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Enabling poor rural people
to overcome poverty

Management response to the corporate-level evaluation on the IFAD Supervision and Implementation Support Policy

Note to Evaluation Committee members

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For: Review

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Executive Board — 109th Session
Rome, 17-19 September 2013

For: **Review**

Management response to the corporate-level evaluation on the IFAD Supervision and Implementation Support Policy

A. Introduction

1. Management welcomes the opportunity to provide its response to the final report of the corporate-level evaluation on the IFAD Supervision and Implementation Support Policy. Management considers the approach adopted for this evaluation pragmatic and objective; the coverage, comprehensive; and the evaluation process, consultative and participatory.

B. Findings

2. With respect to the overall findings, Management has taken note of the conclusion that "the change in IFAD's business model, combining direct supervision with decentralization, has brought substantial benefits to the Fund and its members" and that IFAD has moved to a level and quality of direct supervision and implementation support "comparable to other IFIs [international financial institutions] that have been doing this for many years" (paragraph 218).
3. On the assessment of the IFAD Supervision and Implementation Support Policy, IFAD Management is in agreement with the evaluation finding that the key performance indicators of the supervision and implementation support (SIS) results framework have been met (paragraph 45) and that the policy has been implemented effectively (paragraph 46). It has also taken note of the survey results on supervision training, in particular the need for introducing a separate module on fiduciary issues for IFAD country office staff.
4. On the findings related to SIS activities at the project level, IFAD Management takes note of the preference of country programme managers for longer supervision missions. Management agrees with the finding that the current average duration of 12 days should be the minimum length for such an exercise (paragraph 57). Management has also taken note of the evaluation finding that IFAD has surpassed other IFIs in attempting to ensure government participation in its supervision missions (paragraph 216). It also agrees with the principle of ensuring more ownership of the supervision process by governments and project management units (paragraph 66). It appreciates the effort made by the evaluation team to identify good practices observed in IFAD-supported projects in the Sudan. Over time, the percentage of projects undertaking baseline surveys has increased. However, under the current financing envelope and the project cycle procedure, it is unlikely that most baseline surveys will be undertaken before project approval (paragraph 90), though Management agrees that early baseline surveys are good practice.
5. IFAD Management takes note of the evaluation finding that annual regional portfolio review reports are of high quality and would like to emphasize that this level of quality will be maintained in the future (paragraph 100). It agrees in principle with the evaluation team that the involvement of local expertise in supervisions should be increased to the maximum extent possible. Similarly, IFAD Management will explore the various alternatives available for project procurement review and come to an appropriate decision. An internal audit exercise of project procurement is ongoing and the findings of this exercise will also inform the review and decision-making process.
6. With respect to the estimation of the unit cost of supervision in IFAD, Management feels that the calculations may involve some overestimation, especially in terms of the cost of consultants and other staff, and to a lesser extent on other items. A more direct approach to cost estimation could have been applied in estimating the

unit costs and making comparisons with other IFIs. It agrees, however, with the finding that IFAD has delivered SIS services at a considerably lower cost than would have been the case had IFAD continued to depend on cooperating institutions to handle project supervision.

C. Conclusions and recommendations

7. IFAD Management endorses the conclusions drawn by the evaluation team, including the finding that the policy is highly relevant and that important achievements have been made. Management is therefore in agreement with the performance ratings assigned to various aspects of the policy and SIS activities at the project level. It is also in agreement with the areas identified for further improvement, in particular the need for increasing the duration of supervision missions; strengthening of country ownership of the supervision process; better handling of key agricultural policy issues during supervision; reorientation of the grants programme to make a more strategic contribution to IFAD's overall supervision effectiveness; and introduction of more realism into country strategic opportunities programme and project objectives. While Management agrees with the desirability of lengthening supervision missions, it wishes to clarify that resource constraints allow for little flexibility in this regard.
8. IFAD Management will favourably consider suggestions related to translating the aide-memoire into local languages (paragraph 82) and postponing the rating for the likelihood of achieving the development objective until the midterm review of the project (paragraph 84). IFAD Management takes note of the supervision mission model suggested in box 7 of the evaluation report and will review this further for possible application. The issue of involving more national staff in IFAD's supervision process is valid and such involvement will become explicit IFAD policy. IFAD Management also takes note of the more positive assessment made by this evaluation of IFAD's knowledge management efforts.
9. With respect to the recommendations, Management is in broad agreement with all eight recommendations made by the evaluation. However, with respect to the IFAD Policy for Grant Financing, it is important to note that the independent evaluation of this policy is under way and Management will wait until its completion before effecting any major changes in the grants policy, in particular the grants allocation system. On strengthening opportunities for policy dialogue, IFAD Management agrees with the recommendations. IFAD has started building internal capacity on policy matters and engaging in policy dialogue with various in-country stakeholders. This initiative also faces resource constraints, however. On strengthening monitoring and evaluation (M&E) systems at the project level, while the recommendations are responsive to the findings, it is important to recognize that this issue affects virtually all projects and programmes implemented by all international development agencies. However, IFAD is improving the quality of its impact in the design and supervision of M&E systems for projects and programmes based on the available resources. Similarly, over time, the proportion of projects undertaking baseline surveys has increased. Under the current financing envelope and project cycle, most baseline surveys will be undertaken after project approval.
10. Remaining within the constraints and limitations mentioned in the above paragraphs, Management will implement all recommendations outlined in the corporate-level evaluation report. For that reason, Management will review and introduce appropriate changes to the Supervision and Implementation Support Guidelines and the administrative instructions on the aide-memoire, and issue a revised version of these documents by 31 March 2014. In addition, it will submit a grant proposal for approval by the Executive Board at its current session to provide resources for technical assistance to weakly performing borrowing countries to build their capacity to design, implement, monitor and evaluate IFAD-supported projects. Also, within the context of this grant, IFAD will work with the Food and Agriculture Organization of the United Nations (FAO) to mobilize additional

technical resources for similar capacity-building efforts. Based on this proposal, a larger initiative will be submitted to a future session of the Board, within the framework of a multi-donor trust fund.