

Document: EC 2006/46/W.P.5  
Agenda: 6  
Date: 5 December 2006  
Distribution: Restricted  
Original: English

**E**



Enabling the rural poor  
to overcome poverty

## **Comments of the Office of Evaluation on the IFAD Policy on Supervision and Implementation Support**

Evaluation Committee — Forty-sixth Session  
Rome, 8 December 2006

---

For: **Review**

## **Note to Evaluation Committee members**

This document is submitted for review by the Evaluation Committee.

To make the best use of time available at Evaluation Committee sessions, members are invited to contact the following focal point with any technical questions about this document before the session:

**Luciano Lavizzari**

Director, Office of Evaluation  
telephone: +39 06 5459 2274  
e-mail: [l.lavizzari@ifad.org](mailto:l.lavizzari@ifad.org)

Queries regarding the dispatch of documentation for this session should be addressed to:

**Deirdre McGrenra**

Governing Bodies Officer  
telephone: +39 06 5459 2374  
e-mail: [d.mcgrenra@ifad.org](mailto:d.mcgrenra@ifad.org)

# Comments of the Office of Evaluation on the IFAD Policy on Supervision and Implementation Support

## Background

1. The Office of Evaluation (OE) undertook a corporate level evaluation of the Supervision Modalities in IFAD-supported projects in 2002/3, which was discussed by the Evaluation Committee during its thirty-fifth session<sup>1</sup> in December 2003. Thereafter, OE conducted a corporate level evaluation of the Direct Supervision Pilot Programme (DSPP), which was discussed by the Evaluation Committee at its fortieth session in September 2005 and the Executive Board during its eighty-fifth session<sup>2</sup>. The Board took note of the overall findings and recommendations of the DSPP evaluation and, as the management, endorsed the DSPP evaluation's Agreement at Completion Point (ACP)<sup>3</sup>. A copy of the DSPP executive summary and ACP is attached to this document for ease of reference.
2. In light of the aforementioned and in line with the provisions contained in the terms of reference and rules of procedure of the Evaluation Committee<sup>4</sup>, the Committee decided during its 46<sup>th</sup> session<sup>5</sup> to discuss the IFAD Policy on Supervision and Implementation Support<sup>6</sup> together with OE's comments, before the policy is considered for approval by the Executive Board at the latter's eighty-ninth session in December 2006.

## General Comments

3. At the outset, it is worthy to acknowledge that the proposed policy is an important step forward in defining IFAD's overall framework for supervision of fiduciary aspects and implementation support activities. It goes into the right direction by bringing IFAD closer to the field realities and will contribute in achieving better programme implementation and impact.
4. OE appreciates that paragraphs 9-14 of the proposed policy contain a succinct summary of the main findings from the OE evaluations on supervision. Moreover, a number of interactions with the originator of the policy and the Management have been particularly useful for OE to gain a deeper understanding of the specific provisions in the proposed policy document. However, in OE's opinion there are a limited number of areas that require further consideration, which would bring more clarity and ensure a wider impact of the policy.
5. As stated in paragraph 13, the proposed policy addresses two recommendations (namely, the 'Definition of Supervision' and 'Develop a comprehensive Supervision and Implementation Support Policy for IFAD') out of the five contained in the ACP. It states that the remaining three recommendations will be covered by the guidelines on supervision and implementation support or the new operating model. While the table on the next page provides an overview of use of evaluation recommendations contained in the ACP, generally speaking, a wider description of the 'new operating model' would have further facilitated in understanding how supervision and implementation support fit into and relate to other core aspects (such as field presence or knowledge management) of IFAD's overall development architecture.

---

<sup>1</sup> See document EC 2003/35/W.P.2.

<sup>2</sup> See document EB 2005/85/R.9.

<sup>3</sup> See paragraph 15 in the minutes of the meeting of the Executive Board (document EB-2005-85-Minutes/Rev.1).

<sup>4</sup> See paragraph 47 of document EB 2004/83/R.7/Rev. 1.

<sup>5</sup> See Report of the Chairperson of the Evaluation Committee on the 46<sup>th</sup> session to the 89<sup>th</sup> session of the Executive Board.

<sup>6</sup> Document EB 2006/89/R.4.

### **The ACP and the Proposed Policy on Supervision and Implementation Support**

<b>Recommendation in the ACP</b>	<b>Response by the Policy</b>	<b>OE's comments (see paragraphs)</b>
1. Develop a comprehensive supervision and implementation support policy for IFAD.	Accomplished: Policy document EB2006/89/R.4 presented to the Executive Board	7 to 11
2. Definition of Supervision including the: (i) supervision of fiduciary aspects; and (ii) implementation support	Accomplished: Adopted within the proposed policy	6
3. Include Supervision <sup>7</sup> and Implementation Support in the Framework of the COSOP <sup>8</sup>	Accomplished: Addressed by the Results-Based COSOP, approved by the Board in September 2006 <sup>9</sup>	-
4. Establish a Quality Assurance System for supervision and implementation support activities	To be addressed by the guidelines or under the new operating model <sup>10</sup>	12
5. Enhance Learning & Knowledge Management around implementation support activities	- ditto -	-

