



# **External Mid-Term Evaluation of the Regional Technical Assistance Center in West Africa (AFRITAC West 2)**

Final Report

Client: International Monetary Fund

Rotterdam, 28 June 2018



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# Acronyms and Abbreviations

|           |  |
|-----------|--|
| ADB       | Asian Development Bank   |
| AFR       | African Department of the IMF  |
| AFW2      | AFRITAC West 2   |
| AFRITAC   | African Technical Assistance Center  |
| ASYCUDA   | Automated System for Customs Data  |
| BoG       | Central Bank of Ghana  |
| CBoG      | Central Bank of The Gambia   |
| CC        | Center Coordinator   |
| CD        | Capacity Development   |
| CPI       | Consumer Price Index   |
| DFID      | UK Department for International Development  |
| EC        | European Commission  |
| ECOWAS    | Economic Community of West African States  |
| EDDI      | Enhanced Data Dissemination Initiative of DFID   |
| EIB       | European Investment Bank   |
| EQ        | Evaluation Question  |
| ESC       | Evaluation Steering Committee  |
| EU        | European Union   |
| FAD       | Fiscal Affairs Department of the IMF   |
| FPAS      | Forecasting and Policy Analysis System   |
| FSAP      | Financial Sector Assessment Program  |
| FY        | Fiscal Year  |
| GRA       | Ghana Revenue Authority  |
| ICD       | Institute for Capacity Development of the IMF  |
| ICDGP     | Institute for Capacity Development, Global Partnerships Division of the IMF              |
| IFRS      | International Financial Reporting Standards  |
| IMF       | International Monetary Fund  |
| IOSCO     | International Organization of Securities Commissions                                     |
| LISGIS    | Liberia Institute of Statistics and Geo-Information Services                             |
| LRA       | Liberia Revenue Authority  |
| MCM       | Monetary and Capital Markets Department of the IMF                                       |
| M&E       | Monitoring and Evaluation  |
| MFF       | Macro Fiscal Framework   |
| MNRW – TF | Managing Natural Resource Wealth Trust Fund  |
| MONOPS    | Monetary Operations and Payment System   |
| MPC       | Monetary Policy Committee  |
| NTR       | Non-Tax Revenue  |
| OECD-DAC  | Organization for Economic Co-operation and Development, Development Assistance Committee |
| PCA       | Post Clearance Audit   |
| PFM       | Public Finance Management  |
| PIMA      | Public Investment Management Assessment  |
| PPI       | Producer Price Index   |
| RA        | Regional Advisor   |
| RA-FIT    | Revenue Administration Fiscal Information Tool   |
| RBM       | Results-based Management Framework   |
| RM – TF   | Revenue Mobilization Trust Fund  |

|         |  |
|---------|--|
| RSN     | Regional Strategy Note                                       |
| RTAC    | Regional Technical Assistance Center                         |
| SARTTAC | South Asia Regional Training and Technical Assistance Center |
| SC      | Steering Committee   |
| SECO    | State Secretariat for Economic Affairs - Switzerland         |
| SoW     | Statement of Work  |
| STAT    | Statistics Department of the IMF                             |
| STX     | Short-Term Experts   |
| TA      | Technical Assistance   |
| TADAT   | Tax Administration Diagnostic Assessment Tool                |
| TOR     | Terms of Reference   |
| TSA     | Treasury Single Account                                      |
| TTF     | Topical Trust Fund   |
| WAIFEM  | West African Institute for Financial and Economic Management |
| WAMI    | West African Monetary Authority                              |



# Preface

Ecorys was awarded the contract to conduct this external mid-term evaluation of the Regional Technical Assistance Center in West Africa (AFRITAC) in a competitive bidding process. The evaluation started in April 2017 with an Inception phase during which the consultants developed the methodological approach and visited the IMF in Washington D.C. The evaluation approach was set out in an Inception Note that was endorsed by the AFW2 Steering Committee.

The evaluation team was led by Ferdinand Philipsen, partner at Ecorys specialized in macroeconomics, public financial management and development cooperation. The other team members were Sybille Grob, specialist in monetary operations and systems, and policy banking supervision sector; Maarten de Zeeuw, specialist in revenue management; and Andrea Dijkstra, consultant at Ecorys, who assisted the team and managed the electronic surveys.

The team would like to thank all those who facilitated the evaluation process. Special thanks are due to Oiza Baiye, who managed the evaluation process in IMF, and who was supportive in facilitating the interviews in Washington. Special thanks also go to the AFW2 Center Coordinator, Lamin Leigh, and staff for their assistance. We highly appreciate their time and efforts in sharing with us their views and experience, and for their assistance with the logistics for the field missions.

We wish to thank all those who shared with us their views openly and informatively in face-to-face and telephone conversations, and all those who completed the electronic surveys.

The views expressed in this report do not necessarily reflect the position of IMF as contracting authority or of any other stakeholders consulted. Responsibility for any possible errors remains with the evaluators.

# Summary

## Background

The Regional Technical Assistance Center in West Africa (AFW2) is one of ten such centers of the International Monetary Fund (IMF). These centers were established to support member countries to strengthen human and institutional capacity to design and implement sound macroeconomic and financial policies to promote growth and reduce poverty. AFW2 started operations in January 2014 in Accra, Ghana to serve six countries in West Africa - Cabo Verde, Ghana, Liberia, Nigeria, Sierra Leone, and The Gambia. These countries are the English and Portuguese speaking countries not covered by the AFRITAC West (AFW) in Côte d'Ivoire that supports French-speaking countries in the region.

The main goal of AFW2 is to improve institutional capacity for effective macroeconomic management to achieve higher and sustainable growth. This goal is mainly achieved through tailored national technical assistance and regional training activities delivered to Ministries of Finance, Central Banks, Statistical Offices and other government institutions in the six member countries. Funding is provided by IMF, member countries, and bilateral and multilateral donors. The AFW2 program covered in this evaluation (2013-2018) focuses on five thematic areas: (i) revenue administration; (ii) public finance management; (iii) banking regulation and supervision; (iv) monetary policy and operations and financial market infrastructure; (v) and real sector statistics. The budget for the first phase of AFW2 was estimated at USD 43 million, based on pledges of beneficiary countries and donors. However, the Center's working budget for 2014-2019 was USD 36.4 million. The original budget was changed because of the Ebola crisis.

The objectives of this mid-term evaluation is to assess the relevance, efficiency, effectiveness, sustainability and impact of AFW2 activities. The key evaluation questions are:

1. To what extent have the AFW2 technical assistance (TA) and training activities been relevant?
2. Were the resources allocated to the desired outcomes in an efficient way?
3. To what extent are the objectives identified in the Program Document being achieved?
4. Are the achieved outcomes likely to be sustained?
5. Are the achieved outcomes likely to have an impact on beneficiary countries?

The key tools for data collection and validation from various sources included: document review, semi-structured interviews with IMF staff in Washington DC, AFW2 staff, beneficiaries in four case study countries, other TA providers, and members of the Steering Committee (SC), seven case studies, and two online surveys. The findings from different sources (documentary evidence, interviews, case studies and survey) have been triangulated to draw conclusions on the relevance of AFW2 assistance and training.

## Assessment

### Relevance

**The relevance of AFW2 as a whole and its different activities have been assessed as good to excellent.** AFW2 TA and training activities have been highly consistent with the overall AFW2 program document. The program design and implementation approaches are largely coherent and adequate. The quality of the log frames in the annual work plans has been gradually improved. The log frames are used for planning and monitoring purposes. The log frames of the FY2018 work plan

are based on the new project management system CD-Port. Specification of agreed milestones will require further outreach in a number of low-capacity countries due to the lack of exposure and experience in results-oriented approaches to budgeting.

AFW2 TA has been highly responsive to the diverse needs of the member countries and purposely avoids “one size fits all” approaches. AFW2 needs assessment takes into account existing reform plans and strategies. Bottom-up needs assessment is assured through the continuous contact of RAs with their counterparts, and through the annual spring and autumn meetings. However, the needs assessment could take more into account existing capacities in a number of beneficiary organizations in the countries, particularly the fragile states and The Gambia. IMF understands this through the new approach for fragile countries which embodies more extensive TA presence and more flexible TA delivery modes, as well as further integration of TA into IMF lending and surveillance operations. A pilot started in six countries, including Liberia and Sierra Leone. Language issues make it sometimes difficult to accommodate the needs of Cabo Verde.

Based on these findings, the relevance of the AFW2 objectives and implementation strategy to the needs of the member countries is excellent.

While AFW2 has acknowledged the need to promote regional cooperation, this promotion of regional integration through the implementation of specific TA and training activities has varied across TA areas. One large contributing donor has expressed comments with regard to the planning and implementation of joint activities with ECOWAS. This issue prevents the highest rating for this sub-category. Improved consultation and explicit agreement between parties concerned is required, including sufficient specification of the expectations as to prevent ambiguity.

AFW2 TA and training has been well coordinated with the Fund surveillance and program activities, and the IMF headquarter TA missions. AFW2 work is complementary to that of other TA providers, especially in revenue and customs administration. There is systematic cooperation in statistics. No overlap exists with other TA providers in banking supervision, monetary policy and payment systems. There is no overlap in PFM, although for instance in Liberia, it is hard for TA providers to coordinate their programs. Where possible, AFW2’s RAs attend the meetings. Also the IMF Resident Representative Office in the country plays an active role, minimizing the risk of overlap. This is also the case in Nigeria and the Gambia. Other TA providers acknowledge that AFW2 has successfully proven the added value of a regional technical assistance center: located close by and thus able to respond quickly, better understanding of the local situation better and a more practical, hands-on input.

### *Efficiency*

**The overall efficiency of the AFW2 program is rated as good.** AFW2 internal processes are well-established and adhered to. Work plans are shared with the counterparts. There is intensive interaction with the TA departments. The TA delivery is well organized and timely delivered. The duration of most missions is one or two weeks. Interviewees expressed the need for additional flexibility in the duration of the missions that could further promote efficiency in TA delivery. AFW assistance and training is well organized and broadly follows the established rules and procedures. The Steering Committee has become increasingly involved in AFW2 activities. However, it has mainly served as a platform for sharing information and accounting for the implementation of the previous year’s work plan.

Budget execution has improved over time, ranging from 36.9% in FY2014 to 80.1% in FY2017. Due to the Ebola outbreak and the situation in Nigeria as well as other factors, AFW2 has adjusted the work plans. However, RA advisors resumed activities quickly after the Ebola outbreak. Activities in Nigeria increased significantly in FY2017. AFW2 was aware of the challenges and responded swiftly to cope with these situations.

Institutional memory is largely ensured by good preparation of RAs and good hand-over procedures when a new RA is appointed. Only in an exceptional case a good hand-over could not happen. The coordinating role of the Center Coordinator is responsible for ensuring that execution of the overall budget is in line with the approved budget. However, he has only direct control on a small part of the budget and the management of local staff, and has hardly access to a budget for training activities for local staff and RAs. Interviewees have the opinion that soft skills are important for the Center Coordinator. This is related to the need to conduct more proactively strategic outreach to counterparts in the member countries and other TA providers. Generally backstopping arrangements work well.

AFW2 monitoring and reporting is regular and comprehensive, and annual log frames have improved. For FY2018, the Center is using CD-Port to develop the log frames, and is being supported by a dedicated RBM advisor. Further outreach to beneficiaries will be needed to explain the RBM approach and their role therein. RAs admitted to struggle with the templates of CD-Port. The majority of survey respondents agree that the RBM system is used, the RBM framework meets the needs of all stakeholders and consider the M&E system effective.<sup>1</sup> Also the survey results rated the overall efficiency as 'good'.

AFW2 monitoring and reporting is regular and comprehensive. Although log frames are new to AFW2, annual log frames have improved. For FY2018, the Center is using CD-Port to develop the log frames, and is being supported by a dedicated RBM advisor. This new system will make accountability for achieved results straightforward and transparent. Further outreach to counterparts in the member countries will be needed.

There is a good degree of transparency and visibility of AFW2 operations. The website contains the annual reports and work plans. More outreach activities could be also undertaken to other TA providers. Donors have expressed the need for systematic briefings at the end of TA missions. Currently, this depends on involvement of the Resident Representative Office or is at the discretion of the RAs.

### *Effectiveness*

#### **Overall effectiveness of the AFW2 program has been assessed as modest to good.**

The actual achievements of TA and training activities against the objectives have been measured by looking whether the activities have been completed against the work plans, and by assessing the achievements of TA activities against the stated objectives.

Data analysis shows that TA and training delivery against plans has improved. In terms of TA milestones and regional workshops, the implementation rate reached 60% in FY2017 and 21% of the milestones were still in progress which is a considerable improvement compared to the two previous years. These conclusions were confirmed during the field interviews.

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<sup>1</sup> It is noted that the highest score in the survey is strongly agree.

Analysis of the annual report and supported by the interview findings, conclude that the achievement of objectives of completed activities is generally good across all areas, except for some PFM activities for which the targeted performance indicator was defined at an outcome level. Most responses of survey respondents consider that AFW2 activities achieve to a large extent tangible results.

Interviewed officials in the visited member countries are generally satisfied with the quality of the TA provided. Survey respondents assessed AFW2 modalities as being positive as all modalities received a 70% score of good to excellent. Implementation challenges ranged from the Ebola outbreak, change in country priorities or lack of authorities' response. AFW2 has developed a number of risk mitigation strategies, and individual RAs have shown perspicacity and ingenuity in mitigating the risks.

The detailed case studies provide for an in-depth analysis and show a mixed result: three case studies rate the effectiveness as 'modest', while three other case studies rate the effectiveness as 'good'. As a result, the sub-criterion of actual achievements against objectives has been rated as modest to good.

The second sub-criterion examined the likelihood of achieving expected (intermediate) outcomes and this sub-criterion is rated as 'good'. The country authorities interviewed were satisfied with the high quality and professional competence of AFW2 TA and training. The ability of the recipients to translate the immediate results to intermediate and final outcomes is challenging for various reasons. These reasons range from insufficient human and institutional capacity, complementary resources, and political expediency. The survey results shed further light on the likelihood of achieving expected (intermediate) outcomes. Most respondents agree to a large extent the likelihood that AFW2 support will lead to further reforms in the various TA areas.

Interviewees consider generally that programs should not have a shorter time period than five years. Otherwise efficiency, effectiveness and sustainability would be adversely affected.

### *Sustainability*

**Overall, the sustainability of the accomplishments realized by AFW2 assistance is assessed as modest to good.** Sustainability of AFW2 TA and training provided has been rated as 'modest to good' across all three sub-criteria: country ownership of the delivered TA and institutionalization of the built capacity, promotion of the use of regional expertise, and mitigation of (external) factors affecting sustainability.

With some exceptions, AFW2 has been successful in ensuring country ownership of the TA and training delivered. Document analysis and field interviews indicate that the Steering Committee is well organized, and beneficiary attendance has increased over time. However, in the meetings, development partners make most of the comments and contribute to the discussions. The SC is not yet anchored in many member countries. Survey respondents consider country ownership as good. To the question whether the Steering Committee play an important ownership, most respondents indicated either 'to a large extent' or 'to some extent'. Therefore, the sub-criterion of country ownership has been rated as 'modest to good'.

Promoting regional experience and expertise has been limited in a number of technical areas as a few of such experts are included in the rosters. However, in revenue administration AFW2 has developed local training capacity and have used local trainers in audit through the Audit Training of

Trainers Program and professional attachments in the Data Matching projects across member countries in the region. There is a pool of officers who can be used within and across revenue administrations for audit training and data matching and analysis, which are critical areas for revenue administration.

The survey respondents were divided on this issue (largely sufficient by 28.6% of the respondents and sufficient by 31.3% of the respondents). Even so, regional experts (inside and outside the AFW2 region) have been used in a number of instances. Peer learning and the use of regional institutions have been successful in banking supervision and payment systems. Overall, the evaluation rates this sub-criterion also as 'modest to good'.

There are a range of factors affecting sustainability both positively and negatively. Many factors affect absorption capacity and sustainability related to (i) the low involvement of Nigeria in the first two years, (ii) the fragile situation in two member countries (Liberia and Sierra Leone) which poses additional challenges in promoting sustainability, (iii) the fact that four countries experienced general elections which were won by the opposition party and the subsequent change of key officials resulted in disruptions of the workflow, (iv) the high attrition rate and low capacity at the beneficiaries' institutions, and (v) the challenging working environment, as many authorities were under-resourced. Risk mitigation strategies were discussed with the Steering Committee. AFW2 addressed the challenges of the Ebola outbreak and the initial reluctance of Nigeria to become involved with AFW2. Other factors are difficult to address, especially in countries with chronic low human and institutional capacity. These factors and the mitigation strategies applied explain why this sub-criterion is rated again 'modest to good'.

The detailed case studies rate the sustainability as either 'good' or 'modest to good'.

### *Impact*

**While it is too early to expect measurable outcomes and impacts, there are only a few examples where it has been possible yet to measure outcomes and even impact:**

- The most evident impact is the Treasury Single Account in Kaduna State in Nigeria. Immediately after introduction, more resources became available because the establishment of a functional TSA into which all revenues go revealed a number of unrecorded bank accounts. Cost savings were immediately achieved and the authorities claimed to have earned Naira 1.2 billion on surplus investment (equal to about USD 3.3 million).
- BoG is taking more informed monetary policy decisions. FPAS also helps them to withstand political pressure for an accommodating monetary policy.
- Concerning monetary policy operations at the BoG, new instruments have been introduced and existing ones have been re-priced to enhance the monetary transmission channel. BoG has also changed policy on the liquidity supply for commercial banks. These changes in policy have greatly improved the money market and enhanced the monetary policy transmission channel.
- In revenue administration, the training of audit trainers on computer assisted audit techniques (CAATs) and data matching projects conducted in all member countries have identified risks to revenue and areas for improved compliance management. Where implemented, for example in Ghana, Liberia and Sierra Leone these activities have led to increased revenue collection as revenue officers used third-party data in conducting tax audits based on more comprehensive information.

AFW2 TA and training has played in those cases a key role and is contributing to capacity development in the beneficiary countries. However, it is difficult or even impossible to measure the likely impact of the activities carried out by a relatively young RTAC. Moreover, impact

measurement is complicated as countries are also receiving assistance through other IMF channels and from other development partners. The case studies point to a 'modest to good' score. The survey findings provide a more positive score. 55.4% of the survey respondents found that AFW2 had to a large extent an impact on the progress of reforms. As a result of the mixed findings and the fact that there is not yet sufficient evidence, the likelihood of the expected impact has not been scored. The evaluation did not come across any negative changes due to AFW2 activities.

With regard to positive changes brought about by the AFW2 TA activities compared to the counterfactual, the evaluation scores this sub-criterion as 'modest to good'. The evaluation considers that in the case of the AFW2 member countries the most likely counterfactual would be that TA is still provided by IMF headquarters. The effect would likely be comparable to the situation before AFW2, fewer missions and thus less assistance. Many interviewees stated that HQ missions tend to be less familiar with the situation on the ground, and thus generate less tailored to the regional context and immediate needs and hands-on recommendations. The counterfactual points that AFW2 realizes the benefits typically associated with a regional technical assistance center.

### Overall assessment

**Based on AFW2 performance on the individual evaluation criteria, the overall performance can be assessed as good.** AFW2 performance is assessed highest on relevance. The assessment indicates more opportunities for improvement on AFW2's effectiveness and sustainability.

**Table 0.1 Overall assessment of AFW2 performance**

| Evaluation Criteria and Sub-Criteria  | Weights sub-criteria | Scores sub-criteria | Weights criteria | Scores criteria   |
|---|----------------------|---------------------|------------------|-------------------|
| Relevance   |                      |                     |                  |                   |
| Relevance of the AFW2 objectives and implementation strategy to the national reform agenda and emerging needs | 70%                  | Good                | 20%              | Good to Excellent |
| Complementarity & coordination with other initiatives   | 30%                  | Excellent           |                  |                   |
| Efficiency  |                      |                     |                  |                   |
| Process & implementation  | 40%                  | Good                | 20%              | Good              |
| Use of resources  | 40%                  | Modest to Good      |                  |                   |
| Monitoring and reporting  | 20%                  | Good                |                  |                   |
| Effectiveness   |                      |                     |                  |                   |
| Actual achievements against plans   | 60%                  | Modest to good      | 20%              | Modest to Good    |
| Likelihood of achieving expected outcomes   | 40%                  | Good                |                  |                   |
| Sustainability  |                      |                     |                  |                   |
| Country ownership of the delivered TA & institutionalization of the built capacity                            | 50%                  | Modest to Good      | 20%              | Modest to Good    |
| Promoting use of regional expertise   | 20%                  | Modest to Good      |                  |                   |
| Mitigation of (external) factors affecting sustainability   | 30%                  | Modest to Good      |                  |                   |

| Evaluation Criteria and Sub-Criteria   | Weights sub-criteria | Scores sub-criteria | Weights criteria | Scores criteria |
|--|----------------------|---------------------|------------------|-----------------|
| <b>Impact</b>  |                      |                     |                  |                 |
| Likelihood of the expected impact  | 40%                  | -                   | 20%              | -               |
| Positive and negative changes brought about by the CD activities, compared to the counterfactual | 60%                  | Good                |                  |                 |
| <b>Overall performance</b>   |                      |                     | <b>100%</b>      | <b>Good</b>     |

### Lessons and recommendations

Based on the evaluation and findings and conclusions, five major lessons are drawn and subsequent recommendations have been formulated. The focus has been on those lessons which have not yet been or little addressed in evaluations of RTACs.

| Lesson   | Recommendation   |
|--|--|
| 1 Lesson Learnt 1: The evaluation concludes that more clarity, formality and details are needed on the AFW2 activities to address promotion of the regional integration objective.   | <p><i>Recommendation 1: Formalize arrangements between IMF and regional organizations, and agree specific activities.</i></p> <ul style="list-style-type: none"> <li>The evaluation recommends that the IMF formalizes cooperation arrangements with regional organizations.</li> <li>The evaluation recommends that the bottom-up needs assessment should include requesting countries to specify both individual country needs as well as regional cooperation needs.</li> <li>The evaluation recommends that AFW2 supported by the Resident Representative Office in Abuja engages with Ecowas to discuss and agree possible joint implementation of activities.</li> <li>The evaluation recommends that IMF provides clarity to the donors whether capacity building of a regional organization is part of the remit of a RTAC.</li> </ul> |
| 2 Lesson Learnt 2: The evaluation concludes that for a newly established center such as AFW2, outreach activities are important, even though they take-up a significant amount of time of the Coordinator and Regional Advisors. | <ul style="list-style-type: none"> <li>The evaluation recommends that the Center Coordinator undertakes more outreach activities to contributing donors and other TA providers to strengthen cooperation and coordination at a strategic level.</li> <li>The evaluation recommends that both Center Coordinator and RAs reinforce the branding of AFW2 when conducting missions.</li> <li>The evaluation recommends that RAs plan systematically debriefing missions to donors and other TA providers as part of mission activities, particularly when there</li> </ul>  |



|   | Lesson  | Recommendation  |
|---|---|---|
|   |   | are no well-functioning donor coordination platforms in the respective TA area.   |
| 3 | Lesson Learnt 3: The evaluation concludes that the diversity in absorption capacity in AFW2 countries requires a more flexible approach to TA delivery  | <p><i>Recommendation 3: Reinforce the TA approach for engagement in fragile states and extend it to the other TA areas, and use modes of capacity building that have proven to be very effective.</i></p> <ul style="list-style-type: none"> <li>• The evaluation recommends that AFW2 considers to plan follow-up missions depending on the extent recommendations are 'owned' by the beneficiary authorities.</li> <li>• The evaluation recommends that the duration of missions will be more flexible: longer missions when capacity needs to be developed.</li> <li>• The evaluation recommends that AFW2 organizes intermediate mentoring missions to encourage and support follow-up of TA recommendations, and short missions to discuss follow-up on TA recommendations.</li> <li>• The evaluation recommends that more attention needs to be given to handholding during TA delivery, including training at the beneficiary's institution (using where feasible the beneficiary's own material, figures, and output).</li> <li>• The evaluation recommends that AFW2 examines other technical topics where peer-to-peer training might be used, as well as options for further professional secondments because these modes are regarded as valuable and effective. Both peer training and professional secondments can be organized in collaboration with other RTACs.</li> </ul> |
| 4 | Lesson Learnt 4: The evaluation concludes that AFW2 needs to use alternative and creative ways to engage Member countries at Steering Committee meetings and subsequently increase ownership of the work plan. The evaluation concludes also that Statistics and Revenue Administrations are not well represented at the Steering Committee meetings. | <p><i>Recommendation 4: Strengthen the Steering Committee and particularly the participation of Member Countries by:</i></p> <ul style="list-style-type: none"> <li>• The evaluation recommends that AFW2 explaining better what is expected of the members, for instance by providing templates for interventions and explicitly ask for suggestions for improvement.</li> <li>• The evaluation recommends that AFW2 helps focusing attention to other TA areas, for instance by devoting thematic sessions to statistics and revenue administration.</li> </ul>   |

|   | Lesson   | Recommendation  |
|---|--|---|
|   |  | <ul style="list-style-type: none"> <li>• The evaluation recommends that all SC members from the member countries inquire before the meeting input from the other agencies they represent.</li> <li>• The evaluation recommends that member countries nominate SC members from Statistics and Revenue Administrations, since these officials are in a better position to discuss projects in their field of work in other countries, or at least provide them observer status.</li> </ul>  |
| 5 | <p>Lesson Learnt 5: The evaluation concludes that the Center Coordinator function can be reinforced to increase the effectiveness and impact of AFW2 Technical Assistance.</p> | <p><i>Recommendation 5: Reinforce the function of the Center Coordinator.</i></p> <p>Possible ways to achieve this include:</p> <ul style="list-style-type: none"> <li>• The evaluation recommends that the IMF emphasizes the soft-skills set in the functional profile for the Center Coordinator.</li> <li>• The evaluation recommends that AFW2 budget will explicitly include some budget for training local staff and conferences to be used for RAs.</li> <li>• The evaluation recommends that the IMF create more opportunities for the Center Coordinator to join surveillance missions, especially for countries with an IMF program where it is feasible to incorporate macro-critical reforms that are linked to the TA agenda.</li> <li>• The evaluation recommends that IMF TA departments consult the Center Coordinator regularly on his observations in order to increase the robustness of the backstopping arrangement.</li> </ul> |

# 1 Introduction

## 1.1 General description of AFW2

The Regional Technical Assistance Center in West Africa (AFW2) is one of ten such centers of the International Monetary Fund (IMF). These centers were established to support member countries to strengthen human and institutional capacity to design and implement sound macroeconomic and financial policies to promote growth and reduce poverty. AFW2 started operations in January 2014 in Accra, Ghana to serve six countries in West Africa - Cabo Verde, Ghana, Liberia, Nigeria, Sierra Leone, and The Gambia. These countries are the English and Portuguese speaking countries not covered by the AFRITAC West (AFW) in Côte d'Ivoire that supports French-speaking countries in the region.

