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Enabling poor rural people
to overcome poverty

President's memorandum

Modification of supervision arrangements

Executive Board — Ninety-second Session
Rome, 11–13 December 2007

For: **Approval**

Note to Executive Board Directors

This document is submitted for approval by the Executive Board.

To make the best use of time available at Executive Board sessions, Directors are invited to contact the following focal point with any technical questions about this document before the session.

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Recommendation for approval

The Executive Board is invited to approve a change in the supervision arrangements for 59 projects listed in the table on page 3, whereby cooperating institutions would be replaced by direct IFAD supervision. If the change is approved, the respective loan agreements will be amended and the letters of appointment of the respective cooperating institutions terminated.

Modification of Supervision Arrangements

1. The enhanced emphasis on increasing development effectiveness has brought about significant changes in the aid environment. In response, and prompted by the outcome of the Independent External Evaluation of IFAD (2005), the IFAD Action Plan for Improving its Development Effectiveness was formulated for the period 2007-2009 to help IFAD achieve greater development effectiveness and a sustainable impact on rural poverty. These goals will be realized through: (a) improved quality of projects and country programmes, and (b) enhanced performance by IFAD through better strategic guidance, planning and focus and increased learning, knowledge sharing and innovation.
2. Of central importance in reaching these goals will be enhanced supervision. This is the main objective of the IFAD Policy on Supervision and Implementation Support, which was approved by the Executive Board in December 2006.
3. The supervision policy proposes a supervision and implementation support process that is responsive to concrete country and programme realities and that provides IFAD with two main modalities, vis-à-vis supervision by IFAD, entailing different blends of headquarters staff and contracted service providers; and continued supervision by cooperating institutions but with more clearly specified roles.
4. The supervision policy envisages a gradual reduction in IFAD's reliance on cooperating institutions. In numerical terms, the proportion of projects under direct IFAD supervision will be increased to about 75 per cent of the total over a period of time. Some 25 per cent of the projects therefore will continue to be supervised by cooperating institutions, but with more robust implementation support from IFAD. A subset of the latter will comprise those initiated by cooperating institutions with IFAD cofinancing.
5. In terms of application of the IFAD supervision modality in the current portfolio, the status at the end of September 2007 stands at:
 - 9 projects that are ongoing under the Direct Supervision Pilot Programme;
 - 24 new projects that were approved for IFAD supervision by the Executive Board sessions in September/December 2006 and April/September 2007; and
 - 26 projects that were approved by the Executive Board in April 2007 for direct supervision by IFAD to replace supervision by cooperating institutions.
6. In view of the increasing number of projects under its direct supervision, IFAD Management took the following measures to enhance its capacity for supervision work:
 - (a) Established a supervision support unit to help build staff capabilities to handle fiduciary aspects of project supervision;
 - (b) Started intensive training on supervision for relevant staff (four training courses completed to date, with about 100 staff trained);
 - (c) Strengthened the country presence, especially in countries with a large portfolio of projects that include supervision as part of their terms of reference; and
 - (d) Completed guidelines for supervision and implementation support.
7. In conjunction with the annual planning exercise undertaken by each regional division of the Programme Management Department, appropriateness of the

supervision arrangements were reviewed. Consequently, projects in the ongoing portfolio were reclassified on the basis of the most appropriate supervision arrangements. In doing so, the quality of the supervision as well as the cost associated with the supervision charges of the cooperating institutions was considered. This review process identified an additional 59 projects where supervision should be transferred from the cooperating institution to IFAD.

8. Of the above, 56 projects are currently assigned to the United Nations Office for Project Services (UNOPS), two to the West African Development Bank (BOAD) and one to the World Bank. As IFAD's current largest cooperating institution, even with the conversion of these 56 projects to IFAD supervision, UNOPS will continue to supervise the majority of IFAD's projects outsourced for supervision.
9. The selection of the projects for revised supervision arrangements, i.e. for conversion to IFAD supervision, is based first on quality considerations and second on requests for supervision by IFAD from the governments concerned. Discussions have been completed with the cooperating institutions on the supervision modality, and corporate-level discussions on the related budget issues between IFAD and UNOPS are ongoing.

