use the report to identify a limited set of key issues that are important going forward.

197. While this has not been systematically measured by the evaluation team, the impression is that IFAD produces the lengthiest SRs of any IFI. These are both time-consuming to produce and burdensome on counterparts to read and absorb. IFAD needs to give high priority to producing shorter reports that focus on key issues and risks, rather than hand-holding PIUs through every step they need to take in the months ahead.

198. **Ratings remain an important tool for all the IFIs.** These are also appreciated by most project units as providing them with a convenient summary measurement of how the project is performing over time. There is concern however, both on the side of the IFIs and project authorities that ratings are highly subjective and the basis for them is often not well understood. This applies particularly to ratings for the likelihood of achieving development objectives. Project teams are particularly

frustrated when a rating is agreed during the mission and then changed by the IFI management back at headquarters, without proper feedback being provided to the project authorities. To deal with some of these problems, most IFIs are moving in the direction of providing ratings based on objective criteria relating to the achievement of projected outputs and the relation between inputs and outputs. The Performance Monitoring Review of the IDB, and the new system being put in place by the ADB and AfDB all go towards this direction.

199. **Follow up.** The IFIs continue to use the device of the signed and agreed Aide Memoire, though increasingly staffs are being instructed that they can 'agree to disagree' if they feel it is important to get key messages across even if they are unpalatable. On the whole management layers above the TL rarely get involved in the follow up process unless there are major problems. All the other IFIs have in place an annual (or more frequent) portfolio review process that allows for a dialogue on systemic issues to be carried out with senior officials in the Ministries of Finance, Planning and the line Ministries involved in the project. The IDB makes particularly effective use of its Technical Cooperation instruments in order to provide for support to the country on issues identified in the course of supervision.

200. The emphasis of shareholders is on whether projects meet a certain minimum standard of achievement/acceptability generally defined as a rating of Moderately Satisfactory or above. While this is understandable, it is leading to a disproportionate focus on outliers – projects that fall below this level. The AfDB for example produces a monthly Outliers Report that focuses on 'problem projects'. This also leads to a great deal of emphasis on ensuring that projects are at least Moderately Satisfactory and very little focus on how to make move projects up into the ratings categories so that more are Satisfactory/Highly Satisfactory.

201. **Supervision during the project cycle.** While in general the supervision cycle is similar, other IFIs generally are at a more advanced state of project readiness when projects are launched. There are two reasons for this. First, they have Project Preparation Facilities which allow for preparatory steps to be taken and for project readiness to be achieved by the time of loan approval; second, they work through existing institutions or government departments to a much greater extent than IFAD, so that initial actions can be taken in advance of project approval. While all IFIs make use of MTRs, the IDB clearly identifies this as a part of the responsibility of the borrower, funded out of project resources.

202. As far as later stage supervision is concerned, there is much less focus on sustainability in other IFIs than in IFAD. This is not necessarily a positive finding for IFAD however. Sustainability is mainly about the continuation of an institutional mechanism which can carry out the project functions even when funding has ended. By definition a PIU will not be financed after the project has ended. Other IFIs make much greater use of Government departments and agencies as implementing agencies for their projects. This helps both on the readiness of the project for implementation prior to loan approval, and even more importantly on the assumption of project functions by the department or agency concerned when the project reaches its closing date.

203. **Supervision in the broader country programme context.** *Policy Dialogue*: All the other IFIs have mechanisms that allow the 'promotion' of issues identified through project supervision, to the level of policy dialogue with the Government. By and large this is the annual project portfolio review process headed by a senior official of the concerned IFI. *Knowledge sharing*: By contrast IFAD's knowledge sharing activities in countries with CPOs and large portfolios compares favourably with that of other IFIs. This has been enabled through the recruitment in Country Offices of experienced and energetic CPOs who are proving to be very effective communicators, with good support from the regional divisions within IFAD. *Partnership building*: The IFIs have in general been ineffective in building

partnerships around supervision. This seems to work best where Governments take an active role in aid coordination and insist on IFIs working together in selected areas. *Strategic use of the grant programme*: The IFIs generally avail of larger extra-budgetary funds, including multi-donor trust funds, and use these resources for analytic work, technical advisory services, project preparation, dissemination activities, and knowledge sharing. IFAD uses its grants mainly as a source of funding for technical assistance for its projects, and for carrying out miniaturised versions of its projects in response to ad hoc requests.

Key points

- IFAD's supervision is consistent with the approaches used by other IFIs and the evaluation did not detect major differences in approach.
- An important trend in IFI supervision is the emphasis on the development of results frameworks which allow for more quantified, less subjective assessments of whether projects are achieving their development objectives.
- For this purpose there is increasing emphasis on having in place more effective monitoring and evaluation systems at the project level.
- Most other IFIs projects are able to get off the ground more quickly after approval than IFAD's projects, due to the availability of Project Preparation funding. This is a major gap in IFAD's approach which needs to be closed.
- IFAD should consider senior management involvement at say three yearly intervals in its portfolio reviews.

VII. Conclusions and recommendations

A. Conclusions

204. With the approval of the Policy on Supervision and Implementation Support in December 2006 IFAD embarked on a fundamental change in its business model by taking responsibility for supervising the projects it finances, and supporting its programme through the establishment of country offices. The objective of these changes was to enhance the impact of IFAD's country programmes on rural poverty reduction, not only through better project outcomes, but also through a more effective policy dialogue, through scaling up proven successes at the project level to the national level, through closer partnerships, and through expanded efforts to share knowledge.

205. Despite the fact that the Policy was implemented in the middle of a major institutional transformation, IFAD moved very quickly to its own supervision, internalizing the budget previously given to its cooperating institutions and investing these resources to establish country offices, recruit CPOs, carry out training activities, expanding the number of CPMs and providing incentives for their outposting.

206. In accordance with its objectives, the CLE assessed first whether the key performance indicators set out in the results framework of the IFAD SIS Policy have been met and subsequently focused its assessment on IFAD SIS activities at project and country program levels. While the SIS policy was found highly relevant and effective, as far as SIS activities are concerned, there are important achievements and some weaknesses at both the project level and the country programme level.

207. Before moving to the recommendations, summarised here below is the response to the evaluation questions that were put forward at the beginning of this evaluation.

208. **Are IFAD's supervision activities adequate in terms of timing and duration of missions, level and composition of supervision teams, and overall budget?**; In general the CLE finds that the frequency of activities, both supervision and implementation support missions, to be appropriate. The CLE questions the duration of missions however, finding that in some cases these are too short to provide adequate feedback to the PIU and Government counterparts. The

composition and size of missions is generally appropriate though in some countries gaps in technical coverage were noted. What is also evident however, is that SIS activities cannot address major systemic issues and/or gaps in project readiness.

209. **Is there sufficient ownership of the supervision of IFAD supported projects on the part of the Government and project authorities**, and is there sufficient participation from implementing partners including project beneficiaries, NGOs, the private and banking sectors, and co-financing partners?; While there are high levels of participation by government, the CLE is of the view that the level of ownership could be strengthened through a number of measures such as asking government to identify the core issues to be tackled, and to manage the MTRs.

210. **Are the reports of the quality needed to convey the supervision mission's findings in a clear and concise manner to the appropriate stakeholders,** based on sound knowledge and analysis, and do they formulate clear and actionable recommendations?; While SRs are technically sound and provide good coverage of fiduciary issues, they often lack summaries of the key issues that need to be addressed. Key policy issues are often not well handled by the SRs. The analysis is sometimes thin and the recommendations generic. This is understandable. Such issues generally require specialised analytic work in order to support a set of focused and practical recommendations.

211. **Is there timely and effective follow up of the supervision's recommendations** both at IFAD, through the internal reviews and quality assurance, and in-country through discussions with Government and project authorities and implementation support from the country office?; Follow up is good, in particular where the project as a whole is experiencing problems. This is identified and discussed carefully within IFAD and the CPM and country office focus on follow up. There is less effective follow up on the one or two key areas that are lagging in projects that are rated as satisfactory overall.

212. **Does IFAD's supervision adapt sufficiently to the evolution of projects over time**, by providing additional support needed at earlier stages, effective re-evaluation of design at the Mid-Term Review, and adequate focus on sustainability and scaling up at the later stages of project implementation?; The CLE found good adaptation of the focus of supervision depending on the stage of the project in the implementation cycle. New guidelines on scaling up should help to address the one area that remains relatively weak.

213. **Does IFAD's supervision contribute to broader programme effectiveness through knowledge sharing activities, policy dialogue and partnership building?** There is little doubt that these activities are seen as increasingly integral to IFAD's support programmes and especially where country offices have been established IFAD is making a significant contribution in these areas. The outposting of CPMs should also further contribute to this. The grant funded programme is still a missed opportunity however and is rarely conceived so as to make a strategic contribution to IFAD's overall effectiveness.

214. **Do IFAD's corporate business processes provide sufficient support for effective supervision** through providing adequate guidance and training to CPMs, and through effective deployment of CPMs, country office staff and consultants, and effective quality assurance support mechanisms at the institutional level?; Substantial support was provided to build the capacity of CPMs and CPOs. In general the quality of training is assessed as good, and management's view is that training programmes have improved considerably over time. Quality assurance processes are generally given high marks by CPMs particularly regional peer reviews. The new role of PTA from reviewers of supervision to participants should add to the capacity of their staff to contribute to the quality of supervision, mentor CPMs and CPOs in their area of expertise and identify analytic gaps that need to be addressed.

215. **In light of the above, is there evidence that the implementation of the Supervision Policy is contributing to greater effectiveness of IFAD's supervision both in terms of portfolio outcomes?** Since the adoption of the SIS policy, the percentage of projects rated less than satisfactory has been constant. There is now, however, a smaller number of projects in the 'Satisfactory or Highly Satisfactory' categories. In common with the other IFIs, IFAD is seeing a convergence towards the Moderately Satisfactory category. While it is possible to assess this critically – indeed one World Bank evaluation characterised this trend in its programme as a 'convergence to mediocrity', it is also possible that it reflects the much broader menu of objectives that projects are expected to achieve and the more stringent application of risk mitigation measures. Further, newer programmes supporting value chains and public private partnerships require skill-sets that are generally not found among the civil servants who staff the project implementation units, and these projects therefore provide a much greater challenge for supervision and implementation support. Moving forward IFAD needs to look closely at the realism of project objectives at the COSOP/design stage, and be ready to approve larger supervision budgets if larger and/or more challenging projects are approved.

216. In conclusion, as a late-comer to direct supervision, IFAD has gone beyond other IFIs in attempting to ensure government participation in its supervision activities and in using supervision as a knowledge sharing tool across projects. It follows a similar reporting approach as the World Bank, and by and large the evaluation found the reports to be of good quality. This said however, the reports are too focussed on presenting detailed recommendations to project management without sufficient prioritisation and identification of the key issues. The high degree of realism and candour of the ratings provided by IFAD's supervision teams is validated by the PCRs and Project Evaluations and compares favourably with most other IFIs. Internal quality assurance processes are still mostly focused on quality at entry while the project implementation progress is mainly reviewed in the context of annual portfolio reviews, at regional and corporate levels. However, quality assurance of SRs has been introduced by some divisions and could be mainstreamed. While the need to ensure quality at exit has not emerged as it should, effective SIS should be considered strategic for preparing the ground for scaling-up.

217. The impact of SIS on the broader programme objectives remains work in progress. Knowledge sharing across IFAD projects, with government and other partners, and even across countries, is an emerging success story. Country offices have been instrumental in organising a rich menu of knowledge sharing activities, meetings, learning events, study tours, websites, knowledge fairs, etc. IFAD's partnership efforts in the supervision process remain under-developed with a perception among both IFAD and potential partners that the costs exceed the benefits. There are a number of examples however, that demonstrate the contrary. On policy dialogue and scaling up, there is still the assumption on the part of CPMs that good projects will speak for themselves. Instead, there is the need to back up supervision experience with cogent and well-disseminated analysis of the causes of good or bad outcomes, and the potential for using IFAD's grant programme as an instrument for this.

218. The CLE therefore confirms that the change in IFAD's business model, combining direct supervision with decentralization, has brought substantial benefits to the Fund and its members. Looking backward as a summative evaluation, the CLE acknowledges that in a very short time IFAD has moved to a level and quality of SIS activities which is comparable to other IFIs that have been doing this for many years. Hence, the overall assessment is definitively positive as reflected in the ratings provided below. At the same time, looking forward as a formative evaluation, the CLE believes that there is still room for improvement. To this end,

the CLE has identified a number of proposals to further strengthen SIS activities, enhancing their effectiveness and efficiency.

219. A summary of the ratings granted by the CLE is presented in Table 18.

Table 18
Ratings Summary

Evaluation Criteria	*Rating*
	SIS Policy
Relevance	**Highly Satisfactory** The relevance of the new policy represents a best practice model. It was well timed and well-designed after a period of careful planning and reflection. It was buttressed by a set of supporting policies and provided the potential for IFAD to take its support to clients to another level.
Effectiveness	**Satisfactory** IFAD has implemented the supervision policy expeditiously and effectively and well achieved two out the three objectives defined in the results framework. Additional measures would help in fully achieve the third one (to monitor SIS through strengthened QE and QA systems).
	SIS Activities at Project level
Relevance	**Moderately Satisfactory** While very good practices are emerging, in some cases duration and composition of missions are less than adequate while supervision is still seen by project authorities as being mainly directed at addressing IFAD's own requirements. In these cases, more could be done to enhance national ownership of SIS processes.
Effectiveness	**Satisfactory** Under this criterion, the evaluation focused on the quality of SRs and follow up, how SIS activities are managed through the project cycle, the QA processes established for SIS as well as the contribution of SIS to project performance. While results are mixed in relation to each aspect, the CLE found that in the majority of cases the performance is satisfactory. The performance can be further enhanced by mainstreaming emerging good practices.
Efficiency	**Satisfactory** IFAD has been able to manage its human and financial resources efficiently – the Fund remained well within available budgets and was able to engage its staff adequately for the purposes of SIS. Its SIS costs are similar or lower than those of other IFIs. The CLE has identified measures that can help further enhance efficiency results.
Overall Assessment	**Satisfactory** Introducing the policy and its implementation plan was ambitious, for IFAD as a whole and PMD in particular, given the complexity of this undertaking in the middle of a major organizational change. The rapid pace of the move to direct supervision bears testimony to IFAD's firm commitment to taking on an expanded role in project supervision, its management drive and the commitment and ownership by CPMs. IFAD has acted on the implementation of the SIS policy with energy, expanding its workforce at HQs and country-office level, building their capacities and changing business processes. At the same time, the SIS activities place a very heavy burden on PMUs and IFAD's country teams with uneven distribution of workloads within regional divisions. The evaluation team has indicated a number of areas where improvements could be considered by management and achieved also in zero-growth budget scenarios.

B. Recommendations

220. The CLE has identified a set of priority areas where the potential pay-offs appears to be highest. They are presented in the table and should be considered by management during the revision of the Supervision Guidelines which is planned during 2014. Further, a list of more detailed suggestions is attached is Annex 1, which are an integral part of the CLE's overall recommendations.

Table 19
Conclusions and Recommendations

	Conclusions	*Recommendations*
Strategic level		
(i)	**Sometimes SIS is perceived as a donor-driven process**, not aligned with the principles of the Paris Declaration. The level of ownership could be strengthened through a number of measures such as asking government to identify the core issues to be tackled, and to manage the MTRs. Mainly due to time constraints, **SIS's recommendations are not always discussed and agreed**.	**SIS activities should be a joint responsibility between IFAD and the Government**. IFAD management should prepare an accountability framework with clear distinction of roles and responsibilities. IFAD should retain a leading role in the review of fiduciary issues while the Government/PMUs could lead the process of identifying issues and solutions; **The terms "Supervision" and "Recommendations" could be replaced by "Joint Implementation Review" and "Agreed Actions".**
(ii)	**SIS activities are overloaded with too many expectations**. SIS cannot fill the gaps in project readiness, find solutions to lack of ownership, address major systemic issues, build local capacities and meet ever increasing corporate demands. Either SIS expectations are reduced or more resources are deployed.	**IFAD should make strategic use of its grant instrument and/or mobilize additional resources (i.e. ad-hoc multi-donor trust funds)** to enhance project readiness and support SIS activities. This would require the establishment of project preparation facilities.
(iii)	In general, **SIS missions provide adequate attention to sustainability issues but not to scaling up**. Effective 'scaling up' not only needs to be thought through from the design stage of the project but should be pursued during SIS activities.	**Scaling-up opportunities of successful interventions should be reviewed during the course of SIS activities**, with the effective engagement of local and national authorities, in order to build ownership and provide political mileage for the achievements made.
Operational level		
(i)	**SIS activities are determined by a host of variables such as project requirements, country capacity, human and financial resources available, etc**. Hence, there is no single SIS model to be pursued. Yet CPMs could usefully weigh up whether some of the good practices identified through quality assurance and/or the annual portfolio reviews could add value to their own efforts..	**SIS arrangements, including budgetary allocations, need to be flexible.** At the same time, IFAD management should mainstream the QA of SIS activities.
(ii)	**Sometimes it is not clear that the main client of SIS activities is Project Management.** While SRs are technically sound and provide good coverage of fiduciary issues, they are often too focussed on presenting detailed recommendations to project management (sometimes over a hundred of these) without sufficient prioritisation.	**SIS reports' formats and contents should be adjusted to the needs of Project Management.** SIS's "agreed actions" should focus on the key measures that have the highest impact on project performance. Aide-Memoires can be shorter and data requirements can be reduced to avoid burdening PMUs.
(iii)	**SIS activities cannot report on results unless project M&E systems generate reliable data**. Almost every supervision report has a thorough discussion of the M&E issues and concludes that this is an area of weakness. Supervision teams often spend considerable time chasing up data during the mission. This sometimes creates frictions which affect the working relationship between the SM and the PMU. Lack of ownership by some PMUs remains	While it is acknowledged that all IFIs are struggling with this challenge, **IFAD should further strengthen its efforts to ensure that a functioning M&E system is in place before project implementation starts.** Consideration should be given also to mandate the completion of the Baseline Survey as a

	an unresolved issue. Arguably, the battle here is lost and won at the project design stage.	condition for Loan Negotiation.
(iv)	**SIS activities are generating a wealth of information, not fully tapped in for the purposes of KM and policy dialogue.** IFAD has certainly made tangible progress in KM activities and its Country Offices have been instrumental for this success. However, there is still a demand for a more systematic work, especially on thematic issues at country and regional level. Key policy issues are often not well handled by the SRs. Such issues generally require specialised analytic work in order to support a set of focused and practical recommendations.	**IFAD management should invest more on KM activities linked to SIS and strengthen policy dialogue opportunities** by using its middle management (regional directors) to bring systemic issues to the attention of the national authorities. Grant resources can be also used to finance KM activities and research studies to support an evidence-based policy dialogue.
(v)	In general the frequency and composition of SIS activities is appropriate though sometimes gaps in technical coverage were noted. **In some cases SIS missions are too short to ensure adequate field visits and post-field interactions with the PIU and Government counterparts**. Since this has budgetary implications the CLE provides a number of suggestions for savings.	In view of a likely flat budget in the coming years, **SIS efficiency could be enhanced** by savings generated from the adoption of a country program approach, nationalizing SIS activities with increased use of local/regional consultants, mobilization of technical support from PTA, FAO and grant-funded partners, and cost-sharing arrangements with Governments. Part of these savings should be re-invested on additional capacity building of CPMs/CPOs, further strengthening IFAD Country Offices, and extending the duration of supervision missions.

Detailed list of suggestions for management consideration

#	Topic	Suggestion
I.	**Adequacy of Mission Coverage and Timing**	• Institutionalize a system of annual RB-COSOP supervision plans combining project with country program approach. Regarding the latter, ad-hoc missions could cover specific themes of the whole country programme (e.g. gender; financial management) or projects that face similar issues can be covered by the same team
II.	**Ownership and Participation**	• Replace the concept of "supervision" with the "Joint Implementation Review" to be carried out by IFAD and GoV • Pilot approaches where the Project Management is asked to not only identify the key issues but also to propose solutions for discussion with the team during the course of the supervision mission. • Minimize data requirements and as far as possible make these consistent with the routine progress reports prepared by the project. • Provide guidance about the possibility to pay for government participation in SIS activities. • Provide guidance also regarding the selection criteria for field visits
III.	**Report Quality**	• Move to the preparation of short, issues-based Aide Memoires of no more than 10 pages, which identify a set of key issues and discuss how best to address these. • Mainstream quality assurance peer reviews in all regional divisions
IV.	**Follow-up**	• Clarify that the need of Management Letters and whether Government response is required. • All working papers and annexes prepared by SIS missions could be shared with the Project Management as background documents, even if they have not been subject to management review
V.	**Project Readiness**	• Facilitate the use of grant funding for pre-implementation activities like: to put key officials into office before project approval, to carry out a baseline survey, to prepare operational manuals for the project. • As condition for loan negotiation, to require the completion of a baseline survey

VI.	**Mid-Term Reviews**	• Ensure that an intermediate impact survey will be carried out and its results will be processed prior to the mounting of an MTR. Avoid rating the likelihood of achieving development objectives until the MTR of the project and the first set of impact data.
VII.	**Knowledge Management**	• Knowledge Management should be the primary responsibility of IFAD's Country Programme Officer. • Institutionalize a regular sharing of lessons learned emerging from SIS among projects and at country, regional and corporate level • Analyse those technical, institutional and policy issues that arise in the course of implementing projects, especially those of a more systemic nature, and organize learning events as a way of disseminating these studies to a wider audience.
VIII.	**Policy Dialogue**	• Whenever needed and at least every three years, carry out periodic Country Portfolio Progress Review, with the Divisional Director leading the IFAD team and raising issues with higher level of Government. • Follow up on the findings of supervision missions with targeted discussions with the World Bank and regional banks to identify how best to address the systemic issues that affect the performance of country programs. • Strengthen the use of country systems by providing technical support through the grant programme and by incorporating these issues in an enhanced portfolio review process. • Build into the design of second phase projects a requirement that the Government absorb the PIU into the ministry or agency structure and gradually assume responsibility for its funding.
X.	**Supervision as a core business process**	• Develop a policy for CPM leadership of supervision missions in order to make the best use of his/her scarce time. For example, the CPM leads the first supervision, the MTR and the last supervision before the PCR. • Set a target that each CPM and CPO participates in a mission to another country at least once every two years. • Put in place better monitoring and incentives for efforts to move projects up from the Moderately Satisfactory category. A paragraph in the supervision report should be devoted to the topic

of 'what will it take for this project to move up to a Satisfactory rating?'.

