



**External Mid-Term Evaluation of the  
Regional Technical assistance Center for  
Southern Africa: AFRITAC South  
Phase II (May 2017 – April 2022)  
(Volume I)**

**Authors**

Jóse López-Calix  
Jorge Shepherd  
Soren Kirk Jensen  
Alexandre Naud

# Table of contents

LIST OF ACRONYMS .....	IV
EXECUTIVE SUMMARY .....	1
I. BACKGROUND INFORMATION .....	7
1.1. Objectives and Scope of the Evaluation .....	7
1.2. AFS Program Adaptation Pre- and Post-COVID 19 in Mode of Delivery and Areas of CD .....	8
2. EVALUATION RESULTS AT THE CD LEVEL .....	10
2.1. Methodology.....	10
2.2. Findings .....	12
2.2.1. Overview of AFS Scores .....	12
2.2.1. Two general findings were noticeable. Full data can be found in Annex VIII and Annex II. ....	13
2.2.2. Relevance.....	13
2.2.3. Coherence.....	15
2.2.4. Effectiveness.....	16
2.2.5. Efficiency.....	18
2.2.6. Impact.....	20
2.2.7. Sustainability.....	22
3. EVALUATION RESULTS AT THE ENTITY LEVEL .....	26
3.1. Methodology.....	27
3.2. Findings .....	28
2.4.1. Steering Committee and Overall RTAC Governance including HQ Oversight.....	28
2.4.2. RTAC Management and Organization .....	29
2.4.3. Design and Adaptability of CD Activities/Services .....	32
3.3. Conclusions and Recommendations.....	35

### **List of Tables**

TABLE 1: TABLE OF RECOMMENDATIONS .....	4
TABLE 2: STATUS OF MILESTONES BY FUNDING PROGRAM .....	9
TABEAU 3: EVALUATION QUESTIONS AT THE CD LEVEL.....	10
TABLE 4: PERFORMANCE RATINGS PER FUNDING PROGRAM – (1-4 SCALE).....	12
TABLE 5: FY20 RESOURCE ALLOCATION, BY COUNTRY AND BY TOPIC (IN FULL-TIME EQUIVALENT YEARS).....	13
TABLE 6: EFFECTIVENESS: PERFORMANCE RATINGS FOR SAMPLED OBJECTIVES – (1-4 SCALE) .....	16
TABLE 7: AFS: SHARE OF FULLY OR LARGELY ACHIEVED MILESTONES PER FUNDING PROGRAM FY19-FY21 (%)	17
TABLE 8: AFS PHASE II – STX MISSION AVERAGE DAILY COST (IN USD): .....	19
TABLE 9: EVALUATION MATRIX AT THE ENTITY LEVEL.....	27
TABLE 10: ROTATION GAP FOR LTXS IN AFRITAC SOUTH – PHASE II .....	29
TABLE 11: AFS: FY21 BUDGET UNDER-EXECUTION (IN FTE YEARS) .....	34

### **List of Figures**

FIGURE 1: AFS PROGRAM AVERAGE SCORES BY DAC CRITERIA.....	1
FIGURE 2: FIGURE 2: EVOLUTION OF CD ACTIVITIES PER FUNDING PROGRAM, FY18-FY21 (IN FTE YEARS). .....	8
FIGURE 3: PEFA RATINGS FOR ONE AFS SAMPLED COUNTRIES (2013-2019) .....	18
FIGURE 4: AFS RATINGS BY SEMINAR BENEFICIARIES FY17-FY20 (1-5 SCALE).....	19
FIGURE 5: AFS: REGIONAL (AFRICAN) VS NON-REGIONAL STXS (%) SOURCE: AFS SECRETARIAT AND IMF-HQ...	32

### **List of Boxes**

BOX 1: THE CHALLENGING ROLE OF AFS IN FRAGILE COUNTRIES: FURTHER LESSONS LEARNED .....	25
BOX 2: KEY NEW ISSUES POST-COVID-19 TO BE FACED BY MEMBER COUNTRIES: A SUMMARY .....	34



## List of Acronyms

<b>AfDB</b>	African Development Bank
<b>AFS</b>	Regional Technical Assistance Center for Southern Africa (AFRITAC South)
<b>BSR</b>	Banking Supervision and Regulation
<b>CD</b>	Capacity Development
<b>CEF</b>	Common Evaluation Framework
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>CSN</b>	Country Strategy Note
<b>CADM</b>	Customs Administration
<b>DAC</b>	Development Assistance Committee
<b>DFID</b>	Department for International Development (UK)
<b>EIB</b>	European Investment Bank
<b>EU</b>	European Union
<b>FAD</b>	Fiscal Affairs Department
<b>FCDO</b>	Foreign and Commonwealth Development Office (UK)
<b>FFL</b>	Financial and Fiscal Law
<b>FMI</b>	Financial Market Infrastructure and Payments
<b>FPAS</b>	Forecasting and Policy Analysis System
<b>FSAP</b>	Financial Sector Stability Review
<b>FSR</b>	Financial Sector Regulations
<b>FY</b>	Financial Year
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany)
<b>HQ</b>	Headquarters
<b>ICD</b>	Institute for Capacity Development
<b>IOC</b>	Indian Ocean Commission
<b>LCA</b>	Low-Capacity Assessment
<b>LTX</b>	Long Term Expert
<b>MCM</b>	Monetary and Capital Markets Department
<b>MPO</b>	Monetary Policy Operations
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PEFA</b>	Public Expenditure and Financial Accountability
<b>PM</b>	Project Management
<b>RA</b>	Resident Advisors
<b>RAD</b>	Revenue Administration
<b>RBM</b>	Results Based Management
<b>RSN</b>	Regional Strategy Notes
<b>RBS</b>	Risk-Based Supervision
<b>RCDC</b>	Regional Capacity Development Center
<b>RSS</b>	Real Sector Statistics
<b>RTAC</b>	Regional Technical Assistance Centers
<b>SAARTAC</b>	South Asia Regional Training and Technical Assistance Center
<b>SACU</b>	Southern African Customs Union
<b>SADEC</b>	Southern Africa Development Community
<b>SC</b>	Steering Committee
<b>SECO</b>	State Secretariat for Economic Affairs
<b>SMP</b>	Staff-Monitored Program
<b>SSA</b>	Sub-Saharan Africa
<b>STA</b>	Statistics Department
<b>STX</b>	Short-Term Expert
<b>TAD</b>	Tax Administration
<b>ToR</b>	Terms of Reference

## Acknowledgements

This report was prepared by a core team led by Jose R. Lopez-Calix and comprising Jorge Shepherd and Soren Kirk Jensen, under the overall guidance of Alexandre Naud. It has benefited from valuable inputs provided by Marco Pinon-Farah and Johannes Federkeil.

The Evaluation Team wishes to thank all those who facilitated the AFRITAC South (AFS) Technical Assistance Center Phase II mid-term evaluation process. Special thanks are directed to the Authorities of the International Monetary Fund (IMF) Institute for Capacity Development and the AFS Center for their continuous support and strong encouragement throughout the evaluation process.

The evaluators also thank IMF and AFS staff, AFS member country authorities, AFS donor partner representatives, and other regional technical assistance providers for generously sharing their time and discussing their experiences with AFS operations, which contributed greatly to the evaluation. The team particularly appreciates that interviewees kindly accommodated meeting requests during difficult time schedules and openly shared their views and experiences, by a variety of secure internet-based video call platforms and applications, telephone or written memos. As all of the key informant interviews for this evaluation were conducted remotely in response to COVID-19 travel restrictions.

We would finally like to thank the IMF for their continuous guidance as well as their flexibility and the trust placed in the Evaluation Team to undertake this remote-based evaluation approach. The views expressed in this evaluation report do not necessarily reflect the position of the IMF or any other stakeholder consulted during the evaluation.

## Executive Summary

The evaluation results of the second phase of AFRITAC South (AFS) are generally positive, although there are areas for further improvement. The evaluation findings are broadly consistent between the two components of the evaluation, i.e. at the individual CD activity level and at the entity level (for the RTAC as a whole) and supported by the results of an Online Survey and Resource Allocations analyses. Figure 1 shows the individual scores per Development Assistance Committee (DAC)<sup>1</sup> criteria resulting from the evaluation at the CD level (1-4, with 4 being the highest).

