Supervision and implementation support of projects and programmes funded from IFAD loans and grants

September 2007

Issued by the Programme Management Department

Enabling poor rural people to overcome poverty
GUIDELINES

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The Context: 
Supervision in IFAD Operations
The New Development Architecture

Over the last decade, international development efforts have been transformed. The new development architecture is characterized by a global commitment to the Millennium Development Goals; by poverty reduction strategy papers, as increasingly nationally owned strategies for poverty reduction; by joint assistance strategies and sectorwide approaches as instruments to bring government ownership to disparate donor support; by new aid mechanisms such as general budget support; and by the aid effectiveness agenda, reflected in the Paris Declaration on Aid Effectiveness, and the “Delivering as One” initiative for United Nations system reform. The Paris Declaration on Aid Effectiveness emphasizes systematic support for nationally owned strategies for attaining development results, the increased use of national administration systems, and more jointly coordinated and predictable actions among aid donors.

As a signatory of the Paris Declaration, IFAD is responding to the challenges of the changing development architecture through the implementation of its Action Plan for Improving its Development Effectiveness. One of the key elements of the Action Plan is IFAD’s Strategic Framework 2007-2010 which articulates how IFAD can best discharge its mandate and use the instruments at its disposal to maximize its contribution to reducing rural poverty. At the country level, the principal mechanism for operationalizing the Strategic Framework 2007-2010 and its hierarchy of development objectives is the new modus operandi for country-level engagement. Designed as the main operational instrument to pursue the goals of the Action Plan, it defines an approach for managing for development results at the country level. It is based on a new country programme approach, which is itself founded on the introduction of results-based COSOPs; of country programme management teams – in some cases revolving around field presence and outposted CPMs – for supporting impact achievement at the country level; of new flexible modalities for supervision and implementation support; and of more systematic attention to knowledge management and innovation.

Within this context, the Policy on Supervision and Implementation Support adopted by the Executive Board in December 2006 articulates an approach for strengthening the relevance, focus, quality and efficiency of country programmes financed by IFAD.

Supervision and Implementation Support in IFAD

According to the supervision policy, for IFAD, supervision and implementation support are two mutually supportive and operationally linked functions, defined as:

(a) Supervision is the “administration of loans and grants, for the purposes of the disbursement of the proceeds of the loan and the supervision of the implementation of the project or programme concerned”1. 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.

(b) 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 and solutions with recipients and implementers, and agreement on suitable actions to achieve the project’s development objectives. Where needed, this is supported by project-specific technical support, policy dialogue, innovations and programme 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.

1/ Article 7, section 2(gj) of the Agreement Establishing IFAD.
The operationalization of the concept of supervision and implementation support should adhere to the following main guiding principles:

(i) recognition of loan and grant recipients, who are owners and implementers of development programmes, as key partners with shared accountability for outcomes;
(ii) primary role of IFAD to assist and facilitate project/programme implementation;
(iii) supervision and implementation support activities set within the context of results-based country programmes, seeking to maximize synergies, opportunities and learning, and to make efficient use of resources;
(iv) building of partnerships with the private sector, civil society and other development partners, for enhanced coverage and reach of supervision and implementation support, and, where appropriate, improved practices for greater development impact;
(v) encouragement of innovation during project implementation;
(vi) ongoing learning and sharing of knowledge with all stakeholders; and
(vii) adherence to effective management systems, quality standards and accurate reporting, guided by good practices and policies to improve management effectiveness, and monitoring and evaluation.

It follows from the above that supervision and implementation support of IFAD’s projects/programmes is a highly collaborative effort aimed at enhancing impact and development effectiveness of the individual country programme and, therefore anchored in and responsive to concrete country and programme realities.

Supervision Modalities

“Responsive supervision” provides for two main modalities: (a) IFAD supervision, comprising different “blends” of headquarters staff and contracted service providers and consultants, including reputable international/regional/national institutions and local partners; and (b) supervision by cooperating institutions with well-specified roles for IFAD and the cooperating institutions concerned.

Supervision and Implementation Support by IFAD. Supervision and implementation support of loans and grants is in this main modality entrusted to IFAD, including administration of loans and supervision of implementation. IFAD may contract competent service providers to carry out discrete tasks, including selected parts of loan administration. Depending on national implementation capacity, the size of the country programme and funding arrangements, different approaches may be taken:

(a) for projects in countries with moderate to low national implementation capacity and a substantial to medium-sized IFAD country programme, for innovative projects with high learning potential, and for projects in complex and/or difficult country situations IFAD may make substantial use of contracted international expertise and rely only moderately on local, national or regional systems/institutions;

(b) for projects in countries with a higher national implementation capacity and a medium-to small-sized IFAD country programme IFAD may to a higher degree make use of local, national or regional systems/institutions and service providers; and

(c) finally, in countries with high national implementation capacity where IFAD has a substantial and well-developed country programme with broad-based partnerships (e.g. participation in SWAp/basket funding arrangements, joint assistance strategies, etc) IFAD supervision will take a programmatic approach with substantial use of national and regional institutions/systems/partnerships, and reliance on joint government-donor reviews.

Supervision by Cooperating Institutions. In this modality cooperating institutions are entrusted with the administration of loans and the supervision of implementation. IFAD is, according to the supervision policy, always responsible for providing implementation support related to IFAD financing, regardless of the supervision modality. However, based on a concrete assessment of the
CI’s capacity and expertise it may be opportune and cost-effective to entrust also some or most of
the implementation support to the CI. IFAD participation in CI supervision will include
endorsement of terms of reference and mission composition, specification of reporting
requirements, and participation in supervision missions. The approach may be applied to projects
in countries with moderate to low national implementation capacity, and a medium- to small-
sized IFAD country programme, as well as to projects initiated by another international financing
institution, for which IFAD provides cofinancing. Letters of appointment will be negotiated on a
case-by-case basis, and renegotiated as required.
Supervision in the Context of Country Programming and the COSOP
Preparing for Supervision and Implementation Support in the COSOP

As noted, IFAD follows a policy of flexible selection of the most appropriate supervision approach responding to country context, IFAD positioning and evolving institutional capacity. Selection starts with a general country analysis during the COSOP process, further refined and tailored to fit the specific country programme and project requirements during the design phase. During the project implementation period, the selected supervision approach may be altered to respond appropriately to changes in the country, in the global development architecture and within IFAD, subject to agreement between the government concerned and IFAD. According to the supervision policy, decisions regarding the selection of supervision modality and approach should be based on the following four criteria: (a) national capacity; (b) nature, size and complexity of the country programme; (c) learning and knowledge-sharing potential; and (d) availability of appropriate and sufficient human resources within IFAD. Annex 1 summarizes how these criteria should be applied in the selection of supervision modality.

The results-based COSOP defines and contextualizes country programmes, and the specific engagements that make up the programmes, within the unique situation of each country. The COSOP Guidelines explain, among other things, how issues related to supervision and implementation support should be discussed. 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. In particular, attention should be placed on ensuring that supervision and implementation support can serve as a basis for improved impact, knowledge management, learning and partnerships at country level. The selection criteria of national capacity and nature, size and complexity of the country programme are of most relevance in the context of the COSOP as they relate to the overall country context rather than to individual projects/programmes.

Preparing for Supervision and Implementation Support in Project Design

The final decision on the supervision modality for the individual project is made towards the end of the design phase. Taking into consideration the deliberations made at the COSOP stage, the decision would be based mainly on a concrete application of the criteria of learning and knowledge-sharing potential, implementation capacity and availability of appropriate and sufficient human resources within IFAD.

In cases where the supervision is to be carried out by a contracted CI, the prospective CI should be involved at this stage, preferably by participation in the design mission, in order to reach an agreement on the sharing of responsibility and authority between IFAD and the CI regarding supervision and implementation support. Normally, the CI would be expected to contribute at this stage by taking charge of design work pertaining to supervision, such as flow of funds, procurement, audit and other matters of financial management. The agreement reached would be reflected in the design document and form the basis for the Letter of Appointment to be issued to the CI after loan effectiveness.

2/ http://www.ifad.org/operations/policy/cosop/guidelines/appendix1.htm
From Loan Negotiations to Start-Up
Support to Reaching Loan Effectiveness

The period between signing of the loan agreement and loan effectiveness is a critical stage in the project/programme cycle, as only when a project or programme loan is declared effective, the Borrower can exercise the right of withdrawal of funds from the loan. Each loan is subject to conditions of effectiveness. Mandatory conditions are set out in the General Conditions and supplemented by those specific to the project set out in the loan agreement. As a general rule, conditions for effectiveness should be kept to a minimum and limited to conditions essential for the orderly start-up of project activities in order to minimize the time-lag between signing and effectiveness. The loan agreement also specifies the deadline by which the Borrower is expected to fulfil the conditions. The deadline may be extended but the loan is subject to eventual cancellation if the conditions are not met within the specified timeframe.

The CPM assisted by the OL and FC members of the CPMT will monitor the Borrower’s progress towards compliance with conditions of loan effectiveness. In order to reduce the lag between signing and effectiveness the CPM should follow the process closely so that potential obstacles are identified and appropriate guidance and assistance provided at the earliest possible stage. The CPM should make the best possible use of available in-country resources (FPP, proxy FP, in-country members of the CPMT) to guide and support the Borrower’s representatives and agencies charged with meeting the conditions for effectiveness. At the appropriate stage OL will verify that the conditions have been met and declare the loan effective directly with the Borrower.

Start-up Mission/Workshop

It is customary for the Borrower to conduct a project start-up workshop in the project/programme location, to which IFAD (and where relevant, the CI) will field a start-up mission. The workshop will usually be conducted promptly after the loan becomes effective but may in some cases be conducted prior to effectiveness in order to accelerate effectiveness. The purpose is to discuss and reach a clear and common understanding of the project/programme objectives and goals and to assign clear roles and responsibilities among the entities involved in the implementation. Participants in the workshop will normally include key government representatives, all key project/programme staff (if recruited), representatives of beneficiaries, non-governmental organizations (NGOs) involved in project/programme implementation, and any other relevant stakeholders.

Careful preparation is essential, if the workshop is to yield its intended results. Prior to the workshop, all essential stakeholders should review project documentation, including the financial and administrative requirements. The workshop then provides an opportunity to clarify any of the legal and financial conditions of the loan agreement and the associated procedures and responsibilities.
The workshop would normally have two sessions:

**An initial session** with the participation of officials responsible for dealing with IFAD affairs in the borrower’s Ministry of Finance and other implementing ministries, and a broad audience of implementers and other stakeholders. The agenda should include:

- a general presentation of relevant national strategies and IFAD’s country programme;
- an overview of the project background, and a statement of IFAD expectations of results in the light of the Fund’s mandate and vision and principles of engagement; and
- a confirmation of the project objectives as set out in the project’s logframe and detailed in component/activity as contained in the logframe.

**A technical session** with participation of the core implementers and other stakeholders. The agenda should include:

- a review of project management and co-ordination requirements and procedures;
- an examination of project financial procedures, including the maintenance of project accounts, procurement, and disbursement mechanism;
- a commitment to administration of the project on the basis of AWPBs in accordance with the relevant condition of the loan agreement;
- a review of the initial AWPB;
- a discussion of project progress reporting requirements; and
- the definition of project monitoring requirements and procedures, including baseline and other surveys.
The Supervision Cycle
The Supervision Process

Although the Borrower is responsible for project and programme implementation, ensuring an efficient implementation, resolving implementation problems and obstacles as they arise and enhancing the achievement of development objectives, impact and sustainability is the shared concern of all stakeholders. Supervision and implementation support is IFAD’s contribution to this effort, with the explicit objective of building the capacity of national implementation partners and policy makers.

The annual supervision cycle includes a number of major tasks and events, but it should be kept in mind that supervision and implementation support is a continuous process of supporting and facilitating in all issues of implementation and impact achievement as they materialize throughout the year. Supervision and implementation support includes in principle all implementation-related interaction with the Borrower and other stakeholders, ranging from dialogue on the strategic direction of the country programme to hands-on assistance to the preparation of withdrawal applications.

Roles and Responsibilities

The annual supervision plan sets out all major supervision and implementation support activities to be carried out during the year. The elaboration and execution of the annual supervision plan involves three entities:

- **The CPM** has the direct responsibility for the planning and execution of supervision and implementation support of the country programmes assigned to her/him irrespective of the supervision modalities applied and the extent of contracting of supervision task to CIs, regional or national institutions or service providers. In the discharge of this responsibility the CPM is supervised by the Divisional Director and supported by the CPMT.

- **Overall, the Divisional Director** approves the annual supervision plan and budget, exercises general oversight of all supervision and implementation support activities of the Division, and reviews the implementation of the supervision plan in connection with the annual divisional portfolio review

- **The Country Programme Management Team** is established by the CPM in connection with the preparation of the COSOP (where it does not already exist). Once prepared by the CPM, the proposed composition of the CPMT is approved by the Divisional Director. The CPMT is primarily a resource group of COSOP stakeholders who remain associated with the COSOP throughout the entire process of COSOP design and implementation, and who participate in various stages of project and programme design and implementation. The CPMT has an in-house component and an in-country component. The core of the in-house component of the CPMT includes the CPM, the legal counsel and the loan officer (i.e. the core of the current Project Development Team). It may also sometimes include IFAD staff from other divisions (Technical Advisory Division, Policy Division, Communications Division, etc.) on a case by case basis depending upon the need. The in-country component of the CPMT may include a representative from the Government focal point ministry (e.g. Ministry of Finance); representatives from other key Government institutions involved in the IFAD country programme; the field presence; the project directors of all ongoing IFAD projects; a representative from each of the contracted Cooperating Institutions; representatives from donors based in the country; and representatives from civil society involved in the IFAD country programme (NGOs, CBOs, farmer organizations, other member based organizations, etc).

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4/ [http://intranet/guides/manuals/project/ifadsup.pdf](http://intranet/guides/manuals/project/ifadsup.pdf) It is expected that the format of the supervision report will change in response to work in progress on the corporate results framework and quality assurance systems.

5/ [http://intranet/guides/manuals/project/SUPER.DOT](http://intranet/guides/manuals/project/SUPER.DOT)
Supervision Planning and Supervision Plans
All supervision and implementation support activities should be based on annual supervision plans agreed by all parties that set clear priorities, assign precise responsibilities, define expected results and specify the needed resources and budgets. The elaboration of supervision plans takes its point of departure in the latest supervision reports and portfolio review that will have clarified for each project the constraints/opportunities in implementation and the appropriate action to take in this respect, as well as the implementation and other issues at the level of the country programme (country issues sheet). After having identified the issues per project and per country programme, the supervision plan for the country is prepared. The plan should identify the main issues to be addressed in supervision and implementation support during the year, the input to the supervision process in terms of specialized expertise, how these inputs will be delivered (CIs, regional or national institutions, partners, service providers) and the time schedule for fielding of missions/consultants. The supervision plan should encompass loan-funded projects/programmes as well as grants, and regular supervision and implementation support activities as well as MTRs, project completion, etc. Regarding CI supervised projects it is important that the CPM consult and reach an agreement with the CI regarding issues to be addressed, CPM or other IFAD participation in supervision missions and the necessary IFAD input and resources with respect to implementation support.

The schedule should take into consideration the potential for combining supervision missions and supervision activities with other country-level activities such as design work and the annual country programme (COSOP) review, if appropriate. Keeping in mind that supervision and implementation support are a cooperative effort the CPM will consult closely with the Government counterparts and the in-country component of the CPMT on issues to be addressed, and to ensure participation and involvement of all stakeholders in the projects/programmes.

Supervision and implementation support should respond flexibly to the changing environment and needs of projects and country programmes. Therefore, supervision and implementation support requirements, and the frequency, intensity and composition of supervision missions and follow-up activities will change over the life of the project and in line with project priorities and circumstances, and as country programme circumstances evolve. In the first years of implementation of a project one full supervision mission and one follow-up mission annually may be needed to keep abreast of project progress and issues arising during implementation, while in later years, particularly after the MTR, one annual “low-intensity” supervision mission may be sufficient.

Review of the AWPB
The loan agreement requires the borrower to elaborate an AWPB (including procurement plan) and submit it to IFAD for review and approval before the beginning of the relevant project year. When reviewing the AWPB it is important to keep in mind that the AWPB serves both as a tool for guiding project implementation and as a collection of benchmarks against which actual implementation progress can be measured throughout the year. A poorly thought-through and prepared AWPB may cause a loss of purpose and direction in implementation, give rise to the need for resource-consuming ad-hoc problem solving when unforeseen (but foreseeable) obstacles to implementation surface during the year, and make it difficult to ascertain if implementation progress is on track. Time spent on a thorough review of the AWPB is therefore a good investment: getting things right at this stage can save a lot of time and effort later in the year. Any comments or observations on the AWPB should be communicated in writing to the implementing agencies, and the CI for CI-supervised projects. A “no-objection” to the AWBP should likewise be communicated in writing. A checklist for the review of the AWPB is found in Annex 2.

Review of Progress Reports
All loan agreements require that the Borrower prepare reports and information that will enable IFAD to monitor implementation progress. Progress reports have two primary objectives: (a) to record the progress of implementation, for the period under review, compared against the targets and objectives set out in the loan documents and the AWPB; and (b) to confirm the degree to which the Borrower is in compliance with the conditions of the loan agreement. The CPM reviews
the progress report upon receipt, identifies issues where action on the part of IFAD or the CI is required and decides in consultation with the CPMT – and the CI for CI-supervised projects – the appropriate action to take.

Frequency of submission of progress reports will be agreed between IFAD and the Borrower either in the design phase or at loan negotiations. It is generally desirable that progress reports be prepared on a semi-annual basis. In the case of co-financing, pooled funding and other multi-donor programmes an agreement based on the MDB Harmonization of Financial and Progress Reporting initiative will be reached between the Borrower and donors funding the programme on an acceptable standard format and contents of the progress reports to be submitted to all donors, including IFAD. In other cases IFAD’s reporting requirements will be integrated with the Borrower’s own reporting requirements and reporting systems to the extent possible. The general requirements to the contents of progress reports are provided in Annex 3.

The Supervision Mission

Supervision missions are mounted to review progress of one or more projects/programmes and to assist implementing agencies and Government in improving project implementation. The CPM is responsible for the organisation, conduct, reporting and follow-up action of supervision missions for projects directly supervised by IFAD and will usually be the mission leader. The CPM or another representative of IFAD will usually participate in supervision missions mounted by CIs. The cost of mounting field missions is substantial; careful preparation will assist in making the most efficient use of resources. Prior to the dispatch of the mission, therefore, CPM should establish that:

- timing and TOR of the mission is acceptable to and cleared with the Borrower;
- appointments have been made with all key government and implementing agency officials;
- preliminary timing for the initial and wrap-up meetings has been arranged; and
- TOR and the mission’s work schedule have been approved by the Divisional Director.

Mission Schedule. For projects under implementation, supervision mission work schedules, and the protocol of meetings, will have been established. For new projects, it is advisable to establish a routine from the outset that is maintained throughout the implementation period. The supervision mission should commence and end with joint meetings between the mission and the senior government officials of the department or agency charged with overall responsibility for project implementation, at which the mission objectives and findings (respectively) are discussed. Adequate time for gender-balanced consultations with beneficiaries and potential beneficiaries should be planned for, and findings from such consultations should be validated through focus-group discussions with field staff who are in direct contact with beneficiaries. It is advisable for missions to meet directly with the Borrower’s Ministry of Finance and review with its senior staff all aspects of the project’s financial administration.

Terms of Reference. The terms of reference for supervision missions should reflect their principal objectives, i.e. to ensure that the project’s development objectives are being met, and to satisfy IFAD’s fiduciary responsibilities. Specific tasks to be undertaken by the supervision mission include:

- help identify and discuss actual and potential/emerging problems and constraints, and agree on solutions, changes or improvements and the responsibility for their implementation;
- review the project’s implementation progress against appraisal targets and the AWPB, using the key indicators as defined in the logframe;
- examine the project’s logframe, and modify it as necessary, including retro-fitting of emerging best practises; reflect any such modifications in outputs and/or activities in the main body of the supervision report;
- review the AWPB for the current year and scrutinise and amend as required the proposed AWPB for the forthcoming year;
- discuss with project beneficiaries their perception of the project, the level of their participation and fairness in benefit/resource allocation; actively seek their opinion on improving project performance;
• assess the appropriateness of IFAD’s targeting strategy and its effective execution on the
ground, making necessary adjustments to increase outreach and contain benefit leakage and
prevent elite capture, and review project performance in terms of gender-equity/gender
mainstreaming;
• explore the adequacy of the monitoring system and its reporting with the Project
Manager/Co-ordinator and the M&E Officer, and agree upon any required remedial
measures. Assess whether targeting performance is being monitored and sex-disaggregated
data collected. Ensure that gender-balanced participatory monitoring is part of the M&E
system;
• examine project expenditures and make realistic estimates as to whether the project can be
expected to be completed within the original cost estimates (foreign currency and local
currency); review cost-sharing and cost recoveries where such arrangements have been
incorporated in the project;
• identify possible cost overruns/savings on IFAD financed categories and ascertain the need
for a reallocation between categories, or cancellation due to savings. Where a cost overrun
is anticipated, review the arrangements made by the Borrower for financing such costs;
• review the progress of procurement and disbursement; based on comparisons of the records
of IFAD and the project, verify the terms of the contracts awarded and the commitments and
disbursements made; and obtain copies of approved contracts not yet submitted to IFAD;
• check a sample of Statements of Expenditure to verify their accuracy against IFAD records;
• review the financial and accounting systems of the project and implementing agencies, and
ensure that these systems are adequate for IFAD’s reporting requirements;
• review compliance by the Borrower with loan covenants. Where there is non-compliance or
delay in compliance, discuss these issues with the Borrower explain the consequences of
non-compliance, and propose remedial action;
• examine any need for extension of the project or loan closing dates. Where such a need
exists, establish with the PEA the most suitable project and loan closing dates and request
that the Borrower submit to the Fund a timely request for such extension;
• explore such other matters related to the project that may delay or adversely affect project
implementation and that would impact the achievement of the development objectives;
• assist in the identification of needs for TA and in drawing up TOR for TA inputs; and
• undertake field visits to the project area to spot check and verify reported physical progress.

Aide-Memoire. An Aide-Memoire summarising the findings of the mission should be prepared,
and be made the agenda of the final (wrap-up) mission meeting. It should itemise those issues on
which agreement was reached and those that remain to be resolved. Mission recommendations
should be included in the Aide-Memoire but preferably segregated and clearly headed as
“Recommendations”. Government staff should be allowed sufficient time to read, analyse and
digest the contents of the Aide-Memoire. The draft should be distributed to implementing agencies
and where appropriate to other partners for their comments, which should be incorporated to the
extent possible. Any agreed changes, additions and omissions can then be accommodated by the
mission. The Aide-Memoire should be circulated at least 24 hours ahead of a ‘wrap-up’ meeting (or
any other mutually agreed timeframe). Any agreed changes should be made following the wrap-up
meeting and the final version submitted to the lead ministry and others concerned. On their
immediate return to IFAD, supervision missions submit the Aide-Memoire as part of their Back-to-
Office report, detailing any issues that were deemed too sensitive to include in the Aide-Memoire
itself, but that the CPM wishes to bring to the attention of IFAD management. Both documents are
important records, and provide the basis on which action may be taken before the mission report
has been finalised.

Management Letter. As soon as possible after return to office (within ten days), the CPM (the
mission leader in the case of supervision missions of CI supervised project) will prepare a
Management Letter addressed to the senior administrative officer of the agency with overall
responsibility for the project. The letter should request resolution or intervention with regard to
issues that have to be addressed by implementing agencies at higher levels. It should also highlight positive and negative trends in implementation and concerns relevant to IFAD’s strategic thrusts. The Management Letter is signed by the Divisional Director. It will be sent to key implementing agencies and NGOs, cofinanciers, collaborating bilateral and multilateral agencies and other stakeholders in the project.