- On supervision of financial management CFS should be given the budget to authorise travel and/or mission participation for its own staff when in its view the country or project situation warrants such participation.

Country case studies - Overall assessment

Kenya

1. **Projects Reviewed.** 1. Smallholders Dairy Commercialization Program (SDCP), 28 November - 2 December 2010 Supervision mission, 31 October - 4 November 2011 Supervision mission; 2. Program for Rural Outreach of Financial Innovation and Technologies (PROFIT), 5-15 December 2011 Supervision mission, 25-29 June 2012 Supervision mission

2. **Context.** Better macro-economic conditions in the past decade helped improve the welfare of Kenya's 43 million inhabitants. However, about half of them is still poor and particularly vulnerable to drought and other natural disasters. Poverty is higher in the rural areas, especially in the arid and semi-arid areas, which constitute 80 per cent of the total national territory and are home to 50 per cent of the rural poor. IFAD has funded 16 projects in Kenya since 1979. Currently, six projects are ongoing and aim to increase agricultural production and productivity, and improve social infrastructure. Better natural resources and environment management is also an important objective of the country program, along with agricultural value chain development, institutional development, and rural finance provision. IFAD support is largely channeled through the Government system, involving both central and district government levels. However, the private sector and civil society are playing an enhanced role in agriculture thanks to the liberalization process and this is reflected in the design of more recent operations. IFAD's participatory and bottom-up approaches as well as emphasis on community development, and grass-roots institution building are valued by the Government and all main partners in Kenya. These characteristics including its focus on rural small farmers, distinguish IFAD from other donors in the country. They are critical for building ownership at the local level that can contribute to better sustainability of benefits.

3. **Overall Assessment.** Since 2000, IFAD prepared two COSOPs, financed seven new loans, established a country office (CO) headed by an out-posted country program manager (CPM) and an associate CPM, shifted to direct supervision and implementation support, set up a proactive country program management team, and established its first regional office (RO) in Nairobi. Despite SIS activities effectively started two years ago only, this assessment finds that their positive impact on the performance of the portfolio is emerging already. Noteworthy is in particular the approach followed to conduct SIS activities: the staff of the CO and the RO are the only mission members, accompanied by national stakeholders who are placed at the centre of each activity. These developed, as a result, a high sense of ownership of SIS processes and outputs. Government is very appreciative of the permanent physical presence of the CPM, the whole in-country team and the timely project supervision and implementation support they provide. The portfolio's development and management entails vast amount of work. Further consolidation of program areas and enhanced thematic focus would help reduce workload and free country team resources for higher engagement in non-lending activities, particularly policy development processes. Results in this area are already very positive. One of the successes in this area include the establishment of a Community of Practices, which is a forum where IFAD co-financed projects and programs review implementation progress, issues that require action, and share lessons and experiences.

4. **Lessons.** (i) Supervision mission duration should be linked to the phase of the project/program implementation; longer missions are necessary during start up and early stages. (ii) The non-lending activities need to be resourced adequately, if they are to truly contribute to strengthening coherence within the country programme including the grant financed program. (iii) Innovation and scaling up need to be driven by a coherent agenda and pursued systematically within the strategy for country program management. (iv) Introducing a multiplicity of

implementing institutions and components in project design increases project delivery costs, impacts heavily on SIS resources and decreases overall country program efficiency.

Ratings

5. **Adequacy of Coverage and Timing (5).** Missions are found adequate both in terms of frequency and coverage. Supervisions take place every six months and last five days in general. Only once (the first supervision mission to the second project) the mission lasted 10 days and took place six months after effectiveness, three months from the start up workshop. Usually missions are led by the CPM. Their international members comprise the ACPM and, occasionally, the Regional Office experts in Knowledge Management and Financial Management (FM), while their national members are the Country Office (CO) staff. The second supervision mission to the second project was the exception: there was one national junior FM expert for five days. National stakeholders state that missions are adequate in terms of coverage but would need to be longer in duration particularly at the beginning of project implementation.

6. **Ownership and Participation (5).** All supervision missions are joint missions of the Government and IFAD. The supervision process starts with national identification of issues. National stakeholders are members of the mission. The Evaluation team was impressed by the approach used by the IFAD CO - cognizant of the government's primary role as borrower and program's implementer.

7. **Quality of the Reports (5).** Reports follow a highly standardized structure. They are concise and of good quality. Some implementers would prefer obtaining further guidance through the step by step description of the actions required to implement recommendations.

8. **Follow Up (5).** All issues are followed up consistently over time by the CO and SIS missions. Missions not only review implementation of prior missions' recommendations but also those of auditors and ensure that their implementation is adequately completed.

9. **Integration into the Country Programme (5).** The evaluation found the SIS experience in Kenya still at early stages and therefore could not make an adequate assessment of its impact on the whole country program. However, the emerging signs are positive in all areas, from influencing programming and new designs to building local capacities. It would be preferable to consolidate the portfolio in fewer areas and components to free some CO staff time for further engagement in non-lending areas and better integration of the grant financed program into the overall country program.

10. **Overall rating (5).** SIS activities are conducted well and some positive impact is emerging already. To further improve performance, the country program would need to be re-structured in a way that: (i) there is more geographic concentration and thematic focus; and (ii) designs are simple and appropriate to the capacities that implementers already have so that some CO resources are freed to engage more forcefully in non-lending activities such as policy dialogue and partnership development and to further enhance the level of integration of the various elements constituting the country program.

Peru

11. **Projects Reviewed.** 1. Market Strengthening and Livelihood Diversification in the Southern Highlands Project (Sierra Sur), 10-20 September 2010 Supervision Mission, 24 April-10 May 2011 Supervision Mission; Project for Strengthening Assets, Markets and Rural Development Policies in the Northern Highlands (Sierra Norte),14-27 November 2010 Supervision Mission, 26 May-11 June 2011, Supervision Mission, 14 November-6 December 2011 Supervision Mission.

12. **Context.** Peru is a middle income country and has performed remarkably well for most of the last decade, boasting an average annual GDP growth of 6 per cent. However, poverty still affects about a third of the population, primarily in the rural areas, with higher incidence in the Sierra (highlands) region. Here three out of four people are poor and nearly two out of three poor people live in abject poverty. Relatively small in terms of financing, the IFAD portfolio is focused on the systematic introduction, fine-tuning and up-scaling of innovations. These are now part of the Government's own strategy to fight rural poverty and have been up-scaled by Government and other donors and replicated in IFAD-funded projects in other countries, including Rwanda (e. g. Community Centers for Innovation), Bolivia, Colombia, Ecuador and Viet Nam. Noteworthy are, in particular, the public competitions to assign development resources and manage natural assets such as land and water as well as community awards for innovation and for the conservation of traditional knowledge[1]. Constant learning and documentation and sharing of knowledge is a *leit motif* behind any innovation in the country programme.

13. **Overall Assessment.** Despite started only recently, the SIS experience in Peru represents a notable example of what constitutes a successful practice. Its premises, however, are exceptional as they assume the presence of an out-posted CPM, who has been relentlessly focusing on obtaining positive development outcomes through the empowerment of impoverished rural communities for 17 years. SIS activities are, in this portfolio, part of a constant flow of interactions between the CPM and the country stakeholders. Exceptional were, in particular, the CPM's efforts aimed at bringing forward development models that built on local strengths and were culturally appropriate to the Sierra region. Remarkable is also the choice made by the CPM of fielding six-monthly missions composed of almost always the same members, sourced regionally or locally, to the projects reviewed by this evaluation. This choice has ensured consistency of approaches and coherence of messages. It also allowed establishing a sense of familiarity between the project staff and the mission members. Through SIS, these experts have become very conversant with the projects. They take over all mission's functions, including team coordination, with overall satisfactory outputs. The CPM takes over the leadership of the mission at its final stage, when consultants prepare their reports and the Aide Memoire in his office in Lima. Mission's findings are presented to the lead agency in advance and ample time is provided to review the Aide Memoire before its signature. The link between SIS missions' recommendations and suggested actions and project performance is evident. However, it is also evident that projects can count on frequent field visits, follow up, and implementation support from the CPM, besides the formal missions and this seems the recipe behind the successes in Peru.

14. **Lessons.** (i) SIS activities are most effective when they are conceived within a management strategy that sees all elements constituting the country programme as a continuum. They then result well integrated within the country programme delivery effort. (ii) In a country where IFAD's ideas are the primary value added that the institution offers, the adoption of the "innovate, learn, and upscale" formula is the most suitable choice and needs to be accompanied by SIS efforts that place value on (a) helping implement innovations well and establish functioning M&E/KM systems from the beginning through adequate capacity building and support; and (b) systematically sharing the experience about what does and does not work with national institutions and other development partners. A corollary to this is the fielding of longer missions at the beginning and at the end of the project – the first to help projects start on the right path, the second to

[1] These apply the *Pachamama Raymi* methodology which finds its origins in the Andean culture and tradition. Other innovations include the promotion of savings accounts for rural women within efforts to improve rural financial markets; and direct money transfers to project participants to hire technical advisors and meet their own capacity building and training needs.

prepare for project's exit, consolidate learning and results and enable takeover and up-scaling by national institutions and other partners. (iii) Continuity of support provided through regular, sufficiently long and frequent missions is particularly successful when mission members remain the same over time. (iv) This choice is all the more important in the case of a portfolio that implements the "predecessor-successor pattern" and the two projects overlap for some time. From mobilizing the same mission members to both projects, one can expect enhanced knowledge sharing, capitalization on past experiences and support provided and synergies between projects to emerge. (v) Local and regional consultants that are well conversant with the portfolio and IFAD can more easily be well received by local implementing partners.

Ratings

15. **Adequacy of Coverage and Timing (5).** Missions are found adequate both in terms of timing and coverage. Missions are fielded twice a year, for two-three weeks, include four to six experts per mission who ensure thorough thematic coverage, ascertain results on the ground and consult extensively with communities, national and local government representatives and other implementing partners.

16. **Ownership and Participation (4/5).** Missions pay visits systematically to all main project stakeholders. The CPM is involved at the final stage of the mission, when the aide memoires are prepared and findings and the way forward are discussed. The process seems orientated towards providing an external input and view on projects' progress rather than towards the establishment of a collective process where the various stakeholders analyze issues and find solutions together.

17. **Quality of the Reports (4/5).** Reports follow a highly standardized structure and focus on reviewing progress by components and identifying issues and recommendations. They would benefit from further elaborating on certain aspects such as sustainability, "replicability", up-scaling, and partnerships, particularly when the project is about to close. Projects also report that missions provide guidance on the underlying causes of issues and how to implement proposed remedial actions but these are not extensively covered in the reports.

18. **Follow Up (5).** A careful review of progress in implementing previous missions' recommendations is one of SIS standard practices, with projects providing a regular update subsequently verified by missions' field visits.

19. **Integration into the Country Programme (5).** From the beginning, SIS was used as an additional tool available to the CPM for the implementation of an overall delivery strategy focused on innovating, learning from results and up-scaling within a process based on constant dialogue and sharing with all national and international stakeholders in the country. As a result, lending and non-lending activities are dealt with as one continuum, and SIS activities effectively support the implementation of this approach.

20. **Overall rating (5).** The recipe behind SIS activities in Peru is a winning one. The only aspects that may need improvement relates to the level of detail in some reports and the level of involvement of national stakeholders in the missions' work processes.

The Philippines

21. **Projects Reviewed.** 1. The Rural Microenterprise Promotion Programme (RuMEPP), 15 November – 10 December 2010 (Mid-Term Review), 14-28 November 2011 Supervision mission; 2. Rapid Food Production Enhancement Programme (RaFPEP), 16 – 31 August 2010 Supervision mission, 1-11 August 2011 Supervision mission

22. **Context.** Despite steady GDP growth rates averaging about 4 per cent annually, poverty is increasing in the Philippines and affecting over a fourth of its 94 million inhabitants. 80 per cent of the poor live in the rural areas and depend primarily on agriculture for their livelihoods. IFAD's country programme is well aligned with national priorities aiming at increasing agricultural production and productivity and rendering the country food self-sufficient. The three on-going programmes focus on rural microenterprise and microfinance development, agricultural resource management and food production. All but one cover an extremely large geographical area. Their implementation can count on a partnership agreement between IFAD and National Economic Development Authority (NEDA) which is the lead agency. NEDA coordinates the various government departments involved in project implementation, which follows the country's highly decentralized administrative system. Since 2007, IFAD operates a Country Office and is in charge of SIS.

23. **Overall Assessment.** Many are the positive features of SIS processes in the Philippines. The CPM can count on a vast number of national experts including the Country Programme Officer (CPO) who provide quality SIS and follow up services, while NEDA's officers are integral members of SIS missions, fostering a high sense of national ownership of processes and outputs and contributing considerably to local capacity building. There are, at the same time, several aspects that need improvement. There is the need to reduce and prioritize the recommendations, provide sufficient time to national stakeholders to review Aide Memoirs before their finalization and further shift the focus from compliance review to implementation support. While SIS activities are quite well integrated within the overall management strategy of the country programme, there is the need to enhance their contribution in terms of learning to project designs, starting, for example, with a reduction of geographic coverage as it is clear that SIS work will never be sufficient if the present level of coverage is maintained.

24. **Lessons.** (i) A culture that focuses on compliance verification is not conducive to a culture that values learning and sharing and translates more into a reactive rather than pro-active work experience for project staff. (ii) While encouraging government participation in SIS missions and processes is extremely important, the practice of awarding compensation for travel cost and fees may need to reviewed. (iii) Regular follow up, implementation support and capacity building by CO staff is key to successful implementation. (iv) Continuity of support through the same mission members is important but needs to count on continuity of project implementers2. (v) Project designs need to reflect local capacities as well as IFAD's capacity to fulfill its SIS functions. (vi) Reporting requirements need to match the investments made in supporting functioning M&E systems and be kept to a minimum. It is important that co-financiers agree ex ante on not doubling reporting requirements.

Ratings

25. Adequacy of Coverage and Timing (4). While missions are very well staffed and sufficiently frequent, their duration is too short in consideration of the wide geographical area that they need to cover as well as the time that implementers would require to meaningfully own the SIS process.

26. Ownership and Participation (4). Extensive are the efforts made to consult with all project stakeholders and the representatives of the Lead Agency, NEDA, are integral members and provide inputs to the reports' preparation. However, due to time constraints, missions deliver Aide Memoirs the night before the wrap up meeting, in some cases, and project implementers have little time to review them. Efforts should be made to further balance the fulfillment of fiduciary obligations

[2] One project has been headed by four PDs in two years.

with an enhanced focus on implementation support and PMUs' ownership of SIS processes.

27. **Quality of the Reports (4/5).** Reports follow a standardized structure and are of good quality. Progress and issues are well described. They would benefit from a reduction of number of recommendations, which need to be prioritized, and from an overview of status of implementation of past recommendations which is accompanied by adequate explanations in case these are not implemented as yet.

28. **Follow Up (4/5).** Each supervision mission is followed by a short post-supervision mission during which the CPO follows up on the implementation of agreed actions. There is the need to improve the level of follow up by lengthening the duration of all missions, sharing the Aide Memoirs and SRs with all project stakeholders, explaining why some of the agreed actions were not taken in reports and involving NEDA in contributing to follow up activities as well.

29. **Integration into the Country Programme (4/5).** The knowledge management and capacity building activities are particularly well conducted, with best practices encountered particularly in the first area such as the establishment and operation of the Analysis and Learning Markets and the Annual Country Portfolio Reviews. Increased attention needs to be paid to feeding design and programming with the lessons learned through SIS and policy dialogue outcomes.

30. **Overall Rating (4/5).** SIS activities are quite streamlined within the overall management of the country programme and grant a satisfactory level of continuity thanks in particular to the work of the CPO and the very competent team of national consultants. The unique partnership established with NEDA and its participation in all supervision missions is a winning feature of the process followed. The Government is satisfied with the approach, the quality of the expertise mobilized and the fast response time to most of queries. The content of the Aide Memoires and SRs is very satisfactory in terms of coverage of progress made, clarity of the analysis and rationale in supporting the Agreed Actions. However, SIS will never be commensurate to the challenge represented by the wide geographical area covered by projects. There is the need to re-think designs in terms of what IFAD can actually deliver on its SIS commitments, improve follow up and place PMUs in the driver's seat of SIS processes enhancing the "IS" element of the SIS formula adopted for this country programme. Increased SIS resources could be mobilized to help address systemic failures such as the constant delay in auditor's reports submission, the three-month time requirement to process a withdrawal application and the corresponding gap in terms of projects' liquidity and implementation as well as the fact that a considerable part of PMUs' energies is spent on fulfilling reporting requirements of the Government and those of co-financiers (IFAD and the EU) which have not agreed on common ones.

Rwanda

31. **Projects Reviewed.** 1. Kirehe Community-Based Watershed Management Project (KWAMP), 5 - 17 September 2010 Implementation Support Mission; 6 - 11 March 2011 Follow-up Mission; 2. Support Project for the Strategic Plan for the Transformation of Agriculture (PAPSTA), 20 February - 4 March 2011 Implementation Support Mission; 12 - 24 February 2012 Implementation Support Mission.

32. Context. Rwanda scores well against all indicators of the Paris Declaration and makes its context ideal from the ODA point of view because it features accountable, national administrators operating in a highly decentralized structure and valuing results-orientation in their dealings. These administrators are very committed to steering the social and economic reform of the country to eradicate poverty and promote development in a cost efficient way, that is, without expanding public administration unnecessarily, and make economies of scale and

minimum ODA transaction costs a sine qua non for engagement. The challenges that these administrators are facing are daunting – Rwanda is one of the poorest countries in the world as 77 per cent of the population lives below the US$1.25 poverty line, while 51 per cent is affected by severe poverty. Nonetheless they are already seeing the impact of good governance on poverty eradication, development and growth and this was possible also thanks to IFAD. The Fund started increasing its support in the period 2004-2007 and played a key role in the development of the agricultural transformation strategy and the institutional reform for the adoption of a SWAp to the sector. In the field, IFAD operations are hosting the national programmes birthed by the transformation strategy, focusing on crop intensification measures, flanked by a plurality of innovations such as the community centers for innovation or carbon sequestration through re-forestation initiatives.

33. **Overall Assessment.** IFAD's SIS in Rwanda is rated satisfactory. IFAD made a constant, high quality effort in keeping the projects in line with their strategic orientation, enabling their satisfactory performance. SIS activities also helped build the Fund's institutional capital in the country, while honoring its commitment to the Paris Declaration. This effort relied primarily on the result-orientated leadership of the Rome-based CPM as the Country Office staff was mobilized in the last two years only and needed to familiarize with the country programme and SIS processes before unleashing its potential through autonomous engagement. What this assessment notices is the changing context, where improved overall development and ODA management systems offer easier access to venues of policy dialogue where systemic issues are debated and addressed within harmonized frameworks. IFAD can adapt to this changing context by revisiting the allocation of the resources available to the country programme management and enhance its focus on non-lending activities. Within the context of a SWAp, the role of QA/E systems implemented during the discharge of SIS functions becomes crucial as national programmes come with technical assumptions which need to be verified within due diligence processes. This assessment finds that the demand-based technical support provided to the CPM by HQs and the Regional Office (RO) is very good but would need to be complemented with a QA/E team mandated to help establish and revisit priorities and technical assumptions on a regular basis.

34. **Lessons.** SIS in Rwanda features best practices in the areas of (i) field collaboration and harmonisation with other aid agencies, (ii) delivery of high quality outputs and successful outcomes from missions' work, (iii) strategic use of overseas and national study tours as implementation support and in support of replication of innovation. It also offers lessons learned in the areas of (i) QA/E within SIS processes; (ii) addressing repeated failures and (iii) establishing the premises for replication of innovation.

Ratings

35. **Adequacy of Coverage and Timing (5).** This rate is an average of the rates for timing (6) and coverage (4). Missions are frequent, regular, well timed, back-to back, when possible, and cover the prioritized technical themes extremely well. There is diminished focus on 'soft' areas of development such as building sustainable institutions and on cross-cutting themes.

36. **Ownership and Participation (5).** The level of ownership and participation of SIS processes by national and district government agencies, co-financiers3 and service providers[4] is good. There is also consultation with other aid agencies that are financing similar interventions both in the field and at central level.

[3] DfID, Belgian Fund, WFP and DED (German Development Service).

[4] For example, APERPAWA and Centre IWACU – associations that build capacities of cooperatives and their members in selected areas – Heifer International and Send a Cow – international organizations that provide training and veterinary services along with animals within "pass on the gift" type of schemes (the first calf is passed on to the neighbour of the cow's recipient).

Consultation levels seem to decrease vis-à-vis women, the poorest and the vulnerable in some cases[5]. More consultations with this group of beneficiaries and participation by other aid agencies delivering similar programmes in field visits or wrap up meetings would make the SIS processes ideal. The annual joint review missions are an excellent starting point for COSOP management too.

37. **Quality of the Reports (5).** Reports consist mainly of very well written aide memoires which concentrate narratives on problematic areas and are attached to standard annexes (such as the PSR, status of compliance with loan covenants) and technical papers prepared by individual consultants. These provide comprehensive implementation support in the areas specified by their TORs. Recommendations are well articulated and clear. The reporting approach adopted is overall very efficient but formats would benefit from coverage of cross cutting themes and due diligence processes in terms of social and environmental impact assessments.

38. **Follow Up (6).** Each mission follows up on prior mission's recommendations meticulously. It is easy to verify follow up over time as the status of recommendations' implementation is commented first by the PCU and then by subsequent missions using the same table. Recommendations maintain their original number and are written off from the list only when their implementation is completed.

39. **Integration into the Country Programme (4).** SIS activities feed programming and design, knowledge management, innovation and up-scaling well (5) while they obtain mixed results in terms of sustainability, policy dialogue and capacity building (4).

