

United Nations Environment Programme

Quality of Project Supervision Review 2009



Evaluation Office (EO)
Quality Assurance Section (QAS)

Quality of Project Supervision Review 2009

Summary Report

M.J. Spilsbury, J. Brann, S. Norgbey

January, 2010



Contents

Abbreviations	1
I. Key Findings, Recommendations and Lessons	2
II. Background	4
III. Review Objective and Approach	6
IV. Method.....	6
V. Quality of Supervision Ratings	11
VI. Qualitative Findings and Recommendations.....	13
A. Reporting Standards	14
1. Application of Annual Monitoring Tools.....	14
2. Minimum Reporting Standards	16
B. Supervision Processes	16
1. Financial Management Processes	17
2. Processes for Extensions, Workplan and Budget Revisions.....	18
3. Approvals for Workplan and Budget Revisions.....	18
C. Project Design for Supervision.....	19
1. Operational Risk.....	19
2. Disbursement Rate / Implementation Time Period	20
VII. Comparison of Review Results with GEF EO Studies.....	21
1. Supervision quality in relation to available resources	22
VIII. Discussion of Project Supervision issues and Implications for Review Methods.....	23
IX. Conclusions	28

Tables

Table 1: Project Supervision Review Criteria	8
Table 2: Supervision Review Structure	9
Table 3: Rating Structure for Overall Supervision Elements	9
Table 4: Supervision Review Project Sample Summary	10
Table 5: Full Supervision Ratings	12
Table 6: Actual vs Planned Disbursement Rates for UNEP GEF Projects.....	20
Table 7: Percentage of projects rated moderately satisfactory or above for project supervision	21
Table 8: Total project value, fee income and average supervision budgets per project for GEF IAs using data for projects operational in 2008.....	22
Table 9: Problems and limitations associated with the management/ supervision assessment criteria.....	24

Abbreviations

APR	Annual Performance Review (GEF Evaluation Office)
BMT	Budget Monitoring Tool
DEPI	Division of Environment Policy Implementation
DGEF	Division of GEF Coordination (of UNEP)
DTIE	Division of Technology, Industry, and Economics
EA	Executing Agency
EC	European Commission
EO	Evaluation Office (of UNEP)
FMO	Fund Management Officer
GEB	Global Environmental Benefit
GEF	Global Environment Facility
GEFEO	Global Environment Facility Evaluation Office
GEFSEC	Global Environment Facility Secretariat
GRASP	Great Apes Survival Project
HS	Highly Satisfactory (rating)
HU	Highly Unsatisfactory (rating)
IA	Implementing Agency (of the GEF)
IFAD	International Fund for Agricultural Development
IPNC	Indigenous Peoples' Network for Change
JGI	Joint Geophysical Imaging
LADA	Land Degradation Assessment in Drylands
MedRep	Mediterranean Renewable Energy Programme
MS	Moderately Satisfactory (rating)
MSP	Medium Sized Project (of the GEF, < \$1 million)
MTE	Mid-term Evaluation
MTS	Medium Term Strategy
MU	Moderately Unsatisfactory (rating)
M&E	Monitoring and evaluation
NA	Not applicable (rating)
PAS	Performance Appraisal System
PIR	Project Implementation Review
POW	Programme of Work
QAS	Quality Assurance Section (UNEP)
QPS	Quality of Project Supervision (review)
S	Satisfactory (rating)
TE	Terminal Evaluation
TM	Task Manager
TORs	Terms of Reference
U	Unsatisfactory (rating)
UA	Unable to assess (rating)
UNEP	United Nations Environment Programme

I. Key Findings, Recommendations and Lessons

Finding 1

Of the ten projects studied, seven projects were rated 'Satisfactory', and three projects rated 'Moderately Satisfactory' for the overall quality of supervision.

Finding 2

Within all projects reviewed, the individual supervision element "Emphasis given to outcome monitoring (results-based project management)" was highest rated, with an average rating of 'Satisfactory' (4.8). The supervision elements rated lowest, with an average rating of 4.3 and 4.4 respectively ('moderately Satisfactory') were the 'Quality of documentation of project supervision activities' and the 'realism and candor of project reporting / rating'. These findings indicate there is significant room for improvement in supervision of UNEP's project portfolio.

The Quality of Project Supervision review highlighted a number of opportunities for improvement. These are addressed in the following recommendations:

Recommendation 1

UNEP should develop clear minimum standards for reporting and monitoring for all projects. Minimum standards should be clearly articulated in the Programme Manual.

Recommendation 2

Clear guidelines and standard roles and responsibilities should be provided to Project Supervisors/ Managers. When the review was initiated there was no document that specifically outlined expectations for project supervision / management UNEP-wide. Correspondingly, there was no standard (see recommendation 1) against which performance could be measured. Such standards and guidelines underpin effective results-oriented project management and would usefully inform staff work planning and performance assessment. The draft programme manual contains guidelines for project supervision; minimum standards have yet to be defined and agreed.

Recommendation 3

The specific roles and responsibilities of individuals vis-à-vis project supervision/management should be specified in the individual workplans that form part of UNEP's Performance Appraisal System.

Recommendation 4

Procedures need to be put in place to ensure consistency and completeness of progress monitoring approaches - Project Implementation Reports in DGEF and 6 monthly Progress Reports for non-GEF projects. These should be considered a primary tool for project and portfolio monitoring and tracking of supervision issues.

Recommendation 5

Progress reporting should be made as flexible and easy to complete as possible. This includes providing easily understood guidance for completion of GEF Project Implementation Reviews (PIR)/and UNEP 6 monthly progress reports. There should also be a requirement that a ready-to-use draft PIR / progress reporting form **be included within the final project document at approval**, with project data and objectives, outcomes, activities, indicators, milestones and mid-point targets already filled in based on

the initial project workplan and logframe. This will assist in consistency of reporting especially where execution takes place among UNEP divisions and with collaborating partners.

Recommendation 6

Key supervision procedures should be clearly documented, and tools such as step-by-step checklists provided to Task / Project Managers and FMOs to assist in supervision duties. Key supervision procedures include the processing of project extensions, work plan revisions and budget revisions should all be made available in the UNEP Programme Manual.

Recommendation 7

For maximum effect on organizational behaviour, it should become standard practice that project supervision performance assessments are fully disclosed within UNEP.

Recommendation 8

A rigorous review of a sample of projects (5-10% of the project portfolio) should henceforth be conducted on an annual basis as a normal part of the monitoring and evaluation of the implementation of UNEP's Programme of Work. Further QPS reviews should be conducted to establish the effectiveness of these new processes and requirements.

Lesson 1

Operational risks present more frequent challenges to implementation than technical risks. To improve project performance and reduce supervision challenges, it would be beneficial for projects to undergo a specific review and assessment of potential operational risks at the project approval stage.

Lesson 2

Considering the experience of the projects in this review, implementation timeframes should be critically assessed as part of a review of potential operational risk prior to approval based on the planned rate of disbursement, and adjustments made to project design when necessary.

Lesson 3

Based on the disparate experiences of UNEP's GEF and non-GEF projects, it appears that more direct and frequent communication with donor agencies may facilitate adaptive management by reducing real or perceived barriers to project revisions. In situations where revisions may be limited by donor-restrictions, communication should be initiated to ensure that Task / Project Managers are free to continue guiding the project toward its objectives in the most effective manner possible, and with the least bureaucracy.

Lesson 4

Considering the relatively low rating across projects for the supervision of financial management, UNEP needs to provide better real-time financial management information for use by project / programme managers. Projects with complex implementation arrangements involving multiple partners often develop their own financial management systems because official 'in-house' tools are lacking. The GRASP project developed Budget Monitoring Tool, the utility of which could be explored by other UNEP projects.

II. Background

1. The approach adopted by UNEP for implementation of the Programme of Work (POW) 2010-2011 sees a vastly increased emphasis in the use of projects as the delivery modality for the achievement of the POW / Medium Term Strategy (MTS) Expected Accomplishments (EAs). Previous studies have shown that projects receiving good supervision are twice as likely to achieve the desired project outcomes and results as compared to projects receiving less satisfactory supervision. Therefore, a greater focus on quality of supervision by UNEP staff, reinforced by regular assessments of such supervision, will help to ensure that project supervision is of high quality and, as a result, that a large proportion of UNEP projects will achieve their intended outcomes.
2. In 2006 the Global Environment Facility (GEF) Evaluation Office (GEFEO) initiated a review process whereby projects were assessed on the quality of the project supervision provided by the responsible implementing agency (World Bank, UNDP or UNEP). The results from the review indicated a variance in the quality of supervision of GEF funded projects among and within the implementing agencies, and identified a need for UNEP to improve its performance in this regard. Based on those findings, steps were taken by UNEP, and the other agencies, to improve GEF project supervision, with the ultimate goal of increasing the percentage of GEF funded projects achieving their objectives. Two years later the GEFEO conducted a second project supervision study, and a simultaneous parallel review (this study), utilizing the same assessment method, was conducted by UNEP's Evaluation Office in collaboration with the Quality Assurance Section (QAS). Review of project supervision documentation was undertaken by an independent consultant and the findings for each project were scrutinized by a review panel consisting of representatives from the EO and QAS.

What is project supervision?