**The Supervision Report**

The supervision report is primarily a tool to be used by implementing agencies, IFAD, and other stakeholders to judge progress over time, and the vehicle to ensure that project objectives are being met and the expected impact achieved. It should accurately reflect progress achieved and highlight issues for follow-up. Although the report is also an important tool in learning and knowledge managements, the focus of the report should be on action, undertaken or envisaged, to improve project progress and impact. The format for the IFAD supervision report reflects this focus on action. It is made of up of two parts: the Supervision Report Summary (two pages) and the report itself. Both sections form an integral part of the report, the information contained in the two sections are meant to be complimentary, not repetitive. Guidelines for completing a Supervision Summary and Report are available on the intranet. The report format is also available as a document template on the intranet. Preparation of the report begins in the field. The Aide-Memoire submitted before the mission’s departure from the country is an important source of information for the report. Data obtained from the project regarding physical and financial progress and impact are also key ingredients.

**Follow-up Missions**

Follow-up missions may be required where unresolved issues remain from the supervision mission, or to deliver implementation support on specific issues identified during supervision. Although follow-up missions are usually conducted on a less formal basis than the supervision mission it is important to ensure that follow-up missions are planned and agreed in advance with implementing agencies, partners and stakeholders. The outcome and issues arising from a follow-up mission should be shared with the implementing agencies and partners, preferably by means of a short mission de-briefing note.

**Implementation Support**

Implementation support includes a wide range of activities that may be applied in various ways and combinations depending on the concrete needs and circumstances of the individual project and country programme. It is important to keep in mind that the delivery of implementation support should be not just reactive, i.e. in response to actual or emerging problems and constraints, but should also be proactive in terms of identifying potential problems and take measures to prevent them from materializing, as e.g. timely training and institutional strengthening to remedy identified weaknesses in implementation capacity. It is possible to distinguish certain main types of implementation support depending on whether such assistance is aimed at the individual project, the country programme or at a region or sub-region.

**Implementation Support in the Context of the Project** is often delivered as an outcome of supervision/follow-up missions, or might be based on requests from implementing entities at the national level throughout the year. The support may range from assistance in solving complex issues to more hand on advice for facilitating project implementation. Some examples:

- assistance in re-focusing the strategic direction of the project, including advice on revision and modification of components and implementation arrangements;
- assistance in carrying-out mid-term review (MTR);
- assistance to implementing agencies on their dealings with their national counterparts, most notably in policy areas of relevance to the investment by the Fund;
- support to ensure high quality programming (AWPB) and reporting;
- assistance to the implementing agencies on how to operationalise IFAD key concerns, such as targeting, gender mainstreaming, participation, empowerment, and knowledge management;
• support for the establishment of partnerships with national and international entities;
• assistance for the establishment of cost effective and pragmatic systems for monitoring and impact assessment, including reporting under the RIMS format as well analysis of impact data;
• assistance to resolving financial and procurement and other management issues;
• assistance for staff recruitment if appropriate, including drafting of TOR; and
• assistance for the identification and recruitment of technical assistance personnel for solving bottlenecks in project implementation.

Implementation support in the context of the country programme: has a focus on common implementation issues for all investment in the country, such as:
• assistance for problem solving to implementing agencies, representatives of the borrower, technical ministries, private sector entities regarding development of appropriate policy and legal frameworks supporting the implementation of the country programme;
• facilitating learning and knowledge sharing with implementing agencies, partners and other stakeholders; and
• capacity building through workshops/ seminars/ training courses for staff of implementing agencies, partner agencies and other stakeholders.

Implementation support at the regional or sub-regional level focuses mainly on:
• knowledge management initiatives such as learning and knowledge sharing among countries through exchange visits;
• cross fertilisation of concepts through participation in supervision/design missions;
• establishment of regional knowledge sharing platforms; and
• capacity building through Regional workshops and training programmes.

Special Issues in the Supervision and Implementation Support of SWAPs
Where IFAD is contributing to SWAPs and pooled funding arrangements the specific approach to supervision and delivery of implementation support has to be adapted on the basis of a number of key considerations:
• IFAD’s loan is contribution to a pool of funds to which other development partners (DPs) and government have contributed.
• The IFAD loan agreements provisions (and the project appraisal report) may not perfectly fit the provisions in the pooled fund memorandum/programme documents because of differences in the time of preparation of IFAD projects and the finalization of the memorandum for the SWAP.
• Provisions related to AWPBs, Special and Programme Accounts, signatories to accounts, proportionate IFAD contributions, disbursement of IFAD funds, financial and physical progress reporting, procurement methods and thresholds, and monitoring and evaluation, especially, if it also includes the use of RIMS, may be particularly difficult to fully accommodate in the governing memorandum of a SWAP.
• Joint supervision (implementation review) of SWAP may reduce the level of control by IFAD since: (i) management of the process is based on a collective decision of partners; (ii) IFAD may not successfully insist on its peculiarities/ targets being included in the TOR of the review, including focal themes or geographical locations to be visited, or the use of consultants and specialists to improve the understanding of specific issues; (iii) IFAD may not lead the process on behalf of the other participating DPs; (iv) some fiduciary review responsibilities may be delegated among the partners; and (v) it may be difficult for IFAD to obtain special assurances from the Borrower on IFAD-specific issues arising from the review during the wrap-up meeting.
• The Aide-Memoire of the joint review may not contain sufficient information to meet all the requirements of the IFAD supervision reports.
Supervision and implementation support of SWAPs and pooled funding arrangements differs from "standard" supervision on a number of points:

**Support to Reaching Effectiveness.** Where the SWAP was not designed jointly by all partners at the same time, disclosure of the IFAD effectiveness conditions to other partners may help generate support/pressure to make the Borrower fulfil the effectiveness conditions early. Otherwise, there is the tendency for the Borrower to pay more attention first to drawing down on the non-loan contributions with few effectiveness conditions.

**The Start-up Mission/Workshop.** This would be as provided in the SWAP memorandum and programme documents and may not reflect IFAD-specific loan administration and reporting procedures. Responsibility for start-up may, in practice, be assigned to the Borrower.

**The Supervision Process: Roles and Responsibilities.** The CPM/CPMT is responsible for ensuring that IFAD contribution to a SWAP is utilized in accordance with acceptable standards of efficiency, will help to reduce rural poverty and contribute to IFAD’s strategic objectives. The CPM/CPMT should participate effectively in the planning and implementation of the implementation reviews by preparing or contributing to the draft TOR and logistics, and participating in the preparatory, debriefing and wrap-up meetings and the field visits. IFAD is responsible for recruiting consultants or specialists, at cost to the implementation support budget, to participate in supervision if this has been agreed with the other partners. Such consultants may also be recruited to undertake review/analysis that is specific to IFAD requirements, but on an information basis to other partners since one of the objectives of the SWAP is to reduce transaction costs and time for all partners. The final decision on the timing, duration and specific focus of any implementation review is the joint responsibility of the partners to the SWAP.

**Supervision Planning and Supervision Plans.** Supervision planning is the joint responsibility of the partners and should have the government partner(s) playing a leading role. Within the DPG, the objectives, expected inputs and outputs, possible team composition and timing should be agreed on an annual basis at least six months before the commencement of the fiscal year and shared with the government partners early for their inputs and endorsement. At the regular meetings of the DPG, these plans should be revised in the light of emerging information or experience in implementation review, policy or other extraneous circumstances. All such revisions also need to be shared with the government partners. The TOR of every implementation review should include an initial briefing session for all members of that review team to agree on the objectives and logistics of the review, and for a post-field visit session to consolidate and harmonize findings before the formal wrap-up meeting. The TOR of the review should specify the timing of all the review activities up to the submission of the Aide-Memoire and the Aide-Memoire should specify the timing of any follow-up actions as scheduling problems are compounded by the involvement of many partners in the SWAP. The CPM/CPMT is responsible for making a reasonable estimate of supervision and implementation support costs for IFAD, for ensuring adequate administrative budget for supervision and implementation support, and for updating the estimates based on actual experience of supervision of the SWAP.

**Review of the AWPB.** The CPM/CPMT should pay particular attention to how the joint AWPB prepared for a SWAP reflects the provisions of the loan agreement and project documents. In some cases, the first set of AWPB may address more of the concerns of the other partners for financial reporting than for establishing a foundation for effective implementation and results on the ground. It is not clear if the CPM has the authority to withhold accept of the AWPB if it is found to be significantly out of line with IFAD expectations, and what effect, if any such action may have on the implementation of the AWPB and the disbursement of IFAD funds.

**The Supervision Mission and Follow-up Missions.** The missions have to be conducted in compliance with the agreed TOR. Any follow-up mission dealing with specific IFAD interests needs to be conducted with the full knowledge of other partners to avoid suspicion and tension among the parties.

**The Supervision Report.** The CPM is responsible for the preparation of the mandatory supervision report based on the joint Aide-Memoire and the BTO. While it is recognized that a particular SWAP review mission may not provide all the information required for the IFAD report, it is the responsibility of the CPM to ensure that the planning and implementation of the joint
reviews is organized to reasonably provide the information over time. Should it be necessary to obtain additional information for the IFAD supervision report outside the joint review, the partners should be informed.

**Implementation Support.** The supervision of SWAP is increasingly being considered as an implementation review and support to the Borrower to implement the agreed programme. IFAD implementation support should be provided as much as possible in the context of the implementation review. IFAD staff may, however, follow up on the joint review on IFAD-specific matters and even arrange for supporting resources if in the view of the staff, such support will enhance implementation effectiveness. All such action should be taken in consultation with the other partners.

**Progress Reports.** Progress reporting frequency and contents are usually specified in the SWAP memorandum and programme documents. It is the responsibility of the CPM to ensure consistency between the SWAP memorandum provisions and the provisions of the IFAD loan agreement, even if this requires an amendment of the loan agreement. In many cases, the reporting frequency is quarterly and designed to correspond with the frequency of mandatory release of funds for programme implementation on the basis of the AWPB.

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**Supervision and Implementation Support Linked to Other Corporate Processes**

In addition to the primary functions, supervision and implementation support provide an important input to two main corporate processes: the knowledge management and learning process, and the portfolio review process. The knowledge management and learning process is described in Section VI below and in detail in Annex 8.

The portfolio review exercise serves as a management tool for IFAD to monitor and self-assess the performance of the portfolio in terms of its outputs and impact and draw lessons for future operations. It allows IFAD to identify emerging problems and address them proactively and thus mitigate deteriorating trends in portfolio performance. The exercise also helps in systemising learning and distilling good practices and forms the centre-piece of the self-assessment processes in IFAD and is a critical element of the internal quality assurance systems, and contributes to the achievement of corporate results.

The basic instruments of the portfolio review process are the Project Status Reports and the Country Programme Issues Sheets. The contents are based in large part on experience gained through supervision and the delivery of implementation support during the year. The format of the supervision reports will therefore be aligned with key elements of the PSR/CPIS in order that corporate issues are routinely addressed during supervision and subsequently reported upon. Follow-up issues identified in PSR/CPIS should be taken up, as necessary, by subsequent supervision missions and outcomes reported.

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**M&E, Impact Monitoring and Assessment**

There are three entry points for supervision and implementation support vis-à-vis Monitoring and Evaluation (M&E):

(i) Supervision and implementation support should assess whether an M&E system is in place that satisfies the information demand of project stakeholders and provides an ongoing monitoring of project activities, output and higher-level results, including targeting performance and gender equity.

M&E is a set of interrelated processes of: (i) planning; (ii) information collection; (iii) information analysis/reflection; and (iv) reporting. Being an integral part and an instrument of project management, the M&E system also consists of the necessary supporting conditions and capacities required for the outputs of M&E to make a valuable contribution to decision-making and learning.

In order to assess whether a ‘satisfactory’ M&E system is in place, a holistic perspective should be adopted based on the whole set of processes associated with the M&E system. Together with the assessment of the integrated phases of M&E, the overall scope of system
should be considered. Two main features can be distinguished. First, the M&E system should consist of the planning, collection, analysis and reporting of project activities and its immediate outputs. The second feature enlarges the scope of the M&E system to higher level results which includes project outcomes as well as its impact on beneficiaries, communities and institutions.

Supervision and implementation support should ascertain that both features of the M&E system are in place so that immediate output and higher level results are routinely monitored. In particular, supervision and implementation support should promote the on-going reporting of the verifiable indicators included in the Logical Framework. Similarly, supervision and implementation support should verify whether the M&E system provides the information needed for IFAD reporting requirements (such as the RIMS). It is, however, important to keep in mind that the priorities of IFAD vis-à-vis M&E activities may not coincide with those of implementing partner. Nevertheless, the supervision process should not attempt to impose a pre-determined M&E model. Rather, IFAD should engage in a process of dialogue and capacity building with implementing partners in order to enhance the demand for result information and, on the basis of this demand, support the design or management of the system. In this respect, the functions of supervision and implementation support should be regarded as strongly interlinked.

(ii) IFAD Supervision and implementation support should identify the way in which the programme management can be supported in setting-up or managing the M&E system.

The above described passive role of supervision focuses on the assessment of the adequateness of M&E. This function should be regarded as the starting point for a more active involvement of IFAD in assisting implementing partners in setting-up or managing the M&E system.

At the early stages of implementation, support may be provided to assist project management in several processes associated with the M&E system. This may include the specification of M&E functions in the management unit, clarification of IFAD reporting requirements (including RIMS), identifying partnership arrangements with other donors/NGOs, etc. In general, the early period of project implementation coincide with the generation of the baseline or ‘before-the-project’ figures that will later be used for assessing project impact. Following on the adoption of the RIMS framework, two anchor indicators are identified for assessing impact of IFAD programmes: child malnutrition and household asset ownership. The utilisation of national statistics, administrative data or surveys implemented by other donor agencies should be encouraged when these provide satisfactory coverage of IFAD project areas and adequately represent target population. Alternatively, the IFAD RIMS survey methodology can be adopted. IFAD should play a role of facilitation and support in the identification of workable methodologies and approaches, etc. In line with the Paris Declaration on Aid Effectiveness, IFAD should facilitate the alignment of programme M&E with existing performance assessment frameworks (such as those associated with the PRSP).

Changes in the design and circumstances associated with implementation may require subsequent adjustments in the methods, timing or responsibilities of the M&E system. The supervision process may identify the setbacks emerging in the system and provide adequate solutions. Supervision and implementation support should identify needed technical assistance or training on specific aspects of the M&E system (for example, on the methods of data collection or data processing). Similarly, adjustment in the allocation of project financial resources may be needed.

(iii) Supervision and implementation support should utilise M&E findings for decision making and contribute to the M&E process.

M&E findings should be a valuable contribution to decision making. Supervision may rely on M&E findings in order to highlight features of programme implementations, analyse ongoing performance, identifying setbacks that may prevent the realisation of
development objectives and hinder post-project sustainability. The findings of the M&E system should be used to review Logical Framework, update the list of verifiable indicators, etc. In addition, the findings generated by the M&E system at project level can be utilised in other corporate processes such as the portfolio review. The supervision process should not only be regarded as a passive recipient of M&E information but actively contribute to the M&E process by proposing guiding performance hypotheses and highlighting issues to be analysed in the on-going M&E activity. By doing so, the supervision process vis-à-vis M&E would be strongly interlinked with the delivery of targeted implementation support. Finally, supervision and implementation support may contribute to the M&E process by checking and validating the findings generated through the M&E process. In this respect, special care should be given to assess the extent to which M&E findings adequately and honestly incorporate the point of view of beneficiaries and recipients of project initiatives. Attention should be given to differences of views of women and men, and of different target sub-groups. Attempts should be made to assess who is not participating or benefiting and why.
5

Loan Administration
Loan administration is the part of the supervision process that deals with the issues of disbursement and flow of funds, procurement of goods and services, and financial control and management aspects of implementation such as budgeting and accounting, financial planning and reporting and audit.

Loan administration is the overall responsibility of IFAD in projects/programmes supervised by IFAD, while it is the responsibility of the CI in projects/programmes supervised by CIs.

Letter to the Borrower

Soon after loan signing, the document termed the “Letter to the Borrower” (LttB) is sent to the Borrower’s representatives and officials attached to the project or programme. The LttB explains the action to be taken by the Borrower in order to start withdrawing funds and spells out the methods and procedures for withdrawal of funds, procurement of goods, works and consulting services as well as the financial and audit reporting requirements. Attached to the LttB are standard forms, checklists and instructions to facilitate the Borrowers compliance with procedures. The LttB is prepared by the Supervision Support Unit in PMD and signed by the Assistant President, PMD if the loan is supervised by IFAD. Where the loan is not supervised by IFAD the CI is responsible for preparing and sending the LttB, with copy to the CPM and FC. A sample LttB is shown in Annex 4.

Disbursement

Disbursement Procedures. The procedures for withdrawal of loan proceeds have been standardised to facilitate disbursements under most of the loans. The disbursement procedures consist of four major types briefly described below. In practise most disbursements follow procedures I and II, while procedures III and IV are not commonly used in the majority of projects.

Procedure I – Special Account. The Special Account procedure provides a mechanism like a revolving fund to assist Borrowers in financing eligible expenditures defined in the loan agreement as payment falls due. While project implementation is under way the account is replenished when satisfactory evidence of expenditures incurred is received. Six months before project completion the Authorised Allocation is gradually recovered to ensure that at loan closing the advances made have been fully justified.

Procedure II – Direct Payment. Under this procedure, the Borrower requests the Fund to pay the supplier directly from the loan funds. The Borrower must indicate in the withdrawal application the date on which payment becomes due to the supplier. This procedure is generally suitable for payment of large civil works progress payments, consultant’s fees and importation of goods for which a Letter of Credit is not practical.

Procedure III – Special Commitment under Letter of Credit. The Special Commitment procedure is extensively used for financing import of goods. A commercial L/C is the mode of payment indicated in the contract for making payments to a foreign supplier. It is usually opened in a commercial bank in the importer’s country and advised, and if requested, confirmed by a commercial bank in the supplier’s country. The paying commercial bank is authorised to seek payment from IFAD under the loan. IFAD does not itself open commercial letters of credit for the account of the Borrower; neither does it become a party to a L/C between two commercial banks. Therefore, if payment is to be made by IFAD out of its loan funds, the paying bank, before advising or confirming the L/C, requires IFAD’s assurance of prompt payment. The Borrower, by following the “Special Commitment Procedure”, can request IFAD to give such an assurance which entails a commitment on the part of IFAD.

Procedure IV – Reimbursement. As its name suggests, this procedure is followed when expenditures have already been incurred, that is, the supplier of goods or services has already been paid by the Borrower from its own funds. The reimbursement procedure is generally suitable for payment of: (i) local currency costs; (ii) petty purchases; and (iii) small civil works payments. The Reimbursement procedure normally requires full documentation. However, there are special cases where the Fund accepts simplified documentation:

(i) Statement of Expenditures (SOE). The Statement of Expenditure facility involves submission of a statement of expenditure in lieu of the documentation usually required to support an application for reimbursement. This procedure is applicable where it is
impractical or unduly burdensome to submit full documentation in support of applications for withdrawal of loan proceeds.

(ii) **Force Account Works.** This procedure is applicable when the implementing agency uses its own work force, equipment, and other resources in carrying out civil works. The Force Account Works procedure involves submission of periodic certification of progress or completion of civil works in support of applications for withdrawal of loan proceeds instead of the usually required supporting documentation such as invoices, bills and receipts.

**Processing of Withdrawal Applications.** Disbursement will, regardless of the procedure applied, be based on a withdrawal application submitted by the borrower. Each withdrawal application is made up of two integral parts. The first part is the withdrawal application itself, in letter form, which mentions the total amount to be withdrawn and contains requisite statements and agreements by the Borrower. The second part consists of one or more summary sheets with supporting documentation where individual items are listed according to the loan category or subcategory to which they relate.

In projects supervised by CIs, the Borrower submits the withdrawal application to the CI who will examine and approve the application before transmitting a payment instruction to FC. On the basis of the payment instruction FC will issue a withdrawal authorization and effect payment as per the instructions in the withdrawal application.

In projects supervised by IFAD the Borrower submits the withdrawal application to the relevant CPM who together with the PA and the PMD Supervision Support Unit will examine the withdrawal application and approve it for payment by FC. The detailed procedures of processing of withdrawal applications are described in Annex 5.

**Procurement**

The general policies and procedures applicable to project procurement in IFAD financed projects are set out in the IFAD Procurement Guidelines of December 2004. The loan agreement, which governs the legal relationship between the Borrower and IFAD, stipulates the specific provisions for the procurement of goods, works and consulting services in the respective project. These two documents should, therefore, always be consulted for an exhaustive description of applicable procurement procedures.

**Procurement Methods.** There are several methods of procurement, both for procurement of goods and works and for procurement of consulting services. The methods for procurement of goods and works are described in Part B of the Procurement Guidelines, while the methods for procurement of consulting services are described in Part C of the Procurement Guidelines. Schedule 4 of the loan agreement specifies the method(s) permitted for the borrower for the procurement of goods, works and services in the individual project. If applicable, Schedule 4 also specifies the threshold amounts for the individual procurement methods.

**Supervision Tasks in Procurement.** Procurement is fundamentally the responsibility of the borrower, but supervision involves three main tasks in relation to procurement: review of the procurement plan, prior or ex-post review of procurement, and review of prequalification of bidders. In CI-supervised projects these tasks are the responsibility of the CI, while they are the responsibility of the CPM, supported by the CPMT and the Supervision Support Unit in projects supervised by IFAD.

**Review of the Procurement Plan.** The Borrower is to have a duly approved annual work plan and budget (see Section above), which includes a procurement plan for all major procurements of goods, works and consulting services to be carried out within a period of at least 18 months (i.e. extending up to six months beyond the end of the AWPB). The first procurement plan (elaborated as part of project preparation) is to be updated after loan effectiveness and is to cover the initial 18 months of the project implementation period and is to be submitted to IFAD for approval. The

procurement plan is to be updated annually (or as needed) to cover every subsequent 18-month period of project duration as part of the AWPB exercise. There is no standard format or template for a procurement plan but the plan must as a minimum identify in reasonable detail (a) the various contracts for goods, works and consulting services required to implement the project; (b) the proposed methods of procurement for such contracts that are permitted under the loan agreement; and (c) the related IFAD review procedures. A checklist for review and a sample of the lay-out a well-prepared procurement plan is presented in Annex 6.

**Prior and Ex-post Review of Procurement.** Irrespective of the method of procurement to be employed, the loan agreement specifies the threshold for prior review (i.e. for contracts valued at more than the threshold amount, the review procedure described in Appendix I of the Procurement Guidelines must be applied). IFAD reviews the borrower’s procurement procedures, documents, bid evaluations, award recommendations and contracts to ensure that the procurement process is carried out in accordance with agreed guidelines. The loan agreement specifies the extent to which the review procedures will apply in respect of the various categories of goods, works and consulting services to be financed, in whole or in part, from the IFAD loan. Where prior review is not required, IFAD conducts a post-award review on a sample basis of documentation and contracts submitted as supporting documents for withdrawal applications. The procedure for prior review differs for procurement of goods and works and procurement of consulting services.

**Review of Prequalification of Bidders.** Prequalification of bidders is usually done for large and complex works or in situations where there is a potential for substantial time and cost savings in the procurement of goods and works by evaluation of only bids from qualified bidders. Prequalification involves review by IFAD in two instances: (a) prior to the borrower’s issuance of invitations to prequalify IFAD reviews the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire and the evaluation methodology, together with a description of the advertising procedures to be followed; and (b) following the borrower’s evaluation of submissions IFAD reviews the draft evaluation report together with the list of prequalified bidders and a statement of their qualifications, and of the reasons for excluding any applicant from prequalification. Checklists for review of prequalification of bidders are found in Annex 6.

**Audit**

The general policies and procedures applicable to audit of IFAD financed projects are set out in Guidelines on Project Audits (for Borrowers’ Use) and Operational Procedures for Project Audits (for use by IFAD and Cooperating Institutions). The specific requirements to timing of the appointment of the auditor and deadlines for submission of audit reports are found in Article V of the loan agreement. While the conduct of project audit is the responsibility of the Borrower IFAD is involved in the audit process in the following instances: (a) appointment of the auditor; (b) follow-up on the annual audit cycle; and (c) review of audit reports and follow-up on audit recommendations. Details on these tasks are found in Annex 7.
Special Issues in Supervision
Capacity Building and Strengthening of National Systems
Supervision and implementation support should have the explicit objective of building the capacity of national implementation partners and policy makers. This could be achieved in several ways, including:

- giving partners (including farmer organizations and civil society organizations) a leadership role in programme design (from identification to appraisal), including the development of eligibility criteria for programme beneficiaries;
- deliberately assigning responsibilities to partners in programme implementation activities (supervision and implementation support, mid-term and other reviews). An example would be to make the implementing agency responsible for overall coordination of supervision missions while the field visit teams are led by national staff who use the opportunity to demonstrate and hone their managerial and technical capacity;
- giving these partners a stronger role in preparing the TOR for and conducting assessments of programme performance and impact. This increases a sense of ownership of the process and enhances the chances of adoption of the assessment outcomes for policy formulation;
- arranging linkage programmes of national partners to the DP agencies or other relevant institutions for specific capacity building events; and
- providing in programme documents for practical training events based on identified skill gaps, and adequate resources for implementation.