40. **Overall Rating (5).** The handholding approach applied by IFAD to country strategy formulation and project design was maintained throughout SIS activities and contributed substantially to the delivery of good development outcomes by the country programme. It also helped establish a very fruitful collaborative environment with the Government and other ODA partners. Currently the context is changing favorably towards a more pro-active and coordinated role on the part of ODA agencies. IFAD is found now in the position to engage in an institutional dialogue at high level aimed at identifying and addressing systemic issues which are preventing the country from fulfilling its development potential. These cannot be adequately addressed within individual projects which seem struggling with 'a blanket that is always too small', in certain areas such as cooperatives' development. The Fund is encouraged to continue being daring in Rwanda, with increased emphasis in the area of policy dialogue, to participate systematically in harmonized frameworks and add to the agenda those items and perspectives that come from IFAD's specific expertise and institutional knowledge.

Senegal

41. **Projects Reviewed.** 1. Projet d'Appui aux Filières Agricoles (PAFA)/Agricultural Value Chain Support Project. 10-13 June 2011, Supervision Mission; 11-12 December 2011 Supervision Mission. 2. Projet de Promotion de l'Entreprenariat Rural (PROMER- Phase II)/Promotion of Rural Entrepreneurship Project - Phase II. 14-18 June 2011, Supervision Mission; 9-10 December 2011, Supervision Mission.

42. **Context.** Senegal is one of the fastest growing economies of West Africa. However, in 2011, real GDP growth proved surprisingly weak, at 2 per cent, due to a large contraction in agricultural output attributable to weak rains, as well as by chronic power shortages that the government calculates cost the country 1.4 percentage points in lost growth. About 50 per cent of the population still lives below the poverty line and is concentrated in the rural areas, where 60 per cent of the total

[5] This assessment is based, however, on only one report, which had the full list of community organizations and the members that met with the mission. Only some reports include a list of key persons and these generally do not include the beneficiaries. Rarely the opinions of or questions from beneficiaries are reported in the narratives.

population resides. The goal of the IFAD COSOP 2011-2015 for Senegal is to achieve a sustainable improvement in food security and smallholder incomes and to create sustainable rural jobs, especially for women and young people by improving access to effective production factors and services, appropriate technologies and markets as well as entrepreneurial know-how.

43. This strategy is very well aligned with national priorities and strategies and is translated into three on-going projects: PAFA, PROMER and PADAER. PAFA is centred on agriculture and value chains development, and entails a policy dialogue component. PROMER is focused on financial and non-financial services for SMEs and the reinforcement of farmers' organizations. PADAER (which is not reviewed for this CCS) aims to improve food security and incomes of small producers, while assisting them in better managing natural resources and creating job opportunities for rural youth and women.

44. IFAD supervises PAFA and PROMER II fielding a mission every 6 months, composed of eight to ten members who visit the country from 2 to 4 days in the field. The CPM and the CPO are permanent members of the team. In one case the CPM of a neighbouring state (Mauritania) led the SM. Two or three local consultants are generally part of the team together with a couple of government representatives. The gender regional coordinator joined the first supervision missions to both projects.

45. **Overall Assessment.** SIS missions seem very responsive to projects' issues: they are fielded when needed; the experts mobilised cover all main technical areas involved, point to the right direction and help projects solve their issues. There is good engagement of both the Government and IFAD in terms of mission's composition. However, the evaluation team finds that missions cannot possibly have sufficient time to engage in meaningful discussions with field implementers and beneficiaries when only two days are available for the whole mission. This shortage of time seems reflected also in the quality of reports.

Ratings

46. **Adequacy of Coverage and Timing (4).** This rate is an average between coverage (5) and timing (3/4). IFAD is particularly responsive to issues emerging in the country programme in Senegal and fields missions where and when required (after two months from start-up, for example, in the case of PAFA to help expedite project launching; later the Fund anticipated the MTR by two years when it noted that implementers struggled with design). Frequency is every six months in general which is found adequate. However, a mission's duration of 2-4 days seems too short to adequately engage in field visits and stakeholders at national and local level in a meaningful way even when the team is relatively large (8-10 members) and avails of adequate skills mixes. The limited duration of the mission is then reflected in the diminished quality of reports in some cases.

47. **Ownership and Participation (4).** There is generally good Government representation within the mission composition and missions do conclude with wrap up meetings or general workshops where a larger number of project stakeholders are involved. However, the overall level of consultation with stakeholders, particularly beneficiaries and their organizations, seems limited.

48. **Quality of the Reports (4).** The quality of reports varies considerably. In some cases, reports follow the standard IFAD format where progress by components is described including achievements and constraints and is accompanied by a list of recommendations and an update of the PSR. In this case, reports describe mission's composition including the titles of the government officers participating in the mission. In some others, the progress of implementation is described in general; despite major changes have occurred, the PSR shows the same ratings of

the previous year and mission's composition is not described nor are the titles of the accompanying government officers.

49. **Follow Up (5).** Overall the follow up exerted by IFAD seems adequate – projects are receptive to missions' recommendations and implement them well, apart from in one case – the request of not forming any new SMEs - where subsequent missions had to reiterate the same recommendations over and over.

50. **Overall Rating (4).** While the SIS effort in Senegal seems translating in good interactions between IFAD and the PMUs and smooth reception of recommendations and the advancement of projects' progress in general, missions' process milestones (e.g. stakeholders consultations at field level) and outputs (e.g. reports) may need some strengthening.

Sudan[6]

51. **Projects Reviewed.** 1. Butana Integrated Rural Development Project (BIRDP), 25 September - 7 October 2010 Supervision mission, 13 September - 6 October 2011 Supervision mission; 2. Western Sudan Resources Management Programme, 23 November - 10 December 2010 Supervision mission, 20 November - 9 December 2011 Supervision mission.

52. **Context.** Sudan is a fragile state characterized by weak institutions, protracted civil strife and unstable security situation. Agriculture does not fulfill its vast potential due to poor management and climate change. As a result, the country remains food deficit and very poor. The revenues from oil which started flowing in the last decade were neither shared equally within the country nor used to invest in economic and institutional reform. This exacerbated conflicts over wealth sharing and further impoverished already economically disenfranchised and physically isolated communities. Ideological extremism compounded with conflict fuelling led to international isolation. ODA is 83 per cent bilateral and 85 per cent concentrated on humanitarian aid and the social sectors. It corresponded to 3.5 per cent of the national GDP until 2010. At the moment, 97 per cent of ODA is delivered through parallel structures.

53. IFAD is the main donor in agriculture, particularly for the rainfed areas and one of the few that works with country systems. The EU is the biggest donor of Sudan overall and also covers the agricultural sector. However, EU's delivery systems are outside those of the country (primarily through NGOs) and priorities are humanitarian and early post conflict rehabilitation efforts. These factors challenge sector partnerships. IFAD's portfolio is geographically widespread, large in terms of number of projects and covers 11 states. The main investments of the portfolio relate to natural resource management (NRM) and community development. Their focus is on increasing agricultural productivity and accessibility of communities and markets, with strong emphasis placed on reducing conflicts, increasing drought resilience and the sustainability of natural resource management, including agricultural and livestock raising practices. Investments in reforming land management, particularly NRM, livestock development and microfinance have particularly high policy contents which led to major policy changes. Creating self-reliance of community organizations is a strong thrust of the portfolio. Self-reliance is sought not only for the management of these organizations as such but also for the management of the infrastructures that they build as well as the services that the project either introduces or expands at community level on a cost-recovery basis. As such, self-reliance means also independence, as much as possible, from the support structure.

54. **Overall Assessment.** This assessment finds that SIS activities are playing a crucial role in terms of improving the performance of the portfolio. The team organizes implementation support strategically which helps the portfolio achieve its

[6] Unless otherwise specified, 'Sudan' refers to both states of Sudan and South Sudan in this Study.

objectives and address the key weaknesses of the country such as institutional capacities and financial management. However, there is a gap between the resources mobilized for country programme management and the characteristics of the portfolio and the country context. The portfolio results too widespread and large. It is very innovative and comprehensive and often proves too challenging for the institutions that are to deliver it. Its policy contents are very ambitious too. Portfolio management brings forward both the lending and non-lending elements as if they were one continuum and scores a satisfactory performance in all main indicators. Portfolio management also absorbs most of the CO's resources and time. Little remains for areas such as development of partnerships beyond those already in-built in design. IFAD can help contrast the isolation in which the country and indirectly the country programme is only if additional resources are made available to the CO to engage in areas such as advocacy, partnership development and policy dialogue purposes, if coverage and numbers of loans/grants is reduced (not the amounts) and implementation support is provided by partner institutions, for example, through TAGs.

55. **Lessons.** The Sudan SIS activities show best practices in the areas of (i) establishing multi-stakeholders' partnerships to supervise and provide implementation support to the country programme, and (ii) how to promote policy change in a fragile state. The lessons learned from SIS in Sudan reflect many of the lessons learned obtained from working in fragile states in general and these are very well internalized by the country programme management team. Further internalization would be advisable in the areas of knowledge-sharing and partnership development, simplicity of design, capacity for analysis to underpin programme and project design and implementation and advocacy through expanded IFAD country presence and direct supervision.

Ratings

56. **Adequacy of Coverage and Timing (5).** Missions are well organized and highly responsive to the changing environment of the country context. Supervision takes place at regular annual intervals while implementation support and follow up is ad hoc and more frequent. The blends of skills mobilized are of high quality and cover all the technical areas very well.

57. **Ownership and Participation (5).** All supervision missions are joint missions of the Government and IFAD. All direct stakeholders are consulted with and frequently provide input to the mission's work as team members through the mechanism of the CPMT. Beneficiaries and community organizations are extensively consulted with. Co-financiers seem less consulted with (e.g. OFID).

58. **Quality of the Reports (5).** Reports follow a highly standardized structure and are of very good quality. Technical annexes provide very valid implementation support and lay the foundations for immediate implementation of recommendations.

59. **Follow Up (5).** All issues are followed up consistently over time. Missions not only review implementation of prior missions' recommendations but also those of auditors and ensure that their implementation is adequately completed.

60. **Integration into the Country Programme (5).** The country programme is managed as a continuum and the boundaries between lending and non-lending activities are blurred within the portfolio itself. The portfolio records major breakthroughs in the area of policy dialogue and sustainability. There is scope for expanding partnership development and already well-established knowledge management activities to engage the Government in a high level institutional dialogue. However, the CO seems under-resourced and the large portfolio is already absorbing most of CO staff time. Therefore the expansion in these areas needs be accompanied by increased resource availability.

61. **Overall rating (5).** SIS activities play an extremely important role for the performance of the portfolio and are already contributing to major improvements as recorded through ratings that go from a 3 to a 4 or even a 5 in project management areas as well as technical areas. To further improve performance, there is the need on one side to increase resources available to the CO and the other to restructure the country programme so that there is more geographic concentration, designs are simple and take current capacities in consideration and larger but fewer loans/grants are extended o reduce the administrative and SIS costs.

Tunisia

62. **Project Reviewed.** Agro-pastoral Development and Local Initiatives Promotion Programme in the South-East (PRODESUD) – Completed.[7]

63. **Context.** PRODESUD operates in an area of the country that is relatively poor and the Government attaches high priority to improving its agricultural economy. The project helps establish a network of groups for agricultural marketing and water management purposes and provides finance for the necessary institutional support and infrastructure development.

64. In the past few years, IFAD has used a local consultant to provide oversight of its Tunisia country programme. The consultant was the key counterpart in the Ministry of Agriculture in the past. He proved to be an excellent choice - knowledgeable and well-connected, he provided considerable support to the country programme, particularly in view of the fact that the CPM for Tunisia covers all the Maghreb countries and cannot lead most supervision and other missions as is the case with CPMs managing one or two active country programmes. This fact has also helped towards increasing the sense of ownership by the Tunisian government vis a vis the IFAD country programme itself.

65. **Overall Assessment.** The case of the country programme in Tunisia exemplifies some of the issues that IFAD faces in countries where the Fund has a very small project portfolio, does not avail of an In-Country Office (ICO) and therefore is unable to develop the critical mass needed to provide a major contribution. This said, PRODESUD is clearly adding value in a region that is notably poorer than others and with limited prospects for development. Supervision cannot substitute for some of the project's issues that arise, and, by and large, the supervision effort has played a satisfactory role and made effective contributions to progress. One PMU member characterized supervision as a 'necessary evil', saying that, in particular, it taught them to moderate their ambitions and be more realistic about what could be achieved considering the very difficult conditions the project faces.

66. **Lessons.** (i) Supervision mission duration should be longer than one week and there should be continuity in terms of consultants' team membership. (ii) The non-lending activities need to be resourced adequately, if they are to add value to the country programme. (iii) Innovation and scaling up need to be driven by a coherent agenda and pursued systematically through the grant financed programme.

Ratings

[7] The Tunisia country case study involved the in-country review of the SIS experience of only one project, PRODESUD, which was completed and had prepared a PCR at the time of the evaluation team's mission (July 2012). Looking at a completed project gave the evaluation team the opportunity to take a view of SIS during the life of the project and assess areas of strength and weakness in IFAD's approach. PRODESUD had shifted to direct supervision in the last two years of operation only. However, it was interesting to note that the PMU did not specifically differentiate between the earlier UNOPS supervision, which in their view had been satisfactory, and the more recent IFAD support. Indeed, IFAD had been providing implementation support directly even during the UNOPS period, so there was less of a sharp break in the case of Tunisia than as noted in some of the other country case studies. The PMU anticipated that a new loan be extended covering a second phase of the project. However, it also expected to continue its activities also without IFAD's financing, although with reduced resources and staffing, given the level of ownership that the Government developed vis a vis the project itself.

67. **Adequacy of Coverage and Timing (5).** In general the PMU felt that teams had been well staffed and had provided good advice and support. The frequency seemed appropriate. The main complaints related to missions' duration - one week missions were found too short –and composition – consultants changed frequently and new consultants placed very heavy demands on the PMU in terms of data collection. The PMU suggested that new consultants be given additional time to acquaint themselves with the project's underlying issues and approaches and that supervision missions focused more on the practical rather than the theoretical issues.

68. **Ownership and Participation (4).** Mission's TORs are sent well in advance, but simply for information. There is no consultation on the content of the TORs. There is an important HR issue affecting the PMU and indirectly the continuity of dialogue between IFAD SIS missions and the PMU: the majority of the staff is hired on yearly basis and only three staff members have long-term contracts. Nonetheless, the PMU feels that the periodic IFAD visits and reports provided an incentive for coordination and concerted action among the various Government departments involved in implementation – something that would have not otherwise taken place.

69. **Quality of the Reports (5).** The reports are of good quality though their length and large number of recommendations for follow up were noted. The PMU was puzzled, however, at how the PCR reached the conclusion that the achievement of 40 per cent against the project outcomes was considered 'Satisfactory'.

70. **Follow Up (4).** While in general the PMU felt that supervision had played a useful role, the perception was that this was mainly a matter of acquainting the project team with IFAD's requirements and helping them negotiate the bureaucracy, rather than actually adding much to the substance of the approach. For example, the PMU complained that a number of proposals of the supervision mission required statutory changes, which had not been followed up.

71. **Integration into the Country Programme (4).** Despite his excellent contribution to the country programme's advancement, the evaluation team found that the local consultant had not been given a clear mandate to intervene in certain non-lending areas such as knowledge management, partnership development and policy dialogue. This resulted in weaker outcomes for the whole country programme.

72. In particular, knowledge sharing seemed a definite area of weakness, with very little sharing taking place either in Tunisia or across IFAD programmemes in other countries. In the evaluation team's view, this reflected not only the absence of a CPO with clear accountability in this area but also the absence of TORs of SIS missions which included KM as a key area of interest for the project.

73. There is very little evidence of active partnering in supervision and the lack of a clear mandate for the local representation is a problem in this regard too. For example, there was some GEF funding for the project. However, GEF supervised separately from IFAD. Further, IFAD partners very well with AfDB, based in Tunisia, in all Sub-Saharan Africa in general, but not in Tunisia.

74. Despite the IFAD consultant based in-country is very well placed to play a role in policy dialogue and so is IFAD's CPM given his relatively long tenure, policy dialogue activities seem limited. One of the reasons is that the area that IFAD is working in is an extremely difficult one and the project has not thus far been able to offer particularly innovative solutions that could be scaled up or replicated. This may be an area where IFAD could utilize its grant programme to initiate studies which could provide a complement to the experience on the ground.

75. **Overall rating (4.5).** While the SIS effort played a satisfactory role and made effective contributions to the project, the non-lending activities were too limited and this diminished the overall IFAD contribution to the country.

Viet Nam

76. **Projects Reviewed**. 1 Pro-Poor Partnerships for AgroForestry Development (3PAD), 14-23 July, 2010, Supervision mission; 16-26 August, 2011 Supervision mission; 2. Improving market participation for the poor in Ha Tinh Province (IMPP), 20-30 January 2010 (Mid-Term Review); 19-30 July 2011 Supervision mission

77. **Context.** Viet Nam's rapid growth during the past decade has substantially reduced poverty – now down to 11 percent according to some estimates. This has not benefitted all groups equally however. The upland provinces, which in most cases have large ethnic minority populations have not seen incomes rise as rapidly as the coastal and lowland provinces. IFAD has a large programme in Viet Nam with 5 ongoing projects. These are concentrated in the provinces with large ethnic minority populations. The earlier projects focused on supporting the Government's decentralization strategy, and in promoting participatory planning at the commune and village level, with Communal Development Funds to finance small-scale infrastructure, and the creation of Savings and Credit Groups (SCGs) to promote Income Generating Activities (IGAs). The generation of projects started in the past five years has focused on bringing small producers into the market and establishing Public-Private Partnerships (PPPs) with the objective of establishing value chains that can sustainably raise the incomes of small producers. These projects have proved challenging especially in upland areas where the communications are difficult, holdings are very small and there are limited numbers of secondary school graduates.

78. **Overall Assessment.** IFAD's supervision in Viet Nam is rated Satisfactory. It is a strong feature of the programme. The budget is very tightly stretched given the policy of linking two provinces that are not contiguous and often quite disparate, in a single loan operation, but with a fixed supervision budget shared between the two. The supervision missions for these projects while back to back are essentially separate and most components of the reports produced are separate as well. The team has very effectively leveraged the resources of the country office and relied increasingly on local consultants, particularly in the fiduciary areas. This has resulted in very high levels of continuity and good knowledge sharing across projects. The recent CPE noted that the very intensive engagement of the CPM and CPO in project implementation had left little time for supporting a broader policy dialogue in Viet Nam. There are a number of areas in which the supervision effort could have been made even more effective and these are noted below.

79. **Lessons.** (i) The Knowledge Management effort across projects in Viet Nam is best practice, but very time-consuming and leaves little time for detailed support at the project level particularly in early stages of implementation. Some thought should be given to splitting this function and recruiting a full-time knowledge management officer. (ii) The current practice of not supervising a project until a year has passed means that there is too little hand-holding in the early phase. IFAD should consider an informal supervision at the six month point of new projects, with no ratings and no Aide-Memoire – just a short status report, to help the PPMU get the project on track. (iii) As indicated in the CPE where two or more provinces are included in a single loan, at the very least they should ideally be contiguous provinces with the potential for synergies from the supervision process. (iv) Almost every project has a major delay initially as staff is recruited and TORs and Operating Manuals are prepared. The project designs appear to assume that this can be done in parallel with implementation, but in practice this is rarely feasible. Project designs should be closely vetted to ensure that this start-up delay is adequately factored into the project time-frame. (vi) While most SRs identify 5 to 10 key short and long-term

issues there is no consistency as to how these are presented. Sometimes they are embedded into detailed presentation of the various components and difficult to extract. IFAD should consider a standard cover page which would indicate to senior IFAD management and Government officials what the mission sees as the key issues. (vii) One of the costs of using local consultants is the need for the CPM to spend a great deal of time editing the language of the report. This is not a good use of CPM time. IFAD should explore whether this can be outsourced locally at a reasonable cost. (viii) The selective use of the grant programme to provide longer term support or to analyse issues, as was done in the case of the NGO contracted to provide support for the value chain work in the 3PAD, should be made systematic and factored into the programme.

Ratings

80. **Adequacy of Coverage and Timing (4).** On coverage the only gap was the failure to include a financial specialist in the second supervision of the IMPP. On timing the IMPP missions were somewhat behind schedule and there could have been more implementation support in the first year of the 3PAD.

81. **Ownership and Participation (5).** The PPC in both provinces was fully engaged in the supervision effort. In Ha Tinh particularly the missions met with a very large number of project beneficiaries. The participation of the co-financier GIZ in Ha Tinh was a major plus.

82. **Quality of the Reports (5).** The reports are very good on substance given the short time of the mission and the number of these that need to be produced. More clarity on the key issues would be helpful.

83. **Follow Up (5).** As the second SR demonstrate, the PPMUs have followed up carefully on most proposals. The remaining issues tend to be on matters outside the PPMU's control. The regional reviews of supervision in IFAD's Asia region appear to be very thorough.

84. **Integration into the Country Program (4).** This is a composite of a 6 rating for knowledge sharing across projects within the country, a 4 rating for the use of the grants programme to deepen the supervision effort and the country programme, a 3 rating on the impact of supervision on the policy dialogue and whether SRs are being reviewed from a more systemic perspective, and a 4 rating on the contribution of supervision to capacity building.

85. **Overall rating (5).** While at this point in time a satisfactory rating is fair, the new generation of value chain projects is reaching a point where a systemic assessment is called for. If good supervision is only producing mediocre outcomes (the CPE rated project effectiveness a 4), then fundamental re-thinking is called for.

Tanzania

86. Government and partners unanimously acknowledge that IFAD successfully developed and tested new approaches to address problems faced by the rural poor and turned them into opportunities for development. Innovations range from technology development to farmers' empowerment (knowledge and skills development, organizational, institutional and financial empowerment) and marketing which had remarkable impact on farmers' production and productivity and, for this reason, they were quickly replicated and up-scaled by both the Government and other financiers[8]. With the establishment of the CO and the out-posting of the CPM in 2007, SIS activities produce a substantial impact on projects' performance. The reviewed projects found IFAD's frequent supervision and implementation support instrumental for project implementation's direction.