The main goal of AFW2 is to improve institutional capacity for effective macroeconomic management to achieve higher and sustainable growth. This goal is mainly achieved through tailored national technical assistance and regional training activities delivered to Ministries of Finance, Central Banks, Statistical Offices and other government institutions in the six member countries. Funding is provided by IMF, member countries, and bilateral and multilateral donors, of which the two largest are the European Union and Switzerland.

### Box 1.1 AFW2 Goal and Context

#### **AFW2 strategic goal**

To improve institutional capacity for effective macroeconomic management in order to achieve higher and sustainable growth.

#### **AFW2 main mandate**

To provide capacity-building assistance, through both Technical Assistance (TA) and training.

#### **Recipient countries**

Cabo Verde, Ghana, Liberia, Nigeria, Sierra Leone, The Gambia.

#### **AFW2 development partners**

IMF, European Union (EU), the European Investment Bank (EIB), Australia, Canada, Switzerland, China and the African Development Bank (ADB).

As stated in the program document, the AFW2 program covered in this evaluation (2013-2018) focuses on five thematic areas: (i) revenue administration and tax policy; (ii) public finance management; (iii) banking regulation and supervision; (iv) monetary policy and operations and financial market infrastructure; (v) and real sector statistics. The program document contained indicative log frames covering the thematic areas, which are tailored in size and nature to specific country needs. Synergies are sought with other IMF capacity development (CD) in the region, such as technical assistance supported through bilateral agreements, notably with the Japanese Government and Switzerland, and Topical Trust Funds (TTFs), such as the Managing Natural Resource Wealth (MNRW – TF) and Revenue Mobilization (RM – TF).

Currently, AFW2 has seven long-term Resident Advisors in the five thematic areas. Operations are guided by a rolling annual work plan in a results-based management (RBM) framework that is being introduced in AFW2. The work plans are endorsed by the Steering Committee (SC) consisting of representatives of AFW2 countries, IMF, and development partner countries and agencies contributing to AFW2.

The AFW2 Center Coordinator is responsible for day-to-day operational management of the Center and good functioning of the technical assistance provided by AFW2. The Coordinator reports to the Director of the Africa Department (AFR) of IMF in Washington. AFW2 activities are an integral part of IMF's overall capacity development program for the countries it covers. These programs draw on the technical expertise of TA departments and are closely coordinated with the support directly from those departments.

## 1.2 Evaluation background, objectives and questions

The AFW2 program document (2013) states that an independent external evaluation is to be conducted within three years of the operational start of the program. The evaluation is to focus on the program's relevance, effectiveness, efficiency, and to make recommendations for improvement. The Steering Committee (SC) agreed to a mid-term evaluation. However, because the Ebola outbreak in 2014 affected the Center's operations, the evaluation was delayed for about a year to enable more activities to be implemented.<sup>2</sup>

The objectives of this mid-term evaluation are set out in the Statement of Work:

**Main objective:**

- To assess the relevance, effectiveness, impact, efficiency and sustainability of AFW2 activities.

**Main purpose:**

- To inform future AFW2 operations.

**Specific objectives:**

- List the major CD projects conducted, their objectives, and any verifiable indicators for achievement of these objectives.
- Provide an overall assessment on the extent to which the objectives have been attained using the definitions of the OECD-DAC evaluation criteria adopted in the Common Evaluation Framework of the IMF.
- Identify the factors enhancing or detracting from AFW2's ability to achieve its objectives, and what has been done to address these challenges.

**In addition:**

- Assess the extent to which AFW2 is achieving the advantages typically associated with delivering TA through Regional Technical Assistance Centers (RTACs).

**Ultimately:**

- Identify key lessons Learnt.
- Formulate recommendations for improvement.

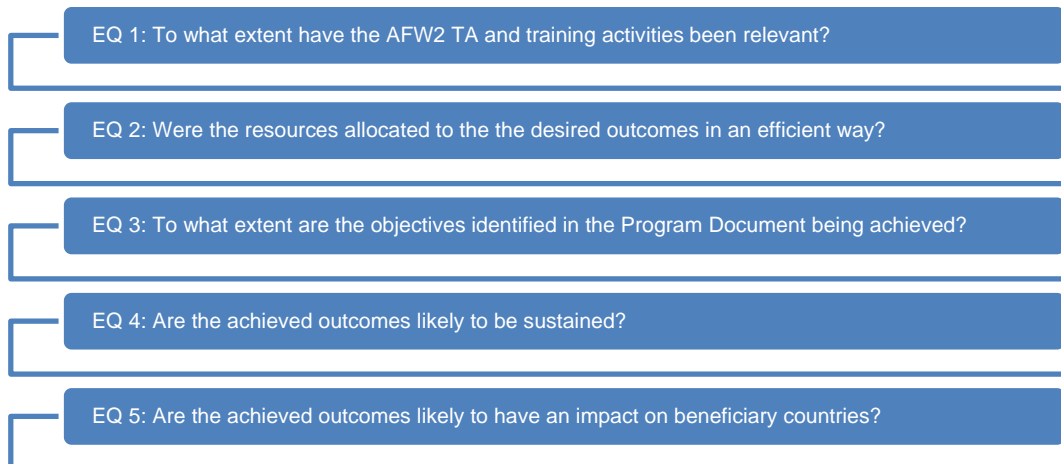
The Statement of Work for this evaluation requires the evaluators to consider the following:

- a) *relevance* of AFW2 Technical Assistance (TA);
- b) *efficiency* of resource allocation (human resources/expertise, financial resources, and time) to achieve the desired outcomes;
- c) *effectiveness* of AFW2 CD, the extent to which the outcomes identified in the Program Document are being achieved;
- d) extent to which outcomes are likely to be *sustained*;
- e) *impact* of AFW2 CD on beneficiary countries;
- f) *functionality* of AFW2 and its utilization of the logical framework and work plans to improve the efficiency of its operations.

<sup>2</sup> Several similar evaluations have been carried out in the last few years, the most recent is the mid-term evaluations of AFRITAC South (2015), CARTAC (2015) and PFTAC (2015). An evaluation of AFRITAC West that covers the French-speaking countries in West Africa was undertaken in 2013, and also an evaluation of East AFRITAC Phase 3.

The evaluation applied the OECD-DAC criteria for evaluating development assistance: relevance, effectiveness, efficiency, sustainability and impact of development efforts. It followed the Common Evaluation Framework.

The key evaluation questions (EQ) for the mid-term evaluation were formulated to address the objectives set out in the Statement of Work and to reflect the evaluation criteria. The key evaluation questions are:<sup>3</sup>



Each EQ used the predefined evaluation sub-criteria/specific guiding sub-questions listed in the Statement of Work (basic evaluation questions). The EQs and specific sub-questions are set out in Annex 2.

As specified in the Statement of Work, the evaluation had a forward-looking dimension, and applied the standard OECD-DAC evaluation criteria. This resulted in formulating lessons Learnt, indicating potential issues for future consideration, and formulating recommendations for future operations of AFW2.

This forward-looking dimension is appropriate because of the short life span of the Center prior to this evaluation, and the questions set out in paragraph 13 of the Statement of Work on the sustainability of the AFW2 operation.

The Statement of Work specified that the evaluation should cover all capacity development advice, activities, and interventions including regional workshops from the start of activities in January 2014 through May 2017. However, the short time span of the AFW2 program meant that the impact and to a lesser degree effectiveness and sustainability could only be analyzed to a limited extent.<sup>4</sup>

In line with other RTAC evaluations, assessments of individual criteria (each EQ) were aggregated to obtain an overall assessment of AFW2 performance using a rating system. A four-point rating scale was used in this evaluation, see Annex 4. The rating was applied to the individual sub-criteria and aggregated using the weights for each criterion. The weights for the individual criteria are presented in Annex 3. While the weights for each criterion are equal (as required in the Statement of Work - SoW), those for individual sub-criteria varied and are consistent with weights for sub-criteria in previous evaluations.

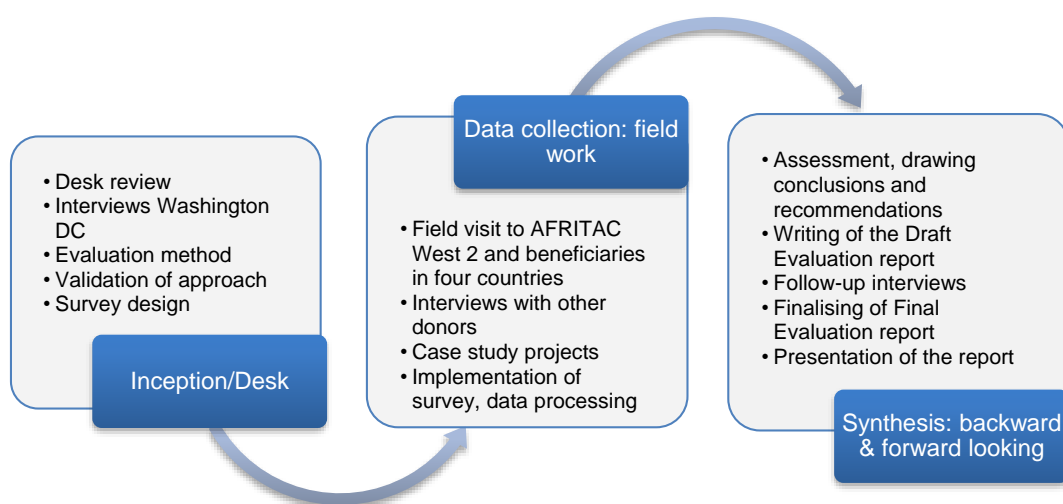
<sup>3</sup> We did not include a separate evaluation question on the functionality of the Center (point f above). In line with Table 1 of the SoW, we added sub-questions on functionality as part of EQ2 on efficiency.

<sup>4</sup> This differs from evaluations of the older RTACs that have a longer period of operation. Consequently, the wider and longer-term impact of their TA and training delivery could be measured

### 1.3 Evaluation approach

The mid-term evaluation was conducted in three phases, see Figure 1.1. In the first phase, the evaluation approach was finalized and validated, and a framework set for the data collection, which was done by means of a desk study, field visits and online surveys in phase 2. The information collected was processed and analyzed in phase 3. Where necessary, additional information was collected by means of an interview with the European Commission (EC) in Brussels and a Skype-interview with ECOWAS. Case studies were undertaken of selected projects. The synthesis comprised discussion of the preliminary findings with IMF and the Steering Committee and preparation of potential considerations for the future, and initiating dissemination of the findings of the mid-term evaluation.

Figure 1.1 Evaluation phases and main tools



The key tools for data collection and validation from various sources included:

- **Document review** – The evaluators reviewed various reports to obtain a detailed overview of the capacity development objectives, activities and outputs. These documents included the program document, annual reports, work plans, minutes of Steering Committee meetings, internal transaction documents produced by the Center Coordinator (CC), Resident Advisors, short-term experts and backstoppers in TA departments (selection of TA and mission reports), regional strategy notes, and country reports, such as Article IV consultations. Institute for Capacity Development, Global Partnerships Division (ICDGP) provided updated financial information on budgets and implementation. Additional literature was also used.
- **Interviews** – Semi-structured interviews were conducted with IMF staff in Washington DC, AFW2 staff, beneficiaries in four case study countries, other TA providers, and members of the Steering Committee (SC). Face-to-face interviews were complemented with telephone interviews. The persons consulted are listed in Annex 9.
- **Case studies** – The evaluators visited Ghana, Liberia, The Gambia and Nigeria (particularly Kaduna State). The main selection criteria for the case study countries were the size of the

program activities. Other criteria included diversity and feasibility in terms of security and logistics. Seven case studies were selected - two in PFM, one in revenue management, one in statistics, two in monetary operations, and one in banking supervision.

- *Online surveys* – The surveys were distributed and analyzed through the Cvent system.<sup>5</sup> The purpose was to gather additional views to complement and validate the interviews. Two surveys were conducted - one on TA and the other on training and workshops. The questionnaires were tailored to the role and involvement of stakeholders and their affiliation to AFW2. Stakeholder groups included: AFW2 Steering Committee; IMF staff; AFW2 staff and short-term experts; direct beneficiaries of the AFW2 assistance and training; other stakeholders, such as other donors and TA providers. The TA questionnaire was sent to 349 persons and completed by 111 respondents. The training questionnaire was sent to 400 persons and completed by 150 respondents. Initially, response to the survey left a lot to be desired. To increase the response rate, two reminders were sent and were followed up by telephone calls. The ultimate response rates were 32% and 38% respectively, which is considered adequate.

## 1.4 Structure of the report

The scope and approach of the evaluation are set out in Chapter 1, and the background to AFW2 operations in Chapter 2, which covers the governance, management, administration and delivery of AFW2 TA and training provision. The main findings and analysis of the results are presented in Chapters 3 to 7, with a separate chapter for each evaluation question. Chapter 8 contains lessons learnt and prioritized recommendations to increase the relevance, efficiency, effectiveness, impact and sustainability of the AFW2 assistance.

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<sup>5</sup> The survey platform preferred by the IMF





## 2 Overview of AFRITAC West 2

### 2.1 Governance arrangements and accountability interrelationships

AFW2 operates on the standard RTACs model, which is well established, but recent evaluations suggest its efficiency and effectiveness could be improved. AFW2 has a complex and multiple governance and accountability interrelationships involving the African department (AFR), Technical Assistance (TA) departments, Institute for Capacity Development (ICD), Resident Advisors (RAs), short-term experts, country authorities, AFW2 donors and other TA providers. Understanding these relationships is essential in assessing AFW2 performance.

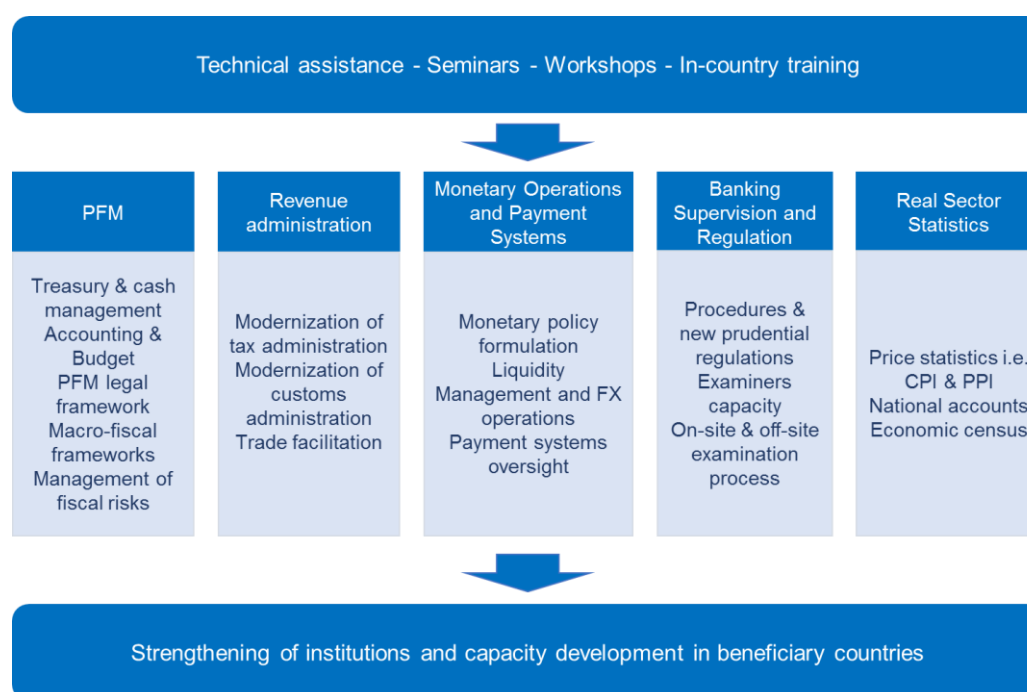
The Steering Committee comprises representatives of beneficiary countries, contributing donors, and IMF. Its function is strategic guidance by endorsing the annual work plans and reviewing the annual reports. The Steering Committee meetings are held in April each year with the exception of the first meeting which was held in March 2014. The AFW2 Center Coordinator is the committee secretary.

The delivery of TA and training, and interrelationships with stakeholders are discussed in Section 2.2.

### 2.2 AFW2 activities

AFW2 activities focus on the delivery of TA, and in-country and regional training. TA is delivered to beneficiary countries by short-term experts and/or RAs. Regional training includes workshops and seminars. The main areas of AFW2 involvement are presented in Figure 2.1.

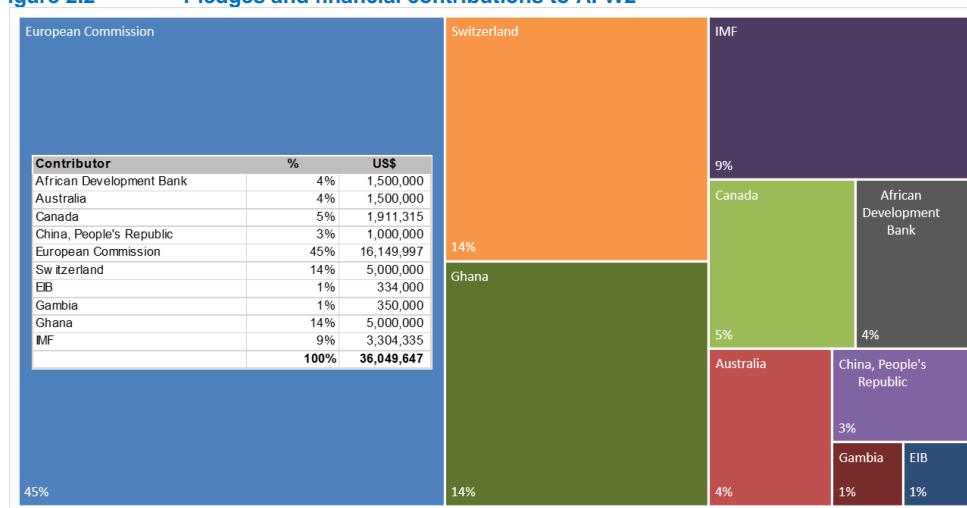
Figure 2.1 AFW2 activities



Currently, AFW2 has seven long-term Resident Advisors in the five key thematic areas. Activities are guided by a rolling annual work plan in a results-based management (RBM) framework. The work plans are endorsed by the Steering Committee (SC) consisting of representatives of AFW2 countries, IMF, and development partner countries and agencies contributing to AFW2. The Center Coordinator is responsible for the day-to-day operational management and reports to the Director of the Africa Department (AFR) of IMF in Washington. AFW2 activities are an integral part of the IMF overall capacity development program for the countries it covers. They draw on the technical expertise of the TA departments at IMF headquarters and are closely coordinated with the support provided directly by those departments.

The budget for the first phase of AFW2 was estimated at USD 43 million, based on pledges of beneficiary countries and donors. However, the Center's working budget for 2014-2019 was USD 36.4 million. The original budget was changed because of the Ebola crisis and changes in the work program due to updated information of the situations on the ground. An overview of the financial contributions to AFW2 based on the agreements is presented in Figure 2.2. The European Commission (EC) is the largest contributor, followed by the host country Ghana, and Switzerland.

**Figure 2.2 Pledges and financial contributions to AFW2**



Source: ICD

Up until now (September 2017) the development partners and two beneficiary countries, one of which is the host country Ghana (USD 5 million), have paid their contributions. Only the host country, Ghana, has fully met its subscription and The Gambia partially. Member country contributions of the other countries have not been received yet. This has so far not affected the implementation of TA due to the sufficient resources available and given the actual budget execution, but may affect the implementation in the future.

## 2.3 Implementation arrangements

AFW2 activities start with a clear defined process of needs assessment. In December each year, the RAs send notification to the member countries to identify needs for the next fiscal year. In the communication, the RAs usually provide indications based on ongoing work, reforms in progress, and work already completed. The countries indicate their priorities to the RAs.

Before consulting with IMF headquarters, AFW2 filters the priorities, for instance, to eliminate unrealistic demands on available budget. Subsequently, in an iterative process with the area

department (AFR) and technical departments, the priorities are considered in light of the country strategy notes, regional strategy note (RSN)<sup>6</sup>, and IMF policy on building capacity in fragile states.

TA focuses on shortcomings in policies, institutional structure, processes and capacity that are identified during surveillance and diagnostic, and follow-up TA missions, and during the TA interventions and evaluation of a country's track record in implementation. When available, standard diagnostic tools, such as Financial Sector Assessment Program (FSAP), Public Expenditure and Financial Accountability Assessment (PEFA), Revenue Administration Fiscal Information Tool (RA-FIT) and Tax Administration Diagnostic Assessment Tool (TADAT), are also used to identify TA gaps and needs.

IMF-supported programs, Article IV consultations and standard diagnostic tools concerning statistics, financial sector, public finance management, and tax revenue management in addition to the regular TA diagnostic missions are presented in Table 2.1.

**Table 2.1 IMF-supported Programs and Diagnostics in AFW2 countries**

| Country      | IMF program and Art. IV consultation                                     | GDSS       | FSAP | TADAT or PIMA           | PEFA                                     |
|--------------|--|------------|------|-------------------------|--|
| Cabo Verde   | Article IV 2016<br>Article IV 2014<br>Policy Support 2012                | Yes        |      |                         | 2008 (EU)<br>2016 (EU)                   |
| Ghana        | Article IV 2017<br>Article IV 2014<br>ECF 2015-ongoing<br>ECF 2011       | Yes        | 2011 | PIMA 2016               | 2006 (WB)<br>2010 (EU)<br>2013 (SECO)    |
| Liberia      | Article IV 2016<br>Article IV 2012<br>ECF 2014-2017<br>RCF 2015          | Yes        |      | TADAT 2016<br>PIMA 2016 | 2009 (WB)<br>2012 (ADB-EU)<br>2016 (GOV) |
| Nigeria      | Article IV 2017<br>Article IV 2016<br>Article IV 2014<br>Article IV 2013 | Yes        | 2013 |                         |  |
| Sierra Leone | Article IV 2016<br>ECF 2017<br>ECF 2013-2016                             | Yes (2017) |      | TADAT 2016              | 2007 (DFID)<br>2010 (DFID)               |
| The Gambia   | Article IV 2013<br>Article IV 2015<br>RCF 2017<br>RCF 2015               | Yes        |      |                         | 2015 (EU)                                |

Except for Nigeria, AFW2 countries have an ongoing or recently finalized program with the Fund. All countries are involved in Article IV consultations. Half of the countries had Public Expenditure and Financial Accountability (PEFA) assessments in the period 2014-2016. Liberia has had diagnostic assessments, such as Public Investment Management Assessment (PIMA) and Tax Administration Diagnostic Assessment (TADAT).

<sup>6</sup> Regional Strategy Note (RSN) for Capacity Development is the Fund's tool for short-term and medium-term programming of the TA priorities to the regions, including to the West African region covered by AFW2. The RSN is a rolling three-year plan with an annual cycle and is expected to cover all types of the Fund's TA and training regardless of the channels through which it is provided - IMF-funded, RTACs, bilateral and Topical Trust Funds. The RSN ensures that AFW2 work plans are integrated with the reform agendas of member countries and regional organizations and the IMF overall TA strategy for the region. It includes linkages with Fund surveillance and lending activities.

Consultation with AFW2 throughout the needs assessment process results in an annual work plan. This work plan is annexed to the annual report for submission to Steering Committee, and is reviewed and endorsed at their annual meeting.

AFW2 management and implementation arrangements are based on the IMF Technical Assistance model for Regional Technical Assistance Centers (RTACs).

The Center Coordinator, who is an IMF staff member, is responsible for day-to-day management. The staff include RAs and short-term experts, recruited and backstopped by IMF's TA departments. The center also employs locally recruited administrative support staff, including an economist, an office manager, an IT officer, and two administrative assistants.

The RAs are recruited by the functional departments of the IMF to which they are accountable, particularly on technical issues. The number of RAs was initially determined by the AFW2 program document and has been increased to the current number of seven RAs. Since November 2016, a special RA has been helping to implement results-based management.

The RAs are supervised and coordinated by the Center Coordinator, and generally stay with the RTAC for period of up to 4 years. Quality control and backstopping are provided by staff from IMF headquarters. Backstopping arrangements vary between TA departments. The backstoppers have responsibilities for supervision and quality control of the work conducted by the experts in the RTAC and for coordination of TA delivery.

The work of RAs is complemented by Fund staff and by external short-term experts (STX), hired from the Fund's roster of TA experts. Each functional department has its own roster of experts, who are selected by the RAs with the approval of the respective functional department. There are two levels of backstopping of STX: initial review by the RA; and the final quality control by the RA backstopper. The Fund's on-line evaluation system is used to assess the performance of the external experts. RAs are increasingly encouraged to use and manage Short-term experts instead of doing the TA work themselves.