Initiatives for the strengthening of national systems should be developed after a careful assessment of these systems, especially for financial management, procurement and audits. IFAD may rely on the assessments done by other IFIs (such as the World Bank) as a basis for developing support interventions. One way of strengthening national systems is to encourage the use of such systems in programme design subject to the application of agreed criteria should the systems be found wanting during implementation.

In a SWAP environment, IFAD staff should advocate for the inclusion of capacity building of national partners and beneficiaries in the AWPB as there is a tendency for such documents to focus mainly on training for staff and procurement of equipment for travel and office use.

Building and Use of Partnerships in Supervision and Implementation Support
The COSOP and project design should carefully identify the key partnerships that need to be developed and exploited during implementation and the objectives for the partnerships. Provision should be made in these designs for the cost of fostering the partnerships.

Partnerships in supervision and implementation support could be for institutional collaboration (as in SWAP) or for institutional coordination, where supervision and implementation support activities need to be planned with the knowledge of other actors in the same area or sector. They could be important for different levels of the supervision process: policy dialogue, innovation, knowledge management or day-to-day implementation of programme activities. IFAD should engage in continued dialogue with partners on its key concerns on targeting and gender.

The range of partners in supervision and implementation support could include government agencies, DPs, CSOs, farmer organizations, CBOs and private sector firms and individuals. Effective engagement of these partners may require among others: (i) the preparation of a partnership tracking matrix; (ii) regular bilateral and multilateral meetings, workshops and retreats; (iii) joint supervision/implementation reviews; and (iv) development of a communication strategy that will promote on-time exchange of information using such media as emails, video conferencing, shared web sites, etc.

IFAD Policies and Institutional Priorities
The execution of supervision and the delivery of implementation support should always be in compliance with and supportive of IFAD’s policies, strategies and institutional priorities. Some IFAD policies have a direct bearing on the execution of supervision and implementation support itself, such as the policy on supervision and implementation support and IFAD’s anticorruption
policy (for details, see Annex 11: Basic documents of relevance to supervision and implementation support). Other policies concern aspects of IFAD operations such as e.g. mainstreaming the gender perspective in IFAD operations, private-sector development and partnership, crisis prevention and recovery, rural finance, knowledge management, etc.. An important aspect of supervision and implementation support is, where relevant, to advise and assist the borrower and implementers in applying these policies and priorities and ensure that they are mainstreamed and complied with in project/programme implementation. All applicable IFAD policies and strategies can be found at: IFAD policies and strategies.

The Role of Country Presence and Country Team

Historically IFAD has been engaging with countries through field missions – of CPMs, other staff, or consultants. This has undergone changes in past some years when IFAD started seeking permanent presence in the country. It started as 'proxy' and enhanced and formalised through the Field Presence Pilot Programme.

IFAD’s country presence provides a strong anchor to the country team (the in-country component of the CPMT), and the two together act as important in-country resources for the delivery of implementation support. Their permanent presence at country level allows them to establish continuous interaction and forge close relationships with projects, government institutions, CIs and partners that can contribute substantially to the improved quality of project implementation and a higher degree of development effectiveness. While specific use of country presence and country team in the delivery of implementation support should be decided on the basis of the concrete country context there are a number of areas where country presence and country team can be particularly effective tools.

Start-up. Country presence and country team may be effective in ensuring a smoother and shorter start-up phase by:

- accelerating the process of reaching effectiveness by following-up and resolving administrative problems or legal issues with government authorities;
- organizing start-up workshops and preparing supervision missions for newly effective projects; and
- sharing the lessons learnt from the projects approved earlier and thus helping the new project to learn from the mistakes of others.

Technical Support. Depending on their specific technical expertise the field presence staff and individual members of the country team may provide specialized technical support for project implementation. This will be most common for country team members who have often been selected because of their expertise and insight in technical fields of relevance to the IFAD country programme. Assisting the projects in identifying/locating, negotiating, and contracting technical services is yet another area the in-country team and the country presence personnel may engage productively. Such support may take the form of mutual sharing of knowledge among IFAD-assisted projects as well as with other development interventions.

Project Administration and Management. Of particular relevance would be the guidance provided for formulating the annual work programme and budget and the design and implementation of the monitoring and evaluation system (M&E). As these processes are critical for the success of the projects, in-country teams, in particular the country presence personnel, where available, should assist the projects in developing and refining these systems.

It could also be ad hoc back-stopping and more long-term support in following areas:

- Preparation of periodic progress reports.
- Follow-up on audits and financial reporting.
- Follow-up on implementation of relevant recommendations of supervision missions.
- Preparation and submission of withdrawal applications.
- Identifying areas for more detailed reviews during supervision and the assistance required by a particular project.
Capacity Building. Country presence and country team may be used to build project administrative capacity and improved implementation capacity of government authorities, CIs, NGOs and service providers through:

- identifying local and national resource persons and institutions that could contribute in designing, supervising, and technically assisting IFAD and projects it has financed in the country;
- arranging training courses and workshops centered on technical issues such as M&E and impact assessment or cross-cutting issues such as gender, targeting, participation, etc.;
- coordinating annual portfolio review workshops where common implementation issues are regularly highlighted; and
- sharing IFAD’s experiences with national stakeholders through a process of policy dialogue and learning from experiences of the government and other donors and using such knowledge in enhancing overall development effectiveness of IFAD’s assistance programme from the country.

Targeting and Gender
Supervision and implementation support should ensure compliance with IFAD’s corporate targeting policy and should explicitly assess the appropriateness of IFAD’s targeting strategy and ensure its effective execution on the ground, making necessary adjustments to increase outreach and gender equity, contain benefit leakage and prevent elite capture. IFAD, together with the government concerned and other partners, should ensure that outputs, outcomes and emerging impact are regularly monitored to make certain that they reach the identified target groups and are of continuous relevance to them. Targeting effectiveness should also be assessed by all evaluation exercises, including mid-term reviews and mid-term evaluations. In addition IFAD’s Gender Plan of Action requires project implementation to ensure gender-equitable participation in and benefit from project activities. This implies discussion of the gender strategy in start-up workshops; substantial participation of women in activities and decision-making; allocation of resources to gender mainstreaming in the AWPB; and regular sex-disaggregated monitoring by the PCU. Supervision reports are required to provide information on gender-differentiated participation in and benefits from the project. Guidance on reporting on targeting and gender is provided in Annex 9.

Innovation and Knowledge Management
Supervision is required to provide information on how the project is implementing IFAD’s Innovation and Knowledge Management strategies. Innovations being developed through the project should be clearly identified in supervision reports. The supervision and implementation support process should focus on active learning. It should help improve learning possibilities; facilitate processes of creativity and innovation and bring about change in attitudes and the way we work. The supervision and implementation support should facilitate and support the four key processes of:

- systematic examination of own work by documenting successes and failures;
- production of ideas and gaining insights from colleagues’ work;
- identifying and discarding processes and activities that do not add value; and
- instilling a culture whereby mistakes are considered as part of the learning process to foster critical reflection.

Past and ongoing projects constitute an invaluable source of knowledge and innovation. To fully take advantage of this wealth of knowledge and experience, it is recommended to start with a constructive reflection of all or selected ongoing and closed projects in the form of learning events. These learning events should take place during project design and at the project start-up workshop. Such learning events provide an opportunity for the country team, implementers and local partners and stakeholders to hear first-hand and learn from the experience of their peers and colleagues. Having internalized this knowledge and learning, the workshop can set the overall communication, learning and sharing goals and objectives, and identify:
• communication and knowledge needs and gaps (who needs what knowledge in what format and for what purpose. For example, identify elements required to feed into the project portfolio, policy process, results framework, communication-related activities and public advocacy, what are the project’s communication and knowledge needs and gaps);
• innovative aspects and learning opportunities;
• aspects of the project to be captured, documented and subsequently communicated (the potential impact story); and
• methodology and strategy for capturing, documenting, sharing and communicating the innovations, learning and knowledge during the project implementation.

Capturing learning, knowledge and innovation should be continuous and systematic and apply the knowledge capturing methodology agreed upon during the start-up workshop to document and capture learning. The supervision mission needs to assess the progress of KM related activities as agreed upon at the startup workshop. It should also assess the extent to which learning and sharing is internalized and mainstreamed within the project and among the stakeholders. At the same time, it is an opportunity to:
• learn from and tap into the implementers’ knowledge and experience; and
• share challenges, constraints and problems and find ways of solving problems and overcoming barriers.

It will often be helpful to distinguish three areas of capturing knowledge that, although they are part of the same learning process, have somewhat different scope and audience: (a) learning in the project or programme implementation context where all stakeholders involved learn what works and what does not work through "learning by doing". Knowledge in this area will often be project or country specific; (b) learning about the supervision and implementation support process itself, where the knowledge captured may be project or country specific but also of wider relevance; and (c) learning about innovative techniques and approaches that have potential for upscaling or replication in a national, regional or global context.

The learning emerging from innovative country programmes and/or projects with high learning potential needs to be communicated at all levels. In cases where there is a good impact story to tell, it may be necessary to mount dedicated mission(s) or provide targeted TA support to focus exclusively on capturing and communicating the learning and innovative aspects.

While the learning and findings of the supervision mission are shared with the country team and partners at the wrap-up in-country, the supervision learning should also be shared systematically at HQ. To ensure that the learning and experiences are shared in IFAD, CPMs are encouraged to organize learning events (typically in the form of a meeting) at HQ where they can present and share the emerging stories, learning and results of the supervision and project progress with all staff. Selected tools and techniques for capturing knowledge are presented in Annex 10.

Quality Enhancement and Quality Assurance

The overall quality enhancement and quality assurance of supervision and implementation support will be an integral part of the corporate QE/QA procedures and mechanisms being developed. 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:
• focus on achieving impact and development outcomes and objectives;
• efficiency of loan administration and supervision of financial management;
• adequacy of supervision and implementation support inputs and processes; and
• quality and realism of reporting.
Annexes
# Annex 1

## Indicative Criteria for Application of Supervision Approaches

<table>
<thead>
<tr>
<th>Criteria for Application</th>
<th>Supervision Approach</th>
<th>Implementation Modalities</th>
<th>Benefits and Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applied to:</strong>&lt;br&gt;• Projects in countries with moderate to low national implementation capacity and medium- to small-sized IFAD country programme (one or two projects)&lt;br&gt;• Projects initiated by a cooperating institution with IFAD cofinancing&lt;br&gt;(About 25% of the current IFAD portfolio)&lt;br&gt;<strong>IFAD resource:</strong>&lt;br&gt;Country Programme Manager/ country teams with limited to standard experience/competencies</td>
<td>Supervision by cooperating institutions with IFAD implementation support</td>
<td>• Contracting of a cooperating institution in traditional project approach, with implementation support by IFAD&lt;br&gt;• Moderately intensive mission frequency&lt;br&gt;• Limited to moderate use of local/national/regional institutions/service providers&lt;br&gt;• Loan administered by a cooperating institution</td>
<td>• Ensures effective supervision and implementation support&lt;br&gt;• Reduces demand on IFAD in-house capacity&lt;br&gt;• Has limited potential for policy dialogue/learning&lt;br&gt;• Has high unit costs</td>
</tr>
<tr>
<td><strong>Applied to:</strong>&lt;br&gt;• Projects in countries with moderate to low national implementation capacity and substantial to medium-sized IFAD country programme (two or more projects)&lt;br&gt;• Innovative projects with high knowledge and learning opportunities&lt;br&gt;• Complex/difficult country situations&lt;br&gt;(About 25% of the current IFAD portfolio)&lt;br&gt;<strong>IFAD resource:</strong>&lt;br&gt;Country Programme Manager/ country teams with standard experience/competencies</td>
<td>Supervision by IFAD</td>
<td>• Intensive IFAD mission frequency&lt;br&gt;• Moderate use of local/national/regional institutions/service providers&lt;br&gt;• Focus on national capacity-building&lt;br&gt;• Loan administered by IFAD</td>
<td>• Ensures effective implementation support&lt;br&gt;• Effective closing of the learning loop&lt;br&gt;• Failure to develop national capacity&lt;br&gt;• High unit costs</td>
</tr>
<tr>
<td><strong>Applied in countries with:</strong>&lt;br&gt;• High to medium national implementation capacity&lt;br&gt;• Small- to medium-sized IFAD country programme (one or two projects), and/or SWAp/basket funding&lt;br&gt;(About 15% of the current IFAD portfolio)&lt;br&gt;<strong>IFAD resource:</strong>&lt;br&gt;Country Programme Manager/ country teams with substantial experience/competencies</td>
<td>Supervision by IFAD, mainly with national/ regional institutions</td>
<td>• Low IFAD mission frequency&lt;br&gt;• Substantial use of local/national/regional institutions/service providers&lt;br&gt;• Substantial reliance on national systems&lt;br&gt;• Loan administered by IFAD National ownership</td>
<td>• National ownership&lt;br&gt;• National capacity-building&lt;br&gt;• Policy dialogue/harmonization&lt;br&gt;• Low unit cost&lt;br&gt;• Fiduciary risks&lt;br&gt;• Uncertainty regarding focus on IFAD priorities</td>
</tr>
<tr>
<td><strong>Applied in countries with:</strong>&lt;br&gt;• High national implementation capacity&lt;br&gt;• Substantial to medium-sized IFAD country programme (two or more projects)&lt;br&gt;• Potential for broad-based partnerships&lt;br&gt;(About 35% of the current IFAD portfolio)&lt;br&gt;<strong>IFAD resource:</strong>&lt;br&gt;Country Programme Manager/ country teams with substantial experience/competencies</td>
<td>Supervision by IFAD, mainly with national/ regional institutions</td>
<td>• Low IFAD mission frequency due to substantial use of local/national/regional institutions/service providers&lt;br&gt;• Substantial reliance on joint donor reviews and/or national systems&lt;br&gt;• Loan administered by IFAD</td>
<td>• National ownership&lt;br&gt;• National capacity-building&lt;br&gt;• Policy dialogue/harmonization&lt;br&gt;• Low unit cost&lt;br&gt;• Fiduciary risks&lt;br&gt;• Uncertainty regarding focus on IFAD priorities</td>
</tr>
</tbody>
</table>

**Main policy risk for all alternatives:**<br>Strategic decision by IFAD management to allot adequate human and financial resources to initiate adoption of responsive supervision
Annex 2

Review of the Annual Work Plan and Budget

The loan agreement (Article III) requires the borrower to elaborate an AWPB (including procurement plan) and submit it to IFAD for review and approval before the beginning of the relevant project year.

When reviewing the AWPB it is important to keep in mind that the AWPB serves both as a tool for guiding project implementation and as a collection of benchmarks against which actual implementation progress can be measured throughout the year. A poorly thought-through and prepared AWPB may cause a loss of purpose and direction in implementation, give rise to the need for resource-consuming ad-hoc problem solving when unforeseen (but foreseeable) obstacles to implementation surface during the year, and make it difficult to ascertain if implementation progress is on track. Time spent on a thorough review of the AWPB is therefore a good investment: getting things right at this stage can save a lot of time and effort later in the year.

IFAD has no standard format or template for the AWPB but as a general rule the AWPB should include the following information:

General Overview and Strategic Direction
- A brief analysis of implementation this year: major achievements and shortfalls, constraints and opportunities and the expected situation by the end of the year.
- Against this background, a discussion of the strategic direction, objectives and focus of the project during the next year, including highlights of main activities, priorities, important assumptions and identified risks, and the expected situation by the end of the year.
- A summary total budget.

Plan
For each project component:
- a brief presentation of implementation status and focus for next year; and
- a plan describing individual activities, inputs and outputs, and implementation schedules with pertinent milestones.

Budget
For each project component, a budget specified (as a minimum) on expenditure category/sub-category and source of funding.

Other Information
Procurement plan (see section on procurement) and pertinent detailed information should be presented in annexes. Detailed plan/budget tables should be included in an annex if plans and budgets are presented at aggregate level in the main body of the AWPB. M&E plan and plan for impact monitoring and reporting.

Checklist: Review of AWPB
From his/her knowledge of the project and from supervision missions and other interaction with the project during the year, the CPM would have developed his/her own checklist of project-specific issues that need that to be addressed and reviewed in the AWPB. The below checklist is aimed at detecting major deficiencies in the internal coherence and consistency of the AWPB.

Strategic Direction
- Does the analysis of the current situation reflect what has transpired from progress reports, supervision missions or reviews during the year?
- Have the correct conclusions been drawn and reflected in the strategic direction for next year, or is there a disconnection between the two?
Work Plan

- Is the work plan (and component sub-plans) linked to the project logical framework (activities, inputs, outputs)?
- Is the strategic direction adequately reflected in the work plan (and component sub-plans)?
- Are inputs and outputs adequately quantified (not just a budget amount) and is there coherence between inputs and outputs?
- Does the work plan reflect attention to gender mainstreaming/women’s empowerment?
- Do implementation schedules appear realistic, and are appropriate targets/milestones included that allow monitoring of progress during the year?
- Is there evidence of an adequate M&E system in place/being put in place? Are the measures and activities for impact monitoring and reporting adequate?

Budget

- Is the budget (and component sub-budgets) generally consistent and coherent (adequate) with the activities, inputs and outputs specified in the work plan?
- Are human and financial resources allocated to support gender mainstreaming?
Annex 3
Progress Reports

Preparation and submission of regular and timely progress reports is essential for efficient project management. IFAD has no standard format for progress reports, as IFAD’s reporting requirements should always to the extent possible be integrated with the reporting requirements and reporting systems of the Borrower and, where applicable other donors. However, the format and content of a progress report could be as suggested below.

Section A
- Project/Programme Objectives (brief summary as in given the appraisal report)
- Project/Programme Description (brief summary as in given the appraisal report)

Section B
Executive Summary
Summarize succinctly, the contents of the information in the succeeding paragraphs, highlighting: performance during the quarter and to date; trends; explanations for large variations from the initially set appraisal targets and objectives; problems and issues, if any; and proposed action during next quarter and beyond.

Section C
Detailed Report (adopting the following suggested sequence)
- Discussion of Project/Programme Progress
- Sources and Uses of Funds
- Statement of Use of Funds by Expenditure Type
- Reconciliation of the IFAD funded Special Account
- Output Monitoring Report
- Procurement Report
- Other Relevant Reports

The information contained in the above statements and tables will provide the linkages between physical and financial progress – a valuable tool for internal project management and recipient/donor monitoring.

Discussion of Project Progress
This part will be an executive summary of the salient aspects of project implementation to date including any special issues that have surfaced and with suggestions for resolution. It will succinctly describe and highlight: progress of all key project components including physical works, implementation and project output, actual costs incurred vs. estimates, financing received from donors and major expenditures, large procurements carried out and disbursement performance, critical studies undertaken, technical assistance and training received, and status with regard to IFAD’s policies. It will assess performance in reaching and benefiting the intended target groups, in particular the poorer, as well as gender equity in participation and benefits.

Sources and Uses of Funds Statement (for the Quarter or Period and Year-to-Date)
This statement shows the opening cash and bank balances, listing of the sources and amounts of funds received during the quarter, expenditures by project component and in line with the IFAD loan withdrawal schedule in the loan agreement, and the cash and bank balances at the end of the quarter. It also shows cumulative figures to date side by side.

Statement of Use of Funds by Expenditure Type
This table lists expenditures by disbursement categories and by expenditure type. A meaningful feature here is the comparative listing of the actual expenditure figures with the estimates from the latest available Annual Work Program & Budget (AWPB) and the showing of the variances and
appropriate explanation for each such variance. The total estimated costs of the project components as per the appraisal report are also shown side by side.

Output Monitoring Report
Monitoring physical progress (and expenditures in relation to such progress) is a key element of project management. The output indicators are taken from the physical performance targets set at appraisal and generally relate output to cost. Output indicators will be quantifiable, easily measurable and indicative of the performance of each project component, e.g. number of hectares of tree crops planted, number of kilometres of feeder roads constructed or rehabilitated, number of crop marketing centres constructed, etc. Here again, actual and targets set at appraisal will be compared and explanation provided for deviations.

Procurement Report (Updated Procurement Plan)
The Procurement Report consists of the initially approved Procurement Plan prepared by the recipient/PIU and submitted to IFAD at loan negotiations or at loan effectiveness and duly updated reflecting all the key procurements made on behalf of the project and their status as at the end of the reporting quarter or other agreed period. The Procurement Report will include all key procurement of goods, works and consulting and other services undertaken by the project since project start up.

Other Relevant Aspects to be Reported
Status on the following aspects of the project will be included in this part of the progress report:

Organization and Staffing. The progress report will include the latest organization chart of the Project Implementation Unit and state whether it is a separate, independent entity or part of a larger organization – e.g. a Government Department/Ministry or a Statutory (state-owned parastatal) enterprise. The Chart will give the names and titles of all senior managers in the PIA – e.g. Project Manager, Agricultural Services Manager, Rural Credit Manager, Human Resources Manager, Finance Manager/Controller, Monitoring & Evaluation Manager, etc. Although the Chart will largely remain unchanged during the implementation phase, there may be periodic changes in senior management, in which case IFAD will be kept informed by the PIU as and when such changes occur and the Chart updated accordingly. A summary of the staffing of the PIU will also be given, with numbers under each category, position/job grades and salary and other compensation details. The summary will be compared with PIU personnel costs estimated at appraisal and variations explained.

Accounts and Audit. This part will describe the status of the PIU’s books of accounts, preparation of quarterly accounts, readiness for the accounts for annual audit and progress or completion of the audit (during the appropriate quarter). Where audits have been completed, key findings, observations, qualifications and recommendations of the auditors will be provided in this part of the progress report.

Compliance with Conditionality/Legal Covenants. Status of compliance with all stipulated conditions included as covenants in the loan agreement will be given. Problem relating to non-compliance of any legal covenant by the recipient or PIU will also be highlighted with suggested resolution.
Sample Letter to the Borrower

His Excellency
Authorized Representative of the Borrower/Recipient
Address to be inserted here

Date

Mr. Minister,

Re: Letter to the Borrower/Recipient – …… (Indicate country)
IFAD Loan/(Grant) No. XXX-XX
………………….……. (Indicate name of Programme (Project)

Reference is made to the Programme (Project) Loan (/Grant/Financing) Agreement between the Government/Republic/Kingdom of XXXXX (hereinafter called “the Borrower (/Recipient)”) and the International Fund for Agricultural Development (IFAD) dated XX XXXX XXXX in respect of the above loan (and/or grant). The loan (and/or grant) account referred to in Section 4.01 of the General Conditions for Agricultural Development Financing dated 2 December 1998 (hereinafter called “the General Conditions”) has/have been credited with Special Drawing Rights (amount in words) and/or Special Drawing Rights/United States Dollars (amount in words) respectively (SDR figure and/or SDR/USD figure) on the date the Loan (/Grant/Financing) Agreement becomes effective in accordance with the provisions of the Loan (/Grant/Financing) Agreement and the General Conditions.

[As stated in the Loan (/Grant/Financing) Agreement] [As you have been notified by IFAD’s letter of …..] this Programme/Project will be directly administered by IFAD. This letter summarises the main methods and procedures governing the loan administration, e.g. disbursement, procurement of goods, works and consulting services, audit requirements and financial reporting, as well as the supervision of the Programme/Project activities by IFAD.

For ease of reference, we enclose for your use our Loan Disbursement Handbook which includes model forms, as more fully described therein, to facilitate in making withdrawals from the Loan (Grant) proceeds and maintaining appropriate records.

Disbursement Procedures
There are four standard procedures to be used for obtaining Loan/Grant proceeds based on approved AWPBs. The instructions, explanatory notes, forms and more detailed information on their use are contained in the Handbook.