3. According to the World Bank², project supervision covers monitoring, evaluative review, reporting, and technical assistance activities to:
 - (a) ascertain whether the borrower is carrying out the project with due diligence to achieve its development objectives in conformity with the legal agreements;
 - (b) identify problems promptly as they arise during implementation and recommend to the borrower ways to resolve them;
 - (c) recommend changes in project concept or design, as appropriate, as the project evolves or circumstances change;
 - (d) identify the key risks to project sustainability and recommend appropriate risk management strategies and actions to the borrower; and
 - (e) prepare the Bank's Implementation Completion Report to account for the use of Bank resources, and to draw lessons to improve the design of future projects, sector and country strategies, and policies
4. In response to these requirements the World Bank's Quality Assurance Group sets out the following as elements of good supervision practice (World Bank 2001).³

1. World Bank Quality Assurance Group - Studies on Quality of Project Supervision. <http://siteresources.worldbank.org/INTQAGNEW/Resources/QSA7SynthesisReportJune-07.pdf>
2. <http://siteresources.worldbank.org/OPSMANUAL/Resources/13.05.OPProjectvision.pdf> and <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:21285050~menuPK:51508119~pagePK:64141683~piPK:4688102~theSitePK:502184,00.htm>
3. World Bank (2003) Quality of Supervision FY01/02 (QSA5) A QAG Assessment. <http://siteresources.worldbank.org/QAG5FY01-02Report.pdf>

- Annual supervision strategies are agreed between task teams and managers. These strategies set clear priorities, define expected results, and form the basis for supervision resource allocation.
 - During supervision, the program manager identifies problems quickly, reports them candidly, and weighs possible solutions with an eye to the project's development objectives.
 - Emerging problems are addressed proactively, incorporating global best practices adapted to country circumstances.
 - Project design is modified, where necessary, to reflect the changing environment and lessons of experience in close consultation with key stakeholders.
 - Financial and safeguard aspects are monitored closely to ensure compliance with agreed standards, and specialized staff or consultants are used when technical issues demand expert attention.
 - Project-level efforts are reinforced, where necessary, by integrating systemic implementation issues into the overall country dialogue through broader exercises such as country portfolio reviews.
 - Managers provide or ensure guidance and decision making and essential mentoring and coaching to staff, especially for new or less experienced staff and during task team transitions.
5. IFAD define supervision as 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”. 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.⁴ Allied with supervision, IFAD uses the concept of ‘implementation support’, that 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.”
6. In operationalizing the concepts of supervision and implementation IFAD espouses the following main guiding principles:
- recognition of loan and grant recipients, who are owners and implementers of development programmes, as key partners with shared accountability for outcomes;
 - primary role of IFAD to assist and facilitate project/programme implementation;
 - 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;
 - 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;
 - encouragement of innovation during project implementation;
 - ongoing learning and sharing of knowledge with all stakeholders; and
 - adherence to effective management systems, quality standards and accurate reporting, guided by good practices and policies to improve management effectiveness, and monitoring and evaluation.

4. IFAD (2007). Guidelines: Supervision and implementation support of projects and programmes funded from IFAD loans and grants. IFAD Programme Management Department. <http://www.ifad.org/operations/projects/supervision/guidelines.pdf>

7. In this context, the quality of supervision and implementation support, in both the World Bank and IFAD, is assessed along four dimensions:
 - a) focus on achieving impact and development outcomes and objectives;
 - b) efficiency of loan administration and supervision of financial management;
 - c) adequacy of supervision and implementation support inputs and processes; and
 - d) quality and realism of reporting.

III. Review Objective and Approach

8. The objective of the UNEP QPS review was to assess the quality and rigour of the project supervision work that forms a key part of the oversight role of DGEF with respect to GEF projects, and to better understand the supervision and management (implementation support) roles that are involved in the successful implementation of non-GEF UNEP projects. The review was used to triangulate and supplement data and findings gathered through the parallel GEFEO study, to provide insights to improve both UNEP project supervision and the review methods themselves. To aid comparisons with the GEFEO supervision review, UNEP's Evaluation Office selected GEF projects from among the sample used by GEFEO and included two additional non-GEF funded UNEP projects.
9. For the purposes of the review, project supervision was defined as "*identification, tracking and response to risks and other issues affecting project implementation and achievement of project objectives*". This is broadly consistent with the definition subsequently adopted in the forthcoming UNEP Programme Manual which states: "*Project supervision is understood as all activities undertaken by UNEP staff to secure effective and efficient delivery of the project outputs and achievement of project outcome*". It is important to note that assessment of project supervision does not assess the performance of projects per se, but focuses on the work done in the supervision / management of project implementation. It is possible (though less likely) that a poorly performing project may, nevertheless, be receiving exemplary supervision. Similarly, a project performing well may, sometimes, be doing so despite poor supervisory / management inputs.

IV. Method

10. The QPS Review was jointly managed by the Evaluation Office and the Quality Assurance Section of UNEP. A panel comprising; one member of the Quality Assurance Section, two staff from the Evaluation Office and a senior UNEP staff member with extensive project supervision experience, in an *ex officio*, was constituted.⁵ A consultant with expertise and experience in project supervision and management was contracted by the EO to review the documentation needed to assess project supervision. Formal review sheets for each project were completed by the consultant and used by the panel (along with all the supporting documents) to conduct the Quality of Project Supervision Review. The review process included the following steps:
 - i) Agreement on the review timeline (QAS/EO, DGEF)
 - ii) Establishment of the panel (QAS/EO)
 - iii) Selection and recruitment of consultant(s) (EO)

5. The EO and QAS Panel members were responsible for the final project supervision ratings

- iv) Identification of eligible projects (EO)
 - v) Selection of sample of projects (Panel)
 - vi) Collation of information (Project / Task managers)
 - vii) Review of documentation (Consultant)
 - Follow-up by email and/or phone with Task/Project Managers and Fund Management Officers (FMOs) on review points requiring clarification or additional information
 - Response from Task/Project Managers and FMOs regarding follow-up inquiries
 - Individual project QPS reviews finalized and transmitted to UNEP
 - viii) Initial assessment of documentation review and identification of follow up questions (Panel)
 - ix) Panel Interviews with Task/Project Managers (Panel)
 - x) Preparation of draft report with findings (Panel)
 - xi) Circulation of draft panel report to concerned parties (Panel)
 - xii) Written comments provided by Task / Project Managers and FMOs
 - xiii) Consideration of comments and consultations (Panel)
 - xiv) Final report on project supervision review (Panel)
 - xv) Management response (DGEF/Task managers)
11. The project sample initially consisted of eight GEF-funded UNEP projects, and four non-GEF funded UNEP projects or programs. Non-GEF funded projects were included for comparison, and the potential cross-sharing of lessons and best practices between the GEF-funded and non-GEF funded portions of UNEP's portfolio. The sample of GEF-funded projects was drawn from the sample simultaneously under review by the GEFEO to allow triangulation of findings. Two of the non-GEF funded projects were not able to provide sufficient supervision documentation for a QPS review.
12. The amount and quality of supervision documentation for each project varied widely based on factors specific to each project. The period under review was July 2006 through June 2008, and the QPS review findings are based on evidence drawn from this period. However, information and documentation from before and after this window were also considered, to reveal the context in which supervision activities took place, and to provide a more complete picture of project supervision activities.
13. Key supervision documentation included: Correspondence between Task/Project Manager, the FMO and the executing agency (EA), and other relevant parties; Terminal and Mid-term evaluations (when available); GEF Project Implementation Reviews or monitoring reports; Mission reports; Management memos or other internal memos; Project steering committee documents, such as agendas and minutes (when applicable); Project implementation progress reports; Project financial documents, such as cash advance requests and budget documents; Project workplans; Project outputs, such as publications or awareness materials; and Management documents such as revisions and extensions.⁶
14. The supervision assessments focused on five key areas:
- Adequacy of project supervision plans, inputs and processes
 - Emphasis given to outcome monitoring (results-based project management)
 - Realism/candor of project reporting and rating
 - Quality of documentation of project supervision activities
 - Adequacy of financial, administrative and other fiduciary aspects of project implementation supervision

6. The current format used in mission reports does not include a field for a date that the mission report was completed, which reduces the usefulness of the report. This should be remedied as soon as possible

Table 1: Project Supervision Review Criteria

1	Supervision Focus on Results
1.1	Identification and Assessment of Problems <ul style="list-style-type: none">a) Timely identification and assessment of implementation problems?b) Timely identification and assessment of possible threats to GEB/or overall project objective?
1.2	Focus on Sustainability (extent to which supervision paid attention to this aspect) <ul style="list-style-type: none">a) Stakeholder ownershipb) Technical assistance, training and capacity buildingc) Financial sustainability
1.3	Actions Taken and Follow-Up <ul style="list-style-type: none">a) Appropriateness of advice and proposed solutionsb) Appropriateness and speed of follow-up actionc) Impact and effectiveness of actionsd) Quality and timeliness of Mid-Term Evaluation (if any)?e) Quality and timeliness of follow up plan (if any)?
1.4	Performance Monitoring <ul style="list-style-type: none">a) Extent to which the Task Manager (TM) made use of the overall objective and outcome indicators to assess the project's implementation, as reported in the PIR?b) Extent to which the indicators (quantitative & qualitative) have been used to identify & address potential obstacles to the achievement of the objectives or GEB (attention to long-term objective)?
2	Supervision of Fiduciary / Due Diligence Aspects
2.1	Procurement
2.2	Financial Management
2.3	Legal Aspects e.g., Legal compliance; clarity/timeliness of advice
3	Adequacy of Supervision Inputs and Processes
3.1	Staffing <ul style="list-style-type: none">a) Staff continuity
3.2	Supervision Activities <ul style="list-style-type: none">a) Quality of mission preparation and effectiveness of time spent in the fieldb) Quality of preparation of steering committee meetingsc) Quality of technical input
3.3	Quality of Supervision Documentation
3.4	Effectiveness of Relationships <ul style="list-style-type: none">a) With the executing partnerb) With other IA for jointly implemented projectsc) With co-financing organizations and other stakeholders
3.5	Management Inputs <ul style="list-style-type: none">a) Adequacy and speed of management attention and actionsb) Adequacy of supervision budget (as indicated in the costed project supervision plan)c) Effectiveness of budget use
4	Candor and Quality of Project Performance Reporting
4.1	Extent to which ratings reflect actual conditions?
4.2	Adequate explanation of ratings, and of any change in ratings?
4.3	Accuracy of ratings of project components and risk assessment?
4.5	Quality and timeliness of data (including intermediate outcome indicators) to support the key performance indicators?

