



Investing in rural people

Project implementation models in the NEN region

A synthesis of lessons and best practices



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Abbreviations and acronyms

CLEE	Corporate-level evaluation of IFAD's institutional efficiency and efficiency of IFAD funded operations
IFAD12	Twelfth Replenishment of IFAD's Resources
M&E	Monitoring and evaluation
NEN	Near East, North Africa and Europe Division
PMU	Project management unit
RIDE	Report on IFAD's Development Effectiveness

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PART 1

Introduction

IFAD-supported programmes are owned, managed and executed by governments and their agencies in collaboration with other stakeholders.¹ **Government performance**² is one of the key factors affecting the efficiency and overall performance of IFAD-funded projects.³

According to the evaluation synthesis on government performance issued by IFAD's Independent Office of Evaluation (IOE), this area has consistently been flagged as one where IFAD operations underperform. The annual Report on IFAD's Development Effectiveness (RIDE) also consider it an area of concern, especially in countries with fragile situations.⁴ While the RIDE 2020 noted that enhanced capacity-building and changed practices in the recruitment of project staff often result in some degree of improvement in performance,⁵ it observed that, according to the Annual Report on Results and Impact of IFAD Operations (ARRI), government performance and project-level efficiency continue to lag behind, and it continued to stress the need for IFAD to strengthen government ownership and management.⁶

IOE evaluations also point to strong correlations between government performance and **project efficiency**. A sample of 34 project completion reports for NEN region projects that closed during the period 2015-2020 reveals a strong correlation between government performance and overall project performance at completion, as the two criteria are rated at 4 or above in 85 per cent of cases.⁷

Relatively weak and deteriorating government performance ratings have raised concerns about the efficiency, effectiveness, sustainability and, ultimately, the impact of IFAD projects. Government performance is also related to other dimensions of performance and therefore requires heightened attention.

¹ IFAD Strategic Framework 2016-2025.

² This term refers to the performance of government insofar as it relates to IFAD operations.

³ Corporate-level evaluation of IFAD's efficiency (CLEE) 2013, p.108ff.

⁴ RIDE 2013, 2014.

⁵ RIDE 2016.

⁶ RIDE 2020.

⁷ Government Performance in IFAD-supported Operations - Evaluation Synthesis, March 2022.

While it is clear that the degree of success of IFAD operations is highly dependent on government performance and thus, on the capacity and effectiveness of the institutions responsible for managing its programmes,⁸ the type of **implementation arrangements** that work better than others in delivering development programmes may vary with the context.

The general factors underlying weak government performance over which IFAD has a degree of control – and responsibility – are weak incentives, challenges arising from decentralized project implementation and complexity, overambitious project objectives and support assistance.⁹

Furthermore, as highlighted in IFAD's Institutional Efficiency and Efficiency of IFAD-funded Operations, institutional arrangements that avoid the heavy costs associated with many project management units (PMU) and ensure their post-implementation sustainability have proven beneficial in efforts to ensure greater programme efficiency and effectiveness over the longer term.

One of the commitments in the Twelfth Replenishment of IFAD's Resources (IFAD12) is for IFAD to build on evidence and experience and develop an efficiency action plan to address recurrent challenges to programme efficiency. This underscores the need for IFAD to adopt an **adaptive approach**, which implies closer consideration of **project restructuring** as a tool for improving project performance and informing future design. This also applies to programme implementation arrangements.

Furthermore, over the past two years, the **COVID-19 crisis** has resulted in an in-depth examination of the modalities in which IFAD programmes are implemented at the ground level, thus creating a heightened sense of urgency around systematizing implementation arrangements that work well and can be adapted to different and often evolving scenarios.

Against this backdrop, with a view to capturing and systematizing existing findings in this domain, **NEN** conducted a **stocktaking exercise**, reviewing different programme implementation models, including emerging new trends, that are proving successful in boosting programme efficiency or capturing key lessons in project implementation arrangements in the region.

Among the models that have proven particularly efficient are those that rely on integrated PMUs, which will be better defined in the following chapters of this report.

⁸ Rural Resilience Project (RRP) supervision mission November/December 2021.

⁹ CLEE on IFAD's Institutional Efficiency and Efficiency of IFAD-funded Operations (July 2013).

Roles and definitions

Setting up programme implementation arrangements involves different **actors** including: IFAD (the financier); the recipient government (the borrower); the executing body or lead agency serving as host or focal point for programme management and execution and the entity responsible for project delivery; the implementing entities, including partner line ministries, local administration, specialized agencies or contracted service providers, and community-based organizations; beneficiary organizations; and direct beneficiaries.¹⁰

Implementation arrangements among these actors are tailored to the particular context and the nature and scope of the project, and, when relevant, are able to facilitate effective coordination and decision-making and respond to changes in the policy and institutional environment.

A key element in programme implementation arrangement is **setting up the executing body or lead agency**. The lead agency has overall responsibility for programme management and implementation and for providing overall policy guidance and oversight of the PMU, which handles day-to-day management and on-the-ground implementation, thus playing a key role in the successful delivery of development programmes.

Relying on a group of staff members officially designated to work together, with separate accountability, to coordinate and manage project implementation, PMUs may take a variety of forms, including centralized and decentralized arrangements, serving as institutional “homes” for executing and lead agencies and operating with different degrees of autonomy. They can consist of regular agency staff involved in the implementation of several programmes, sometimes funded by different donors (known as **integrated PMUs**), or of temporary staff recruited specifically for implementation of a specific project (**stand-alone PMUs**).

The decision on the type of implementation arrangements and the detailed structure, composition and responsibilities of the PMU should be based on a thorough and informed assessment of several factors, including the country context and existing structures, the size of the country's total portfolio and the nature and complexity of the project. In addition, existing capacities and mechanisms should be considered for inclusion in the PMU, with an awareness

¹⁰ As summarized in a formal IFAD publication: [35eca0b1-41e7-478c-a1d4-b123b981daf0 \(ifad.org\)](https://www.ifad.org/publications/35eca0b1-41e7-478c-a1d4-b123b981daf0).

that capacity can be strengthened where needed, instead of creating entirely new project management structures.