(I) Procedure I – Special Account (Chapter 3, Section. 3.1) Section X.X of the Loan/Grant/Financing Agreement provides that the Borrower (Recipient) shall, for the purposes of financing the Programme/Project, open and thereafter maintain in a commercial bank acceptable to IFAD, or another bank agreed by the Borrower/Recipient and IFAD, a Special Account in Currency to be inserted in words (Currency abbreviation), on terms and conditions satisfactory to IFAD. Deposits into and payments from the Special Account shall be made in accordance with the provision of Article IV, Section 4.08 of the General Conditions. Explanatory notes on the preparation of application for the deposit of the authorised allocation and further deposits to be made, together with other relevant information relating to the operation of the Special account are contained in the Handbook.

(II) Procedure II – Direct Payment (Chapter 3, Section 3.2) should be used for eligible project/programme expenditures to be paid directly by IFAD to the suppliers, contractors, consultants, or third parties authorized by the Borrower/Recipient.

(III) Procedure III – Special Commitment (Chapter 3, Section 3.3). should be used for eligible project/programme expenditures related to items imported by Project/Programme
Implementing Agencies under “Letter of Credit” (L/C) requiring the issuance of guarantees for reimbursement to commercial banks by IFAD.

(IV) Procedure IV – Reimbursement (Chapter 2, Section 3.4), should be used when eligible project/programme expenditures reimbursable under the loan/grant have been pre-financed by the Borrower.

**Disbursement Conditions**

Normally in Schedule X of the Loan/Grant/Financing Agreement disbursement conditions are provided that must be met before any withdrawals from the Loan/Grant account or that may be necessary in respect of payments made for expenditures under some specific Categories. Please ensure that no Loan/(Grant) proceeds are used or any withdrawal applications are submitted to IFAD with respect to the expenditures under these specific Categories until the specified conditions are met.

**Withdrawals**

A withdrawal application to be prepared in the X language, duly completed as prescribed, together with all supporting documentation as appropriate, should be sent to the Office of the Controller, Loans and Grants Section, IFAD (107 Via del Serafico, 00142 Rome, Italy). It is recommended that withdrawal applications and supporting documentation be sent by the Borrower/Recipient to IFAD by courier post in order to expedite the withdrawal process. For ease of reference, format copies of Withdrawal applications are provided in the Handbook. Any queries regarding a particular withdrawal application, payment status and value dates of payments should be directed to IFAD, Loans and Grants Section.

**Statement of Expenditure**

Chapter 3, Section 3.4.d of the Handbook details the use of Statements of Expenditure (SOE) for withdrawals from the Loan Account for certain types of expenditure. In addition, Section 9.03 of the General Conditions provides that the Special Account and SOEs should be audited every fiscal year (i.e. 1 January – 31 December) and the certified copy of the audit report in the English language shall be furnished to IFAD not later than six (6) months after the end of the fiscal year, i.e. 31 December of each year, as provided in Section 5 of the loan agreement. All original records evidencing the expenditures shall be retained at the Programme (Project) Coordinating Office (PCO), or at any other location as agreed by IFAD with respect to the relevant expenditures, until ten years after the closing date for withdrawals from the Loan/Grant proceeds.

**Procurement of Goods Works and Consulting Services**

We enclose for your use one copy of IFAD’s "Procurement Guidelines". The provisions of the Procurement Guidelines are applicable for the procurement of goods works and consulting services financed by IFAD under the Loan/(Grant), unless otherwise agreed between the Borrower/Recipient and IFAD.

The procurement guidelines are available on IFADs website (http://intradev:8015/pub/basic/procure/e/proceng.pdf).

The Procurement of Goods, Works and Consulting Services is to be carried out in accordance with the Schedule X of the Loan/Grant/Financing Agreement. It is important to note that Procurement is to be conducted within the Project/Programme implementation period, except as provided under Article 4.10(a) ii of IFAD General Conditions.

It is reminded that all contracts awarded should be listed in the Register of Contracts with the dates of approval by IFAD. Please ensure that the register is updated and submitted to IFAD as this report facilitates the review and approval of payment requests on contracts. The sample form that could be used and instructions are detailed in Section 3.5 of the Loan Disbursement Handbook.
Programme/Project Reviews, Periodic Assessments and Reporting
IFAD *(has held the)* (will shortly communicate with you on the timing of IFAD’s) Start-up Mission for the Programme/Project. The Mission *(addressed will address)* issues of project start-up i.e. all financial, administrative, technical, and other related issues, including arrangements required for starting the project activities. In addition, the Mission, together with the Programme staff, *(reviewed will review)* the Annual Work Plan and Budget (AWPB) for year 1 of the Programme and the updated proposed Procurement Plan, as well as schedules of projected expenditures and disbursements. Recommendations *were (will be)* made regarding the responsibilities of each party, i.e. the Borrower, the Implementing Agency/ies and IFAD and the required actions to be taken. The IFAD Mission *(discussed (will discuss)* in detail the practical aspects of Loan(Grant) administration matters with the programme staff directly involved in disbursements and procurement as well as providing explanations on the practices that will be followed during project supervision.

Periodic technical field reviews and assessments will be undertaken by IFAD Supervision Missions at intervals agreed with the Borrower/Recipient.

Financial Reporting and Auditing and other
Section 5.0 of the loan agreement stipulates the frequency of financial reporting, the need to maintain separate accounts for the project as well as the financial reporting and auditing requirements. A copy of the Guidelines on Project Audit as well as a copy of IFAD Operational Procedures for Audit are enclosed for your information. Explanations on the reporting requirements (Financial Statement and Audit Report) can be found in the General Conditions of the loan agreement (Section 9). Non-compliance with IFAD’s Audit covenants is covered by the Guidelines on Project Audit (Chapter III, Section 18).

The review process undertaken by the Fund should be sufficiently rigorous to safeguard against fraudulent withdrawals. Direct payments to the suppliers of goods and services offer the greatest opportunity for fraud.

It will be recalled that the Fund shall apply a zero-tolerance policy where it has determined, through an investigation performed by the Fund, the Borrower or another competent entity, that fraudulent, corrupt, collusive or coercive actions have occurred in projects financed through its loans and grants, and it shall enforce a range of sanctions in accordance with the provisions of applicable IFAD rules and regulations and legal instruments. ‘Zero tolerance’ means that IFAD will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated. This policy applies to IFAD-funded activities whether supervised directly by the Fund or by a cooperating institution. The Fund will continue to improve its internal controls, including controls inherent in or pertaining to its project activities, so as to ensure that it is effective in preventing, detecting and investigating fraudulent, corrupt, collusive and coercive practices. The Fund shall take all possible actions to protect from reprisals individuals who help reveal corrupt practices in its project or grant activities and individuals or entities subject to unfair or malicious allegations. This policy is in line with the policies adopted by the other international financial institutions.

A copy of this letter is being sent for information to the Lead Agency and concerned government offices. If you have any queries regarding matters detailed in the foregoing, please do not hesitate to contact us.

Accept, Mr. Minister, the assurances of my highest consideration.

___________________________________________

AP/PMD *(to be delegated to Division Director in due course)*
Annex 5
Disbursement and Processing of Withdrawal Applications

A. Start of Disbursement
Opening of Accounts
Prior to disbursement, the Special Account (Section 4.08 of General Conditions (GC), Section 4.2 of Loan and Grant Administration Operational Manual, LGAOM) and the Project Accounts or other accounts specified in the loan agreement (Section 4.1 of LGA) must be opened by the borrower.

Evidence of the Authority to Sign Withdrawal Applications
Before withdrawal can commence (after the loan is declared effective) IFAD must receive from the Borrower (the designated official representative of the Borrower as stated in the loan agreement) a letter designating the person or persons authorized to sign withdrawal applications, together with their authenticated specimen signatures.

Authorized Allocation
The initial deposit of the Authorized Allocation to the Special Account should be applied for under disbursement procedure I (see below). The amount and currency of the Authorized Allocation (specified in Section 2 of the loan agreement) may be applied for under one application, or it may be applied for in smaller amounts as specified in the loan agreement after meeting the prescribed conditions. No documentation is required in support of the withdrawal application for the Authorized Allocation; however, the application must be accompanied by:
• a copy of the agreement between the Borrower and the bank holding the Special Account(s), confirming the establishment of the Special Account, providing the account number(s) and the agreed procedures for the operation of the accounts; and
• a list of the persons (names and functions) authorized to operate the Special Account.

B. Disbursement Procedures
There are four standard procedures that may be used for disbursing loan funds. Most disbursements are made through procedures I and II (special account and direct payment) while procedures III and IV (special commitment and reimbursement) are used only infrequently in the majority of projects.

Procedure I: Special Account
This procedure involves advance funding from IFAD to start-up project activities and is used for claiming further deposits to replenish the Special Account.

Procedure II: Direct Payment
This procedure is used for asking IFAD to make a direct payment of amounts due to a third party (usually to a supplier, contractor or consultant on the basis of the borrower’s instructions).

Procedure III: Special Commitment
This procedure is used for project expenditures related to items imported by the project implementing agency under a Letter of Credit requiring guarantees for reimbursement.

Procedure IV: Reimbursement
This procedure is used for claiming reimbursement where eligible project expenditures reimbursable by IFAD have been pre-financed by the borrower.

Procedure I: Special Account
Deposits to replenish the Special Account are claimed under this procedure using Application for Withdrawal – Form 100. Summary Sheet (SS) Form 101 is used when additional space is required, that is, for more than one contractor, or if expenditures relate to multiple suppliers on a reimbursement basis. SS Form 102 is used when expenditures are claimed under Statements of Expenditure (SOEs).

If the expenditures are not claimed under a Statement of Expenditure (SOE), the supporting documents (bills, invoices, receipts, evidence of payment and evidence of shipment) are submitted
and attached to the withdrawal application. Summary Sheet Form 101 is used to summarize several invoices or receipts claimed for replenishment. Separate summary sheets are used for each disbursement category.

If the expenditures are claimed under an SOE, supporting documents are not submitted with the withdrawal application; a Summary Sheet Form 102 is attached to the withdrawal application, supported by Summary Sheet(s) in Form 101 in which the corresponding itemized expenditures and related information is provided.

Each withdrawal application must be supported by a Special Account Reconciliation Statement (Form 104).

The initial deposits (Authorised Allocation) to the Special Account are advance disbursements and no supporting documentation is required with the application for these deposits. To avoid an excessive outstanding advance at the loan closing date, IFAD will commence recovery of such advance through approval of reimbursement of 50% (or any percentage as agreed upon with the Borrower) of applications received for replenishment to the Special Account when either of the following occurs:

(i) six (6) months prior to the Project Completion Date, or
(ii) the undisbursed balance of the loan (including outstanding special commitments) is equal to twice the amount of the advance.

Procedure II: Direct Payment
This procedure is used for asking IFAD to make a direct payment to a third party (usually to a supplier, contractor or consultant on the basis of the Borrower's instructions) for amounts due, using Application for Withdrawal – Form 100 and Summary Sheet – Form 101B, if required, to summarize several invoices. The Withdrawal Application Form and Summary Sheet to be used under this procedure is the same as the reimbursement procedure. The only difference is in the payment instruction. Under the direct payment procedure, IFAD pays directly to the supplier, contractor or consultant.

Procedure III: Special Commitment
Under this procedure the Borrower uses a Letter of Credit (L/C) as a mode of payment to a foreign supplier. Once the L/C is opened, the Borrower asks IFAD to issue, to the commercial bank in the supplier's country (negotiating bank) its Special Commitment agreeing to reimburse the negotiating bank for payments made or to be made under the terms of the Letter of Credit opened by the Borrower using Form 301, supported by a copy of the contract or purchase order relating to the payment to be made and 2 copies of the Letter of Credit. When approved, IFAD will issue the Special Commitment Letter (Form 302) together with the L/C to the negotiating bank. The bank's first request for payment under the Special Commitment constitutes its acceptance of the terms and conditions as set out in the Special Commitment Letter. The bank uses Form 303 to request for payment.

Procedure IV: Reimbursement
All eligible expenditures pre-financed by the borrower are claimed for reimbursement under this procedure using Application for Withdrawal – Form 100 and Summary Sheet Forms – 101 or 102 as with procedure I.

C. Processing of Withdrawal Applications: Procedures I, II and IV
The processing of withdrawal applications (WAs) under disbursement Procedure I and IV is similar and follows Flow Chart 1. The processing of WAs under procedure II follows Flow Chart 2. The workflow internally in IFAD follows Flow Chart 3. The processing of WAs is supported by Checklist 1 (for the first disbursement) or Checklist 2 all three procedures.

7/ During an initial period the workflow will include the Supervision Support Unit (SSU) in PMD
The workflow internally in IFAD includes the following steps:

- Initial processing, verification and certification of withdrawal applications (WAs) is carried out by the CPM based on the initial work performed by the PA of the respective PMD Divisions in accordance with the parameters set out in the checklists.
- If the WA is considered acceptable and satisfying the appropriate criteria, the CPM will issue a draft Payment Order to be channelled to the SSU for approval before submission to FC.
- The SSU will perform a second level verification encompassing the overall check of the WA, review overall compliance with the respective loan conditions, and approve payment orders (POs).
- FC constitutes the final control point of the process, mostly based on the checks of the PO, ensures availability of funds and compliance with any trigger conditions, before deciding the final amount to be paid and giving instructions to Treasury for effecting the payment.
FLOW CHART 2
Direct Payment – Procedure II

FLOW CHART 3
IFAD Internal Process – Disbursement Procedures I, II and IV
# Checklist 1
Withdrawal Application for IFAD Supervision (for the First Disbursement Request)

<table>
<thead>
<tr>
<th>IFAD Loan/Loan Component Grant Number:</th>
<th>Amount Requested:</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA No.:</td>
<td>EST. USD EQUIV.: @</td>
</tr>
<tr>
<td>Categories:</td>
<td>EST. SDR EQUIV.: @</td>
</tr>
<tr>
<td>Project Completion Date:</td>
<td>LOAN CLOSING DATE:</td>
</tr>
</tbody>
</table>

### A. Programme Assistant

<table>
<thead>
<tr>
<th>CHECK / CERTIFY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Accuracy of currency equivalent in Checklist</td>
</tr>
<tr>
<td>2. Letter designating WA authorized signatories received</td>
</tr>
<tr>
<td>3. SPA received</td>
</tr>
<tr>
<td>4. WA Sequential number Initial/Date:</td>
</tr>
<tr>
<td>5. WA signed by authorized signatory(ies)</td>
</tr>
<tr>
<td>6. Special Account Authorized Allocation a) Currency and amount due Assign/dispatch</td>
</tr>
<tr>
<td>7. Statement of Expenditure (if applicable) Initial/Date:</td>
</tr>
<tr>
<td>8. Availability of supporting documentation CHECK</td>
</tr>
<tr>
<td>9. Percentage of financing</td>
</tr>
</tbody>
</table>

### B. Country Programme Manager

<table>
<thead>
<tr>
<th>CHECK / CERTIFY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Loan declared effective</td>
</tr>
<tr>
<td>2. Disbursement/legal condition(s) met Initial/Date:</td>
</tr>
<tr>
<td>3. Eligibility of financing under loan</td>
</tr>
<tr>
<td>4. Eligibility of financing under category (if applicable) F. Loan Officer, FC/L</td>
</tr>
<tr>
<td>5. Procurement approval (if applicable) CHECK/ APPROVE</td>
</tr>
</tbody>
</table>

### A.2. Programme Assistant (Cont’d)

<table>
<thead>
<tr>
<th>PREPARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Prepare draft Payment Order (PO) E.2. Loan Assistant, FC/L</td>
</tr>
<tr>
<td>2. Dispatch PO to Supervision Support Unit (SSU) Dispatch</td>
</tr>
</tbody>
</table>

**Amount & Currency to Pay:**

**Certified by (CPM):**

**Amount Approved (SSU):**

**Remarks:**
Guide to Processing First Disbursement Request (Checklist 1)

In most cases, the first disbursement request is for the Authorised Allocation (Initial Deposit) to the Special Account. The Authorised Allocation may be applied for under one application, or it may be applied for in two tranches as per provisions and conditions specified in the loan agreement. However, there are instances when the first WA relates to retroactive financing (as provided for in the loan agreement) or for procurement of limited office equipment/vehicles to facilitate the start-up of the Project (usually listed in the Project Appraisal document).

**Programme Assistant**

**Estimated USD Equivalent:** Use current month UN rate for USD (Go to IFAD Intranet/Knowledge and Information Sources/Financial Information for the prevailing monthly rate).

**Estimated SDR Equivalent:** Use IMF rate SDR/USD at date of WA review (Go to www.imf.org for the prevailing SDR rate).

**Review and Processing of WA**

**Designation of WA Signatory:** Confirm that letter designating WA signatories (names, titles and specimen signatures of the officers authorized to sign WAs to request for drawdown from the loan proceeds) is signed by the Authorized Representative of the Borrower specified in the loan agreement or his/her designated representative.

**Designation for Operation of the Special Account(s):** Confirm receipt of the letter of designation of those authorized to operate the Special Account normally differs from 1 above unless otherwise specified. Check that the letter contains the list of the persons (names and functions) and their specimen signatures. The loan agreement may specify the persons who are authorized to operate the Special Account. The designated persons should be the same as the ones provided in the loan agreement.

**WA Sequential Number:** For Authorised Allocation it would start with No. 1. Refer to WA tracking sheet. Entry of WAs in tracking sheet should be sequential in order to facilitate checking.

**WA Signatory:** Physical comparison of WA signature against specimen signature in the letter of authorization signed by the authorized representative or his/her designated representative.

**Special Account Authorised Allocation:**

(a) The currency and amount due should be as specified in the loan agreement.

(b) The account number should be as indicated in the letter from the Authorised Representative of the Borrower or the bank's letter confirming the establishment of the Special Account. The Account number indicated in the WA Form 100 should be cross-checked with the details in this letter.

(c) Banking Instructions: Check completeness of bank information – no acronyms and abbreviations. The bank’s name and address should also be contained in the letter from the bank or that of the Authorised Representative of the Borrower.

(d) Correspondent Bank: This is required if the payee bank is not the bank in the country of the currency of payment. If not available, go back to Project or check in the Bankers Almanac.

In the case where the first disbursement is for retroactive financing and the expenditures are eligible under Statement of Expenditures (SOE), the SOE form 102 should be duly completed, and signed by 3 signatories: the Project Accountant, the Project Coordinator and the WA signatory.

**Availability of supporting documentation:**

(i) No documentation is required in support of the WA for the Authorised Allocation. However, the application must be accompanied by:

(a) a copy of the agreement between the Borrower and the bank holding the Special Account(s), confirming the establishment of the Special Account, providing the account numbers and agreed procedures for operation of the accounts; and
(b) a list of the persons authorized to operate the Special Account and their specimen signatures.

(ii) Supporting documents must be provided for expenditures under retroactive financing and/or related to reimbursement for the purchase of start-up office equipment.

**Percentage of Financing:** For retroactive financing of incurred expenditures referred to in 7(ii) above, check % used in WA against Schedule 2 of loan agreement or amendments thereto.

**Disbursement Procedure Used:** Check procedure and forms used.

**Preparation of Payment Order:** Refer to Tips in Preparing Payment Order.

Payment Order (PO) is prepared after certification of WA by CPM.

Prepare PO using the prescribed format and applicable model. Exercise care in the sequencing of the banks and the amounts to be reflected. As the Authorised Allocation is an advance payment, category and procurement source do not apply (indicate N/A). In the case of retroactive financing, total of category breakdown and the source of supply breakdown should add up to the WA amount to be paid.

**Country Programme Manager (Checks and Certifies)**

**Loan Effectiveness:** CPM certifies that the notice of effectiveness has been issued and loan declared effective.

**Disbursement/Legal Conditions:** Certify that disbursement conditions stipulated in the Loan agreement (as per provision in Schedule 2) and agreement reached with Borrower have been satisfactorily met.

**Eligibility of Financing Under Loan/Category:** Check for accuracy of claim, especially for projects with grant financing or if applicable, check for category expenditures for different components.

**Procurement Approval (if applicable):** Ascertain “No objection” was provided.

**Supervision Support Officer (Checks and Approves)**

The SSO undertakes second check: adequacy of supporting documentation and overall compliance of WA and checks accuracy of Payment Order before approval.

**Supervision Support Assistant**

Assign PO sequential number: A PO log will be maintained in SSU and a sequential numbering system will be used for each Division, e.g. PA 001, PF 001, PI 001, PL 001 and PN 001.

Dispatch PO to FC/Loans Unit: The signed and numbered PO is sent to FC and the date of dispatch is recorded in the PO Logbook.

**Loan Assistant and Loan Officer, FC/L**

The Loan Assistant undertakes review of PO, trigger conditions, availability of funds, completeness of banking instructions and generates withdrawal authorization.

**Loan Officer, FC/L**

The Loan Officer undertakes the review of the Withdrawal Authorization, the Payment Order and WA batch and approves the Withdrawal Authorization.
## ANNEX 5: DISBURSEMENT AND PROCESSING OF WITHDRAWAL APPLICATIONS

### CHECKLIST 2
Withdrawal Application for IFAD Supervision (Special Account/Direct Payment/Reimbursement Procedures)

<table>
<thead>
<tr>
<th>IFAD LOAN NO.</th>
<th>AMOUNT REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOAN COMPONENT</td>
<td></td>
</tr>
<tr>
<td>GRANT NO.</td>
<td></td>
</tr>
</tbody>
</table>

**CATEGORIES:**
- EST. USD EQUIV. @ =

**PROJECT COMPLETION DATE:**
- LOAN CLOSING DATE:

### A.1. PROGRAMME ASSISTANT

<table>
<thead>
<tr>
<th>CHECK</th>
<th>1. WA sequential number</th>
<th>2. Accuracy of currency equiv. in checklist</th>
<th>3. Possible duplication of WA</th>
<th>4. WA signed by authorized signatory(ies)</th>
<th>5. Availability of supporting documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>v</td>
<td></td>
<td>10. % of SPA recovery to be applied</td>
<td>11. Eligibility as winding-up expenditure Inform loan Officer</td>
<td>a) Contract Initial/Date:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>b) Invoice</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>c) Evidence of payment</td>
</tr>
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<td></td>
</tr>
</tbody>
</table>

### B. COUNTRY PROGRAMME MANAGER (cont’d)

<table>
<thead>
<tr>
<th>CHECK / CERTIFY</th>
<th>6. Fund availability in Account number</th>
<th>7. Accuracy of computations/footings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>v</td>
<td></td>
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<tr>
<td></td>
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</tr>
</tbody>
</table>

### A.2. PROGRAMME ASSISTANT (CONT’D)

<table>
<thead>
<tr>
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<td>v</td>
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<td></td>
</tr>
</tbody>
</table>

### C. SUPERVISON SUPPORT OFFICER

<table>
<thead>
<tr>
<th>PREPARE / DISPATCH</th>
<th>10. Timing SPA Initial deposit recovery Financial ceiling reached</th>
<th>11. SOE Eligibility SOE Eligibility</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>v</td>
<td>Initial/Date:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Dispatch PO to FC/Loans Unit</td>
</tr>
</tbody>
</table>

### D. SUPERVISON SUPPORT ASSISTANT

<table>
<thead>
<tr>
<th>CHECK / DISPATCH</th>
<th>12. Disbursement procedure used Form 102 with certification text &amp; signatures</th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
<td></td>
</tr>
</tbody>
</table>

### E.1. LOAN ASSISTANT, FC/L

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
<td></td>
<td>1. Review PO</td>
</tr>
</tbody>
</table>

### E.2. LOAN ASSISTANT, FC/L

<table>
<thead>
<tr>
<th>CHECK / DISPATCH</th>
<th>15. Percentage of financing Fund availability in Loan, if category is overdrawn over 30% of allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
<td>-----------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>

### B. COUNTRY PROGRAMME MANAGER

| CHECK / CERTIFY | 1. Technical/legal conditions Disbursement/financial conditions Procurement approval |
|-----------------|----------------------------------------|--------------------------------------|
| v               |                                        |                                      |

### F. LOAN OFFICER, FC/L

<table>
<thead>
<tr>
<th>CERTIFIED BY (CPM):</th>
<th>2. Check PO and WA Approve WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOUNT APPROVED (SSU):</td>
<td></td>
</tr>
</tbody>
</table>

### REMARKS:

- **AMOUNT & CURRENCY TO PAY:**
- **CERTIFIED BY (CPM):**
- **AMOUNT APPROVED (SSU):**
Guide to Processing Request for Replenishment/Reimbursement/Direct Payment (Checklist 2)

Programme Assistant
Estimated USD Equivalent: Use current month UN rate for USD (Go to IFAD Intranet/Knowledge and Information Sources/Financial Information for the prevailing monthly rate).
Estimated SDR Equivalent: Use IMF rate SDR/USD at date of WA review (Go to www.imf.org for the prevailing SDR rate).