15. Each of the supervision review criteria were assessed in relation to the specific implementation context of the project. The project context was established through consideration of; the quality of the project design, the quality of the logical framework and M&E plan, the readiness for implementation at project approval (institutional arrangements, personnel TORs, logistics, procurement, quality of workplan), and the overall project implementation performance prior to and during the supervision review period (July 2006 to the end of 2008).
16. The six aspects considered to determine the project “context” are not incorporated in the supervision ratings, but provide the background against which the project was implemented and supervision activities carried out.

Within each supervision aspect are a number of criteria for assessment (See Table 1)

17. The supervision portion of the review is broken down into ratings on 30 separate aspects of supervision, divided in four sections, as shown in Table 2 below.

Table 2: Supervision Review Structure

Review structure	Number of rated criteria
Section A. Context (not included in final rating)	6
Section 1: Focus on Results	12
Section 2: Supervision of Fiduciary / Due Diligence Aspects	3
Section 3: Adequacy of Supervision Inputs and Processes	11
Section 4: Candor and Quality of Project Performance Reporting	4

18. Based on a qualitative assessment by the consultant, subsequently reviewed and verified / amended by the panel, these 30 ratings were ‘rolled up’ into five ratings on overall supervision aspects (as shown in Table 3), and then finally to a single overall supervision rating.

Table 3: Rating Structure for Overall Supervision Elements

Ratings roll-up: Overall supervision ratings	Rolled-up from review template
1. Adequacy of project supervision plans, inputs and processes	Sections 1 and 3
2. Emphasis given to outcome monitoring (results-based management)	Sections 1 and 3
3. Realism / candor of project reporting and rating	Section 4
4. Quality of documentation of project supervision activities	Item 3.3 in Section 3
5. Adequacy of financial, administrative and other fiduciary aspects of project implementation supervision	Section 2
Overall supervision rating	Elements 1 – 5

19. The review sheets, prepared by the independent consultant, were used by the panel to inform interviews with the individual Task / Project managers. Following the interviews, the supervision ratings for each project were agreed by the Panel.

20. The QPS review method 'rolls-up' ratings on multiple supervision elements into a single composite quality of supervision rating on a six-point scale.⁷ The ratings are defined below:
- Highly Satisfactory (6): The project supervision had no shortcomings
 - Satisfactory (5): The project supervision had minor shortcomings
 - Moderately Satisfactory (4): The project supervision had moderate shortcomings
 - Moderately Unsatisfactory (3): The project supervision had significant shortcomings
 - Unsatisfactory (2): The project supervision had major shortcomings
 - Highly Unsatisfactory (1): The project supervision had severe shortcomings
 - Unable to Assess (no numerical value): Unable to assess outcomes on this dimension
 - Not Applicable (no numerical value): A rating is not relevant
21. The projects included in the QPS Review are shown in Table 4. The review was based solely on the supervision documentation provided by the project supervision teams,⁸ which did not include every single document relevant to project supervision activities. For the purposes of the review, it was assumed that the documentation provided constituted the majority of relevant documentation, and that any documentation not included would not provide significant additional information that would alter the conclusions drawn. Whilst this assumption generally held true, the panel process did reveal instances where key information had either not been considered by the consultant or provided for the initial analysis, and the panel amended the project supervision review ratings accordingly.

Table 4: Supervision Review Project Sample Summary

GEF ID	Title	Region (# of countries)	Documents (Approx. pages)	GEF/ Financing (\$ millions)	Total Financing (\$ millions)	Planned Duration (Month)	Actual Duration (Month)	Planned Dis- bursement (\$ millions/ year)	Actual Current Disbursement (\$ millions/ year)	Overall Supervision Rating
885	Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand	Asia (7)	54 (600+)	\$16.4	\$34.1 (\$36.2 actual)	63	84	\$6.5	\$5.2	MS
1025	In Situ/On Farm Conservation and Use of Agricultural Biodiversity (Horticultural Crops and Wild Fruit Species) in Central Asia	Eastern Europe and Central Asia (5)	59 (470+)	\$5.7	\$12.6	60	60 (project just past mid-point)	\$2.5	Approx. \$1.8 at mid-term (approx 37% of total disbursed at mid-term)	S
1258	Enhancing Conservation of the Critical Network of Sites of Wetlands Required by Migratory Waterbirds on the African/Eurasian Flyways	Regional (12)	36 (800+)	\$6.0	\$12.2	60	43 (shortfall in co-financing)	\$2.4	\$1.7 (co-financing not forthcoming)	S
1329	Land Degradation Assessment in Drylands (LADA)	Global (6)	126 (UA)	\$7.0	\$15.0	48	54	\$3.8	\$3.3	S

-
- The rating system is the same used for other UNEP evaluation procedures, such a terminal evaluations
 - The review uses the term "supervision team" to refer to the relevant Task or Project Manager and FMO for each project, and not the relevant UNEP division as a whole

GEF ID	Title	Region (# of countries)	Documents (Approx. pages)	GEF/ Financing (\$ millions)	Total Financing (\$ millions)	Planned Duration (Month)	Actual Duration (Month)	Planned Dis- bursement (\$ millions/ year)	Actual Current Disbursement (\$ millions/ year)	Overall Supervision Rating
1591	Regional Program of Action and Demonstration of Sustainable Alternatives to DDT for Malaria Vector Control in Mexico and Central America	Latin America (8)	61 (1900+)	\$7.5	\$13.9	36	66	\$4.6	\$2.5	S
1666	Development and Implementation of a Sustainable Resource Management Plan for Marsabit Mountain and its associated Watersheds	Africa (1)	24 (1500+)	\$0.9	\$2.5	36	54	\$0.8	\$0.6	MS
1780	Joint Geophysical Imaging (JGI) Methodology for Geothermal Reservoir Assessment	Africa (1)	35 (410+)	\$1.0	\$2.7	37	67	\$0.9	\$0.5	S
1842	Indigenous Peoples' Network for Change (IPNC)	Global (10)	166 (1080+)	\$0.9	\$1.4	36	39	\$0.5	\$0.4	MS
NA	Financing for Renewable Energy in the Mediterranean (MedREP) (DTIE)	Africa (4)	57 (250+)	NA	NA	NA	NA	NA	NA	S
NA	Great Ape Survival Project (GRASP) (DEPI)	Africa (4 primary, 23 total)	77 (350+)	\$2.4 (€)	\$3.0 (€)	48	UA	\$0.8	UA	S
NA	UNEP DR Congo Programme (DEPI)	Africa (1)	No documentation received							UA
NA	Poverty and Environment Initiative	Global (11)	No documentation received							UA

V. Quality of Supervision Ratings

22. Overall, seven projects (70%) achieved a 'Satisfactory' supervision rating (Table 5). The remaining, three projects were rated 'Moderately Satisfactory'. There were no projects in the unsatisfactory range (MU – HU). These results should, however, be interpreted with caution. The non-GEF funded UNEP projects were chosen because of the availability of good supervision / monitoring data and, in this regard, they are perhaps not generally representative of the UNEP project portfolio. The absence of good supervisory documentation for the other two selected non-GEF UNEP projects, and evidence and findings from completed project terminal evaluations, suggest that formal project management / supervision documentation is rather weak for many non-GEF UNEP projects.
23. Within all projects reviewed, the individual supervision element "*Emphasis given to outcome monitoring (results-based project management)*" was highest rated, with an average rating of 'Satisfactory'(4.8). Two supervision elements,'*Quality of documentation of project supervision activities*'

and '*Realism / candor of project reporting and rating*' were the lowest rated, with an average rating of 'Moderately Satisfactory' (4.3 and 4.4 respectively). The findings mainly reflect the supervision of GEF-funded projects and whilst there is still room for improvement, the supervision performance has significantly improved since the first supervision review conducted by GEFEO in 2006.

24. The review highlighted that project supervision / management requirements and expectations for non-GEF funded projects are not clearly defined. However, the new monitoring approach to be applied in the implementation of the 2010-2011 POW, as described in the Programme Manual, potentially addresses many of the current supervision weaknesses. The review of supervision documentation also highlighted that the DGEF Project Implementation Reports (PIRs) that monitor progress, performance and risks, whilst providing much useful information, are completed in an inconsistent manner from one project to the next.
25. The review findings suggest that operational problems present more frequent challenges to project implementation than those of a technical nature. To improve project performance and reduce supervision challenges, it would be beneficial for project designs to present a specific review and assessment of potential operational risks, these risks should be formally re-visited and re-assessed at the project inception stage.
26. The supervision of project finances is another area that often presents difficulties and the relatively low rating (MS) reflects this. Supervision efforts should place greater emphasis on budget monitoring. This is particularly true for projects with complex implementation arrangements involving multiple partners. A contributing factor appears to be the lack of accurate real-time project expenditure information. This is a constraint felt by many UNEP project managers / supervisors. The provision of centralized systems that supply accurate and reliable real-time expenditure and budget information is an issue of the highest priority for UNEP if the transition to a results-oriented project modality in the POW 2010-11 and beyond is to be managed effectively and efficiently.