[8] These include warehouse receipts for commodity marketing, the development of SACCOs, the introduction of WUAs for the management of small irrigation schemes and cost effective FFS transferring knowledge to farmers on IPM/IPN technologies.

Implementers particularly appreciated IFAD's on the spot feed-back and prompt advice. They are satisfied with SIS missions' outputs and the follow-up checks on the implementation of the agreed actions. Country presence greatly enhanced IFAD's visibility and dialogue with Government and other donors who consider IFAD a highly valued partner. Partly due to workload, partly due to the need to further articulate responsibilities within the country office team, non-lending activities would benefit from increased focus and engagement. Projects also call for increased capacity building support, particularly in M&E, on which the annual portfolio reviews currently cannot count. Project designs would need to take local capacities better into account. The overall performance is rated between 4 and 5.

India

87. IFAD has recorded numerous, significant successes in India. The Fund has demonstrated pro-poor models in the most challenging operational environments of the country and these were replicated and mainstreamed countrywide. Both country presence and SIS have made a substantial contribution to projects' performance. In particular, regular missions and CO's continual hand-holding are recognized as key contributing factors. They build capacities, provide meticulous guidance and offer innovative solutions to problems. The lessons emerging from project experience have resulted in a well-defined and coherent country strategy that builds on IFAD's strengths and successes, delineates what IFAD should not do or should be doing better. Central and state governments, project managers and implementation partners all testify to the value of supervisions in improving project design and strengthening implementation. There is evidence of problem projects being turned around through guidance of supervision missions. The loop between strategy development, programming, design, implementation, SIS and learning is definitively closed in India. However, the country programme would benefit from a strong and coherent knowledge management platform which would be the basis for enhanced policy dialogue through a better resourced country office and an out-posted CPM. The performance is rated moderately satisfactory taking this element in consideration.

Mali

88. IFAD is a very valued partner in Mali and is acting as lead interface for all donors operating in the North of the country based on Government's request. Before the takeover of SIS functions in 2007, IFAD established a Country Coordinating Office within the Ministry of Agriculture which has been assisting with the coordination of all IFAD projects and programmes in Mali since 2004. The Government strongly appreciates the shift to direct supervision which enabled faster responsiveness to project needs, improved project performance and increased knowledge sharing within the portfolio. However, the SIS experience, albeit overall positive, could not benefit from the constant support that usually a Country Programme Officer (CPO) is able to provide as the CPO was hired in 2010/2011 only. Currently the CPO does also not enjoy the benefits of an officially recognized Country Office arrangement. The evaluation team finds that the SIS formula in Mali suffers from process deficiencies in terms of involvement of local partners (government, NGOs, service providers) in SIS (for example, missions' TORs are not shared in advance) and that there is a diminished presence within missions in terms of representation of local expertise and knowledge which results in a very limited impact in terms of local capacity building and leadership development, limited awareness of local capacities and certain paucity of results in terms of policy dialogue. In fact, despite the privileged position that IFAD enjoys in the country and the innovative policy dialogue platform established by IFAD in 2007 (the "Cell Dialogue Politique"), IFAD has not been able to fully capitalize on these factors as yet. The overall performance is rated, as a result, moderately satisfactory.

Uganda

89. Overwhelmingly positive is Government's feedback on IFAD's SIS activities in Uganda. Supervision missions and implementation support, especially MTRs, are seen as adequate and conducive to projects' enhanced performance, including through re-structuring which has occurred frequently in this portfolio. Greatly contributing to triplication of disbursement rates within less than four years, the work of the Country Office established in 2006, the Regional Office in Nairobi and well-staffed, six monthly SIS missions have been able to provide strategic support of which the out-posting of the CPM would be, as put publicly by the Prime Minister himself, the "logical next step" [9]. These investments in the institutional architecture supporting the country programme are seen as shortening the distance between projects and line ministries, between IFAD HQs decision making and the country and the projects' needs. They have enabled genuine implementation support and prompt responsiveness, factors which have considerably contributed to the relationship of trust established with the Government. They have also nurtured the high level of credibility that the Fund enjoys in the country. These elements combined allow the Fund's engagement in meaningful policy dialogue and playing a pioneer's role such as that played for the introduction of new commodities in Uganda, such as oil palm. PMU staff in particular appreciates IFAD's organization of training events either country programme or region-wide. These have been on financial management, procurement, M&E and self-driven knowledge management which impacted very positively on projects' performance. Following Government's policy to primarily use loan proceeds for investments in infrastructure and in economic activities with high returns, IFAD's country-specific grants have become increasingly important for addressing "soft constraints" in the lending programme and for introducing innovations. As a result the grant financed activities have become an intrinsic and important element of the overall country programme delivery strategy. On the basis of these and other very positive traits of SIS activities in Uganda, the overall performance is rated satisfactory.

Honduras

90. IFAD is playing an important role in Honduras, innovating and testing models that have been replicated by government and other donors and have become part of the national institutional framework for poverty eradication[10]. IFAD supervision missions are well staffed. However, their visits last only four days and are too far apart – they cannot provide sufficient implementation support. UNDP has been in charge of project administration and focused on the loan administration side of implementation. The CPM monitored implementation continuously but from Headquarters and projects felt that they did not receive adequate support from either the Government or IFAD. Both projects recorded a slow beginning. One of them went through a complete overhaul and the CPM was able to transform it into a national success at mid-term. Very recently IFAD opened a sub-regional office in Guatemala, staffed with a CPM and a Fiduciary Specialist in charge of three countries – Guatemala, El Salvador and Honduras. Projects expect that this office will expedite decisions, facilitate the dialogue and coordination with other donors and expedite disbursement, considering that the physical copies of the withdrawal applications will be sent to Guatemala City (reached in one or two days by a

[9] Prime Minister of Republic of Uganda, opening speech for the CPE National Round Table Workshop, Kampala, 12 July 2012.

[10] These include the first prototype of small rural savings and credit Cooperatives (CRACs) developed in 1994, consolidated through subsequent investments which created a rural development fund to help finance CRACs as a second tier fund. This remained as the financial arm of the National Program for Sustainable Rural Development (PRONADERS) - a national autonomous institution supported by the State. These models also include the creation of the "Rural Development Enterprises (EDR)"- small technical agencies which are privately owned and helping in the evaluation, planning and execution of local projects. These EDRs were also created in 1994, strengthened with later IFAD investments, and became part of the implementation strategy of the Hondurans Social Investment Fund - the national institution responsible of developing social infrastructure in Honduras. Further, projects are benefiting from the experience of the Guatemalan Exporter Association (AGEXPORT), which is implementing a special market access program in Honduras and other Central American countries financed through an IFAD Grant.

courier), instead of Rome (which requires 10 days). They also look forward to more frequent and longer field visits and would hope in more training and capacity building, particularly when projects are at early stages. They anticipate that the CPM will carry a heavy burden by managing three countries and 10 projects. The overall assessment based on findings so far is moderately satisfactory.

Benchmarking of IFIs – a comparative analysis of IFI supervision and implementation support

A. ADEQUACY OF SUPERVISION TIMING AND STAFFING

1. What is the average annual cost of supervision and implementation support (SIS) for ARD projects?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
Figures indicate roughly $40,000 in staff costs, and $60,000 for consultants and travel.	$104,000 in FY11 for ARD projects – a decline from $119,000 in FY07.[1]	No information available	Difficult to calculate. Different regions with different arrangements.	No information available[2]
2. What is the annual budget allocation per project for SIS?				
-	From $80,000 to $150,000	On average about $70-$80,000 is allocated for consultants and travel i.e. not for staff time.	There is no upfront SIS budget per project (ADB use the term Review rather than supervision). There are three main budgetary sources: i) business travel for HQs staff; ii) consultants budget; iii) TA consultants (out of loan proceeds)	No information available
3. Are there differences in allocations and if so what drives the differences?				
On an IFAD wide basis there is no difference in allocations, but of course at the country level more resources tend to be used for projects that have more problems or are more diverse in scope.	Yes. Depends on size of project and on projects status. Multi-regional projects and problem projects receive higher allocations.	The first difference is in the regional travel costs – thus central America gets less than the southern cone. A second difference is that projects with alerts for problem status such as no procurement in the first year.	At the beginning of each year there is a Supervision Plan where management decides in which project to concentrate resources, on the basis of status of project performance and sectoral/country priorities. Department Director has also discretion to reallocate between design (processing) and supervision. . Each Team Leader (TL) submit a request for the resources required to review the projects under his/her control. No budgetary constraints are reported.	Differences in allocation relate to the frequency of missions. For outlier (problem) projects the frequency is twice that of other projects. This is likely to change however, since the guidance is to move to a six monthly frequency for all projects.

[1] These are projects managed by Regional staff affiliated to the ARD sector board. The Bank spends on average $400 -500,000 on project preparation. ARD projects are the most costly to prepare on average.

[2] From data provided by a Sector Director, a rough approximation might be approximately 32 staff weeks devoted to supervising each project annually, of which 16 weeks is in the field.

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A. ADEQUACY OF SUPERVISION TIMING AND STAFFING

4. What is the frequency of supervision missions?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD generally budgets one supervision a year, but there may be two particularly in early phases of project preparation. The requirement is that there be no more than 12 months between missions.	One main mission a year and at least one smaller mission. One Implementation Supervision Report a year is mandated, but for many projects two are prepared.	There is no formal stipulation of the frequency – it can be less than once a year, or if the TTL is in country it can be more frequent. This is apart from the reporting and monitoring requirements. Generally satisfactory projects are supervised once a year, but if unsatisfactory this frequency can go up to four times a year. Missions usually last one week for satisfactory projects and two weeks if there are problems.	In theory, 2 review missions per year. Project Administrative Instructions (PAI) calls for one review mission a year if the project is performing well. Two if not. Implementation Support missions as required	The average is 1.6 missions per project per year, but this divides between once a year for projects rated satisfactory, and twice a year for outlier (at risk) projects. There is discussion of a move to a 'continuous supervision' approach, but the practical implications of this are unclear. The current guidance is to carry out supervisions on a six monthly basis. The Outlier Report provides data on all projects with more than six months since the last supervision.

A. ADEQUACY OF SUPERVISION TIMING AND STAFFING

5. Is there a Mid-Term-Review and if so, what role does it play?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD generally mounts a major MTR with somewhat more consultants participating than in the usual supervision and often led by consultants. This review is expected to take a fresh look at the project design and to recommend changes if needed. On some occasions IFAD has also used the approach of a mid-term evaluation funded from the loan.	For a few years MTRs received less attention - the assumption was that with continuous implementation support, projects could be revised frequently and simplified requirements for restructuring were put in place. Now MTRs are being beefed up. However, there is a new concern – that projects will be under-supervised in the early years with everyone just waiting for the MTR.[3]	IDB does not normally undertake an MTR as part of its supervision. Instead the project is funded to carry out a Mid-term evaluation which is managed by the Government or the Project Unit, but usually carried out by independent consultants. IDB staff review the mid-term evaluation and may ask for further work if there are quality issues. On the basis of this evaluation a decision is taken as to whether an immediate follow-up mission is required or whether to wait for the next scheduled supervision mission.	"It died out, but it came back", following the increased ADB lending. It is the best opportunity to take serious portfolio management review decisions, including loan amendments and/or cancellations. Larger in scope and normally led by HQs, MTRs last about 3 weeks with at least 2 ADB staff involved. MTR can cost up to $250,000, excl. ADB staff costs.	There is a mid-term review, but it appears to be relatively closer to a standard supervision than in some of the other IFIs. More data is collected, and more time spent, but it does not usually involve a re-thinking of the project design and is carried out by the same Task Manager responsible for the project preparation and supervision. [4]

[3] A project only needs to go back to the Board if there is a change in the Project Development Objectives (PDOs) or if there is a change in the environmental assessment category. Even if it needs to go back to the Board, the supporting document is generally only 4 or 5 pages long.
[4] The relative weakness of the MTR in AfDB was cited by staff.

A. ADEQUACY OF SUPERVISION TIMING AND STAFFING

6. How is the staffing of supervision missions determined?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
This is almost entirely delegated to the CPM – generally even when not the TL, the CPM will take charge of mission staffing based on a judgement as to what areas should be covered.	The TTL is responsible for determining the size and coverage of the mission given the budget. This is subject to clearance from the sector manager. It is more or less mandated that fiduciary and safeguards be covered, but not always as part of the main supervision mission.	At the beginning of the year a supervision plan is prepared by the PTL which defines issues that come up from the Project Monitoring Review. The emphasis is on these issues and on risk mitigation and the staffing needs are determined accordingly. The plan is updated in the middle of the year.	The ADB Team Leader (unlike the WB Task Manager) has no budgetary authority. S/he makes proposals regarding mission's composition and the regional director approves. It is estimated that about 50% of review missions are composed of 1 staff only	The supervision is always led by the Task Manager and he/she will normally be supported by one or more AfDB staff members, including specialized staff for fiduciary or safeguards issues as needed. Before the mission an issues paper is prepared that proposes mission composition in line with the issues that need to be resolved.[5]
7. What role does the In-Country Office play in supervision?				
The Country Office is playing an increasing role, but essentially as an extension of the CPM – taking on functions that the CPM would normally undertake if he or she had the time. This said there is little doubt that the in-depth country knowledge provided by the CPO adds substantial value.	In some regions up to 70% of staff are in the country office, so normally there would be one or two staff from the country office participating and often leading the mission (60% of the time in the case of South Asia). The CO does not however have the technical expertise needed for IS and often draws on national consultants for this purpose.	Since IDB's realignment in 2007 and adoption of a matrix system with large numbers of technical staff decentralized, supervision missions are increasingly led from the field – about 70%. It is quite common to use staff from offices in neighbouring countries.	It varies, region by region. Each regional department decides whether to delegate it to the Resident's Mission (RM). Team Leaders responsible for supervision are normally in-country; national staff or international. Average 3 projects/national officer in RMs. Average 43% of supervisions to RMs, above corporate target of 40%. (Highest in the Pacific - 70%). RMs engaged 100% loan admin. Social and financial safeguards functions remain at HQs.	AfDB is in the middle of implementing a decentralization strategy which will move many Task Managers to the field. As far as possible the intention is to decentralize responsibility for supervision and to utilize the country office staff for this function. At present the Task Manager is joined by the country office staff for the supervision mission.

[5] The supervision mission is carried out by the Regional Sector division and is reliant on the staff specialties and skills available in the division. The staffing is sometimes augmented by fiduciary staff attached to other units. The West Africa Agricultural division for example has only one fiduciary staff, covering financial management and most of its supervision missions are supplemented by other fiduciary staff based either in Tunis or in the field. In addition there is a central unit in charge of safeguards.

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A. ADEQUACY OF SUPERVISION TIMING AND STAFFING

8. How are fiduciary issues covered?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
Recently responsibility for supervision of fiduciary issues has been taken over by a central department, CFS, but generally the ICO provides the first level of supervision, with local consultants under the guidance of CFS. Where there are significant issues CFS will participate directly.	Fiduciary issues are mainly decentralized. Missions are mounted that cover a number of projects and are not specifically timed to overlap with the overall supervision mission.	There are specialists in each country who are expected to handle fiduciary issues. Each Region has a Fiduciary Regional Leader as a focal point on these issues.	Procurement specialist and financial management specialist may join the review mission if required. Each RM is staffed with one national procurement officer. Recent decision to make available project public accounts, to promote governance, transparency and accountability.	

9. How are safeguards issues covered?

Not significant for IFAD given the small scale of its projects, but environmental sustainability is generally covered as part of the supervision mission's work.	There is a special safeguards unit that oversees the portfolio and determines if coverage of a particular issue is required, though usually the TTL would include someone if there were issues.	There is a special safeguards unit at the regional level. In the Andean region the unit is located in Peru.	Social (environment, resettlement and indigenous people) are fully covered at MTRs and on a selective basis during supervisions. External reviewers, including NGOs, may be requested to assess the situation and prepare a Safeguards Compliance Memo. Re-financial safeguards see above	

B. ADEQUACY OF SUPERVISION TIMING AND STAFFING

10. Is there increasing emphasis on the country's own fiduciary and safeguard systems?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
This is not an important focus of IFAD supervision. IFAD's focus is on building the capacity to manage whatever system the project design puts in place.	The story here is mixed. In some regions the Bank is still ring fencing its projects and focusing on its own systems. Other regions seem to be moving away from a Bank risk perspective and increasingly helping countries advance their own systems. In these cases there is a shift taking place towards the TA/Capacity building aspect of this work and putting more emphasis on use of NCB and NS in procurement, and the country's own FM system.	IDB puts a great deal of emphasis on country systems, still somewhat separate from the supervision process – more of a design issue. In addition IDB's country strategies are notable for emphasising the need to develop country systems and for carefully reviewing the progress in this regard.	Depends on the country. Normally, the level of reliance on national systems is indicated in the Country Partnership Strategies (CPS). Definitively, in case of SWAPs (ex. Bangladesh) more checks are put in pace. Interestingly, prior review is limited to ICB and to only the first NCB carried out by each project/programme.	The prioritization of governance support in AfDB's agenda is leading to supporting borrowers' own fiduciary systems. This said, many of AfDB's borrowers still have a long way to go in this regard, and the increasing emphasis on large infrastructure projects that require ICB means that AfDB systems continue to play a dominant role.

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A. ADEQUACY OF SUPERVISION TIMING AND STAFFING				
11. How are technical issues covered?				
IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD has very little in-house technical capacity. Perhaps one adviser in PTA at best. As such it relies heavily on consultants for the technical inputs into projects.	Most of the staffing of the supervision mission is by technical specialists. There is a serious question whether management issues are underemphasized in the WB approach.	In general technical specialists are located in the field, but IDB also uses its capacity to provide technical cooperation loans and grants	Technical issues can be covered either by ADB specialized staff from sectoral divisions, or Staff consultants (under ADB admin budget) or TA consultants (under loans/grants). In the latter case, GOV's approval is required	The Task Manager is a staff member of the technical department and is therefore responsible for this. The technical divisions have specialized staffing e.g. in agriculture, agronomists or livestock specialists. How this will be handled with increasing decentralization is not yet clear.
12. What is the ratio of consultants to staff? Do consultants lead missions?				
Consultants represent about half of mission participants and about 40% of missions are led by consultants.	About 30% of the mission team are consultants on average. Consultants almost never lead missions.[6]	Normally missions are led by TTLs but if there are missions to tackle specific supervision issues they can be led by consultants.	Normally consultants don't lead review mission. About% of mission members are consultants	AfDB makes very little use of consultants for supervision and never for team leadership.
B. PARTICIPATION AND OWNERSHIP OF GOVERNMENT AND OTHER PARTNERS				
1. What role does the Government play in SIS?				
IFAD goes quite far in having Government officials and PIU members, join its supervision missions. Projects often include funding for travel and per diem of officials in the budget. The wrap up meeting of the mission almost invariably includes discussions with representatives of government beyond the PIU.	In ARD, most projects work through the line ministries and departments rather than a special PIU. Since an irrigation project is implemented by the Department of Irrigation for example, almost by definition there is government involvement in the programme. Most supervision missions meet with the principal secretary of the concerned department, but also the secretary for finance and the Chief Secretary of the Government. [7]	The government's role is mainly in the portfolio review which brings the Finance and Planning Ministries into the process. Supervision is carried out with the project units and the concerned line ministry.	ADB retains a lead role in Annual Review Missions. Joint Reviews are undertaken in partnership with other co-financiers. Only in case of SWAPs, ADB and GOV.s are partnering on an equal footing. On the other hand, ADB's missions may interact closely with the long-term project consultants funded out of GOV's proceeds (referred to as TA consultants). According to ADB staff, this is a sign of GOV's ownership. Also, ADB has a good record in the implementation of	The AfDB regards the role of supervision as monitoring project implementation. It is for the Government to implement the project and for AfDB to ensure that it is in conformity with AfDB's rules. AfDB provides NLTA to assist borrowers to implement projects, but this is viewed as separate from the supervision.

[6] The WB's ARD units benefit from a unique arrangement between the WB and the Investment Centre of FAO. The WB transfers approximately $8 million a year to FAO and this funds staff of the Investment Centre and consultants hired by it, to provide specialist support on World Bank missions. Originally this was set up for project preparation and appraisal, but increasingly it is being used for supervision. Approximately a third are FAO staff and the rest are consultants. Increasingly FAO is making use of national consultants for this purpose. Bank management felt that the quality was fully acceptable and consistent with quality when the Bank itself contracted and managed the consultants.

[7] As evidence of the increasing seriousness with which governments are taking their own role in supervision, the Bank is increasingly being asked to delay the mission by a month or two, to allow for additional preparatory work.

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				Paris Declaration.

B. THE MANAGEMENT PROCESSES FOR QUALITY CONTROL AND FOLLOW UP ON SIS

1. Are M&E systems mandated for all projects and are these followed up in the course of SIS?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD's monitoring is an areas of weakness where it lags behind other IFIs. Much of this is because IFAD projects tend to be area specific and generally cannot rely on existing data bases or data collection arrangements. But IFAD projects often lack the baseline data needed for monitoring, the monitoring requirements do not seem to be well thought through (realistic and quantifiable).	Yes, but this still remains one of the weak areas. The sense is that neither party – Bank nor Project Management really sees this as important. Surprisingly even increasing focus on results has had limited impact on strengthening M&E. ARD's most recent portfolio review identified the need for better M&E as a major issue and special training sessions were organized. Another issue is the uncertainty about what to monitor – some projects have lists of more than 100 indicators. Many indicators are not measurable.	The new PMR system mandates regular project monitoring at six monthly intervals of costs and outputs. It does not necessarily require data on outcomes, but many IDB projects use instruments that are outcome related e.g. Performance-driven loans. These instruments require validation of outcomes for disbursement.	All M&E systems are now integrated with the DMF indicators. . A new system introduced last year aims to monitor the performance of every single project (previously, it was focusing on "products", i.e. each single loan/grant that could finance the same project). Completion Reviews are more important than before, since they feed the corporate DMF system. Challenges remain at the level of outcome/impact indicators.	The move to the new Implementation Progress Report system is part of an integrated effort to put in place a system based on results monitoring that meshes in with the project level results framework and M&E. If this works it should lead to substantially more focus on M&E in future.