AFW2 work is guided by the program document, approved annual work plans, and its RBM Framework. TA and training are delivered through specific projects organized as a set of activities with predetermined outputs. AFW2 now works with the CD-Port system into which log frames for the new FY have been entered.

Other IMF systems used by AFW2 include:

- TAIMS - TA Information and Management System
- TIMS - Travel Information Management System for recoding and reporting on travel costs
- PeopleSoft (HRPROD and FINPROD).

General and work-related information is shared with the general public on the AFW2 website <http://www.afrillacwest2.org/>. TA reports are shared with the members by means of the secure password protected website IMF Extranet Share Point.

## 3 Relevance

This chapter and the following four chapters present the main findings and results of the evaluation. This chapter presents the evaluation findings and conclusions concerning the following evaluation question: To what extent have the AFW2 TA and training activities been relevant? The chapter examines the relevance of the AFW2 objectives and implementation strategy to the needs of the member countries as well as complementarity and coordination with other initiatives.

### 3.1 Relevance of the AFW2 objectives and implementation strategy to the needs of the member countries

The section touches upon the extent AFW2 interventions have been consistent with the program document. It also examines whether the AFW2 approach and intervention modalities were sufficiently tailored and responsive to the different needs, contexts and capacities of the member countries as well as whether the capacity development through AFW2 were aligned to the priority needs of member countries as laid down in their national reform plans and development strategies. Finally, it examines the AFW2 activities have promoted regional integration objectives of its member countries.

#### *Consistency of AFW2 interventions with the overall AFW2 program document*

AFW2 TA and training activities have been highly consistent with the overall AFW2 program document.

The original program document details the AFW2 agenda and objectives per TA area and country. For each area, indicative log frames have been prepared setting out regional level and country level objectives, inputs, outputs (TA deliverables), outcomes and verifiable Indicators. The log frames are further specified in annual log frames for the Center and for each TA area in the annual reports, containing the work plans for the upcoming fiscal year (FY). The annual log frames specify short-term and medium-term objectives, outcomes, baselines and intervention logic, description of activities, timelines, milestone indicators, and specific risks. Basically, AFW2 TA and training activities specified in the annual log frames have been highly consistent with the overall AFW2 program document. Document analysis and interviews point that the quality of the log frames in the annual work plans has been gradually improved over time.

IMF has gradually introduced results-based management (RBM) for a number of similar activities for which different outcomes were defined. For FY2016, AFW2 objectives were defined by the draft catalog for RBM to provide consistency. Consistency will be further increased when catalogs are finalized for all TA areas.

For FY2018, all RAs will have to use the new project management software, i.e. CD-Port system, to develop log frames. Before the new system, the annual log frames have been useful instruments in outlining the path for AFW2 work and defining its role in overall capacity development in the beneficiary countries.

Log frame facilitates a common language and is useful for maintaining strategic focus and avoiding deviations. When the RBM framework was presented at Steering Committee meetings, one donor raised questions and member country representatives made a number of comments. Representatives of beneficiary countries interviewed acknowledged the benefits of the RBM

framework. However, some interviewees have mentioned that in terms of milestones, the RBM framework may be too sophisticated for a number of low-capacity beneficiary countries, especially those which have not yet exposed to results-oriented budgeting and management, such as The Gambia. This will require further explanation and outreach to the member countries from AFW2 to provide more information about the usefulness of the RBM system.

#### *Responsiveness to different country needs, contexts and capacities of the member states*

AFW2 TA has been highly responsive to the diverse needs of the member countries and purposely avoids “one size fits all” approaches.

The group of AFW2 member states is very diverse:

- Heterogeneity in country and population size, and in income. GDP per capita ranges from more than US\$ 6,000 per annum in Nigeria and Cabo Verde to less than US\$ 1,000 in Liberia.
- Nigeria is in a class of its own. The country has an economy that is predominantly oil-based, has a large population, and is a federal state.
- Ghana is partly oil-based, is a middle-income country.
- Liberia and Sierra Leone are fragile states, both suffered from war and the Ebola outbreak.
- The language of Cabo Verde is Portuguese.<sup>7</sup> The country chose not to join AFW1 (for francophone West-Africa) and to join AFW2. Cabo Verde has a population of only 400,000. The country has close ties with Portugal and Brazil, which are ready to provide ample assistance. These factors have limited the scope for TA delivery from AFW2, and especially in Banking Supervision, and MONOPS.<sup>8</sup>
- The Gambia has not had wars as have Liberia and Sierra Leone but has a fragile political system.

AFW2 is aware of the great diversity of six countries, and avoids “one size fits all” approaches. For the more fragile states (The Gambia, Liberia and Sierra Leone) the needs are large and in recognition that the standard two week missions may be inadequate, other mechanisms are being explored, such as placing resident experts in revenue administration and monetary operations/banking supervision in Liberia and Sierra Leone respectively. Moreover, it seeks to exploit the advantage of this heterogeneity, namely by creating opportunities for peer learning and peer support. Sometimes non-AFW2 member states are invited to share their experience, such as South Africa on post clearance audit (PCA). All beneficiaries interviewed by the evaluation team consider peer learning in regional workshops to be extremely useful.

In The Gambia, AFW 2 broadened the scope of monetary policy operations to include monetary policy analysis and formulation.<sup>9</sup> Previous (AFW2 and IMF Headquarters) work on monetary operations was having little effect because of the high fiscal dominance of the country’s economic policy, to which the recommendations were at odds. AFW2 managed to get traction at the Central Bank of Ghana (BoG) by delivering highly valued work on monetary policy analysis, thus increasing understanding at the Bank about the rationale of recommendations for monetary operations.

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<sup>7</sup> Very few people speak English. AFW2 works with a number of selected interpreters, and simultaneous translation is used. Often, the authorities prefer Portuguese-speaking experts, not from Brazil or Angola but from Portugal. This can lead to some difficulties. For instance, the Portuguese customs department has a policy not to release officers for international work which limits the pool of expert resources available for TA work. Moreover, during a mission on data matching, the English version of MS Excel appeared not to match the Portuguese language version in certain respects, but the problem was resolved.

<sup>8</sup> AFW2 reached out to the Central Bank of Cabo Verde but had not as yet started a TA activity. This is largely because Cabo Verde receives ample TA from Brazil. In consultation with HQ, AFW2 has decided to stop reaching out and to be on stand-by for Cabo Verde in case of need.

<sup>9</sup> See The Gambia case study on monetary policy analysis.

In Nigeria, AFW2 provided support to a reform-minded state (Kaduna State) and reacted immediately when a request for assistance to the introduction of the Treasury Single Account (TSA)<sup>10</sup> was received.

The Regional Strategy Note identifies training priorities as more hands-on and online training in some areas and peer-to-peer learning. While online training still needs to be developed, beneficiaries generally praised the hands-on character of training delivered by AFW2.

Many beneficiaries expressed their appreciation of hands-on technical assistance tailored to their specific needs. AFW2 produces output that beneficiaries can comprehend and manage themselves. The interviewees said the RAs were supportive and always answered questions.

Sometimes, there are difficulties with needs assessment. For instance, in banking supervision, the supervisors who have attended international conferences often request measures that cannot as yet be introduced.

The poorest countries, Liberia, The Gambia and Sierra Leone, receive TA at a level they can just absorb. In a more developed country, such as Ghana, the statistics agency has expressed the wish for more sophisticated technical assistance tailored to their needs and country context, such as on quarterly national accounts.

In addition, to the responsiveness to the varying needs of the member countries, AFW2 has actively responded to the challenges posed by the Ebola outbreak and the challenges concerning assistance to Nigeria.

#### **Response to challenges posed by the Ebola outbreak**

The 2014 Ebola outbreak that affected Sierra Leone and Liberia disrupted the AFW2 work program in FY2015. The work plan had to be re-arranged because travel to Liberia and Sierra Leone was not permitted. During the Ebola period, it was difficult to attract short-term experts, and some withdrew because of the Ebola outbreak. Where possible, online tools were used to continue providing support to these countries. AFW2's considerable effort to continue with some form of TA by using online tools worked reasonably well, especially in Liberia.<sup>11</sup>

Activities increased in FY2016 as operations resumed in Sierra Leone and Liberia. TA delivery and training to both countries have continued in FY2017.

#### **Response to challenges concerning assistance to Nigeria**

Nigeria has been reluctant to receive TA because AFW2 is located in Accra.<sup>12</sup> The country was not in agreement with the location decision, and did not attend the Steering Committee meetings. To increase the engagement with Nigeria, the Center Coordinator made a number of outreach visits to Nigeria, aware that AFW2 legitimacy would be in doubt without the involvement of the largest country in the region.

The chairman of the Steering Committee (former Minister for Finance in Ghana) initiated a joint mission with AFW2 to discuss the issue with the Nigerian authorities. The issue was resolved at a meeting at the highest level in the Fund. The Annual Report 2016 contained a strategy on engagement with Nigeria that was further discussed at the SC meeting. The situation was

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<sup>10</sup> A Treasury Single Account is a single bank account, or a set of linked bank accounts through which the government recognizes all its receipts and payments and obtains a consolidated view of its cash resources at the end of each day.

<sup>11</sup> See Liberia case study

<sup>12</sup> There was a controversy concerning the (geopolitical) issue of the location of AFW2 in Ghana.



considered to be challenging and seemed to be resolved when Nigeria confirmed their participation at the SC meeting in Cabo Verde.<sup>13</sup> Moreover, it was decided to organize the next SC meeting in Abuja.

Nevertheless, a few activities were undertaken at federal level, including a regional workshop on the Treasury Single Account. AFW2 responded swiftly to a request through the Federal Ministry of Finance to provide assistance to Kaduna State with the introduction of a Treasury Single Account. The support to Kaduna State was part of the complete overhaul of PFM in the State. In 2016, the State adopted new laws to organize its PFM systems.<sup>14</sup> Moreover, another TA mission provided support to the Kaduna State Internal Revenue Service (KADIRS) on revenue reforms.

#### *Linkages with national reform plans and strategies*

AFW2 TA and training are highly relevant to the needs expressed by country authorities. In a number of cases, a direct link can be made between AFW2 interventions and reform strategies or strategic plans.

Many countries, such as Ghana, Nigeria and The Gambia, have PFM reform strategies. In Sierra Leone the strategy has recently expired, and a new strategy is currently being prepared. Liberia is updating its PFM reform strategy with support from other TA providers. The RAs have been reviewing the draft PFM reforms for Sierra Leone and Liberia. The RA has reminded the authorities to take account of the recommendations in the TA reports in finalizing the reform strategy. Technical assistance in PFM has been in line with PFM reform strategies. The main issue is that TA and recommendations are not always followed-up for various reasons. For instance, in Ghana the fiscal strategy has been adopted, but was not made publicly available as recommended by the IMF.

There is evidence that TA in statistics is aligned to strategic plans. The statistics agency in The Gambia has developed a five-year strategic plan<sup>15</sup> that takes into consideration the AFW2 work plan. The AFW2 work plans have been coherent with the strategic plan of The Gambia Revenue Authority. The Authority indicated that AFW2 was established at the time when its strategic plan was expiring and a new strategy had to be developed for which they received assistance from AFW2.

Interviewees, particularly in the fragile states and The Gambia, expressed lack of human capacity to respond to recommendations in the TA reports. While RAs understand the implementation challenges faced by these countries, the stakeholders in the beneficiary countries have requested more flexibility in terms of duration of the TA provision.

Moreover, flexibility can also imply moving away from providing TA or training in each area, in each country in every year. AFW2 should plan according to needs and provide TA in a very flexible manner selecting the technical area in which the needs are high and plan TA on a multi-annual basis. In other words: in some technical areas a one-year TA program would be appropriate, in others a multi-annual TA program. A multi-year approach is more appropriate for countries with low-capacities. This would also reduce the load on the RAs work program.

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<sup>13</sup> This did not happen because of travel was not practical.

<sup>14</sup> A Law to Provide for the Control and Management of the Public Finances of Kaduna State, Law No. 6, 2016 of 29 March. This act introduces and regulates the TSA. 2016; A Law to Provide for Prudent Public Expenditure, Financial Management and Discipline with a View to Ensuring A Long Term Macroeconomic Stability in Kaduna State, Law No. 7, 2016 of 30<sup>th</sup> April 2016; Kaduna State Tax (Codification and Consolidation) Law, 2016, Law No. 3 of 31 March 2016.

<sup>15</sup> A requirement from the African Group of National Accounts, part of the Economic Commission for Africa.



### *Promotion of regional integration*

AFW2 acknowledges the need to promote regional cooperation. This promotion of regional integration through the implementation of specific TA and training activities has varied across TA areas. One large contributing donor has expressed comments with regard to the planning and implementation of joint activities of ECOWAS.

In a number of areas, AFW2 activities have been implemented together with regional organizations, such as West African Monetary Authority (WAMI) and West African Institute for Financial and Economic Management (WAIFEM). These activities include for instance:

- Regional workshop on implementation of the Basel Core Principles for Effective Banking, organized in cooperation with WAMI;
- Yearly regional workshop on the CPSS-IOSCO principles<sup>16</sup> organized together with WAIFEM (see box 3.1).

#### **Box 3.1 AFW2 and promotion of regional integration**

Until 5 years ago, almost all payments in the region had to be settled in cash. Thanks to a successful project of the African Development Bank in cooperation with West African Monetary Zone and the World Bank which helped to create basic infrastructure resulted in the quick development of payment systems during the past few years.

AFW2 organizes on a yearly basis a regional workshop in cooperation with WAIFEM. Participants work hands-on in a case study where they apply the CPSS-IOSCO principles on financial market infrastructure in an imaginary country, which is modeled after the situation in the region. That case study was developed by the Monetary and Capital Markets Department of the IMF.

The case study seems well chosen, since participants recognize the situation and the seminar helps greatly to raise awareness. While adequate payment systems are basic prerequisites for further development of the financial sector, they also imply new risks. Therefore, central banks need to adapt by developing an appropriate oversight function.

The seminars generated follow-up requests for TA. Work on payment systems has continued at the Central Bank of Ghana. Recently, Liberia had a stocktaking mission.

The program document envisages support to regional trade integration by reducing the cost and time in trading across borders. This has been promoted by AFW2 support to revenue administrations with respect to risk management and Post Clearance Audit (PCA).

The EU and ECOWAS representatives commented critically on the extent to which AFW2 activities have focused on promotion of regional integration. While ECOWAS has been involved in a number of activities, joint activities have not been implemented with ECOWAS. The EU and ECOWAS expect that joint activities and activities to develop capacity of ECOWAS staff, especially in PFM, would be planned and conducted. While currently ECOWAS has observer status, ECOWAS expects also to become a full member of the Steering Committee with voting rights. This expectation is based on the EU contribution from its regional program.

AFW2 has confirmed that some of the issues are being addressed. ECOWAS has been invited to attend workshops on regional issues, such as TADAT, customs risk management, and VAT

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<sup>16</sup> The CPSS-IOSCO (Committee on Payment and Settlement Systems and the International Organization of Securities Commission) principles sets out 24 Principles on financial market infrastructures which provide an international standard for payment systems surveillance and oversight.

harmonization. ECOWAS representatives participated in the TADAT workshop, which they considered to be useful. AFW2 considers that support to ECOWAS and joint activities requires the endorsement of all AFW2 countries.

At SC meetings, the EU member suggested the importance of the objective concerning promotion of regional cooperation. ECOWAS indicated they had submitted information on specific activities when the AFW2 program document was being developed. But the AFW bottom-up needs assessment focuses on the country perspective. ECOWAS is not actively involved beforehand in the needs assessment. While AFW2 acknowledges the need to promote regional cooperation, programming does not reflect these needs adequately.

At the SC meeting in 2016, a representative of a regional organization suggested more formal arrangements be established with regional organizations. AFW2 acknowledged the advantage of a more formal arrangement between ECOWAS and IMF, but added that given that the Center's experience and the interactions with the regional institutions has differed across sectors, the first step would be to look at the existing collaboration, and then build on it as a basis for moving on to a more formal arrangement such as an MOU.<sup>17</sup> So far, no formal arrangement has been made.

### 3.2 Complementarity & coordination with other initiatives

The main findings are that AFW2 TA and training have been relatively well coordinated and integrated with the Fund surveillance and program activities and are complementary to IMF headquarter TA missions. AFW2 has avoided duplication and overlap of assistance with other TA providers. AFW2 has successfully proven the added value of a regional technical assistance center: located close by and thus able to respond quickly, better understanding of the local situation better and a more practical, hands-on input. Nonetheless, coordination with other TA providers could be improved and AFW2 could do more to promote donor coordination and reaching out to a wider group of beneficiaries.

This section touches upon the extent AFW2 activities complement other IMF CD programs (TTF and bilateral TA) and the extent AFW2 activities are effectively coordinated with the work of development partners operating in the same sectors. It includes the issue whether AFW2 succeeded in establishing a clear comparative advantage compared with other sources and delivery modes of related TA, and thus internalizing the benefits of a regional technical assistance center.

AFW2 is relatively well coordinated and integrated with the Fund surveillance and program activities. The AFW2 work plan is an integral part of the work plans of the functional departments, and leads in TA delivery. Whether TA is financed by IMF, at TTF, or by another donor is not a concern for the beneficiary. AFW2 is one of the possible modes of delivery. In revenue and customs administration, there is a division of work between FAD responsible for policy, and AFW2 that handles administration.

AFW2 activities are considered to be complementary to IMF headquarter missions. The RAs generally bring extensive knowledge on the situation on the ground, and are very focused. IMF headquarter missions provide or clarify the bigger picture, by having more overview of the country situation.

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<sup>17</sup> See FY2017 Annual Report - Annexes, Annex II: Minutes of the Fourth Afritac West 2 Steering Committee Meeting April 26, 2016, Coco Ocean Hotel, Bijilo, The Gambia.

Sometimes, the nature of the TA merits for a more permanent presence on the ground. In such a case, HQ appoints a resident advisor which is embedded for a longer period in the beneficiary institution for one or two years. For instance, MCM has currently in three out of the six countries resident advisors in banking supervision and one resident advisor in central bank modernization. There is good coordination between AFW2's RA for banking supervision and the embedded advisors.

AFW2 has successfully proven the added value of a regional technical assistance center in the region. Several beneficiaries stated that working with AFW2 has advantages. AFW2 is located close by and thus can respond quickly and visit more often. AFW2 understands the situation better and gives a more practical, hands-on input. Beneficiaries unanimously appreciated that AFW2 as represented by its RAs is competent (as is IMF headquarters), and approachable, sufficiently flexible to deal with rapidly emerging needs, and to visit on short notice.

It is widely but not universally understood that AFW2 is limited to providing short-term TA, and does not finance software, hardware equipment, and does not provide long-term Resident Advisors.

### Box 3.2 Quotes on AFW2 TA

- Central Bank of Ghana about the RA Banking Supervision: "She is a good manager; she gets things done. The things she organizes are always very useful. She understands the conditions here. She is very supportive. If we have questions, she always comes back on them."
- Central Bank of Ghana about the RA MONOPS: "He is approachable, a very friendly person. He will always assist. It feels like he is very interested in us, likes working with us."
- Central Bank of The Gambia about the RA Banking Supervision: "She always comes timely with adequate response to our needs. She pushes us a bit, but this is good."
- Central Bank of The Gambia on the MONOPS mission: "We had TA before. Somebody was doing something in his own corner, leave us with a spreadsheet. We had no idea where the figures came from. AFW2 is completely different. They make us the owner of the things we need to do."
- Kaduna State Treasury Department: "Training provided to the Cash Management Unit was very helpful. The expert provided lectures on functions of TSA, came back to review implementation progress and also made himself available for comments in between missions".
- Liberia Revenue Authority: "Generally we are very satisfied with the support received from Afritac West 2. We, LRA, have really benefited. We are generally happy with the delivery of the TA, and how they try to help. We are happy with AFW2's actions during the Ebola crisis, so that we did not waste a whole year. We really recognize the support received during that period. We want it to be recognized, that we are very satisfied."
- Gambia Revenue Authority: "I want to say that the assistance is needs-focused. There is country ownership. Our experience has been very positive. All of them were very good. We evaluate them. We have no doubts about the capacity of the people sent."

At IMF headquarters, AFW2 is considered to be very effective in getting TA recommendations of both IMF Headquarters and AFW2 implemented because the Center is located close to the beneficiaries and thus better positioned for follow-up.

No explicit examples of collaboration or overlap of TA and training provision between AFW2 and Topical Trust Funds (TTFs) could be identified.

While coordination between IMF Resident Representative Offices (RRO) and AFW2 is close in Ghana, the extent of coordination between RRO and AFW2 in the other countries differs. The adherence to the guideline on informing RROs about forthcoming TA missions requires improvement. Donor briefings by RROs are organized, but this is not common practice.

There is also no overlap with the Africa Training Institute of the IMF.<sup>18</sup> AFW2 is not a core training provider, but conducts training as an integral part of TA or in regional workshops on specific issues. The training is specialized, tailored to the specific situation and contributes to TA effectiveness and impact. Interviews in beneficiary countries did not reveal a relationship between AFW2 work and training provided by Africa Training Institute. The latter training is considered to be more theoretical and aimed at increasing general knowledge. There is some synergy with the Africa Training Institute. The Center has sponsored some member countries to participate in areas related to TA delivery, e.g. macroeconomic modeling.

Coordination efforts are being made to prevent overlap with other TA providers. There are a number of examples of successful coordination and cooperation with other TA providers. In statistics, the cooperation with DFID in the Enhanced Data Dissemination Initiative (EDDI)<sup>19</sup> is extensive and successful, especially in the price-statistics field. In The Gambia, there have been gaps in the financing of the EU of activities of the Gambia Revenue Authority, and AFW2 TA has helped to bridge these gaps between financing cycles in the EU program. The implementation of the Forecasting and Policy Analysis System (FPAS) in Ghana is jointly financed with DFID.<sup>20</sup> There was also coordination in Ghana through the Steering Committee.

AFW2 has avoided duplication and overlap of assistance with other providers. Coordination with other TA providers is done through structured cooperation based on strategic partnerships and/or ad-hoc cooperation by RAs in the field. TA coordination in the beneficiary countries depends on the ability and willingness of country authorities to mobilize and coordinate the TA of the various donors. This appears to be strong in revenue and customs administration. In Ghana, there is a well-functioning platform for donor coordination in PFM. Donor coordination has been encouraged by the resident staff. For instance, AFW2 RAs on revenue and customs administration liaise with other TA providers, and there is no evidence of duplication of effort. Yet, there is potential overlap as, for instance, in the area of PFM TA providers in Liberia expressed the difficulty in coordinating well their programs.

Nonetheless, coordination with other TA providers could be improved by concluding strategic partnerships and by strengthening collaboration and information exchange with IMF Resident Representative Offices, using these offices to organize briefings with other TA providers. In Ghana, RAs make presentations and briefings at the Resident Representative Office. This did not happen in all the member countries.<sup>21</sup>

Visibility of AFW2 affects coordination and complementarity. With respect to AFW2 establishing its brand, some stakeholders (beneficiaries and other TA providers) refer to AFW2 as IMF or the Fund, and do not always mention 'AFW2' specifically. This has advantages because IMF is respected but may lead to underestimation of the specific AFW2 TA and training activities. It may be helpful to reconsider the visibility of AFW2 in the future, depending on the level of co-funding by other donors (who seek visibility) and by beneficiary governments.

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<sup>18</sup> The Africa Training Institute of the IMF is part of a network of IMF regional training centers around the world, which help develop countries' policymaking capacity by transferring economic skills and best practices.

<sup>19</sup> The EDDI project covers technical assistance to 44 economies in Africa, the Middle East and Central Asia, and contains modules on national accounts, prices, monetary and financial, balance of payments, and government finance statistics, as well as the dissemination of data.

<sup>20</sup> See case study.

<sup>21</sup> Interviewed EU officials in Brussels and Abuja commented that in addition, briefings to EU delegations could be made.

AFW2 could do more to promote donor coordination and promote its own brand by actively disseminating its annual work plan and annual report to a wider group of beneficiaries<sup>22</sup>, for instance through presentations, and newsletters.

### 3.3 Survey results

The AFW2 evaluation survey addressed the entire AFW2 program and asked respondents to review its relevance, efficiency, effectiveness, sustainability and impact. This survey was sent to a range of stakeholders, who received, according to their roles, all or a selection of questions. The targeted groups included (i) key AFW2 stakeholders, comprising of attendants of the Steering Committee meetings, AFW2 Center Coordinator and RAs, and staff of IMF headquarters; (ii) AFW2 beneficiaries and other TA providers; and (iii) AFW2 short-term experts. With regard to the evaluation criterion the respondents received four questions concerning:

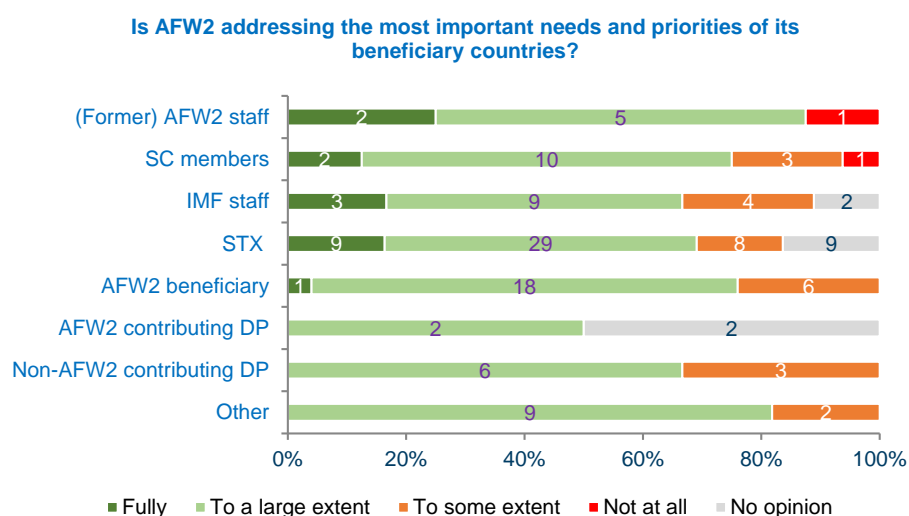
- the extent the needs and priorities of the beneficiary countries were addressed;
- the extent AFW2 support has been coordinated with and was complementary to other IMF support and / or support from other TA providers;
- whether AFW2's approach and activities provided a clear comparative advantage compared to other TA provided in the same areas; and
- how they rate the overall relevance of AFW2 TA and training.