Table 5 provides a breakdown of ratings by the five elements listed in Table .

Table 5: Full Supervision Ratings

GEF ID	Project Title	1. Adequacy of project supervision plans, inputs and processes	2. Emphasis given to outcome monitoring (results-based project management)	3. Realism / candor of project reporting and rating	4. Quality of documentation of project supervision activities	5. Adequacy of financial, administrative and other fiduciary aspects	Overall Supervision Rating
885	Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand	MU	S	MS	MU	S	Moderately Satisfactory
1025	In Situ/On Farm Conservation and Use of Agricultural Biodiversity (Horticultural Crops and Wild Fruit Species) in Central Asia	S	S	S	S	S	Satisfactory
1258	Enhancing Conservation of the Critical Network of Sites of Wetlands Required by Migratory Waterbirds on the African/Eurasian Flyways	S	S	S	MS	S	Satisfactory

GEF ID	Project Title	1. Adequacy of project supervision plans, inputs and processes	2. Emphasis given to outcome monitoring (results-based project management)	3. Realism / candor of project reporting and rating	4. Quality of documentation of project supervision activities	5. Adequacy of financial, administrative and other fiduciary aspects	Overall Supervision Rating
1329	Land Degradation Assessment in Drylands (LADA)	S	S	S	MS	MS	Satisfactory
1591	Regional Program of Action and Demonstration of Sustainable Alternatives to DDT for Malaria Vector Control in Mexico and Central America	S	S	MS	S	S	Satisfactory
1666	Development and Implementation of a Sustainable Resource Management Plan for Marsabit Mountain and its associated Watersheds	MS	S	MS	MS	S	Moderately Satisfactory
1780	Joint Geophysical Imaging (JGI) Methodology for Geothermal Reservoir Assessment	S	S	S	S	S	Satisfactory
1842	Indigenous Peoples' Network for Change (IPNC)	MS	MS	MS	S	S	Moderately Satisfactory
NA	Financing for Renewable Energy in the Mediterranean (MedREP) (DTIE)	S	S	S	MS	S	Satisfactory
NA	Great Ape Survival Project (GRASP) (DEPI) Average Rating by Supervision Element (Numerical Average)	S 4.6 (S)	S 4.8 (S)	MS 4.4 (MS)	MS 4.3 (MS)	S 4.7 (S)	Satisfactory

VI. Qualitative Findings and Recommendations

27. The above ratings provide an overall snapshot of supervision quality for the sample of projects selected. Perhaps more relevant and useful for future improvement in the quality of supervision across the full portfolio are the qualitative findings, and corresponding recommendations, that emerged from the review process. Although the projects in the sample varied by size, duration, region, implementation arrangements, thematic focus, and stage of completion, some common themes were found throughout.

A. Reporting Standards

1. Application of Annual Monitoring Tools

28. All GEF funded projects that have been under implementation for more than a year by the end of the GEF fiscal year (June 30) are required to submit an annual Project Implementation Review (PIR). PIRs are the key annual implementation progress tracking tool for the full GEF portfolio (and thus for the individual portfolios of each of the implementing agencies and or for each area of thematic focus). The PIR reporting template has been developed over many years, and is now well accepted as a monitoring requirement for GEF funded projects. The PIR is structured to provide valuable information and feedback to project Executing Agencies (EAs), Implementing Agencies (IAs), and the GEF.⁹
29. Given the above status of the PIR, it has significant potential to be a strategic tool for project supervision activities, and broader portfolio management. While recognizing that project supervision is an ongoing, interactive, and participatory process between staff responsible for supervision, project Executing Agencies (EAs) and other partners, the PIR provides an annual milestone for the supervision team and the EA to take stock of project progress and risks, and identify opportunities for helpful supervision activities. According to one TM, "In addition to monitoring project progress through half-yearly reports and quarterly financial reports, the annual Project Implementation Review has been instrumental as a tool for appropriate adaptive management." However, the PIR is most useful when applied in a clear, consistent, and complete manner. A modified PIR approach could be used to help monitor the large number non-GEF UNEP projects that will form part of the 2010-2011 Programme of Work.
30. Currently, PIRs are used differently and incompletely, which greatly reduces their utility and risks turning them into just one more time-consuming reporting requirement for executing agencies (EA) / partners. There are several contributing factors. Each year PIRs are completed by the EA, with follow-up input from the DGEF Task Manager. While TMs are likely very familiar with the PIR format, many EAs may never have seen the PIR template prior to the first request to complete it. Currently TMs disseminate the template and the UNEP PIR guidelines when directing EAs to complete the PIR. The current guidelines were not reviewed as part of this assessment however, based on this review, it appears that the rigour with which they are applied varies across TMs.
31. Ratings are assessed in PIRs inconsistently among projects. Within projects, sections of the PIR are sometimes left incomplete or are only slightly edited from the previous year. The PIR uses the same six-point rating system used throughout the GEF network, but the current PIR template does not include a definition of ratings or how they should be applied,¹⁰ leaving EAs and TMs to assess ratings as they see fit. For example, PIRs completed under project # 885 has HS ratings for almost every project activity completed. In PIRs from other projects in the sample, HS ratings are rare and usually reserved for situations where results have exceeded expectations. In another example, the 2007 and 2008 PIRs for project #1329 only provide ratings for top level objectives or outputs, and not for each individual item under the respective objective or output, in contrast to the PIRs for most other projects in this review.
32. An overall composite rating is required at the end of each of the three major PIR ratings sections, drawn from the items within the respective section. There is no consistently applied method to derive this composite rating. According to one TM, "I apply a weighted rating, where minor tasks

9. It is assumed that the audience of this discussion is already intimately familiar with the structure of the PIR as a monitoring and reporting tool. Those not familiar with the PIR would be greatly aided in this discussion by a full description of each element of the PIR template

10. UNEP uses the PIR guidelines and rating scale specified by the GEF Secretariat

or deliverables are weighted less in their performance than large tasks. I also look at the trend of improvements where hard work although little actual progress to date is rated a bit more positive than others. However bad performance against expectations was always rated low." This is a reasonable approach, but it does not appear that it is applied consistently by all UNEP TMs, nor is this approach explicit in the PIR form.

33. There are no consistent procedures for rating project components that have been canceled or not yet started. For example, according to the 2008 PIR for project #1025, activity 28 is "Scheduled for 2009 – 2010" but is rated "S." In the 2007 PIR for project #1258, activities not yet started are given a "N/A" rating. In the 2008 PIR for project #1258, activity 4.3.1 is described as being dropped from the project due to shortage of co-financing, and is given an "MU" rating. In the 2008 PIR for project #885, it is stated for Output 6 "Evaluation of a blast fishing detection device" that "The Regional Scientific and Technical Committee did not support the revised proposal. Budget was reallocated to other project activities" but the output is rated "S."
34. It should be made clear for PIR ratings whether ratings are based on: a.) progress thus far toward end goal; b.) likelihood at current point of achieving end goal; or c.) quality of implementation thus far. A distinction should also be made between ratings based on timeliness of implementation versus quality of implementation. For example, a training program can be produced and conducted very quickly, but without achieving the anticipated outcomes. The ability to rate implementation therefore has to do with the quality of indicators, and whether they are at the output, outcome or impact level. If progress toward implementation is going to be rated, then there should be clearly agreed upon milestones set in the project document or in the early stages of the project. The current PIR form includes a space for mid-point target, but this is rarely completed. This is particularly important because not all projects (and project sub-components or activities) are intended to progress in a linear fashion toward their end-point.
35. A key area for supervision purposes are the sections at the end of each ratings section, where the PIR provides an opportunity to describe an action plan to address issues rated as less than satisfactory. This section is sometimes left blank or completed in a cursory manner, such as the 2007 PIR for project #1666 and the 2007 PIR for project #1329. There does not currently appear to be a similar mechanism to capture this information for non-GEF projects. For non-GEF projects it may be useful to incorporate tracking of supervision action effectiveness in reporting requirements.
36. There are multiple other examples where PIRs are inconsistently and incompletely utilized. A more in-depth review could highlight the various points in the PIR template that require clear guidance to ensure completion in a consistent manner, to maximize the utility of the PIR as a monitoring and reporting tool and improve project supervision. EAs are less likely to complete the reporting form if they don't understand it. For example, the item "Social, cultural and economic factors" in the PIR risk assessment section is not specific, and is open to broad interpretation.
37. The current challenges with the PIR process may partially stem from a lack of user-friendliness of the PIR template. The PIR template is a basic word document, without any dynamic elements to assist those completing the form. The PIR requires filling in open-ended qualitative data, ratings or check boxes for dozens if not hundreds of individual data points. A dynamic PIR format could indicate exactly where data is required, and in what form. As a very basic example, a ratings drop down menu could be used at each point in the form requiring a rating. The person completing the form could be prompted to provide a rating based on their indication of whether an activity has begun implementation or not. A dynamic form could partially 'autofill' and prompt users to complete the "action plan" section of the PIR to address aspects that are rated 'moderately satisfactory or below'. Furthermore, if such a tool were remotely accessible, it would facilitate collaboration by the EA and TM. In addition, a dynamic, remotely accessible tool could provide easy access to previous years' PIR data, be password protected, and increase efficiency of portfolio wide analysis.