Given the heterogeneity of the NEN region, the **country context** is of paramount importance when defining implementation arrangements for IFAD-funded projects. It includes factors such as the structure of public administration systems, which often determines the degree of decentralized or centralized oversight. If a country's administrative system is decentralized to local structures, such as regions, provinces, districts and local governments, it may be necessary to consider adopting oversight arrangements that cascade from central to decentralized levels. Country context often includes the type and structure of oversight mechanisms that may already be in place: some countries have a policy of assigning project oversight responsibilities to existing institutions rather than creating parallel project-specific structures, thus creating the preconditions for the integrated PMU implementation model. Country context also includes the nature and effectiveness of the country's systems and human capacities, the degree of donor fragmentation, the financial context, government salary levels and the nature and degree of corruption, where present. These factors may in turn encourage or discourage the use of integrated PMUs. They also impact PMU efficiency and capacity-building potential.

The **amount of the overall financing** for the project or country programme and the **complexity** of projects are also determinants. Small projects or country programmes may result in a decision to pool efforts and resources for programme implementation to boost implementation efficiency and effectiveness. In contrast, vast and complex projects often having a number of partners involved in their implementation may require equally complex and diversified implementation mechanisms that may be unique to a particular programme and cannot be scaled/expanded to others. This may not allow for the implementation of a single PMU model. Other elements to analyse when assessing project complexity are the horizontal and vertical relationships between components and the respective executing agencies and the coordination mechanisms needed for project implementation.

Focus of the report

Given the heterogeneity of the NEN region, it immediately became clear that there is no one-size-fits-all model, since programmes are often diverse in nature and implemented in equally diverse contexts. Furthermore, programme implementation arrangements are not limited to PMUs, as they may also cover institutional systems that are used to deliver technical components of the programme.

Against this backdrop, with awareness of the wide range of factors that determine programme implementation arrangements, this report focuses on several **integrated PMU models in the NEN portfolio**.

The objective is to highlight the advantages and opportunities offered by these ongoing examples, with a view to informing future project designs in similar country contexts.

Integrated, also known as single or central, PMUs generally consist of regular agency staff involved in the implementation of several projects, sometimes funded by different donors. Typically hosted within the lead ministry/department headquarters, they often have a “centralized and decentralized” structure, whereby the integrated PMU hosted by the lead agency may be complemented with decentralized units in project areas.

The cross-cutting advantages of centralized PMU models include the fact that:

- They are able to ensure smooth administration and cross-fertilization among operations, serving as the focal point for different programmes;
- They allow for prompt start-up of new operations, as the time required for the recruitment and training of new resources can be substantially shorter;
- They ensure efficient use of resources;
- They allow for continuity in programme management approaches and are a repository of institutional memory;
- Non-lending activities, such as policy engagement, South-South and Triangular Cooperation (SSTC), etc., become more streamlined and continuous due to the stability of the core team, which is not limited to the life span of a single operation;

- Lessons from previous programmes are put into practice and more smoothly and systematically integrated into new project proposals;
- They facilitate collaboration with other donors, thus allowing for easier identification of potential cofinancing and other partnership opportunities; and
- They facilitate aggregation of monitoring and evaluation (M&E) data from project to the national level, thereby informing country strategy (country strategic and opportunities programme [COSOP], country strategy note [CSN]) review exercises and bolstering the adoption of a country programme approach.

To perform to their highest potential, integrated PMUs require skilled and qualified staff, particularly if they are to exercise M&E, knowledge management (KM) and strategic/quality control functions.

Leadership and strategic direction are critical areas of performance that require appropriate staffing and support. Political support is another important element, along with adequate incentive mechanisms to motivate PMU staff to remain engaged, even in the event of an increase in the number of projects/programmes to be managed.¹¹

Within the integrated PMU model, **several implementation arrangements** are worth examining. In the NEN region, they are related to a selection of solutions specifically tested or being implemented at the country level that, for a variety of reasons, have been identified or proven to be successful solutions to different but recurrent implementation challenges.

This report aims to systematize these examples, with a view to helping NEN identify cross-cutting benefits and potential issues that should be considered at the design stage, thus contributing to better implementation performance and greater efficiency in the future.

The report is divided into two main parts. Part 1 offers a general introduction on the purpose of the exercise that serves as the basis for the report and on the criteria to be considered when designing institutional arrangements for IFAD development programmes in different circumstances. Part 2 offers a general description of the PMU models examined and a series of specific examples of the integrated PMU models currently being tested or implemented by the NEN portfolio, including specific lessons learned in their design or implementation. The

¹¹ According to the Paris Declaration (2005), government ownership is in fact a combination of government commitments – to exercise leadership, to achieve development results and to coordinate development partners – and provides an incentive for governments to perform.

examples do not all have the same maturity level; thus, for the more recent ones, no findings or lessons are provided.

This report is intended to serve as a living document for use by NEN country teams and technical experts involved in the design and implementation of IFAD-supported projects in the region and beyond. Its scope is to offer an overview of the patterns and drivers that have led to improved government performance in several country contexts characterized by some type of integrated PMU system.

PART 2

Integrated PMU models in the NEN portfolio

The 2021 IFAD portfolio stocktaking exercise focused, inter alia, on government performance. In this context, NEN’s regional team catalogued the relevant experiences. Four different **integrated programme implementation models were identified across the NEN region**, namely:

- 1) **Integrated PMU** managing multiple projects
- 2) **Hybrid central coordination unit (CCU)**
- 3) **Central coordination unit** providing support to PMUs
- 4) **PMU embedded in line ministry**

A series of **project and programme cases** across the NEN portfolio were identified and categorized according to these different models.