Within the six DAC criteria, the evaluation was particularly positive in terms of the relevance of the CD activities, which were derived from rigorous capacity gaps assessments, supporting the countries' priorities. In terms of efficiency, effectiveness and coherence, the results point at good performance, considering the reduced costs and a high number of activities accomplished; the milestones and, to a lesser extent, outcomes met; and the positive synergies between CD activities and other interventions carried out by the government. However, the evaluation also found room for improvement, mainly because compliance with milestones and outcomes deteriorated post-COVID-19. The results for impact and sustainability were somewhat more modest or average, with important areas for improvement, particularly in terms of creating and maintaining local absorption capacity.

Performance is assessed as having improved in phase II and underlines a likely strong demand for continued CD services under the projected phase III. While numerical scores were somewhat lower than those of the 2015

evaluation, the methodologies are not comparable, including because the number of DAC criteria was expanded and the IMF-Results Based Management (RBM) framework was not available during Phase I.<sup>2</sup> Moreover, interviews at the AFS Center and IMF-HQ and

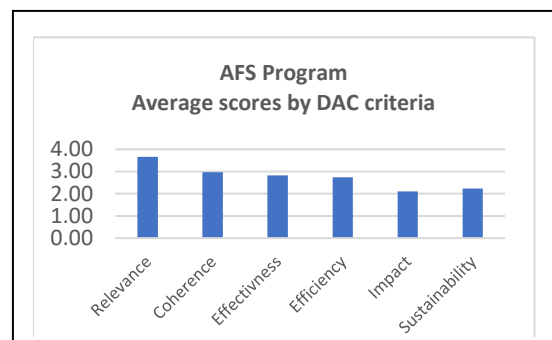


Figure 1: AFS Program Average scores by DAC criteria

the responses from the Online Survey strongly support the view that, despite the pandemic, the performance has significantly improved. Taken together, they consolidate the AFS position as a key provider of high-quality technical advice.

**Evaluation at the CD Level. Concrete improvements have been achieved since phase II, but there are still some issues to address in terms of:**

- **Relevance:** The relevance of AFS CD activities is judged as 'Excellent' (3.63 out of 4). Strong efforts have been made by all funding programs to rely on *ex-ante* diagnostics of capacity gaps for preparing the annual workplan of most CD activities, and to adjust resource reallocations supporting AFS' gradual response to countries' needs post-COVID-19. However, it will be useful to reconsider further reallocations of resources among funding programs, adapted to changing needs, and shifting, as appropriate, to include a new and

<sup>1</sup> The OECD-DAC is a forum to discuss issues surrounding aid, development, and poverty reduction in developing countries. It describes itself as the "venue and voice" of the world's major donor countries. Meetings take place every 2-3 years. Its role is to promote development co-operation so as to contribute to the implementation of the 2030 Agenda for Sustainable Development. At present, to evaluate the degree to which its projects, like AFS CD services, have achieved their objectives, the OECD-DAC uses six

criteria: relevance, coherence, efficiency, effectiveness, sustainability and impact.

<sup>2</sup> Previously, AFS had been using the results-based management (RBM) framework developed internally by its Center; but in phase II, the Center started using the Fund-wide RBM framework. For broad comparison purposes, as criteria and data sources were different, the scores of the 2015 evaluation were: 3.7 for Relevance, 3.5 for Efficiency, 3.2 for Effectiveness (Outcome) and 3.1 for Sustainability.

cost-efficient virtual delivery model and the introduction of new global topics.

- **Coherence:** The coherence of AFS CD activities is judged as 'Good' (2.97 out of 4). Strong results have been achieved in terms of coherence, thanks to efforts undertaken to support the alignment of CD activities with other governments, IMF, and donor TA interventions. However, some weaknesses were identified, arising either from the lack of internal coordination among certain government agencies or from insufficient external coordination between AFS Secretariat and CD interventions by regional bodies, including those that have an Observer status at the AFS SC.
- **Effectiveness:** The effectiveness of AFS CD activities is judged as 'Good' (2.82 out of 4). What works? In terms of funding programs, some positive achievements in milestones post-pandemics are remarkable. However, two major issues should be addressed: first, the persistently lower ratings of outcomes than those of milestones (outputs), which was an expected finding given that outcomes are set for the medium-term, and outputs are aligned with them at a higher level. Second, the falling trend in the level of achievement of milestones during COVID-19 across all funding programs, in part justified by the unavoidable and intentional shift toward more pressing CD activities related to the pandemic, change in the delivery model from in-person to virtual, and likely constraints in countries' logistics and infrastructure.
- **Efficiency:** The efficiency of AFS CD activities is judged as 'Good' (2.74 out of 4). In terms of funding programs improvements in this criterion have come from three sources: pre-COVID-19 efforts by most funding programs to compress STX daily costs, the move to cost-saving virtual missions that halved STX mission costs and the quality of seminars. It is worth noting the introduction of virtual meetings has not prevented a higher number of missions, while more participants than planned have benefited from AFS services. However, an area of improvement is the need to review unit costs of STXs hiring in order to reduce their high dispersion.
- **Impact:** The impact of AFS CD activities is judged as 'Modest' (2.10 out of 4), with all funding programs scoring similarly. What works? First and foremost: remarkable AFS efforts were carried out to support a gradual

and flexible response to the countries' most urgent short-term needs linked to COVID-19. However, given limited resources, this low rating might be explained by the forced postponement of many pre-scheduled activities as well as misperceptions about the role of AFS' intervention in the design of fiscal responses by its member countries. In addition, two other reasons may also explain it: (i) a sometimes unfavorable institutional environment – mainly related to political economy or absorption capacity issues – fostering a rapid translation of the benefits of CD activities into visible structural change, plus (ii) the rather preliminary work related to the emerging global topics, which still is for most of them at the diagnostic stage and lacks well-defined outcomes and milestones. Looking ahead, two suggestions that may have potential for improving impact are: linking CD delivery to IMF programs conditionality (CD-surveillance) and ensuring that selected in-person delivery (vs virtual) offsets local skills constraints, despite the higher cost of this delivery.

- **Sustainability:** The sustainability of AFS CD activities is judged as 'Modest' (2.24 out of 4), with lower ratings for fragile countries. What works? In terms of funding programs, activities linked to staff at the Central Bank, requiring higher technical skills and steadier jobs, seem more sustainable. However, despite varied efforts made to find and preserve skilled staff in other counterpart institutions, as well as the empowerment of counterpart teams, information gathered confirmed serious problems of sustainability: these problems are linked to limited local absorption capacity and insufficient ownership. Key barriers to sustainability that need to be tackled include: short supply and high rotation of skilled staff, poor funding and organizational capacity in many target institutions, and lack of focus on follow-up activities by AFS staff.

**Evaluation at the Entity Level. Findings on strengths and areas for improvement regarding AFS management and governance are as follows:**

**Strategic Guidance.** The strategic guidance of AFS by the SC was assessed as broadly effective, supported by well-structured RTAC policies: well-prepared Steering Committee (SC) annual meetings, timely decisions on strategic matters, and regular engagement by

the Center Director with member countries and its staff. However, an area for improvement would be the periodicity of SC meetings, its level of representation, and the possible participation of delegates from some counterpart agencies, such as Tax, Customs and Statistics.

**Application of the RBM System.** Major progress is observed in the RBM catalogue as a highly valuable tool for monitoring and reporting on progress in the achievement of the RTAC objectives. However, it still faces important issues of consistency, verifiability and measurability. The Online Survey also revealed mixed views from its users about its effectiveness. However, the regularity of reporting on outcomes and milestones and its user friendliness must be improved. The move toward CD-MAP, still at its infancy stage, should gradually help the RBM system's integration.

**Internal Learning.** The evaluation found that the quality of internal learning has been successful in terms of knowledge transfer among RTACs. However, transition between outgoing and incoming LTXs showed important learning gaps, due to the high rotation rate of LTXs/STx. These gaps are found to have led to implementation delays, mainly in the MPO and DSR funding programs.

**Use of Regional vs Non-Regional Experts.** Since Phase I, AFS has looked for ways to engage more regional experts in its CD activities, and varied efforts have been made. In practice, however, there is a relatively low use of regional expertise. The share of non-regional Sub-Saharan Africa (SSA) experts among LTXs and STXs was above 80 percent during most of Phase II. This ratio is probably one of the highest among RTACs worldwide and is explained by some difficulties to find available skilled SSA staff.