38. Another way to increase the ease-of-use and utility of the PIR would be to require that a ready-to-use draft PIR form be included with the final project document at approval, with project data and objectives, outcomes, activities, indicators and mid-point targets already filled in based on the initial project workplan and logframe.

Recommendation 1

39. Clear guidelines on all aspects of project monitoring and supervision processes (including PIRs) should be developed and disseminated. Guidelines on procedures for ratings in particular are needed.

Recommendation 2

40. PIRs and other monitoring tools should be made as flexible and easy to complete as possible to increase their utility and uptake. This includes providing easily understood guidance to partners. There could also be a requirement that a ready-to-use draft PIR or progress reporting form be included with the final project document at approval, with project data and objectives, outcomes, activities, indicators milestones and mid-point targets already filled in based on the initial project workplan and logframe.

2. Minimum Reporting Standards

41. Projects in UNEP's GEF portfolio are subject to a more structured and consistent reporting process than are non-GEF UNEP projects. At the time the review was completed, UNEP minimum standard reporting requirements were not applied consistently across UNEP's portfolio. For example, the annual progress report format and information required for the GRASP and MedREP projects are completely different. This may be due to the fact that non-GEF projects are supported through various donor agencies, all of which have their own specific reporting requirements. UNEP needs to define its own minimum standards for regular project progress and financial reporting for the 2010-11 POW as a matter of high priority.
42. GEF projects are targeted toward the primary goal of environmental impacts (Global Environmental Benefit) (see GEF-4 strategic program goals). Non-GEF projects, such as the Poverty-Environment Initiative, have broader objectives. Does this make GEF and non-GEF projects apples and oranges? UNEP's non-GEF projects are also obviously ultimately working towards environmental impacts, but causal linkage to these impacts is often quite indirect and these projects often focus on achieving outcome level results, such as increased awareness or capacity. A key question is how to find the right balance for M&E requirements among projects with very different intervention approaches and strategic foci. This is an important supervision issue in terms of results-based management and reporting.

Recommendation 3

43. UNEP should develop minimum standards for reporting and monitoring for all projects. This would include the standardization of reporting to decrease reporting burdens and increase efficiency in procedures.

B. Supervision Processes

44. The review highlighted that there is no clear definition of what a supervision teams' roles and responsibilities are when providing project supervision and back-stopping. There appears to be a general understanding of what supervision entails in GEF projects, but there is no single clear Terms of Reference (TORs) or guidance document for project supervision. The TORs for Task Managers may provide some guidance in this regard, but on the whole DGEF TM's responsibilities are larger than just project supervision. A UNEP working document on "Guidance for Project Supervision" has

been developed, but is incomplete and still in draft form. For non-GEF UNEP projects this situation differs, there is often no clear separation between project ‘supervision’ (oversight) and ‘management’ with some individuals e.g. for the GRASP project, supervising work done by partner agencies whilst directly managing other aspects of the work of the project. Whilst this review is not advocating a strict separation of such roles, it does recommend that such ‘implementation support’ roles be clearly articulated and the associated responsibilities be specified in individual workplans that form part of UNEP’s PAS system.

45. Supervision/management requirements will vary by project, but there is currently insufficient guidance on baseline supervision and management standards. For example, it is expected that TMs will provide technical input to projects, but many projects involve technical experts in the particular field relevant to the project, which leaves TMs’ role in this regard unclear. As described by one TM, “The Task manager looks at the reports and gives technical inputs where required. The CTA (Chief Technical Advisor) has been circulating technical documents to the Steering committee for comments, and the UNEP Task Manager has been making such comments where necessary. The Task Manager’s input differs from project to project. This project has a high level of professionals [sic] who know what they are doing.”
46. Another important issue relates to supervision missions. There is no set standard for the frequency of supervision missions, nor should there be, as each project’s needs and the resources available for supervision varies. At the same time, there should be some guidelines governing supervision visits, or expectations set at the beginning of the project, based on the supervision budget. Project #1025 received a satisfactory supervision rating with approximately one supervision mission per year, while, according to the TM, project #1842 would have benefited from additional supervision missions to the participating countries. This is a further useful point in comparison to other organisations: World Bank projects often receive multiple supervision visits per year, and UNDP’s regional and country offices also facilitate more regular direct supervision contact. The ‘supervision team’ can be quite large in number whereas in UNEP GEF Projects Task Managers / FMOs will be performing project supervision for several projects at the same time. A non-GEF UNEP project manager may, however, be responsible for a single project / programme.

Recommendation 4

47. The forthcoming UNEP Programme Manual should explicitly define the roles and responsibilities for project management and supervision for all UNEP projects.

1. Financial Management Processes

48. The fifth supervision element, “Adequacy of financial, administrative and other fiduciary aspects of project implementation supervision,” was among the lowest rated of the supervision elements. This supervision element contains three individual ratings – the first on procurement, the second on financial management, and the third on legal issues. As mentioned previously, a more in-depth analysis of this element of supervision would provide context to this rating, but it can be said that few, if any, projects had significant issues with either procurement or legal issues.
49. The majority of issues faced by projects were in the area of financial management. The GRASP project provides an excellent example. The project is among the first UNEP projects to receive funding through the European Commission (EC), and this presented multiple challenges, including the fact that the EC operates with the Euro currency, while the UN operates with the dollar currency. Financial management was further complicated by the complex project structure involving multiple partner organizations.

50. To resolve these issues, the project developed a Microsoft Access-based Budget Monitoring Tool (BMT). As noted by the TM, this tool allows the project to:
- Monitor budgets and track expenditures
 - Link budgets and expenditures
 - Ensure accuracy in data entry because the expenditure reports from the implementing partners are
 - Automatically upload budget data into the database and not enter it manually
 - Compare budgets (revision B, C and D with the agreed Budget A)
 - Create a consolidated report to the EC, using the EC standard form
 - Calculate the implementation rate and to receive an early warning in case of under- or overspending
51. According to the TM, the experience with this tool has been extremely positive. This is borne out in the supervision documentation, which indicates that the financial management issues initially faced by the project have been effectively resolved in a timely manner.

Lesson

52. Based on the experience of the GRASP project and considering the relatively low rating on supervision for financial management, projects facing difficulty in financial management should explore the utility of the Budget Monitoring Tool developed by the GRASP project. This is particularly true for projects with complex implementation arrangements involving multiple partners.

2. *Processes for Extensions, Workplan and Budget Revisions*

53. Management-level changes are often required after a project has started, including extensions, modifications to workplans, and budget revisions. Six of the eight GEF projects reviewed required extensions ranging from three to 30 months, while another project was reduced by 17 months due to a co-financing shortfall. The remaining project was just past the mid-point at the time of the review with some indication that an extension may be required, based on the rate of disbursement to date. Most of the projects reviewed also implemented budget and workplan revisions.
54. Typically TMs drive the processes for these revisions in collaboration with FMOs and EAs, which require a clear understanding of the necessary steps and good communication. Among the projects reviewed, there were examples where there was confusion or delayed processes regarding extensions or budget revisions. Also, projects #1258 and #1666 involved UNOPS for financial management purposes, which created an additional layer of supervision challenges and questions on processes.¹¹

Recommendation 5

55. Key supervision procedures should be clearly documented, and tools such as step-by-step checklists provided to TMs and FMOs to assist in supervision duties. Key supervision procedures include the processing of project extensions, work plan revisions and budget revisions.

3. *Approvals for Workplan and Budget Revisions*

56. A common complaint with respect to project supervision is that GEF projects have limited flexibility to revise workplans and activities after the project has been approved. There appears to be misunderstanding or at least incomplete knowledge about the scope of potential changes that are

11. As noted by one TM, "Experience gained from this project has proved that there was no important role played by UNOPS apart from providing an additional layer of financial/administrative bureaucracy between UNEP/DGEF and [the EA]

allowed and under what circumstances. As described by one TM, "Although we as TM often see scope and justification to make changes in the workplan etc., this, if being major changes, are not allowed by GEFSEC. Basically our range of freedom to make changes is restricted once the project is approved." On the other hand, multiple projects have made changes to workplans (for example #885 and #1329) and revised budgets, particularly upon approval by the project steering committee when applicable. TMs have also indicated that within the UNEP budget system, it is permissible to change up to 15% of resources from an individual budget line, but not for an overall project output. The uncertainty around the permissible scope for revision may be partially due to the communication "distance" between projects and the donor (the GEF).

57. Revision procedures for non-GEF projects appear to be much more flexible. The experience of the GRASP and MedREP projects indicates this may be a result of these projects having more regular and informal contact directly with their respective donor agency. With these non-GEF projects the TM is in direct contact with staff members from the donor agency, which facilitates communication and reduces bureaucracy in adaptive management decision-making. According to a GRASP project progress report, component 2 of the project was significantly restructured from a technical point of view "to provide better opportunities to work towards the same goals over the project period." This was apparently accomplished without significant donor-related bureaucratic procedures. In some cases, donors themselves may request changes. In the MedREP project the activity "Development of the Mezzanine Fund" was changed to "Development of the Solar Water Heater Loan/Leasing Facility for hotels in Tunisia" at the donor's request in collaboration with UNEP, based on the prospects for achievement of results.

Lesson

58. Based on the disparate experiences of UNEP's GEF and non-GEF projects, it appears that more direct and frequent communication with donor agencies may facilitate adaptive management by reducing real or perceived barriers to project revisions. In situations where revisions may be limited by donor-restrictions, communication should be initiated to ensure that TMs are free to continue guiding the project toward its objectives in the most effective manner possible, and with the least bureaucracy.