The responses to the question on tailoring of support are presented in figure 3.1 and summarized as follows:

- Of the 126 respondents, 15 (11.9%) indicated AFW2 is fully addressing the most important needs and priorities of its beneficiary countries.
- 76 respondents (60.3%) indicated AFW2 is doing this to a large extent.
- 21 respondents (16.7%) answered that AFW2 is doing this to some extent.

When broken down by affiliation, the most positive views were expressed by SC members, AFW2 staff and former staff, and staff of IMF headquarters.

**Figure 3.1 Responses to Q3 on tailoring of support (broken down by respondent category)**



Total respondents: 126

Note: One respondent who noted 'not at all' is in two categories and thus appears twice in the graph.

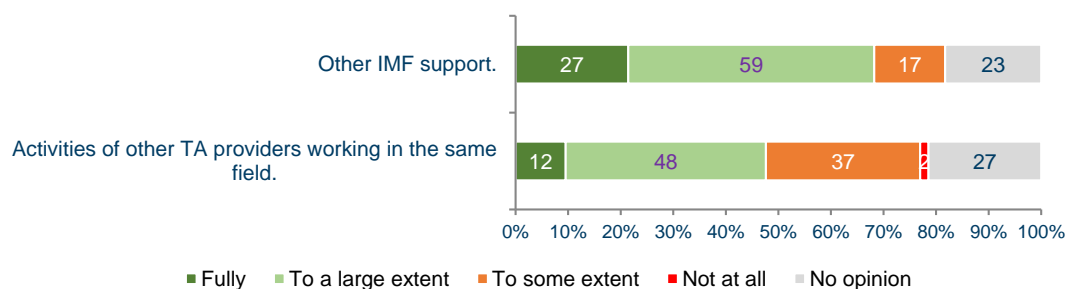
<sup>22</sup> Wider than SC members.

The responses to question on coordination and complementary are presented in figure 3.2 and is summarized below:

- 27 and 59 respondents (21.4% and 46.8%) respectively viewed AFW2 support fully or to a large extent coordinated with and complementary to other IMF support.
- This is higher for complementarity to activities of other TA providers, where 37 respondents (29.4%) indicated to 'some extent', but two respondents indicated 'not at all'.
- Of these 37 respondents, the majority were short-term experts (11) and staff from beneficiary countries (10).

**Figure 3.2 Responses to Q4 on coordination and complementary**

**To what extent is AFW2 support coordinated with and complementary to:**



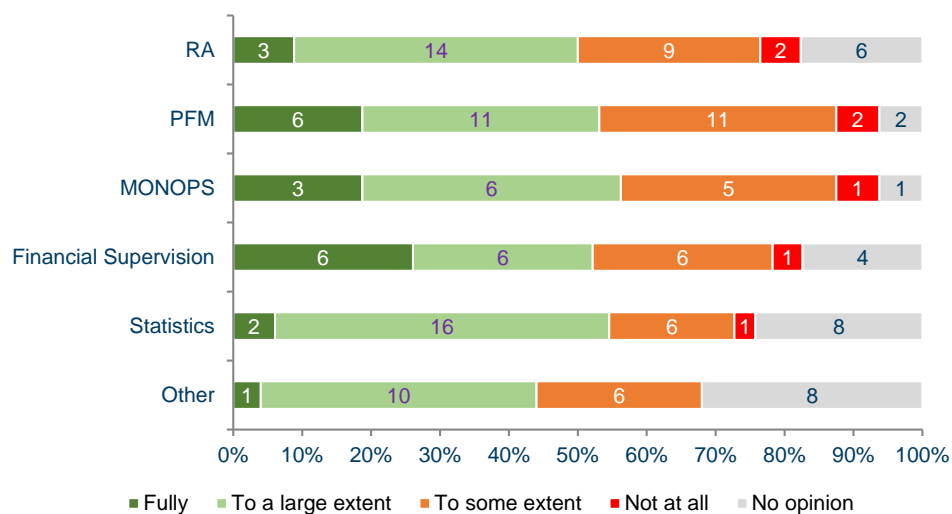
Total respondents: 126

The responses to the question on AFW2's comparative advantage are set out in Figure 3.3 and are summarized as follows:

- The majority of respondents fully (14.3%) or to a large extent (38.1%) agreed that the AFW2 approach and activities have a comparative advantage.
- When broken down by TA area, the picture is similar for all TA areas, with the highest number of respondents indicating 'to some extent' in PFM (11).

**Figure 3.3 Responses to Q5 on comparative advantage (broken down by field of work)**

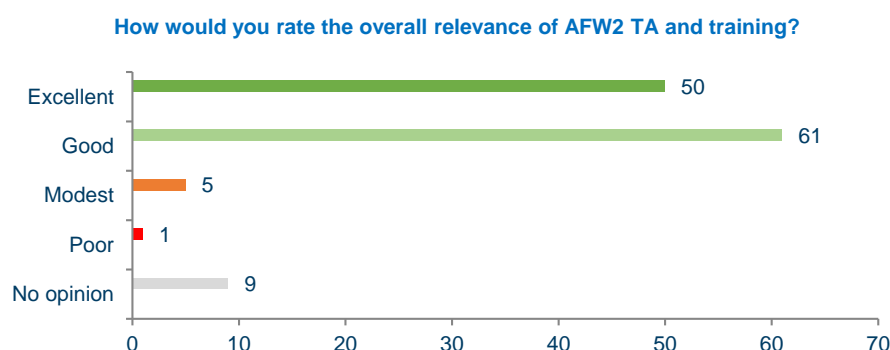
**Do AFW2's approach and activities provide a clear comparative advantage compared to other TA provided in the same fields?**



Total respondents: 126

The responses to the overall relevance are presented in Figure 3.4. The vast majority of respondents (88.1%) rated the relevance of AFW2 as excellent (50 respondents or 39.7%) or good (61 respondents or 48.4%). Four of the five respondents who indicated 'modest' were short-term experts.

**Figure 3.4 Responses to Q6 on overall relevance**



In absolute numbers. Total respondents: 126

The respondents commented on the overall relevance of AFW2. Many of the comments reinforced the added value and good targeting of TA and training. Revenue Administration was mentioned specifically as the area of relevant support.

The total number of short-term experts responding to the survey amounted to 55. Some short-term experts' comments on relevance were based on only a few missions. A few critical comments were made about the relevance of AFW2. Two comments were about lack of follow up, two on a strong drive behind TA and training delivered from IMF HQ, and two on improvement needed in coordination with other TA providers.

### 3.4 Conclusion

The findings from different sources (documentary evidence, interviews, case studies and survey) have been triangulated to draw conclusions on the relevance of AFW2 assistance and training. The survey results confirm largely the other sources.

The relevance of AFW2 as a whole and its different activities have been assessed as good to excellent (see Table 3.1).

The program design and implementation approaches are largely coherent and adequate. The quality of the log frames in the annual work plans has been gradually improved. The log frames are used for planning and monitoring purposes. The log frames of the FY2018 work plan are based on the new project management system CD-Port. Specification of agreed milestones will require further outreach in a number of low-capacity countries due to the lack of exposure and experience in results-oriented approaches to budgeting.

AFW2 needs assessment takes into account existing reform plans and strategies (e.g. the Strategic Plan of Gambia Revenue Authority). Bottom-up needs assessment is assured through the continuous contact of RAs with their counterparts, and through the annual spring and autumn meetings. However, the needs assessment could take more into account existing capacities in a number of beneficiary organizations in the countries, particularly the fragile states and The Gambia. IMF understands this through the new approach for fragile countries. This approach embodies more

extensive TA presence and more flexible TA delivery modes, as well as further integration of TA into IMF lending and surveillance operations. A pilot started in six countries, including Liberia and Sierra Leone. These countries will get more TA including longer missions, more training and a resident advisor. Language issues make it sometimes difficult to accommodate the needs of Cabo Verde. More active search for additional Portuguese-speaking roster experts may be warranted.<sup>23</sup>

Promotion of regional integration is an objective, but has not adequately been taken into account. Improved consultation and explicit agreement between parties concerned is required, including sufficient specification of the expectations as to prevent ambiguity.

Generally, AFW2 work is well coordinated and integrated with the Fund surveillance and program activities and with the work of the TA departments.

AFW2 work is complementary to that of other TA providers, specifically in revenue and customs administration. There is systematic cooperation in statistics. There is no overlap in PFM. Ghana has a donor group which meets every two months, and which has a PFM sub group. Liberia has an active working group on donor coordination on PFM (including Revenue Administration), meeting once per month. Other TA providers in that country admit that it is hard to coordinate their programs. Where possible, AFW2's RAs attend the meetings. Also the IMF Resident Representative Office in the country plays an active role, minimizing the risk of overlap. This is also the case in Nigeria and the Gambia.

No overlap exists with other TA providers in banking supervision, monetary policy and payment systems. Although coordination is encouraged by the RAs, not all countries have well-functioning mechanisms for donor coordination. RAs can make better use of IMF Resident Representative Offices for briefings and dissemination activities which need to be extended.

All case studies point also to the high relevance of AFW2. The survey findings support the conclusions. Respondents have rated the relevance of TA and training as either excellent or good. The variable promotion of regional integration across TA areas inhibits a higher overall score.

**Table 3.1 Conclusion - Relevance**

| Evaluation Criterion and Sub-Criteria   | Weights<br>sub-criteria | Sub-score         | Weighted<br>score |
|---|-------------------------|-------------------|-------------------|
| <b>Relevance</b>  |                         |                   |                   |
| Relevance of the AFW2 objectives and implementation strategy to the national reform agenda and emerging needs | 70%                     | Good to Excellent | Good to Excellent |
| Complementarity & coordination with other initiatives   | 30%                     | Excellent         |                   |

<sup>23</sup> In the area of PFM there is no difficulty in sourcing Portuguese speaking experts from Brazil.



## 4 Efficiency

This chapter presents the evaluation findings and conclusions concerning the following evaluation question: Were the resources allocated to desired outcomes in an efficient way? This chapter examines internal processes and TA implementation and the use of the financial and human resources and expertise, including the issue concerning institutional memory and backstopping. Moreover, the evaluation touches upon monitoring and reporting arrangements, including the results-based monitoring (RBM).

### 4.1 Processes and TA implementation

The main conclusion is that AFW2 internal processes are well-established and adhered to. There is intensive interaction with the TA departments. The TA delivery is well organized and timely delivered. The duration of most missions is one or two weeks. Interviewees expressed the need for additional flexibility in the duration of the missions that could further promote efficiency in TA delivery.

AFW2 follows closely the IMF general rules and procedures that guide operation of the RTACs. RAs are made aware of the rules and procedures in a one-week briefing in Washington DC, and are supported by local AFW2 staff in their implementation.

The office staff stated they are well aware of and satisfied with Fund-related procedures and systems. They received one-week intensive training in Accra on the procedures and systems of one TA department as an example. Basically, the procedures are similar in all TA areas. Staff commented that some procedures are implemented differently by the TA departments such as, how to process contracts, documentation, and expense reports. Thus, a lot of learning by doing has been required to work smoothly with all TA departments. The staff are also guided by the procedures agreed in staff meetings at various times.

The functioning of AFW2 is facilitated by the office manager, IT officer and two Administrative Assistants under the overall management of the Center Coordinator supported by the local economist. They also support new RAs. The local staff are conscious of their work and the importance of ensuring a smooth work flow. Feedback is actively sought and encouraged.

While the Center has sufficient support staff, there are capacity problems at times for various reasons, for instance due to the intensive work schedules of the RAs or non-availability of one of the support staff.

The general feeling among both RAs and local staff is that the staff could benefit from further training and more guidance. However, the Center has insufficient budget for training and there are not enough funds for personal development.

During their field mission, the evaluators witnessed an open, collaborative and pleasant working atmosphere in the office. Both RAs and staff are highly satisfied with the current office environment.

In the implementation of activities, there is intensive interaction with the TA departments through regular backstopping and accountability mechanisms. Interaction with the Africa Department is less intensive and is mainly through information exchange on developments and challenges in the

recipient countries. Work plans and annual reports are distributed internally within the IMF as well as externally with the member countries and donors participating in the Steering Committee.

The Center Coordinator and the RAs collaborate continuously and effectively with the counterparts at all stages of the project cycle.

The planned work is shared with the counterparts. In general, beneficiaries leave it to AFW2 to select a short-term expert. The counterparts are not usually involved in the selection of the short-term expert. However, in a few cases beneficiaries indicated they would prefer regional experts who have better understanding of the specific country context and socio-political issues as well as experience in countries that have undergone a similar reform.

The delivery of AFW2 assistance is well organized and timely. AFW2 ensures timely arrangements with the counterparts to facilitate the experts on site. Also, the organization of regional workshops is perceived as highly efficient, and highly appreciated by the recipient countries. AFW2 staff work hard to ensure smooth organizations, even at times when the workload is extremely high.<sup>24</sup>

The duration of most missions is one or two weeks, plus preparation days. In general, beneficiaries regard the two-week mission format as appropriate. Longer missions would interrupt daily work too much. Shorter missions would not be sufficient for practical hands-on training.

Several beneficiaries in revenue and customs administration, and PFM noted that the mission duration is short, particularly when the short-term expert is not yet familiar with the country and the organization. For instance, while being supported by a long term resident advisor funded by the IMF headquarters, the Liberia Revenue Authority considered that one or two weeks for a training mission is not sufficient to assure that the newly obtained skills and competences are fully understood among the tax officers and can be implemented by them. Treasury officials of Kaduna State considered that one-week missions are generally too short to effectively build capacity.<sup>25</sup>

A number of beneficiaries and advisors commented on the need for additional flexibility in the duration of the missions that could help improving efficiency. There can be advantages in very short missions, for instance, when the beneficiary is not well prepared, or implementation of previous recommendations is insufficiently advanced.<sup>26</sup> In sensitive matters, shorter missions of only 2 to 3 days may enhance effectiveness and efficiency by speeding-up processes at the beneficiary.

Implementation processes can be hampered for various reasons, such as sudden demands on key officials, and therefore AFW2 could consider a more active role in overcoming issues by means of a very short visit. Longer missions of 3 to 4 weeks could also be considered if there is strong rationale. There interviewees expressed a need for more flexibility in the duration of TA missions.

## 4.2 Use of resources

This section examines the utilization of the budget, addresses the issue of institutional memory, and touches upon the important role of the Center Coordinator and the backstopping function.

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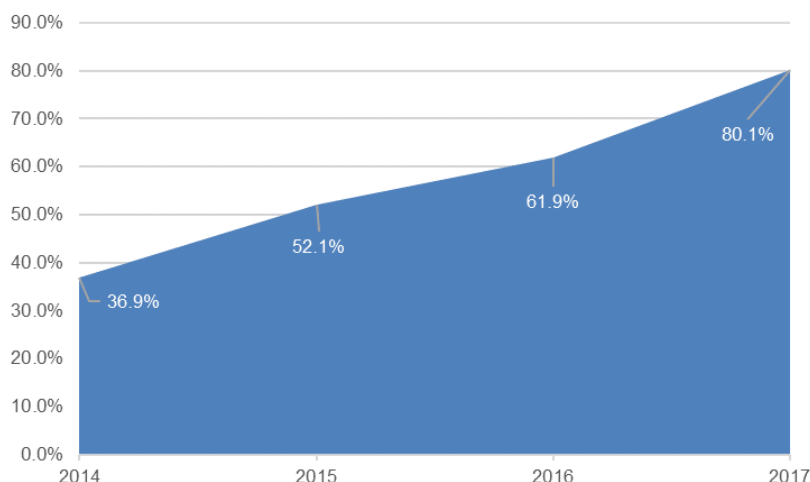
<sup>24</sup> In particular, when preparing the annual report and the SC meetings, and organizing workshops.

<sup>25</sup> The mission duration depends also on the absorptive capacity of the respective country and the activities of other development partners operating within the given subject area. Despite these factors, interviewees of various authorities expressed demand for longer missions.

<sup>26</sup> An example of a flexible approach is the case study on banking supervision in The Gambia, where one mission was truncated because of non-implementation. The work comprised agreement to a new work plan with a timeline and the expectation that a dedicated team will be available in forthcoming missions. The dedicated team was remotely supported by the expert. For more details, see the case study.

Figure 4.1 presents the budget implementation over time.

**Figure 4.1** Budget execution AFW2, FY2014-2017<sup>27</sup>



Source: Calculation based on data provided by ICD

Budget execution has increased over time from 36.9% in FY2014 to 80.1% in FY2017, as shown in Figure 4.1.

In the first two years of AFW2 implementation was affected by the Ebola outbreak and the situation concerning Nigeria. The Ebola outbreak curtailed visits to two of the six beneficiary countries, effort and time were required to establish satisfactory working relationship with Nigeria. The dynamics in political environment in the region added to the challenges. In the first three years of AFW2 operations, the opposition won four elections. This resulted in a complete change of officials at key positions and hampered the working relations between AFW2 staff with their counterparts. Moreover, in several cases the authorities requested TA, but canceled for reasons external to AFW2, such as elections and a change in priorities. Sometimes, follow-up missions were postponed because recommendations of the previous mission had been insufficiently implemented. As a result, plans were changed. Several member countries have made additional requests that AFW2 has tried to accommodate. This has been done in consultation with Institute for Capacity Development and the respective TA department. The overall conclusion is that in this challenging context, AFW2 needed room for maneuver in the execution of the work plan.

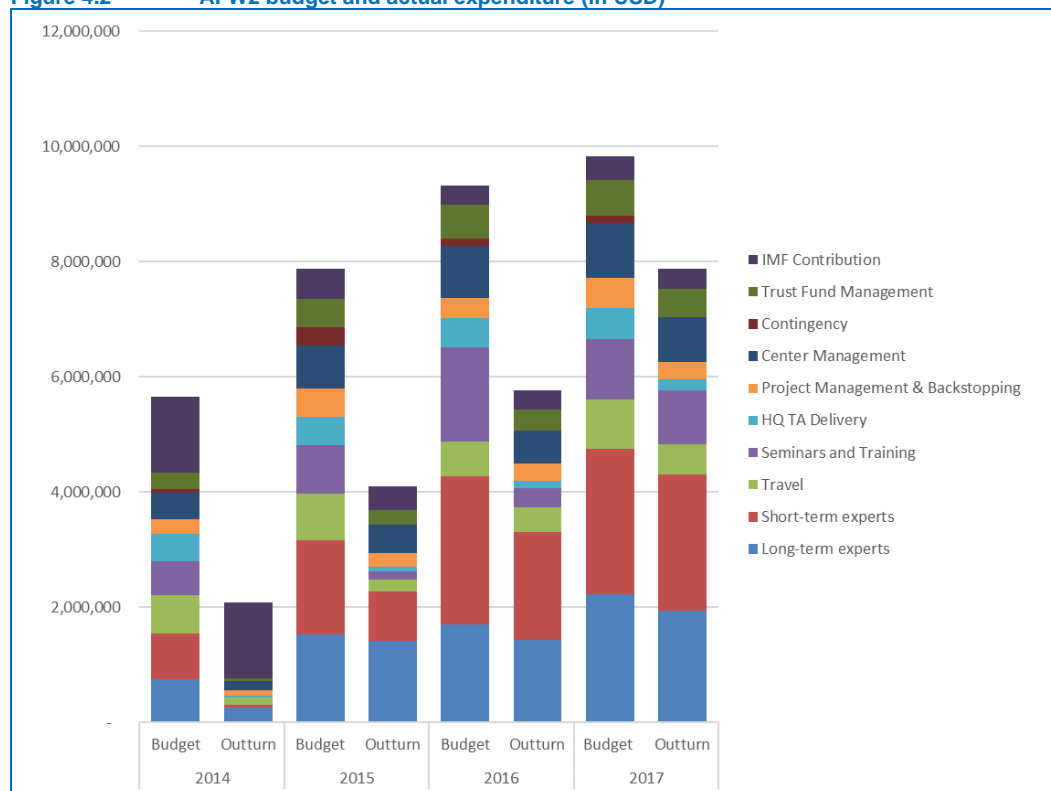
As mentioned, the initial AFW2 program budget for five years was estimated at USD 43 million. Because of the Ebola outbreak and further programming of needs, the amount reduced to USD 36.4 million. There have been no difficulties in mobilizing funding.

Only 2 member countries are currently supporting the center. The host country, Ghana, has fully paid its subscription and The Gambia partially. Four member countries have not yet signed agreements. The lack of member support affects the financial sustainability of AFW2.

The AFW2 budget and expenditure for the period FY2014 to FY2017 and the composition of expenditure are presented in Figures 4.2, 4.3 and 4.4.

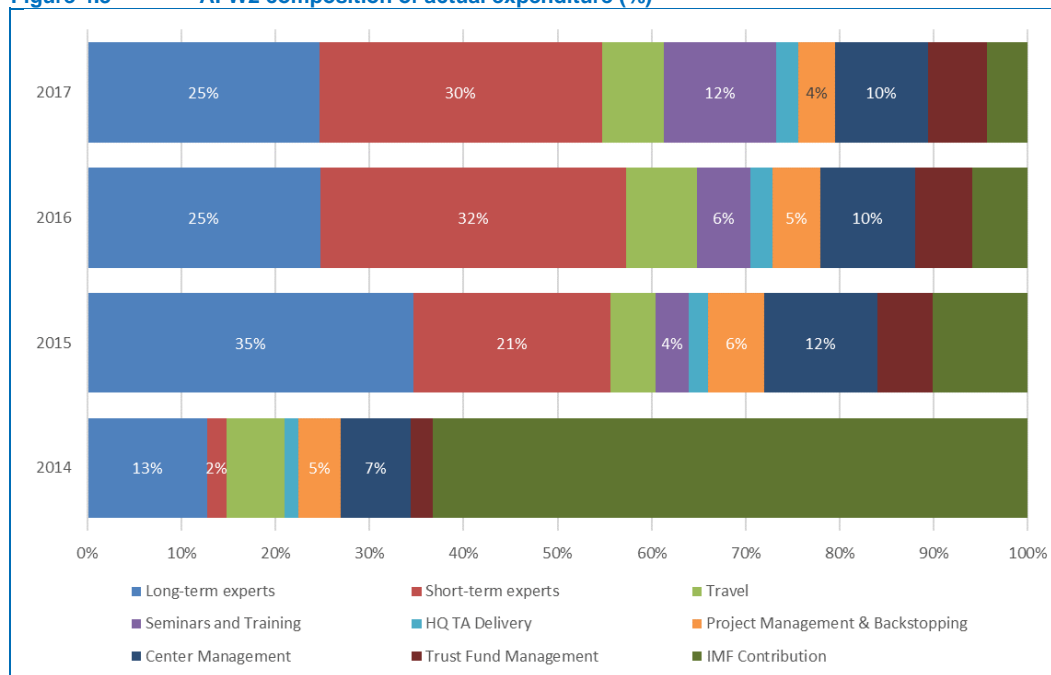
<sup>27</sup> Data are based on the Excel file received from IMF's Institute for Capacity Development, which covers the period up until 30 April 2017.

**Figure 4.2 AFW2 budget and actual expenditure (in USD)**



Source: Calculation based on data provided by ICD

**Figure 4.3 AFW2 composition of actual expenditure (%)**

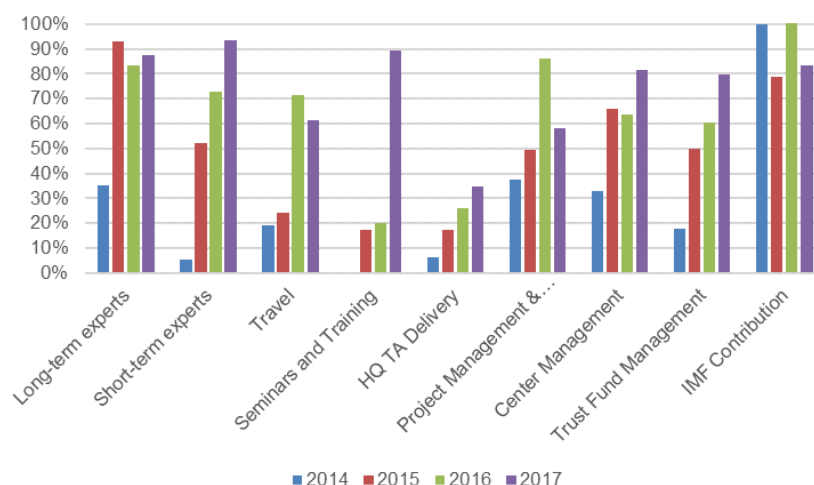


Source: Calculation based on data provided by ICD

As of end of April 2017, the actual cumulative AFW2 outturn amounted to almost USD 20 million. Annual budgets have increased over time. Due to the Ebola outbreak there was less spending during the initial stages of the Phase. The work program was adjusted accordingly during the post crisis years FY16-FY18s and spending rose accordingly, resulting in the increase of the budget execution rates.

Long-term advisors and short-term experts comprised more than half of total spending (55% in FY2017). Seminars and training amounted to 12% in FY2017. The share of project management and backstopping costs remained on average at 5% for the whole period FY2014-2017.