List of ongoing projects proposed to be brought under IFAD's direct supervision

Serial number	Division	Country	Loan/ grant number	Project name	Board approval	Current closing	Project status	Current cooperating institution
1	PA	Chad	656/778	Batha Rural Development Project (PRODER-B)	19 Apr 05	30 Jun 14	Ongoing	UNOPS
2	PA	Senegal	608	Agricultural Development Project in Matam - Phase II (PRODAM II)	10 Apr 03	17 Apr 03	Ongoing	BOAD
3	PA	Senegal	658	Promotion of Rural Entrepreneurship Project - Phase II	19 Apr 05	07 Jun 05	Ongoing	BOAD
4	PA	Nigeria	699/870	Rural Finance Institution- Building Programme (RUFIN)	14 Sep 06	-	Not signed	World Bank
5	PA	Gabon	722970	Agricultural and Rural Development Project (PDAR)	12 Sep 07	-	Not Effective	UNOPS
6	PF	Eritrea	584/ BG-37	Gash Barka Livestock and Agricultural Development Project	23 Apr 02	30 Sep 09	Ongoing	UNOPS
7	PF	Ethiopia	640	Agricultural Marketing Improvement Programme	02 Dec 04	30 Sep 13	Ongoing	UNOPS
8	PF	Kenya	547/ BG-033	Central Kenya Dry Area Smallholder and Community Services Development Project	01 Jul 01	31 Mar 09	Ongoing	UNOPS
9	PF	Kenya	599	Mount Kenya East Pilot Project for Natural Resource Management	11 Dec 02	31 Mar 12	Ongoing	UNOPS
10	PF	Kenya	620	Southern Nyanza Community Development Project	18 Dec 03	31 Mar 12	Ongoing	UNOPS
11	PF	Kenya	678/815	Smallholder Dairy Commercialization Programme	13 Dec 05	31 Mar 13	Ongoing	UNOPS
12	PF	Lesotho	641	Sustainable Agriculture and Natural Resource Management Programme	02 Dec 04	31 Dec 11	Ongoing	UNOPS
13	PF	Madagascar	548	Upper Mandrare Basin Development Project - Phase II	07 Dec 00	31 Mar 09	Ongoing	UNOPS
14	PF	Malawi	565	Rural Livelihoods Support Programme	12 Sep 01	31 Mar 14	Ongoing	UNOPS
15	PF	Mauritius	504/ SUPPL- CH-504	Rural Diversification Programme	29 Apr 99	31 Dec 08	Ongoing	UNOPS
16	PF	Mozambique	622	Rural Finance Support Programme	17 Dec 03	31 Mar 14	Ongoing	UNOPS
17	PF	Rwanda	613	Rural Small and Microenterprise Project - Phase II (PPMER II)	11 Sep 03	31 Dec 11	Ongoing	UNOPS
18	PF	Swaziland	574	Lower Usuthu Smallholder Irrigation Project - Phase I	06 Dec 01	30 Sep 12	Ongoing	UNOPS
19	PF	Uganda	707	District Livelihoods Support Programme (DLSP)	14 Dec 06	30 Jun 15	Ongoing	UNOPS
20	PF	Zambia	643	Rural Finance Programme	02 Dec 04	31 Mar 14	Ongoing	UNOPS
21	PF	Zambia	680	Smallholder Livestock Investment Project	13 Dec 05	31 Mar 15	Ongoing	UNOPS
22	PI	Bangladesh	567	Sunamganj Community-Based Resource Management Project	12 Sep 01	30 Sep 14	Ongoing	UNOPS
23	PI	Bangladesh	681	Market Infrastructure Development Project in Charland Regions (MIDPCR)	13 Dec 05	31 Mar 14	Ongoing	UNOPS
24	PI	Bhutan	659/780	Agriculture, Marketing and Enterprise Promotion Programme (AMEPP)	19 Apr 05	30 Jun 12	Ongoing	UNOPS
25	PI	Cambodia	551	Community-Based Rural Development Project in Kampong Thom and Kampot	07 Dec 00	30 Sep 08	Ongoing	UNOPS
26	PI	Cambodia	623	Rural Poverty Reduction Project in Prey Veng and Svay Rieng	18 Dec 03	31 Dec 11	Ongoing	UNOPS
27	PI	Cambodia	DSF- 8005	Rural Livelihoods Improvement Project in Kratie, Preah Vihear and Ratanakiri	18 Apr 07	31 Mar 15	Ongoing	UNOPS
28	PI	China	517	Qinling Mountain Area Poverty-Alleviation Project	08 Dec 99	31 Mar 08	Ongoing	UNOPS
29	PI	China	552	West Guangxi Poverty-Alleviation Project	07 Dec 00	30 Sep 08	Ongoing	UNOPS
30	PI	China	600	Environment Conservation and Poverty-Reduction Programme in Ningxia and Shanxi (ECPRP)	11 Dec 02	30 Sep 11	Ongoing	UNOPS
31	PI	China	634	Rural Finance Sector Programme (RFSP)	21 Apr 04	31 Mar 10	Ongoing	UNOPS
32	PI	China	673	South Gansu Poverty-Reduction Programme	08 Sep 05	31 Mar 13	Ongoing	UNOPS
33	PI	India	444	North Eastern Region Community Resource Management Project for Upland Areas	29 Apr 97	30 Sep 08	Ongoing	UNOPS