C. Project Design for Supervision

1. Operational Risk

59. The "Context" portion of the QPS review provides important insight into the relationship between project design, quality of management and supervision, and achievement of objectives. Risks assessed at the project design/approval stage tend to focus on technical risks, such as whether the project's technical approach is valid, or whether political consensus can be achieved. By comparison, operational risks are usually overlooked; however, these are most often the cause of project delays or implementation problems.
60. Operational risks include issues such as highly ambitious implementation timeframes, materialization of anticipated co-financing, complexity of project management structures, problems with communication between project partners due to technical or language barriers, time required for project start-up, time required for project implementation, processes for disbursing resources, etc. In just one example, project #1025 was hampered by the unforeseen need to make disbursements to a participating country through the local UNDP office. Naturally, projects that face operational risks require more of the TMs time for supervision – time which may be limited by the multiple supervisory roles that a single DGEF Task manager may be required to perform.
61. Project implementation arrangements often become more complex, increasing operational risk, as the number of countries or regions involved increases. More partner countries means having to supervise project implementation in many different contexts, with many different partners, across time-zones, through increasing numbers of communication channels, and sometimes through

many different national languages. UNEP faces unique challenges in this regard due to the high percentage of global and regional multi-country projects in UNEP's GEF portfolio. The same will be true of the new project portfolio being developed for implementation of the 2010-2011 POW.

62. Another common operational risk is the time required for a project to get up and running. Project start-up often involves hiring qualified technical staff, setting up the project coordination unit, and entering into legal agreements such as memoranda of understanding or other contractual obligations. Inevitably, these activities take longer than anticipated, even for projects building on recently completed funding phases. Multiple projects in this review faced delays and corresponding extensions due to start-up timeframes, including projects 1329, 1258, and 1025.

Lesson

63. Operational risks present more frequent challenges to implementation than technical risks. To improve project performance and reduce supervision challenges, it would be beneficial for projects to undergo a specific review and assessment of potential operational risks at the project approval stage.

2. Disbursement Rate / Implementation Time Period

64. Projects rarely achieve their anticipated disbursement rate, resulting in 'no-cost' extensions. Projects reviewed as part of this exercise achieved, at the time of analysis, between 54% and 87% of their planned disbursement, as seen in Table 6 below. This is a result of ambitious timeframes for project implementation at the project approval stage. In some cases these risks are identified at approval, but then not acted upon. For project #1329 the STAP reviewer noted that the implementation timeframe was highly ambitious, but the project was not revised to extend the implementation period.
65. For GEF-funded projects, project supervision costs are drawn from fees that are awarded as a percentage of a project's budget and then used to cover all project supervision / oversight costs during the project's lifetime. This can create a financial incentive to approve projects with larger budgets and to design projects to be implemented over shorter timeframes. Considering the percentage of GEF funded projects in this review requiring extensions (100%), this temptation should be resisted, and the GEF Secretariat also needs to be more realistic in approving projects with overambitious timeframes allocated for the achievement of project objectives. Beyond the project level, chronic project extensions can negatively affect portfolio supervision and management by failing to provide a predictable set of assumptions against which to budget supervision funds. When projects are extended, they naturally require additional supervision funding since the TM and FMO must continue to oversee their implementation thus 'no cost' refers only to the project budget and not the cost of supervision which, in the case of GEF-funded projects, is borne by the fee. If projects fail to close as planned, the supervision team's attention is in danger of being spread ever more thinly over an increasing number of projects, which may also lead to reduced supervision effectiveness.

Table 6. Actual vs Planned Disbursement Rates for UNEP GEF Projects

Project ID	Planned (\$/year)	Actual (\$/year)	Achieved Percentage of Planned
1329	\$3.8	\$3.3	87%
885	\$6.5	\$5.2	80%
1842	\$0.5	\$0.4	80%
1666	\$0.8	\$0.6	75%
1025	\$2.5	\$1.8	72%
1258	\$2.4	\$1.7	71%
1780	\$0.9	\$0.5	56%
1591	\$4.6	\$2.5	54%

66. Assessment of the feasibility (ambitiousness?) of project implementation plans is not easy however. Annual disbursement rates vary, depending on the scale and scope of the project. As cited by oneTM, "As a catalyst, [the project's] timeframe was considered reasonable at the time. The project had also gone through an extensive project preparation period (PDF-B) conducting a detailed stocktaking of existing methodologies, global and national assessments and indicator use prior to commencement of the full size project. Nevertheless, the project was indeed extremely ambitious in the timeframe over which to implement, and the complexity of project arrangements was underestimated in the design. As we learn from hindsight, this is an important lesson learned that will be taken into account in the design of future DGEF projects."

Lesson

67. Considering the experience of the projects in this review, implementation timeframes should be critically assessed as part of a review of potential operational risk prior to approval based on the planned rate of disbursement, and adjustments made to project design when necessary.

VII. Comparison of Review Results with GEF EO Studies

68. The studies of quality of project supervision undertaken by the GEF Evaluation Office published 2006 and 2008 show a marked improvement in the number of GEF funded projects rated 'moderately satisfactory' or higher (Table 7). The most significant finding cited in these studies is "*the dramatic increase in UNEP's performance ratings, from 36 to 73 per cent for projects rated marginally satisfactory or higher*". The GEF EO study noted that two supervision criteria showed substantial increases: from 50 percent to 73 percent for 'focus on results', and from 43 percent to 72 percent on 'adequacy of supervision inputs and processes'. The improvement brought UNEP's ratings to a level just below that of UNDP and the World Bank for the same criteria.

Table 7. Percentage of projects rated moderately satisfactory or above for project supervision

Supervision Review by:	World Bank	UNDP	UNEP
GEF EO (2006)	87	88	36
GEF EO (2008)	86	92	73
UNEP EO (2009)	n/a	n/a	100

Note: Supervision performance for GEF EO studies focused exclusively on GEF funded projects.

69. These changes are explained by the actions UNEP DGEF took between the two reviews to develop a more structured approach to project supervision. A new risk tracking system was developed and implemented; including risk identification during project preparation and tracking of risks and mitigating actions during project implementation. All new projects adopted this system and old projects were retrofitted. The new system now addresses a set of predetermined risk categories, risks specific to the project that were identified during project preparation, and institutional risks pertinent to the various partners. Oversight was also strengthened by requiring focal area team leaders to regularly monitor the follow up given by task managers to risky projects and by appointing a staff dedicated to monitoring project progress and supervision at the portfolio level. This provides a useful model that should become a norm for all UNEP projects.

1. Supervision quality in relation to available resources

70. Where quality of supervision reviews make comparisons across different 'supervision models' they must take into account the resources available to support such work. For very large projects, like those that are overseen in the World Bank, there may be sufficient resources to accommodate an entire supervision team. "GEF projects are often associated with risky environments such as weak environmental management capacity, as well as the introduction of new technologies, financing instruments and processes, which could pose many challenges during implementation. At the same time, with two sources of funding for supervision, blended [World Bank] GEF projects may receive greater attention and are thus able to overcome many of these constraints." (World Bank, 2008).¹² "All World Bank staff time spent administering the project during implementation is termed supervision. Supervision includes monitoring, management advising, and technical assistance, though monitoring is the main activity" and "The average [World Bank] project receives about 12 man weeks of project supervision annually" (Kilby, 2001).¹³ Estimates from World Bank, UNDP and UNEP GEF Staff suggest that between a third and a half of the fee income from GEF projects (fee awarded at 10% of the total project cost to the GEF) is spent on supervision. Using figures from the GEF Annual Monitoring Report 2009,¹⁴ total fee income, expenditure on supervision and average supervision budget per project were calculated and are shown in Table 8. It is assumed that 50% of the GEF project fee is allocated by IAs to supervision and 'implementation support'.

Table 8. Total project value, fee income and average supervision budgets per project for GEF IAs using data for projects operational in 2008.

	Total Project Value	% of Total	Associated GEF Fee Income	Approximate budget available for supervision	Number of projects	Average Supervision Budget per project
World Bank	\$1,465,556,000	53%	\$146,555,600	\$73,277,800	204	\$359,946
UNDP	\$940,168,000	34%	\$94,016,800	\$47,008,400	219	\$214,415
UNEP	\$248,868,000	9%	\$24,886,800	\$12,443,400	73	\$170,271

71. The staff time available for supervision is considerably larger for World Bank projects and there is very likely to be a correspondingly larger body of supervision evidence to draw upon in a review exercise. Similarly for UNDP GEF projects. The UNDP proportion of the total GEF portfolio under implementation in 2008 is large 34% (or \$3,332 million) of total GEF resources dispersed in the 4th GEF replenishment as compared to 7% for UNEP over the same period. Since the fee income, that supports the supervision function, is directly proportional to these figures, UNDP and the World Bank enjoy economies of scale that can support a higher level of supervisory input compared to UNEP. The Fourth Overall Performance Study (OPS4) of the GEF,¹⁵ noted that, "under certain circumstances, the 10 percent implementation fee is not providing enough resources to the Agencies to carry out of the necessary services. This is particularly the case when Agency portfolios are heavily weighted towards MSPs and Enabling Activities." UNEP's GEF portfolio is 'heavily weighted towards MSPs and Enabling Activities'.
72. Thus the relative evidence available to inform quality of supervision reviews across the World Bank, UNDP and UNEP would tend to reflect the relative level of the resources available per project to support supervision and 'implementation support' activities.