Review and Processing of WA
WA Sequential Number: Refer to WA tracking sheet. Entry of WAs in tracking sheet should be sequential in order to facilitate checking.
Amounts in USD will alert you of the minimum amounts required for direct payment or replenishment to the SPA or the value of each request in local currency.
Possible Duplication of WA: Check for duplication of number or the amount of previously submitted WA.
WA Signatory: Physical comparison of WA signature against specimen signature in the letter of authorization signed by the authorized representative (usually the Minister of Finance).
Availability of Supporting Documentation: Physical check of submitted supporting documentation (Refer to Notes on Supporting Documentation for additional information). For example:
• Copy of complete set of contract duly signed by parties.
• Copy of invoice “Certified for Payment” by the Project Coordinator (this is mandatory especially for direct payment).
• SOE forms should be in the prescribed form, with the certification text and 3 signatures.
Fund Availability in Loan and Category: Use LGS Status of Funds and WA Tracking Sheet for those WAs not yet reflected in LGS. Estimate amounts not yet value-dated.
Accuracy of Calculations/Footings in the Summary Sheets: Use a calculator for the conversion of amounts. If Excel is used, be careful about the rounding off of figures since the amounts in WA are to the last cent. Totals in each summary sheet should add up and the total of all summary sheets should add up to the WA amount.
Form 101 for supporting documentation and Form 102 for SOE.

SPA Replenishment (Refer to Notes on Special Account):
(a) The account number should be the same as the initial deposit payment.
(b) Within ceiling of initial deposit: Each WA should not exceed the initial deposit. If it does, there is something wrong with the operation of the account which should trigger investigation and query to the PMU.
(c) Eligible category or expenditure: This is particularly important if there are two or more special accounts in the same loan. Example – SPA for credit should be charged to the category on credit.
(d) Monitor reporting period – check previous WA reporting period.
(e) Correct use of exchange rate in order to recoup actual USD amount withdrawn from Special Account
(f) Minimum amount should be at least the amount prescribed for replenishment, in order to reduce the number of transactions in the loan account.
(g) SPA Reconciliation Statement: Review entries and compare amounts reflected with the bank statement that was submitted. WA should not be processed without the Reconciliation Statement.
Timing SPA Initial Deposit Recovery: When trigger point is reached, check with CPM the recovery rate and take note of the correct model of Payment Summary.

SOE Eligibility (Refer to Notes on SOE): Analyze claims under SOE to ensure eligibility. Check against SOE provisions. Form 102 should be signed by three signatories.

Disbursement Procedure Used: Check procedure and forms used.

Banking Instructions: Check completeness of bank information – no acronyms and abbreviations.

Correspondent Bank: This is required if the payee bank is not the bank in the country of the currency of payment. If not available, go back to PMU or check in the Bankers Almanac.

Percent of Financing: Check % used in WA against Schedule 2 of loan agreement or amendments thereto. If there is discrepancy, there could be an error in the WA or a new % was applied that is not yet approved by IFAD. Investigate before correction is made in the WA.

Refer to the Notes on WA Submission for completeness of the WA.

Preparation of Payment Order (Refer to Tips in Preparing Payment Order):

Payment Order (PO) is prepared after certification of WA by CPM. Prepare PO using the prescribed format and applicable model. Exercise care in the sequencing of the banks and the amounts to be reflected. Total of category breakdown and the source of supply breakdown should add up to the WA amount to be paid.

Country Programme Manager (Checks and Certifies)

Technical/Legal Conditions: Loan agreement technical matters and agreement reached with Borrower.

Disbursement/Financial Conditions: As per provision in Schedule 2 of the loan agreement.

Retroactive Financing: As per provision in Schedule 2 of the loan agreement or formal agreement reached with the Borrower but not reflected in loan agreement.

Procurement Approval: “No objection” was provided. Check against Register of Contracts.

Eligibility of Financing Under Loan/Category: Check for accuracy of claim, especially for projects with grant financing or with similar types of expenditures for different components.

Funds Availability in Loan if Category is Overdrawn: This will ensure that the amount claimed will be financed from savings in other categories or from the unallocated category.

Eligibility Conditions Up to Project Completion Date: Take note of the eligibility criteria – goods were delivered, civil works completed and services rendered on or before the PCD.

Extension of Project Completion Date and Loan Closing Date: This is important to take note due to the trigger points for recovery of the Special Account Initial Deposit and the actions to be taken before these 2 important dates.

Reallocation Status if Category is Overdrawn: FC will allow disbursement of overdrawn categories up to 30% of original allocation only.

Percentage of SPA Recovery to be Applied: The rate to be applied should be the appropriate rate in order not to disrupt project implementation. The liquidity of the PMU should be checked before the recovery rate is confirmed.

Eligibility as Winding-up Expenditure: Refer to the eligibility requirements for expenditures to be claimed during the 6-month period from PCD to LCD.
Supervision Support Officer (Checks and Approves)
The SSO undertakes second check, possible duplication of amount claimed, adequacy of supporting documentation and overall compliance of WA and checks accuracy of Payment Order before approval.

Supervision Support Assistant
Assign PO Sequential Number: A PO log will be maintained in SSU and a sequential numbering system will be used for each Division, e.g. PA 001, PF 001, PI 001, PL 001 and PN 001.

Dispatch PO to FC/Loans Unit: The signed and numbered PO is sent to FC and the date of dispatch is recorded in the PO Logbook.

Loan Assistant and Loan Officer, FC/L
The Loan Assistant undertakes review of PO, trigger conditions and availability of funds and generates withdrawal authorization.

Loan Officer, FC/L
The Loan Officer undertakes the review of the Withdrawal Authorization, the Payment Order and WA batch and approves the Withdrawal Authorization.

D. Processing of Withdrawal Applications: Procedure III
The processing of WAs under disbursement Procedure III may be divided into two sub-procedures: the issuance of IFAD’s Special Commitment letter (SCL) (Flow Chart 4a) and the negotiation and payment under the LC (Flow Chart 4b). The workflow internally in IFAD follows Flow Chart 5. The processing is supported by Checklist 3.
## CHECKLIST 3
Withdrawal Application for IFAD Supervision (Special Commitment Procedure)

<table>
<thead>
<tr>
<th>IFAD LOAN OR GRANT NO.:</th>
<th>AMOUNT REQUESTED:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| WA NO:                  | EST. USD EQUIV: @ | = |
|-------------------------|-------------------|
|                         |                   |

| CATEGORIES:             | EST. SDR EQUIV: @ | = |
|-------------------------|-------------------|
|                         |                   |

<table>
<thead>
<tr>
<th>PROJECT COMPLETION DATE</th>
<th>LOAN CLOSING DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>A. PROGRAMME ASSISTANT</th>
<th>D. LOAN ASSISTANT (a&amp;d)/ FC/L - OFFICER(b)/ CONTROLLER</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHECK</td>
<td>Issuance of Special Commitment Letter (SCL)</td>
</tr>
<tr>
<td>v</td>
<td>v</td>
</tr>
</tbody>
</table>

1. WA sequential number
2. Accuracy of currency equivalent in Checklist
3. Correct use of WA form (Form 301)
4. WA signed by authorized signatory(ies)
5. Fund availability in
   a) Loan account
   b) Category
6. Availability of supporting documentation
   a) Copy of contract
   b) Copy of Letter of Credit (LC)
7. Percentage of financing
   Initial/Date:

<table>
<thead>
<tr>
<th>E. FC/L:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

1. Reimbursement Request from Commercial Bank
   Initial/Date:

| a) Assign SCL sequential number |
| b) Review SCL                    |
| c) Approve SCL                   |
| d) Dispatch SCL to Commercial Bank|

<table>
<thead>
<tr>
<th>B. COUNTRY PROGRAMME MANAGER</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHECK / CERTIFY:</td>
</tr>
<tr>
<td>v</td>
</tr>
</tbody>
</table>

1. Technical/Legal conditions
2. Procurement approval
3. Eligibility of financing under:
   a) Loan
   b) Category
4. Fund availability in category
5. Extension of PCD/LCD
6. Reallocation status if category is overdrawn
   Initial/Date:

C. SUPERVISION SUPPORT UNIT

<table>
<thead>
<tr>
<th>CHECK / CERTIFY:</th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
</tr>
</tbody>
</table>

Preparation of Special Commitment Letter (SCL)
   Initial/Date:

<table>
<thead>
<tr>
<th>SUPERVISION SUPPORT OFFICER</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Adequacy of supporting documents</td>
</tr>
<tr>
<td>b) Authenticity of test (via IFAD Treasury)</td>
</tr>
<tr>
<td>c) Availability of funds in Special Commitment</td>
</tr>
<tr>
<td>d) Category to be charged</td>
</tr>
<tr>
<td>e) LC expiry date</td>
</tr>
<tr>
<td>f) Co-financing ratios</td>
</tr>
<tr>
<td>g) Banking Instructions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LOAN ASSISTANT (Check)</th>
</tr>
</thead>
<tbody>
<tr>
<td>v</td>
</tr>
</tbody>
</table>

1. Authorized signatory (written request)
2. Authenticity of test (via IFAD Treasury)
3. Availability of funds in Special Commitment
4. Category to be charged
5. LC expiry date
6. Co-financing ratios
7. Banking Instructions

<table>
<thead>
<tr>
<th>SUPERVISION SUPPORT ASSISTANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Dispatch of SCL to Controllers for issuance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Initial/Date:</th>
</tr>
</thead>
</table>

| a) Dispatch approved W/A to FT |

<table>
<thead>
<tr>
<th>Initial/Date:</th>
</tr>
</thead>
</table>

**AMOUNT & CURRENCY TO COMMIT/PAY:**

**CERTIFIED BY (CPM):**

**AMOUNT APPROVED (SSU):**

**REMARKS:**
Guide to Processing Request Under Special Commitment Procedure (Checklist 3)

Programme Assistant
Checklist Data: Enter WA details, Project Completion and Loan Closing Dates.

Estimated USD Equivalent: Use current month UN rate for USD (Go to IFAD Intranet/Knowledge and Information Sources/Financial Information for the prevailing monthly rate).

Estimated SDR Equivalent: Use IMF rate SDR/USD at date of WA review (Go to www.imf.org for the prevailing SDR rate).

Programme Assistant Check: Section A
WA Sequential Number (Refer to WA Tracking Sheet): Entry of WAs in tracking sheet should be sequential in order to facilitate checking.

Accuracy of Currency Equivalent in Checklist (See above): Amounts in USD will alert you of the minimum amounts required or the value in USD of each request in other currencies.

Correct Use of WA Form (Form 301): Request is submitted using Form 301 – Application for Special Commitment.

WA Signed by Authorized Signatory (or signatories if two signatories are required): Physical comparison of WA signature against specimen signature in the letter of authorization signed by the authorized representative (usually the Minister of Finance).

Fund availability in Loan and Category: Use LGS Status of Funds and WA Tracking Sheet for those WAs not yet reflected in LGS. Estimate amounts not yet value-dated.

Availability of Supporting Documentation: Physical check of submitted supporting documentation:
- Copy of complete set of contract duly signed by parties.
- Copy of Letter of Credit.

Percentage of Financing: Check % used in WA against Schedule 2 of loan agreement or amendments thereto. If there is discrepancy, there could be an error. Investigate why a different % was used.

Country Programme Manager (Check/Certify): Section B
Technical/Legal Conditions: Loan agreement technical matters and agreement reached with Borrower.

Procurement Approval: "No objection" was provided. Check against Register of Contracts.

Eligibility of Financing Under Loan/Category: Check for accuracy of claim under loan or grant, especially for projects with grant financing or with similar types of expenditures for different components.

Funds Availability in Category: This will ensure that sufficient amount is available to finance the Special Commitment.

Extension of Project Completion Date and Loan Closing Date: This is important to take note due to the eligibility requirements for these 2 important dates. The goods covered under the Letter of Credit should be delivered well in advance of the PCD.

Reallocation Status if Category is Overdrawn: FC will allow disbursement of overdrawn categories up to 30% of original allocation only. Sufficient funds should be allocated to finance the Special Commitment.
Preparation of Special Commitment Letter: Section C

Supervision Support Unit

Supervision Support Officer (Check/Certify)
(a) Adequacy of supporting documentation: Letter of Credit and contract are found in order.
(b) Negotiating bank’s name and address: Complete name and address of negotiating bank of L/C.
(c) SDR Limitation: L/C amount is converted in SDR at the current rate, including margin of limitation.
(d) L/C expiry date: Validity of L/C is at least 3 months from issuance of the Special Commitment Letter.
(e) Overall WA compliance: WA is in full compliance to loan agreement provisions and to procedures and guidelines, including disbursement procedure used and validity of L/C.

Supervision Support Assistant
(a) Prepares SCL: Using Form 202, drafts SCL taking into account details provided in the L/C.
(b) Dispatch SCL to Controllers for issuance: After SSO review, sends SCL to FC.

Issuance of Special Commitment Letter (Section D)

Loan Assistant, FC/L
(a) Assigns Special Commitment Number: Assigns SCL number, following the sequential number for each loan or grant and forwards SCL to Loan Officer – Controller.
(b) Dispatch approved SCL: Sends signed and numbered SCL via special courier to the negotiating bank.

Loan Officer, FC/L – Controller
Review and approval of SCL: Undertakes final review and approves SCL.

Payment of Special Commitment: Section E – FC/L

1. Reimbursement Request from Commercial Bank

Loan Assistant (Check)
(a) Authorized signatory (written request): Physical comparison of signature against specimen signature provided by the bank.
(b) Authenticity of test (via SWIFT): IFAD Treasury has verified the test number.
(c) Availability of funds in Special Commitment: Request is within the commitment made in the Special Commitment Letter.
(d) Category to be charged: Correct category is charged for the goods purchased.
(e) L/C expiry date: Payment requested is within the validity of the L/C.
(f) Co-financing ratios: Co-financing ratios of donors, if applicable, are applied.
(g) Banking instructions: Complete banking instruction, including bank reference numbers.

2. Withdrawal Authorization (W/A)

Loan Assistant
(a) Prepare W/A: Input WA data in LGS.
(b) Assign sequential number.

Loan Officer
Accuracy and approval of W/A: Check accuracy and approve W/A.

Loan Assistant
Dispatch approved W/A to FT: Send approved W/A together with supporting documentation to FT for payment to the negotiating bank.
### FORMS

**Disbursement Procedure I, II and IV**

<table>
<thead>
<tr>
<th>Form</th>
<th>Special Account</th>
<th>Direct Payment</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal application</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Summary Sheet</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not SOE</td>
<td>101 A</td>
<td>101 B</td>
<td>101 B</td>
</tr>
<tr>
<td>SOE</td>
<td>102 A</td>
<td>–</td>
<td>102 B</td>
</tr>
<tr>
<td>LC financing</td>
<td>103</td>
<td>–</td>
<td>103</td>
</tr>
<tr>
<td>SA Reconciliation Stmt</td>
<td>104</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>WA Checklist</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
</tbody>
</table>

**Disbursement Procedure III**

<table>
<thead>
<tr>
<th>Form</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Withdrawal Application</td>
<td>301</td>
</tr>
<tr>
<td>Special Commitment Letter</td>
<td>302</td>
</tr>
<tr>
<td>Bank's Request for Payment</td>
<td>303</td>
</tr>
</tbody>
</table>
**FORM 100**  
**IFAD Procedure I, II and IV – Application for Withdrawal**

To: IFAD  
Via del Serafico, 107  
00142 Rome  
Italy  

3. **Please Pay**  
   (Currency Name)  
   (Amount to be paid in Figures)  
We hereby apply for withdrawal from the Loan Account opened under the IFAD Loan Agreement and hereby certify as follows:

A. The undersigned has not previously withdrawn from the Loan Account to meet these expenditures and has not and does not intend to obtain funds for this purpose out of the proceeds of any other loan or grant.

B. The goods and services covered by this application have been or are being purchased in accordance with the terms of the agreement.

C. The expenditures have been or are being made only for goods or services from member states of IFAD.

**Details of Expenditure**  
(Use Summary Sheets if additional space is required or if expenditure relate, to more than one supplier, category or sub-category.)

4. **Name and address of the contractor or supplier**  
   (If different from payee)

   **Payment Instruction**

   7. **Payee’s Bank**  
      Name:

      Address:

6. **Procurement Details**
   a) Contract or purchase order no. and date:
   
   **Account No:**

   b) Description of goods, works or services:

   c) Currency and total amount of contract:

   d) Invoice numbers and net amount of invoice covered by this application:

5. **Withdrawal Details**
   a) Category or sub-category no.

   **Correspondent Bank:**  
   If the currency claimed is not the currency of the country of the payee’s bank, enter the name and address of their banks’ correspondent in the country whose currency is to be paid.

   8. **Payee’s Name and Address:**

   9. **Special Payment Instructions and References:**

   10. **Signature(s) of Authorized Representative(s):**

   11. **(Name of Borrower):**

   12. **Date:**

   13. **Print Name(s) and Title(s):**
**FORM 101-A**  
Replenishment to the Special Account – Application Summary Sheet

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item No.</td>
<td>Name and Address of Contractor(s) or Supplier(s)</td>
<td>Contract or Purchase Order No. and Date</td>
<td>Brief Description of goods, works or services</td>
<td>Currency and Total Amount of contract</td>
<td>Total amount of Contractor’s or Supplier’s invoices covered by this application (net of retention &amp; other deductions)</td>
<td>Remarks including Country of Origin</td>
</tr>
</tbody>
</table>

Net total of all invoices:  
% Of expenditures to be financed by IFAD for Category:  
Net amount claimed for this summary sheet:  

**FORM 101-B**  
Direct Payment/Reimbursement

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item No.</td>
<td>Name and Address of Contractor(s) or Supplier(s)</td>
<td>Contract or Purchase Order No. and Date</td>
<td>Brief Description of goods, works or services</td>
<td>Currency and Total Amount of contract</td>
<td>Total amount of Contractor’s or Supplier’s invoices covered by this application (net of retention &amp; other deductions)</td>
<td>Remarks including Country of Origin</td>
</tr>
</tbody>
</table>

Net total of all invoices:  
% Of expenditures to be financed by IFAD for Category:  
Net amount claimed for this summary sheet:  

---

63
**FORM 102-A**  
Statement of Expenditures (for Replenishment to the Special Account)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Cumulative Expenditures up to the beginning of the Reporting Period</th>
<th>Local currency</th>
<th>USD currency</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
</tr>
</thead>
<tbody>
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<td></td>
</tr>
</tbody>
</table>

The undersigned hereby certify that the expenditures for which reimbursement is claimed herein are correct and for the Project as provided in the IFAD Loan Agreement. We certify that the audit requirements outlined in Section 8.05(b) of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures described in Statements of Expenditures (Form 102) as outlined in Section 4.05 of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures, will be retained until two years after Closing Date of the IFAD Loan, and that such records and documentation will be made available to IFAD representatives for review upon request.

Certified by:  
(Programme Accountant)

Certified by:  
(Programme Manager)

By:  
(Authorized Representative)

**FORM 102-B**  
Statement of Expenditures (for Expenditures Pre-Financed by Borrower)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Cumulative Expenditures up to the beginning of the Reporting Period</th>
<th>Local currency</th>
<th>USD currency</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

The undersigned hereby certify that the expenditures for which reimbursement is claimed herein are correct and for the Project as provided in the IFAD Loan Agreement. We certify that the audit requirements outlined in Section 8.05(b) of the General Conditions will be complied with, and that the requirements for maintaining records and documentation for expenditures described in Statements of Expenditures (Form 102) as outlined in Section 4.05 of the General Conditions, will be complied with. This includes, inter alia, that an annual audit will be carried out and that the documentation including purchase orders, invoices, evidence of payment and delivery and any other relevant documentation evidencing the expenditures, will be retained until two years after Closing Date of the IFAD Loan, and that such records and documentation will be made available to IFAD representatives for review upon request.

Certified by:  
(Programme Accountant)

Certified by:  
(Programme Manager)

By:  
(Authorized Representative)
FORM 103
IFAD Procedure I & III – Bank’s Report of Payment

(Name of Commercial Bank)

Date of Payment: __________________
License No.: __________________
IFAD Loan No.: __________________

To:
(Name of Borrower or Borrower’s Representative)

(Address)

We report having paid the sum of __________________
to __________________
under L/C No. __________________, established on __________________ by
________________________

for account of __________________
(Name and address of correspondent bank)

________________________
(Name and address of buyer)

Our payment commission amounts to $ __________________

Payment was effected against delivery of the documents as specified in and in accordance with
the terms of conditions of the Letter of Credit mentioned above evidencing shipment of
(General description of the merchandise including the quantity, etc) per
(indicate means of transport, i.e. S.S., A.W., R.R., other) from
________________________
(Point of shipment) to __________________
(Destination)
or storage or manufacture of the goods described at __________________

The documents have been disposed of as follows:

Copy of the Supplier’s invoice is attached.

Yours very truly,

Borrower’s Application
**Form 104**  
**Special Account Reconciliation Statement**

Project Title: __________________________  
IFAD Loan No.: _______________________  
Account Number: Special Account No. ______ with Bank  

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Total advanced by IFAD</td>
<td>US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Less: Total amount recovered by IFAD</td>
<td>-US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Equals present outstanding amount advanced to the special account (number 1 less number 2)</td>
<td>US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Balance of special account per attached Bank statement as of date: date, month, year</td>
<td>US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Plus balance of the project account(s)</td>
<td>+US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus balance of sub-accounts</td>
<td>+US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plus balance of cash in hand</td>
<td>+US$</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total of 5:</strong></td>
<td><strong>=US$</strong></td>
<td><strong>0.00</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Total of bank balances, PA, sub-accounts & cash in hand balance (4+5):**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Plus: total amount claimed in this appl. No. XXX</td>
<td>+US$</td>
</tr>
<tr>
<td>7. Plus: total amount withdrawn from the special account/PA and not yet claimed (=3-4-5-9-11)</td>
<td>+US$</td>
</tr>
</tbody>
</table>

Reason: Eligible Amount For Which Disp. Appl. Have Not Yet Been Prepared. 0.00

<table>
<thead>
<tr>
<th>Application No.</th>
<th>Date</th>
<th>US$</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td></td>
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<td>0.00</td>
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<tr>
<td></td>
<td></td>
<td>0.00</td>
<td></td>
</tr>
</tbody>
</table>

Subtotal of previous applications not yet credited  
+US$ 0.00

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Minus: interest earned</td>
<td>-US$</td>
</tr>
</tbody>
</table>

10. Total advance accounted for (no. 4 through no. 9)  
**=US$** 0.00

11. Explanation of any difference between the totals appearing on lines 3 and 10  
Non-Eligible Amount To Be Refunded To PA  
0.00

Non-Eligible Amount To Be Refunded To PA  
0.00

Non-Eligible Amount To Be Refunded To PA  
0.00

12. Date:  
Signature:  

Name In Full: _____________________________  
Title In Full: _____________________________
## Form 105

**Checklist Withdrawal Application**

<table>
<thead>
<tr>
<th>IFAD Loan No. [ ]</th>
<th>WA No.</th>
<th><strong>CHECKED</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sequential numbering of WA</td>
<td></td>
<td>Form 100</td>
</tr>
<tr>
<td>2. WA amount tallies with sequentially numbered summary sheets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Categories/sub-categories charged as per Schedule 2 of loan agreement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. % of financing applicable for each category</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Availability of funds in categories/loan account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Currency of payment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Completeness and accuracy of banking instructions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Complete name and address of correspondent bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Signed by authorized WA signatory</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Statement of Expenditure (SOE)

1. Eligibility of expenditures claimed
   - a) Within SOE financial ceiling (contract below USD [ ])
   - b) All expenditures under Category [ ]
2. 102 form signed by Programme Accountant, Programme Director, WA signatory
3. 102 form supported by signed SS1 form (for items reported in a) over financial ceiling

### Special Account (SPA) Replenishment Requests

1. Amount within ceiling of authorized allocation (USD [ ])
2. Amount at least equal to [ %] of AA (USD [ ])
3. Exchange Rate Used
4. Completeness of SPA banking and account details
5. Enclosed SPA Reconciliation and Bank Statements

### Supporting Documentation (Attached if required)

1. Copy of contract
2. Copy of invoice, certified by Programme Director
3. Copy of bank guarantee (for advance payment)
4. Copy of delivery receipt
5. Copy of evidence of payment
6. Completed 102 form
7. Completed 101 form

### Procurement

1. No objection provided by IFAD

### Compliance to disbursement condition/s

### Expenditure made/committed before Project Completion Date

### Remarks:

---

Prepared by ___________________  
Certified by ___________________
1. IFAD Loan No.:  [   ]  
2. Application No.:  __________

To: IFAD  
Via del Serafico, 107  
00142 Rome, Italy  

We apply for a special commitment and subsequent withdrawal from the Loan/Grant Account opened under the Loan/Financing Agreement, and certify and agree as follows:

A. The undersigned requests that a Special Commitment be issued to the negotiating bank in accordance with the terms of the Agreement in order to make payment to the negotiating bank from the Account. The undersigned irrevocably authorizes such withdrawal on the basis of any written statement by the negotiating bank that payment has been made or is due, and will promptly be made under and in accordance with the terms of the letter of credit as such may be amended.