**Incorporation of Global Topics.** The evaluation reveals that some global topics, like governance and financial inclusion, are not entirely new for AFS countries. Phase II has not only reinvigorated efforts toward addressing them, but added gender, digitalisation and financial inclusion. However, the work undertaken to introduce and customize them

in every country is patchy and often remains at the diagnostic stage. National awareness of these topics seems limited and, what is more problematic, the IMF roster of experts on these topics is perceived by donors as insufficient for meeting future high demand. Whereas an improved roster is an IMF global human resources issue, AFS should focus on improving the level of ownership amongst CD recipients. A mix of proper planning and sequencing of CD activities, with the assignment of a minimum of resources to implement a strong outreach and communication effort, could help.

**Donor Coordination.** Our information gathered in interviews provided a generally positive view of the coordination with key donors, notably with the European Union, the UK, Germany and Switzerland. However, some donors consider that there are still some important areas for improvement, especially in terms of setting up a clear procedure for information sharing. An important issue raised, which was also a recommendation from the previous evaluation, was that AFS coordination with regional bodies – COMESA, SADC and IOC – was still spotty and lacked sufficient planning.

**Exogenous shocks, resilience, and adaptability (including COVID-19).** The initial reaction by the Center to the pandemics could have come a bit earlier, but was well justified and reflected the need to 'wait and get' the best guidance possible from IMF-HQ, in order to assess the impact of the pandemic and design policy responses. A fairly positive response from AFS, with the support of IMF-HQ, was the completion of some 11 webinars on the most pressing topics related to responses to the pandemic. However, COVID-19 underlined the unavoidable need to restructure the budget of funding programs with flexibility, i.e. with a different mix of virtual vs in-person mission ratios and by prioritizing short-term over medium-term objectives.

**The Evaluation Team has reached 12 cross-cutting conclusions and a related set of recommendations.** Further details on these conclusions and recommendations are presented in the last section of Chapters 2 & 3.



Table 1: Table of Recommendations

Priority level	Recommendations
	<p style="text-align: center;"><b>On Relevance</b></p> <p><b>Justification: The scope of the AFS program has increased and requires reprioritization followed by its budget restructuring.</b></p>
1	<p><b>1. CD-Level: AFS SC should look for a budget restructured in Phase III with respect to Phase II, accommodating the new priorities – fragile countries and global topics – and reviewing the composition of budget allocations per funding program: i.e., a new resource allocation formula.</b> Consideration should be given to the streamlining of PFM and RSS portfolios of CD activities, prioritizing areas that are essential (track 1) or show strong compliance.</p>
2	<p><b>Justification: SC strategic guidance would benefit from more regular follow-up and participation.</b></p> <p><b>2. Entity Level: AFS SC monitoring should be strengthened by adopting a mid-year virtual meeting review of its program, in addition to its annual meeting, and consider participation from Planning, Tax and Customs, Statistics agencies and relevant regional bodies.</b></p>
	<p style="text-align: center;"><b>On Coherence and Impact</b></p> <p><b>Justification: Political economy constraints do affect the pace of reforms.</b></p>
1	<p><b>3. CD-Level: AFS Center, supported by LTXs, should prioritize CD activities that face upfront lower political economy constraints that may prevent/delay the implementation of CD-related recommendations or the achievement of their associated milestones.</b> Political economy constraints can be split into: (i) vested interests against reform implementation; (ii) electoral environments opposed to breaking the status-quo; or (iii) absence of or low leverage from reform champions to make regulatory changes or obtain sufficient budget.</p>
2	<p><b>Justification: Wrap-up meetings on AFS missions among donors are irregular and spotty, and multi-donor co-financing of CD activities is ad-hoc.</b></p> <p><b>4. Entity Level: AFS Center, through LTXs, should organize regular CD briefings meetings with donors, defining ex-ante and per funding program, the chair of those meetings (focal points): either the local IMF Resident Representative or a leading DP which has a significant program in that area. IMF-HQ should look more proactively for strategic projects where complementary multi-year donor involvement may help guarantee sustained implementation.</b></p>
	<p style="text-align: center;"><b>On Effectiveness</b></p> <p><b>Justification: Some outcomes and milestones show minimal progress and may be outdated. For global topics, sound diagnostic studies before implementation should be best practice among RTACs.</b></p>
1	<p><b>5. CD Level: AFS Center, supported by LTXs and in collaboration with IMF-HQ, should carefully review the existing country-based outcomes and milestones of the RBM logframe and collaborate with IMF HQ in the gradual definition of those referring to the global topics.</b> These should contribute to justify the budget reallocations supporting the implementation of CD services in Phase III. Notably, MCM has already started this exercise. A review of this kind should be done in consultation with Authorities and donors involved in certain CD activities, so as to gain their ownership in setting the targets. And as soon as diagnostic studies are concluded on the new global topics, AFS Center should collaborate with the respective departments at IMF-HQ to gradually define country-based outcomes and milestones in the RBM catalog that will justify the budget allocated to their CD services. Proper baselines should also be set up front.</p>
2	

	<p><b><u>Justification: User-friendliness of the RBM logframe (and CD Port) can be improved.</u></b></p> <p><b><i>6. Entity Level: IMF-HQ should continue providing regular trainings and set put appropriate management checks to ensure compliance by LTXs with regular updating of the ratings in the RBM logframe, and refine criteria to evaluate the DAC ratings of Impact and Efficiency.</i></b></p>
1	<p style="text-align: center;"><b>On Efficiency</b></p> <p><b><u>Justification: The pandemic brought significant cost-savings with virtual missions, but AFS fees for STXs show large dispersion.</u></b></p> <p><b><i>7. CD- and Entity Level: To foster cost efficiency, AFS Center, supported by LTXs, should define an optimal mix ratio between in-person and virtual missions for each funding program; and IMF-HQ should review and, if possible, adjust STX daily fees so as to reduce their dispersion.</i></b> New ratios might learn from those of 2021, adjusted by CD activities that (i) have strategic priority; (ii) do require in-person missions; and (iii) do show progress in milestones. And as AFS does not set STX salaries and therefore cannot unilaterally adjust STX daily fees especially if these same STXs work for other Fund RTACs such revision can only be done by IMF-HQ while acknowledging the professional background and international salary scales that justify different levels of remuneration.</p>
1	<p style="text-align: center;"><b>On Impact</b></p> <p><b><u>Justification: Progress on and impact of selected reforms proposed by CD delivery can benefit from joining efforts with IMF programs conditionality (CD-surveillance).</u></b> Regarding the introduction of five global topics – good governance and anti-corruption, climate change, gender, digitalisation and financial inclusion – the two main issues are: national awareness of their importance remains low, and the pool of IMF experts on global topics remains limited and gender-biased.</p> <p><b><i>8. Entity Level: AFS Center, in collaboration with IMF-HQ, (i) should consider linking certain CD delivery to IMF programs conditionality of certain structural benchmarks or quantitative targets (CD-surveillance) when appropriate as CD activities are generally demand-driven; (ii) organize national conferences on global topics, so that they are not perceived as donor-imposed in the national consultations of Phase III; and IMF-HQ should keep creating a wider pool of potential STX and LTX experts.</i></b> Extensive dissemination should be carried out for their diagnostic studies, through a well-planned and implemented Outreach and Communication Program. Moreover, special efforts should be made in hiring to include more regional LTXs and STXs from SSA, and in particular women. The ongoing STA exercise review of its roster of experts could usefully be replicated by all functional IMF departments.</p>
1	<p style="text-align: center;"><b>On Sustainability</b></p> <p><b><u>Justification: Sustainability also faces three issues: (i) lowest absorption capacity, especially in fragile countries, (ii) follow-up supervisory missions are presently under-budgeted, and (iii) lack of a clear sustainability/exit/building capacity strategy.</u></b></p> <p><b><i>9. CD-Level: For low-capacity fragile countries, AFS Center should not refrain from asking IMF-HQ for the appointment of a dedicated resident LTX; and for all countries, AFS Center should ensure a sufficient budget for peer-learning and/or follow-up supervisory missions as well as for the design of customized sustainable exit building capacity strategies.</i></b> LTX should be appointed in fragile countries in well-justified discipline(s) and have a comprehensive CD program, so as to optimize their hiring. Follow-up missions and exit strategies should be particularly needed for those CD activities whose initial positive compliance with milestones and TA recommendations shows promising achievement of outcomes.</p>
2	<p><b><u>Justification: LTXs rotation gaps have been too large and affect program implementation.</u></b></p> <p><b><i>10. Entity Level: AFS Center should monitor new procedures aimed at ensuring advanced, timely and effective recruitment of LTXs by IMF-HQ, led by back-stoppers. If unexpected delays occur, it should have the capacity to hire temporary STXs in order to bridge the gap of the transition period, thus leveraging out-going LTXs with STXs to facilitate the handover.</i></b></p>



# I. Background Information

## 1.1. Objectives and Scope of the Evaluation

1. This report presents the results of a Mid-Term Evaluation of the Capacity Development (CD) activities of the IMF's Regional Technical Assistance Center (RTAC) for Southern Africa – AFRITAC South (AFS), undertaken under the Phase II program. Managed by its own Steering Committee (SC), the Center serves Angola, Botswana, Comoros, Eswatini Lesotho, Mauritius, Madagascar, Mozambique, Namibia, Seychelles, South Africa, Zambia and Zimbabwe. The phase II of the AFS program has a budget of US\$59.5 million for activities taking place between August 2017 and April 2022. RTAC's overarching objectives are to help these countries achieve: (1) inclusive and sustained growth, and (2) make progress on the Sustainable Development Goals (SDGs) and the Financing for Development (FfD) agenda.