12. World Bank, (2008) Word Bank GEF Progress Implementation Review FY 2007

13. Kilby, C. (2001). World Bank-Borrower relations and project supervision. Canadian Journal of Development Studies, 22, (1): 191-219

14 GEF Secretariat (2009) GEF Annual Monitoring Report, Council Document GEF/C.35/Inf.3 http://www.thegef.org/gef/sites/the-gef.org/files/documents/C.35.Inf_3.pdf

15. GEF Evaluation Office (2009). fourth Overall Performance Study of the GEF: Progress Toward Impact

VIII. Discussion of Project Supervision Issues and Implications for Review Methods

73. From a review methods perspective, comparison of project supervision across agencies is challenging because the specific roles and responsibilities for supervision and 'implementation support' against which quality of supervision must be assessed, vary. Similarly, even within UNEP, there are differences in the roles and responsibilities for project supervision of GEF projects and the 'implementation support' roles and responsibilities that are a more prominent aspect for non-GEF UNEP projects.
74. A number of limitations with the review method were noted from analysis of the project supervision review sheets and from the Panel discussions held with project managers / supervisors. It is clear that some criteria are more important than others in assessing overall supervision performance yet relative weightings are not specified in any of the published GEF or World Bank studies. It is true, however, that the relevance of some aspects of supervision will vary with the specific context of the project under review. Consequently, the criteria against which supervision / management are assessed may be subject to differences in interpretation. Some subjectivity is also inherent in the rating system applied; it was for the consultant and then the panel to distinguish between what should be considered "minor," "moderate," "significant" and "major" supervision shortcomings.
75. The reliability of the review method was limited by an absence of clear supervision / management standards that accurately reflect the roles and responsibilities of project supervisors / managers. Evidence of good supervision, management and/or 'implementation support' needs to be interpreted against such standards to reduce the subjectivity of review judgments. Thus improvements in the assessment of the quality of project supervision or management require that 'good supervision/management practices' are clearly defined by the organization and reflected in the roles and responsibilities of supervisors or managers (in job descriptions, TORs and PAS workplans).
76. Reliable assessments of project supervision and management require that the practical actions of the same can be separated from 'intrinsic attributes of the project' and from the performance of the project itself. This can be challenging. For example, frequent turnover of staff supervising or managing a project is often recorded as a supervision shortcoming. Whilst continuity in staff supervision or management of a project is desirable, such continuity is not within the direct control of the organization responsible for the project and decisions to leave are made by the individuals themselves. Staff turnover *per se* should not, therefore, be recorded as a shortcoming in project supervision. A detailed handover of management or supervision responsibilities, with the required supporting documentation when staff turnover takes place, reflects good practice, whereas the absence of this would reflect poor supervision and management arrangements. The problems and limitations associated with each of the assessment criteria are described in Table 9.

Table 9. Problems and limitations associated with the management/ supervision assessment criteria.

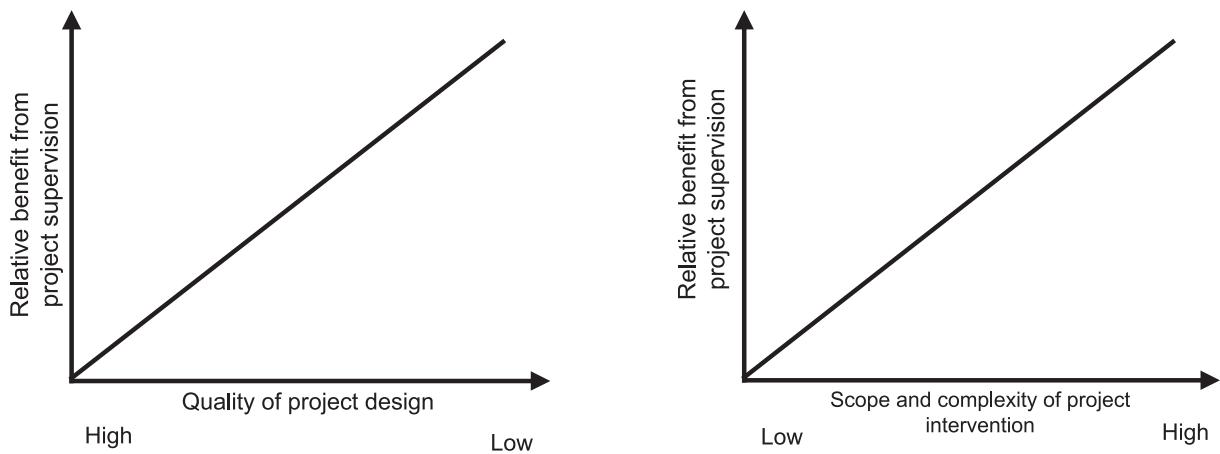
Assessment Criteria	Assessment Problems and limitations
Focus on results	
Identification and Assessment of Problems a) Timely identification and assessment of implementation problems? b) Timely identification and assessment of possible threats to overall project objective?	'Timeliness' is easier to assess when a comprehensive record of project reporting and correspondence is available. Poorly executed projects frequently have less comprehensive documentation. Projects with poor monitoring systems may not accurately record the onset of implementation problems, constraining the possibility of assessing such timeliness. Threats to the overall project objective require that a clear intervention logic (Theory of Change) has been articulated for the project with appropriate assumptions, milestones, performance indicators and 'impact drivers'. Project with good M&E systems make this aspect of supervision easier to assess.
Focus on Sustainability a) Stakeholder ownership b) Technical assistance, training and capacity building c) Financial sustainability	The supervisory attention paid to these aspects is difficult to discern. The approach to 'sustaining the benefits of the project' will vary across projects and it is not <u>always</u> a case of securing financial resources or 'government commitment' to continue activities initiated by the project. Supervision roles and responsibilities should emphasize the importance of these issues and the need to fully document supervisory actions in relation to them. Again clear strategies for sustainability articulated by the project or in the project design aid evaluation of this parameter.
Actions Taken and Follow-Up a) Appropriateness of advice and proposed solutions b) Appropriateness and speed of follow-up action c) Impact and effectiveness of actions d) Quality and timeliness of Mid-Term Evaluation (if any)? e) Quality and timeliness of follow up plan (if any)?	The 'appropriateness of advice and proposed solutions' is quite a subjective criterion and overlaps with 'appropriateness and speed of follow-up actions'. The 'impact and effectiveness of actions' is dependent on the actions taken by the project staff, and may therefore not be a wholly independent measure of project supervision – but is, perhaps, a better measure for review of the project management function or 'implementation support'. The roles vis a vis supervision and 'implementation support' need to be clear. In UNEP, the 'quality and timeliness of Mid Term <u>Evaluations</u> ' does not measure supervision or management performance (as these are done by the Evaluation Office). Where a Mid Term <u>Review</u> is organized by project managers / supervisors this is a reasonable criterion to apply. The quality and timeliness of the Mid Term Review / Evaluation follow up plan is a useful measure for both supervision and 'implementation support' assessments.
Performance Monitoring a) Extent to which overall objective and outcome indicators were used to assess the project's implementation, b) Extent to which the indicators (both quantitative and qualitative) have been used to identify and address potential obstacles to the achievement of the project objectives (attention to long-term objective)?	This has potential as a useful criterion to assess project management or supervision. However it is quite dependent on the quality of the project's logical framework and monitoring system. Many project evaluations have highlighted that the indicators at outcome and objective level are often poorly formulated. In addition, there are often time lags between project implementation and causal changes at outcome and objective level. A more useful approach would be to assess the supervisory or management attention to the achievement of key <u>implementation milestones</u> that span the transitions from activities to outputs and outcomes
Fiduciary / Due Diligence Aspects	
Procurement	Assessment of this criterion is straight forward and should focus on whether procurement processes were compliant with the rules and regulations.

Assessment Criteria	Assessment Problems and limitations
Financial Management	Assessment of this criterion is straight forward and should focus on whether financial processes were compliant with the rules and regulations.
Legal Aspects e.g., Legal compliance; clarity/timeliness of advice	Assesses whether agreements that form part of the project meet legal requirements. This aspect was not a prominent one in the review sample.
Adequacy of Supervision Inputs and Processes	
Staffing a) Staff continuity	This should not rate a project that experiences staff turnover in management / supervisory roles as low unless there was a lack of proper handover and briefing and / or a delay in appointing a new incumbent to perform the role.
Supervision Activities a) Quality of mission preparation and effectiveness of time spent in the field b) Quality of preparation of steering committee meetings c) Quality of technical input	Aspect 'a)' largely relies on mission reports - usually written by the manager / supervisor, - objective opinions on mission effectiveness are less likely from this source. Aspect 'b)' is relevant only if this is one of the roles specified in the TORs of the supervisor / manager c) can only be assessed if formal technical input is given, often such advice is given by supervisors in a more informal manner.
Quality of Supervision / Management Documentation	This is a key criterion and assesses the completeness of supervision documents, extensiveness of supervision documentation. Where this parameter is rated highly, greater reliance can be placed on the assessment of other supervision review parameters that are very dependent upon such documentation.
Effectiveness of Relationships a) With the executing partner b) With other IA for jointly implemented projects c) With co-financing organizations and other stakeholders Management Inputs	'Effectiveness of Relationships' – assumes that the responsibility for the relationship lies with the supervisor / manager. Effective and poor relationships can be due to the individuals in partner agencies. The parameter should rather look at 'supervision / management actions that promote effective teamwork for project execution'
a) Adequacy and speed of management attention and actions b) Adequacy of supervision budget (as indicated in the costed project supervision plan) c) Effectiveness of budget use	
Candor and Quality of Project Performance Reporting	
Extent to which ratings reflect actual conditions?	The difficulty in rating this aspect is that the implementation performance of the project needs to have been monitored and rated (ideally periodically), however, the provision of ratings has not been standard practice for non-GEF UNEP projects. Additionally, 'actual conditions' need to be assessed. Since the review method relies on documentary evidence this is a matter of looking to see whether the performance ratings match the other progress-related documentation (or not). Mid Term evaluation / review reports can be especially useful in this regard.
Adequate explanation of ratings, and of any change in ratings?	Same limitations as above.
Accuracy of ratings of project components and risk assessment?	The implementation performance of the project and the associated risks need to have been monitored and assessed by project managers/ supervisors. Outside of DGEF, UNEP did not, at the time of the review, routinely monitor risk factors.
Quality and timeliness of data (including intermediate outcome indicators) to support the key performance indicators?	A parameter that depends heavily on the quality of supervision documentation and project M&E systems.