2. Are Aide Memoires (AMs) prepared for all missions? Are they discussed prior to mission departure? Are they signed?

AMs are always prepared and discussed with senior PIU officials and key government counterparts before mission departure. They are rarely discussed before being finalised however, particularly with middle and junior members of the PIU.	In some cases a full AM in the field is still prepared. In some other, a presentation is made to the Gov. using Powerpoint at the wrap up meeting. The AM is usually completed within 2 weeks of the end of the mission. In some regions, the AM is regarded as an in-depth review of the project's progress, with the follow up agreement a matter for the country office staff to take up. [8]	Aide Memoires are always prepared.	Either AM or MoU are normally prepared. Some countries (i.e. India and Bangladesh) don't want to sign AMs. In some cases, the AMs are finalized after the mission is completed.	Yes. An interesting variation is that while the AM is usually signed by both partners – the TM and the government counterpart, this is not a requirement and AfDB is quite willing to agree to disagree and to issue its AM without a government signature.

[8] There is increasing concern about the length of AMs – rarely less than 30 pages and usually much longer. This is a disincentive to its being read widely. In many cases, it is probably only read by the PD the other hand the ISR is also being made somewhat more substantive and has a good deal of content in it. The relation between these documents needs to be thought through.

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C. THE MANAGEMENT PROCESSES FOR QUALITY CONTROL AND FOLLOW UP ON SIS				
3. Is there a follow up letter indicating the key findings of the mission? If so, who is responsible for clearing and signing it?				
IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
This is always done. The letter is cleared and signed by the Divisional Director.	This is not mandatory and in some regions only 50 to 60 per cent of missions prepare a follow up letter. If there is one, it is signed by the Country Director and cleared by the Sector Manager and the Senior Operations Officer.		Normally yes, signed by the Dept. Director.	After the mission returns the AM is cleared by the Sector Director concerned and is then sent to the country. The Country units are not part of this process.
4. Are these documents made public?				
The Supervision Report is public, but not the AM and also not the background papers.	The ISR is always public. In practice the Government can request that the AM not be made public, bht the default option is that it will be unless the Government explicitly requests this, and in most cases they do not. There is increasing concern that this inhibits the candor of the documents. It used to be the case that confidential Back-to-office Reports were prepared that conveyed the 'real' story. But few TTLs still do this.		Supervision Reports are not public. But project accounts yes.	While all supervision documents are public, this means that they are available on request. Only the summary is posted on the web.
5. Are supervision reports prepared? Is there a required frequency? Who reviews them? Who signs off on them?				
A once yearly supervision report is mandated by the guidelines. Review procedures depend on the region – some have peer reviews. In effect the Divisional Director signs off on them since the Management Letter goes out under his/her signature.	Yes. The ISR is a rather thin document, but it is supported by the AM and the detailed supervision report. ISRs are mandated once a year. Other requirements are regional.	As indicated there is no required frequency for these. The important documents from a monitoring point of view is the PMR and these are required twice a year.	At HQs they are always reviewed by Portfolio Management Advisor, and if needed by relevant staff from sectoral department. Signed off by Dept. Director	This is usually just the AM with a cover-note. The new Implementation Progress Review however, will change the system somewhat and it is not clear what the procedure for issuing this document will be.

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C. THE MANAGEMENT PROCESSES FOR QUALITY CONTROL AND FOLLOW UP ON SIS

What project risk management arrangements are in place?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD uses the at risk flags of the other IFIs, but the rating is somewhat more subjective than theirs. Disbursement delays do not trigger automatic at risk flags if the TTL feels that the conditions are in place for disbursement to catch up in the next year or two.	The Bank has a system of risk flags attached to any item rated less than satisfactory. Three risk flags lead to a rating of the project as being at risk. The Bank then has a pro-activity index that requires that if the project cannot be upgraded, then it must be cancelled in part, restructured or closed. The objective is to have a proactivity rating of about 80%.[9]	The PMR system replaces qualitative assessments "Do you think the project will achieve its objectives" by quantitative relationships between costs and outputs. Project risk factors are usually defined in terms of a slowness to commit and disburse funds, and a shortfall of physical achievements relative to the work programme objectives.	2 of the 5 Project Performance Reporting (PPR) parameters are risk indicators, i.e. financial management and safeguards. Project , if well designed, are supposed to follow an S curve of disbursement. If there is a gap, an early warning system will require early intervention to investigate the reason. If the issue is considered out of control, it is taken to a higher level.	AfDB makes use of a set of quantitative risk indicators such as slow initial disbursement of project funds, disbursement lags at various points of the project cycle, etc. The 'at risk' or 'at potential risk' ratings are not provided by the TM which is the one check in the system at present on the realism of project ratings. In 2010 TMs rated 84% of projects in the portfolio as satisfactory, yet 32% of the portfolio was rated as being 'at risk'.

D. THE MANAGEMENT PROCESSES FOR QUALITY CONTROL AND FOLLOW UP ON SIS

6. What are the incentives for supervision reports to be candid and frank assessments of progress?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
Interestingly IFAD has much better ratings in this regard than other IFIs and yet the reasons are unclear. Indeed IFAD CPMs are as likely to be excessively negative on project progress as the opposite. This is not because it does not matter – portfolio performance is an important input into IFAD's Performance Based Allocation system.	The Bank uses a realism index which looks at the percentage of products rated less than satisfactory and compares that with the percentage of recently closed projects that IEG has rated satisfactory. There are targets for this index set for each region. In Africa at the moment the realism index is only 50%. [10]	The PMR is based entirely on quantitative indicators – mainly for outputs, but also for results at the mid-term and completion stages. These are all quantitative based documents and there is no longer a subjective rating required from the PTL.	Project performance is linked to staff performance. Hence, no incentives are there. Further, some traits of Asian culture don't encourage the sharing of issues in public spaces. In the past, the TL was responsible for a kind of self-evaluation covering 8 areas. Since June 2011, the new Project Performance Monitoring System (PAI 5/08) focuses on five parameters. Except the last one, they have a more quantitative/objective nature: i) Procurement; ii) Disbursement; iii) Financial Management; iv) Safeguards; and v) Technical Issues	As indicated above, this is problematic. The system envisages the TM preparing and supervising the project and reviewing it on completion. The only potential benefit from indicating that the project is at risk, is the potential for an increased number of supervision missions. The classification of projects as being 'at risk', is independent of the TM. The assessment of implementation progress is mainly based on quantitative indicators, and will be entirely based on these in the revised IPR system. The development objective ratings are largely subjective however and depend on the TM's assessment. [11]

[9] There is a great deal of pressure not to have a less than satisfactory rating on a project since this triggers all kinds of internal flags, reports and bureaucratic pressures. This drives the often poor results on the realism index. The one positive incentive for candor in reporting is that the supervision budget is usually increased after a less than satisfactory rating. There is a need to ensure that ratings are based on results and not just on moving expectations.

[10] Another indicator is the disbursement lag. If the disbursement lag is very large and there is a disconnect with the project ratings, then the Project Quality Coordinators are likely to ask that the ratings be revised.

[11] It should be noted that AfDB's portfolio is heavily weighted towards infrastructure projects, where it is obviously easier to set and monitor quantitative targets and where performance shortfalls are obvious. A more difficult problem relates to governance – another AfDB priority area - where assessments are much more difficult to quantify.

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C. THE MANAGEMENT PROCESSES FOR QUALITY CONTROL AND FOLLOW UP ON SIS

7. What are the determinants of good/poor supervision? What are the project performance ratings/criteria?

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
For IFAD project complexity seems to be a key factor in project outcomes. With relatively less input into the design phase than other IFIs, IFAD relies on its supervision to solve problems that should have been dealt with in the design. This is rarely possible.	In those regions which have analysed this it seems to come down to the ability of the TTL to provide effective support to the programme e.g. to work with them to develop effective monitoring frameworks, etc. Other factors are design complexity, and procurement issues. The good TTL takes action in a risky area before the problem occurs. It is about management. The Bank often uses good technical specialists as TTLs and they are sometimes totally out of their depth in that role.	IDB has moved to an approach which is based almost entirely on the achievement of physical outputs relative to the expenditure on those outputs. Ratings are derived from that ratio and projects are assessed as satisfactory if this is above 0.8 of what was projected.	There are expectations that the Team Leader is able to anticipate an emerging issue, and to elevate the issue at higher level in case it is not solved. Cases where the same recommendation is repeated are reported and levels of accountability are identified case by case.	The system in AfDB is entirely focused on the TM. His or her quality and motivation are the essence. On the one hand the system allows for continuity and the development of close relationships with counterparts. On the other hand it works against taking a periodic fresh look at the project and adapting it to the evolving needs of the country

D. IMPACT OF SUPERVISION ON THE COUNTRY PROGRAMME

1. Is there a focus on sustainability, replication and scaling up in the course of supervision

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
Late stage supervision in IFAD provides good focus on sustainability issues. Yet supervision does not provide the tools for this and in some countries, the only 'exit strategy' seems to be that of a follow on project. In other countries Governments have been willing to absorb the institutional mechanisms developed under the projects and this has led to sustainable programmes. Scaling up has not been an element of the supervision process in the past, but there is now guidance to factor it in.	Although it is not a requirement, in projects at the later stages there is increasing focus on sustainability and special studies may be mounted to address issues that have not been resolved and that are critical to sustainability. The Bank's six monthly/annual portfolio reviews with governments provide an occasion to take up these systemic issues. IFAD has been an important instigator of IFI work on scaling up and as evidence of what is happening, the level of additional financing has gone up. [12]	IDB has a very interesting instrument to support sustainability – the Project Preparation and Execution Facility loans. For up to four years after a project has closed the PPEF can fund the continuation of the activities of the PIU in order to try to promote the sustainability of the project. Replication and scaling up are seen more as Country Strategy issues than matters for supervision.	Since the introduction of the Additional Financing modality, the focus is now much more than in the past, The AF allows the possibility to scale-up much more easily, with additional ADB's resources, in cases of good performance	While there is explicit guidance on factoring sustainability into project design, there appears to be limited follow up on how this is being implemented. There appears to be no explicit focus on replication or scaling up, but AfDB has been substantially increasing the scale of its own projects over the past few years.[13]

[12] There is a cycle of project implementation. In the early phase, supervisions focus on readiness and whether the project has the right management personnel and structures in place. As it moves further the supervision looks at the extent to which the risks are materializing and whether the agreed mitigation measures are in place. As the project goes further, sustainability issues become more important.

[13] This is not an important given AfDB's focus on infrastructure. It is becoming more important with increased focus on governance issues.

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D. IMPACT OF SUPERVISION ON THE COUNTRY PROGRAMME

2. What are the links between supervision and analytic work either of the institution or other institutions

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
Very limited. IFAD has rarely used its grant capacity to support either up front analytic work or analytic work during the course of a project, intended to understand better key issues or provide technical support in areas of weakness.	It is up to the TTL to identify knowledge gaps where analytic work would be useful. This is particularly effective when the TTL is also a senior adviser e.g. in irrigation and can propose and access funding for this purpose. Overall ARD carries out a large amount of AAA and there is a substantial supply of toolkits for staff. *The Bank's analytic work is the basis for its policy dialogue, not its experience with project implementation.* [14]	IDB has a range of Technical Cooperations loans and grants which can and often are used in support of project implementation. While there are no formal links with analytic work, each sector prepares a note for the Country Strategy which looks at the portfolio and raises issues. IDB is considered by countries in the region as a primary source of regional knowledge.	SAD reports that India appreciates ADB's operational knowledge	AfDB does limited analytic work and the country department which handles this work is not associated with supervision. With increased decentralization, the Country Office will include both country economists and sector TMs, so that it would be reasonable to expect a more integrated approach evolving over time. In addition the one area where the portfolio experience does factor into the programme is the preparatory analysis carried out for the Country Strategy Paper, and the key role that portfolio performance plays in the Performance Based Allocation system for the African Development Fund.

E. IMPACT OF SUPERVISION ON THE COUNTRY PROGRAMME

3. What is done to promote knowledge sharing across projects within a country and across countries

IFAD	**WORLD BANK**	**IDB**	**ADB**	**AfDB**
IFAD has an extensive knowledge sharing programme in countries with experience Country Programme Officers. PDs come together at regular intervals and are provided with knowledge exchange and study opportunities, including regional meetings and study tours.	This is very dependent on the senior advisers. Knowledge sharing is an important part of their TOR although this is more a matter of sharing across TTLs within the Bank. Within the country this depends on the individual TTL and of course the Government. The consensus is that the Bank could do more in this regard.	Relatively less emphasis on knowledge sharing. It happens informally. On the other hand IDB has a number of regional integration projects and these by their very nature serve to promote knowledge sharing across countries.		Knowledge sharing across AfDB projects does not appear to be given high weight in the system at present. There is an attempt to bring together project coordinators within or across counties but this depends on individual initiatives and does not seem to be a systematic effort. [15]

[14] An example from South Asia irrigation was where the TTL felt there was a need for in depth policy analysis in two areas – institutional development for water user associations and water pricing. He tapped some funding from AusAid for this purpose and two studies were produced which were widely disseminated in the water management community in Inda and are being used in the design of the next generation of water projects.

[15] One manager in AfDB argued that rotation of staff in itself was providing a major impetus to knowledge-sharing. This is especially important in AfDB given the role of the TM in the project 'from birth to death'. However, most of the staff interviewed by the mission appeared to have been in their current positions for a considerable period of time.

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Summary Notes	
World Bank	
Focus on technical aspects	The Bank has a very large and costly project quality support apparatus in place. It is largely geared towards trying to identify when projects are starting to go off the rails and then trying to move them back on. There are serious questions whether this is the right approach. The Bank pays very little attention, for example, to the qualifications of the TTL and whether he or she has the qualities needed to advise the client on project management and mentor the Bank's own team and the counterparts. Often the TTL will be a technical specialist. Overall the Bank appears to place excessive emphasis on the technical components of projects – even though this is very rarely the area in which projects fail.
Focus on fiduciary and safeguards issues	Another core part of Bank supervision is the emphasis on fiduciary and safeguards issues – far more central in the Bank's approach than in other IFIs. This is in part because the Bank is much more exposed on these issues than others, given the concentration attention it receives from international advocacy NGOs. Fortunately the Bank seems to be re-thinking some of these issues and trying to address the risk-averse behaviours that they induce. This is particularly the case in procurement where an important shift it taking place to an approach that emphasis capacity building and enhancing country systems.
Weak support to M&E	Monitoring and evaluation remain a weak area of Bank support for supervision. This is surprising given the emphasis the Bank puts on results frameworks, which depend on effective monitoring. Despite large amounts of effort, results frameworks still propose way too many indicators and many of these are not measurable. In general there remains a lack of conviction on the part of Bank staff and counterparts about the value of M&E and what it can contribute to the project.
Seamless integration between supervision, analytic work, policy dialogue and new design	Perhaps the greatest strength of the Bank is its capacity to move up and down the scale between project supervision, analytic work, policy dialogue, and programme design. These processes feed into each other in a fairly seamless fashion. Project supervision identifies systemic issues that lead to analytic work being undertaken, which in turn feeds into the policy dialogue and is built into the design of new follow up operations and the country programme itself.
IDB Supervision	
Quantified systems for project monitoring	IDB seems to have gone furthest of the IFIs in terms of moving away from subjective project assessments towards quantified systems of project monitoring. While the focus of these is mainly on outputs, there is also coverage of results. IDB also has some instruments that are focused on achievement of results and build much more comprehensive results (usually outcomes) monitoring into the project design. The PMR (Project Monitoring Report) is carried out twice annually and allows for some shifts in the focus of supervision to trying understanding any discrepancies in the results.
Focus on underperforming projects	The focus of the supervision programme is very much on the projects which are not performing well – these receive more resources and are quite likely to be the subject of special visits from headquarters based sector Division Chiefs.
Predominant role played by HQs	IDB's matrix makes for a somewhat awkward division of responsibility – depending who one talks to one gets different stories about the role of the country representatives in the project process, relative to sector management and staff. The country representatives do not have the decision-making authority that the World Bank Country Director has for example. The division of labour seems to be that the country representatives are the ones who communicate with the Ministries of Finance and Planning about the broader more strategic issues that are raised by the supervision report. The Annual Project Review with these Ministries is the primary occasion for this. On supervision the country representatives seem to play more of a liaison role, clearing timing and team composition, etc. Although the PTL is supposed to report jointly to the Sector Division Chief in Washington and to the Country Representative in the field, the sense is that the alignment to the former is much stronger.

ADB Supervision	
Formal quality control through Project Administrative Instructions (PAIs)	ADB's work is well structured around a comprehensive set of Project Administrative Instructions (PAIs). This ensures standardized working systems that would ensure a formal quality control. The flip side of this, is the danger to promote a compliance culture, where all attention is given to fulfil all policy requirements.
Focus on Infrastructure Projects – Fiduciary review is the main concern	The recent introduction of a Project Performance Reporting (PPR) was a genuine attempt to simplify as much as possible the corporate level indicators. It is evident though that this PPR is much more suitable to an organization where majority of lending goes to large infrastructure investments and the modality of execution is largely based on processing of contracts. ADB's analysis indicates 5,000 contracts are processed every year. 98 per cent of total contracts in sovereign (public) sector loans are for an amount of less than US$10 million. 90 per cent of these are for less than US$1 million. 25 per cent of these are in Agriculture and Rural Development, making up only a value of 3 per cent of total lending. Conclusion is simple: in order to enhance efficiency and effectiveness, the average value of each contract has to increase. How Agriculture and NRM fits with this is questionable. ADB's focus in rural development is limited to investments in rural roads and rather large irrigation schemes. Interestingly, several people interviewed had knowledge for the work done by IFAD and sincerely appreciated its efforts to be more effective in the poverty agenda. As mentioned by IED Deputy Director, "you can transfer the infrastructure model to agriculture". As a consequence, attention during review mission is more on fiduciary issues. This relatively simple task can be fulfilled by a small mission of two to three members.
Good cooperation between RMs and Sectoral Departments in supervision matters. No budget constraints.	On the positive side, it seems there is an effective partnership between Regional and Sectoral Departments, and although the overall number of projects transferred under RM for review purposes is still below 50 per cent there is sufficient flexibility in the system to accommodate different requirements. The lack of budgetary constraints is also noteworthy.
African Development Bank Supervision	
No incentive for an independent review of progress – large disconnect with evaluations.	AfDB's supervision model is somewhat different from that of the other IFIs in the central role the Task Manager plays throughout the project cycle. In principle, the same Task Manager is responsible for overseeing project preparation and appraisal, for supervising the project and supporting the Government in implementing it, and for preparing both the Mid-Term Review of the project and the Project Completion Report. It is hardly surprising that there is a very substantial disconnect between the ratings provided by TMs in the PCR, and the ratings in the validation undertaken by the Evaluation Department (OPEV). All the incentives are in the direction of the TM providing a positive rating for the project. With AfDB moving to a standard two supervisions a year, there is no budget advantage in a below the line rating, and this factors into the Annual Performance Review of the TM concerned. Even without such incentives there is room for scepticism as to whether given the close involvement of the TM during the life of the project a genuinely objective assessment is possible. The rest of the team are also insiders, AfDB staff, located in the country who will be working with the TM over the long term.
Currently developing objective quantitative indicators for progress review	In order to address the weaknesses inherent in this approach, AfDB is introducing a new Implementation Progress Review which tries to substitute objective quantitative indicators for the subjective assessment of the TM. This is obviously possible in the case of Implementation progress, where even now, AfDB keeps close tabs on disbursement rates, delays in achieving effectiveness and first disbursements, frequency of supervision, etc. It is much more difficult to provide a quantitative basis for the assessment of the likelihood of achieving development objectives. Here the proposal is to put much more emphasis on the development of a quantitative results framework, which would be amended annually on the basis of the Annual Work Programme and Budget of the project. In addition to the new IPR, AfDB is also working on changes in the process that will allow for closer management review of progress on the basis

	of these indicators. While these are all positive steps, they leave untouched the basic model of reliance on the TM at all stages of project implementation. AfDB needs to consider the potential value of an experienced staff member other than the TM or an experienced consultant, bringing fresh eyes to the project at a critical stage such as the Mid-term Review and also for the preparation of the PCR. The all-staff model is also a relatively expensive one, and AfDB should consider a substantial increase in the use of both regional and national consultants who can provide support at lower costs than staff and often provide a very good 'nursery' for the future staff compliment as well as capacity building for the country and the region.
Limited role played by RMs	Another issue for AfDB is the limited role that its country staff plays in the project process. This will be helped through the increased decentralization, but it would be worth considering some more formal role for the country-based resident representative in the sign off on the Supervision Report.
Limited integration between supervision, policy dialogue, partnerships and knowledge management	Over time AfDB needs to strengthen the integration of project-level experience into its policy dialogue, country level partnerships and an expanded programme of knowledge management and sharing.
QA system needs rethinking: two departments are in charge of the review of the process and no one of the review of the contents.	The structure of quality assurance in AfDB also needs some re-thinking. One department is in charge of developing the new IPR instrument and another department is in charge of the process. Both however, are responsible for the systems and not for reviewing their content. There seems to be no real focal point for quality in the system other than the technical department with responsibility for the projects. It is now proposed that in future the Operations Committee will review project implementation which should strengthen institutional oversight of policy, but this is likely to be on a highly aggregated level.
The Outlier and Exceptions Report	The AfDB's monthly Outlier and Exceptions Report is an interesting attempt to provide a regular pulse on the portfolio. The report plays a useful role in ensuring that the status of the portfolio is visible to all and that units with especially poor outcomes are motivated to take action. It contains a large amount of data, much of it of questionable value since there is no baseline provided for comparison, and the monthly frequency seems excessive for assessing underlying trends.
Good APPR	An area of best practice is AfDB's Annual Portfolio Performance Review. It provides an excellent overview of the trends in the portfolio and a summary of the proposed actions for portfolio improvement, in a short, readable form.