The table below provides a snapshot of the experiences examined in this report.

PMU model	Country	Projects reviewed	Remarks
1) Integrated PMU managing multiple projects, or super PMU: PMUs that manage two or more IFAD- or other donor agency-funded projects.	Bosnia and Herzegovina	Rural Competitiveness Development Programme – Cost: \$61.45 million – 2015-2022 Rural Enterprises and Agricultural Development Project – Cost: \$34.06 million – 2018-2026	Unusual case, given the two political entities present in country. The model established in both political entities.
	Georgia	Agriculture Modernization, Market Access and Resilience Project (AMMAR) – Cost: \$35.01 million – 2014-2021 Dairy Modernisation and Market Access Project (DiMMA) – Cost: \$53.43 million – 2018-2025	PMU manages IFAD- and World Bank-funded projects focused on agriculture.

	Kyrgyzstan	<p>Livestock and Market Development Programme II (LMDP-2) – Cost: \$39.53 million – 2013-2021</p> <p>Access to Markets Project (ATMP) – Cost: \$55.55 million – 2016-2023</p>	The Agricultural Programme Implementation Unit (APIU) initially managed IFAD- and World Bank-funded projects focused on agriculture. Since 2011, the APIU has exclusively implemented IFAD-funded projects, in dual modality with Community Development and Investment Agency (ARIS) (national project implementation agency at the grassroots level) as an additional implementation entity.
	Republic of Moldova	<p>Rural Resilience Project - Cost: \$38.73 million – 2016-2023</p> <p>Talent Retention for Rural Transformation - Cost: \$50.52 million – 2020-2027</p>	The changes to the model analysed in this document are not yet in effect.
2) Hybrid CCU	Egypt	<p>Promotion of Rural Incomes through Market Enhancement Project – Cost: \$108.22 million - 2011-2021</p> <p>Sustainable Agriculture Investments and Livelihoods Project - Cost: \$94.67 million – 2014-2023</p> <p>Promoting Resilience in Desert Environments - Cost: \$81.60 million – 2017-2026</p>	Model is not fully in effect. Officialized by ministerial decree, the recruitment process is now under way; however, the pace is slow. The PMU is expected to be fully staffed by the end of 2022.
3) CCU providing support to PMUs	Sudan	<p>Livestock Marketing and Resilience Programme - Cost: \$128.70 million – 2014-2021</p> <p>Integrated Agriculture and- Marketing Development Project - Cost: \$49.69 million – 2017-2023</p> <p>Sustainable Natural Resources and Livelihoods Programme - Cost: \$86.69 million – 2019-2027</p>	CCU for an IFAD-cofinanced project based in Khartoum. Supports all IFAD-financed projects in high-value procurement activities, KM and with mission and logistical arrangements.
4) PMU embedded in line ministry	Morocco	<p>Atlas Mountains Rural Development Project – Cost: \$61.25 million – 2016-2024</p> <p>Taza Mountain Integrated Rural Development Project for the pre-Rif Region - Cost: \$93.54 million – 2019-2026</p>	
	Tunisia	<p>Agropastoral Value Chains Project in the Governorate of Médenine - Cost: \$36.85 million – 2014-2023</p> <p>Siliana Territorial Development Value Chain Promotion Project - Cost: \$34.29 million – 2016-2023</p> <p>Economic, Social and Solidarity Project (IESS-Kairouan) - Cost: \$51.27 million – 2019-2027</p>	

While some models have yet to fully go into effect, there is scope to define and analyse their core features, the advantages and disadvantages identified in different country contexts and the measures adopted to either duplicate/scale up successes or tackle the challenges encountered in their implementation.

This catalogue is intended to be a living document, where NEN experiences in this domain and related progress may continue to be recorded.

Model 1. Integrated PMU managing multiple projects

Increasing specialization and decentralization for a more tailored approach to value chain project implementation

The case of Bosnia and Herzegovina

IFAD's current portfolio in Bosnia and Herzegovina is comprised of two operations, namely the Rural Enterprises and Agricultural Development Project and the Rural Competitiveness Development Programme, which completed in March 2022.

The Ministry of Finance and Treasury of Bosnia and Herzegovina (MOFT) has the overall responsibility for managing IFAD-funded programmes, in coordination with the Ministry of Agriculture. At the entity level, the Ministry of Agriculture, Water Management and Forestry (MAWMF) in the Federation of Bosnia and Herzegovina (FBiH) and the Ministry of Agriculture, Forestry and Water Resources (MAFWR) in the Republika Srpska (RS) have the overall responsibility for implementation as the lead agencies. A project steering committee chaired by the Ministry of Agriculture or its designated representative has been set up in each entity to provide overall guidance to the project at the entity level.

The FBiH entrusts the responsibility for coordinating and managing project activities to a project coordination unit (PCU) in Sarajevo. Likewise, the RS entrusts these functions to the existing Agricultural Project Coordination Unit (APCU), located in Banja Luka. The PCU and APCU are headed by a project director. In terms of field coordination, in the FBiH, the PCU will hire five field officers as cluster coordinators, one for each cluster, to ensure the field presence of the PCU and assist with the quality implementation process. In the RS, the APCU ensures field presence through extension officers deployed in the seven regional extension offices of the Advisory Services Agency in the seven project clusters.

Despite its overall good performance in the implementation of IFAD programmes, the PMU has been encountering delays in implementation,¹² resulting in the need to revamp the implementation process to respond to changes in the project environment.

¹² COSOP Results Review, 2018.

The constraints identified include the lack of specialized staff to respond to the Rural Competitiveness Development Project (RCDP) design approach on value chains (VC):¹³ it took almost a year for the PMU to recruit a competent VC specialist, and it was soon apparent that implementation of a VC project had to be tailored to different geographical contexts for it to reach its full potential.