2. The report corresponds to the mandate for a Mid-Term Evaluation within 40 months of the start of each funding cycle and is intended to inform AFS future operations and the preparation for a third program phase. It covers CD activities that occurred from May 2017 to December 2020.<sup>3</sup> The history of Phase I and the objectives and main areas covered by the funding programs are included in Annex VI.

3. The report assesses the extent to which AFS is achieving its objectives under Phase II, i.e.:

(i) To evaluate the performance of AFS as guided by the updated 2020 version of the IMF's Common Evaluation Framework (CEF) at the CD level (technical assistance and training) according to the six OECD DAC criteria (Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability); or at the RTAC-entity level, according to the seven dimensions of its governance and operations: Strategic Guidance, Adequacy of its Institutional Setup, Recruitment and quality and its Network of Experts, Coordination with Donors, Flexibility to Shocks, Adequacy of New Topics and Sustainability.

(ii) To evaluate (quantitatively, if feasible, or qualitatively), and provide recommendations (whenever possible, costed) that would enhance the ability of AFS CD interventions to achieve their objectives.

4. The scope of the evaluation is as described below:

- The evaluation covers the 13 countries benefitting from the CD program of AFS. Among them, four countries – Angola, Botswana, Comoros and Madagascar – were selected as representative sample cases for certain aspects of the evaluation.<sup>4</sup>
- The evaluation of the CD interventions assesses quantitatively and/or qualitatively a set of DAC criteria, including the effectiveness of the interventions in terms of country-objectives, rated on a scale from 1 (lowest) to 4 (highest). It justifies these scores using the answers to key evaluation questions by interviewees and information of the RBM logframe.
- The interviews of the evaluation cover many (about two-thirds) of the total CD activities – including TA, training, and seminars – done in the four sampled countries during Phase II.
- A particular emphasis is placed on evaluating the quality of seminars, and the implications of adopting innovative modes of CD delivery during COVID-19, such as in virtual mode.
- Progress is assessed on bolstering support to fragile states, as well as to emerging issues like good governance and anti-corruption, climate change, gender, digitalisation and financial inclusion.
- The evaluation also covers the impact that the COVID-19 pandemic has had on AFS activities, the adaptation measures and the lessons learned.

---

<sup>3</sup> The evaluation period under the original ToR was from May 2017 to April 2020. However, given the delays in launching the evaluation following the 2020 Covid-19 pandemic, the evaluation period has been extended through December 2020 and, in some cases, April 2021 (end of the FY21).

<sup>4</sup> Criteria for sampling were: the number of CD activities and days used on TA (Botswana, Comoros and Madagascar); the type and level of IMF engagement (fragile RCF-recipients Comoros and Madagascar, EFF program-based Angola); economic diversity (landlocked mid-size Botswana economy, continental large-size with sea access Angola, and Comoros and Madagascar islands); and language diversity (English: Botswana; French: Comoros and Madagascar; and Portuguese: Angola).



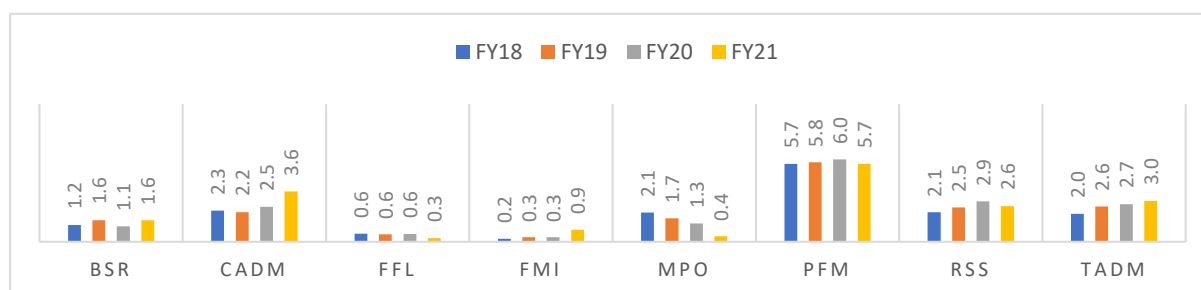
## 1.2. AFS Program Adaptation Pre- and Post-COVID 19 in Mode of Delivery and Areas of CD

5. In Phase II, perhaps the most important change was how budget execution changed pre- and during COVID 19 due to a major change in the mode of CD delivery. AFS annual working budget increased steadily from US\$8 million in FY18 to US\$11.5 million in FY21, but the latter amount could not be entirely executed due to travel restrictions. Indeed, since March 2020, travel restrictions were already put in place globally to control the spread of the COVID-19 pandemic. The ensuing cancellations of many on-site activities led to significant savings, arising from the introduction of virtual missions requiring far fewer resources than field missions. Hence, the rate of budget execution (outturn) was high at 90 percent on average per funding program over FY18 and FY19; but budget outturns in FY20 and FY21 were much lower at 79 percent and 46 percent respectively. Notably, the budget outturn in FY21 more than halved to US\$5.3 million, and savings were reallocated to a restructured working budget for the last year of Phase II.<sup>5</sup>

6. Paradoxically, the volume of TA delivered expanded significantly to accommodate growing demand from member countries (see Figure 2). Before COVID-19, the growing demand for AFS services could be met thanks to the scaling-up of its working budget and, during COVID-19, through sizable cost-savings. Key features of the adaptation over time of CD services in Phase II were:<sup>6</sup>

- Growing volume for CD services – measured by work in Full-Time Equivalent (FTE)<sup>7</sup> years – steadily rose from 16.2 in FY18 to 18 in FY21. In order of magnitude (FTE years), most funding programs that increased their work were: Tax Administration (TADM) and Customs Administration (CADM), Financial Market Infrastructure (FMI), Banking Supervision and Regulation (BSR), Real Sector Statistics (RSS) and Public Financial Management (PFM).
- Only two funding programs – Monetary Policy Operations (MPO) and Financial and Fiscal Law (FFL) – saw their number of CD services significantly decreased. The former was due to the extended time it took to replace their Resident Advisor (RA) in Mauritius (a topic explored in more detail in Section III); and the latter was due to the severe lags in the passing of proposed regulations, duly reviewed, accompanying the legal texts previously approved.
- Paradoxically, the number of CD activities rose post-pandemic: the number of CD missions (and TA reports) increased by around 30 percent in FY21. This was partly due to the opening of the virtual window in 2020, which increased the opportunities to accommodate more training events targeting larger groups of participants: the number of annual events increased from 22 in FY20 to 30 in FY21, allowing a record 1,391 officials to receive training. A second reason was the large number of CD activities required initially by the global topics and later from the pandemic.
- Overall, the shares (%) of AFS CD services provided by funding program had few changes between FY18 and FY21: PFM (from 35 to 32), CADM (from 14 to 20), TADM (from 12 to 18), RSS (from 13 to 14), BSR (from 7 to 9), FMI (from 1 to 4), MPO (from 13 to 2) and FFL (from 4 to 1).

Figure 2: Evolution of CD activities per Funding program, FY18-FY21 (in FTE years).



Source: Cowater staff illustration based on data provided by RTAC-AFS Secretariat. Note: Tax (TADM) and Customs (CADM) Administration, Financial Market Infrastructure (FMI), Banking Sector Regulations (BSR), Real Sector Statistics (RSS) and Public Financial Management (PFM), Monetary and Policy operations (MPO), and Financial and Fiscal Law (FFL).