B. Amendments involving an extension of the letter of credit expiry date beyond the closing date of the Agreement or more than six months beyond the original expiry date of the letter of credit (whichever is earlier), a change in the value of the letter of credit, the description or quality of goods, or the beneficiary are subject to your prior approval. The undersigned will only agree to amendments to the letter of credit that are in accordance with the terms of the Agreement, and further agrees that all proposed amendments will be copied to you by the negotiating bank for your information or approval as appropriate.

C. You may limit your total obligation to make payments under the Special Commitment by inserting a limitation clause denominated in the currency of the Account sufficient to cover exchange rate fluctuations. The undersigned agrees that, if, because of the limitation clause, you cannot disburse the full amount needed to pay the negotiating bank, any uncommitted portion of the Account may be disbursed to cover the deficiency. In the event that the uncommitted portion of the Account is insufficient to cover the deficiency, you will notify the undersigned who will arrange to make such payment promptly to the negotiating bank.

D. The obligation of IFAD under the Special Commitment shall terminate:
   (a) Except as IFAD shall otherwise agree, 30 days after the expiry date of the letter of credit, or at the closing date of the financing agreement (which ever is earlier).
   (b) Upon payment by IFAD to the negotiating bank of the full value of the letter of credit.
   (c) Upon receipt by IFAD of written notice from the negotiating bank specifying that the Special Commitment may be cancelled.

E. The undersigned has not previously withdrawn from the Account to meet these expenditures. The undersigned has not and does not intend to obtain funds for this purpose out of the proceeds of any other Loan or Grant.

F. The goods or services covered by this application are being purchased in accordance with the terms of the Agreement.

G. The expenditures are being made only for goods or services from eligible source.

H. In the event that all or part of the funds withdrawn from the Account pursuant to this application are returned to IFAD, the undersigned hereby authorizes IFAD to apply the current value of such funds as a credit to the account.
## Annex 5: Disbursement and Processing of Withdrawal Applications

<table>
<thead>
<tr>
<th>Details of Letter of Credit</th>
<th>Details of Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Name and Address of Negotiating Bank</td>
<td>9. Name and Address of Contractor or Supplier (letter of credit beneficiary)</td>
</tr>
<tr>
<td>4. Name and Address of Opening (Borrower’s) Bank</td>
<td>10. Procurement Details</td>
</tr>
<tr>
<td>5. Name of L/C Opener (Borrower or Executing Agency)</td>
<td>b) Brief Description of Goods, Works or Services</td>
</tr>
<tr>
<td>6. Letter of Credit Details</td>
<td></td>
</tr>
<tr>
<td>a) Opening Bank’s L/C Number</td>
<td>a) Contract or Purchase Order No. and (or other reference to contract documents</td>
</tr>
<tr>
<td>b) Currency Name</td>
<td>b) Percent of Expenditures to be financed by IFAD</td>
</tr>
<tr>
<td>c) Currency Amount</td>
<td>By Joint Financier (if any)</td>
</tr>
<tr>
<td>d) L/C Expiry Date</td>
<td></td>
</tr>
<tr>
<td>7. _______________________________ (Name of Borrower)</td>
<td></td>
</tr>
<tr>
<td>8. Date: __________________________</td>
<td></td>
</tr>
<tr>
<td>11. Withdrawal Details</td>
<td></td>
</tr>
<tr>
<td>a) Category or Sub Category No.</td>
<td></td>
</tr>
<tr>
<td>12. Special Instructions and Remarks</td>
<td></td>
</tr>
<tr>
<td>13. By _______________________________</td>
<td>Signature of Authorized Representative(s)</td>
</tr>
<tr>
<td>14. By _______________________________</td>
<td>Name(s) &amp; title(s) of Authorized Representative(s)</td>
</tr>
</tbody>
</table>
Gentlemen:

The International Fund for Agricultural Development (hereinafter called IFAD), transmits herewith a copy of a letter of credit, which we understand you are prepared to issue, advise or confirm for account of:

in favour of:

in the amount of:

relating to:

expiring on:

In consideration of your acceptance hereof as provided below, IFAD hereby irrevocably agrees to:

(a) Reimburse you (or the negotiating bank) for any payment made to or on the order of the beneficiary under and in accordance with the terms of the letter of credit, or
(b) Pay to you (or the negotiating bank) amounts that have become due the beneficiary under and in accordance with the terms of the letter of credit in which case you agree to make payment to or on the order of the beneficiary upon receipt of IFAD's remittance.

Payments shall be made by IFAD promptly but not later than 30 days after receipt by us of a written request therefore as hereinafter provided:

This Special Commitment is subject to the following terms and conditions:

1. You will issue, advise or confirm the letter of credit and promptly advise us of any change in the negotiating bank.
2. You undertake to promptly furnish us with copies of all amendments to the letter of credit. Such amendments are subject to the following additional conditions:
   (a) Any amendment involving a change in the value of the letter of credit, the description or quantity of goods, or the beneficiary will not be operative until you receive our written approval.
(b) Any amendment extending the expiry date of the letter of credit more than six months beyond the original expiry date or beyond __________ will not be operative until you receive our written approval.

3. If the letter of credit is not denominated in the currency of your country, you will notify us of the name and address of your correspondent bank in the country of such currency who will receive the funds for your account.

4. IFAD shall not be obligated to pay you unless a telex/cable or written request in accordance with Form203 attached hereto shall have been received by us at our above stated address within 30 days of your negotiation of documents. IFAD's obligations under this Special Commitment may be terminated 30 days after the date in paragraph 2(b) above or six months after the letter of credit expiry date (whichever is earlier).

5. IFAD shall not be obligated to you in respect of interest, commission, other charges or expenses in connection with the letter of credit.

6. You agree that upon cancellation, expiration or final payment of the letter of credit you will advise us promptly thereof including the amount of any cancellation.

7. Since IFAD’s financing is limited to an amount denominated in SDR’s (Special Drawing Rights), IFAD shall not be obligated to make reimbursements to the extent that they would in the aggregate exceed the equivalent of SDR __________ (representing the equivalent of the letter of credit amount in __________ calculated on the basis of the current exchange rate, plus a margin for exchange rate fluctuations).

It is IFAD policy to retain sufficient funds in the Loan/Grant account to fully cover outstanding Special Commitments. The borrower has agreed that if, because of this limitation clause, we cannot disburse the full amount needed to pay you, any uncommitted portion of the account may be disbursed to cover the deficiency, and in the event the uncommitted portion of the account is insufficient to cover the deficiency, our borrower will arrange to make such payment promptly to you after receipt of our notification.

Your first request for payment shall constitute your acceptance of this Special Commitment including all the terms and conditions herein set forth as evidenced by the copy of this agreement on our files.

Very truly yours,

_____________________________________
(Name & Title of Authorized Officer)

cc:
Annex 6

Procurement

The general policies and procedures applicable to project procurement in IFAD financed projects are set out in the IFAD Procurement Guidelines of December 2004. The loan agreement, which governs the legal relationship between the Borrower and IFAD, stipulates the specific provisions for the procurement of goods, works and consulting services in the respective project. These two documents should, therefore, always be consulted for an exhaustive description of applicable procurement procedures. The following is limited to providing practical guidance to some of the more important aspects of procurement related tasks and procedures such as these present themselves in the majority of projects.

Methods of Procurement

There are several methods of procurement, both for procurement of goods and works and for procurement of consulting services.

The methods for procurement of goods and works are:
(a) International competitive bidding;
(b) Limited international bidding;
(c) National competitive bidding;
(d) International or national shopping;
(e) Direct contracting;
(f) Procurement from commodity markets; and
(g) Work by force account. (Described in Procurement Guidelines Part B)

The methods for selection of consulting services are:
(a) Quality and cost based selection;
(b) Quality based selection;
(c) Selection under a fixed budget;
(d) Least-cost selection;
(e) Selection based on consultants’ qualifications;
(f) Single-source selection; and
(g) Selection of individual consultants. (Described in Procurement Guidelines Part C)

Schedule 4 of the loan agreement specifies the method(s) permitted for the borrower for the procurement of goods, works and services. If applicable, Schedule 4 also specifies other relevant information on procurement, e.g. procurement handled by IAPSO/UN agencies or other restrictions.

Supervision Tasks in Procurement

Procurement is fundamentally the responsibility of the borrower. However, IFAD (the CPM) is involved in the procurement process in the following instances:

(a) Review of procurement plan;
(b) Review of prequalification of bidders; and
(c) Procurement review
   • Prior review; and
   • Ex-post review.

A. Review of the Procurement Plan

The Borrower is to have a duly approved annual work plan and budget (AWPB), which includes a procurement plan for all major procurements of goods, works and consulting services to be carried out within a period of at least 18 months (i.e. extending up to six months beyond the end of the AWPB).

The first procurement plan (elaborated as part of project preparation) is to be updated after loan effectiveness and is to cover the initial 18 months of the project implementation period and is to be submitted to IFAD for approval. The procurement plan is to be updated annually (or as needed) to cover every subsequent 18-month period of project duration as part of the AWPB.
exercise. There is no standard format or template for a procurement plan but the plan must as a minimum identify in reasonable detail:

(a) thresholds, ceilings and preferences to be applied in the implementation of procurement under the project;
(b) the various contracts for goods, works and consulting services required to implement the project;
(c) the proposed methods of procurement for each contract; and
(d) the related IFAD review procedures.

A sample of the lay-out a well-prepared procurement plan is attached at the end of Section 2.

CHECKLIST: Review of the Procurement Plan

Coherence
- **General coherence**: is the nature and quantity of goods/works/services generally consistent with the nature of project activities/components as per the appraisal report?
- **Coherence with AWPB**: do the nature and quantity of goods/works/services appear consistent with the activities in the AWPB? Are the costs of procurement adequate and reflected in the budget?

Procurement Packaging
- Is the procurement systematically and logically grouped according to the categories of the procurement (goods/works/services)?
- Within each category, have similar or related items been combined in a single package where possible and sensible?
- Has packaging been done in a way that generally facilitates the use of the most competitive and efficient procurement method and that ensures the best value for money? Note specifically “split packaging” (e.g. several small, similar packages designed to circumvent the threshold for competitive procurement methods); and packaging that limits competition by de facto locking a series of contracts to the winner of the first contract (e.g. a separate package for delivery of machinery followed by future packages for spare parts and maintenance)?

Procurement Method
- Is the selection of procurement methods in compliance with the provisions of Schedule 4 of the loan agreement?

Procurement Schedule
- Do the time estimates indicated (for the individual procurement method) seem realistic?
- Is the procurement schedule consistent with the implementation schedules in the AWPB (does the delivery of goods, works and services correspond to physical targets in the work plan)?

B. Review of Prequalification of Bidders
Prequalification of bidders is usually done for large and complex works or in situations where there is a potential for substantial time and cost savings in the procurement of goods and works by evaluation of only bids from qualified bidders.

Prequalification involves review by IFAD in two instances (see Flow Chart 6):

- **Prior to the borrower’s issuance of invitations to prequalify**: review of the draft documents to be used, including the text of the invitation to prequalify, the prequalification questionnaire and the evaluation methodology, together with a description of the advertising procedures to be followed.
- **Following the borrower’s evaluation of submissions**: review of the draft evaluation report together with the list of prequalified bidders and a statement of their qualifications, and of the reasons for excluding any applicant from prequalification.
CHECKLIST: Review of Draft Prequalification Documents

The advertisement and invitation for prequalification should have the following information:

(a) a brief description of the goods and works to be procured;
(b) the contract conditions;
(c) who is financing the project;
(d) eligibility requirements for potential bidders, suppliers and contractors; and
(e) the time and place where prequalification documents can be obtained.

The prequalification documents should enlarge on the information provided in the advertisement and contain a description of:

(a) the proposed procurement;
(b) the estimated value of the contract and major quantities of work;
(c) location of the work;
(d) procurement scheduling of goods or works to be procured;
(e) abbreviated specifications and conditions of contract;
(f) main quantities to be procured;
(g) delivery or implementation schedules;
(h) requirements for bid and performance securities;
(i) how the project is to be financed;
(j) payment terms;
(k) price adjustment provisions;
(l) the language and governing law of the contract;
(m) other information in sufficient detail to enable bidders, suppliers or contractors to assess their interest and respond appropriately;
(n) the name and address of the Borrower and of the Borrower’s official in charge of the procurement with a statement of their roles;
(o) submissions required, such as completed questionnaire forms and supporting documents and their number and the deadline for their submission; and
(p) a clear statement on the criteria for evaluation of prequalification applications.

As a general rule the evaluation criteria should be objective and relate to the candidate’s experience, financial resources, personnel resources and equipment resources. Ambiguous requirements such as “general reputation”, or “cooperativeness”, and requirements that are irrelevant or unfairly discriminatory should be avoided.

CHECKLIST: Review of Evaluation Report and Draft List of Bidders
IFAD does not require a specific format of the evaluation report, but the report should include as a minimum:
(a) a listing of all applicants;
(b) their ratings keyed to the specific criteria and items of information requested,
(c) the list of rejected applicants with a detailed justification for the rejection; and
(d) the resulting proposed list of prequalified applicants.

C. Review of Procurement
Irrespective of the method of procurement to be employed, the loan agreement specifies the threshold for prior review (i.e. for contracts valued at more than the threshold amount, the review procedure described in Appendix I of the Procurement Guidelines must be applied). IFAD reviews the borrower’s
procurement procedures, documents, bid evaluations, award recommendations and contracts to ensure that the procurement process is carried out in accordance with agreed guidelines. The loan agreement specifies the extent to which the review procedures will apply in respect of the various categories of goods, works and consulting services to be financed, in whole or in part, from the IFAD loan. Where prior review is not required, IFAD conducts a post-award review on a sample basis of documentation and contracts submitted as supporting documents for withdrawal applications.

The procedure for prior review differs for procurement of goods and works and procurement of consulting services.

(i) Prior review of Procurement of Goods and Services

Prior review of procurement of goods and works involves review by IFAD in two instances (see Flow Chart 7):

- **Review of draft bidding documents**, including the invitation to bid, instructions to bidders, including the basis of bid evaluation and contract award, the conditions of contract and specifications of deliverables, and a description of the advertising procedures to be followed for the bidding (if prequalification has not been used).

- **Review of the bid evaluation report**, including comparison of bids received, recommendations for award of contract, the draft contract and other information requested by IFAD.

**CHECKLIST: Review of Draft Bidding Documents**

**General**

Is the procurement:

- In accordance with the loan agreement and any subsequent changes reflected in mission reports (e.g. Supervision, Mid-Term Review, Back-to-Office Reports, Aide-Memoires, correspondence, etc.)?
- Within the availability of funds?
- Consistent with the approved AWPB (procurement plan)?

**Adequacy and Quality of the Bidding Documents**

Bidding documents should provide all the information necessary for a bidder to prepare its bid for the goods or works to be provided. This includes:

- Instruction to the bidders;
- proposed pricing (e.g. unit prices or lump sum);
- currency arrangements;
- qualification standards set out for bidder (where no prequalification);
- Terms of Reference (TOR) or Statement of Work (SOW) describing contract requirements;
- evaluation criteria by which the award will be determined;
- clarity and propriety of the borrower’s use of preferences (e.g. the method by which domestic bidders may be favoured); and
- insurance or bond requirements.

**Other Issues**

- Unusual provisions (e.g. large advance payments);
- proposed attachments to be included in the bidding documents;
- borrowers’ list of proposed bidders to receive the invitation of bids; and
- draft contract to be awarded.

“Other information as IFAD may reasonably request”: Although IFAD does not approve the bid evaluation committee it would be pertinent at this stage to request and review information about the proposed composition of the committee in order to ascertain that there is sufficient representation of relevant agencies/stakeholders and expertise.
CHECKLIST: Review of the Bid Evaluation Report
There is no standard format for the bid evaluation report, but the report should to the extent possible cover and reflect the logical sequence of a standard bid evaluation process in the following manner:

(a) receipt and opening of bids (including minutes of the public bid opening);
(b) examination of bids;
(c) substantially nonresponsive bids;
(d) correction of arithmetic errors;
(e) currency conversion;
(f) adjustment for nonmaterial deviations;
(g) bids subject to detailed evaluation;
(h) evaluation of bids;
(i) comparison of bids;
(j) lowest evaluated responsive bid;
(k) post qualification; and
(l) award recommendation.

“Other information as IFAD may reasonably request”: It would in most cases be relevant to request evidence of the evaluation carried out by each member of the evaluation committee (score cards, evaluation sheets, etc.)

(ii) Prior Review of Procurement of Consulting Services
Prior review of procurement of consulting services involves review by IFAD in up to four instances (see Flow Chart 8).

FLOW CHART 8:
Prior Review of Procurement of Consulting Services
• Review of draft Request for Proposal (RFP), including Terms of Reference, cost estimate and short list of consultants;
• Review of technical evaluation report;
• Review of financial evaluation and final evaluation report, (not applicable when the procurement method is quality based selection, selection based on consultants’ qualifications and single source selection); and
• Review of negotiated draft contract.

CHECKLIST: Review of Draft RFP

General
Is the procurement:
• in accordance with the loan agreement and any subsequent changes reflected in mission reports (e.g. Supervision, Mid-Term Review, Back-to-Office Reports, Aide-Memoires, correspondence, etc.);
• within the availability of funds (cost estimate by submitted by borrower); and
• consistent with the approved AWPB (procurement plan)?

Adequacy and Quality of the RFP
The RFP should provide all the information necessary for a consulting firm to prepare its proposal. This includes:
• instruction to the consultant (including applicable forms and data sheets);
• requirements to specification of pricing (e.g. time-based, lump sum, reimbursable);
• currency arrangements;
• terms of reference (TOR) describing contract requirements, overall as well as for individual personnel;
• selection method;
• evaluation criteria (technical and financial) by which the award will be determined;
• clarity and propriety of the borrower’s use of preferences (e.g. the method by which domestic consultants may be favoured); and
• insurance or bond requirements.

Other Issues
• Unusual provisions.
• Proposed attachments to be included in the RFP.
• Borrowers’ shortlist of consultants to receive the RFP.
• Draft contract to be awarded.

CHECKLIST: Review of the Evaluation Report
The specific contents of the evaluation report will vary according to the selection method applied. However, the following should be included as a minimum:

Technical Evaluation
(a) Brief description of main events in the selection process prior to the technical evaluation (advertising, the establishment of the shortlist, expressions of interest, withdrawals of firms before proposal submissions, delays, complaints from consultants, extension of proposal submission date, etc.).
(b) Brief description of meetings and actions taken by the evaluation committee.
(c) Analysis of strengths and weaknesses in relation to the evaluation criteria of each proposal.
(d) Summary of the results of the technical evaluation: scores and the award recommendation.
(e) annexes detailing: (i) technical scores/ranking given to individual consultants on each evaluation criterion; and (ii) scores given by each individual member of the evaluation committee.
Financial Evaluation

(a) Not applicable to quality based, qualifications based and single source selection.
(b) An account of adjustments made to the prices of the proposals (correction of arithmetic errors, currency conversion, adjustment for nonmaterial deviations) and determination of the evaluated price.
(c) Award recommendation.
(d) An annex with the minutes of the public bid opening.

### TURKEY

**Programme for Rural Poverty Reduction (PRPR) – Procurement Plan**

**Component A: Village Improvement Programme**

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**Total** | | | 74.8 | 74.8 |

**Component B: Economic Growth**

**Sub-component A: 1599.1 2006**

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**Total** | | | 532.0 | 532.0 |
Annex 7

Audit

The general policies and procedures applicable to audit of IFAD financed projects are set out in Guidelines on Project Audits (for Borrowers’ Use) ("Guidelines") and Operational Procedures for Project Audits (for use by IFAD and Cooperating Institutions) ("Procedures"). The specific requirements to timing of the appointment of the auditor and deadlines for submission of audit reports are found in Article V of the loan agreement.

The conduct of project audit is the responsibility of the Borrower. However, IFAD (the CPM) is involved in the audit process in the following instances:

(a) appointment of the auditor;
(b) follow-up on the annual audit cycle; and
(c) review of audit reports and follow-up on audit recommendations.

Appointment of the Auditor

The appointment of the auditor includes the following steps:

(a) The Borrower prepares draft TOR for the audit (sample TOR in Guidelines Annex VI) and submits them to IFAD for approval.
(b) The CPM reviews and, if satisfied, approves the TOR.
(c) The Borrower conducts a selection process and informs IFAD of the name of the proposed auditor and the selection process followed.
(d) IFAD reviews the submission and sends, if satisfied, a no objection to the Borrower (checklist for review in Guidelines, Annex II).
(e) The Borrower appoints the auditor in accordance with the timeframe established in the loan agreement.
(f) The auditor issues a formal engagement letter (sample in Guidelines, Annex V).

This procedure is followed for both the initial appointment and for subsequent changes of auditor.

FLOW CHART 9:
Procedure for Appointment of Auditor
Follow-up on Annual Audit Cycle

The follow-up on the annual audit cycle includes the following steps:

(a) Three months before the end of each project fiscal year: the CPM sends to the borrower a reminder to ensure that auditors, if not appointed already, are appointed in time and before the end of the fiscal year (standard letter in Procedures, Annex I).

(b) Ninety days before audit report due date: the CPM sends a reminder to the borrower to ensure that financial statements have been prepared and the audit has begun (standard letter Procedures, Annex II).

(c) Audit report received by the due date: within 15 days the CPM confirms receipt to the Borrower and carries out a review of the audit report (see 4.3).

(d) Documentation submission not complete: the CPM communicates with the borrower and follows-up until all documentation is received in the required format.

(e) Audit report is not received by the due date: within 30 days from that date, the CPM notifies the borrower and PCU of the fact that the audit report has not been received (copy to FC for further follow-up).

Review of Audit Reports and Follow-up on Audit Recommendations

Upon receipt of the audit report the CPM conducts a review of the report. The review should address the following aspects:

- fulfillment by the auditor of all audit requirements specified in the TOR;
- qualifications or other significant points in the auditor’s report;
- whether all financial reporting requirements have been met;
- comparison of the results shown in the project financial statements with required targets set in the financial covenants in the loan agreement;
- overall project financial performance (i.e. actual versus budgeted);
- adequacy of internal control mechanisms in the project;
- presentation with respect to use of IFAD funds versus funds from other sources;
- satisfactory use of SOE procedure for disbursements;
- reconciliation and use of the project SA;
- follow-up on actions noted in previous year’s Desk Review; and
- compliance with procurement procedures as stipulated in the loan agreement.
Particular attention should be paid to the Management Letter which provides a highlight of actual or potential problems and thus an indication of the issues that should be carefully reviewed. A detailed checklist for the review of the audit report is set out in Procedures, Annex III.

Upon completion of the review the CPM completes the Audit Review Form (below) and submits it to FC (Audit Coordinator).