Understanding the importance of the project's intrinsic attributes and the project context

77. A recurrent finding from studies of project supervision is that higher levels of project supervision lead to higher levels of project performance, because more supervision increases the likelihood that problems are identified and addressed. However, the benefits in terms of project performance that can accrue from increased supervisory inputs will depend on the 'context' of a project. Where the implementation context of a project is challenging, supervisory efforts are likely to make a greater relative difference to project performance. Conversely, where the project implementation context is favourable, the marginal benefit from supervisory efforts will be lower.
78. The intrinsic attributes of a project coupled with its implementation context can be of significance in relation to the effectiveness of project supervision work and assessments of its quality. Whilst the goal of project supervision efforts is to improve project performance, improvements in project performance are not always attributable to supervision inputs.
79. The World Bank (2003)¹⁶ noted that "*Ratings on all quality dimensions of supervision were lower for projects with difficult supervision context.*" Great care needs to be taken in separating out supervision performance from the attributes that are intrinsic to project 'supervision context' and from the performance of the project itself. Logically, it should be possible to have good supervision efforts made in challenging supervision contexts. In some situations, diligent supervision may not yield discernable project performance benefits. This means that whilst there is usually a correlation between good supervision and improvements in project performance, supervision reviews must focus on assessing the quality of supervision processes NOT the aspects of project performance that supervision is intended to improve.
80. The specific attributes of the project combined with those of the 'supervision context' to influence the effectiveness of supervision efforts and the ease with which quality of supervision can be assessed.
81. The extent to which a project has a sound **project design** that has a clear causal logic from activities to outputs, and onwards to outcomes and impacts can affect the ease with which quality of supervision or 'implementation support' can be assessed. If it is clear how project performance beyond the output level can be measured and monitored and the assumptions and 'impact drivers' have been clearly articulated, this can provide a focus for the project supervision activities. The quality of supervision parameters that attempt to capture the 'focus on results' can then be more readily assessed.

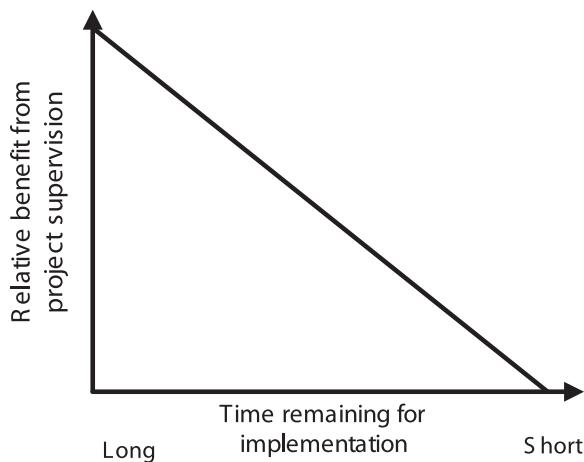
Figures 1 and 2. Relationship between the scope and complexity of the project intervention, quality of project design, and the likely benefit to project performance derived from supervision efforts.



16. World Bank (2003) QUALITY OF SUPERVISION IN FY01/02 (QSA5) AQAG ASSESSMENT. World Bank Quality Assurance Group, <http://siteresources.worldbank.org/QAG/Resources/QSA5FY01-02Report.pdf>

82. The scope and **complexity** of the project intervention can affect project supervision. For example, more partner countries means having to supervise project implementation in many different contexts, with many different partners, across time-zones, through increasing numbers of communication channels, and sometimes through different national languages. These add to the challenges with project co-ordination, communication, administration, monitoring and reporting. All of which will affect the supervision and 'implementation support' work load. Clearly a larger allocation of effort would be required to achieve a high quality of supervision for a very complex project.
83. The stage of **project implementation** can be important. Increased supervisory efforts towards the end of a project are less likely to influence the eventual outcome of the project. Similarly, projects of short duration will have less time for adaptive management, and will be more reliant on the quality of the initial project design. Thus projects with low quality at entry that are of a short duration will require early and intensive supervision. Good supervision will have the best chance of enhancing the eventual outcome of a project if such supervision is initiated early in a project and sufficient implementation time remains for corrective actions to yield benefits. Frequently, more problems arise at the beginning of project implementation, and if supervision can help in resolving these problems more quickly than new problems arise, the project performance will improve over time. Longer more complex projects are likely to have a greater relative benefit from supervision inputs compared to shorter more simple projects. From an assessment standpoint, the information available to assess quality of supervision is likely to be less comprehensive at the beginning of a project than it is at later stages.

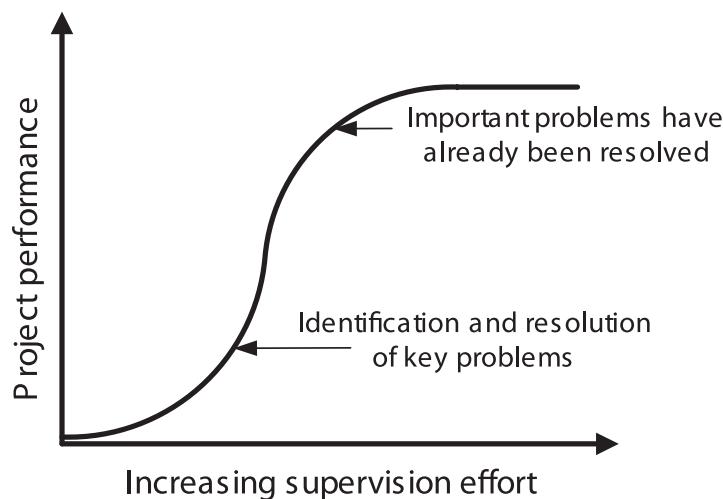
Figure 3. Relationship between the time remaining for project implementation and the likely benefit to project performance derived from supervision efforts.



84. The installed capacity of executing partners is an important factor. Supervisory efforts can make a large difference to project performance where executing capacities are limited, but can be of marginal importance where the installed capacity is already high.
85. Where the project budget is very large, it is more likely that the benefits of project supervision will far outweigh the costs. The trade-off between project supervision costs and the benefit it may deliver becomes more apparent as the total project budget diminishes. The total budget of the project portfolio (if it is managed as such) can then become an important issue with the funds available for supervision being optimized over the project portfolio. For example, a large project that is performing well may take little supervisory time, freeing up supervisory resources for smaller or more problematic projects to receive a larger relative share of supervisory input than their budgets alone might suggest.

86. There is a 'law of diminishing returns' on supervision; the marginal benefit of additional supervisory effort declines over time as the most obvious problems are readily detected. The threshold where additional supervisory effort yields no additional performance benefit is of course more rapidly reached on simple, well-designed projects that were well prepared for implementation, that operate in a favourable external 'enabling environment'.
87. From the literature on project supervision review and from the findings emerging from this study it is clear that the effectiveness of supervision efforts will tend to decrease (and therefore will be more challenging to review):

Figure 4: Relationship between project performance and supervision effort



- As the remaining duration of the project decreases
- As the quality of the initial project design increases
- As the complexity of the project increases (e.g. more countries and partners)
- As the percentage of project funds provided by executing partners increases
- As the context within which the project operates becomes more favourable
- As the capacity of executing partners increases

IX. Conclusions

88. While only two non-GEF projects were included in this review compared to eight GEF projects, valuable lessons emerged on both sides. Non-GEF projects would benefit from increased structure among reporting standards, while GEF projects should strive to emulate the low-level of bureaucracy involved in adaptive management of non-GEF projects.
89. Measures taken to improve supervision standards may be already paying dividends not evident in this review. However, based on the findings and lessons, it appears as though there remains significant opportunity to increase the efficiency and effectiveness of supervision in UNEP's portfolio.

90. There is an ongoing demand, from UNEP management and the CPR, for portfolio level project performance information. Supervision and 'implementation support' are important facets of that performance. The current pilot study did not have a sufficiently large sample to enable statistically valid conclusions to be drawn. Future studies will need to examine the UNEP portfolio through a supervision review that draws on a larger sample of projects. Whilst the primary objective will remain on promoting project performance through increasing the organisations' focus on project supervision and 'implementation support' a secondary objective of future studies will be to help develop and sharpen portfolio management indicators for projects-at-risk, and to better reflect the 'realism and candor of progress ratings'. Indicators that can capture good adaptive management and supervision from existing information sources need to be identified.

Evaluation Office

United Nations Environment Programme

P.O. Box 30552-00100

Nairobi, Kenya

Tel: +(254-20)-7623387

Fax: +(254-20)-7623158

Email: Segbedzi.Norgbey@unep.org

Email: eou@unep.org

URL: <http://www.unep.org/eou>

www.unep.org

United Nations Environment Programme
P.O. Box 30552 Nairobi, 00100 Kenya

Tel: (254 20) 7621234

Fax: (254 20) 7623927

E-mail: uneppub@unep.org
web: www.unep.org



UNEP