<sup>5</sup> Total FY21 expenses, including administrative expenses, TF management and IMF contribution amounted to US\$6.5 million.

<sup>6</sup> AFS, Report to the Steering Committee, FY21 Execution and FY22 Work plan.

<sup>7</sup> 1 FTE year = 260 days.

**7. COVID-19 had a major impact on AFS performance per funding program.** Data on the pre- and during COVID-19 periods show major changes in the level of implementation of milestones *per funding program* (see Table 3).

- Overall implementation across funding programs with fully or largely achieved milestones decreased from 82 percent in FY19 to 68 percent in FY21.
- The three most affected funding programs – FFL, MPO and FMI – saw their level of implementation with fully or largely achieved milestones fall significantly to below 55 percent.
- As a middle ground, MPO partial achievement of milestones rose significantly from 26 to 45 percent. As outliers, TADM and RSS kept above 85 percent of milestones fully or largely achieved.

Table 2: Status of Milestones by Funding program

Funding Program	Total Milestones	Fully/Largely Achieved	Partially Achieved	Not Achieved
<b>FY19</b>	<b>195</b>	<b>82%</b>	<b>13%</b>	<b>5%</b>
AFS Banking Supervision and Regulation (BSR)	20	90%	0%	10%
AFS Financial Market Infrastructures (FMI)	16	69%	31%	0%
AFS Money & FX Market Operations (MPO)	43	74%	26%	0%
Customs Administration (CADM)	5	100%	0%	0%
Financial and Fiscal Law in AFRITAC South (FFL)	4	25%	0%	75%
PFM AFRITAC South	40	80%	20%	0%
Real Sector Statistics in AFS (RSS)	47	85%	4%	11%
TAX Admin AFRITAC (TADM)	20	100%	0%	0%
<b>FY20</b>	<b>198</b>	<b>55%</b>	<b>23%</b>	<b>22%</b>
<b>FY21</b>	<b>284</b>	<b>68%</b>	<b>22%</b>	<b>5%</b>
AFS Banking Supervision and Regulation (BSR)	42	65%	7%	8%
AFS Financial Market Infrastructures (FMI)	10%	55%	25%	10%
AFS Money & FX Market Operations (MPO)	59%	50%	48%	2%
Customs Admin AFRITAC South (CADM)	66%	63%	25%	13%
Financial and Fiscal Law TA in AFRITAC South (FFL)	10%	16%	5%	0%
PFM AFRITAC South	21	68%	29	2%
Real Sector Statistics in AFS (RSS)	42	86%	7%	6%
TAX Admin AFRITAC South (TADM)	34	94%	3%	3%

Source: Preliminary data provided by AFS Secretariat. Note: Total Milestones include those awaiting rating.

**8. Hence, at the end of FY21, the status of the AFS program revealed contrasting results.** On the one hand, AFS budget closed with a significant surplus that did not halt the completion of more activities than planned (i.e. increased efficiency). On the other hand, the level of achievement of milestones by funding program fell in general, with few exceptions (i.e. decreased effectiveness).

**9. Overall, these changes reflect how AFS prioritized during COVID-19 CD those activities focused on short-term needs over medium-term objectives.** As virtual meetings multiplied, reaching out to all member states to discuss policy responses, provide guidance and review CD priorities, proper recognition should be given to some 11 AFS webinars covering a broad range of topics arising with the COVID-19 pandemic: Crisis Management and Resolution, Regulatory and Supervisory Responses to the Pandemic, Fiscal Challenges, Debt Management, Corporate Governance, Monetary Policy and Central Bank support, Fintech, Cyber Risk, Cyber Resilience, Insurance Sector's Regulatory and Supervisory Responses, and Central Bank Support to Financial Markets. As Authorities shifted their focus to crisis-fighting measures, all funding programs redirected CD-activities towards helping those efforts. It is even possible that some unregistered results (milestones) were met, while compliance with the scheduled ones was delayed:<sup>8</sup>

<sup>8</sup> In this regard, the Evaluation Team could not clarify which CD activities were postponed deliberately, as some of the most pressing activities were neither planned nor registered in the RBM logframe.

- On the fiscal front, CD activities shifted to: Emergency Supplementary budgets, rapid sources of revenue such as collecting tax arrears or reducing fiscal risks, debt management, and emergency financing and procurement.
- On the monetary front, and in a context of fiscal dominance, transitions in monetary regimes were delayed in favor of temporary liquidity mechanisms.
- On the statistical front, delays in survey-based work in National Accounts, GDP rebasing and Consumer Price Indexes (CPIs) also multiplied.

## 2. Evaluation Results at the CD Level

1. This chapter is divided into three sections: (i) a first section presenting the methodology used to collect information supporting the evaluator judgments and scores; (ii) the evaluation findings and scores at the CD level, and (iii) the conclusions, recommendations and lessons learned

### 2.1. Methodology

2. The proposed methodology at the CD level is detailed in Annex I. It aims to assess the degree to which the CD vehicles of the three RTACs have achieved their objectives, according to the five criteria of relevance, efficiency, effectiveness, sustainability, and impact by responding and scoring based on a set of evaluation questions from the Common Evaluation Framework (CEF), refined during the Inception Phase (Table 4). The CEF of the IMF<sup>9</sup> provides further detail about how these criteria are defined in IMF CD evaluations.<sup>10</sup>

Tableau 3: Evaluation questions at the CD Level

DAC Criteria
<p><b>1. Relevance:</b> To what extent were the CD objectives derived from capacity gaps identified by the authorities, IMF surveillance/program, or other partners/institutions? Do the national authorities consider CD objectives among their priorities? To what extent was the design sensitive to the context in which it took place?</p> <p><b>2.</b> To what extent were the CD objectives and design successfully adapted to changing circumstances? Notably considering the recent impact on the Covid-19 crisis on delivering CD.</p> <p><b>3. Coherence: Internal:</b> What is the level of synergies and interlinkages between the CD project and other interventions carried out by the agency/ government? Or with other IMF recommendations from surveillance, program.</p> <p><b>4. Coherence: External:</b> What is the level of consistency of the CD project with interventions by development partners? Including complementarities of AFS with regional organizations.</p> <p><b>5. Effectiveness:</b> To what extent were the CD outcomes and objectives, as defined by the RBM framework, achieved or likely to be achieved? To what extent were the observed direct results attributed to/happened, as a result of the CD?</p> <p><b>4. Efficiency:</b> Were the CD inputs converted to outputs, outcomes, and impact in the most cost-effective way possible? To what extent has an appropriate mix of inputs (national, regional, international) been utilized? To what extent were inputs converted to outputs cost-efficiently? And implemented to schedule?</p> <p><b>5. Impact:</b> To what extent has the CD project enhanced the country's macroeconomic &amp; financial stability and supported inclusive growth?</p> <p><b>6.</b> To what extent has the CD project had any consequences on relevant Fund strategic priorities, such as climate change and inequality (economic, gender, and financial inclusion)?</p> <p><b>7. Sustainability:</b> To what extent does preserving the net benefits of the CD project hinge on its continuation? What is the level of capacity of the recipient country's system to sustain the net benefits of the CD project over time?</p>

3. This methodology relies on three sources of evidence that were used to generate the findings and scores presented under Section 2.2.: (i) a thorough desk review, (ii) two online Surveys, (iii) a series semi-structured interviews with key stakeholders:

<sup>9</sup> See <https://www.imf.org/en/Publications/Policy-Papers/Issues/2017/04/27/pp040717new-common-evaluation-framework-for-imf-capacity-development>; and [www.imf.org/~media/files/Publications/PP/new-common-evaluation-framework-for-imf-capacity-development.ashx](http://www.imf.org/~media/files/Publications/PP/new-common-evaluation-framework-for-imf-capacity-development.ashx)

<sup>10</sup> See Table 1 ToR AFS p5;

(i) **The Desk review** aimed to provide factual evidence from strategic, programmatic, monitoring documents (including BP and TA reports as well as the RBM databases), but also financial data to report on the performance of AFS in achieving its planned objective via the delivery of CD over the evaluation period.