The proposal to support geographically based agricultural value chain clusters emerged during project design. The approach built on the idea that, in addition to improving project performance in terms of stakeholder engagement in policy and business environments and boosting capacity in capturing lessons learned and innovations at the ground level, clusters would help forge the necessary ties between local communities and businesses involved in the wide range of activities around VCs.

To complement the centralized management model of IFAD projects in the country by pooling the different competencies and actors engaged at the local level, clusters have the potential to boost project competitiveness, create opportunities for more partnerships and business-to-business linkages across the different districts and provide opportunities for stakeholders to engage more easily.

While in the first phase of implementation these clusters were primarily comprised of agribusinesses, their members now include not only farmers and their organizations but input suppliers, buyers of farm produce, financial and technical agents, agricultural authorities, local municipalities, universities and others. The clusters also allow smallholder farmers to become part of the supply systems that link them to the market and to take a more active role as market players to boost their competitiveness and increase the overall sustainability of the project.

To ensure sustainability beyond the IFAD project cycle, the next step would be to equip clusters with full-time cluster manager posts and position them as full-fledged **regional development agencies** in the agriculture sector, connecting stakeholders in different VC.

¹³ AMMAR project completion report.

Capitalizing on local mechanisms to adapt to changing scenarios

The case of Georgia

The overall responsibility for management and oversight of the Georgia portfolio lies with the Ministry of Environmental Protection and Agriculture. A PMU is embedded in the ministry and considered part of its international department. The PMU has a central office in Tbilisi, a regional office (RO) in Kutaisi and three local coordination offices, one in each region. The PMU is currently characterized by strong female leadership, as both the director and the deputy director positions are held by women.

The main functions of the PMU are: (i) project planning; (ii) financial administration, including budgeting, procurement, accounting and disbursement; (iii) monitoring and evaluation; and (iv) providing implementation support to implementing partners and beneficiaries. While the central office is responsible for financial administration and procurement, the RO in the project area is responsible for day-to-day implementation in the field.

Over the past replenishment cycles, Georgia's integrated PMU has proven very efficient in capturing and capitalizing on best practices across operations, in addition to strengthening coordination and synergies among ongoing projects funded by different entities. Here, the role of the PMU director as an agent of change and policy facilitator has proven to be a factor in success. Indeed, the institutional memory and continuity in implementing IFAD-funded projects have been instrumental to the sustained performance of the country portfolio, including the achievement of development outcomes and the overcoming of social inclusion challenges.

A positive tangible result of this approach has been the scaling up of activities across different operations,¹⁴ such as the establishment and then strengthening of land registration offices, which has helped the Government in its aim of opening up more branches across the country and thus driving land consolidation.

In the case of the recently closed Rural Development: Agriculture Modernization, Market Access and Resilience Project (AMMAR), for instance, using the PMU that had already implemented previous IFAD projects was also key to preserving a strong institutional memory, ensuring standardized processes (financial management, procurement, M&E) and building on previous lessons and experiences. Furthermore, the fact that the core staff in this PMU is also in charge of World Bank projects facilitated bridging between project interventions. More

¹⁴ Georgia RB-COSOP, 2019-2024.

specifically, in the case of irrigation infrastructure, the PMU played a key role in the inclusion of an AMMAR scheme in the upcoming development of water users' associations by the World Bank. More recently, though, in the context of the Dairy Modernisation and Market Access Project (DiMMA), the PMU encountered some constraints to ensuring timely programme start-up. This was due to both an objective increase in the PMU staff workload, given some of the specific activities included in the programme, and delays in the recruitment of key service providers – a situation further aggravated by the COVID-19 pandemic.

Indeed, one of the PMU activities included in DiMMA was the screening and management of a very high number of grant applications with diverse thematic focuses.

To tackle this challenge, the involvement of the Ministry of Environmental Protection and Agriculture of Georgia (MEPA) Rural Development Agency has proven instrumental.¹⁵ A dedicated six-person unit was created for managing and disbursing all grants and became responsible for reviewing the high number of applications received, approving grants using a thorough methodology and monitoring the targeted use of funds.

In addition, a comprehensive online grant application system directly linked to the well-performing DiMMA. With regard to COVID-19, given the mobility restrictions in place, which often prevented central PMU staff from travelling to the target areas, the five regional coordinators (RCs) and nine field facilitators (FFs) dispatched in the regions were instrumental, particularly in: (i) providing extensive support to target beneficiaries in the regions; (ii) ensuring on-site verification of the data collected; (iii) properly disseminating targeted information; and (iv) reporting implementation progress, issues encountered, etc. to the central M&E unit. RCs and FFs have been essential in maintaining an active presence on the ground, even at the peak of the pandemic, when very stringent mobility restrictions were in place. When designing new IFAD projects, consideration should be given to this outstanding asset.

The Georgia case confirms that being able to rely on a well-staffed PMU and adopting a flexible approach to unforeseen scenarios or unexpected peaks in the workload is of the utmost importance for IFAD programmes to continue delivering in unexpected scenarios.

M&E system was created, made possible by the robust M&E capacity that had gradually been built within the PMU in recent years in direct collaboration with the NEN regional team.

¹⁵ Also for AMMAR, the MEPA line ministry, in conjunction with the Ministry of Finance (MoF), has closely and proactively assisted the project in its efforts to meet development objectives.

Ensuring mechanisms for knowledge retention in cases of staff turnover

The case of Kyrgyzstan

The IFAD country programme in Kyrgyzstan consists of two operations: the Access to Market Project (ATMP) and the recently Executive Board-approved Regional Resilient Pastoral Communities Project (RRPCP), which has yet to enter into force (pending signature). IFAD's focus on the livestock value chain stems from the excellent results of previous and ongoing IFAD investments in the country, as well as the high potential of the sector.