**Figure 4.4** Budget execution AFW2, by spending category FY2014-2017

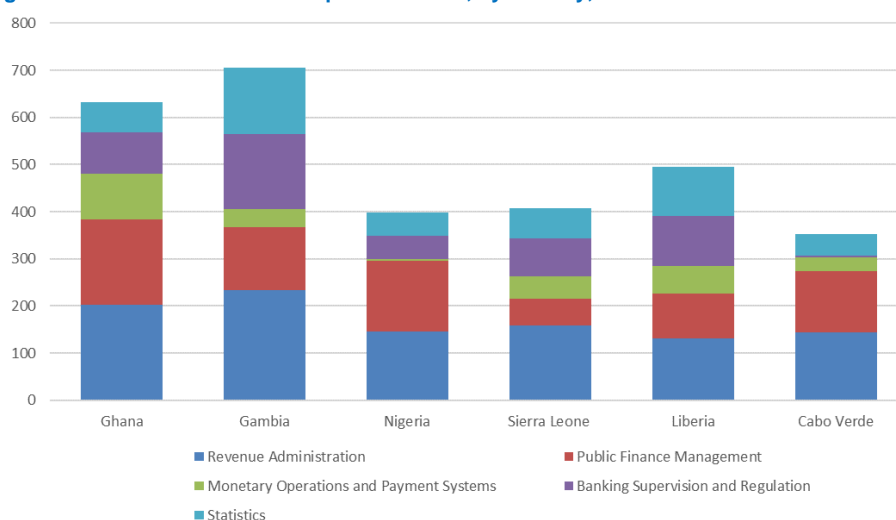


Source: Calculation based on data provided by ICD

In the period FY2014-2017, use of short-term experts, provision of seminars and training, and HQ TA delivery increased steadily (see Figure 3.8). The input of RAs was only severely curtailed in FY2014 but recovered immediately after the Ebola outbreak, indicating the swift response of AFW2 to developing capacities in the two highly affected countries.

As shown in Table 4.5 and 4.6, The Gambia received the most TA in person weeks (705), followed by Ghana (632) and Liberia (496).

**Figure 4.5** TA received in person weeks, by country, FY2014-2017

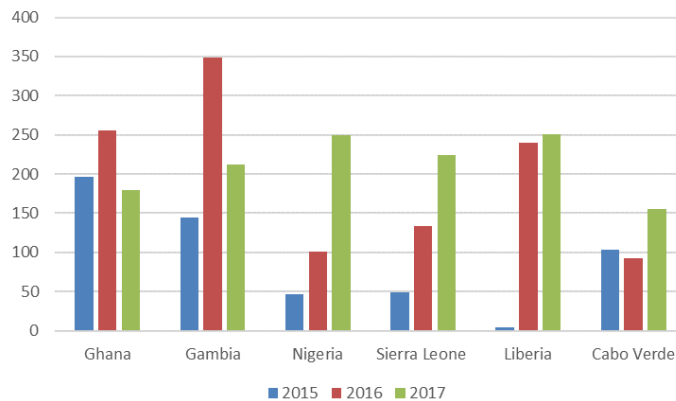


Source: Based on data provided by AFW2

TA and training provision in Nigeria increased from 47 person weeks in 2015 to 250 in 2017 as the assistance to Nigeria gained momentum. In 2017, the highest number of person weeks was also spent in Liberia (251) and Sierra Leone (224). The immediate effect of the aftermath of the Ebola outbreak can be seen in the increase of TA expressed in person weeks in Liberia, increasing from

only 5 person weeks in 2015 to 251 in 2016 (of which 88 weeks were in PFM and 71 weeks in revenue management). In 2016, there was also an immediate and large increase in TA and training in revenue administration, banking supervision and MONOPS.

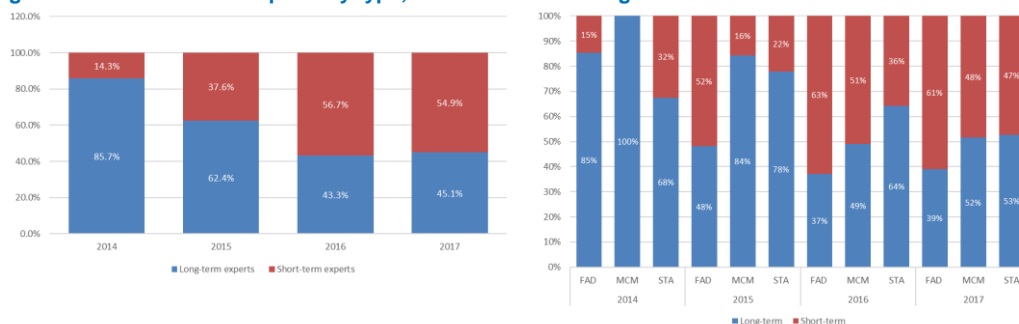
**Figure 4.6 TA received in person weeks by country per fiscal year**



Source: Based on data provided by AFW2

Comparing the use of long-term expertise through the RAs and the use of short-term experts, more short-term experts were utilized<sup>28</sup> (see figure 4.7). Because of the increase in short-term experts, RAs have to spend more time on managing and supporting these experts instead of only implementing TA and training. This tendency is expected to increase. The RAs interviewed are aware of this shift in their role, which has already occurred in the three largest TA departments of the IMF.

**Figure 4.7 AFW2 experts by type, based on financial figures**



Source: Calculation based on data provided by ICD

RAs spend most of their time on mission-related work and increasingly on backstopping short-term experts. The Center Coordinator's time is spent on general administration and office management, as well as outreach activities to build and maintain relationships with beneficiary counterparts and other TA providers. Interviewees from AFW's donors and other TA providers suggested more outreach and awareness-raising activities given the low implementation in the first years.

### *Institutional memory*

With regard to institutional memory, AFW2 aims to ensure good preparation of RAs and good hand-over procedures when a new RA is appointed. RAs stay in general for more than two years, and two RAs have worked in AFW2 for almost three and half years.

<sup>28</sup> Short-term experts are selected from the Roster, the list of experts suitable for short-term IMF missions. Each TA department has its own Roster. An expert with more than one specialization is included in more than one roster (e.g. PFM and government finance statistics).

Before taking up their duties, RAs have a one-week briefing at HQ, which includes discussions with major players, such as African Department, TA departments and ICD. All RAs commented on the usefulness of this briefing week. Statistics, Fiscal Affairs Department and Monetary and Capital Markets Department have introduced a special week in Washington DC to brief long- and short-term experts about Fund developments, to discuss thematic issues and to enable sharing of TA experience. This is considered to be very useful by both IMF headquarters staff and the RAs. FAD organizes this separately for experts on revenue and customs management, and for PFM experts.

The Statistics RA was recruited at the start of AFW2. The Revenue Administration RA was recruited shortly after the inception of the Center, covering both tax and customs administration. The current MONOPS and Banking Supervision RAs were recruited later and thus had to continue the work of their predecessors. In the case of banking supervision there was no handover. The MONOPS RA met several times with his predecessor as he was based at the Bank of Ghana. Both RAs did not experience the hand-over as a problem as there was little work at that time. However, good hand-over procedures will remain necessary in the future.

In 2016, revenue administration was split with the appointment of a regional advisor for customs administration. As the former revenue administration advisor remained in place, the handover was smooth. The incumbent advisor prepared handover documents, and discussions were held. Over time, less consultation was necessary. The new advisor initiated new areas of work. The FAD backstopper was also helpful in this process.

All RAs are on an annual, renewable contract and most stay at the same RTAC for a period of 3 to 4 years. There seems to be the practice for RAs to change work environment after 4 years to avoid institutional 'capture', i.e. loss of objectivity in implementation of the work. While the underlying reason is understandable in theory, it may lead to potential loss of strong working relationships with the counterparts. Good RAs are more difficult to find for the AFW2 region than for other regions due to the very demanding work environment in most of the countries. Interviewed RAs consider that the practice concerning RA appointments could be handled more flexibly.<sup>29</sup>

#### *Center coordinator*

The Center Coordinator has a somewhat hybrid position having a largely administrative task related to the day-to-day management of the Center and a substantive task in relation to the proper functioning of the technical assistance provided by AFW2. Most of the budget is managed by the TA departments and the Institute for Capacity Development. The Center has no direct access to detailed financial data, for instance the daily rates of the contracted short-term experts, in order to assess the best value option. While the coordinating role of the Center Coordinator encompasses ensuring that execution of the overall budget is in line with the approved budget, the Center has only direct control on a small part of the budget and the management of local staff. Few tools are at his disposal to steer the Center in the right direction. The budget for training of local staff is limited. There is also no budget for cutting edge conferences that can be attended by AFW2's RAs to update and share their knowledge and experiences as well as promote AFW2 at these events.

The TA departments hire the RAs and decide on contract renewal, although the Center Coordinator is consulted. An additional complication is that the Center Coordinator manages staff that has three different types of benefit packages. Interviewees argued that for managing RAs, the Center Coordinator has to rely heavily on soft skills, and that for the selection of a new Center Coordinator

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<sup>29</sup> While this evaluation does not examine human resource management of the IMF, it is noted that almost all RAs consider the annual labor contract renewal as problematic. While there is rationale for new staff starting on an annual contract, continuing with annual contracts is counter-productive. After one year, both the IMF and the RA know whether it is a success or not. It would be more efficient to grant a three-year contract for the remaining period.

this aspect would require more attention. Interviewees consider that soft skills are important, for instance, active outreach to AFW2 donors and other TA providers and relationship management with the counterparts in the different countries.

### Backstopping

Backstopping of the RAs is provided by the TA departments of the IMF. The RAs expressed satisfaction with the assistance they receive from HQ. All RAs were positive about their backstoppers (see Box 3.5). The Regional Advisors had no complaints, and the backstoppers were generally seen to be responsive and supportive. The shared opinion was that backstopping is a valuable arrangement, although it also costs time. The overall balance is seen as positive.

#### Box 4.1 Comments of RAs on backstopping

“The backstopper is excellent, helps me on the reports, responds really quickly, does not put extra burdens on me, is always there.”

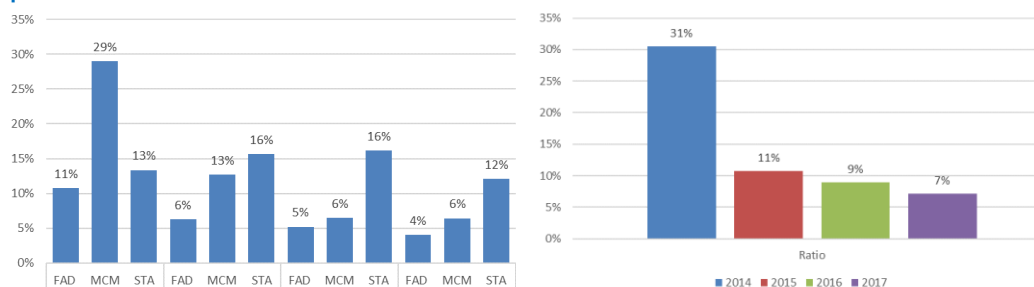
“The backstopping is good. It assists me in staying up-to-date. But there is a tendency to take for granted that we know certain things. If you do not feel 100% certain about something, you have to ask them.

“There is dual reporting: to the central coordinator, and to the backstopper. Which can create tensions. All correspondence to the backstopper has to be copied to the center coordinator.”

Although there is no hard evidence, there are signals that the quality of backstopping differs in terms of quality and effort put into it. The IMF could investigate this issue further.<sup>30</sup>

HQ project management and backstopping costs as percentage of combined costs for long-term and short-term experts declined over time to reach 7% in 2017, and are at par with estimated project management and backstopping costs of, for instance, TA projects and assignments funded by the EU.<sup>31</sup> The percentage varies between TA departments (see figure 4.8).

**Figure 4.8** Project management and backstopping costs as % of long-term and short-term experts costs



Source: Calculation based on data provided by ICD

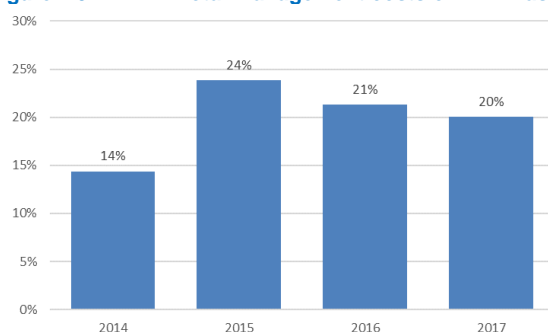
The costs per category of expenses are presented in figure 4.9. The combined total cost of project management, backstopping, Center management and Trust Fund management expressed as percentage of the total amount of actual expenditure amounts to 20% in 2017, slightly lower than in the previous two years.

<sup>30</sup> The Center Coordinator, who receives copies of all e-mails and therefore has an overview, indicated a difference in quality and effort of the backstopping. While backstopping is necessary and valuable, it is time-consuming and invisible work. Under pressure, it can easily be crowded out by more visible work. Also, RAs are not likely to complain because backstopping saves them time and effort.

<sup>31</sup> Based on data from Ecorys, which are based on data from EU Framework contracts and large EU-funded TA projects.



**Figure 4.9** Total management costs of AFW2 as % total expenditure



Source: Calculation based on data provided by ICD

### 4.3 Monitoring and reporting

This section looks at the RBM framework for planning and reporting and the provision and sharing of information.

AFW2 is using the RBM framework for planning and reporting, and improvements have been made over time in line with the overall RBM development in the IMF. As mentioned, the program document contains indicative logical frameworks for each TA area. The annual work plans are presenting the annual log frames. The annual log frames are improvements to the multi-year indicative logical framework included in the program document. Some changes have been made, for instance, to the objectives, over the years. For instance, in revenue administration, the objectives in the log frames for 2015 and 2016 were virtually the same but were changed in 2017. The objectives were formulated in non-specific, wide-ranging terms, such as strengthen tax/customs administration core functions, and strengthen management and governance arrangements.

The outcome-oriented objectives for FY2018 conform with the current RBM catalogues covering all TA areas. It may be expected that the multi-year log frame will be updated after AFW2 has been in operation for more than three years. The log frames for the work plans for FY2018 were not included in FY2017 annual report because the Center was under tremendous time pressure to produce the report and the annual log frames using the CD Port system for the first time. Reporting along the lines of the log frames of the implementation of the work program has been included in the annual reports on FY2016 and FY2017.

The new RBM framework is being applied, but RAs acknowledged that it is a struggle. There is wide understanding of the need to be more accountable to donors. However, RAs are not enthusiastic about the look and user-friendliness of the CD-Port system. Some doubt was expressed whether such an elaborate system is suitable for the region, given the development stage of the beneficiaries. Some beneficiaries have not made suitable plans, which makes discussion difficult, for instance, of milestones and the baselines. This is easier when there are strategic plans in a particular area, such as strategies of Revenue Authorities. In other cases, further outreach and persuasion is required, and this is well-understood by the Center.

The RBM advisor of AFW2 is helping the RAs in implementing RBM in AFW2. The advisor's tasks include sensitization of staff, providing training on the CD-Port system, and supporting the development of log frames. To prepare the log frames for FY2018, an Excel sheet (replicating the

format in CD-Port) has been developed for the RAs.<sup>32</sup> The system has been rolled out in phases. The catalogs of the various TA departments are included. The reporting and the document modules are being developed. AFW2 made some sensitization efforts to authorities at the last SC meeting and regional workshops. The authorities and national staff in the beneficiary countries have not received additional support to apply the newly developed log frames and RBM reporting system.

The newly developed RBM system of AFW2 is fully endorsed and fully supported by the donors interviewed, such as SECO and the EU. They are reluctant to accept mid-year and annual reports which restrict themselves to input and output levels without reflecting on what happens further down the results chain in terms of outcomes and impact.

The Steering Committee has frequently emphasized the importance of RBM, for instance, in the May 2016 meeting. At the last SC meeting, the RBM advisor presented the newly developed framework. Failure to implement RBM would not advance co-funding of the Center by other donors. Further developments are under way, such as moving to a select group of standard indicators and improving risk assessment. One SC member stated the importance of taking into account contextual factors in each country. As with any new system, initial doubts on working with CD-Port will dispel after the RAs have been using the system for one or two full cycles.

Even when properly used at all stages, result measurement in terms of achieved outcomes and impact can be done better if TA and training activities other than those provided by AFW2 is taken into account. Often TA and training is also provided through other channels and resources (e.g. directly by IMF and/or other development partners). In such cases, AFW2 can be only held accountable for the immediate results (outputs and intermediate outcomes) of its activities and their contribution to the expected outcomes/impact of the combined TA activities of the Fund.

AFW2 provides information to its stakeholders and the general public. The main channels are the AFW2 website for sharing general information, including work plans and annual reports, and the Steering Committee meetings for providing accountability. The AFW2 website is easily accessible, reader-friendly, fast to retrieve and up-to-date. In addition, the CC conducts outreach activities to strengthen beneficiary understanding and buy-in to TA, and addresses challenges, such as engagement with Nigeria. However, various interviewees considered that outreach activities could be extended.

TA reports are shared with the authorities. For instance, two TA reports on Banking Supervision and MONOPS for the Central Bank of The Gambia were presented one month following the completion of the mission that took place in August 2016; the third report followed in November 2016.<sup>33</sup> TA reports are shared with the AFW2 members via IMF Extranet Share Point, which is a restricted website. Some interviewees commented on the accessibility of reports. Not all are accessing the reports using the protected website and some donor users need to notify the Center again about the login codes. AFW2 may need to reiterate the dissemination policy for TA reports and how to retrieve reports from the website. Donors interviewed stated that sometimes the period before TA reports are available is too long yet information may be highly relevant to donor assistance, for instance, provision of budget support. They consider that end-of-mission briefings to donors are a more suitable instrument to maintain the confidentiality of draft TA reports.

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<sup>32</sup> Originally the Excel sheet was developed by IMF's Statistics Department and revised by the RBM advisor to make it applicable for all TA areas.

<sup>33</sup> See case study MONOPS, The Gambia. There were 4 missions that generated three TA reports. Two reports were presented within one month in November 2016, while the mission was carried out in August 2016. In the case study banking supervision, six missions took place resulting in six TA reports. All had dates within one month of the mission date.

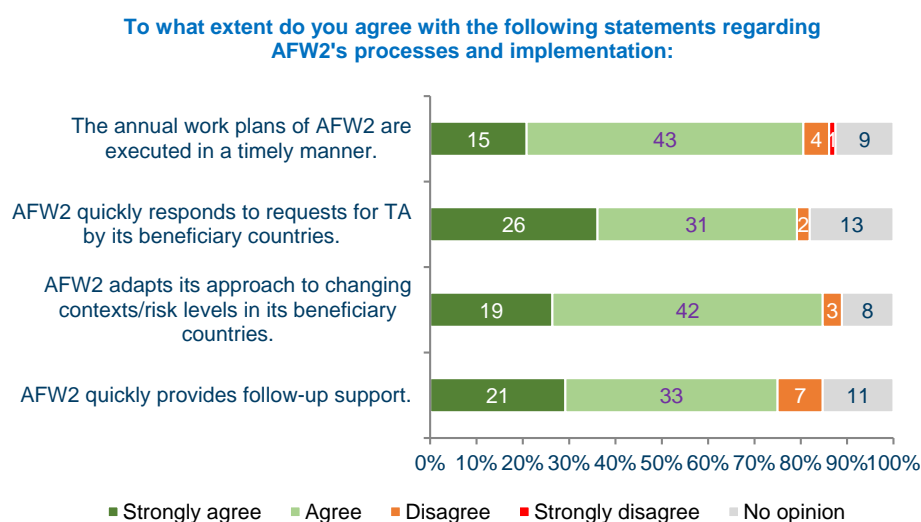
## 4.4 Survey Results

With regard to the evaluation criterion on efficiency respondents received five questions about the efficiency of AFW2. The short-term experts were excluded from these questions. Two questions on AFW2 internal organizational matters were addressed only to attendants of the Steering Committee meetings, AFW2 Center Coordinator and RAs, and staff of IMF headquarters. The five questions concern: (i) AFW2's processes and their implementation; (ii) AFW2's financial, human and backstopping resources; (iii) AFW2's internal operations, including communication, information sharing and institutional memory; (iv) RBM processes; and (v) the overall assessment concerning efficiency.

The results are presented in figure 4.10 and can be summarized as follows:

- 58 of the 72 respondents (80.6%) strongly agreed that AFW2 processes were organized timely.
- 57 (79.2%) considered that AFW2 responds quickly to TA requests.
- 61 respondents (84.7%) agreed that AFW2 adapts its approach to the changing context.
- 54 respondents (75%) indicated that AFW2 quickly provided follow-up support.

**Figure 4.10 Responses to Q7 on processes and implementation**



Total respondents: 72

The results with regard to resources are presented in figure 4.11 and are summarized as follows:

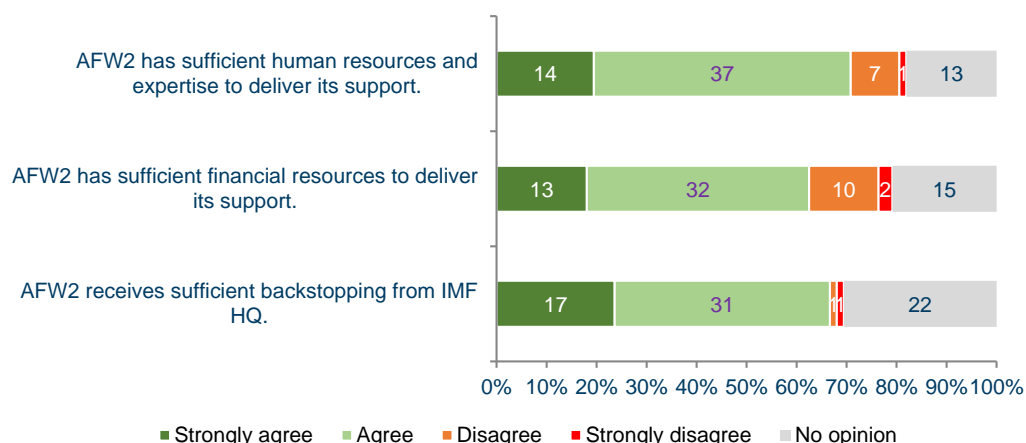
- 45 respondents (62.5%) agree that resources are sufficient.
- 12 respondents (16.7%) thought AFW2 does not have sufficient financial resources.
- 51 respondents (70.8%) thought human resources were sufficient but 8 respondents (11.1%) did not.

Those who disagreed with either of these two statements came from different stakeholder groups.

A relatively large proportion of respondents (30.6%) had no opinion about IMF backstopping and the remaining 48 respondents agreed or strongly agreed that backstopping was sufficient.

**Figure 4.11 Responses to Q8 on resources**

**To what extent do you agree with the following statements regarding AFW2's resources:**



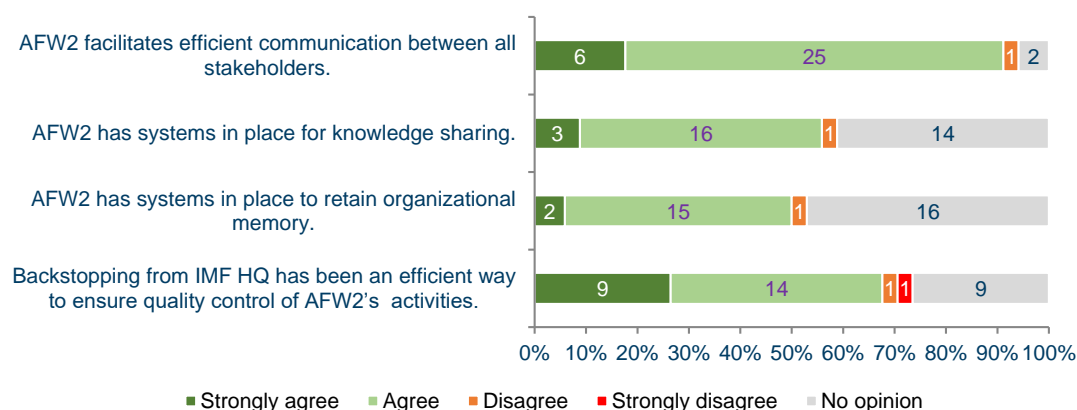
Total respondents: 72

The question on the internal operations was addressed to SC attendants, AFW2 and former AFW2 staff and IMF staff. The results are presented in figure 4.12 and can be summarized as follows:

- 31 of 34 respondents (91.1%) strongly agreed that AFW2 facilitates efficient communication.
- 19 and 17 respondents (55.9% and 50%) respectively strongly agreed that systems are in place for knowledge sharing and retaining organizational memory.
- 23 respondents thought that IMF backstopping is an efficient means for quality assurance.

**Figure 4.12 Responses to Q9 on internal operations**

**To what extent do you agree with the following statements regarding AFW2's internal operations:**

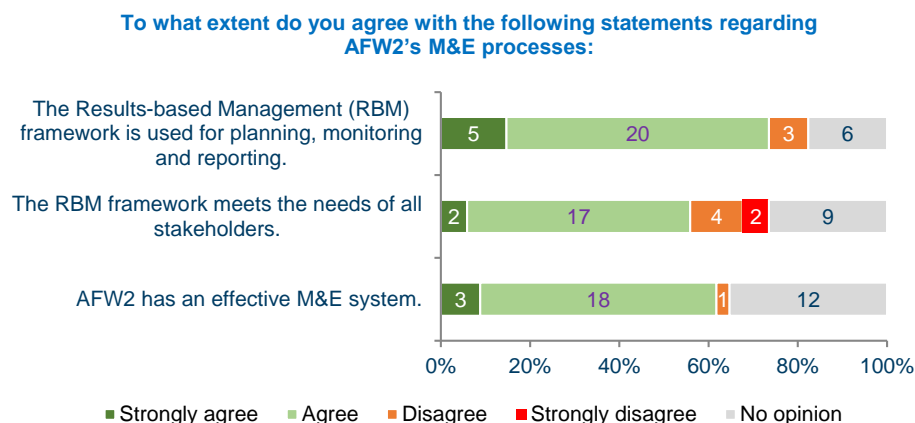


Total respondents: 34

The same respondents were asked to provide their views on the M&E system. The results are presented in figure 4.13 and can be summarized as follows:

- 25 respondents (73.5%) agreed or strongly agreed that the RBM system is used; 3 respondents (8.8%) disagreed; and 5 (14.7%) did not know.
- 19 respondents (55.9%) agreed that the RBM framework meets the needs of all stakeholders and 6 respondents (17.6%) disagreed.
- 21 respondents (61.8%) thought the M&E system was effective, and 12 (35.3%) did not give an opinion.

