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Investing in rural people

President's report

Proposed global/regional grant

Chartered Institute of Public Finance and  
Accountancy

Capacity-Building Programme to Improve  
Project Financial Management

Note to Executive Board representatives

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 13.

### I. Background and compliance with IFAD Policy for Grant Financing

1. There is a direct correlation between good financial management (FM) practices, effective project management and the achievement of development objectives. This correlation is all the more relevant when operations are implemented in risky environments. With approximately 23 per cent of IFAD projects classified as high risk and 50 per cent as medium risk with regard to FM, there is a strong case for improving FM practice at the project level by strengthening the capacity of project finance staff, with a view to improving results on the ground.
2. The proposed programme is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015). The programme is also closely aligned with the IFAD Strategic Framework 2016-2025, which highlights the need to strengthen the capacity of stakeholders at the national level to effectively manage and implement projects, including aspects related to FM. In addition, the programme will contribute to delivery of commitment 4 of the Eleventh Replenishment of IFAD's Resources commitment matrix (transforming resources into development results) and particularly to commitment 4.1 (strengthen capacity and systems to manage for results) by improving service delivery to boost development impact.
3. The recipient has been identified through a competitive selection process at design, in line with the grant policy and grant financing procedures, and based on a call for proposals. Respondents were assessed by a screening evaluation team based on technical, institutional, financial and programme-specific criteria.
4. The proposed grant recipient – the Chartered Institute of Public Finance and Accountancy (CIPFA) – was established in 1885 and is the only professional accountancy body and member of the International Federation of Accountants that specializes in the public sector. CIPFA works with donors, partner governments, accountancy bodies and the public sector around the world to advance public finance and support better public services. It has significant experience in developing and delivering training programmes and related exams and assessments, both face-to-face and online, in a range of languages.

### II. The proposed programme

5. The overall goal of the programme is to promote best practices in FM of IFAD-funded projects, including through the adoption of international accounting and reporting standards, where appropriate, thereby contributing to greater project efficiency, value for money, smoother flow of funds, more effective accounting and reporting arrangements, and better internal and external audit processes; in summary, supporting increased development impact and results. The objectives of the programme are to reduce overall fiduciary risk in the IFAD portfolio through tailored training and capacity-building of key project finance staff and to improve the skills base of key project finance staff.
6. The direct target group will be composed of key finance staff of IFAD-funded projects that have been assessed as having high to medium fiduciary risk. Approximately 250 project staff members will be trained (one or two key staff members from each of the target projects). The indirect target group includes the beneficiaries of the targeted projects. For completeness, some staff from low risk

portfolios may be included to prevent certain projects from slipping back to the medium risk category.

7. The programme will be implemented over three years and will have the following components: (i) development of the FM curriculum; (ii) delivery of courses; (iii) sustainability and scalability – community of practitioners; and (iv) programme management.<sup>1</sup>

### III. Expected outcomes/outputs

8. The main outcomes of the programme will be: (i) the identified target group receives FM training and are certified upon successful evaluation, resulting in improved FM skills and capacity of the target group; (ii) IFAD project fiduciary risks are reduced, thus contributing to an overall reduction in fiduciary risk in the IFAD portfolio; and (iii) a community of practitioners is established to facilitate continued learning and knowledge-sharing and promote the sustainability of this initiative by embedding the programme within all of IFAD operations.
9. The main outputs of the programme are: (i) development of FM curriculum in three languages (English, French and Spanish); (ii) delivery of high-quality FM courses (modules 1 and 2) in all regions where IFAD operates; (iii) training of trainers; (iv) certification of participants in line with a certification plan and framework; and (v) establishment and operation of a community of practitioners platform.

### IV. Implementation arrangements

10. The grant recipient will be responsible for programme implementation over a period of 36 months. CIPFA will oversee and manage all programme activities and will be responsible for the financial management of the grant. The use of grant subrecipients is not foreseen. Implementation progress will be monitored via a programme steering committee (PSC), with oversight by IFAD via its supervision activities. The recipient will use a selection of service providers to deliver specific aspects of the programme (e.g. translation, online invigilation and assessment).
11. There are no deviations from the standard procedures for financial reporting and audits. IFAD's Financial Management Services Division will be closely involved in the supervision of activities, and will complement the work of the PSC. The support of the Strategy and Knowledge Department will be sought to ensure that the programme approach to knowledge management is aligned with IFAD guidelines and that knowledge is adequately captured. The impact in terms of fiduciary performance will be assessed as soon as the grant enters into force, by continuously monitoring project FM ratings emerging from supervision missions and collecting real-time feedback for learning purposes.

### V. Indicative programme costs and financing

12. The total programme cost is US\$3.2 million of which IFAD will contribute US\$3.0 million (93.5 per cent) as a grant. CIPFA will provide an in-kind contribution of approximately US\$0.2 million (6.5 per cent). Additional cofinancing will be sought during implementation from other international financial institutions that might be interested in the programme.