Supervision of financial management and fiduciary aspects

Introduction

1. The SIS policy was approved by IFAD Executive Board in 2006 and in 2008 the Fund started a massive training programme on supervision and financial management that targeted PMD staff and then project staff and some government officials as well, especially in Latin America and the Caribbean, where government counterpart officials were invited to attend the training workshops. Until then, the responsibility for fiduciary aspects of IFAD loans and grants was performed by so called Cooperating Institutions (CIs), which were in charge of supervising project implementation, financial management and fiduciary aspects of loans and grants and providing limited implementation support to PCUs and governments in the framework of loans and projects. IFAD paid CIs a lump sum amount per project per year for the services, all inclusive, although in 2007 the main IFAD CI (UNOPS) slightly changed the lump sum modality it applied to one based more on actual costs of the services rendered. At the time, within IFAD, PMD and CPMs had the overall leadership on projects and country programmes, while the Controller's Office (Financial Operations Department, FOD) had the overall responsibility for the administration, fiduciary aspects and, in general, for the financial management of loans and grants.

1. Although IFAD worked with several CIs, one of them, UNOPS, handled nearly 60 per cent of the IFAD portfolio, especially programmes and projects which were not co-financed with other global or regional IFIs. In these latter cases, the World Bank or the regional banks were in charge of supervision, financial management and fiduciary aspects of IFAD loans. For its supervision, UNOPS set up decentralized structures or branches that provided services to IFAD. As a distinctive element of UNOPS services, follow up and certifying functions were segregated from approval, control and fiduciary responsibilities, with two (or more) separate Units in charge of those functions.

2. The transfer of projects and programmes handled by CIs to IFAD was implemented in steps, based on the complexity of each regional portfolio and the time required by each Division to set up the structure needed to carry out the services and train its staff. APR Division started first and then the others followed, with each Division coming into the process with slightly different arrangements. The Controller's Office transferred its Loan Officers, who were in charge of loans and grants within CFS, to the Regional Divisions.

3. [1] Budget constraints were the main reason for this transfer, but it was in line with the decision at the time that the main responsibilities for financial management would be allocated to PMD Department and the Regional Divisions. By 2009, the SIS policy was in full implementation in all Divisions.

SIS Policy Implementation

4. After IFAD's Board approved the SIS policy, PMD decided to speed up the process, contrary to the opinion of some staff who favoured a more gradual path, and in about a year the preparatory phase was in full swing. PMD's management had promoted the SIS policy and was convinced that IFAD should start carrying out the SIS services for its own as soon as the house was ready, and that the transition phase should be as short as possible. Cost considerations were also taken into account in setting the timetable for implementing the SIS policy as cost of services

[1] Their functions included a second control and approval of disbursements and pre-approving payments, after CIs have reviewed and approved disbursements (as the first approval step in the disbursement process) and have sent the payment instructions (PITs) to CFS. These functions would be retained by CFS staff after IFAD started the implementation of SIS policy and would be expanded effective 1st January 2012, after financial management and fiduciary responsibilities were transferred in full from PMD to the Controller's Office (FOD) and CFS.

rendered by the CIs continued to increase. To set up the process, streamline operations and training Divisional staff, PMD hired specialists familiar with the process, prepared manuals and training materials, opened discussions with CIs and governments on the new arrangements and readied itself to take over the responsibility for supervision and financial management of the entire portfolio.

5. At the time, IFAD already had some experience with direct supervision since in the early 2000s it had started the implementation of a pilot programme on direct supervision with fifteen projects in the five regions, three per region. But this pilot experience was limited to supervision of project implementation; the financial management services and the fiduciary responsibility for IFAD funds for those fifteen projects selected were contracted to UNOPS.

6. PMD was the designated department with overall responsibility for supervision, implementation support, review and approval of disbursements and procurement, flow- of funds, financial reporting and follow-up on the contracting of the audit firms for the external audits at the project and programme level. A proper budget was allocated to perform those responsibilities, particularly to cover supervision associated costs and hiring consultants to carry out project supervision and financial management functions. IFAD staff costs were already in the administrative budget of each Division. Each Regional Division was responsible for designating the staff with authority to approve payment orders and Letters to the Borrowers (usually, a main signatory and two alternate signatories in each Division), which were cleared by CFS.[2] The Controller's Office and CFS (the Loan Officers) still retained the fiduciary responsibility, a second approval of loans and grant disbursements, Treasury responsibilities (approval of payments) and oversight of the financial management of loans and grants.[3]

7. It certainly helped to speed the implementation of the SIS policy that the framework for financial management of loans and grants and the rules and regulations were the same as was in place before, when CIs carried out the responsibilities, but with one distinctive difference. The new framework set up by PMD to carry out the services combined supervision, follow-up and certifying functions with approval and control functions in the same Division and staff, with no clear segregation of functions; an issue that few years later would lead IFAD to split functions between Departments as will be explained later.

8. As IFAD was starting to implement the SIS policy, another very important institutional change was under way: the **decentralization process**, with the first Country Offices (COs) opened in selected countries, local staff hired and host country agreements signed with national governments. Decentralization is on-going with the gradual out posting of CPMs to countries and the recruitment of country office staff. In 2009, IFAD also introduced major changes to its loan and financing agreements, with impact on project implementation and supervision, that simplified the content of the agreements, changed loan effectiveness dates, and codified all standard procedures on Special Accounts, statement of expenditures (SOEs) and procurement procedures and methods, etc. in the General Conditions for Loans and Grants that were attached to the loan agreement. It made the follow up on loan covenants easier and more straightforward for missions. In addition, some key ceilings and thresholds for using statements of expenditures (SOEs) and

[2] The Letter to the Borrower is a letter addressed to the Representative of the Borrower, usually the Ministry of Finance, with reference to IFAD's Loan to the borrowing country. The LTB details all loan administration procedures, withdrawal of loan funds, WAs formats, statement of expenditures and payment methods, procurement methods and ceilings by method, external audits, loan supervisions, and other administrative and financial matters of the Loan. The LTB is sent to the country soon after the Loan is declared effective and can be updated from time to time in case there are specific amendments to procedures and loan agreement conditions detailed in the Letter. Before financial management responsibilities were transferred to CFS, LTBs were prepared by CPMs and the Portfolio Advisers in the Regional Divisions.

[3] .On 1st January 2012, Loan Officers became Finance Officers.

selecting procurement methods, once an integral part of the loan agreements, were left to be decided at project start up.

9. Although IFAD adopted a model for financial management similar to that in place when services were contracted with CIs, each Regional Division was granted the necessary flexibility to choose the approach considered more appropriate to the characteristics of the region, countries and their operations. Although there are some slight differences between approaches, they can be summarized in two distinctive modalities:

   (i) *Financial Management tasks streamlined throughout the Division* (Portfolio Advisers, CPMs and Programme Assistants) in IFAD HQs. APR, WCA and NEN contracted loan administration staff from UNOPS and handled the functions from IFAD HQs. LAC based its modality on the Portfolio Adviser, who had transferred from CFS and was familiar with IFAD procedures.4 As per the arrangements with projects, hard copies of all withdrawal applications (WAs) and supporting documents were sent by projects directly to Rome. In general, the Regional Divisions hired specialized support in the countries to provide back up support to CPMs and projects from the field. LAC Division went beyond these common arrangements and hired Country Specialists year round through UNDP COs on retainer contracts, to provide backup support to the Division and projects from the field. Their work was organized in sub-regions (Central America, the Caribbean, Andean region and the MERCOSUR area). The Specialists were supposed to provide services for an average of fifteen days per month, but in practice, it became almost a full time job due to the heavy workload that included participation in supervision missions; and

   (ii) *A specific Unit located in the field to perform Financial Management tasks*. ESA Division absorbed the Loan Administration Unit of the CIs, located in Nairobi, Kenya, and three staff who carried out the financial management functions (a Country Officer/Regional Loan Administration Officer, with approval responsibilities for the entire loans and grants portfolio, a Loan Administration Associate, with disbursement functions, and a Programme Assistant). A Regional Finance Officer was hired in mid-2010 to handle the external audits, review and make recommendations on financial statements, financial management and training project staff. (In 2012, the name of this post was changed to Finance Officer.) Soon after their contracting was completed, the Unit was fully operational and ready to resume their tasks, now for IFAD, as the Unit had the contacts with projects and borrowers and was familiar with the issues and constraints of loans and grants in the region. A specific Unit within ESA Division, "a hub" located in Nairobi, dealing with all Eastern and Southern African countries was now in charge of handling financial management responsibilities.

10. More recently, as IFAD accelerated the decentralization process and new Country Offices were opened and staff out-posted in selected countries, this has led to changes of modalities in some Divisions. Specifically, in APR Division financial management tasks were centralized in IFAD HQs until 2011, when the Division started a pilot decentralization of loan administration and financial management functions, starting with India and Viet Nam in July 2011, and China in January 2012. The number of Country Offices continued to increase in Asia and the Pacific to the current twelve. Country Offices in all twelve countries are in charge of following up on and assisting with country operations and local staff have been recruited to perform these tasks. There is a similar expansion of Country Offices in

[4] At the time, LAC was in a transition phase, with an Acting Director in charge of the Division until IFAD hired the new Division Director. During the transition in 2008, the Division contracted the services of CAF, one of its Cooperating Institutions in the Region, to carry out the financial management responsibilities for several months until the Division completed the transition. In April 2008, the new Director was hired, and in August of the same year the Portfolio Adviser transferred to LAC.

all other Regional Divisions (seven in Eastern and South Africa, six in Latin America and the Caribbean, four in Near East, North Africa and East Europe and nine in West and Central Africa).[5]

[5].Angola, Ethiopia, Madagascar, Malawi, Rwanda, Tanzania and Zambia in ESA Region; Brazil, Bolivia, Guatemala, Haiti, Peru and Panama in LAC; Egypt, Sudan, Syria and Yemen in NEN Region; and Benin, Burkina Faso, Cameroon, Congo, Ghana, Guinea, Mali, Nigeria and Senegal in WCA Region.

Key data on IFAD SIS missions

Table 1
Mission leadership 2010-11

Region	*SMs*							*MTRs*						*ISMs*			
	ACPM	CPM	CPO	Cons.	Other	N.A.	Tot.	CPM	CPO	Cons.	Other	N.A.	Tot.	N.A.	Tot.	Projects[a]	**SISM/ project**
								2010									
WCA	-	32	1	17	2	1	53	1	-	4	-	-	5	34	92	48	1.92
ESA	1	38	2	9	2	1	53		-	8	-	-	8	46	107	48	2.23
APR	-	5	5	24			34		1	8	-	-	9	13	56	47	1.19
LAC	-	41		11			52	1	-	1	-	-	2	23	77	33	2.33
NEN	-	16	2	12		1	31	1	-	2	-	-	3	47	81	37	2.19
Total	**1**	**132**	**10**	**73**	**4**	**3**	**223**	**3**	**1**	**23**	**-**	**-**	**27**	**163**	**413**	**213**	**1.94**
								2011									
WCA	-	32	2	26	-	2	62	3	-	3	1	-	7	49	118	53	2.23
ESA	1	26	4	11	1	2	45	1	1	3	1	3	9	45	99	49	2.02
APR	-	1	4	34	1		40	1	-	3	-	3	7	6	53	49	1.08
LAC	-	36	-	13	-		49	-	-	2	1	-	3	32	84	33	2.55
NEN	1	14		12		1	28	-	-	-	-	-	-	31	59	39	1.51
Total	**2**	**109**	**10**	**96**	**2**	**5**	**224**	**5**	**1**	**11**	**3**	**6**	**26**	**163**	**413**	**223**	**1.85**

[a] These definitions have been taken from the organization for Economic Co-operation and Development/Development Assistance Committee *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IFAD Evaluation Manual (2009).
[b] The IFAD Evaluation Manual also deals with the "lack of intervention", that is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

Table 2
2010/11 SIS Missions - Length of Missions

WCA	-	64	3	43	2	3	115	4	-	7	1	-	12	83	210	53	2.08
ESA	2	64	6	20	3	3	98	2	1	7	1	3	17	79	194	49	2.13
APR	-	6	9	58	1	-	74	1	-	11	-	3	16	52	142	49	1.14
LAC	-	77	-	24	-	-	101	-	1	10	1	-	5	45	151	33	2.44
NEN	1	30	2	24	-	2	59	1	-	1	-	-	3	54	116	39	1.85
Total	**3**	**241**	**20**	**169**	**6**	**8**	**447**	**8**	**2**	**36**	**3**	**6**	**53**	**313**	**813**	**223**	**1.90**

a These are "supervisable" projects that is projects that are completed after March and effective before July in each year.
SMs: Supervision Missions
MTRs: Mid-Term Reviews
ISMs: Implementation Support/Follow Up Missions
SISM: Supervision and Implementation Support/Follow Up Missions, including MTRs
N.A.: Information is not available

WCA: West and Central Africa
ESA: East and Southern Africa
APR: Asia and the Pacific
LAC: Latin America and the Caribbean
NEN: Near East and North Africa

ACPM: Associate Country Programme Manager
CPM: Country Programme Manager
CPO: Country Programme Officer
Cons.: Consultant

Table 3
2010/11 SIS Missions - Length of Missions

Region	*SMs*			*ISMs*		
	Number of missions	Average	Standard deviation	Number of missions	Average	Standard deviation
			2010			
WCA	53	12.25	4.78	34	10.55	12.27
ESA	53	13.58	7.19	46	15.91	16.71
APR	34	13.79	4.60	13	11.54	7.32
LAC	52	8.58	5.44	23	5.48	4.63
NEN	31	13.84	5.74	47	12.74	33.05
Total	**223**	**12.17**	**6.01**	**163**	**12.07**	**20.93**
			2011			
WCA	63	10.33	5.83	49	8.47	6.97
ESA	45	14.31	4.66	45	12.00	12.84
APR	40	14.23	4.46	6	11.67	4.76
LAC	49	8.43	5.19	32	6.59	4.12
NEN	28	12.46	6.13	31	14.10	14.40
Total	**225**	**11.67**	**5.73**	**163**	**10.26**	**10.44**
			2010 and 2011			
WCA	116	11.21	5.44	83	9.30	9.45
ESA	98	13.92	6.14	91	13.98	14.97
APR	74	14.03	4.50	19	11.58	6.48
LAC	101	8.50	5.30	55	6.13	4.33
NEN	59	13.19	5.92	78	13.28	27.09
Total 2010-11	**448**	**11.92**	**5.87**	**326**	**11.16**	**16.52**

The evaluation disconnect

Table 1
Project Performance – PCR and PRS Ratings

Project ID	*Country*	*Project*	*Rating*	
			PCR[94]	PSR[95]
1307	Armenia	Rural Areas Economic Development Programme (RAEDP)	6	5.5
1101	Brazil	Sustainable Development Project for Agrarian Reform Settlements in the Semi-Arid North-East (Dom Helder Camara)	5	5
1105	Burundi	Rural Recovery and Development Programme (PRDMR)	5	5
1175	Cambodia	Community Based Rural Development project in Kampong Thom and Kampot (Kampong Thom and Kampot)	4	4.5
1136	Cameroon	Community Development Support Project (PADC)	3	3
1144	Chad	Food Security Project in the Northern Guéra Region (PSANG – II)	5	4
1259	Chad	Kanem Rural Development Project (PRODER-K)	2	2
1227	China	Rural Finance Sector Programme (RFSP)	4	4.5
1237	Ethiopia	Pastoral Community Development Project (PCDP)	5	5
1181	Grenada	Rural Enterprise Project (GREP)	3	4
1135	Guinea	Programme for Participatory Rural Development in Haute-Guinée (PPDR-HG)	3	3
1121	India	National Microfinance Support Programme (NMSP)	5	5.5
1112	Indonesia	Post-crisis Programme for Participatory Integrated Rural Development in Rain-Fed Areas (PIDRA)	4	4.5
1207	Lao	Oudomxai Community Initiatives Support Project (OCISP)	5	5.5
1179	Mauritania	Poverty Reduction Project in Aftout South and Karakoro (PASK)	4	4
1180	Mauritania	Maghama Improved Flood Recession Farming Project (Maghama II)	5	4.5
1141	Mexico	Project for the Rural Development of the Rubber Producing Regions in Mexico (Rural Develop. Rubber)	2	2
1010	Morocco	Rural Development Project for Taourirt-Tafouralt (Rural. Dev. Taourirt – Taf)	5	5
1385	Pakistan	Restoration of Earthquake Affected Communities and Households (REACH)	3	5
1137	Philippines	Northern Mindanao Community Initiatives and Resource Management Project (NMCIREMP)	5	5
1166	Tanzania	Agricultural Marketing Systems Development Programme (AMSDP)	5	5
1186	Venezuela	Agro-productive-chains Development Project in the Barlovento Region (Barlovento)	4	3
1202	Viet Nam	Rural Income Diversification Project in Tueyn Quang Province (RIDP)	5	5
1095	Yemen	Al-Mahara Rural Development Project (Al Mahara Rural. Dev.)	4	4.5
		Average	4.2	4.3

[94] Project Completion Reports (PCRs) prepared in 2011.
[95] This rating is an average of the ratings given in the Project Status Reports (PSRs) against two indicators: (i) likelihood of achieving the development objectives and (ii) overall implementation progress. The data refers to PSRs updated either in 2009 or in 2010

Stakeholder survey main findings

Purpose of the Survey

1. As one the instruments chosen for this Evaluation, a stakeholders survey was conducted in December 2012 to investigate key areas of IFAD supported SIS processes. The survey tapped into the experiences and opinions of SIS primary stakeholders and key implementation actors – PDs, Government Officers (GOs) from the executing agencies and the agencies representing the Borrower or the Recipient of IFAD's financing, Country Programme Managers (CPMs), Country Programme Officers (CPOs) and freelance consultants who led SIS missions.

2. Five different questionnaires were developed and sent to a total of 555 professionals covering the above mentioned roles. 182 responses were obtained (about 33 per cent of the total), 173 of which complete setting the response rate to the survey to about 31.2 per cent.

3. The questions asked within this survey were divided in groups covering a total of 15 topics including training, goals of SIS , tasks of SIS missions, project risks , coverage and timing, budget, ownership and participation, reporting, follow up, knowledge management, policy dialogue, partnership development, sustainability, up-scaling, M&E, grants, client's satisfaction with IFAD SIS and accountability of partner governments and IFAD.

4. These 15 groups were preceded by a group of questions aimed at obtaining information about the respondents themselves, their role within the IFAD SIS process and their experience with IFAD or with project supervision in general.

5. For the CPMs and the CPOs, this group of questions also aimed at obtaining data relating to their workload and their level of engagement in SIS missions.

6. Finally, the survey concluded with at a set of open-ended questions to give respondents the opportunity to further qualify the responses they provided to previous questions and provide suggestions on how to improve SIS.

Key facts about the respondents

7. Experience. The survey taps into 710 years of experience with IFAD as a CPM, a CPO, a PD or a Government Officer and 590 years of experience with the supervision of about 790 projects on the side of consultants. Noteworthy is the fact that, while nearly two thirds of the respondents [1] has about 6-7 years of experience with IFAD or less, the remaining third boasts a much longer experience with peaks reaching 24 years for the CPMs, 12 years for the CPOs, 10 years for the GOs and 18 years for the PDs.

8. Noteworthy is also the project supervision experience offered by the 50 responding consultants. Each consultant has led, on average, 14 supervision missions to 6 countries in 12 years for a total of 682 missions, with the four most experienced consultants participating in the supervision of 42, 50, 65 and 100 projects each and leading respectively 25, 35, 62 and 260 supervision missions. These four belong to the quarter of consultants that contribute between 20 and 32 years of experience in 10-25 countries. The remaining three quarters have 15 years or less of experience in less than 10 countries each.

9. Engagement in IFAD SIS. The majority of respondents is currently intensively engaged in IFAD SIS activities and hence very familiar with their processes and outputs. 95 per cent of the PDs were in charge during the last SIS mission and 89 per cent joined its field visits. Similarly, 91 per cent of the GOs usually participates in the wrap up meetings held in the capital, joins the SIS missions' field visits, reads the supervision reports and participates in policy dialogue activities with IFAD. 100 per cent of the CPMs and 69 per cent of the CPOs has led at least one

[1] About three quarters of the PDs, half of the GOs, two thirds of the CPOs and the CPMs

supervision mission in the last 12 months, while their participation in at least one supervision mission as a team member is at 75 per cent for the CPMs and 85 per cent for the CPOs.

10. Workload. The most striking results emerging from this part of the survey are those portraying the current workload of responding CPMs and CPOs, with peaks reaching 24 -28 SIS missions mounted and, in one case, also led in the last 12 months. Uneven seems the workload distribution particularly among CPOs, with some of the officers showing engagement in an exorbitant number of missions. Specifically, while the majority of CPMs and CPOs is dealing with a maximum of 10-12 SIS missions a year, there is a small group of CPOs (about a third) and CPMs (about an eight) that is fielding extraordinarily high numbers of SIS missions - one CPO has led 18 SMs and 10 ISMs and one CPM has fielded 8 SMs and 15 ISMs in the last twelve months.

Results

11. **Training**. 96 per cent of the CPMs, 83 per cent of the CPOs and 14 per cent of the consultants received training in SIS and their assessments of the quality of training received are mixed as rates of satisfaction provided by CPMs are significantly lower than those of CPOs.

12. CPOs found that the training received was adequate to their needs and that covered implementation and development issues overall well. However, they were dissatisfied with the coverage of fiduciary issues. CPMs, on the contrary, appreciated the coverage of fiduciary aspects as well as, partly, of implementation issues. However, nearly half of CPMs (44 per cent) found the training inadequate to their needs and that inadequacy was particularly evident as related to development issues (72 per cent of the CPMs were dissatisfied with the coverage of these issues). Coverage of implementation issues was found not sufficient for 44 per cent of CPMs.

13. **Goals of SIS.** The answers to the question "What are the most important goals of SIS activities, in your opinion?" revealed that each category of respondent ranked SIS goals based on the specific role that each plays in the SIS processes themselves, along with the expectations that each has vis a vis their results. Consequently, the first ranked goal is different for the various categories:dPDs chose "dialogue with beneficiaries", GOs "fulfil fiduciary requirements", CPOs "support government and other implementation partners' capacity building", CPMs "dialogue with Government and other implementing partners" and Consultants "generate development results".