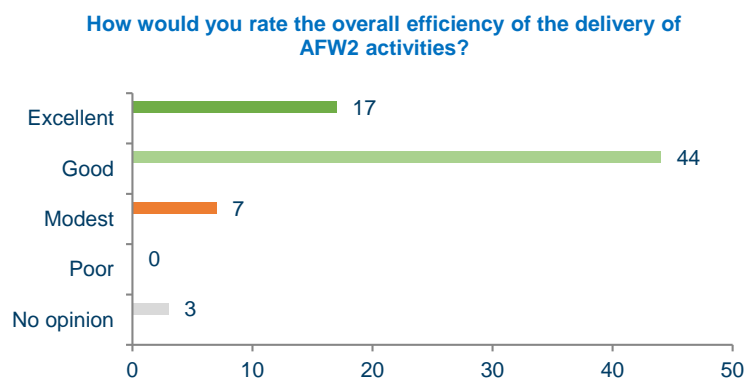
**Figure 4.13 Responses to Q10 on M&E processes**



Total respondents: 34

Responses to the questions on the overall efficiency are presented in figure 4.14. The majority of those surveyed (61 respondents, 86%) rated the overall efficiency of AFW2 activities to be excellent (17) or good (44).

**Figure 4.14 Responses to Q11 on overall efficiency**



Total respondents: 71

Of the 71 respondents, 22 respondents added a written comment and 15 re-confirmed that AFW2 is doing good work.

Other respondents pointed out specially to the challenges in adhering to established operational procedures, recognizing that it is premature to draw conclusions about the RBM framework that is being implemented. Moreover, respondents commented that the current short missions could be replaced by longer (one to two month) missions.

## 4.5 Conclusion

The findings from different sources have been triangulated to draw conclusions on the efficiency of AFW2 assistance and training. It is noted that while the case studies did not find any issues concerning efficiency, except concerning the issue of duration of missions, the efficiency criterion has been primarily assessed based on document analysis, field interviews and survey findings.

The overall efficiency of the AFW2 program is rated as 'good'.

Delivery of AFW assistance and training is well organized and broadly follows the established rules and procedures.

Budget execution has improved over time, ranging from 36.9% in FY2014 to 80.1% in FY2017. Due to the Ebola outbreak and the situation in Nigeria as well as other factors, AFW2 has adjusted the work plans. The use of financial resources has been affected by factors beyond the reach of AFW2. The main reason for delays and deviation in program implementation is the difficult situation in the region, and especially the Ebola crisis and the slow start of the activities in Nigeria. Plans had to be adjusted to changing circumstances and led to a relatively low pace of implementation in the first two years. However, RA advisors resumed activities quickly after the Ebola outbreak. Activities in Nigeria increased significantly in FY2017. AFW2 was aware of the challenges and responded swiftly to cope with these situations. These strategies were discussed in SC meetings and are reflected in the annual reports. While from the perspective of the budget execution rates, the use of resources is assessed as 'modest', AFW2 response to the challenges merits a higher rating. As such this element has been rated as 'modest to good'.

Institutional memory is largely ensured by good preparation of RAs and good hand-over procedures when a new RA is appointed. Only in an exceptional case a good hand-over could not happen. The coordinating role of the Center Coordinator is responsible for ensuring that execution of the overall budget is in line with the approved budget. However, he has only direct control on a small part of the budget and the management of local staff, and has hardly access to a budget for training activities for local staff and RAs. Interviewees have the opinion that soft skills are important for the Center Coordinator. This is related to the need to conduct more proactively strategic outreach to counterparts in the member countries and other TA providers. Generally backstopping arrangements work well which was also confirmed by the survey respondents.

AFW2 monitoring and reporting is regular and comprehensive, and annual log frames have improved. For FY2018, the Center is using CD-Port to develop the log frames, and is being supported by a dedicated RBM advisor. Further outreach to beneficiaries will be needed to explain the RBM approach and their role therein. RAs admitted to struggle with the templates of CD-Port. A special RBB advisor is supporting the RAs.

There is a good degree of transparency and visibility of AFW2 operations. The website, which is being developed, contains the annual reports and work plans. More outreach activities could be undertaken especially to other TA providers, especially to those active in PFM and revenue administration. Donors have expressed the need for systematic briefings at the end of TA missions.

The majority of survey respondents agree that the RBM system is used, the RBM framework meets the needs of all stakeholders and consider the M&E system effective.<sup>34</sup> Also the survey respondents rate the overall efficiency 'good'.

**Table 4.1 Conclusion - Efficiency**

| Evaluation Criterion and Sub-Criteria | Weights<br>sub-criteria | Sub-score | Weighted score |
|---------------------------------------|-------------------------|-----------|----------------|
| <b>Efficiency</b>                     |                         |           |                |
| Process & implementation              | 40%                     | Good      | Good           |

<sup>34</sup> It is noted that the highest score in the survey is strongly agree.

| Evaluation Criterion and Sub-Criteria | Weights<br>sub-criteria | Sub-score      | Weighted score |
|---------------------------------------|-------------------------|----------------|----------------|
| Use of resources                      | 40%                     | Modest to good |                |
| Monitoring and reporting              | 20%                     | Good           |                |

## 5 Effectiveness

This chapter presents the evaluation findings and conclusions concerning the following evaluation question: To what extent are the objectives identified in the Program Document being achieved? This chapter examines the actual achievements against TA objectives, and the likelihood of achieving expected (intermediate) outcomes.

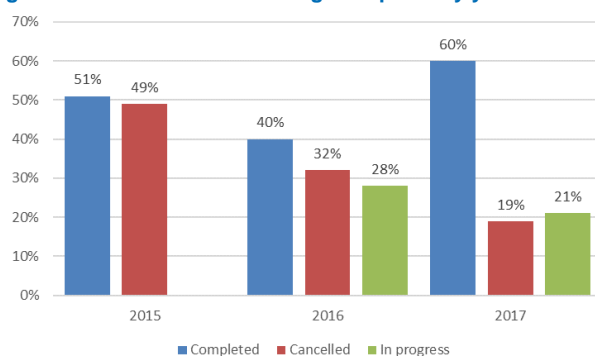
### 5.1 Actual achievements against objectives

The actual achievements of TA and training activities against the objectives are measured according to the progress made in achieving the objectives. This is measured by looking whether the activities have been completed against the work plans, and by assessing the achievements of TA activities against the stated objectives.

#### *Progress achieved against the objectives*

TA and training delivery against plans has improved, see figure 5.1. In terms of TA milestones and regional workshops, the implementation rate reached 60% in FY2017, and 21% of the milestones were still in progress. This is a significant improvement compared to 2015 and 2016. Detailed data shows that revenue and customs administration has been performing better than other areas.

**Figure 5.1 Actual TA delivered against plans by year**



Source: Annual reports

The annex contains an assessment of the achievements against the objectives by TA area. The general conclusion is that the achievement of objectives of the activities is generally good in the areas of statistics, revenue administration, banking supervision and MONOPS. Also in the area of PFM the achievement of objectives of many completed activities is good. In a few cases, the performance indicator has been pitched at a high outcome level, using indicators of the PEFA, resulting in a less favorable result. If the indicator was defined at output level (like in the other cases), then the picture would also be 'good' for the PFM area.

The officials in the various institutions in the respective AFW2 partner countries interviewed expressed their satisfaction with the TA and training provided. In Kaduna State, the TA was timely and had immediate results including the discovery of significant resources in previously unrecorded bank accounts. Challenges in the introduction of Treasury Single Account were immediately addressed, such as the issue of foreign-currency denominated accounts of donor projects.



Domestic tax departments and customs departments of The Gambia Revenue Authority, Ghana Revenue Authority and Liberia Revenue Authority unanimously expressed the quality and usefulness of the deliverables. In all cases, some progress has been made, especially in raising awareness of revenue officers, who have been implemented some of the lessons. But in all cases, much has still to be done to implement software systems and more sophisticated procedures. The auditors of domestic tax departments are enthusiastic about IDEA software for data matching, but procurement of this software takes time. Both RA and The Gambia Revenue Authority indicated that, in spite of AFW2 capacity building in customs risk management, the bulk of commodities still pass through the red channel with full physical examinations and long waiting times.

#### *Obstacles/challenges to achieving/not achieving objectives in implemented projects*

The reasons varied for the cancellation and postponement of a work plan activity. These reasons can be clustered as follows:

- *Ebola outbreak*: The Ebola outbreak dramatically affected implementation of activities in Liberia and Sierra Leone. Travel was restricted. In Liberia, one out of ten planned activities was completed in FY2015, and in the same year, six out of 15 planned activities were completed in Sierra Leone.
- *Change in country priorities*: A proportion of activities were postponed or cancelled because the authorities announced that the TA activity included in the work plan was no longer a priority. The issue concerning the slow engagement with Nigeria affected implementation. In other cases, there was no further demand because countries could not implement recommendations or were not willing to do so. This can be expected because no conditionalities are attached to TA provision. As mentioned, change of governments has influenced demand for some types of TA.
- *Lack of authorities' response*: In a number of instances, authorities did not agree with the recommendations of the previous TA mission, and follow-up missions were cancelled. In the first years of AFW2, Nigeria did not respond to agreed missions or cancelled at a very late stage. In low-capacity countries, authorities indicated that they did not have the capacity to receive a mission because a sudden demand was made on staff by policy makers.

AFW2 has developed a number of risk mitigation strategies, for instance concerning the Ebola outbreak and the situation around Nigeria. The individual RAs have shown perspicacity and inventiveness in mitigating the risks they encountered. For instance, in the area of revenue administration RAs have attempted to address implementation risks by providing training on management skills, like change management, project management and monitoring and evaluation. As mentioned, AFW2 has also adopted tailored approaches to each country.

The case studies revealed challenges in meeting the stated objectives of implemented projects, see box 5.1 and 5.2.

#### **Box 5.1 Case study on banking supervision in The Gambia**

Given the amount of input (6 missions from AFW2 and before 2 from HQ), progress has been very slow:

- High attrition rates, with key staff leaving at decisive moments in the process to other jobs, have had a negative impact.
- The central bank's supervisory and review process is hierarchical, and has many 'clay' layers. Key staff are overburdened with unrelated tasks, aggravating the problems. Little autonomy is given to staff, creating a tick the box-mentality. The culture seems difficult to overcome. The Central Bank of The Gambia (CBoG) did not act upon IMF recommendations regarding a smoother and more efficient organization of the supervisory process.

- The ICT system for electronic filing of the supervisory returns has never been fully functioning since it commenced in 2011. Therefore, the Bank continued the parallel run with the old system that heavily relies on manual input.

#### **Box 5.2 Case study in The Gambia concerning monetary policy**

Even though monetary policy formulation shows promising first results, obstacles include:

- High attrition rates and vacancies, but ownership and dedication at the Research Department would ensure that the work plan will be implemented according to the schedule, despite the difficulties.
- An efficient monetary policy toolkit was hampered by fiscal dominance, to which the recommendations are largely at odds. Recent political changes merit hope that this can gain momentum from now on.
- Currently, the weak balance sheet of the central bank additionally complicates implementation.

In various revenue and customs administration, the organizational culture of the revenue authorities is antagonistic to the taxpayer. The widespread belief that every taxpayer and trader is non-compliant is an obstacle to adopting risk-based approaches. Another aspect of organization culture is the dominance of revenue targets over any other objective. The revenue authorities are financially constrained and donor dependent. As a telling example, Gambia Revenue Authority was able to print a range of 11 brochures, seemingly a trivial matter, only after obtaining funding from the European Union. Customs stations are under-equipped in every possible way, from inspection equipment and reliable electric power to uniforms. Many processes are still manual, not computerized, which is another obstacle in risk management. Customs scanners are not maintained properly, and are used for the wrong purpose (commodity classification, instead of detecting concealed items).<sup>35</sup> The provision of equipment and software is outside the scope on AFW2's and IMF TA interventions.

## **5.2 Likelihood of achieving expected (intermediate) outcomes**

The main outputs delivered by AFW2 are:

- Knowledge sharing and awareness-raising which strengthens competencies and knowledge at the individual level;
- Advice on improving organizational effectiveness and efficiency mainly on organizational structures, procedures, systems and tools;
- Policy advice concerning certain policy frameworks (e.g. fiscal strategies, monetary policy frameworks).

The country authorities interviewed were satisfied with the high quality and professional competence of AFW2 TA and training. In their view, the high quality of assistance is due to the flexible and responsive nature of AFW2 to their needs, the high professionalism and experience of the experts, and the backstopping by the IMF's headquarters. In a number of cases, well timed and sequenced TA and training around one outcome contributes significantly to the likelihood that the outcome will be achieved. The support provided in Kaduna State is an example of TA addressing the immediate challenges of Treasury Single Account introduction and making progress in strengthening cash management, both intended to improve service delivery in the State. The box below provides additional examples of synergy of different types of outputs.

#### **Box 5.3 Good example of synergy of different types of outputs**

The Gambia case study on improvement of the *monetary policy framework* provides an example of the time it can take before capacity building begins to yield measurable results. For many years, fiscal

<sup>35</sup> The fact that the lion's share of commodities is subject to full examination is unrelated to the effectiveness of the TA provided and reflects other incentives.

dominance in The Gambia de facto precluded the implementation of an effective monetary policy toolkit. The question is whether it is worth the effort to continue TA in such circumstances. The recent political changes in The Gambia provide some optimism that the TA effort will pay out at last. That development provides a strong case for continuation if the assistance, but adapted in a flexible way.

AFW2 was able to gain traction at CBoG by widening the focus of its support to *monetary policy analyses*, which is a politically less sensitive area. The new work stream delivered analytical tools that are valued by CBoG as highly helpful and insightful. As a result, the mission succeeded in raising understanding of the rationale for the recommendations on the new monetary policy operation instruments.

With respect to capacity building in statistics, the Liberia Institute of Statistics and Geo-Information Services (LISGIS) states it has learnt a lot from AFW2, in particular with respect to compilation methods. Furthermore, AFW2's involvement was successful in laying the basis for long term cooperation with many Liberian institutions.

The ability of the recipients to translate the immediate results to intermediate and final outcomes is challenging for various reasons. These reasons range from insufficient human and institutional capacity, complementary resources, and political expediency.

#### *Effectiveness of the provision of CD under five-year funding programs (as opposed to shorter funding programs)*

Interviewees consider generally that five-year programs seem to be the minimum in order to help change happen effectively in the various supported institutions. A shorter period would be at the expense of efficiency, effectiveness and sustainability. Reasons mentioned include:

- AFW2 is a new Center that needs time to get established and gain momentum.
- West Africa is a difficult working environment, with relatively low capacity. Thus, TA will need more time than it would in a more advanced environment. That should be reflected in the length of the funding cycle.
- To absorb TA, beneficiaries make considerable investments in effort and time. Shorter funding cycles could provide the wrong signals with regard to the commitment of IMF and donors to the program.

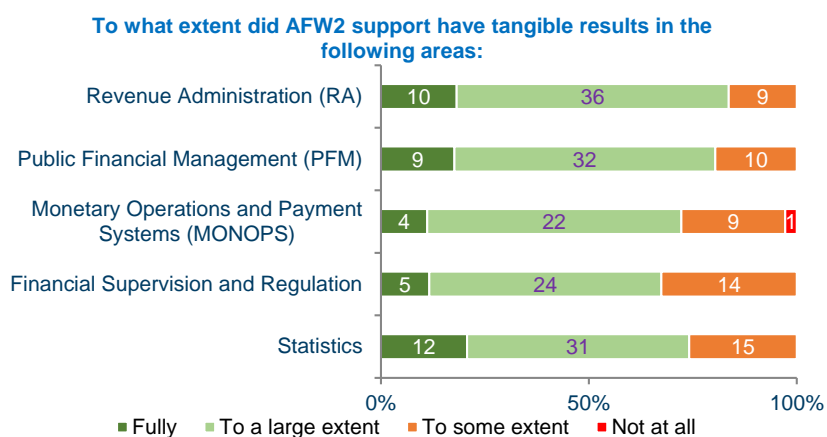
## 5.3 Survey Results

Survey respondents were presented five questions about effectiveness. In addition to multiple-choice questions, respondents were asked open-ended questions to generate feedback.

The responses to tangible results of AFW2 support are presented in Figure 5.2. When asked about tangible results in specific thematic areas, over 50% of respondents indicated 'no opinion'. This is understandable, as respondents only feel comfortable in expressing an opinion in their field of expertise. Thus, the 'no opinion' category was not included in this figure.

The 84% of the respondents who gave an opinion considered Revenue Administration to be fully or to a large extent achieving results, followed by 80% for PFM; 74% for Statistics; 72% for MONOPS; and 67% for Financial Supervision.

**Figure 5.2 Responses to Q12 on tangible results**

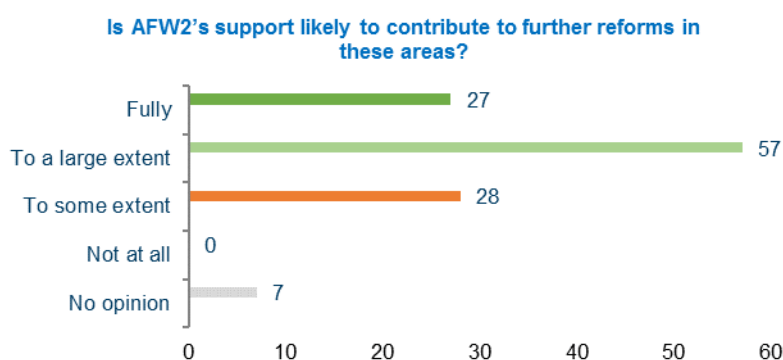


Total respondents: 119 ('no opinion' responses are not shown).

The results on the likelihood that AFW2 support will lead to further reforms are presented in figure 5.3, and can be summarized as follows:

- 27 respondents (22.7%) fully supported this;
- 57 (47.9%) agreed to a large extent;
- 28 (23.5%) agreed to some extent.

**Figure 5.3 Responses to Q13 on further reforms**



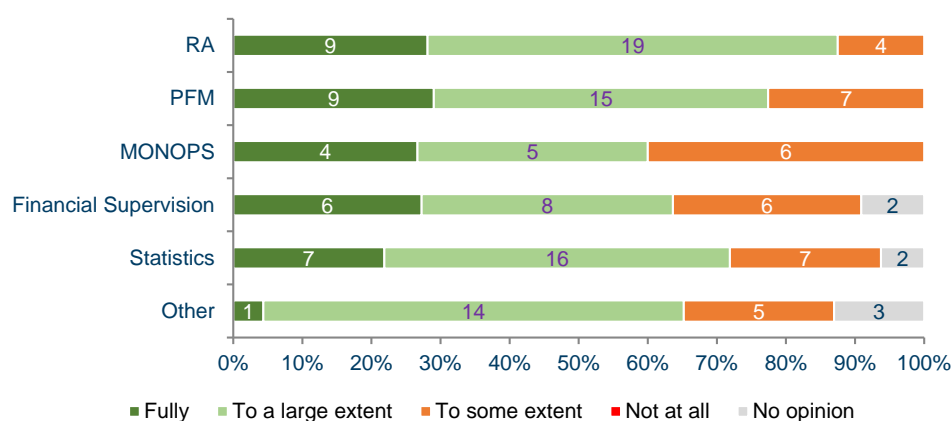
Total respondents: 119

Based on the TA area indicated by the respondents in the second question, the breakdown per technical assistance area is presented in figure 5.4 and the results summarized as follows.

The expected effects for MONOPS and Financial Supervision are more modest (as 40% and 37.5% respectively of the experts in these areas indicated 'modest', against 22.5% and 21.9% respectively in PFM and Statistics). For both PFM and Statistics, 7 respondents indicated reforms would be met 'to some extent'. While 28 of the 32 respondents in Revenue Administration indicated AFW2 support is likely to fully or to a large extent lead to further reforms.

**Figure 5.4 Responses to Q13 on further reforms (broken down by field of work)**

**Is AFW2's support likely to contribute to further reforms in these areas? - per field of work**

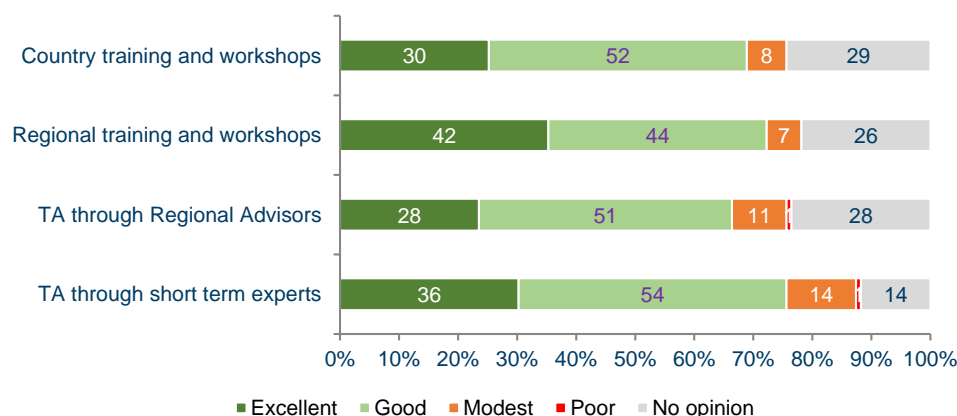


Total respondents: 119

Respondents assessed AFW2 modalities as being positive as all modalities received a 70% score of good to excellent, as shown in figure 5.5. Regional training and workshops were rated as excellent by 42 (35.3%) of the respondents, followed by TA through short-term experts (36 respondents or 30.3%), country training and workshops (30 respondents or 25.2%) and TA by RAs (28 respondents or 23.5%). Grouping excellent and good together shows TA by short-term experts was considered to be the most effective (90 respondents or 75.6%), followed by country and regional training TA, and RAs (79 respondents or 66.4%).

**Figure 5.5 Responses to Q14 on modalities of support**

**Please assess the effectiveness of the following AFW2 modalities of providing support:**



Total respondents: 119

31 respondents provided additional comments, affirming their positive view. The comments illustrate differences in personal views. Whereas one respondent prefers regional workshops and support by the regional advisors, another respondent thought that standardized training is best.<sup>36</sup>

Responses to the open question on possible positive factors that may affect AFW2 effectiveness focused on the quality of expertise delivered, mainly referring to AFW2 human resources. Eleven respondents referred directly to the quality of the Regional Advisors and the Center Coordinator.

<sup>36</sup> The importance of another modality, namely exchange programs, was mentioned.

Many comments emphasized the AFW2 engagement with partner governments in relationship building, recurrent missions and regular exchanges have contributed to well-tailored support to country needs. Positive factors mentioned included also dialogue and coordination with other partners and TA providers, commitment of beneficiary countries, and proximity of AFW2 to its beneficiaries.

Survey respondents were also asked to indicate factors negatively affecting AFW2 effectiveness. The most frequently mentioned factor was the commitment of beneficiary countries, and the lack of capacity in beneficiary countries to follow up on the TA recommendations. Other respondents' responses on TA effectiveness are included in the Annex.

## 5.4 Conclusion

Overall effectiveness of the AFW2 program has been assessed as modest to good (see table 5.1).

One part of the analysis looked at the actual achievements of TA and training activities against the objectives which has been measured by looking whether the activities have been completed against the work plans, and by assessing the achievements of TA activities against the stated objectives.

Data analysis shows that TA and training delivery against plans has improved. In terms of TA milestones and regional workshops, the implementation rate reached 60% in FY2017 and 21% of the milestones were still in progress which is a considerable improvement compared to the two previous years. These conclusions were confirmed during the field interviews.

Analysis of the annual report and supported by the interview findings, conclude that the achievement of objectives of completed activities is generally good across all areas, except for some PFM activities for which the targeted performance indicator was defined at an outcome level. Most responses of survey respondents consider that AFW2 activities achieve to a large extent tangible results.

Interviewed officials in the visited member countries are generally satisfied with the quality of the TA provided. Survey respondents assessed AFW2 modalities as being positive as all modalities received a 70% score of good to excellent. Implementation challenges ranged from the Ebola outbreak, change in country priorities or lack of authorities' response. AFW2 has developed a number of risk mitigation strategies, and individual RAs have shown perspicacity and ingenuity in mitigating the risks.

The detailed case studies provide for an in-depth analysis and show a mixed result: three case studies rate the effectiveness as 'modest', while three other case studies rate the effectiveness as 'good'. As a result, the sub-criterion of actual achievements against objectives has been rated as modest to good.

The second sub-criterion examined the likelihood of achieving expected (intermediate) outcomes and this sub-criterion is rated as 'good'. The country authorities interviewed were satisfied with the high quality and professional competence of AFW2 TA and training. The ability of the recipients to translate the immediate results to intermediate and final outcomes is challenging for various reasons. These reasons range from insufficient human and institutional capacity, complementary resources, and political expediency. The survey results shed further light on the likelihood of

achieving expected (intermediate) outcomes. Most respondents agree to a large extent the likelihood that AFW2 support will lead to further reforms in the various TA areas.

Interviewees consider generally that programs should not have a shorter time period than five years. Otherwise efficiency, effectiveness and sustainability would be adversely affected.

**Table 5.1 Conclusion - Effectiveness**

| Evaluation Criterion and Sub-Criteria     | Weights<br>sub-criteria | Sub-score      | Weighted score |
|---|-------------------------|----------------|----------------|
| <b>Effectiveness</b>                      |                         |                |                |
| Actual achievements against plans         | 60%                     | Modest to good | Modest to good |
| Likelihood of achieving accepted outcomes | 40%                     | Good           |                |

While it is not easy to assess the likelihood of achieving accepted outcomes, the case studies provide evidence that outcomes will be probably achieved, especially in those instances where TA and training were provided in a series of well-timed and sequenced missions.