If the findings of the review of the audit report give cause for concern the CPM should as soon as possible, and in any case no later than 45 days from the receipt of the audit report, send a letter to the borrower, copied to FC (Audit Coordinator), notifying the borrower of the nature of the concerns and requesting clarification or follow-up as appropriate.
## Audit Review from IFAD Funded Projects

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<td>Other Grants (funds channelled through IFAD):</td>
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<td>Date Received:</td>
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<td>Balance Sheet</td>
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<td>Statement of Sources and Uses of Funds disclosing all sources of funding including comparison with Budget Estimates</td>
<td>Is linkage between Project Financial Statements and Special Account possible?</td>
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<td>Withdrawal Application Schedule- SOE (with separate opinion)</td>
<td>Is accounting basis disclosed in the notes?</td>
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<td>Special Account Statement (with separate Opinion)</td>
<td>Is cash adequately disclosed (i.e. in the Balance Sheet, the cash flow and the SA?)</td>
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<td>Management letter</td>
<td>Are inter-unit accounts reconciled or PFS consolidated?</td>
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<td>Have procurement records been reviewed?</td>
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<td>Has a physical Inventory been carried out reconciled with records?</td>
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<td>Has follow up to prior year’s audit report recommendation been given?</td>
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<td>Unsatisfactory</td>
<td>Change of project staff B</td>
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<td>Highly Unsatisfactory</td>
<td>Mild issue to be resolved through correspondence C</td>
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<td>Incomplete or Missing auditor’s opinion</td>
<td>Return Audit report and ask for corrections/revision/completion F</td>
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<td>Mild issue to be resolved through correspondence G</td>
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<td>Unclear Qualifications/Ambiguous Statements</td>
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<td>Other (explain)</td>
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List main internal Control issues and appropriate action

Abbreviations:
PFS= Project Financial Statements
SOE= Statement of Expenditures
SA= Special Account
Name of Reviewer, date, e-mail address and tel.:
Annex 8
Responsibility Matrix

Loan Administration for IFAD Directly Supervised Projects
Workflow and Assignment of Tasks

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<th>Actions Required</th>
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<th>Treasury/FT</th>
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<td>4.2. Payment Order</td>
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<tr>
<td>Review accuracy of PO</td>
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<td>x</td>
<td>SSO</td>
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<td>Approval of PO</td>
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<tr>
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<tr>
<td>Undertake FC checking steps</td>
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<td>Generate withdrawal authorization</td>
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<td>4.6. Payment of W/Authorization</td>
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<tr>
<td>Creation of SWIFT message to IFAD depository bank</td>
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<td>x TA</td>
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</table>

a/ As an observer
b/ On demand service
### ANNEX 8: RESPONSABILITY MATRIX

<table>
<thead>
<tr>
<th>Actions Required</th>
<th>PA</th>
<th>CPM</th>
<th>SSO</th>
<th>LOAN ASST/FC</th>
<th>Loan Officer/FC</th>
<th>Treasury/FT</th>
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<tr>
<td>Verification, approval and dispatch of SWIFT message</td>
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<td>TO</td>
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<td>Data entry of provisional and actual value date of payment in LGS</td>
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<td>TA</td>
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</tbody>
</table>

### 4.7. Payment Advice
- Generation/printing of advice from LGS (Dispatch to Borrower, PMU, et al by Print Shop)

### 4.8. Special Commitment
#### 4.8 (a) Issuance of SC Letter
- Preparation of Checklist
- Initial review of WA
- Certification of WA
- Preparation of SC Letter
- Review and approval of SC Letter
- Maintenance and control of SCL issued
- Dispatch of SCL to bank

### 4.8 (b) Payment Request from Bank
- Checking of SC payment details/availability of SC funds
- Preparation of PO
- Approval of PO

### 4.9. Contract Payment Summary
- Creation and update of contract data
- Control and review of payments

### 4.10. Special Account Recovery Control
- Approval of recovery rate
- Monitoring and control of recovery
- Reconciliation with LGS

### 4.11. Special Account Letters
- In 2 stages: After payment of Initial Deposit and at start of recovery process
  - Drafting of letters
  - Review of letter
  - Clearance of letter
  - Approval
  - Dispatch to Borrower

### 4.12. Closure of Loan Account
- Undertake closing steps
- Review and control
- Undertake loan closing procedures
- Approval of loan closure
- Advice to Borrower

### 5. Audit Report
- Review of auditor’s TOR
- Approval of TOR
- Monitoring of Audit Report Submission
- Review of Audit Report
- Review and follow-up of audit recommendations
- Drafting of communications to Project on audit matters
- Approval of communications

---

c/ Support role at request and as necessary
d/ With the involvement of Controller and OL for complex cases.

PA: Programme Assistant
CPM: Country Programme Manager
SSO: Supervision Support Officer
SSA: Supervision Support Assistant
TA: Treasury Assistant
TO: Treasury Officer
AO: Audit Officer
FC: Loans Unit
Annex 9
Gender and Targeting

I. IFAD’S Targeting Policy

The Policy, approved at the September 2007 Executive Board (http://intradev:8015/gbdocs/eb/88/e/EB-2006-88-R-2-REV-1.pdf), re-affirms the rationale for and importance of targeting for IFAD; states what targeting means for IFAD; broadly defines who IFAD’s target group is and how it should be identified. The Targeting Policy – and IFAD’s Strategic Framework 2007-2010 – identifies women as a major cross-cutting target group, and attention to gender differences as a key requirement.

How IFAD Defines Targeting

Targeting is defined in the Policy as: “the set of purposefully designed actions and measures which ensure, or at least significantly increase the likelihood, that specific groups of poor people – and women and men equally – will benefit from the development initiatives it supports; while at the same time diminishing the risk that the less poor will benefit disproportionately” (para 21).

Compared to the conventional approach to targeting using project-determined “eligibility criteria”, IFAD’s definition and approach emphasizes self-targeting through choice of activities and investments appropriate to IFAD’s target group, and proactive measures to build the capacity of the target groups to influence decisions and flow of resources. It places emphasis on efforts to include those who are often excluded (or self-exclude themselves), rather than on exclusion of those considered “ineligible”. Adequate identification of target groups and their characteristics in term of assets and livelihoods strategies, through gender-sensitive poverty analysis, is the pre-condition for the design and implementation of an effective targeting strategy.

What is a Targeting Strategy

The Policy also describes how a targeting strategy should be defined, identifying different categories of measures: geographic targeting (for area-based projects); self-targeting, through choice of activities relevant to different identified target groups; capacity-building and empowerment measures, such as information, communication, training and organisational development to increase the likelihood that poorer people – and women and men equally – will participate and benefit; direct targeting through participatory identification and application of eligibility criteria (where needed); attention to procedures that can make it difficult for certain categories of people to access services and benefits. The Policy also stresses the importance of an enabling environment for targeting, primarily the understanding and commitment to the principle of poverty targeting and gender equity by key stakeholders. According to the Policy, a targeting strategy should be realistic, monitorable and developed in consultation with partners. It should also be context-specific and flexible, while maintaining the goal of assisting the identified target groups to improve their livelihoods.

The Role of Supervision and Implementation Support

The Policy makes specific reference to supervision by stating that “Supervision and implementation support will explicitly assess the appropriateness of IFAD’s targeting strategy and its effective execution on the ground, making necessary adjustments to increase outreach and gender equity, contain benefit leakage and prevent elite capture. As a policy principle, IFAD, together with the government concerned and other partners, will ensure that outputs, outcomes and emerging impact are regularly monitored to ensure that they reach the identified target groups and are of continued relevance to them. Targeting effectiveness will also be assessed by all evaluation exercises, including mid-term reviews and mid-term evaluations”. Consequently, Project Status Reports are required to assess the
extent of the project/programme’s poverty focus and whether targeting is being implemented in line with the Policy (http://intranet.ifad.org/guides/manuals/project/portfolio.pdf). Project PCUs/PMUs should continuously give attention to who (by socio-economic category and sex) is actually participating and benefiting, who is not and why. They should make efforts to progressively improve outreach to the poorer and more vulnerable people and communities. Attention to targeting and inclusion should be part of project/M&E and the information should feed into project progress reporting. The role of supervision and implementation support is to assist projects to apply, fine-tune and modify the targeting strategy identified at design (or to develop one if it was absent or weak in design). The strategy will be based on learning from experience, and aim to identify and implement progressively more effective ways to reach and benefit the ‘hard to reach’.

**How to Assess Targeting Performance**

Assessment of targeting performance should be a normal part of project participatory M&E. During supervision/implementation-support missions adequate time for gender-balanced consultations with beneficiaries and potential beneficiaries must be planned for. Findings from such consultations should be validated through focus-group discussions with field staff that are in direct contact with beneficiaries. PRA tools such as wealth ranking and social mapping can be used.9 If neither the design document nor the baseline survey provide an adequate poverty profiling of the target population, this will need to be done during the implementation support/supervision mission.10 The number, depth and method of community consultations will vary according the size and length of the mission. They will also depend on the amount of information that is already collected by the PCU. It is important to obtain the views both of non-participants and participants, and those of men and women equally. The mission should:

- Discuss with project beneficiaries (women and men) the extent to which they participate in or benefit from project activities; their involvement in decision making on activities and beneficiaries; whether they perceive project/programme action as effective, fair and transparent.
- Assess, in consultation with project participants, staff and implementing partners, the appropriateness and understanding of the project/programme’s targeting strategy and its effective execution on the ground, identifying in a participatory manner the necessary adjustments to increase outreach, contain benefit leakage and prevent elite capture.
- Review project performance in terms of gender-equality/gender mainstreaming and collect sex-disaggregated information on project participants, beneficiaries and staff.

These aspects should be described in the mission report. Gender issues should be addressed in a cross-cutting manner when assessing targeting performance and should also be summarised in a specific section (see below, page 5).

**Targeting – Questions to ask/information to obtain**

_The following are an indicative set of questions designed to guide project implementers and supervisors is assessing targeting performance._

9/ In the IMI case-study (http://intranet.ifad.org/imi/target/target_vol2.pdf) on the Chattisgarh Tribal Development Programme project (Targeting in Shivrinarayan Natural Village: a case study of innovative targeting under the Chattisgarh Tribal Development Programme) targeting/inclusion was assessed by comparing participatory wealth rankings for the overall population with the socio-economic profiles - obtained using the same method - of participants/beneficiaries of different project activities. This showed that while for the food-for-work related activities participation of the “very poor” was higher than their share of the overall population, in soil and water management activities participation of the “middle poor” and “less poor” was found to be higher in relation to their share in the overall population: since these were activities leading to greater long-term economic benefits, lack of access by the “very poor” was a cause for concern. A similar method was used for the Nicaragua IMI case-study (http://intranet.ifad.org/imi/target/vol_4.pdf )

A) Targeting outcomes: who is actually benefiting/participating

- Did the original project design adequately categorize target groups? Is the project well focused on IFAD’s target groups (the poor and food insecure)? What are the socio-economic characteristics of participants in different project activities (for example are they distinctly ‘very poor’, ‘middle poor’, or ‘non-poor’)?
- What are local realities/perceptions as to who participates/benefits or not, and why? Do women and men participate equally in different activities? Are the non-poor benefiting in-excessively?
- Have any poverty, livelihoods and gender assessments been conducted during the life of the project? If so, how have the findings been fed back to project management and how have they responded?

B) Implementation of targeting measures

Enabling measures

- What are the attitudes and capabilities of implementing partners towards poverty targeting, gender equality and women’s empowerment? How effective have the capacity building activities been for strengthening stakeholders’ and partners’ attitudes and capabilities towards poverty targeting, gender equality and women’s empowerment? Does more need to be done to ensure all stakeholders have a clear understanding of the project?
- Has the project been able to participate in policy dialogue on issues related to gender equality and empowerment of women? What may the project do in order to make an effective contribution to policy dialogue?

Geographic targeting (where relevant)

- What criteria were established, if any, to select specific communities? Have the selection criteria been applied? Have poorer, more remote communities been reached?
- How may the geographic targeting mechanisms be redefined in order to overcome these problems?
- Are the target communities benefiting as planned? How may the project activities be reoriented in order to improve outreach among the target communities?

Self-targeting measures

- Do the goods and services delivered by the project match the priorities and livelihoods strategies of the target groups, and of women as compared to men? Are the self-targeting mechanisms attracting the correct target groups? Are the non-poor benefiting excessively? Does more need to be done to improve the self-targeting of project activities?
- Are the time, labour and financial requirements to participate in project activities suited to different target groups, and to women as compared to men? Do they need to be revised in order to increase participation by the target groups?

Empowering and capacity-building measures

- How has information about the project reached different communities and different categories of people? Has the project undertaken specific information and communication activities to reach specific target groups? Are they well informed about project opportunities? Should more be done to improve information flows?
- What training and other capacity-building activities have been implemented? Who has participated and who has not? Has participation by women and men been equal? Are more activities required to empower the target groups to participate in project activities?
- In the case of demand-driven projects, who participates in decision making on activities to be financed and beneficiaries and who doesn’t? What could be done to make the process more participatory and representative?
• What has been done to increase the capacity and representativity – of community-based organisations and decision-making bodies? Are women equally-well represented on these bodies as men? Should more be done to encourage participation by the target groups and women in decision-making processes?

• Are more activities required at the community level specifically for empowering women and promoting gender equality?

Direct targeting

• In cases where services or resources are to be channelled to specific individuals or households, has participation in setting and applying eligibility criteria been broad and equitable? How may the process be made more inclusive?

• How have the eligibility criteria been applied? Are they proving effective in reaching the target groups? Do they need to be revised in order to improve project outreach?

• Are any quantitative targets or quotas for specific categories of people and for women’s participation in different activities being implemented and monitored?

Attention to procedures (that can encourage or constrain poverty-inclusive and gender-equitable participation).

• Do planned project investments or micro-projects require a contribution in cash or kind? Is payment of this contribution affordable for the poorest communities and the poorer target groups? Is it preventing certain categories of the target group from participating or benefiting? How may this problem be overcome.

• Do the procedures established for accessing services or micro-projects take into account levels of literacy, language skills, need for simplicity, mobility constraints, lack of collateral etc among the target groups? Do they need to be modified to enable the project to become more inclusive?

• In the case of community-driven development projects or community development funds, who is participating in the decisions on which activities to support? Does the community find the procedures to be transparent? Should more be done to increase transparency?

• What mechanisms are in place to avoid excessive capture of the project benefits by the less poor? Should more be done?

C) Monitoring targeting performance

• Does the monitoring system track how different target groups are participating and benefiting? Is it capable of reflecting whether the target groups are benefitting as planned? Is it capable of determining whether rural poor women and men are being economically and socially empowered? If so, how have the findings been fed back to project management and how have they responded?

• Is the monitoring system capable of determining whether the targeting performance is good or bad? Has there been any assessment of targeting effectiveness? If so, how have the findings been fed back to project management and how have they responded?

• Do sex-disaggregated data or qualitative information exist on the participation of different categories of people in different project activities? Is there any gender analysis of these data and are the findings being fed back to project management?

• Is the performance of implementing partners and project field staff in terms of outreach to poorer communities and women being monitored? Are the findings being fed back to project management and how have they responded?

• Does the project monitor whether the communities are satisfied with the facilities provided, the performance of service providers, and the use of funds? Is there any community feedback on who is benefiting and by how much? How is this information being channelled back to and used by project decision makers?
II. Implementing IFAD’s Gender Policy

IFAD’s Gender Plan of Action (http://www.ifad.org/gender/policy/action.pdf) identifies a set of “pre-requisites of gender-sensitive design” aiming to ensure gender-equitable participation in and benefit from project activities, and improve the status of women. Requirements for implementation include: discussion of the gender strategy in start-up workshops; substantial participation of women in activities and decision-making; allocation of resources to gender mainstreaming in the AWPB; regular sex-disaggregated monitoring by the PCU. Supervision reports are required to provide information on gender-differentiated participation in and benefits from the project.

As noted above, IFAD’s Targeting Policy – and IFAD’s Strategic Framework 2007-2010 – identifies women as a major cross-cutting target group, and attention to gender differences as a key requirement. Thus, adequately reporting on targeting – responding to the questions listed above – should provide a considerable amount of information on women’s participation in the project or programme. However, the project needs to have and to implement a specific gender mainstreaming and women’s empowerment strategy that will be complementary to the overall targeting strategy, and specific questions need to be addressed in line with IFAD’s gender policy.

Gender – Additional Questions to Ask/Information to Obtain

- Is the project implementing a gender strategy that aims to:
  - Expand women’s access to and control over fundamental assets – capital, land, knowledge and technologies?
  - Strengthen their agency – thus their decision-making role in community affairs and representation in local institutions?
  - Improve well-being and ease women’s workload?
- Is the project/programme implementing operational measures to ensure gender-equitable participation in, and benefit from, planned activities, and in particular:
  - Does it have, and is it applying, targets in terms of proportion of women participants to be reached under different project activities and components?
  - Do women participate in project-related decision-making bodies (such as Water User Associations; committees taking decisions on micro-projects; etc.), and in which proportion?
  - Do the ToR of PCU staff (and in particular the project director) reflect attention to gender equality/women’s empowerment in project/programme management? In addition, does one member of the PCU have specific responsibilities for gender mainstreaming? What is the gender balance in the PCU?
  - What measures does the project put in place to increase outreach to women (e.g. through female field staff; NGO group promoters, etc.) especially where women’s mobility is limited?
  - Does the AWPB allocate specific human and financial resources to gender? (e.g. for gender sensitization and training?)
- Was the gender strategy discussed in the start-up workshop? Does it need revising or updating?
- Are the PCU/PMU and key implementing partners committed to implementing such a strategy?
- Are sex-disaggregated results and impact data regularly collected?

11/ According to IFAD policy, the AWPB should address gender as a cross-cutting concern, the indicator being allocation in the AWPB of human and financial resources for gender mainstreaming (such as training in gender; not for women-specific activities).
Lessons Learned
Lesson learned are a structured way to capture experience and learning. They provide valuable knowledge and information about what happened or did not happen. All lessons learned – good or bad – must be logged and reviewed. Lesson learned should be considered as dynamic way of capturing learning. As such they are living documents to build on and complement as and when new lessons and learning emerge. Lessons learned should provide recommendations not only for overall improvement but also on revising policies and operational procedures. The lessons learned need to:

- be grounded on empirical evidence;
- describe new approaches or ideas; and
- present learning in different contexts.

To guide this process, the team can use the lessons learned template to address the following:

- analysis of present situation;
- diagnosis of weaknesses and strengths;
- reflections on changing context and conditions; and
- identification of constraints and barriers.

The progress reports can use lessons learned template to explicitly report on:

- learning emerging from the programme or project;
- solutions implemented for complex and less complex development problems and challenges; and
- potential impact stories.

Once a lesson has been identified, subsequent examples of that same lesson validate one another. Similar lessons identified in different contexts suggest recommended practices. These recommended practices could play a key role in revising or updating IFAD’s policies or operational procedures. They will also serve as answers to specific questions. The template assists collecting information about application of specific lessons learned and their implication for IFAD operations.

Lessons learned will be validated through a peer review process, revised and updated as appropriate. These could be used as an input to the learning notes and in designing new projects. The team should not underestimate the power of learning from mistakes and sharing these openly.

The Template

1. **Title:** The title should emphasize an actionable recommendation that was suggested by the project/programme.
2. **Region/Country:** Indicate the particular region and country in which the lesson was learned.
3. **Division:** Indicate your division.
4. **Contact Information:** (Name, Phone Number, E-mail address): Provide your personal contact information so that colleagues may contact you directly with any further questions or comments. You may provide the names and contact information for collaborating individuals and organizations in a separate field (Collaborators) below.
5. **Date:** Enter the date that your lessons learned document will be submitted.
6. **Primary Subject Area:** Enter the subject area most relevant to the lesson learned. Indicate secondary subject area in the space directly below marked “Other”.
7. **Additional Keywords:** Specify any additional keywords or subject areas that help in classifying your lesson learned.
8. **Lesson Learned**: This field should be the main focus of your document. Typically, lessons learned identify “good practices”, indicating what works and what does not in a particular situation. Indicate a lesson learned during the course of your project/programme and briefly describe the “evidence” that led you to identify this particular lesson.

9. **Description of Issue and Context**: Describe the main issue or problem addressed by this lesson. Discuss any obstacles or challenges that had to be overcome. Also describe the context in which the lesson was learned. This should include a discussion of the geographical region and the specific cultural setting. Include the date/time period when this lesson was recognized (it may be during or at the end of a programme or following an evaluation).

10. **Strategy Used**: Briefly describe the strategies that were used.

11. **Results**: Clearly state the results that were obtained and why they were interesting as a source of learning. Also state the setting(s) they were obtained, and why they were interesting as a source of learning

12. **Recommended Practice**: Indicate any recommended practices that are suggested by the referenced lessons learned and other supporting documents.

13. **Application**: List individuals, programmes, knowledge assets, or other resources that are currently using this recommended practice and include their corresponding contact information.

14. **Implications for IFAD’s Operations and Policies**: Address any changes or revisions in IFAD’s policies and/or programmes that are suggested by the lesson learned.

15. **Scaling-up**: If this lesson was learned from a pilot programme or intervention, what steps should be taken for it to be “scaled-up” so that it may reach a wider audience. Also discuss any anticipated challenges in “scaling-up”.

16. **Conclusions and Recommendations**: Conclusions should summarize the major issues, strategies and results. If appropriate give concise recommendations for action clearly specifying who should carry out the recommendation.

17. **Suggested Follow-up**: Suggest any follow-up actions that you would recommend. Discuss any follow-up assessments or evaluations that you would suggest and highlight any specific issues/questions that need to be addressed.

18. **Collaborators**: List individuals, organizations, or agencies that collaborated with you in this project/programme. You might also choose to include the capacity in which they were each involved (financial support, technical expertise, training).

19. **Links and Resources**: Provide the link to any additional reports, evaluations, or other documents that clearly support this lesson learned. If possible, indicate the specific parts(s)/pages that directly refer to this lesson.

**General Writing Tips**

- Write in a clear, concise manner. Aim for a maximum of 2-3 pages.
- Keep your intended audience in mind as you write (Are technical details essential?)
- Whenever possible, use active voice and a conversational writing style.
- Spell out acronyms in their first appearance.
- Avoid the use of site-specific language.
- Confirm the accuracy of information provided, including contact information.
### Lessons Learned Template

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<td>Sources and links:</td>
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Project managers, CPMs and all those involved in the project should create a knowledge sharing legacy to influence the scope and approach of ongoing and future project. They need to document:

- learning emerging from the specific aspects and innovations agreed upon during design and start up workshop;
- how local knowledge and innovations are integrated and used (role of networks, local government, communities);
- successes: what went well and why;
- failures: what went badly and why;
- innovations, new approaches and ideas;
- new lessons and revised understandings of existing lessons or the application of existing lessons in different context; and
- learning from the supervision and implementation support process

To facilitate the exchange the team could use one of the following methodologies.

**Retrospect**

A *Retrospect* follows the After Action Review (AAR) (see below) format, but involves asking the following more detailed questions:

- What did you set out to achieve?
- What was your plan to achieve this?
- How did this change as you progressed?
- What went well and why?
- What could have gone better?
- What advice would you give yourself if you were to go back to where you were at the start of the project?
- What were the two or three key lessons you would share with others?
- What next for you in terms of this project?
- Can you think of a story that summarizes your experience of work on this project?
- What should we have learned from this project a year from now?
- Are there any lessons for you personally?

**After Action Review (AAR)**

An after action review (AAR) is a discussion of a project or an activity that enables the individuals involved to learn for themselves what happened, why it happened, what went well, what needs improvement and what lessons can be learned from the experience. The spirit of an AAR is one of openness and learning – it is not about blaming. Lessons learned are not only shared on the spot by the individuals involved, but can be explicitly documented and shared with a wider audience.

**Detailed Description of the Process**

The essence of the AAR is to bring together the relevant group to think about a project, activity, event or task, and pose the following simple questions.

AARs can be grouped into three types: formal, informal and personal. Although the fundamental approach involved in each is essentially the same, there is some variation in how they are conducted.

**Formal AARs** tend to be conducted at the end of a major project or event (learning after doing). They require some preparation and planning, but are not difficult as they take the form of a simple meeting. This meeting may take place over a couple of hours or a couple of days, depending on the scale of the project. Steps and tips for successful formal AARs include:

- Call the meeting as soon as possible and invite the right people.
- Create the right climate.
• Appoint a facilitator.
• Revisit the objectives and deliverables of the project.
• Ask “what went well?” Find out why, and share learning advice for the future.
• Ask “what could have gone better?” Find out what the problems were and share learning advice for the future.
• Ensure that everyone feels fully head before leaving the meeting.
• Record the AAR.
• Share the learning.