14. However, remarkable is the broad consonance between the GOs and CPOs as relates to the top two goals (capacity building and fiduciary requirements) as well as the striking contrast between the weight attached by CPMs to "dialogue with Government and other implementing partners" and the views on this topic of other respondents (ranked as last or second last).

15. **Tasks of SIS missions.** Respondents' feedback on the most important tasks of SIS missions reveals their overall agreement on what SIS missions' priorities are. The first two are to identify and resolve implementation problems and to ensure that projects achieve their overall longer term objectives. The third ranked differs for SMs and ISMs: most respondents feel that compliance with loan/grant agreement covenants is better dealt with on occasion of SMs while managing project risks is an important task for ISMs. An exception is CPMs and GOs' opinion who consider the third priority for SMs the collection of feedback from beneficiaries.

16. It is interesting to note that discussing scaling up issues and managing the partnership with the Government and other stakeholders are considered by all among the last priorities of SIS missions. In particular, the task of discussing

scaling up issues gains ground in terms of ranking only within ISMs' priorities, especially for GOs but also CPOs.

17. **Project risks.** In relation to risk management, respondents find that current SIS arrangements help address implementation (75 per cent) and fiduciary risks (69 per cent) overall well. However, they seem less apt to the management of development risks (targeting, capacity building, sustainability, etc.) (59 per cent).

18. **Coverage and timing.** 80 per cent of respondents are overall satisfied with the expertise mobilised for SIS missions and express an average rate ranging from a minimum of 4 (consultants) to a maximum of 4.5 (PDs). Consultants are the most critical in terms of adequacy of mission members' skills but even in their case, three quarters of their ratings are in the satisfactory zone (4-6). The specialties that are better covered seem financial management including procurement, disbursement and audit; project management; M&E, and knowledge management. Those that are less well covered relate to gender issues, the environment, up-scaling and private sector development. CPOs flag the fact that local expertise in the areas of financial management, knowledge management and monitoring and evaluation are difficult to procure. These are followed by up-scaling, value chain and marketing as well as private sector development. The easiest to source locally, according to CPOs, are community development, gender and agriculture (including livestock and fisheries).

19. The optimal SIS arrangement is, according to respondents, one full supervision mission plus one follow up/implementation support mission a year (1SM+1ISM). Respondents' second best is represented by flexible arrangements – these allow organizing SIS on the basis of implementation stage and performance of the project. The ideal duration is considered between 10 and 21 days. There is a striking difference here, however, between the views of CPOs on the one hand, who appear to prefer somewhat shorter missions (10-15 days), and the views of CPMs and consultants who express a preference for longer missions (18-21 days).

20. **SIS Budget.** To the question "*Do you think that the budget provided for SIS is adequate?*" CPOs and CPMs provided very different replies. The majority of CPOs is satisfied with the budget provided for supervision (69 per cent) and implementation support/follow up (77 per cent) while the vast majority of CPMs (80 per cent) are equally dissatisfied with both.

21. Both categories of respondents agree, however, on the fact that, were they given additional budget, they would provide more implementation support as their first priority and, strengthen supervision missions with additional expertise as their second. Maintaining the current frequency of supervision, while lengthening the missions and supervising projects more frequently would come as their third and fourth priorities.

22. **Ownership and participation.** This section of the survey was dedicated to understanding the quality of SIS processes in terms of participation and contribution by their various stakeholders in the different activities of SIS missions - from preparation to fielding of missions - and obtaining feedback on the steps taken to ensure national ownership of the SIS processes themselves.

23. **Preparation stage.** The majority of the PMUs/Government Agencies (81 per cent) was consulted by IFAD in relation to timing of SIS missions and the issues to be covered. However, the average drops to 66 per cent as relates to IFAD's invitation to formulate solutions to identified issues and to 57 per cent as relates to consultation on the expertise required for the mission. Discrepancies in terms of results between categories of respondents are not particularly high, apart from the topic of "consultation on the expertise required": there was no consultation on the type of expertise required by the mission for over half of the PDs while this was the case for only 30 per cent of the CPMs.

24. According to respondents, IFAD amended the TORs of the mission after consultations to take in consideration the views expressed by the PMUs/ Government Agency in the majority of cases (73 per cent). Feedback is overall unanimous among respondents with the exception of GOs - 18.2 per cent of them believe that PMUs/Government's views were not taken into account, while another 18.2 per cent asserts that there was no consultation on any subject relating the SIS mission at all.

25. **During the last mission.** Particularly participatory and, hence, of high quality were the processes followed by SIS teams in terms of involvement of beneficiaries, PMUs and other implementing partners in the identification of issues and solutions and in the discussions on mission's findings held before and during the wrap up meeting.

26. All respondents apart from CPMs were asked the following questions:

"Did the SIS team:

(i) involve the beneficiaries in the identification of issues and possible solutions?
(ii) involve the PMU and other impl. partners in the identification of issues and possible solutions?
(iii) discuss the missions' conclusions and recommendations with the PMU before the wrap-up meeting?
(iv) discuss the missions' conclusions at the wrap-up meeting?
(v) shared the Project Status Reports (PSRs) before its departure?"

27. 97 per cent of respondents confirms that the mission discussed its recommendations with the PMU and other implementing partners at the wrap up meeting and 93 per cent confirms that those recommendations were discussed with the PMU before the wrap up meeting as well. 96 per cent states that those recommendations arose from a discussion with the PMU and other implementing partners aimed at identifying issues and possible solutions, while 85 per cent asserts that beneficiaries were involved in this process too. It is noteworthy that only 63 per cent of the missions left a PSR behind before its departure. Some consultants feel that the rating process is disruptive of the mission's work with the PMU and therefore suggest that this step be left out if necessary.

28. This high level of participation in SIS processes was reflected in the actual time dedicated by missions to the consultations with key stakeholders before and after the field visits and the production of the key deliverables such as writing the aide memoire, the PSR and the final report. The activities that were dedicated overall adequate time, according to respondents, were the briefing and debriefing meetings with the PMU, the wrap up meetings with Government and other implementing partners, the briefing meeting with the key counterparts in the capital and, partly, visiting project sites.

29. Average adequacy rates decrease for the meeting with project beneficiaries and writing the aide memoire and the final report, which reflect the usual rush accompanying SIS missions, particularly supervision missions, towards the end. The least sufficient time is dedicated to meeting other implementing partners such as banks, NGOs and companies and co-financiers. Their involvement in SIS processes is not prioritised partly due to the difficulties that stakeholders encounter in aligning schedules and priorities of different organizations and partly due to the limited time available to missions in general.

30. **Contribution by stakeholders.** Overall the participation in and contribution to supervision missions of the CPM, PDs and PMU staff is found adequate by all respondents. Co-financiers, other implementing partners and the national government are found overall underrepresented and respondents feel that their contribution to supervision missions is moderately inadequate.

31. **Reporting.** This part of the survey focussed on understanding the level of satisfaction with current reporting arrangements and investigated the quality of reports in terms of contents and structure, the time required to produce them, their actual audiences and the level of satisfaction with the recommendations that they usually include.

32. **Reporting requirements.** 91-92 per cent of the GOs and CPOs considers the SIS reporting requirements adequate and 89 per cent of the PDs confirms that the last SIS report was delivered in a timely manner[2]. CPOs added that on average reports were delivered within 23 days and, while 39 per cent of PMUs received it between 10 and 19 days, 23 per cent received between 30 and 39 days. 23 per cent of the CPOs confirms that SIS reports are translated in the local language, 38 per cent asserts that this is not necessary, while another 38 per cent states that reports are not being translated while it would be advisable to do it.

33. **Quality of reports.** On average, the vast majority of PDs and GOs (91 per cent) is satisfied with the quality of reports. Reports are found to provide an accurate reflection of project progress and to identify the right issues to be addressed. The majority of individual preferences are in the rate category of 5-6. However, satisfaction rates drop significantly as relate to the issue of prioritisation of areas to be addressed.

34. Consultants provide a less positive opinion on the adequacy of reports in comparison with PDs and GOs. Their critiques relate to both the structure and contents which are found inadequate by over a fourth and a third of consultants respectively. When asked to explain the reasons of inadequacy, consultants mention the following issues more frequently:

- Rigidity of the template which is found excessively IFAD oriented;
- Sources of repetitions within and among the various sections of the standard report outline;
- Mismatch between the report and the PSR's structure -some ratings are given in the PSR without adequate explanation in the main text of the report as the sections on certain aspects are absent;
- Requirement of a full report for follow up/implementation support missions while a short debriefing note may suffice;
- Importance given to the signature on the aide memoires, which may not be necessary;
- The practice of going through the rating process during wrap up meetings – felt as disruptive vis a vis the work done by the mission with the project teams;
- Page limits imposed on aide memoires greatly diminishing the possibility of explaining reasons behind recommendations and which steps are required to implement them;
- Too many recommendations which have not been prioritized.

35. In their comments, some consultants weighed out the specific purposes and audiences of the three main communication tools available to IFAD - the Report, the Aide Memoire and the Project Status Report (PSR) and proposed some amendments to formats and contents to make them more targeted tools. They argue that the Aide Memoire is already an effective tool of communication between IFAD and the partner governments, while the PSR is a very valid monitoring tool used by IFAD and probably the Ministry of Finance to track project performance**.**

36. With these two highly standardised documents in place, supervision reports can become flexible tools owned by project teams, that adequately guide them during project implementation and reflect their specific needs in terms of formats and contents.

[2] The survey took "within 60 days from the wrap up meeting" as an acceptable timeframe for the delivery of the final report.

37. It is noteworthy that 35 per cent of the CPMs agree with consultants and state that they find the reporting requirements, including the report structure, inadequate. In particular, CPMs point out that:

- Reports should be shorter, simpler, clearer and flexible in their structure. They should be more focused on the main issues. Possibly they should include maps, pictures and graphs to increase their reader friendliness.
- The in-house CPMT should have the skills required to review and enhance the quality of the report.
- Reports should add value and be developed with clarity on who uses them and for what purpose. Their current template seems a control structure verifying compliance with requirements.

38. **Quality of recommendations.** On this topic, the survey asked whether recommendations that were presented by missions possessed five key characteristics. These determine the quality of recommendations and ensure that recommendations are:

(i) clearly formulated
(ii) actionable
(iii) clearly indicating roles and responsibilities for their implementation
(iv) having a realistic timeframe for their implementation
(v) focused on priorities and in a limited number.

39. 83 per cent of the respondents replied that recommendations were on average very good and possessed all of these elements of quality. They excelled in particular in terms of clarity of formulation and of identification of the roles and responsibilities for their implementation. They were also found actionable overall. In some cases, however, recommendations presented timeframes that were unrealistic; they were too many and were not prioritized creating a heavy burden and strong pressure on the PMUs.

40. **Capacity to implement recommendations.** In addition to the five characteristics determining the quality of recommendations, the survey investigated an additional sixth, which refers to the capacity of PMUs to implement the recommendations that missions propose. PDs were asked whether they found that their teams were able to implement the agreed recommendations. 94 per cent of them responded overall positively (4-6 rating), with 69 per cent being of the opinion that they were fully able to implement them (5-6 rating).

41. **Audience.** The survey asked GOs, CPMs and Consultants about who they think that the readers of SIS reports are. They replied that certainly the PMU staff and, to a lesser extent, other officers of the Executing Agency, the Regional Economists and Portfolio Advisors within IFAD are among the readers. However, the audience outside of this circle seems very limited with average percentages for other implementing partners, officers of the Agency Representing the Borrower, the Division Director and CPMT members ranging between 33 and 47 per cent.

42. **Follow-up.** In this section, the survey investigated the quality of follow up undertaken by both IFAD and partner governments. Here "follow up "is intended as that group of activities aiming at tracking and supporting the progress of implementation of the agreed recommendations and, in particular, the various measures that their implementation requires.

43. **Follow up by IFAD and Government.** GOs and PDs rate the adequacy of follow up undertaken by both institutions very well on average – 78-82 per cent governments and 84-89 per cent IFAD- while consultants show much lower averages, particularly in relation to the follow up organized by partner governments, as 52 per cent of respondents in this category find it unsatisfactory.

44. To understand the depth of involvement of consultants in follow up activities, the survey asked them whether they were ever mobilised for a follow up mission. 54 per cent said that they were and half of them thought that the follow up required was appropriate to the issue to tackle.

45. **Overall follow up**. CPOs consider the overall follow up made on implementation of missions' recommendations adequate, with nearly half of respondents giving a 5 rate to this aspect of performance. CPMs reveal being less satisfied than the CPOs and half of them rates the follow up with a 4.

46. In-house follow up. The survey further investigated the follow up undertaken by IFAD in-house, and, in particular, the involvement of CPMTs in discussing findings of SIS missions or even in preparing their TORs. CPOs confirmed that only half of them (54 per cent) reviews SIS mission reports during a CPMT meeting. CPMs confirm this piece of data and add that only 20 per cent of them convenes a CPMT meeting to discuss the mission's TOR. In their comments, CPMs assert that they find the expertise of CPMT members in some cases not adequate to add value to the SIS reports and that most of the discussions revolve around PSR ratings.

47. **Knowledge sharing.** The survey enquired whether the lessons learned from SIS missions are being shared within and outside of the country. It found that 80 per cent of the projects in each country does share lessons learned with other projects and 44 per cent of them shares with other development partners too. Rates drop considerably as relates to sharing with projects in other countries (25 per cent), with other CPMs and CPOs within the same region (31-45 per cent), and outside (0 per cent).

48. **Policy dialogue.** About 91 per cent of responding GOs are involved in policy dialogue activities conducted by IFAD in their countries and 73 per cent of them find them effective.

49. CPOs and CPMs add that the majority of the policy dialogue is conducted by them personally and the PMU staff, followed by the national government and only limitedly by consultants. They point out that the occasions in which policy dialogue activities take place are primarily discussions held at sector working groups. Other useful occasions are *ad hoc* fielded missions, COSOP/design missions and SIS missions. Some CPMs clarify that these events are supported by regular correspondence with the concerned policy makers on their side.

50. **Grants.** Responding CPMs' grant portfolios include considerable investments in knowledge management (60 per cent) and policy dialogue (40 per cent). Over a third addresses project implementation issues and fosters partnerships while between a fifth and a fourth relate to up-scaling and sustainability. Only a tenth is used to strengthen M&E systems.

51. **M&E.** 70 per cent of the consultants believe that SIS missions usually receive sufficient and accurate data from projects. 30 per cent of them disagrees and points out that they experienced difficulties in obtaining data at output level already; rarely would they obtain data at the outcome level. PDs in their comments to the survey seem particularly concerned with the establishment of functioning M&E systems. Consultants point out that M&E systems must function for SIS missions to be able to add value and support projects' performance. When these do not work, missions need to be extensively briefed by PMU staff upon their arrival and mission members need to spend considerable amount of their already very limited time in collecting primary data in the field to be able to understand progress and current issues. Still the picture they come to is a partial reflection of reality and this makes them formulate recommendations that are not appropriate, as some PDs point out.

52. **Clients Satisfaction.** 94 per cent of PDs and 90 per cent of GOs express overall satisfaction with IFAD SIS activities, with over half of respondents giving a 5 as a

rate (using a 1-6 rating) and another fifth a 6. The main areas of improvement that respondents highlight relate to increasing funds, number/types/qualifications and skills of experts included in the team, particularly communication skills and their approach to the job (collaborative versus a policing approach) and time availability for quality consultations with all stakeholders, particularly beneficiaries.

53. **Accountability.** The majority of respondents (87 per cent) believes that IFAD and the Government are clear about their responsibilities. However, some respondents, particularly consultants, revealed that clarity in this respect was lacking in some of the projects they visited where a culture of being accountable for results was uncommon, particularly at local government level. Consultants point out that accountability for results goes hand in hand with the sense of ownership that executing agencies and implementing partners develop vis a vis projects and that this is the basis to obtain results.

Evolution of IFAD's supervision approach

1. The move to direct supervision has its origin in the concerns raised in the late 80s relating to project performance and impact. The first studies that questioned IFAD's supervision arrangements resulting from its statutory limitations are dated early 90s

2. [1]Article 7 Section 2 (g) of the Agreement establishing IFAD in 1977, in fact, stipulated that the Fund would entrust loan administration and project supervision to competent international cooperating institutions (CIs).

3. **The 1992 thematic study (TS).** conducted by IFAD's then Monitoring and Evaluation Division[2] on the relationship between IFAD and its CIs showed that there was no correlation between supervision efforts and project performance. One mission every 8 months, for few days, by two CI staff members was a service that was not adding value or helping improve performances. Further, it was becoming increasingly costly, particularly for IFAD-initiated and not CI co-financed projects. The study recommended to continue with the CI supervision arrangement strengthened through better definition of supervision requirements, improved cooperation agreements, more intense involvement of the CPMs in implementation support and, in selected cases, through carrying out "independently the supervision and loan administration functions in order to learn from this activity and overcome the limitations of CI-led supervision".

4. **The 1996 Joint Review.** Other studies followed the 1992 TS[3] and the debate intensified when in 1996 a Joint Review on Supervision Issues for IFAD-financed projects was conducted by IFAD and four of its then main CIs – World Bank, UNOPS, AFESD and AfDB. This Review's main purpose was to identify ways to improve project performance and impact through strengthened supervision.

5. At the October 1996 learning workshop organized by IFAD with its CIs within the process of this Review, CIs unanimously expressed concerns about the serious disadvantages that had arisen for IFAD from its inability to learn, even to a limited extent, from direct supervision experience. They pointed out that this made IFAD a "lesser partner". By delegating supervision to others, IFAD designs were deprived of the feedback from implementation experience. Therefore CIs invited IFAD to be more involved in supervision, even through implementation support solely, in order to address the IFAD specific "human dimension" which the CIs were unable to deliver on, based on the joint review findings.

6. These and other discussions resulted in five recommendations requiring that CIs' supervision be systematically strengthened and that an experimental direct supervision pilot programme (DSPP) be undertaken, involving three projects from each regional division for a period of five years starting from the effectiveness date of the last project included in the pilot (2001). These recommendations were endorsed by IFAD governing bodies which guided the management in the selection of the pilot portfolio to be directly supervised by IFAD at zero incremental cost[4].

7. **CLE on supervision modalities.** Conducted in 2002/3 at the end of the IFAD's Action Plan, this evaluation found significant variations in the performance of the CIs in charge of supervision activities and highlighted the need to put more emphasis on implementation support. Many positive features were noted as a result of the

[1] For example: "Project Supervision by IFAD" E.M. Sicely, Consultant (Former Head of IFAD's Technical Unit), 31 May 1991
[2] Now IOE
[3] For example: "IFAD's Role in the Project Implementation and Supervision Phase of the Project Cycle", a supplementary report of the PMD Task Force, 31 January 1994; "Supervision and Loan Administration of IFAD Projects: Issues and Options" J F. A. Russel, Consultant, March 1994; "Review of Selected Programme and Operational Matters", EB94/51/INF.6, 14 April 1994; "Report of the Ad Hoc Committee of the EB on Programme and Operational Matters: IFAD's relations with its Cooperating Institutions with Respect to Loan Administration, for the purposes of the Supervision of Project Implementation and the Disbursement of Loans" EB/94/52/R.58, 4 August 1994.
[4] US$61,000 was the average annual budget available for SIS of each project, the same amount given to a CI to perform the supervisory function on behalf of IFAD.

ongoing DSSP, including a higher visibility of IFAD at the country level, enhanced clarity of the respective roles of IFAD and CIs[5], faster responses to partner-country needs, and more frequent supervision missions.

8. Seven recommendations arose from this CLE which pointed to the need for a policy on supervision and implementation support, a better definition of minimum supervision requirements and improved cooperation agreements with CIs along with more realistic fees for supervision[6]. They also pointed to the need for an assessment of implementation support practices in order to ensure that resource allocation take place in the areas of maximum returns for project performance and impact achievement. Finally, they required the creation of a supervision QA scheme for IFAD, possibly based on other IFIs' best practices, as well as strengthening the learning loop from supervision.

9. **The 2004-05 Independent External Evaluation of IFAD** made the next important contribution to IFAD's evolution towards direct supervision. Concerned with IFAD's development effectiveness, it pointed towards the adoption of a new business model, based on a more hands-on approach that would better respond to country realities and which would require IFAD to move away from the long-lasting restriction with regards to its involvement in project supervision and country presence.

10. **The 2005 CLE on DSPP** provided a very positive assessment of the direct supervision experience – it had contributed to better development effectiveness and allowed greater attention to IFAD's broader objectives at the project and country programme level. The CLE provided five recommendations which echoed the recommendations arising from the CLE on supervision modalities and previous studies: (i) develop a policy; (ii) define supervision as a fiduciary function separate from the implementation support function – the first one possibly to be delegated to national, regional or international institutions, while the latter to be directly discharged by IFAD – (iii) create a supervision QA system within IFAD, (iv) create a plan and a strategy for SIS at COSOP stage, and (v) enhance learning around implementation support.

11. As a result of this CLE's findings, management recommended that IFAD be allowed to supervise directly its own projects and the Fund's Governing Bodies endorsed this recommendation.

12. **The Supervision Policy.** In December 2006, IFAD's EB approved IFAD's Policy on Supervision and Implementation Support, which proposed a gradual move to direct supervision to a level of about 75 per cent of the portfolio within a decade.

13. At the time the move was approved, approximately 95 per cent of IFAD-supported projects were supervised by CIs. These engaged in one supervision mission a year, on average, composed mainly of few CI staff, and cost the Fund about US$19.8 million a year - US$9.9 million for supervision charges and US$10 million for IFAD staff time and travel. In 2006 there were 187 projects under supervision leading to a per project cost of US$106,000.