Effectiveness could be increased by giving a stronger message that TA needs to be “earned”, for instance by making new TA more conditional on implementation of past recommendations.

## 6 Sustainability

This chapter presents the evaluation findings and conclusions concerning the following evaluation question: Are the achieved outcomes likely to be sustained? This chapter examines the three following issues: (i) the extent of country ownership of the delivered TA as well as institutionalization of the built capacity, (ii) the extent the use of regional expertise has been promoted, and (iii) factors or challenges affecting sustainability.

### 6.1 Country ownership of the delivered TA and institutionalization of the built capacity

#### *Country ownership*

The Steering Committee is well organized, and attendance has increased over time. The meetings have focused on past performance and the work plan for the coming fiscal year.

The following findings from field interviews are relevant:

- In the meetings, development partners, such as EU and SECO, make most of the comments and contribute to the discussions. The CC has introduced thematic sessions in the meeting to try to address the imbalance.
- Moreover, the SC is not as yet anchored in many member countries. For each meeting, other persons are nominated to attend, which hampers building institutional memory.
- SC members tend to be officials of the Ministry of Finance and/or Central Bank. Some interviewees commented that these officials tend to represent their institution and no other organizations. This particularly eliminates the interests of statistical agencies and revenue authorities, and thus participation in discussions on statistics and revenue administration. SC members tend not to ask the agencies they officially represent for input beforehand.
- Cultural differences also seem to play a major role. Officials in the beneficiary countries expressed the view that criticism is not appropriate while AFW2 is making so much effort.

Many stakeholder representatives interviewed agreed that the SC could be strengthened.

#### *Institutionalization of the built capacity*

The case studies provide examples of the extent and way beneficiary institutions have incorporated the lessons learnt from AFW2 capacity development into their daily operations.

The case study on Banking Supervision in The Gambia shows that especially in off-site supervision, Central Bank of Gambia (CBoG). has incorporated many of the lessons Learnt. However, CBoG seems hesitant to take the next step of adapting the Risk Assessment System fully, which is the successor to the handbook provided by previous missions. The daily practice in on-site supervision has not changed substantially. CBoG acknowledged that it has to make the transition to risk-based supervision but also expressed the need for further assistance.

The case study on MONOPS in The Gambia shows that the analytical tools included in the monetary policy analyses are being used. Beneficiaries feel they are gaining ground. For instance, CBoG presented the small Taylor-rule model at the last Monetary Policy Committee meeting in April 2017. It helped to make the decision by being forward looking, and moving from a gut feeling to a more scientific approach. While it is still work in progress, CBoG considers it definitely a step in the right direction.



The recommendations on monetary policy toolkit have not yet been implemented. But the CBoG understands that they need to incorporate these recommendations in order to become an effective central bank. CBoG seems committed to reform, to moving away from fiscal dominance and to more central bank independence. The bank expressed the hope that the IMF program would contain conditionalities directly related to the monetary policy toolkit recommendations as to support them in achieving this goal.

The case study of the Forecasting and Policy Analysis System in Ghana (FPAS) shows that the Central Bank of Ghana (BoG) has fully incorporated the lessons of TA. The project is regarded as successful because of its long-term involvement. It started with a basic model, and was widened to include the whole FPAS framework, including communication. BoG knows that every six months, there will be a mission to assist the Central Bank to expand and operationalize the analytical system. It helps BoG to take better monetary policy decisions because it enables the bank to better withstand political pressure. The BoG stated that the project definitely changed the way they do things as well as the way the information is prepared and presented to the MPC.

In the case study dealing with Public Finance Management, assistance on the Treasury Single Account (TSA) has been fully acknowledged by the Kaduna authorities. With this assistance, TSA has been developed further and immediate implementation challenges were addressed. The next steps will be on deepening the TSA by means of cash management.

The pattern is diverse in Revenue Administration. Practices that could be easily implemented have been adopted. For example, in the revenue administration case study, customs in Ghana has implemented the PCA manual. The data-matching missions have had an immediate effect on revenue collections as revenue officers used third-party data in conducting tax audits based on more comprehensive information. Where software such as the IDEA software for data matching was needed the procurement process and a search for donor funding were started.

The Liberia Revenue Authority has a Transformation and Modernization Division to oversee reform implementation, and similarly, Ghana Revenue Authority has a Modernization and Projects Unit. But many recommendations have not been put into practice in the Gambia Revenue Authority for various reasons, including a weak organizational culture with respect to managing action plans.

#### *Institutionalization of knowledge obtained by training and workshops*

AFW2 assistance has helped central banks to internalize knowledge acquired through TA and the training:

- CBoG is using the new analytical tools for monetary policy analyses. The supervisors in the central bank use extensively the manual provided for off-site supervision.
- BoG has incorporated the FPAS model completely into their monetary policy operation. Staff interviewed could explain the model code. However, the Monetary Policy Committee is still concerned about key-person risk. This issue is being addressed by BoG by having key staff train younger staff in operating the model. BoG has incorporated AFW2 recommendations fully on liquidity management operations, and on the calculation and publishing of the reference exchange rate. As a result, the daily operations in financial markets has changed considerably, and smoothing out working processes.

The train-the-trainer concept has been successfully implemented in BoG, see Box 6.1.

### **Box 6.1      Training trainers in the Central Bank of Ghana on International Financial Reporting Standards**

The Central Bank of Ghana requires the commercial banks to comply with the International Financial Reporting Standards (IFRS). Thus, supervisors at the Central Bank of Ghana also need to be trained in that field quickly.

In October 2016, AFW2 conducted a one-week train-the-trainer retreat for 28 examiners in the Banking Supervision Department, all of them holding an advanced accounting qualification. Those participants were then responsible for the onward training of their colleagues during the following two weeks. This onward training was facilitated by the facilitator of AFW2.

The main advantage of this approach is that the trainers use local examples and case studies that participants can recognize. BoG was so satisfied with the train-the-trainer concept, that it was repeated in May 2017 for 12 colleagues from the micro-finance institutions supervisory unit, with their BoG colleagues as facilitators. The newly trained trainers successively transferred their knowledge a few weeks later to other colleagues of the micro-finance supervisory unit.

BoG considers this approach so effective and efficient that in future it would like to apply the concept to other training, especially in dealing with technical issues, such as the Basel Core Principles.

The train-the-trainer approach was also used in revenue administration. e.g. train-the-trainers missions to Gambia Revenue Authority on tax audit and Computer Assisted Audit Techniques (CAATs). However, some beneficiaries did not fully implement action plans, and training needed to be repeated. The AFW2 strategy to address the problem was a train-the-trainer approach. Moreover, training was provided in monitoring and evaluation, change management, and project management.

In the area of national accounts statistics, sustainability is promoted by the existence of a representative and up-to-date Household Income and Expenditure Survey (HIES), which makes it possible to obtain price statistics reflecting current economic realities. In Liberia, after decades new HIES's were conducted in 2014 (covering only half the year) and 2016 (covering the full year). This will facilitate the compilation of national accounts figures for years to come. The case study mentions other factors, like low salaries at LISGIS, which affects sustainability.

## **6.2 Promoting use of regional expertise**

Regional expertise has been used at times for logical reasons which will be outlined below. At the same time, several Regional Advisors mentioned to the Evaluation Team that it is not able to get local expertise on the Roster; the list of experts for short-term IMF missions. Experts are listed by expertise and to be acknowledged as expert, the person has to have long experience in the field. The problem is that this expertise is not available in many countries in the region. Nonetheless in Banking Supervision, efforts have been made to identify experts. One staff member of BoG has been included in the roster, and has successfully taken part in missions in Sierra Leone and The Gambia. Interviewees from CBoG expressed their appreciation of this expert's contribution. Later, the expert successfully carried out missions for another RTAC.

A substantial number of short-term consultants have been mobilized in revenue and customs administration. They are from Ethiopia, Kenya, Swaziland, Tanzania, and Uganda. They performed well and have been well received by the beneficiaries. Beneficiaries had a modest preference for African consultants because the tax environment in their home country is similar to that of the

beneficiary, and compliance risks will be similar. This preference was not strong in all cases: *"Sometimes a non-African helps to give you a perspective"* (Gambia Revenue Authority).

In revenue administration AFW2 has developed local training capacity and have used local trainers in audit through the Audit Training of Trainers Program and professional attachments in the Data Matching projects across member countries in the region. In total twenty-five auditors were trained (five each from the Anglophone member countries) and eleven were found suitable for use as trainers in the region. Eight of these have been used in audit training and data matching and analysis across the region. The trainers considered this very useful, as it exposed officers (trainer and trainees) to practices in other countries, and created regional champions for reform. This activity will be continued in the current fiscal year.

The assistance on the Treasury Single Account to Kaduna State relied to a large extent on a short-term expert from Kenya.

Peer learning and the use of regional institutions were successfully in banking supervision and payment systems. The Bank of Ghana welcomed the secondment of supervisors from the Central Bank of The Gambia. Although this secondment aimed to foster the knowledge and experience of the Gambian supervisors, both sides stressed the usefulness of this exchange of experience in dealing with the similar banks and problems. In turn, the BoG requested a secondment at another central bank.<sup>37</sup>

A successful professional secondment was arranged in payment systems. A BoG official was detached to the Central Bank of South Africa, arranged with support from AFRITAC East and South. BoG also welcomed staff from the central banks of Liberia, The Gambia and Sierra Leone, and considered the professional detachments to be valuable. Staff from Liberia, The Gambia and Sierra Leone Learnt from Ghana. Exchange of experience and explaining their own procedures provided BoG with 'food for thought'.

### 6.3 Mitigation of (external) factors affecting sustainability

Many factors affect absorption capacity and sustainability:

- *Involvement of Nigeria.* Nigeria was not in agreement with the decision to locate AFW2 in Accra, Ghana, and did not attend the Steering Committee meetings. Although the situation is improving, AFW2 had difficulties in gaining traction in Nigeria. As Nigeria is by far the largest country with 182 million inhabitants, the country's involvement is essential to AFW2's TA provision in the medium to longer term.
- *Fragile states.* Two member countries (Liberia and Sierra Leone) are considered to be fragile states and this poses additional challenges in promoting sustainability.
- *Challenging political environment.* During the first three years of AFW2's operation, four of the partner countries held a general election which were won by the opposition party. The subsequent change of key officials resulted in disruptions of the workflow and led also to renewed working relationships between AFW2 staff and their counterparts.
- *High attrition rate and low capacity at the beneficiaries' institutions* (see also effectiveness).
- *Challenging working environment,* especially at the statistics agencies and some revenue authorities which were under-funded. Power supply is regularly cut off and thus computers, internet and other equipment are in short supply.

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<sup>37</sup> AFW2 is accommodating the request

IMF and other member countries are fully aware that the involvement of Nigeria is essential to the long-term sustainability of AFW2. Both HQ and the Center tried to persuade Nigeria at the summer and spring meetings. Moreover, in 2016, the Center Coordinator together with the Minister of Finance of Ghana visited the Nigerian Minister for Finance. The SC has been contributing to finding ways to engage Nigeria. The next SC meeting in 2018 will take place in Nigeria. The Center is increasingly getting traction with the Nigerian central government authorities. Through them, TA could be provided to Kaduna State on the Treasury Single Account. Progressively cooperation with the Central Bank is improving.<sup>38</sup> Moreover, AFW2 will organize more regional workshops in Nigeria.

IMF has developed a new TA strategy for fragile states. A pilot started in six countries, including Liberia and Sierra Leone. These countries will get more TA including longer missions, more training and additional resident advisors at the RTAC dedicated to delivering TA to fragile states. This will provide new opportunities for AFW2 and additionally support to the Center in tailoring the assistance, given the heterogeneity of its beneficiary countries.

All revenue authorities in the member countries have semi-autonomous status, enabling them to offer employment packages that are competitive in the national labor market. That also applies to The Gambia Bureau of Statistics. This implies that they can attract and retain the most appropriate expertise which in turn will have a positive influence on the follow up and implementation of TA advice resulting in sustainability of results.

The fact that there is a range of factors affecting sustainability both positively and negatively and the mitigation strategies applied explain why this sub-criterion is rated “modest to good”.

## 6.4 Survey Results

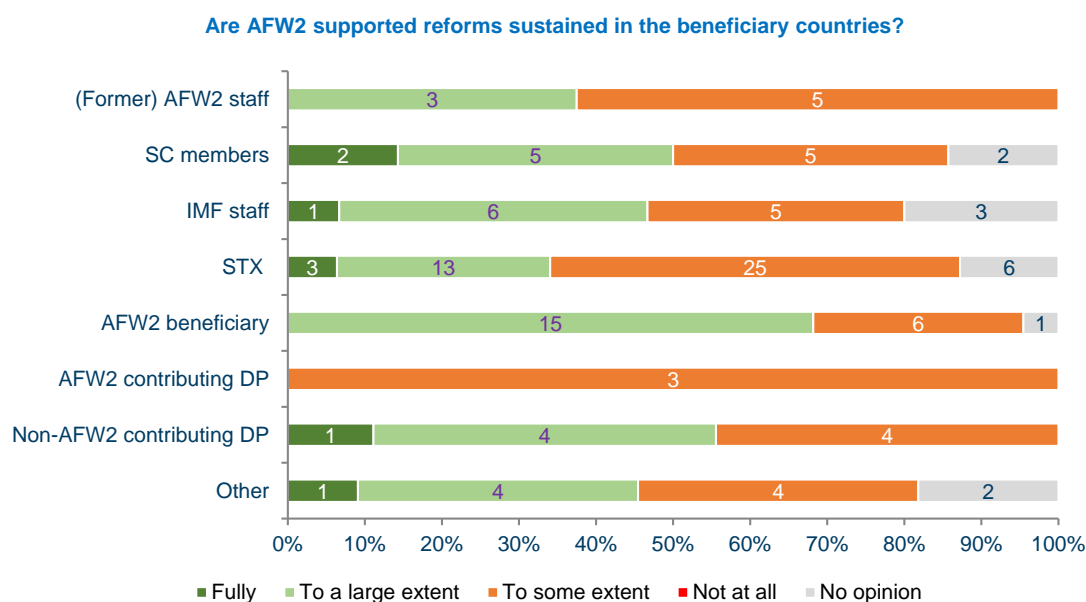
The perceptions on sustainability of reforms are generally positive. The survey responses to the sustainability of AFW2 support are presented in figure 6.1.

Fifty respondents (44.6%), including more than half of AFW2 staff, Short-term experts and AFW2-contributing development partners indicated that AFW2-supported reforms are to some extent sustained in beneficiary countries. The same number of respondents indicated that reforms are fully (6 respondents) or to a large extent sustained (44 respondents).

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<sup>38</sup> RA on Banking Supervision described the current relationship as good and the MONOPS RA is hopeful for the future. Central Bank of Nigeria has a new vice governor and the head of the monetary policy department expressed the intention to move on.

**Figure 6.1 Responses to Q18 on sustainability of reforms (broken down by target group)**

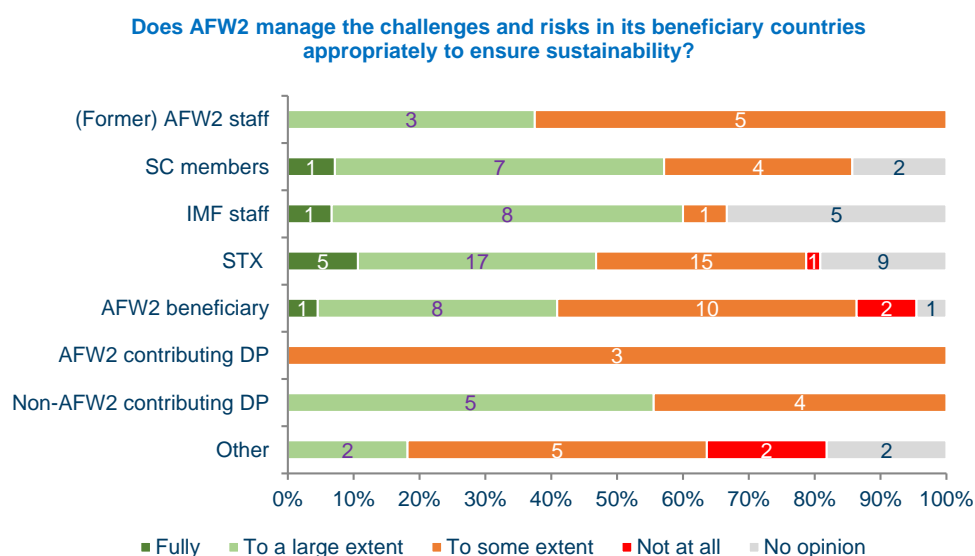


Total respondents: 112

Responses to risk management are presented in figure 6.2 and are summarized as follows:

- 8 and 50 respondents, respectively stated that AFW2 manages fully or to a large extent the challenges and risks appropriately to ensure sustainability (44.6%).
- 57 respondents indicated 'to some extent' (35.7%).
- Oddly, most AFW2 staff and AFW2 contributing partners gave a more modest response with 10 of the 22 respondents in the beneficiary countries indicated 'to some extent'. Their response about the way AFW2 successfully manages risk management was less positive.

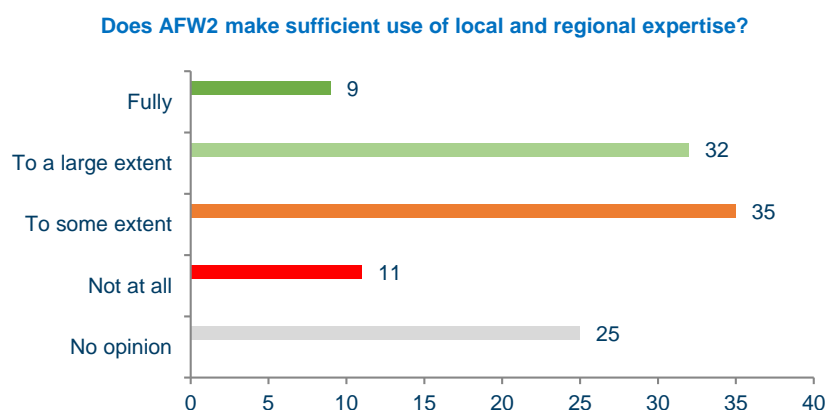
**Figure 6.2 Responses to Q19 on risk management (broken down by target group)**



Total respondents: 112

The responses to use of local and regional expertise are presented in figure 6.3. In summary, this was considered to be largely sufficient by 32 respondents (28.6%), and somewhat sufficient by 35 respondents (31.3%).

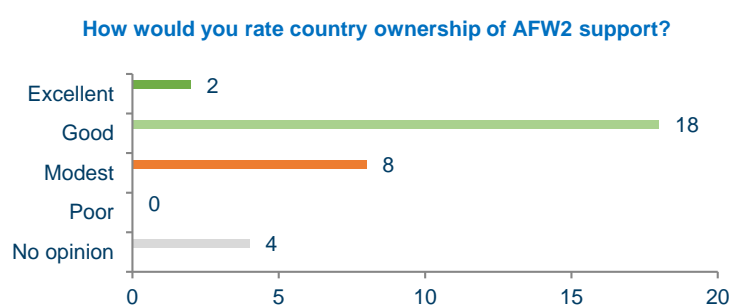
**Figure 6.3 Responses to Q20 on the use of local and regional expertise**



Total respondents: 112

Responses to the questions on country ownership and the Steering Committee were directed to SC members, AFW2 staff and former staff, and IMF staff (a total of 32 respondents). 18 respondents rated country ownership as good; 8 as modest; and 2 as excellent (see figure 6.4). A somewhat larger number of respondents considered the SC plays an important role in ensuring country ownership (3 indicated 'fully' and 10 'to a large extent'), while 10 indicated that this role is important 'to some extent'.

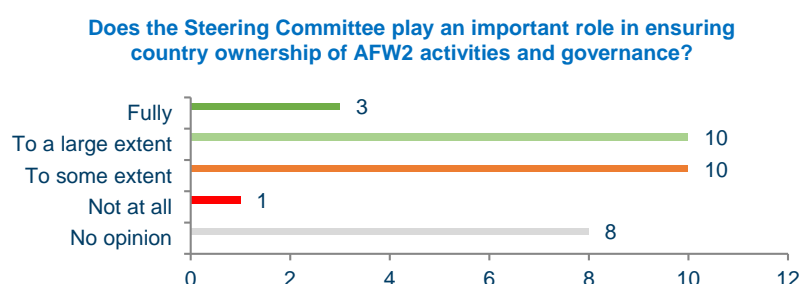
**Figure 6.4 Responses to Q21 on country ownership**



Total respondents: 32

As shown in figure 6.5, a somewhat larger number of respondents consider that the Steering Committee plays a key role in ensuring country ownership (3 respondents).

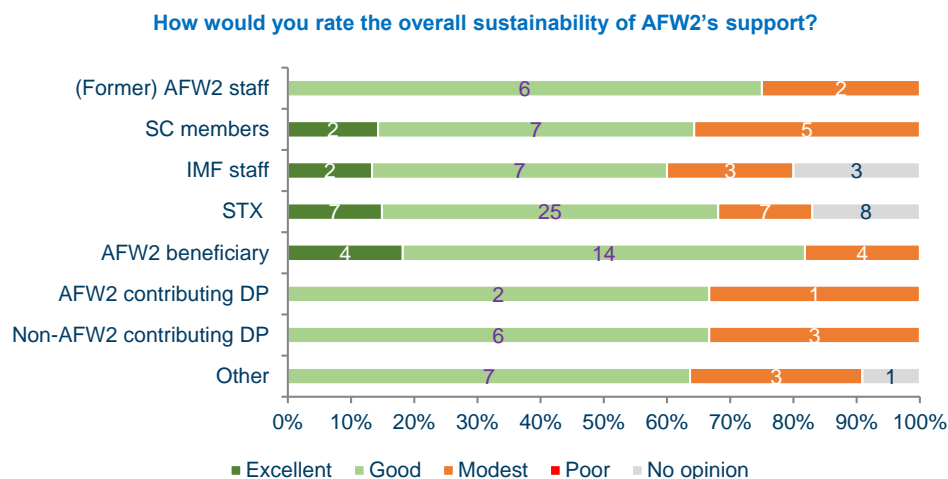
**Figure 6.5 Responses to Q22 on the role of the Steering Committee**



Total respondents: 32

As shown in figure 6.6, overall sustainability of the results realized by AFW2 support was rated good by 65 respondents (58%). One-fifth of respondents (20.5%) rated the sustainability as modest. There were no major differences among groups of stakeholders.

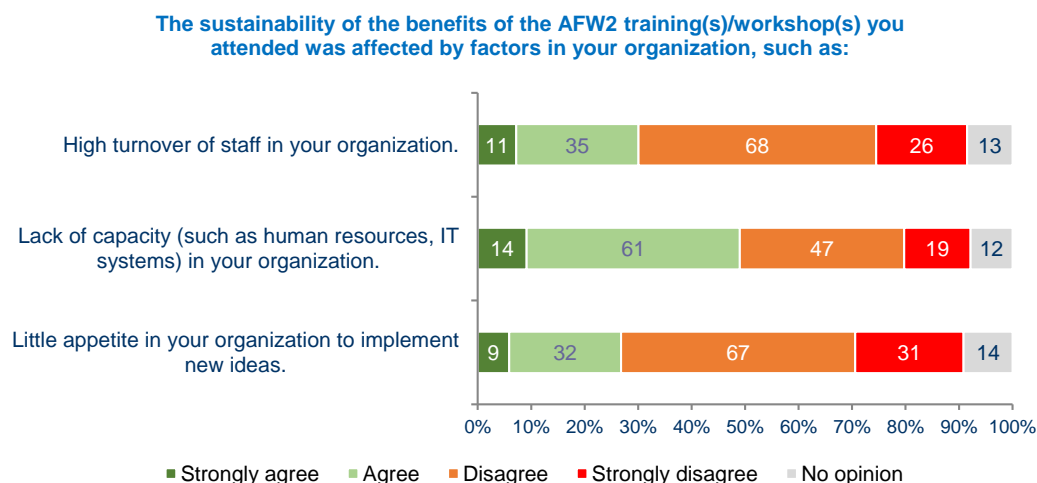
**Figure 6.6 Responses to Q23 on overall sustainability (broken down by respondent category)**



Total respondents: 112

Responses on the factors in beneficiary organizations affecting the sustainability of the effects realized by training and regional workshops are presented in figure 6.7. Most respondents agreed (61 or 39.4%) or strongly agreed (15 or 9.7%) that lack of capacity affects the sustainability of AFW2 benefits. The percentage of respondents in Ghana who indicated 'lack of capacity' was 29%, which is substantially lower than the percentage in other countries (50% or higher). Respondents consider that 'high turnover' and 'little appetite for reform' affect sustainability to a lesser extent (39.5% and 36.8%, respectively).

**Figure 6.7 Responses to Q9a on the effect of factors in the beneficiary organizations on sustainability of AFW2 benefits**



Respondents: 155

Respondents were asked to rate the extent to which sustainability is affected by factors within AFW2. The only factor affecting sustainability identified was the lack of proper follow-up TA and training with 31.6% (49 out of 155 respondents) agreeing or strongly agreeing with this premise.

The majority of respondents considered that AFW2 training and workshops are of high quality, meet capacity needs and are relevant to ongoing reforms. Besides these factors, some respondents

indicated other factors that affect the sustainability of the benefits of AFW2 training and workshops, such as lack of relevant software and the need to further ensure management buy-in.

## 6.5 Conclusion

The findings from different sources (documentary evidence, interviews, case studies and survey) have been triangulated to draw conclusions on the relevance of AFW2 assistance and training.