(ii) **The online surveys** targeted three groups of respondents: AFS SC members, IMF staff supporting the delivery of TA and Trainings (including staff from HQ, AFS) and TA beneficiaries. These surveys aimed at collecting quantitative and qualitative information on the perception of AFS performance over the evaluation period. The response rate for Groups 1, 2 and 3 respectively was 15.4% (8 respondents), 40% (12 respondents) and 14.6% (194 respondents). A detailed analysis of the results of this is presented in *Annex V*.

(iii) **Semi-Structured interviews:** **To select the participants for the Interviews, the Evaluation Team first mapped a set of sampled CD activities to 14 objectives, identifying those that could be subject to a more granular analysis during FY18-21. According to this selection, the Evaluation Team covered above 60 percent of the total number of CD activities grouped under 14 AFS Objectives as case studies in these four countries.** A 1-4 scale score (with 1 being the lowest and 4 the highest rating) was assigned to each DAC criterion, on the level of completion based on the performance of AFS in achieving the planned objectives. For effectiveness, the team extracted data from the RBM logframe on whether CD activities delivered the expected milestones and outcomes, assigning equal weights to their average scores.

**4. As a result, our ratings were based on a wide range of quantitative and qualitative evidence in the form of narrative assessments for a total of 30 case studies, registered in a ‘Notebook’ application that collected responses from interviews and cross-referenced them with our informed judgments.** In addition, we aggregated the scores of the sample of 14 objectives for seven funding programs: PFM, Revenue Administration (RAD=TADM+CADM), BSR, MPO, FMI, RSS and FFL. More detailed information on the application of the mapping instruments, the Notebook and scoring rationale is included in the Annexes.

**5. The Evaluators also relied on the IMF RBM system to score effectiveness, after mapping the sampled CD activities to the objectives of the RBM system in order to assign an alternative score to the effectiveness criterion.** To this end, the team first analyzed the mission reports corresponding to the activities and then linked the activities identified in each of the mission reports (about two-thirds of missions identified in the AFS CD tracking system) to the objectives included in the RBM system. It should also be noted that the RBM system was used differently according to the CD departments and the system does not show any comments associated with the scoring.<sup>11</sup>

**6. The rating for efficiency was based on the calculation made from the score given for Effectiveness and the number of days allocated for each mission.** Cost or use of resources would have been better than the number of days used, but it was not possible to incorporate cost considerations because data provided were not disaggregated enough.

**7. The ratings of the other criteria (relevance, coherence, impact, sustainability) were based on the assessments of the interviewees and of the analysis of the documentation** and the survey results. Therefore, the lowest level of scoring applied was at the country-objective-criteria, later on aggregated by criteria and/or workstreams depending on the needs of the analysis. A detailed table of scores by workstream is provided in the Section 2.2.1. below, while a more detailed table presenting the score at the country-objective-criteria level is presented in Annex II.

---

<sup>11</sup> It must be pointed out that the Center started to use the RBM system only by the end of 2018. Moreover, the Center did not have an advisor showing the staff how to use the system. Operational guidance did provide detailed operational guidelines for the implementation of the 2020 RBM Governance Framework, but it was drafted only in August 2020 and it was not used by the Center.



## 2.2. Findings

### 2.2.1. Overview of AFS Scores

8. A total of 14 Objectives aimed at by CD activities were analyzed covering the CD work undertaken by funding programs in the four sample countries between FY18 and FY21.<sup>12</sup> The individual scores for each Objective per country is enclosed in *Annex II*. We aggregated the scores of the 14 sampled objectives on seven sampled funding programs: PFM, Revenue Administration (RAD=TADM and CADM), BSR (CBO and FSR), MPO, FMI, RSS and FFL.

9. **Table 5** shows the ratings for each funding program of the six performance DAC criteria: **Relevance, Coherence, Effectiveness, Efficiency, Impact and Sustainability**. We also provide composite scores based on simple averages for each criterion and funding program.<sup>13</sup>

Table 4: Performance ratings per funding program – aggregated from the 14 sampled objectives (1-4 scale)

Funding programs	Relevance	Coherence	Effectiveness	Efficiency	Impact	Sustainability	TOTAL
CBO	4.00	3.00	3.00	3.00	2.50	3.00	3.08
FSR	3.50	3.00	2.00	2.50	2.00	1.50	2.42
MPO	3.00	2.50	3.25	2.75	2.50	3.00	2.83
PFM	3.56	2.81	2.81	2.63	2.06	1.88	2.63
RAD	3.83	3.17	3.33	2.83	2.33	2.67	3.03
RSS	3.50	3.00	3.00	2.50	2.00	2.00	2.67
FFL	4.00	3.33	2.33	3.00	1.33	1.66	2.61
Average	3.63	2.97	2.82	2.74	2.10	2.24	2.75

Notes: Ratings are 1=Poor; 2=Modest; 3=Good; and 4=Excellent. CBO=Central Bank Operations, FSR=Financial Sector Regulations, MPO=Monetary and Policy operations, PFM=Public Financial Management, RAD=Revenue Administration (includes Tax and Customs Administration), RSS=Real Sector Statistics and FFL=Financial Fiscal Law. For comparison with other Tables and Graphs purposes: BSR=CBO+FSR. No Financial Market Infrastructure (FMI) CD activity was sampled.

10. Overall, the scores over the sampled Objectives reveal a positive AFS performance in the delivery of CD services, achieving an average rating of 2.75 overall and 2.74 or above in four out of the six criteria (Relevance, Coherence, Effectiveness and Efficiency). Performance was rated exceptionally high for Relevance (3.66 out of 4), and lowest for Impact and Sustainability (2.10 and 2.24 respectively). Results are consistent with the perceptions obtained from the Online Survey: the high praise for Relevance and the worrying views about the impact and sustainability of AFS services.<sup>14</sup>

11. In terms of funding programs, Central Bank Operations and Revenue Administration achieved the highest scores, while Financial Sector Regulations and Financial and Fiscal Law obtained the lowest ratings. CBO has benefited from a mix of steady professional staff and less political but rather technical work on monetary policy forecasting at Central Banks. FSR and FFL, however, have been affected by a lagged and unequal pace in implementing medium-term agendas delayed during the pandemics such as: the adoption of Basel II regulations by all AFS countries,<sup>15</sup> postponed by short-term

<sup>12</sup> The List of 14 sampled Objectives is as follows: 1 = Comprehensive, credible and policy-based budget preparation; 2 = Improved budget execution and control; 3 = Improved coverage and quality of fiscal reporting; 4 = Strengthened identification, monitoring and reporting of fiscal risks; 5 = Improved Customs administration core functions; 6 = Strengthened revenue administration management and governance; 7 = Strengthened core tax administration functions; 8 = Strengthened capacity of the Central Bank to implement monetary policy effectively; 9 = Improved economic analysis and forecasting capabilities at the Central Bank; 10 = Ensured capacity of the Central Bank to effectively communicate in order to fulfil its monetary policy mandate; 11 = Banks have strong capital and liquidity positions that adequately cover their risks; 12 = Implement risk-based supervision system and upgrade of other supervisory processes; 13 = Improved tax system by new or amended tax legal framework; and 14 = Strengthened compilation and dissemination of data on macroeconomic and financial statistics.

<sup>13</sup> As Annex II has the individual scores of each DAC criteria by country and objective, the latest can easily be grouped so as to find their average per funding program and by country. Annex II on the Notebook contains their justification and is also available to the interested reader.

<sup>14</sup> Interestingly, the previous AFS evaluation also had Relevance (3.7) and Sustainability (3.1) at the two extremes of the ratings, adding that “it was too early to judge the last criterion for a significant proportion of projects that are still to be implemented.”

<sup>15</sup> While Botswana has completed implementation of Basel II, Madagascar is still planning to move on it. Comoros and Angola are working on it. Angola has implemented pillar 1 (minimum capital requirements) but is still working on pillars 2 (supervision) and 3 (market discipline and disclosure requirements) (LTX and Backstoppers, AFS/IMF, 07/01/21).

CD activities on stress testing and crisis management; or the passing of modern Central Bank laws/regulations, which requires extensive TA and faces political constraints.

12. **Two general findings were noticeable.** Full data can be found in Annex VIII and Annex II.

- ***A fragile state status does not always make a difference in terms of performance on DAC criteria.*** Despite benefitting from the higher number of missions among AFS countries in FY20 and FY21, fragile countries differ in terms of their ratings: e.g. some featuring a low score on sustainability are hampered not only by scarce skilled staff but by logistical shortcomings such as: poor access to internet and energy (LTX, MCM, 08/10/21). Others, however, show a higher score.
- ***CD activities supported by IMF-Surveillance tend to be prioritized but do not ensure per se a satisfactory level of achievement across all DAC criteria.*** A marked contrast was found between the achievement of countries that have benefitted from an IMF program during Phase II.