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<sup>1</sup> The full grant design document is available at: <https://www.ifad.org/en/document-detail/asset/41402588>

Table 1  
**Costs by component and financier**  
 (Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>CIPFA in-kind</i>	<i>Total</i>
1. Development of the FM curriculum	534	99	633
2. Delivery of courses	1,963	1	1,964
3. Sustainability and scalability – community of practitioners	139	31	170
4. Programme management	364	76	440
<b>Total</b>	<b>3 000</b>	<b>207</b>	<b>3 207</b>

Table 2  
**Costs by expenditure category and financier**  
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>CIPFA in-kind</i>	<i>Total</i>
1. Salaries and allowances	308	114	422
2. Consultancies	551	-	551
3. Travel and allowances	132	-	132
4. Training	1 603	-	1 603
5. Goods, services and inputs	394	93	487
6. Overheads	12	-	12
<b>Total</b>	<b>3 000</b>	<b>207</b>	<b>3 207</b>

## VI. Recommendation

13. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, the Capacity-Building Programme to Improve Project Financial Management, shall provide a grant of three million United States dollars (US\$3,000,000) to the Chartered Institute of Public Finance and Accountancy for a period of three years, upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo  
 President

# Results-based logical framework

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To promote best practice in the financial management of IFAD-funded projects, including adoption of international accounting and reporting standards, where appropriate, contributing to greater project efficiency, value for money, smoother funds flow, accounting and reporting arrangements, internal and external audit; in summary supporting increased development impact and results.	<ol style="list-style-type: none"> <li>Standards adopted in appropriate circumstances.</li> <li>Improvements in project economy, efficiency and effectiveness when measured against previous achievement for similar projects.</li> <li>Actual flow of project funds represents closer match to planned flows.</li> <li>Reduction in adverse comments by auditors.</li> </ol>	<ol style="list-style-type: none"> <li>Audit reports acknowledge appropriate adoption of standards.</li> <li>Audit reports acknowledge improvements in FM.</li> <li>Comparison of actual funds flow with planned funds flow.</li> <li>Audit reports show reduction in adverse comments.</li> </ol>	<ol style="list-style-type: none"> <li>That circumstances on the ground merit the adoption of standards, and that such standards are appropriate to the circumstances.</li> <li>That auditors do carry out VFM analysis of relevant projects.</li> <li>That comparison takes appropriate account of intervening factors e.g. genuine changes in circumstances or project requirements.</li> <li>There is consistency in the nature of scrutiny by auditors.</li> </ol>
<b>Objectives</b>	Decrease the overall fiduciary risk of the IFAD portfolio (through tailored training and capacity building of key project finance staff of IFAD funded projects).	<ol style="list-style-type: none"> <li>Assessment of fiduciary risk shows reduction, after an appropriate period of time.</li> </ol>	<ol style="list-style-type: none"> <li>Formal fiduciary risk assessment.</li> </ol>	<ol style="list-style-type: none"> <li>That fiduciary risk assessment is carried out in a way that supports the assessment of the overall reduction.</li> </ol>
<b>Outputs and Outcomes</b>	<ol style="list-style-type: none"> <li>Project finance staff are trained.</li> <li>Capacity of project finance staff is increased.</li> </ol>	<ol style="list-style-type: none"> <li>Number of training courses delivered.</li> <li>Formal assessment of capacity of project staff.</li> </ol>	<ol style="list-style-type: none"> <li>Report on conduct of training courses.</li> <li>Formal capacity assessment report.</li> </ol>	<ol style="list-style-type: none"> <li>Staff are provided with the opportunity to demonstrate what they have learned through the training and the increase in their capacity that has come about as a result.</li> </ol>
<b>Key Activities by Component</b>	<p><b>Component 1: Development of the Financial Management curriculum</b></p> <p>The key activities for Component 1 relate to programme-start up and in reaching agreement with IFAD on the syllabus content for both Modules and subsequent development of the related materials. The activities are outlined below:</p> <p><i>Activity 1:</i> Agree syllabus Module 1  <i>Activity 2:</i> Develop teaching, learning materials and progress test for Module 1  <i>Activity 3:</i> Agree syllabus Module 2  <i>Activity 4:</i> Develop the teaching, learning materials and exam for Module 2</p> <p><b>Component 2: Delivery of courses</b></p>			

Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<p>The key activities included for Component 2 relate to delivery training courses to the five regional groups, live and on-line. The activities are summarised below:</p> <p><i>Activity 1:</i> Deliver training of Module 1  <i>Activity 2:</i> Deliver training of Module 2  <i>Activity 3:</i> Deliver Assessments  <i>Activity 4:</i> Certification</p> <p><b>Component 3: Sustainability and scalability - Community of Practitioners</b></p> <p>The key activities for Component 3 relate to sustainability and scalability activities to ensure the future success of the Programme after grant completion and deals with the establishment of a Community of Practitioners (CoP). An online portal will lead to an upgrade to the existing FM e-learning training course in the official IFAD languages. The CoP comprises 3 elements: (i) Public Finance Focus; (ii) Online Resource Hub; (iii) Financial Management Code. As IFAD operates through the regional groups, the CoP will follow the same approach. The activities are defined below:</p> <p><i>Activity 1:</i> Agree strategy for learning and sustainability  <i>Activity 2:</i> Facilitate online workshops  <i>Activity 3:</i> Establish, launch and monitor online Community of Practitioners  <i>Activity 4:</i> Report on adoption and operation of online Community of Practitioners</p> <p><b>Component 4: Programme Management</b></p> <p>Component 4 related to Programme Management Activities as outlined below:</p> <p><i>Activity 1:</i> Project Staffing  CIPFA will rely on existing staff within their structure to the extent possible and absorb the costs thereof (therefore in-kind contribution). A dedicated Client Services Delivery Manager will be recruited at start-up, to function as a dedicated resource for the duration of the grant.</p> <p><i>Activity 2:</i> Inception Activities  During the inception phase, IFAD and CIPFA will meet to fine-tune planned grant activities as outlined in the various components.</p> <p><i>Activity 3:</i> Reporting  Activity 3 deals with reporting to IFAD in line with the requirements of the Grant Agreement. In addition, activities related to the Communications and Visibility Plan are dealt with here and relates to the proposed newsletter which will be prepared and distributed to various stakeholders.</p> <p><i>Activity 4:</i> Graduation and Project Closure  Activity 4 includes 2 elements: 1) Grant closure activities as outlined in the Grant Agreement as well as 2) A graduation ceremony for project participants.</p>		