Sustainability of AFW2 TA and training provided has been rated as 'modest to good' across all three sub-criteria: country ownership of the delivered TA and institutionalization of the built capacity, promotion of the use of regional expertise, and mitigation of (external) factors affecting sustainability.

With some exceptions, AFW2 has been successful in ensuring country ownership of the TA and training delivered. Document analysis and field interviews indicate that the Steering Committee is well organized, and beneficiary attendance has increased over time. However, in the meetings, development partners make most of the comments and contribute to the discussions. The Steering Committee is not yet anchored in many member countries. Survey respondents consider country ownership as good. To the question whether the Steering Committee play an important ownership, most respondents indicated either 'to a large extent' or 'to some extent'. Therefore, the sub-criterion of country ownership has been rated as 'modest to good'.

The AFW2 region poses challenges that make it difficult to institutionalize the built-up capacity. AFW2 addressed the challenges of the Ebola outbreak and the initial reluctance of Nigeria to become involved with AFW2. Risk mitigation strategies were discussed with the Steering Committee. Other factors are difficult to address, especially in countries with chronic low human and institutional capacity. The detailed case studies rate the sustainability as either 'good' or 'modest to good'.

Promoting regional experience and expertise has been limited in a number of technical areas as a few of such experts are included in the rosters. On the other hand, in revenue administration AFW2 has developed local training capacity and have used local trainers in audit through the Audit Training of Trainers Program and professional attachments in the Data Matching projects across member countries in the region. There is a pool of officers who can be used within and across revenue administrations for audit training and data matching and analysis, which are critical areas for revenue administration.

The survey respondents were divided on this issue (largely sufficient by 28.6% of the respondents and sufficient by 31.3% of the respondents). Even so, regional experts (inside and outside the AFW2 region) have been used in a number of instances. Peer learning and the use of regional institutions have been successful in banking supervision and payment systems. Overall, the evaluation rates this sub-criterion also as 'modest to good'.

There are a range of factors affecting sustainability both positively and negatively. The case study mentions a variety of factors, like low salaries, staff attrition, which affects sustainability adversely, while leadership is mentioned as one of the positive factors. These factors and the mitigation strategies applied explain why this sub-criterion is rated again "modest to good".



**Table 6.1 Conclusion - Sustainability**

| Evaluation Criterion and Sub-Criteria  | Weights subcriteria | Sub-score      | Weighted score |
|--|---------------------|----------------|----------------|
| <b>Sustainability</b>  |                     |                |                |
| Country ownership of the delivered TA & institutionalization of the built capacity | 50%                 | Modest to Good | Modest to Good |
| Promoting use of regional expertise  | 20%                 | Modest to Good |                |
| Mitigation of (external) factors affecting sustainability                          | 30%                 | Modest to Good |                |

## 7 Impact

This chapter presents the evaluation findings and conclusions concerning the following evaluation question: Are the achieved outcomes likely to have an impact? This chapter examines the likelihood of the expected impact, and discussed the most likely counterfactual scenario.

### 7.1 Likelihood of the expected impact

While it is too early to expect measurable outcomes and impacts, there are only a few examples where it has been possible yet to measure outcomes and even impact:

- The most evident impact is the Treasury Single Account in Kaduna State.<sup>39</sup> Immediately after introduction, more resources became available because the establishment of a functional TSA into which all revenues go revealed a number of unrecorded bank accounts. Cost savings were immediately achieved because the State did not have to engage in short-term borrowing to meet cash shortages. In fact, the authorities claimed to have earned Naira 1.2 billion on surplus investment (equal to about USD 3.3 million). While a properly implemented TSA is only a means to an end, it will contribute to more efficient cash management and better budget execution because more and timely cash will be available.
- BoG is taking more informed monetary policy decisions. FPAS also helps them to withstand political pressure for an accommodating monetary policy. Real interest rates (difference between the monetary policy rate and inflation) have been kept high for a considerable time now, demonstrating a hawkish monetary policy stance. BoG is determined to continue to gain credibility and bring down inflation expectations of the public.
- Concerning monetary policy operations at the BoG, new instruments have been introduced and existing ones have been re-priced to enhance the monetary transmission channel. BoG has also changed policy on the liquidity supply for commercial banks. The Bank will act as a neutral market intermediary, by providing liquidity as long as the commercial bank has the eligible collateral. According to BoG, these changes in policy have greatly improved the money market and enhanced the monetary policy transmission channel. This is a clear measurable evidence of impact.
- At a macro-level, the contribution of AFW2 assistance in revenue administration on revenue collection cannot be measured unambiguously because many TA providers are active.<sup>40</sup> Also at a lower level, the impact is as yet hard to measure.<sup>41</sup> However, the data matching trainings in both Ghana and Liberia have led to increased revenue collection as revenue officers connected databases and conducted tax audits based on more comprehensive information.

Not always is the impact measurable, but a positive impact can be noticed. For instance, AFW2 developed basic, must-have type of monetary policy indicators for the Central Bank of The Gambia. This project generated spillovers to Liberia and Sierra Leone. Without this work, there would be no monetary analyses in these three countries and therefore less-informed decision-making.

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<sup>39</sup> The log frames include different ultimate outcomes.

<sup>40</sup> Ghana Revenue Authority, both domestic taxes and customs, is supported by GIZ, DFID, KfW, and DANIDA. Liberia Revenue Authority receives TA from IMF HQ, USAID (a domestic revenue project), WCO, the EU (a customs project), the Open Society Initiative West Africa (OSIWA), the African Development Bank, GIZ and the ODI. LRA believes that the TA from AFW2 amounts to possibly 10% of the total TA received. Gambia Revenue Authority receives support from the African Development Bank, and previously, has received assistance from the WCO (human resources), World Bank (the building), and the EU (on VAT, as well as printing manuals and brochures).

<sup>41</sup> With respect to taxpayer service, the Gambia Chamber of Commerce and Industry (GCCCI), a representative for the private sector, found it hard to identify tangible improvements.

Interventions can also have beneficial side-effects of bringing key players together. One example is the follow-up mission to the workshop in Liberia which discussed the introduction of payment systems based on the CPPS-IOSCO principles in that country. During the stocktaking mission, the central bank, the revenue authority and the national telecom provider (being a key player because of payments by mobile phone) met together for the first time. The agencies used the opportunity to conclude various follow-up agreements. Closer cooperation among these organizations could have considerable impact because the current practice of paying tax in Liberia is to line up in the tax office and settle in cash.

The conditionalities of IMF programs have been crucial to implementation of TA recommendations. In Ghana AFW2 assistance was provided for some conditionalities, for instance, the development of a fiscal strategy. It can be also beneficial in the case of The Gambia. The authorities of Gambia need to move away from fiscal dominance. The central bank needs more independence to manage the liquidity in the system effectively. The Central Bank of The Gambia will also need funds to strengthen the balance sheet before the toolkit can be implemented.<sup>42</sup>

The conditionalities of IMF programs can play a crucial role for a timely and proper implementation of TA recommendations. In Ghana AFW2 assistance was provided which related to some conditionalities, for instance, the development of a fiscal strategy. It can be also beneficial in the case of The Gambia. Well-chosen conditionalities, for instance regarding central bank independence or fiscal dominance, can provide the necessary break-through for the actual adoption of recommendations that require big changes in the policies of a country.<sup>43</sup> Where feasible, IMF programs can incorporate macro-critical reforms that are linked to the TA agenda. It remains critical that the provision of TA is not seen by member countries as being directly linked to Fund conditionality.

## 7.2 Positive and negative changes brought about by the CD activity, compared to the counterfactual

Determination of the counterfactual is not easy. The evaluation considers that in the case of AFW2 member countries the most likely counterfactual would be that TA is still provided by IMF headquarters. The effect would likely be comparable to the situation before AFW2, fewer missions and thus less assistance. Many interviewees stated that HQ missions tend to be less familiar with the situation on the ground, and thus generate less tailored to the regional context and immediate needs and hands-on recommendations. The counterfactual provides evidence that AFW2 realizes the benefits typically associated with a regional technical assistance center.

While other TA providers could intensify TA delivery, this would be more fragmented across TA areas as well as across countries. Moreover, some bilateral donors have been shifting development aid resources to middle-income countries. One current contributing donor is only active in the middle-income member country and has no plans to widen the scope for TA delivery. Another donor has emphasized the benefits of channeling resources through the IMF, such as timely availability of crucial data and information to decide on budget support operations.

Long-term resident advisors are seen as being effective when complementing TA and training delivered by a regional technical assistance center instead of as a substitute. The current practice confirms this.

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<sup>42</sup> See case study of MONOPS in The Gambia.

<sup>43</sup> See case study of MONOPS in The Gambia.

International central banking expertise in MONOPS and Banking supervision tends to be scarce outside central banks, with the notable exception of IMF.<sup>44</sup> Bilateral TA from central banks in developed countries does not happen often. Moreover, bilateral TA tends to be directed at middle-income countries with a demonstrated track record. But low-income and even fragile countries that need the TA most get the least or even no assistance.

As mentioned, close coordination with other TA providers prevents overlap in revenue administration. For instance, AFW2 is developing an integrity strategy for the Ghana customs department. No other TA provider is involved in that subject.

Types of interventions that are likely to have the biggest impacts include:

- Hands-on TA, including training at the beneficiary's institution (using beneficiaries own material, figures, material and output), is most effective in knowledge transfer to a whole group. Several case studies provide evidence for this<sup>45</sup> as well as survey respondents.
- Peer-to-peer training seems very efficient and effective, especially when dealing with technical subjects, such as IFRS and Basel Core Principles.
- All beneficiaries considered professional secondments to be very valuable. Interviewees often stated that they would like to benefit more from detachments.

Knowledge transfer in Banking Supervision in The Gambia seems to have extended over a long period. The process could probably have been speeded up if CBoG had used their free access to FSI connect, the on-line learning tool developed by the Bank of International Settlements, although other factors, such as limited internet connectivity, played also a role. AFW2 missions could have pushed harder in this respect.

A regional workshop is effective for knowledge transfer or awareness-raising, but will need to be followed by hands-on TA. Some beneficiaries also stated that they would prefer AFW2 to concentrate more on additional hands-on TA and professional secondments. Regional workshops can be organized more together with other regional training providers. Since beneficiaries also have to contribute to WAIFEM and WAMI, they would welcome more specialization. However, regional workshops can be useful in raising awareness to new areas and tools, such as TADAT. Although TADAT training is freely available online, beneficiaries confirmed that the benefit of discussing this diagnostic tool in a regional workshop and applying it to the organizations in the participants' countries. In this way, it became an input in the situation analysis (SWOT analysis) to be used for strategy formulation for the revenue authorities. Officials in revenue authorities in Gambia, Ghana and Liberia praised the TADAT workshop held in Accra in April 2017, calling it an eye-opener and very useful. Moreover, the regional workshop on TSA in Nigeria was used to showcase the immediate positive results of its introduction in Kaduna State. This may lead to further rollout to other states in Nigeria.

Regional workshops for high level staff can also help to bring aspirational levels into perspective by enabling peer comparison and emphasizing the basic prerequisites to be in place before moving on.

The evaluation did not come across any negative changes due to AFW2 work.

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<sup>44</sup> Although the World Bank is currently also building capacity in this field.

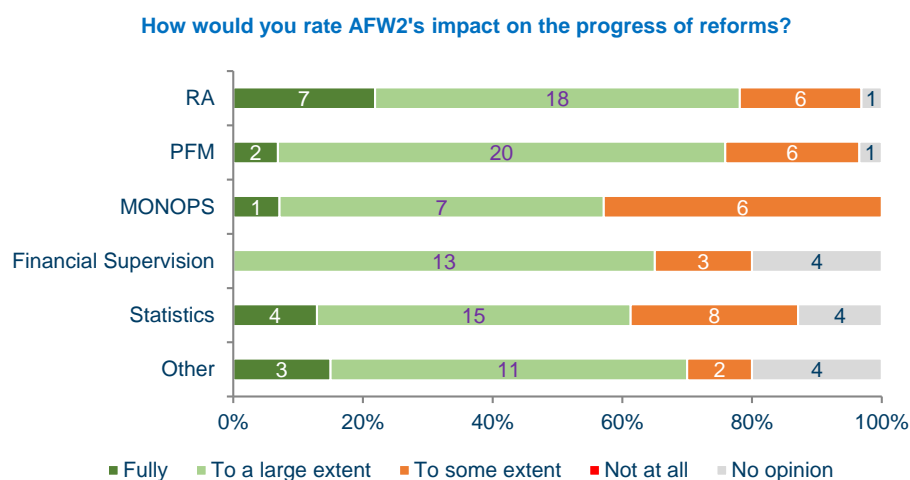
<sup>45</sup> The case study MONOPS in The Gambia and FPAS in Ghana are good examples. This holds also for the case study on Banking Supervision, although to a lesser extent.

### 7.3 Survey Results

The responses to the survey on AFW2 impact are presented in figure 7.1, and summarized as follows:

- 62 respondents (55.4%) found that AFW2 had to a large extent an impact on the progress of reforms.
- 17 respondents (15.2%) even rated the AFW2 impact of AFW2 'fully'.
- 20 respondents (17.9%) rated the impact as modest with the most modest prediction on Statistics (8 respondents rated 'modest'.
- 6 out of 14 respondents rated the impact in of MONOPS as modest.

**Figure 7.1 Responses to Q24 on impact**

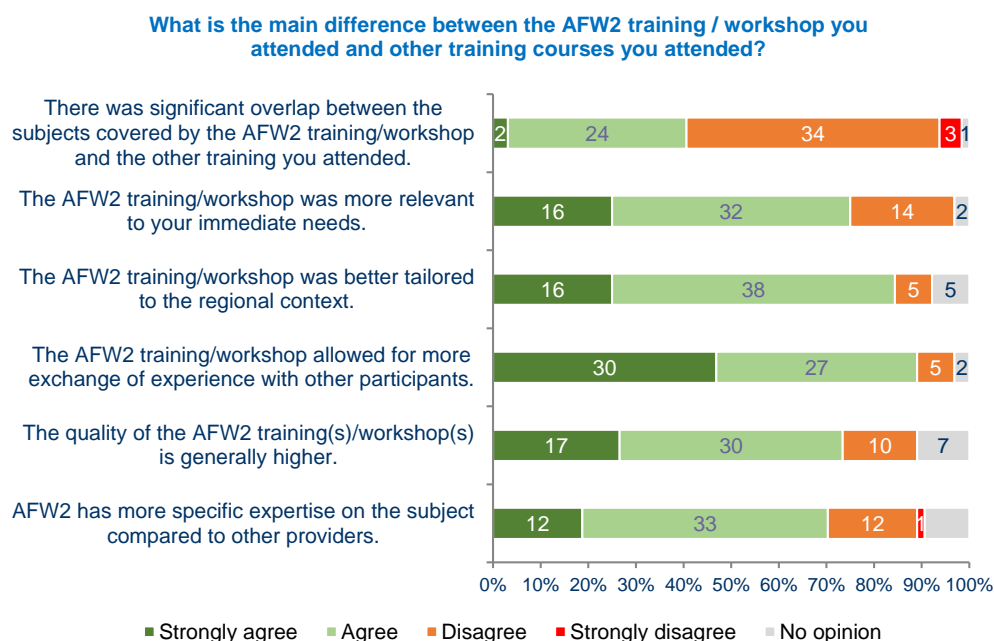


The comments of interviewees highlighted the fact that AFW2 does not operate in an isolated environment and its impact is affected by external factors. Some respondents placed a critical remark that AFW2 could engage more with regional bodies.

As shown in figure 7.2, 64 respondents indicated that they attended training and/or workshops on similar topics provided by other organizations. The training providers most often mentioned by respondents includes West African Institute for Financial and Economic Management (WAIFEM) and ECOWAS/GIZ. Participants perceived AFW2 as providing more specific, higher quality content better tailored to the regional context and immediate needs.

42.6% or 26 respondents agreed that there was overlap between the subjects covered in AFW2 and other training. The overlap was the highest for workshops on revenue administration (56.3% agreed there is overlap) and statistics (53% agree that there is overlap). Most respondents (54 or 84.4%) agreed that AFW2 was complementary to the other training/workshops they attended. Only 10 participants or 15.6% did not agree.

**Figure 7.2 Responses to Q11 on the differences between AFW2 training/workshops and other training courses**



Total Respondents: 64

## 7.4 Conclusion

The findings from different sources (documentary evidence, interviews, case studies and survey) have been triangulated to draw conclusions on the impact of AFW2 assistance and training.

**Table 7.1 Conclusion - Impact**

| Evaluation Criterion and Sub-Criteria  | Weights subcriteria | Sub-score   | Weighted score |
|--|---------------------|---|----------------|
| Impact   |                     |   |                |
| Likelihood of the expected impact  | 40%                 | Difficult to measure given the short existence of AFW2. | -              |
| Positive and negative changes brought about by the CD activities, compared to the counterfactual | 60%                 | Good  |                |

While it is too early to expect measurable outcomes and impacts, there are only a few examples where it has been possible yet to measure outcomes and even impact. AFW2 TA and training has played in those cases a key role and is contributing to capacity development in the beneficiary countries. However, it is difficult or even impossible to measure the likely impact of the activities carried out by a relatively young RTAC. Moreover, impact measurement is complicated as countries are also receiving assistance through other IMF channels and from other development partners. The case studies point to a 'modest to good' score. The survey findings provide a more positive score. 55.4% of the survey respondents found that AFW2 had to a large extent an impact on the progress of reforms. As a result of the mixed findings and the fact that there is not yet sufficient evidence, the likelihood of the expected impact has not been scored. The evaluation did not come across any negative changes due to AFW2 activities.

With regard to positive changes brought about by the AFW2 TA activities compared to the counterfactual, the evaluation scores this sub-criterion as 'modest to good. The evaluation considers that in the case of the AFW2 member countries the most likely counterfactual would be that TA is still provided by IMF headquarters. The effect would likely be comparable to the situation before AFW2, fewer missions and thus less assistance. Generally, interviewees stated that HQ missions tend to be less familiar with the situation on the ground, and thus generate less tailored to the regional context and immediate needs and hands-on recommendations. Apparently, AFW2 realizes largely the benefits typically associated with a regional technical assistance center. This sub-criterion has been rated as good.

## 8 Lessons Learnt and Recommendations

### 8.1 Overall assessment

The overall performance of the AFW2 program was assessed using the weighting system presented in annex 2. Based on AFW2 performance on the individual evaluation criteria, **the overall performance can be assessed as good** (see table 8.1).<sup>46</sup>

AFW2 performance is assessed highest on relevance. The assessment indicates more opportunities for improvement on AFW2's effectiveness and sustainability.

As mentioned, some challenges are difficult to address especially given the capacity constraints in the countries. Improvements in implementation of the FY2017 work plan will continue in the remaining years. A key issue is the replacement of RAs who will complete four years with AFW2 at the end of December 2017.

**Table 8.1 Overall assessment of AFW2 performance**

| Evaluation Criteria and Sub-Criteria  | Weights sub-criteria | Scores sub-criteria | Weights criteria | Scores criteria   |
|---|----------------------|---------------------|------------------|-------------------|
| Relevance   |                      |                     |                  |                   |
| Relevance of the AFW2 objectives and implementation strategy to the national reform agenda and emerging needs | 70%                  | Good                | 20%              | Good to Excellent |
| Complementarity & coordination with other initiatives   | 30%                  | Excellent           |                  |                   |
| Efficiency  |                      |                     |                  |                   |
| Process & implementation  | 40%                  | Good                | 20%              | Good              |
| Use of resources  | 40%                  | Modest to Good      |                  |                   |
| Monitoring and reporting  | 20%                  | Good                |                  |                   |
| Effectiveness   |                      |                     |                  |                   |
| Actual achievements against plans   | 60%                  | Modest to good      | 20%              | Modest to Good    |
| Likelihood of achieving excepted outcomes   | 40%                  | Good                |                  |                   |
| Sustainability  |                      |                     |                  |                   |
| Country ownership of the delivered TA & institutionalization of the built capacity                            | 50%                  | Modest to Good      | 20%              | Modest to Good    |
| Promoting use of regional expertise   | 20%                  | Modest to Good      |                  |                   |
| Mitigation of (external) factors affecting sustainability   | 30%                  | Modest to Good      |                  |                   |
| Impact  |                      |                     |                  |                   |

<sup>46</sup> Since impact could not be assessed yet, the overall assessment is based on the scores for the criteria relevance, efficiency, effectiveness and sustainability. Besides applying the rating methodology, the evaluation came to the overall assessment as 'good' (compared to 'modest to good') given the positive developments in the recent years (e.g. in the member countries, the increase of TA and training provided by AFW2 ) and considering the challenging context.



| Evaluation Criteria and Sub-Criteria   | Weights sub-criteria | Scores sub-criteria | Weights criteria | Scores criteria |
|--|----------------------|---------------------|------------------|-----------------|
| Likelihood of the expected impact  | 40%                  | -                   | 20%              | -               |
| Positive and negative changes brought about by the CD activities, compared to the counterfactual | 60%                  | Good                |                  |                 |
| <b>Overall performance</b>   |                      |                     | <b>100%</b>      | <b>Good*</b>    |

## 8.2 Lessons and recommendations

*Lesson Learnt 1: The evaluation concludes that more clarity, formality and details are needed on the AFW2 activities to address promotion of the regional integration objective.*

*Recommendation 1: Formalize arrangements between IMF and regional organizations, and agree specific activities.*

- The evaluation recommends that the IMF formalizes cooperation arrangements with regional organizations.
- The evaluation recommends that the bottom-up needs assessment should include requesting countries to specify both individual country needs as well as regional cooperation needs.
- The evaluation recommends that AFW2 supported by the Resident Representative Office in Abuja engages with ECOWAS to discuss and agree possible joint implementation of activities.
- The evaluation recommends that IMF provides clarity to the donors whether capacity building of a regional organization is part of the remit of a RTAC.

*Lesson Learnt 2: The evaluation concludes that for a newly established center such as AFW2, outreach activities are important, even though they take-up a significant amount of time of the Coordinator and Regional Advisors.*

*Recommendation 2: Institute outreach activities systematically in the missions.*

- The evaluation recommends that the Center Coordinator undertakes more outreach activities to contributing donors and other TA providers to strengthen cooperation and coordination at a strategic level.
- The evaluation recommends that both Center Coordinator and RAs reinforce the branding of AFW2 when conducting missions.
- The evaluation recommends that RAs plan systematically debriefing missions to donors and other TA providers as part of mission activities, particularly when there are no well-functioning donor coordination platforms in the respective TA area.

*Lesson Learnt 3: The evaluation concludes that the diversity in absorption capacity in AFW2 countries requires a more flexible approach to TA delivery.*

*Recommendation 3: Reinforce the TA approach for engagement in fragile states and extend it to the other TA areas, and use modes of capacity building that have proven to be very effective.*

- The evaluation recommends that AFW2 considers to plan follow-up missions depending on the extent recommendations are 'owned' by the beneficiary authorities.
- The evaluation recommends that the duration of missions will be more flexible: longer missions when capacity needs to be developed.
- The evaluation recommends that AFW2 organizes intermediate mentoring missions to encourage and support follow-up of TA recommendations, and short missions to discuss follow-up on TA recommendations.

- The evaluation recommends that more attention needs to be given to handholding during TA delivery, including training at the beneficiary's institution (using where feasible the beneficiary's own material, figures, and output).
- The evaluation recommends that AFW2 examines other technical topics where peer-to-peer training might be used, as well as options for further professional secondments because these modes are regarded as valuable and effective. Both peer training and professional secondments can be organized in collaboration with other RTACs.

*Lesson Learnt 4: The evaluation concludes that AFW2 needs to use alternative and creative ways to engage Member countries at Steering Committee meetings and subsequently increase ownership of the work plan. The evaluation concludes also that Statistics and Revenue Administrations are not well represented at the Steering Committee meetings.*

*Recommendation 4: Strengthen the Steering Committee and particularly the participation of Member Countries by:*

- The evaluation recommends that AFW2 explaining better what is expected of the members, for instance by providing templates for interventions and explicitly ask for suggestions for improvement.
- The evaluation recommends that AFW2 helps focusing attention to other TA areas, for instance by devoting thematic sessions to statistics and revenue administration.
- The evaluation recommends that all SC members from the member countries inquire before the meeting input from the other agencies they represent.
- The evaluation recommends that member countries nominate SC members from Statistics and Revenue Administrations, since these officials are in a better position to discuss projects in their field of work in other countries, or at least provide them observer status.

*Lesson Learnt 5: The evaluation concludes that the Center Coordinator function can be reinforced to increase the effectiveness and impact of AFW2 Technical Assistance.*

*Recommendation 5: Reinforce the function of the Center Coordinator.*

Possible ways to achieve this include:

- The evaluation recommends that the IMF emphasizes the soft-skills set in the functional profile for the Center Coordinator.
- The evaluation recommends that AFW2 budget will explicitly include some budget for training local staff and conferences to be used for RAs.
- The evaluation recommends that the IMF create more opportunities for the Center Coordinator to join surveillance missions, especially for countries with an IMF program where it is feasible to incorporate macro-critical reforms that are linked to the TA agenda. It will also raise the Center's profile. It remains critical that the provision of TA is not seen by member countries as a Trojan horse for Fund conditionality.
- The evaluation recommends that IMF TA departments consult the Center Coordinator regularly on his observations in order to increase the robustness of the backstopping arrangement.

A final issue concerns the practice of the maximum four-year term for RA employment in the same RTAC. This practice may need to be relaxed in some circumstances, especially to maintain relationships with beneficiaries and to retain institutional memory. To reduce job insecurity of RAs and enhance their effectiveness, IMF may want to consider contracts longer than one year when RAs have proven to function well.



## About Ecorys

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In 1929, businessmen from what is now Erasmus University Rotterdam founded the Netherlands Economic Institute (NEI). Its goal was to bridge the opposing worlds of economic research and business – in 2000, this much respected Institute became Ecorys.

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