The country programme, moreover, is implemented by an integrated PMU (the Agricultural Projects Implementation Unit [APIU]), located under the Ministry of Agriculture. Responsible for managing IFAD-funded projects, its key responsibilities are project implementation, coordination, oversight and reporting to IFAD, while another implementing partner, the Community Development and Investment Agency (ARIS), is responsible for co-implementation at the community level.

One of the positive results of the country programme implementation arrangements is the fact that, over the years, projects have employed a programmatic approach, building on the progress made by previous project approaches. This has enabled projects to consistently yield tangible results and have an impact at the policy, institutional and community level.

At the more operational level, reliance on a well-established PMU has also resulted in the continuity of approaches, strong institutional memory and greater opportunities to build synergies and capacity to get off the ground relatively quickly when new investments are financed.

Over the past few years, APIU has consistently been praised for its staffing, capacities, competencies and the quality of its work. However, some of the key takeaways from previous missions are emerging delays and a potential lack of adequate capacity in the management of procurement processes, including contract management practices and M&E. This has often been due to turnover among regular staff in the APIU¹⁶ (which has seven members), with negative implications for the quality of M&E systems, since the handover of activities and tools has not always been satisfactory. This has created disruptions in business continuity and

¹⁶ Kyrgyzstan LMDP II [Project Completion Report](#).

affected project performance in terms of records management, leading to inconsistencies and shortcomings.

While the root causes of this high turnover may be unclear (the low salaries vis-à-vis those of the project staff of other development partners very often being the main trigger), the risk of major staff shortcomings (quantitative and qualitative) is not expected in the future, as adequate handover and knowledge retention practices are in place and staff are motivated and incentivized to remain.

Revamping central PMU structure for more ambitious implementation outcomes

The case of the Republic of Moldova

The central PMU is responsible for overall management of the IFAD programme in the Republic of Moldova. Staffed with 15 full-time employees, the PMU's responsibilities include the technical and financial aspects of programme implementation and procurement. Over the past replenishment cycles, the Republic of Moldova's integrated PMU (Consolidated Programme Implementation Unit - CPIU) has demonstrated adequate capacity, as well as an efficient and effective approach in programme implementation. It has been able to manage two and as many as three projects at the same time fairly successfully, while ensuring that successful activities are scaled up, procedural memory is institutionalized and useful knowledge is generated from good M&E systems.¹⁷

More recently, since the introduction of changes in IFAD procurement processes, bidding regulations and reporting procedures, as well as closer grant management, the PMU has been encountering problems delivering with the multiple project implementation setup. The increasing complexity of newly designed projects, especially in the areas of infrastructure and climate resilience activities, coupled with a general lack of specific expertise (especially in public procurement) and high staff turnover have hampered PMU capacity to handle different projects at the same time.

Delays in disbursement and overall implementation have made it clear that the Rural Resilience Project (RRP) was given secondary attention during the entire first half of its implementation, as all PMU efforts had concentrated on the previous Inclusive Rural Economic and Climate Resilience (IRECR) project, completed in 2021.

Other issues at the root of these delays were the ill-defined assignment of roles and responsibilities; a generally inadequate planning system, keeping PMU staff from strategically prioritizing activities; and having only a single PMU manager (with no project coordinator) with limited time for any activity beyond purely day-to-day programme management.

To keep these factors from jeopardizing the achievement of country programme objectives, discussions will be held in early 2022 with the line ministries (agriculture and finance) on business optimization of resources and capacity within the PMU to better align them with the nature and management needs of ongoing programmes. This will be accompanied by an

¹⁷ Government Performance in IFAD-supported Operations – Evaluation Synthesis.

assessment of salary competitiveness across similar sectoral investment projects. The proposal foresees a fully remodelled central PMU, to be headed by a single country programme director who will support programme planning, manage relationships with dedicated project coordinators and their teams, coordinate central PMU staff to better support project implementation, harmonize approaches and procedures and handle external relations and advocacy with ministries and partners. The core team of the remodelled central PMU will support finance, legal, KM, M&E, procurement and administrative assistance functions.

Purely project implementation functions will be coordinated by two project coordinators (one for the RRP and one for talent retention for rural transformation [TRTP]), who will be hired to focus specifically on project deliverables, ensuring that the project for which they are responsible achieves its intended outcome on time and within budget. The coordinators will be supported by a team of technical experts comprised of component managers, who will assist the core team by taking the lead on specific and technical aspects of the projects, including activities funded by Adaptation for Smallholder Agriculture Programme (ASAP) and the Adaptation Fund.

While no findings are available on the Republic of Moldova's revamped central PMU structure, the IFAD country team's proactivity in assessing the structure of the previous model and issuing a concrete proposal to respond to implementation challenges is to be commended. As of the finalization of the report, no decision had been made by the Government of the Republic of Moldova, since the endeavour implied a minor impact on the overall project budget that is deemed to be largely offset by the expected improvement in implementation performance and the greater likelihood of a satisfactory disbursement rate at project closure.

Model 2. Hybrid Central Coordination Unit

Streamlining roles and responsibilities for better country programme performance

The case of Egypt

With a total portfolio of over US\$500 million, some US\$175 million of it IFAD financing, Egypt is IFAD's largest recipient of financial assistance in NEN. Over the past two cycles of the performance-based allocation system (PBAS), implementation performance has been characterized as mediocre due to a number of recurrent issues.

Following Board approval, IFAD projects in Egypt are subject to a lengthy process prior to their entry into force. Moreover, disbursement rates have always been low at the beginning of a project life cycle and extremely high toward the end, resulting in disbursement ratings of unsatisfactory or moderately unsatisfactory in almost 80 per cent of cases.

A thorough analysis of the portfolio revealed that throughout their cycle, roughly 40 per cent of the programmes qualified as either potential or actual problem projects. Coherence between the annual workplan and budget (AWPB) and implementation was rated either unsatisfactory or moderately unsatisfactory in about 50 per cent of cases, while M&E systems were considered moderately unsatisfactory in 45 per cent.