13. **Following the landscape over AFS performance, detailed scores, key strengths and weaknesses, and lessons learned by funding programs from case studies are shown below (see also Annex VIII).**

## 2.2.2. Relevance

14. **The AFS program's Relevance is rated as Excellent, based on the results of interviews, the Online Survey and an analysis of budget allocations.**

15. **Key strengths and weaknesses** Our interviews revealed that a big majority of CD sampled objectives were duly derived from capacity gaps identified by diagnostic studies done by the Authorities, IMF surveillance/programs, or other partners/institutions like PEFA, Basel II requirements, studies on Open Budget, etc. These diagnostics have informed the AFS program and the annual workplans, before being translated into specific CD requests by countries and eventually become the core of comprehensive medium-term reform strategies supported by IMF departments (FAD, MCM, STA or LEG). Thus, AFS has positioned itself not only as a CD provider at the provision of core TA services in certain technical areas for member countries, but as a CD coordinating body with IMF departments or other donors at adjusting CDs' priorities to changing circumstances. Results from the Online Survey also endorse our rating: the perceptions of the three groups of respondents were overwhelmingly positive for Relevance (91-100 percent). However, despite these positive views, some Authorities still find some AFS outcomes not to be representative of the medium-term goals of their reforms (SC member, AFS, 07/29/21). This impression is examined in more detail in Chapter III.

Table 5: FY20 Resource Allocation, by country and by topic (in full-time equivalent years)

Beneficiary Country	BSR	Customs	FFL	FMI	MFxMO	PFM	RSS	Tax	Other 1/	Total
Regional 2/	0.74	0.93	0.00	0.28	0.58	2.32	1.57	0.84	0.17	7.43
Angola	0.00	0.11	0.23	0.00	0.14	0.18	0.18	0.19	0.00	1.03
Botswana	0.04	0.10	0.14	0.00	0.21	0.30	0.07	0.08	0.00	0.94
Comoros	0.02	0.16	0.00	0.02	0.02	0.43	0.27	0.20	0.01	1.11
Eswatini	0.03	0.13	0.15	0.07	0.00	0.26	0.13	0.17	0.01	0.94
Lesotho	0.01	0.08	0.00	0.08	0.00	0.69	0.07	0.11	0.01	1.05
Madagascar	0.06	0.33	0.05	0.00	0.08	0.68	0.04	0.41	0.01	1.66
Mauritius	0.09	0.11	0.00	0.02	0.16	0.41	0.01	0.06	0.00	0.86
Mozambique	0.00	0.00	0.00	0.00	0.00	0.14	0.12	0.00	0.00	0.26
Namibia	0.00	0.15	0.00	0.06	0.00	0.00	0.12	0.00	0.00	0.33
Seychelles	0.05	0.08	0.00	0.00	0.00	0.28	0.13	0.15	0.01	0.70
South Africa	0.07	0.00	0.00	0.00	0.00	0.07	0.06	0.14	0.02	0.36
Zambia	0.00	0.15	0.00	0.07	0.14	0.03	0.03	0.06	0.00	0.48
Zimbabwe	0.00	0.21	0.00	0.00	0.00	0.19	0.14	0.34	0.00	0.89
Grand Total	1.12	2.54	0.56	0.59	1.33	5.98	2.93	2.74	0.24	18.0
Fragile Countries	0.25	0.90	0.05	0.08	0.23	1.84	0.81	1.14	0.06	5.37
Share	22%	36%	9%	14%	17%	31%	28%	42%	25%	30%

1/ Includes ICD-led macroeconomic training courses and outreaches to AFS countries.

2/ Includes regional and sub-regional seminars, customized workshops, and peer learning activities.

16. Moreover, a resource allocation analysis confirmed that *ex-ante* budget allocation of AFS resources per funding program responded well to country needs, pre- and during COVID-19. Indeed, the *ex-ante* budget allocation of resources in FY20 and FY21 were fairly consistent with Phase II allocations agreed with AFS countries (*in italics*) (AFS, RTAC Phase II, 2017).

- **Pre-COVID-19, in decreasing order, PFM received the largest share (33.2 percent vs 31.6 percent)** (Table 6). It was followed by RSS (16.2 percent vs 15.1 percent), TADM (15.2 percent vs 12.6 percent), CADM (14.1 percent vs 13.4 percent), MPO (7.3 percent vs 10.4 percent), BSR (6.2 percent vs 9.6 percent), FMI (3.3 percent vs 4.9 percent), and FFL (3.1 percent vs 2.4 percent).
- **During COVID-19, the composition of FY21 AFS budget per funding program also had minor deviations with respect to Phase II allocations.** The shares for PFM, RSS, TADM, CADM, MPO, FSR, FMI and FFL were: 30.9; 15.5; 12.7; 12.7; 10.9; 10.0; 6.4 and 0.9 percent (see Annex VI).
- **Looking forward, however, a thorough review of budget allocations per funding program is unavoidable during Phase III for the sake of Relevance.** There are three reasons for this: (i) the move from in-person to virtual missions with significant cost-savings during the pandemic, (ii) AFS' decision to increase budget to fragile countries, and (iii) the gradual introduction of CD activities addressing new global topics whose programs of CD activities are not fully developed yet (see discussion below). Hence, past steady shares in budget composition per funding program during Phase II will not necessarily generate an optimal allocation of resources in Phase III.

17. **Lessons Learned: Funding programs find highest relevance when supported by national development plans and/or comprehensive diagnostic studies made upfront.** Examples are included below.

- **PFM: CD aimed at producing Comprehensive, Credible and Policy-Based Budgeting.** The Relevance of most CD objectives/activities was high when considered among the top priorities of the Governments, like many PFM reform action plans at the onset of Phase II: e.g. Botswana (2017-2021), Comoros (2018)<sup>16</sup> and Madagascar (2016-25). As part of them, the lack of credible Medium Term Fiscal Frameworks (MTFFs) for budget preparation was identified as a common shortcoming by AFS Secretariat for all AFS countries at the beginning of Phase II (AFS, Phase 2, 2017). During the pandemic, AFS has adapted its focus to help recalibrate the MTFFs (in some cases with EU support<sup>17</sup>), either to accompany the design of exceptional budget procedures or to carry on PIMAs.
- **PFM: CD aimed at improving Budget, Execution and Expenditure Controls.** AFS CD services in some areas often derived from global (in this case PEFA) assessments. These highlighted, *inter alia*, that existing cash management practices in the Government were ineffective, not enabling the financial authorities to exercise proper budget execution controls. A strength of their design in the regional context was that activities and TA reports were delivered by native-language speaker STXs and reports produced in their native language. Moreover, the last missions focused on how to tackle COVID-19 throughout exceptional budget execution processes. A weakness, however, according to the STX, was that the TA did not fully address the underlying issues of expenses made outside the system and without commitment controls.
- **CBO: CD aimed at improving Economic Analysis and Forecasting Capabilities at the Central Bank.** The relevance of some CDs to respond to country needs varied over time, according to the commitment from authorities. For example, one sampled country's request for developing a Forecasting and Policy Analysis System (FPAS) within a two-year period was included in AFS annual plan in 2015. The plan also included the establishment of an integrated process for macroeconomic monitoring, forecasting, and policy formulation (IMF 2018c). For another sampled country, monetary authorities considered the CD objective among the top priorities of the BoB as a valid tool for the institution to support independent and more informed macroeconomic outlooks and monetary policy decisions. In general, FPAS implementation has faced multiple shortages, such as a lack of advanced analytical capacities and skilled staff, thus hampering their effectiveness, efficiency and sustainability despite AFS technical assistance for several years. Follow-up missions, hands-on training, and coaching by AFS experts have also faced delays created by COVID-19 circumstances. Nowadays, small modelling teams continue FPAS implementation.

<sup>16</sup> PFM reform was a priority in the national consultations for the Comoros Country Strategy Note for CD Activities (CSN, 2018).

<sup>17</sup> The EU funded case relied on the support of a resident advisor working with the Ministry on PFM reforms (IMF 2019b, LTX and resident advisor).