[5] During the pilot phase, UNOPS maintained part of the loan administration responsibility covered with US$ 12,000 a year per project. The GC required, among other things, that the supervision budgets remain unvaried during pilot phase. This amount financed primarily disbursement processing, financial review and minimum capacity building in financial management. UNOPS participated, as a result, in the start-up workshop, plus in one supervision mission per year and, in some cases, one short follow up mission per year. 12 of the 15 projects were handled from UNOPS Rome Office while the remaining 3 from LAC region were handled from the Office in New York

[6] Back 1998 IFAD had to move away from collaborating with some CIs as their supervision charges were above available budgets. These CIs had been subsidizing IFAD's supervision expenditures gladly in the case of CI initiated and cofinanced projects. However, they expressed the need to start recovery of full cost, particularly in case of IFAD initiated projects and the fees IFAD was requested to pay amounted to about US$120,000. As a result, IFAD decided to cooperate with organizations that were ready to supervise for smaller amounts. However, the CLE found that the services it got from those organizations were of poor quality and that better supervision was provided by the more expensive organizations.

14. **IOE comments on the Policy**. IOE pointed out that two of the five recommendations included in the ACP of the CLE on DSSP were incorporated in the policy and that the Policy referred to the issuance of the guidelines or other measures to be implemented within the new business model to implement the remaining three. IOE also noted that the Policy provided for ample opportunities to outsource the IS function which was against the spirit of the ACP's recommendations as well as a lack of clarity or even underestimate of the financial and human resource implications of the policy's implementation. Table 1 shows the current status of implementation of the recommendations of the CLE on DSPP.

Status of implementation of IOE's recommendations – CLE on Direct Supervision Pilot Programme (DSPP)

1. Develop a comprehensive supervision and implementation support policy for IFAD.	Implemented. Policy document EB2006/89/R.4 presented to the Executive Board in 2006
2. Definition of Supervision including the: (i) supervision of fiduciary aspects; and (ii) implementation support	Implemented within the Policy itself, with some ambiguity within the text as pointed out by OE comments EC 2006/46/W.P.5
3. Include Supervision and Implementation Support in the Framework of the COSOP	Partly Implemented. The Results-Based COSOP, approved by the Board in September 2006 EB 2006/88/R.4, states that Section 5 B of each new COSOP should contain the following information in relation to project supervision: (i) a short review of the general country context related to supervision; (ii) a description of the current situation in relation to how ongoing projects are being supervised, and a description of how the situation may evolve over the duration of the COSOP; and (iii) an explanation of how IFAD will manage diversified supervision and implementation arrangements for loans and country grants over the COSOP duration. The Board adopted a new results-based COSOP format in September 2008. The section on Country Programme Management would contain a description on country presence arrangements, supervision modalities, annual country programme implementation review workshops and country programme management team arrangements. All COSOPs reviewed for this report include references to supervision arrangements. The level of details, however, varies considerably. About 60% have a good level of analysis and details on arrangements and 40% have a more modest one.
4. Establish a Quality Assurance System for supervision and implementation support activities. Specifically: (i) establish a management review committee within PMD to review supervision and implementation support activities, results and related operational issues; (ii) conduct six-monthly reviews of supervision and implementation support activities at the regional divisional level within PMD; and (iii) develop an IFAD-specific quality assurance system that would review aspects of supervision and implementation support, including thorough reflection on an appropriate structure, e.g. a quality assurance group.	(i) and (ii) were implemented (EB 2007/90/R.31) while (iii) was not implemented. This was to be "addressed by the guidelines or under the new operating model" as the Policy specifies. The 2007 guidelines state the following: "Generally, the day-to-day quality enhancement and quality assurance of supervision and implementation support is the joint responsibility of the Division Director, the CPM and the CPMT. The quality of supervision and implementation support is reviewed annually as a part of the divisional portfolio reviews and the overall corporate portfolio review. The quality of supervision and implementation support is assessed along four quality dimensions: (i) focus on achieving impact and development outcomes and objectives; (ii) efficiency of loan administration and supervision of financial management; (iii) adequacy of supervision and implementation support inputs and processes; and (iv) quality and realism of reporting". As a result, regional divisions follow their own processes of QA of Supervision Reports, Supervision Missions or PSRs.
5. Enhance learning & Knowledge Management (KM) around implementation support activities	Partly Implemented. A KM strategy was developed in 2007. The strategy offers several tools to increase learning and KM efficiency within IFAD projects. As a result, some supervision reports reviewed for this Evaluation do include references to learning within projects in the main text and present learning notes or notes on knowledge management as attachments to the main report. Some of these are shared through websites (IFAD, country or regional initiatives). The level of sharing varies among country programmes. Feedback from stakeholders[1] is that CPMs are still the repository of much of the knowledge accumulated through SIS activities and that there are no adequate incentives to share that knowledge outside the regional division.

[1] See for example, Appendix 3, Approach Paper of this CLE. Discussions held at the Learning Event on the Synthesis Report on Direct Supervision and Implementation Support, 16 September 2011

SIS cost – estimate and trends

Limitations. The lack of a system tracking expenditures against activities is the major obstacle to an accurate estimate of SIS costs. As a result, this estimate needed to be based on secondary data stemming from various sources and which needed, in turn, to be triangulated with each other.

For this purpose, various documents were consulted including (i) the PMD self-assessment note referring to supervision data relative to mid-2011; (ii) the CLE on IFAD's Efficiency making reference to cost data of 2010; (iii) the Country Presence Policy and Strategy which refers to cost structures of 2010 and presents cost projections until the end of 2013 and (iv) the 2005 CLE on DSPP.

SIS cost structure. The main elements of the SIS cost structure include:

1. *Staff cost*. This includes 61 CPMs and 40 CPOs. By mid 2013 a total of 20 CPMs will be outposted and lead 20 ICOs while 20 CPOs will lead another 20. The staff cost element also includes the contribution from the managerial, technical, legal, financial and support staff at HQs and at the ICOs who support SIS processes and functions;
2. *Part of the fixed (e.g. IT investments) and other variable cost (e.g. electricity cost of ICOs)* required for the management of 40 ICOs as well as the HQs;
3. *Travel cost* including transportation and DSA cost for international staff travelling from HQs to the country and within the country;
4. *Consultants' cost* including fees, DSAs and travel cost of consultants mobilised to participate in SIS missions.

Assumptions. The assumptions that this CLE made to obtain an estimate comparable with that provided by other IFIs and the one used by the 2005 CLE on DSPP are the following:

1. The average cost of a CPM at HQs at P4 Level is US$219,000[1].
2. Each CPM dedicates 35 per cent of his/her time to SIS on average.[2]
3. In December 2012 there were 63 CPMs
4. The average unit cost of a CPO led ICO is US$157,000[3]
5. The average unit cost of a CPM led ICO is 472,200[4]
6. The main difference between the two is attributed to international staff cost[5]. The difference amounts to US$315,200[6]
7. 71 per cent of the ICO cost relate to staff cost. For CPO led ICO this amounts to an average of US$111,470 per ICO.
8. ICO staff dedicate at least 50 per cent of their time to SIS.[7]
9. 8 per cent of one ICO cost relate to internal travel[8]. This amounts to US$12,560 on average. Half of this or US$6,280 can be attributed to SIS.
10. Each project is allocated on average US$45,000 for SIS purposes[9]. It is assumed that 100 per cent of this budget is spent for the mobilisation and recruitment of consultants participating in SIS missions.
11. Each project receives about US$5,000 a year as travel budget covering the participation by one IFAD HQ staff (CPM, CFS officer, PTA expert) in one SIS mission.
12. For comparison purposes, the estimate does not include the HQs and ICO fixed and other variable cost which can be also attributed to the delivery of SIS.

[1] CLE on IFAD's Efficiency, 2012. Working Paper 7
[2] Ibid. From a CPMs' survey.
[3] IFAD Country Presence Policy and Strategy, May 2011
[4] Ibid.
[5] Ibid
[6] Information Circular IC/HRD/0312 dated 18 May 2012 informed IFAD staff about the introduction of financial and non financial incentives for the CPMs being outposted to ICOs. This measure was required to address the difficulty that IFAD was facing with the identification of suitable CPM candidates available for outposting. One of the measures envisaged is that the outposted CPM obtains a salary package that is normally reserved for a staff member of a higher grade (e.g. a P4 receives the salary of a P5).
[7] Country Presence Policy and Strategy, May 2011
[8] IFAD Country Presence Policy and Strategy, May 2011
[9] IFAD CLE on SIS, Synthesis Report, 2011

13. IFAD supervised projects in 2012 were 234.

14. While there is certain involvement of the CPMs, HQs and ICO staff in the SIS of CI-supervised projects, this cannot be quantified at this stage and therefore this CLE assumes that the management fee paid to CIs covers 100 per cent of the SIS cost of those projects remaining aware that this means overestimating the SIS cost of the IFAD supervised projects.

On the basis of the above assumptions, the average SIS cost per project considering a total of 234 projects in 2012 is US$114,686 (Table 5).

Table 5
Average SIS Cost per Project (US$, 2012)

Unit	Unit Cost (calculation)	Unit Cost (actual)	Quantity	Total
Outposted CPM/Other International Staff (35%)	=315,200*35%	110,320	20	2,206,400
HQ based CPM (35%)	=219,000*35%	76,650	21	1,609,650
ICO staff including CPOs	=111,470*50%	55,735	40	2,229,400
Other IFAD Staff (half of HQ based CPM's cost)	=219,000*17.25%	37,778	234	8,839,935
SIS budget (Consultants)	45,000 per project	45,000	234	10,530,000
SIS budget (IFAD staff travel)	5,000 per project	5,000	234	1,170,000
ICO staff travel (local transportation)	6,280 per ICO	6,280	40	251,200
Total SIS Cost				26,836,585
Total SIS Cost per Project				114,686

In order to capture cost increases since the expansion of the pilot in 2006, the CLE compared the estimate obtained by the CLE on DSPP in 2005 with the above and compared it with the cost incurred through the implementation of the CI model.

The cost structure for the CI model includes the CI supervision charges or fee which, for the World Bank, in 2004/05, amounted to US$80,000 (or 78% of total cost), IFAD implementation support cost of US$11,344 (11%) plus IFAD staff cost of US$11,854 (12%)[10].

The cost elements for IFAD SIS back in 2004/5 included a UNOPS fee of about US$12,218 for loan administration services which amounted to about 13% of total cost, US$40,656 for IFAD IS (44%) and US$40,366 for IFAD staff time (43%). [11]

Assuming that the above cost structures remained unvaried in the period 2004/5-2012, this CLE obtained the results presented in Table 6 below. This shows a 23 per cent increase in cost for IFAD in the period between 2005-2012, which is a relatively low increase compared to the increase by 50 per cent of the CI model.

Table 6
SIS Cost Evolution – IFAD and CI model

	2004/5		2012		% Increase	
	IFAD	CI model	IFAD	CI model	IFAD	CI model
CI fee	12 278	80 000	-	120 000	-13%	50 %
IS	40 656	11344	51 074	17 000	26%	50%
Staff cost	40 366	11 854	63 612	17 800	58%	50%
Total	93 300	103 198	114 686	154 800	23%	50%

[10] 2005 CLE on DSPP
[11] Ibid.

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IFAD's Supervision and Implementation Support Policy Comments of the Senior Independent Advisor Mr Johannes F. Linn - 17 June 2013

Introduction

1. IFAD's introduction of direct supervision and implementation support undoubtedly represents one of the most significant changes in its operational business model since its inception. This change turned IFAD from what was originally envisaged as a simple pass-through financial mechanism to a fully-fledged operating financial institution. This step was a central component of IFAD's efforts to increase its development effectiveness, following the 2004 Independent External Evaluation. Therefore, this corporate-level evaluation (CLE) represents an important step in accountability and learning for IFAD.
2. These comments address, first, the evaluation framework, process and report; second, the conclusions reached by the evaluation regarding the results of the direct supervision and implementation support policy; third, the recommendations of the evaluation; and finally some more general observations about the findings of this CLE.

Evaluation approach

3. The analytical framework adopted for this CLE is well suited for the topic. The evaluation appropriately disentangles important aspects of the new operational model by separately assessing the policy for direct supervision and implementation support on the one hand and its application in operational practice on the other, and by distinguishing between application at the project and at the country programme level.
4. The information and database for the report is comprehensive, with multiple avenues for triangulation among different sources of data and observation. Of particular interest is the benchmarking analysis, in which IFAD's approach and experience with supervision and implementation support is compared with that of other international financial institutions. IFAD's IOE is to be commended for systematically considering benchmarks in its evaluations; this remains an exception in the evaluation practice of international development institutions.
5. The evaluation process was very thorough, consisting of five phases, starting with the preparation of a synthesis report and ending with the preparation of the report, which was then reviewed and discussed in various internal forums and learning events that provided ample opportunity for constructive exchange between the evaluation team, the Evaluation Committee, management and staff. As the independent external adviser I had multiple interactions with the evaluation team,

reviewed prior draft reports and participated in the March 2013 Learning Workshop. My comments were substantially reflected in the report.

6. The final report provides a comprehensive, thoughtful and articulate assessment of the introduction of and progress with the direct supervision and implementation support policy. Its effort to separate what it calls "summative" from "formative" analysis, i.e., backward looking evaluation and forward looking assessment of areas for improvement, results in an excellent balance between the accountability and learning purposes of the CLE.

7. In paragraphs 33 and 34 the final report forthrightly addresses some of the limitations of this CLE exercise, including data availability, absence of a self-evaluation, difficulties in attribution, etc. One might have added a reference to two important data limitations: first, the absence of time reporting by IFAD staff (which the report mentions later on) makes it impossible to assess accurately the full cost of supervision and implementation support; second, the stakeholder survey reflects only 11 respondents from recipient governments and none from any non-governmental stakeholders, which means that very little weight is given to voices from others than IFAD and project unit staff directly involved in project and programme management.

Conclusions of the CLE

A. Overall assessment

8. The overall assessment by the CLE of the supervision and implementation support policy is positive with a summary rating of the current policy and practice as "Satisfactory." In addition the final report notes in para. 218: "Looking backward as a summative evaluation, the CLE acknowledges that in a very short time IFAD has moved to a level and quality of SIS activities which is comparable to other IFIs that have been doing this for many years." Indeed, as the CLE report points out, in some respects IFAD's supervision and implementation work is more effective than that of other IFIs (e.g., in regard to the low disconnect between supervision ratings of projects and ratings at completion, and as regards knowledge sharing, annual portfolio review process, etc.).

9. This is a remarkable achievement. It is due to a single-minded and effective pursuit of an ambitious agenda of institutional change by IFAD's operational management. Therefore, the performance of IFAD in managing the introduction of this fundamental change in operational modality, if considered separately from the current status of the supervision practice, would in my view have been appropriately rated as "Highly Satisfactory." Management may wish to use this example of the successful strategy of managing institutions change as a model for future efforts of internal reform (e.g., in pursuing the scaling up agenda).

B. Areas for possible improvement

10. Based on its "formative" analysis the report flags a number of areas in which direct supervision and implementation support could be strengthened. The most important from this observer's perspective include the following:

    - **Scaling up.** The CLE points out that scaling up has so far not been a concern for supervision and implementation support, since IFAD's focus on the scaling up agenda is of relatively recent vintage. The report rightly emphasizes that

supervision and implementation support must play a very significant role in any scaling up effort by IFAD. The report also notes Management's intention to update the supervision guidelines in 2014 to reflect the scaling up objective. It might be appropriate to issue some interim guidance to operational staff to encourage them to pursue this agenda effectively during supervision even before the updating of the formal guidelines.

- **Monitoring and evaluation.** M&E data in principle should provide key inputs into the supervision and implementation support process. Unfortunately, for IFAD, as for most other aid agencies, project-level M&E are weak. One key reason is that all costs of M&E are borne by the project budget, while many of its benefits are "external" to the project, i.e., the information and lessons from M&E benefit future projects or similar projects elsewhere. If and when scaling up becomes a major focus of IFAD's operational work, this will hopefully change since the project team will then count as benefit impacts beyond the immediate project horizon. In any case, IFAD should redouble its efforts to improve M&E in cooperation with its implementing partners. This would also contribute to enhanced quality of supervision.
- **Policy dialogue.** The CLE flags this as an area that presents an opportunity for IFAD to improve supervision and implementation support. However, expectations need to be kept realistic in view of IFAD's limited staff and resource capacity, esp. when compared with other donor agencies. Partnering with other agencies may be one way to enhance this aspect of IFAD's operational work in general, and in the context of supervision in particular.
- **Knowledge management.** By its own account the report gives IFAD greater credit for better knowledge management and sharing in project management and supervision than is commonly done. This is encouraging, although in the absence of good M&E it is not clear on what information base knowledge is built.
- **Staffing issues.** The CLE report flags a number of staffing issues. Some of these are systemic (overworked CPMs, reliance on consultants, limited capacity in PTA, etc.), others more transitory in nature (new CO staff, training, etc.). Given budget constraints there are no likely easy solutions, especially for the former, but the CLE report has some useful suggestions for how to address these issues, including some that would result in cost savings.
- **Project implementation units and sustainability.** The report notes that IFAD works predominantly with specially set up project implementation units (PIUs), which terminate when IFAD's engagement ends, unless specific arrangements are made by the government to maintain them or mainstream their functions. The report credits IFAD's supervision efforts with paying substantial attention to the sustainability of projects beyond the project period late in the project life, presumably because of the need to ensure continuity of the institutional framework for implementation. The report also notes the importance of focusing on the need for developing institutional options beyond the IFAD-financed PIUs early on in project design and implementation and the need to plan pro-actively for institutional pathways beyond the PIUs. Under a scaling up approach this would be a required element of scaling up pathway design and implementation.
- **Partnerships with other donors.** The CLE report is pessimistic about the potential for partnerships between IFAD and other IFI. IFAD's recent partnership strategy document was less negative on this topic. The conclusion of the CLE deserves further exploration by the Board, Management and IOE, since partnerships with IFIs would appear to be one critical avenue for IFAD to pursue if it wants to support a number of important institutional goals (including effective supervision, KM, policy dialogue, and scaling up). The report points to a more positive track record of IFAD's partnership with

bilateral donors and it suggests that greater field presence by IFAD will allow for more effective partnership building on the ground. However, since "it takes two to tango", IFAD may not be able on its own to build better bridges with the big IFIs, who appear to have a preference to go on their own or tend to disregard the concerns of the smaller partner (IFAD). There may be best practice examples on which IFAD and the IFIs can build, such as a joint portfolio review in India in 2011, which involved the government, IFAD and the World Bank.

- **Periodic versus continuous supervision.** The CLE rightly cautions about a radical switch to continuous supervision (para. 190 and Box 10). The arguments in favor of discrete supervision and implementation support in my view clearly outweigh those in favor of continuous supervision.

Recommendations of the CLE

11. The CLE makes many very sensible recommendations for the Executive Board and Management to consider. The following deserve special attention:

    - Use of grants for selective intensive supervision efforts;
    - Moving from "project supervision" to annual "joint implementation review" of IFAD's country portfolio; giving enhanced attention to mid-term reviews;
    - Greater senior management involvement in dialogue on systemic issues arising in the context of supervision;
    - Greater involvement by government in supervision, a clear articulation of responsibilities between IFAD and government counterparts and a unified approach to paying for official participants;
    - Systematic assessment of scaling up potential in supervision and implementation support;
    - Strengthened M&E, esp. systematic requirement of baseline surveys;
    - Budget-neutral improvements in the supervision process (greater engagement of PTA staff, greater length of missions, shorter and more focused reporting, more use of local consultants, cost-sharing with governments, etc.)

12. I am not convinced, however, that IFAD could or should take a significant role in supporting the development of national-level fiduciary capacity in recipient countries (as recommended in paras. 122 and 195). This is a big job that's better suited for the larger IFIs, esp. the World Bank and the regional development banks.

General observations

13. In conclusion, a few general observations occasioned by this CLE may be relevant for the IFAD's membership.

14. From pass-through to operating institution. The transition of IFAD from a pass-through to an operating institution may be indicative of a general tendency. Donors have a propensity to set up new "vertical funds" designed to act as pass-through mechanisms with implementation responsibility lodged with pre-existing multilateral or national institutions. However, as these funds mature, the pressures grow to have them turn into fully-fledged operational institutions. Aside from IFAD, the recent evolution of the Global Fund for AIDS, TB and Malaria is a case in point.

In setting up additional vertical funds, donors should consider this likely trajectory and the unintended, but unavoidable further fragmentation in the aid architecture that results.

15. Convergence to "moderately satisfactory". The CLE notes that IFAD, along with other IFIs, seems to be afflicted by what has been called a "convergence to mediocrity" as reflected in the project performance ratings. (para. 215) The report also points to a number of factors that might help explain this trend, esp. the increasing complexity of project objectives and rising expectations among participants for what a project can and should achieve. It is understandable that aid institutions are expected to deliver increasingly complex outcomes at steadily improved ratings. But there is a serious risk that as a result all the attention of project management becomes focused on delivering the best possible project outcome, rather than on assembling the institutional and evidence base on which further replication and scaling up of successful project or project components can be built, not in the artificial context of a donor-managed and driven project, but in the standard institutional context facing developing countries. A more systematic focus on scaling up should help get the appropriate attention to these issues, but in the meantime I think it would be unfortunate if even greater incentives were put in place for improving narrowly defined project-specific outcomes at all costs.

16. Project supervision versus implementation support. The CLE points out that IFAD's policy distinguishes between supervision and implementation support, but that in fact there is no clear separation between these two concepts in theory or in practice in IFAD or in other IFIs. The CLE report appears to regard this as appropriate in general and does not systematically distinguish between the two in its assessment. However, in its recommendations the CLE proposes that a somewhat different line be drawn as follows: IFAD should take clear responsibility for supervision of fiduciary aspects (esp. procurement and financial management), with the present practice of IFAD's fiduciary controls and loan processing being handled by a central unit (CFS) to be enhanced; at the same time, the government should take on a greater role in the other aspects of project supervision and implementation, with assistance from the IFAD country team. This distinction seems to me appropriate, since IFAD, like other IFIs, needs to assure an arms-length control over fiduciary aspects on behalf of its membership; for other aspects of project implementation, the separation of supervision and implementation support is less easily drawn and less relevant, and hence combining the two in effect would appear the right way to go.

17. **Use of benchmark information.** As noted earlier, IFAD's IOE appears to be unique in systematically considering the approach and experience of other development assistance in its evaluations. This is a practice IFAD's membership should encourage also in the evaluation offices of other aid institutions, multilateral and bilateral.