The reasons behind these low ratings were identified as:

- Lack of PMU focus/dedication; and
- Limited PMU capacity, resulting in the overall weakness and disconnectedness of the programmes' M&E, financial, and knowledge management and communication systems.

To remedy these weaknesses and strengthen implementation capacities, a National Programme Coordination Unit (NPCU) was proposed during the design of a new operation (STAR) in 2019.

Based in Cairo at the Ministry of Agriculture and Land Reclamation (MALR), it consists of a unified coordination unit for consolidated management of current IFAD programmes.

Competitively recruited from the professional labour market, NPCU members work on a full-time basis to manage the entire IFAD portfolio at the national level, under the leadership of the National Programme Manager (NPM), to oversee the implementation of all IFAD projects/programmes in the NPCU. The NPM will be assisted by a national technical support team and a national operations support team. The national technical support team will be responsible for overall technical planning, implementation oversight and technical guidance for implementation at the governorate level. A technical specialist will be recruited specifically to provide dedicated full-time technical oversight and guidance to each project implementation at the national level. The rest of the team will be responsible for implementing all NPCU projects.

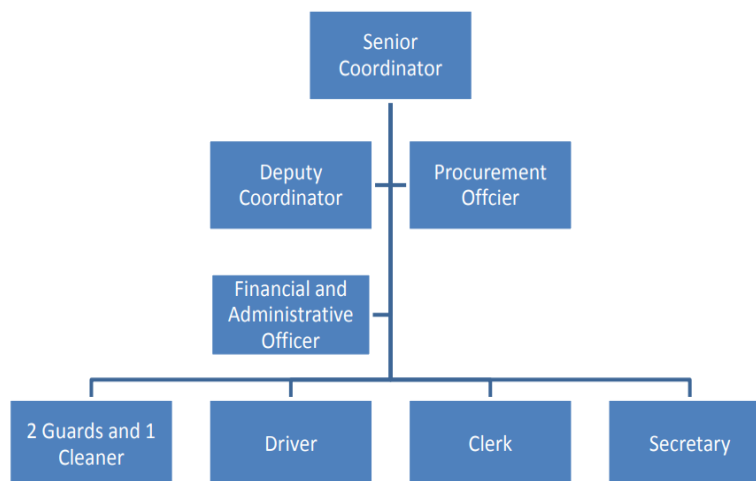
With this model, the lack of capacity is addressed by competitively recruiting key staff from the market; the risk of high turnover is tackled by offering stable positions and competitive salaries; and implementation delays are reduced by recruiting full-time staff for procurement and other functions that were previously part-time. In addition, the national team of experts that will guide and organize work at the project level will ensure the coherence and integration of reporting systems. The NPCU is also expected to remain in place after the current projects are completed, as its teams will mature skills that will be applicable to future IFAD operations.

Model 3. Central Coordination Unit providing support to PMUs

Revamped institutional setting to adapt to project needs

The case of Sudan

Created by ministerial decree in 1999, the Sudan Central Coordination Unit is part of the Federal Ministry of Agriculture and Forestry (MoAF) and is considered important to the implementation of IFAD's portfolio in Sudan. Actively operating since its inception, it is based in Khartoum. With financial support from both the Ministry of Finance and Economic Planning (MoFEP) and IFAD programmes, its core functions cover the fields of procurement, liaison/coordination, staff recruitment, facilitation of communication with the Government, KM, the archiving of projects and administrative and logistical support for programme implementation – functions that for the most part are exercised by each project stand-alone PMU.

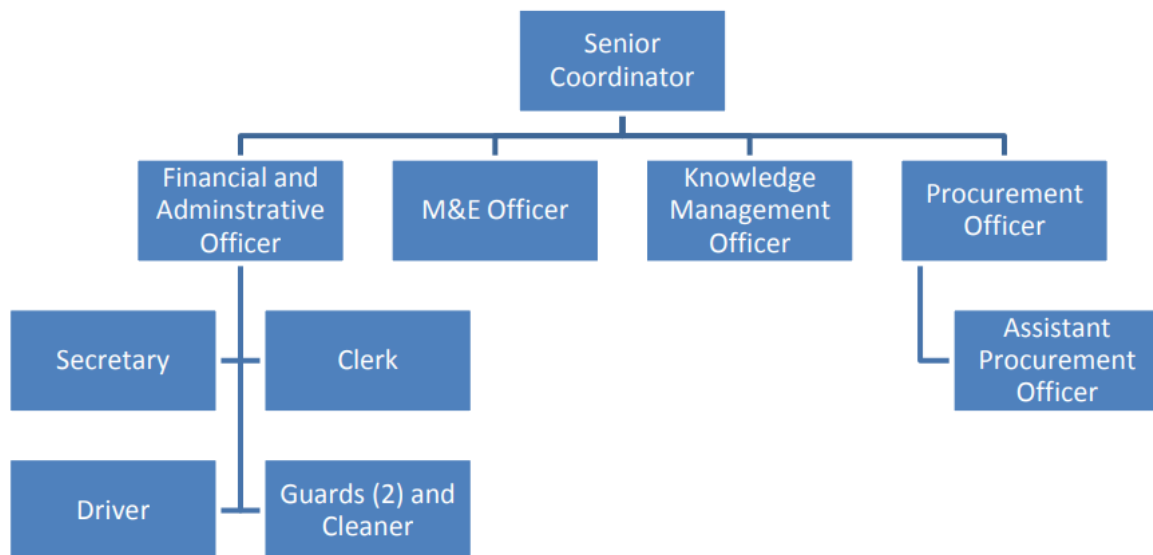


While the CCU performance to date has been meeting expectations, greater attention to procurement, reporting, KM and communication require its functions and competencies to be strengthened for it to become proactive in these fields, be in a position to engage in capacity-building activities and training for stand-alone PMUs, adopt a more informed approach to programme management, improve planning, adopt a stronger, harmonized country

programme approach in different areas of programme implementation, and increase the coordination of procurement functions.