Informal AARs tend to be conducted after smaller events such as meetings or presentations (learning after doing) or following a specific event during a wider project or activity (learning while doing). They require less preparation and planning and can often be done on the spur of the moment. In an open and honest meeting, usually no longer than half an hour, each participant in the event answers four simple questions:
• What was supposed to happen?
• What actually happened?
• Why were there differences?
• What did we learn?

Personal AARs are a simple matter of personal reflection. Take a few minutes to reflect on something you did yesterday. Ask yourself the above four AAR questions.

### TABLE 1: After Action Review Questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Purpose</th>
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</thead>
<tbody>
<tr>
<td>What was supposed to happen? What actually happened? Why were there differences?</td>
<td>These questions establish a common understanding of the work item under review. The facilitator should encourage and promote discussion around these questions. In particular, divergences from the plan should be explored.</td>
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<tr>
<td>What worked? What didn’t? Why?</td>
<td>These questions generate reflection about the successes and failures during the course of the project, activity, event or task. The question ‘Why?’ generates understanding of the root causes of these successes and failures.</td>
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<tr>
<td>What would you do differently next time?</td>
<td>This question is intended to help identify specific actionable recommendations. The facilitator asks the team members for crisp and clear, achievable and future-oriented recommendations.</td>
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</tbody>
</table>

Key Points/Practical Tips
• Post the questions up on flipchart sheets prior to the session, with answers then written on the sheet as the session progresses. The completed sheets can then be stuck up around the room to serve as a reminder of the progress.
• Participants are participants, not a passive audience. The facilitator should prepare leading questions and may have to ask it of several people. The questions can be asked on an individual or a team basis. The team mechanism is ideal, but if suggestions are slow coming, the facilitator could go around the room asking each individual to express one thing that worked and one thing that did not.
• If there are issues with either openness or time, it may be worthwhile to gather ideas first and then facilitate the discussion in the group environment.
• Ideally, an uninvolved note-taker should be asked to minute the session. This will enable better capture of the learning.
• The actionable recommendations should be as specific as possible. For example, an AAR following a workshop could have the following recommendation: ‘Make more time to understand the audience.’ A better AAR would be ‘Make contact with the organizing body representative and ask about the range of participants before planning the workshop.’
• Participants of an AAR should include all members of the team. A facilitator should be appointed to help create an open environment, promote discussion and draw out lessons learned.
• AARs should be carried out immediately, while the team is still available and memories are fresh. It is recommended that AARs be incorporated at key points during a project, activity, event or task in the early planning stage, although they are often completed at the end.
• AARs can be conducted almost anywhere, and will vary in length. For example, a 15-minute AAR can be conducted after a one-day workshop, or a much longer meeting could be held to reflect on the strategy development process throughout a large organization.

Most Significant Change (MSC)
The Most Significant Change (MSC) technique is a form of participatory monitoring and evaluation. It is participatory because many project stakeholders are involved both in deciding the sorts of change to be recorded and in analyzing the data.

It involves project stakeholders in deciding what kind of change need to be recorded. It is a form of monitoring as it occurs throughout the programme cycle and provides information to help people manage it. MSC contributes to evaluation because it provides data on impact and outcomes which can be used to help assess the performance of the programme as a whole.

MSC has had several names since it was conceived. Examples are: ‘Monitoring-without-indicators’ – MSC does not make use of predefined indicators, especially ones which have to be counted and measured; or the ‘story approach’ – the answers to the central question about change are often in the form of stories of who did what, when and why, and the reasons the event was important.

The process involves the systematic selection and collection of significant change (SC) stories at field level. The designated staff and stakeholders need to ‘search’ for project impact. Once changes have been captured, various people sit down together, read the stories aloud and have regular and often in-depth discussions about the value of the reported changes. When the technique is successfully implemented, whole teams of people begin to focus their attention on programme impact.

Many organizations have found MSC monitoring a useful knowledge management tool for the following reasons:
• It is a good means of identifying unexpected changes.
• It is a good way to clearly identify the values that prevail in an organization and to have a practical discussion about which of those values are the most important. This happens when people think through and discuss which of the significant changes (SCs) is the most significant. This can happen at all levels of the organization.
• It is a participatory form of monitoring that requires no special professional skills. Compared to other monitoring approaches, it is easy to communicate across cultures. There is no need to explain what an indicator is. Everyone can tell stories about events they think were important.
• It encourages analysis as well as data collection because people have to explain why they believe one change is more important than another.
• It can build staff capacity in analyzing data and conceptualizing impact.
• It can deliver a rich picture of what is happening, rather than an overly simplified picture where organizational, social and economic developments are reduced to a single number.
• It can be used to monitor and evaluate bottom-up initiatives that do not have predefined outcomes against which to evaluate.
Detailed Description of the Process

1. **Raise interest** by introducing concept of MSC to range of stakeholders.

2. **Define the domains of change.** This involves selected stakeholders identifying broad domains which are not necessarily defined as performance indicators but are to be defined by the actual user. For example 'changes in people's lives'.

3. **Define the reporting period.** Decide how frequently to monitor changes taking place in the identified domains.

4. **Collect significant change (SC) stories** from those most directly involved, such as field staff. Stories are collected by asking simple questions such as: 'during the last month, in your opinion, what was the most significant change that took place for participants in the programme?' Allow respondents to allocate a domain category to their stories and encourage respondents to report why they consider a particular change to be the most significant. Information to be documented should include:
   - Information about who collected the story and when the events occurred.
   - Description of the story itself – what happened.
   - Significance (to the storyteller) of events described in the story.

   Documenting who collected the story and when helps the reader put the story in context and enables any follow-up inquiries to be made about the story, if needed. The SC story itself should be documented as it is told. The description of the change identified as the most significant should include factual information that makes it clear who was involved, what happened, where and when. Where possible, a story should be written as a simple narrative describing the sequence of events that took place.

5. **Select the Most Significant of the Stories.** The MSC approach uses a hierarchy of selection processes. People discuss SCs within their area of expertise and submit the most significant of these to the level above, which then selects the most significant of all the SCs submitted by the lower levels and passes this on to the next level. The iterative process of selecting and then pooling SC stories helps reduce a large volume of locally important stories down to a small number of more widely valued stories. The use of multiple levels of selection enables this to happen without burdening any individual or group with too much work. The process has been called ‘summary by selection’.

6. **Feedback the Results of the Selection Process.** Feedback is important in all monitoring, evaluation and learning-oriented systems. Every time stories are selected, the criteria used to select them are recorded and fed back to all those who provided the SC stories. The feedback should explain which SC was selected and why. It should also provide information on how the selection process was organized. Knowing that a particular type of change is valued can lead to further searches for similar changes in specific areas. Feedback about why a selection was made can expand or challenge participants' views of what is significant. The information about which SC stories were selected helps participants' searches for SCs in the next reporting period.

7. **Verify the Stories.** Verification is useful in order to ensure that the reported changes correctly reflect what has happened. A reported change may be more important than is initially evident from the way in which the change was documented. Important details and wider implications may lie hidden until further investigation of the reported event. When participants know that there are procedures for verifying SC stories, they are more likely to be careful about the way they document their SCs and this can help improve the overall quality of the SCs. The existence of a verification process may also give external parties more confidence in the significance of the findings of the MSC approach. On the other hand, undertaking some verification of SC stories may have negative consequences if not managed properly. Participants may feel they are not trusted, and may be discouraged from reporting anything other than what they think is expected.

   The selected stories can be verified by visiting the sites where the described events took
place. The purpose of this is twofold: to check that stories have been reported accurately and honestly, and to provide an opportunity to gather more detailed information about events seen as especially significant. If conducted some time after the event, a visit also offers a chance to see what has happened since the event was first documented.

Verification may be unnecessary in some instances. When stories are selected, they are vetted to some degree for accuracy by those who selected them. Where most of the people selecting the stories have background knowledge of the events described in the stories, it may be sufficient to accept their 'vetting' as verification.

It is in the interests of whoever selects a SC story as the most significant to make sure they feel confident with the accuracy of both the SC story and the interpretations made of it. Their judgments will normally be included in the documentation of the SC story and made visible to other participants in the process and to users of the results.

Both the description and interpretation aspects of MSC stories can benefit from verification. With the descriptive part of a story, it is useful to consider whether any information is missing and to ask how accurate the facts are. Is there enough information to enable an independent third party to find out what happened, when and where, and who was involved? It is likely that most stories will contain some errors of fact. The question is the extent to which these errors affect the significance given to the events by the people involved or the observer reporting the event.

It may be useful to describe follow-up inquiries as ‘exploration’ or another less-threatening term. Using the newspaper metaphor to explain the MSC approach; follow-up inquiries can be explained in terms of doing a ‘feature article’ on the most significant news story of the week (month, quarter).

8. **Quantify.** MSC enables qualitative reporting of change, using stories rather than numbers to communicate what is happening. Within MSC, there are three ways in which quantitative information can be collected and analyzed:
   • As with any news story indicate how many people were involved, how many activities took place and to quantify effects of different kinds.
   • Ask participants for information about all other instances of similar changes that they are aware of. This one-off inquiry does not need to be repeated during subsequent reporting periods.
   • Examine the full set of collected SC stories, including those not selected at higher levels and counting the number of times a specific type of change is noted.

9. **Secondary Analysis and Meta-monitoring.** Secondary analysis consists of:
   • Thematic coding.
   • Analyzing stories for positive and negative SCs.
   • Analyzing the changes mentioned in MSC stories against a logic model.
   • Analyzing the genre.
   • Analyzing differences between selected stories and those not selected.
   • Analyzing the activities or groups mentioned in stories.
   • Analyzing the length of time participants were engaged in the project.
   • Analyzing the selection criteria.

Meta-monitoring is relatively simple, it does not require expert knowledge. There are four main types of measures that can be monitored:
   • The total number of SC stories written in each reporting period and how this changes over time.
   • Who is writing stories and who is not, and how the membership of these groups changes over time.
   • Whose stories are being selected and whose are not.
   • What has happened to those SC stories.
10. **Revise the system.** Almost all organizations that use MSC change the implementation in some way, both during and after the introductory phase. This suggests that some organizational learning is taking place. Not having any revisions is worrying as it suggests that MSC is being used in a ritualistic and unreflective way. Many of the changes made arise from day-to-day reflection about the practice. The most common changes are:

- in the names of the domains of change being used: for example, adding domains that capture negative changes, or ‘lessons learned’;
- in the frequency of reporting: for example, from fortnightly to monthly or from monthly to three monthly in CCDB;
- in the types of participants: for example, allowing middle management to submit their own SC stories; and
- in the structure of meetings called to select the most significant stories.

**Creative Problem Solving Techniques**

The supervision mission needs to assess the progress of KM related activities as agreed upon at the Start-up workshop. It should also assess the extent to which learning and sharing is internalized and mainstreamed within the project and among the stakeholders. At the same time, it is an opportunity to:

- learn from and tap into the implementers’ knowledge and experience; and
- share challenges, constraints and problems and find ways of solving problems and overcoming barriers.

To have a fruitful and successful knowledge exchange, colleagues need to feel they are operating in a “safe place” to express constructive criticism use creative thinking to identify solutions for different issues. The meeting should encourage participants to be honest in their assessment in order to capture learning from successful and less successful experiences. This process enables the group to reflect on:

- what has worked and why;
- mistakes and errors;
- what to learn from successes; and
- how to address problems.

To facilitate the exchange the team could use one of the following methodologies. These types of brainstorming are successful when participants come from different backgrounds and disciplines as they bring different knowledge, experience and perspective to the table.

The outcome of the meeting should be captured in the form of lessons learned and good practices (see lessons learned template above). These need to be shared with all stakeholders and IFAD HQ. They will be further refined during the project’s life cycle. New or improved solutions should be monitored as they can spark innovations.

**Reframing Matrix**

Reframing matrix is a simple technique that helps look at problems from a number of different viewpoints. It expands the range of creative solutions that can be generated.

The approach relies on the fact that different people with different experience approach problems in different ways. This technique helps you to do is to put yourself into the minds of different people and imagine the solutions they would come up with.
Detailed Description of the Process

Put the question to be asked in the middle of a grid. Use boxes around the grid for the different perspectives. This is simply an easy way of laying out the problem. Reframing matrix approach looks at problems from the following viewpoints:

- **Programme perspective:** Are there any issues with the programme or service we are delivering?
- **Planning perspective:** Are our business plans or communication plans appropriate?
- **Potential perspective:** Is it scalable and replicable?
- **People perspective:** What do the different people involved think?

Another approach to using a reframing matrix is to look at the problem from the viewpoints of different specialists. For example, the way an irrigation engineer looks at a problem would be different from a fundraiser’s perspective.

Challenge Session

The basis of a challenge session is to generate a series of challenge statements, defined as deliberately provocative statements about a particular situation. These are usually generated by taking accepted wisdoms – things which are taken for granted about a particular situation – and treating them as though they were not true. This initially calls for a suspension of judgment, and the uncritical use of specific challenge statements to generate ideas about solving the problem. This logical ‘reversal’ helps individuals and groups to move away from conventional modes of thinking, and provides a starting point for original, creative thinking.

The process for a challenge session is as follows:

- **Identify the problem:** This should ideally be a well defined problem or issue faced by a team or organization.
- **Brainstorm a series of challenge statements:** This may be done by the whole group or subgroups.
- **Use the challenge statements to generate new ideas:** Address the following checklist:
  - What are the consequences of the statement?
  - What are the possible benefits?
  - What special circumstances would be required to make it a sensible solution?
  - What are the principles needed to support it and make it work?
  - How it would work as a step-by-step process?
  - What would happen if a sequence of events was changed?
- **Prioritize the best ideas.** Use pilots to test them out in the live environment.
### Annex 11

**Basic Documents of Relevance to Supervision and Implementation Support**

1. **IFAD Policy on Supervision and Implementation Support**
   - The document articulates the basic principles for IFAD's approach to supervision.
   - [Link](http://intradev:8015/gbdocs/eb/89/e/EB-2006-89-R-4-REV-1.pdf)

2. **IFAD's Strategic Framework 2007-2010**
   - The Strategic Framework guides IFAD's operations and defines how IFAD contributes to achieving the MDGs during the period 2007 to 2010. The SF provides a description of IFAD’s development objectives, its principles of engagement and the mechanisms for delivering the SF.
   - [Link](http://intradev:8015/sf/SF)

3. **Guidelines for preparation and implementation of a Results-based Country Strategic Opportunities Programme**
   - The guidelines provide assistance to IFAD staff and consultants in the preparation and implementation of a Results Based COSOP. The guidelines include quick reference guides to the COSOP formulation process and the COSOP implementation process.
   - [Guidelines for preparation and implementation of a Results-based Country Strategic Opportunities Programme](http://intradev:8015/pub/policy/target/targeting_e.pdf)

4. **IFAD Policy on Sector-Wide Approaches for Agriculture and Rural Development**
   - The document provides direction and guidance to IFAD staff working on countries where SWAPs are under consideration or implementation. It clarifies IFAD’s position relative to agricultural/rural SWAPs, including: 1. arrangements for the monitoring and evaluation and review of SWAP implementation and impact (Annex 1); and fiduciary arrangements for the use and reporting of funds in pooled funding arrangements (Annex 2).
   - [Link](http://intradev:8015/gbdocs/eb/84/e/EB-2005-84-R-5-REV-1.pdf)

5. **IFAD Targeting Policy: Reaching the Rural Poor**
   - The Policy
     a. defines targeting, its rationale and principles;
     b. clarifies who IFAD’s target group should be and some guiding principles in defining the target group;
     c. defines the diagnostic framework required for effective targeting;
     d. identifies the key elements of a targeting strategy;
     e. establishes requirements for M&E of targeting performance (including closure of project in case of excessive capture of benefits by the non-poor);
     f. describes what targeting means under different operational principles.
   - [Link](http://intradev:8015/pub/policy/target/targeting_e.pdf)

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<thead>
<tr>
<th>Document</th>
<th>Main Subjects</th>
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<td>The document articulates the basic principles for IFAD's approach to supervision.</td>
<td><a href="http://intradev:8015/gbdocs/eb/89/e/EB-2006-89-R-4-REV-1.pdf">Link</a></td>
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<td>2. IFAD’s Strategic Framework 2007-2010</td>
<td>The Strategic Framework guides IFAD's operations and defines how IFAD contributes to achieving the MDGs during the period 2007 to 2010. The SF provides a description of IFAD’s development objectives, its principles of engagement and the mechanisms for delivering the SF.</td>
<td><a href="http://intradev:8015/gbdocs/eb/89/e/EB-2006-89-R-2-Rev-1.pdf">Link</a> <a href="http://intradev:8015/sf/SF">Link</a></td>
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<td>3. Guidelines for preparation and implementation of a Results-based Country Strategic Opportunities Programme</td>
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<tr>
<td>6. Managing for Impact in Rural Development. A Guide for Project Monitoring and Evaluation</td>
<td>The purpose of the Guide is to facilitate the development and use of effective and participating Monitoring and Evaluation systems as tools for impact oriented management, shared learning processes and accountability. The guide contains a navigator that helps the user to navigate the different sections:</td>
<td>Managing for Impact in Rural Development A Guide for Project M&amp;E – Table of Contents</td>
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<tr>
<td></td>
<td>1. Introduction to the M&amp;E Guide</td>
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<td></td>
<td>2. Using M&amp;E to Manage Impact</td>
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<td>3. Listening Project Design, Annual Planning and M&amp;E</td>
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<td>4. Setting up the M&amp;E System</td>
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<td>5. Deciding what to Monitor and Evaluate</td>
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<td>6. Gathering, managing and communicating information</td>
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<td>7. Putting in place the necessary capacities and conditions</td>
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<td>8. Reflecting critically to improve action</td>
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<td>Annexes:</td>
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<td>A. Glossary of M&amp;E concepts and terms</td>
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<td>B. Annotated example of a Project Log frame Matrix</td>
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<td>C. Annotated example of an M&amp;E Matrix</td>
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<td>D. Methods for Monitoring and Evaluation</td>
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<td>E. Sample job description and Terms of Reference for key M&amp;E tasks and factors</td>
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<td></td>
<td>• The key elements of IFAD’s approach to gender (women’s economic empowerment; increased decision-making roles; improved well-being</td>
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<td></td>
<td>• A set of “Pre-requisites of gender sensitive design” which should be monitored during implementation;</td>
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<td>• Requirements for implementation (such as sex-disaggregated M&amp;E; gender in the AWPB and start-up workshops; collection of sex-disaggregated information by supervision missions).</td>
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<td></td>
<td>• Attention to gender in learning and innovation, and in policy/advocacy;</td>
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<td>• Internal IFAD-wide accountability for gender mainstreaming.</td>
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<tr>
<td>8. Results and impact management system (RIMS) for IFAD-Supported Country Programmes</td>
<td>The site provides direction to staff of implementing agencies, IFAD staff and CIs on the implementation of RIMS. The site also provides tools for the implementation and operation of RIMS, including software, guides for impact surveys and reporting formats.</td>
<td>Results and impact management system</td>
</tr>
<tr>
<td>9. General Conditions for Agricultural Development Financing</td>
<td>The document sets out the terms and conditions generally applicable to agricultural development financing by IFAD:</td>
<td><a href="http://intradev:8015/pub/basic/general/e/gencone.pdf">http://intradev:8015/pub/basic/general/e/gencone.pdf</a></td>
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<tr>
<td></td>
<td>1. General definitions (Borrower, Cooperating Institution, Effective Date, Loan Closing Date, Project Completion Date, Project Agreement, loan agreement, SDR, Taxes, Special Account, Project Party, Fiscal Year, etc.).</td>
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<td>2. The Cooperating Institution (appointment, responsibilities, Cooperating Agreement).</td>
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<td>3. Loan Account and withdrawals, Special Account, Allocation and Reallocations of Loan Proceeds, Eligible expenditures.</td>
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<td>4. Loan Service Payments (interest, repayment of Principal and prepayments).</td>
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<td>5. Currency provisions (loan amount, withdrawals, loan servicing currency).</td>
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<td>6. Implementation of the Project (availability of loan proceeds, additional funds, coordination, maintenance, insurance, Subsidiary Agreements, Key Project Personnel, Project Parties, Environmental Factors, Relending Rates, Projects Completion).</td>
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<td>7. Implementation reporting and information (Monitoring of Project Implementation, Progress Reports, Completion and other Reports).</td>
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<td>9.</td>
<td>Cooperation (Visits, Inspections and Enquiries, Audit initiated by the Fund, Evaluations of the Project, Country Portfolio Reviews).</td>
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<td>10.</td>
<td>Taxation and Pay Refunds.</td>
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<td>11.</td>
<td>Remedies of the Fund (Suspension by the Fund, Cancellation by the Fund, by the Borrower, Acceleration of Maturity).</td>
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<tr>
<td>12.</td>
<td>Effectiveness and Termination (effective date, Termination before Effectiveness, Termination upon full payment).</td>
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<tr>
<td>14.</td>
<td>Miscellaneous (Communications, Authority to take action, evidence of authority, modifications of the Loan Documents, change of Entity or Representative, Signature of the Loan Documents).</td>
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<tr>
<td>The manual is intended for use by IFAD staff and consultants, and by Cooperating Institutions. The manual provides guidance on:</td>
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<tr>
<td>1. IFAD policies, loans and grants and documentation (taxes, documentation, financial arrangements).</td>
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<tr>
<td>2. Loan and grant administration arrangements (role of cooperating institution, role of IFAD).</td>
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<tr>
<td>3. Loan and Grant structure and characteristics (key dates, withdrawal schedule, retroactive financial, disbursement conditions, project completion).</td>
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<td>4. Project financial mechanism (project account and Special Account).</td>
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<td>6. Loan Administration during project implementation (Reallocation of Funds, Suspension of disbursements, Loan of amendments, Loan Cancellation, Flexible Lending Mechanism).</td>
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<tr>
<td>7. Support to Borrowers (Disbursement reports, loan administration missions).</td>
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<tr>
<td>8. Loan Repayment (Suspension, arrears, settlement plans).</td>
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<td>Annexes: IFAD member states, withdrawal schedule, sample disbursement letter, flow chart of disbursement process, follow up procedures for loan charges overdue and suspension notice.</td>
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<td>11.</td>
<td>Guidelines and Procedures for the implementation of IFAD’s Grant Programme</td>
<td><a href="http://intranet/guides/manuals/g_programme.pdf">http://intranet/guides/manuals/g_programme.pdf</a></td>
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<tr>
<td>The Document operationalizes the revised Grant Policy Document approved by the EB in December 2003. Section F of the Guidelines contains details on grant administration, including grant supervision, audit and financial management.</td>
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<tr>
<td>The guidelines provide guidance to implementing entities on the policies and procedures to be followed for procuring the goods, works (including related services) and consulting services required for projects.</td>
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<td>Part A. Basic principles (eligibility, advance contracting and retroactive financing, IFAD review, misprocurement, fraud and corruption).</td>
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<td>Part B. Procurement of Goods and Works:</td>
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<td>a) methods of procurement (ICB, LiB, NCB, International or National shopping, direct contracting procurement for commodity markets, work by force account, procurement from United Nations Agencies, procurement agents, inspection agents, procurement by financial intermediaries or sub-loan beneficiaries, procurement with community participation).</td>
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<tr>
<td>b) Procedures for competitive bidding (notification and advertisement, bidding documents, specification and standards, bid opening, extension of validity of bids, etc.</td>
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### Part C. Consulting services:
- **a)** Selection of consulting services.
- **b)** Methods of consultant selection.

#### Appendices
- Review by IFAD of decisions of procurement of goods, works and consulting services.
- Procurement of goods and work under IFAD-funded projects with community participation.
- Domestic preference for goods under the international competitive bidding procedures—methods and stages for evaluation and comparison of bids.

<table>
<thead>
<tr>
<th>Document</th>
<th>Main Subjects</th>
<th>Link</th>
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<tbody>
<tr>
<td>15. IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations</td>
<td>The Document provides applicable definitions of fraud and corruption and establishes IFAD’s policy within loan and grant activities, at the country level, and regarding IFAD staff and individuals representing the Fund. The document describes IFAD’s framework for preventing, detecting and combating fraud and corruption.</td>
<td>IFAD’s anticorruption policy</td>
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