#### **Specific Comments**

##### **Definition of supervision**

6. In its Section II, the policy makes a very good attempt to adopt a new definition of supervision, in which the concept of *supervision of fiduciary aspects* and *implementation support* are considered as two distinct yet operationally linked components. This is consistent with the ACP, which stated that the term 'supervision' would in the future be used only to mean 'supervision of fiduciary aspects', and that any required changes to the Agreement Establishing IFAD would be duly made. However, as one advances in reading the policy document, the term 'supervision' is used in various places as an overarching concept including both *supervision of fiduciary aspects* and *implementation support*, thus creating ambiguity for the reader<sup>11</sup>. Therefore, in OE's views, it would be beneficial if the distinction is more clearly outlined in the pertinent parts of the policy, but especially in paragraphs 18 and 19, in the third bullet of paragraph 33, as well as in Annex 1 of the policy.

##### **Role of co-operating institutions**

7. The policy foresees a continued role for co-operating institutions (in 25% of the current IFAD portfolio) in both supervision and implementation support, complemented, as in the past, with additional implementation support provided by IFAD. In light of the decisions enshrined in the ACP, which states that IFAD would be responsible for providing direct implementation support in all new projects and programmes following the approval by the Executive Board of the proposed policy, the rationale for the continued use of co-operating institutions, in particular for implementation support in future operations, is not entirely evident from the proposed policy. Therefore, it would be useful if the policy outlines the reasons for a continued role of co-operating institutions in ongoing projects that have not

<sup>7</sup> Supervision in this paper refers only to supervision of fiduciary aspects.

<sup>8</sup> Country Strategic Opportunities Paper.

<sup>9</sup> See first paragraph on page 15 of document EB 2006/88/R.4.

<sup>10</sup> As stated in paragraph 13 of the proposed policy.

<sup>11</sup> See, for example, paragraphs 18-19 ('Supervision by IFAD' and 'Supervision by Co-operating Institutions').

reached to mid-point in terms of implementation (see next paragraph), as well as for any new projects that IFAD intends to entrust to co-operating institutions.

### **Retrofitting**

8. The ACP states that “*for projects that have not yet reached the mid-term review, IFAD would consider how the projects could take this policy into account*”. At the beginning of 2007, there will be more than 100 ongoing IFAD-funded projects and programmes meeting the aforementioned criteria. Therefore, the policy document would benefit from more clarity on how retrofitting will be addressed and within what timeframes. For instance, it is not evident from the document whether concerned ongoing operations currently entrusted to co-operating institutions will be brought under IFAD supervision and implementation support, and what are the potential implications and risks of such a transfer of responsibilities.

### **IFAD’s Direct Involvement**

9. The DSPP evaluation found that better results were achieved in those projects where IFAD had a deeper involvement in direct supervision and implementation support. Therefore, in addition to the comments in paragraph 7 above, the policy appears to leave ample room for outsourcing - to co-operating institutions and consultants - of supervision and implementation support activities, potentially limiting the achievement of the ultimate objective of this policy. This being said, however, the DSPP evaluation also found that IFAD’s direct involvement costs more than the traditional approach to supervision and implementation support by co-operating institutions. This has been agreed by the Executive Board during its 85<sup>th</sup> session, and therefore, it would now be useful to determine and agree on the human and financial resource as well as structural implications required to move towards a model which emphasizes IFAD’s direct involvement in supervision and especially implementation support activities.

### **Resource issues**

10. The proposed policy entails a broad and fundamental change in the right direction in the way IFAD conducts supervision and implementation support. Given this, the resource and structural implications to the Fund would be better appreciated if the policy provided a succinct overview of the ‘as is’ and the ‘to be’ models on supervision and implementation support, including how IFAD intends to move forward from one model to another. In this regard, it would be useful also to clarify what will be required in terms of capacity building, staff skills and competencies, roles and responsibilities of country programme managers and field staff, and so on. It needs be to noted that an attempt has been made in paragraphs 28 to 30 of the policy to provide some information on the human and financial resources, but a more comprehensive picture would provide for greater understanding and comfort.
11. OE agrees that it is imperative to strengthen IFAD’s human resources to successfully implement the policy. On costs, the policy could detail how the increase (4-12%), which might be underestimated given the far-reaching change planned, is determined. The policy could be further strengthened by a comparison between costs of the current and proposed models, and the introduction an expenditure plan including the distinction between one-time investments and recurrent costs to IFAD for implementing the policy.

**Quality Assurance**

12. The evaluation recommended to strengthen IFAD's overall quality assurance system for supervision and implementation support. As per the ACP<sup>12</sup>, the management will provide a report to the Executive Board during its ninetieth session in April 2007 with regard to the implementation of this recommendation in general. However, the policy does not provide details on establishment of a management review committee or the undertaking of six-monthly reviews of supervision and implementation support activities that, as envisaged by the ACP were to be completed by December 2006.

---

<sup>12</sup> Which states, *inter-alia*, that IFAD should establish a management review committee at PMD level which would meet at least twice a year, and undertake six-monthly reviews at the regional divisional level.