More specifically, in M&E, the CCU could play a supportive role in ensuring coherence in the systems and methodologies applied. In addition to regular M&E, it could more systematically embrace reporting activities with respect to IFAD's cross-cutting themes, information and communications technologies for development (ICT4D), etc., drawing on the findings and results of the entire portfolio. Similarly, in KM, the CCU's contribution to ensuring consistency, regular exchanges and cross-learning opportunities has been recognized, also in the context of IFAD's relationship with other donor-funded programmes for partnership building.

Given the CCU's positive operations to date, an expanded model is now in place. This revamped model builds on the previous institutional setting but has the potential to be reviewed and adapted to project needs on a biannual basis to ensure that its capacity, staffing and task distribution are aligned with the demand in the IFAD portfolio.



Model 4. PMU embedded in line ministry

Increased country presence and implementation support as key elements for good performance

The case of Morocco

Overall management of the IFAD programme in Morocco is the responsibility of the Ministry of Agriculture, Maritime Fisheries, Rural Development and Water and Forests (MAPMDREF) as lead agency in the programme's implementation and monitoring through the Rural and Mountainous Areas Development Department (*Direction de développement de l'espace rural et des zones de montagne* - DDERZM) as IFAD-funded project focal point. This department was created in 2015 to support implementation of the Government's strategy to promote the development of mountainous areas.

As with the ongoing Atlas Mountains Rural Development Project (PDRMA), the Provincial Agriculture Directorate (*Direction provinciale de l'agriculture* [DPA]) or the Regional Agricultural Development Office (*Office Regional de mise en valeur agricole* [ORMVA]) is the entity responsible for ensuring the management, programming and implementation of activities, as well as coordination among provincial stakeholders. As project director, the director of DPA/ORMVA coordinates IFAD projects in the province and is responsible for managing all of its activities and is assisted in this role by a provincial PMU comprised of DPA staff and a dedicated technical assistant recruited to support the implementation of project activities. DPA project management has been relatively effective. In recent years, however, conflicts surrounding the prioritization of project activities vis-à-vis other initiatives have often arisen. The PMUs are supported and backed up by a central PMU (at the DDERZM level), which is also supported by a technical assistant to consolidate the information from provincial PMUs in a database.

There are two key factors that have negatively influenced the country programme over the past few years in terms of project management: first, the civil service reform of 2005, which encouraged voluntary retirement, thereby reducing the availability of staff; and second, the

reorganization of ministry structures with the creation of the Regional Agricultural Directorates (DRA).

In fact, some functions were gradually delegated to committees at the DRA, causing some IFAD projects (Tafilalet and Dades rural development project (PDRT), Livestock and Pasture Development Project in the Eastern Region (PDPEO) II and Agricultural Development: Atlas Mountains Rural Development Project (PDRMA)) to suffer from the distribution of responsibilities over several DPA departments and insufficient human resources. The projects (Rural Development Project in the Eastern Middle Atlas (PDRMO), Agricultural Development: Agricultural Value Chain Development Project in the Mountain Zones of Al-Haouz Province (PDFZMH), PDRMA and PDPEO II, for instance) all suffered from a complicated start-up and delays due to the incomplete setup of the PMUs and the absence of certain profiles within the DPAs (for example, for the development, marketing and management of farmers' organizations).

Technical assistance from private firms, introduced in 2008, was beneficial in most cases but sometimes resulted in less ownership by DPA counterparts. Since these DPAs are responsible for implementing other multigovernmental programmes, especially those under pillar II of the *Morocco Green Plan*, and due to understaffing, they rely on technical assistance (TA) to carry out other non-IFAD operations, resulting in the risk of lower project effectiveness.

Furthermore, the absence of reliable M&E and dedicated accounting systems has resulted in delays in the production of financial statements and exposed financial information to manual errors. This combination of factors has led to delays in the submission of financial reports and requests for financial incentives for staff, a factor contributing to high staff turnover and slow disbursement rates.

Since the opening of the country office in Rabat in January 2016, IFAD has intensified its support for implementation of the portfolio, especially through **direct supervision**, supplemented by monitoring and technical back-up for projects, resulting in more consistent support for projects by the country team. According to the IOE's country strategy and programme evaluation of 2021, programme management monitoring significantly increased, with concrete action to increase the efficiency and effectiveness of project management.

In addition, a closer IFAD presence allowed for the integration and participatory approach that characterize national strategies to be reflected in the design of all projects: many governmental and non-governmental actors participate in the design and implementation of projects. Among

other advantages, this facilitates good alignment of projects with provincial and regional priorities.

To further strengthen DPA performance, additional emphasis will need to be placed on M&E systems and results: new tools, such as the indicator-based disbursement mechanism, will be used, with a view to accelerating processes and procedures that are currently not aligned with IFAD targets. It is also recommended that core functions such as M&E and KM be internalized and stabilized within the lead agency PMU, rather than resorting to external assistance.

Complementing the capacity of PMUs through the recruitment of ad-hoc technical assistance

The case of Tunisia

The Tunisia portfolio is currently comprised of three operations managed by PMUs that report directly to the Regional Agricultural Development Commission (CRDA), the entity responsible for agricultural development in the Ministry of Agriculture, Water Resources and Fisheries.

This entity exhibits good ownership of agricultural projects and is familiar with IFAD procedures.

The long-term experience of PMU staff in managing IFAD projects has proven beneficial for both efficiency and effectiveness, as it avoids overlap while building CRDA capacities and enhances project impact, ultimately resulting in greater sustainability.