Serial number	Division	Country	Loan/grant number	Project name	Board approval	Current closing	Project status	Current cooperating institution
34	PI	India	538	National Microfinance Support Programme	04 May 00	31 Dec 09	Ongoing	UNOPS
35	PI	India	585	Orissa Tribal Empowerment and Livelihoods Programme	23 Apr 02	30 Sep 13	Ongoing	UNOPS
36	PI	India	624	Livelihoods Improvement Project in the Himalayas	18 Dec 03	30 Jun 13	Ongoing	UNOPS
37	PI	India	662	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu	19 Apr 05	31 Mar 16	Ongoing	UNOPS
	PI	India	691	Post-Tsunami Sustainable Livelihoods Programme for the Coastal Communities of Tamil Nadu	20 Apr 06	-	Not Effective	UNOPS
38	PI	India	682	Tejaswini Rural Women's Empowerment Programme	13 Dec 05	31 Mar 16	Ongoing	UNOPS
39	PI	Lao People's Democratic Republic	586	Oudomxai Community Initiatives Support Project	23 Apr 02	30 Sep 10	Ongoing	UNOPS
		Lao People's Democratic Republic						
40	PI	Lao People's Democratic Republic	660	Rural Livelihoods Improvement Programme in Attapeu and Sayabouri	19 Apr 05	30 Sep 14	Ongoing	UNOPS
41	PI	Maldives	663/783	Post-Tsunami Agricultural and Fisheries Rehabilitation Programme	19 Apr 05	31 Dec 11	Ongoing	UNOPS
42	PI	Mongolia	592	Rural Poverty-Reduction Programme (RPRP)	05 Sep 02	31 Mar 11	Ongoing	UNOPS
43	PI	Pakistan	425	Dir Area Support Project	11-Sep-96	31 Dec 08	Ongoing	UNOPS
44	PI	Pakistan	453	Northern Areas Development Project	11-Sep-97	31 Dec 08	Ongoing	UNOPS
45	PI	Pakistan	554	Southern Federally Administered Tribal Areas Development Project	07 Dec 00	31 Mar 11	Ongoing	UNOPS
46	PI	Pakistan	625	Community Development Programme	18 Dec 03	31 Mar 12	Ongoing	UNOPS
47	PI	Philippines	577	Northern Mindanao Community Initiatives and Resource Management Project	06 Dec 01	31 Dec 09	Ongoing	UNOPS
48	PI	Sri Lanka	664	Post-Tsunami Coastal Rehabilitation and Resource Management Programme (PT-CRReMP)	19 Apr 05	30 Jun 12	Ongoing	UNOPS
49	PI	Sri Lanka	665	Post-Tsunami Livelihoods Support and Partnership Programme (PT-LiSPP)	19 Apr 05	30 Sep 09	Ongoing	UNOPS
50	PI	Viet Nam	578	Rural Income Diversification Project in Tuyen Quang Province	06 Dec 01	31 Mar 10	Ongoing	UNOPS
51	PI	Viet Nam	647/728	Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces	02 Dec 04	31 Mar 12	Ongoing	UNOPS
52	PL	Argentina	514	North Western Rural Development Project (PRODERNOA)	08 Sep 99	30 Sep 08	Ongoing	CAF
53	PL	Argentina	648	Patagonia Rural Development Project (PRODERPA)	02 Dec 04	31 Mar 14	Ongoing	CAF
54	PL	Mexico	534	Rural Development Project for Rubber-Producing Regions of Mexico	03 May 00	31 Dec 09	Ongoing	UNOPS
55	PL	Mexico	626	Strengthening Project for the National Micro Watershed Programme	17 Dec 03	30 Jun 11	Ongoing	UNOPS
56	PL	Mexico	674	Sustainable Development Project for Rural and Indigenous Communities of the Semi-Arid North-west	08 Sep 05	30 Sep 12	Ongoing	UNOPS
57	PN	Sudan	544/508	South Kordofan Rural Development Programme	14 Sep 00	30 Sep 11	Ongoing	UNOPS
58	PN	Sudan	630	Gash Sustainable Livelihoods Regeneration Project (GASH)	18 Dec 03	31 Mar 13	Ongoing	UNOPS
59	PN	Sudan	655	Western Sudan Resources Management Programme (WSRMP)	02 Dec 04	30 Jun 14	Ongoing	UNOPS

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