In the case of Tunisia, however, it has also produced constraints and rigidities. There are functions in which the CRDA lacks sufficient human resources, making it hard to fill certain public administration posts. In such cases, IFAD used to create specific budget lines, mainly under grants, to mobilize international TA. This approach was not entirely satisfactory, since competitive recruitment processes tended to be lengthy and international TA was limited to periodic sequenced missions, with little room for adaptation to changing project needs.

A more flexible approach was introduced in October 2019 with the hiring of both short-term and long-term technical assistants whose contracts are pegged to needs along the life of the project, rather than predefined at start-up. Recent supervision missions have found that intermittently having qualified assistants with ad-hoc experience in managing similar projects and being able to adapt TA mobilization mechanisms to respond quickly to project needs is a better approach to support the Tunisia PMU.

Two senior part-time consultants were recruited for Rural Development: Agropastoral Value Chains Project in the Governorate of Médenine (PRODEFIL) to support the PMU in programming and prioritizing activities. They also helped mobilize short-term consultants for specific thematic areas based on project needs.

The combination of long-term generalist technical assistants to provide support/advice for PMU coordination and ad-hoc, short-term technical assistants has proven extremely effective. The project team, busy with day-to-day operations and field activities, lacks the time to mobilize the support it needs and capitalize on its results.

It has also been noted that, whenever possible, the use of national TA is preferable to international TA, whose practitioners tend to be less familiar with the context and less accustomed to national conditions. Hiring by direct agreement with the National Centre for Agricultural Studies (CNEA) has saved valuable time in project implementation and resulted in lower costs.

This model will be replicated for the recently signed IESS project, with the objective of also encouraging and facilitating exchanges of experience between the project teams and TA providers involved. This will help take stock of lessons learned from the experience that can be scaled up more broadly in the country and subregion.

Conclusions and lessons learned

1. **The project implementation arrangement should be chosen after careful analysis of project, agency and country contexts.** (General)
2. **A thorough assessment of institutions and capacities at the different levels is a prerequisite for a successful project design.** A comprehensive institutional analysis is required as part of the design process to determine the most suitable project management and implementation arrangements. Often, not enough attention is paid to this process during the project design phase. Institutional setup options must be carefully assessed against the actual institutional capacity required for effective project management and implementation. (General)
3. **IFAD should give sufficient consideration to government capacities and create suitable incentives to keep government staff engaged throughout implementation.** In recent years, projects have become more complex, overstressing existing government capacities and systems. The ability to adapt and support PMUs in the transition is a key element for success. The lack of competitive salaries for IFAD-funded projects is not conducive to attracting and retaining the best experts at the project level. (Republic of Moldova)
4. **Performance-based incentive mechanisms improve the morale of PMU staff** and are useful for ensuring delivery on project objectives by PMUs embedded in government agencies, where the management of one or more IFAD programmes implies work over and above the standard duties of civil servants. (Tunisia)
5. **Current capacities and mechanisms should be considered for inclusion as part of the project management mechanism.** Depending on the circumstances, it may be better to use an existing suboptimal organization and build up its capacity, rather than create an entirely new management mechanism. (General)
6. **Government ownership is key to consistently good performance.** It requires leadership and the capacity to remain in place. IFAD can enhance government ownership of programmes through continuous engagement, the provision of incentives and close alignment with the existing institutional and policy framework. (Republic of Moldova)

7. **Government performance improves over time if continuous learning and adaptation are adequately supported.** Adaptive management and learning require effective oversight and feedback; they also need functioning knowledge and information systems, including M&E. (Bosnia and Herzegovina)
8. **The quality of government project management hinges on the ability to flexibly adapt, identify performance gaps and deficiencies, learn from mistakes and adequately respond to new information in a timely manner.** Such adaptive performance is driven in part by incentives embedded in the management arrangements. Dynamic aspects of government performance in projects can be seen in government follow-up of progress report findings and the active use of management information, audit recommendations and project review and supervision mission guidance. It will lead to a reduction in project delays, narrower gaps between actual and planned disbursements and the achievement of project results. (General)
9. **Integration of IFAD projects into country structures heightens ownership.** It enables national government and decentralized authorities to provide oversight, coordination and other types of support to ongoing projects and programmes. (Bosnia and Herzegovina)
10. **Assessment of project complexity has major implications for management mechanisms.** Increasingly complex or linked projects may need to consider distributed or decentralized management mechanisms, stressing coordination and communication. This should be included in the project's capacity-building plans and ideally linked to broad public sector reform programmes. (Bosnia and Herzegovina)
11. **Virtually every IFAD programme includes some degree of institutional evolution during its lifetime,** often on a path toward a different, more mature institutional structure at completion. Thus, implementation arrangements that might not be adequate at inception are commonly those that are transformed during a project's lifetime to achieve more effective performance. (General)
12. **PMU workload may increase over time, and a restructuring of implementation modalities may become necessary.** In similar circumstances, capitalizing on existing capacity is recommended, while ensuring that the team is strengthened and put in a position to deliver on the entire country portfolio. (Republic of Moldova)

13. **It is good to have PMU staff with extensive experience in IFAD projects, as long as handover mechanisms are in place** to ensure sustainability and adequate time/instruments for knowledge transfer. (Tunisia)
14. **Ministry-embedded PMUs can generate venues for lesson sharing** and overall cross-fertilization among initiatives funded by different institutions. However, they also result in **poor prioritization during peak periods**. (Morocco, Tunisia)
15. **Project management or technical staff job descriptions and contracts need to allow for swift (but fair) action in the case of poor performance**. Project performance review processes must also be properly implemented and follow-up action as a result of poor performance taken immediately. (General)
16. **A stronger IFAD presence can improve the supervision and implementation support function**. This is because close proximity allows for greater focus and faster problem identification and reaction time. IFAD's increased presence allows for closer, more proactive engagement with its counterparts, which significantly improves the overall workflow. (Egypt, Morocco)



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