- **RAD: CD aimed at strengthening core tax revenue administration functions were helpful, even if they did not prevent falls in revenue due to shocks.** AFS succeeded in supplementing the efforts required by National agencies of raising revenue in all four countries. More specifically, these targeted training and TA in core tax administration reforms: creation of large taxpayer units (LTUs), voluntary compliance, audit techniques, etc. Unfortunately, these reforms did not prevent marked falls in revenue due to the pandemic.

### 2.2.3. Coherence

18. **Overall Score:** The AFS program's Coherence is rated as Good, based on the results of interviews. In terms of funding programs, FFL, RAD (TAD+CADM) had the highest ratings and MPO and PFM the lowest. AFS CD activities are aimed at supporting other interventions, either by the Government, IMF departments in their surveillance/program (internal coherence) or development partners (external). In some cases, such as those from RSS, the CD interventions are aimed at producing high-quality national accounts statistics, which are then used for a variety of national/international policy purposes.

19. **Key strengths and weaknesses:** In design, CD services address medium-term priorities, like those referring to modernizing Tax and Customs administration or national statistics, as well as short-term needs like those arising from COVID-19 affecting public revenue or quarterly surveys. *In their implementation, however, the Evaluation Team observed cases with weaknesses arising from lack of coordination among Government agencies and with interventions by other DPs, whose status varies per country.* Some countries have a well-organized internal and external coordination. There is proper division of labor among government agencies, and donor-organized meetings every three months, where TA recommendations are shared, and a proper division of labor is set up. In other countries, however, internal coherence on reform appears modest. Internal fragmentation results in official agencies having little visibility on what the Government wants and decides. In some cases, external coherence may feature acceptable planning arising, for instance, from a donor-supported Plan, but its implementation may still be fragmented (LTX, PFM, 07/22/21).

20. **Lessons Learned:** *Some funding programs benefit from having CDs linked to an IMF program, or to inter-agencies/donor interventions, thus reaching higher coherence.* Examples are included below.

- **FFL: CD aimed at amending existing tax legal frameworks in accordance with international good practices. Given limited resources, internal coherence benefits from interlinkages between the CD project and other IMF or donor interventions.** In this regard, all interventions from the IMF Legal department respond to a Government's request, which favours upfront its relevance and internal coherence. However, given its limited staff working at the IMF Headquarters, ensuring interlinkages relies on a certain logic of prioritizing work in AFS countries according to the following criteria and in this order: (i) countries that do have an IMF program (especially if the legal changes are structural benchmarks or prior actions; (ii) existence of an ongoing TA program co-financed by another donor like the World Bank or AfDB; and (iii) degree of local capacity to absorb reforms (fragile countries that have less capacity may justify additional support) (STX, FAD/LEGAL, 09/02/21).<sup>18</sup>
- **CADM: CD aimed at improving Customs Administration Core Functions. Internal coherence gets enhanced by inter-agencies coordination.** At the onset of Phase II, AFS did an overall regional diagnostic for Customs Administration, which determined that a few countries needed a comprehensive change in Customs Strategic Leadership. For instance, the reform approach by one of the sampled countries has followed the road map made in a diagnostic study undertaken by the World Customs Organization (WCO) at the end of 2018. CD activities have been closely coordinated between the national Customs and Tax teams with WCO support, working closely with the AFS

<sup>18</sup> Botswana's CD activities followed the IMF recommendation to draft new fiscal tax laws. Comoros' reform of the Customs Code was enacted in 2016, but there was no IMF program involved. Madagascar's reform of the Customs Code is a component of the 2020 Revenue Mobilization Plan.



Customs and Tax administration experts to implement an overarching Compliance Risk Management (CRM) Framework in its Revenue Service (Backstopper, FAD, 07/18/21).

- **RSS: CD aimed at Strengthening Macroeconomic and Financial Statistics.** External coherence is favoured by interlinkages between the CD project and other donor TA interventions. The central objective for all AFS countries has remained the same as in Phase I, *de minimis* ensuring the updating of national accounts and price index, and their consistency with fiscal statistics systems. Coherence with other IMF interventions has varied. For instance, IMF-Article IV, 2020 and IMF-ECF, 2021 for one of the sampled countries fully endorsed CD activities supporting the Institute of Statistics. Hence, AFS work in this area has been focused on providing hands-on training and supplementation to staff, advocating for financial support for the statistical office, customizing TA and coordinating training delivery incremental implementation capable by the statistics office. Given its limited resources, AFS work has also benefitted from capacity building from the World Bank on Medium-Term Debt Management Capacity. Such a donor collaboration is rather the exception than the rule across the region.

#### 2.2.4. Effectiveness

21. **Overall Score:** The effectiveness of AFS CD activities is judged as Good based on the performance ratings of objectives, the results of the Online Survey and the interviews. In terms of funding programs, RAD and MPO had the highest ratings, while FFL and FSR had the lowest.

22. **Key Strengths and Weaknesses:** Results show a mixed picture. On the one hand, 91-100 percent of respondents to the Online Survey of the three groups were overwhelmingly positive about Effectiveness. In the same vein, 12 out of the 14 objectives sampled have performance ratings of 'Good' to 'Excellent' (Table 7). Ratings include both those on medium-term outcomes and milestones (outputs). However, the evaluators noted two major findings with Effectiveness: (i) the low ratings of certain outcomes; and (ii) the persistent falling trend in the ratings of milestones during COVID-19.

Table 6: Effectiveness: Performance ratings for sampled objectives – (1-4 scale)

Objective	Score
1 = Comprehensive, credible and policy-based budget preparation	2.75
2 = Improved budget execution and control	3
3 = Improved coverage and quality of fiscal reporting	3
4 = Strengthened identification, monitoring and reporting of fiscal risks	2.5
5 = Improved customs administration core functions	3
6 = Strengthened revenue administration management and governance	4
7 = Strengthened core tax administration functions	3
8 = Strengthened capacity of the Central Bank to implement monetary policy effectively	3
9 = Improved economic analysis and forecasting capabilities at the Central Bank	2.5
10 = Ensured capacity of the Central Bank to effectively communicate to fulfil its monetary policy mandate	4
11 = Banks have strong capital and liquidity positions that adequately cover their risks	1
12 = Implement risk-based supervision system and upgrade of other supervisory processes	3
13 = Improved tax system by new or amended tax legal framework	2.33
14 = Strengthened compilation and dissemination of data on macroeconomic and financial statistics	3
<b>TOTAL (Average)</b>	<b>2.86</b>

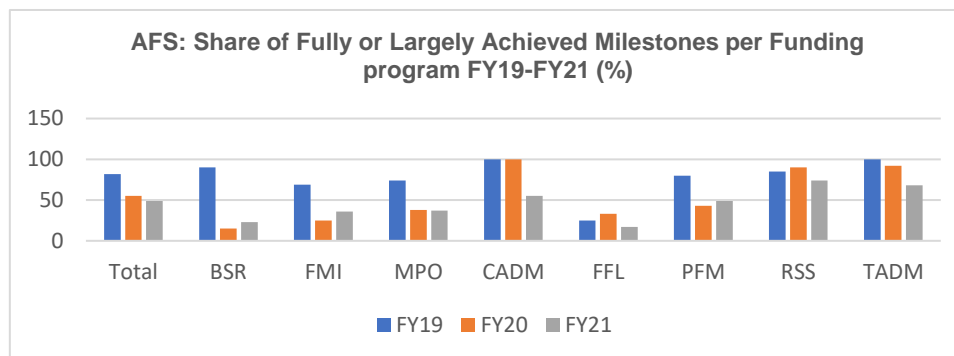
Source: Cowater elaboration based on data provided by AFS Secretariat and as rated by LTXs.

Notes: Ratings are 1=Poor; 2=Modest; 3=Good; and 4=Excellent.

- A large majority of objectives (12 out of 14) feature 'Modest' scores for outcomes, compared to more positive scores for milestones (see Annex IV). Exceptions were: Strengthened Revenue Administration Management and Macroeconomic and Financial Statistics. While the outcomes can only be reached in the medium term, which would in principle justify their lower (and slow-mover) rating, the Online Survey and interviews at the entity level (see Chapter III) also revealed justified concerns by LTX, SC members and beneficiaries about the adequacy of existing outcomes in certain funding programs: *this would suggest the need to review these outcomes*.
- Pre-COVID-19 AFS level of achievement with milestones is remarkable, but its most recent falling trend during COVID-19 is worrying and should be reversed. Figure 3 presents the results for each funding program at aggregate level and confirms that COVID-19 has had a significant negative

impact on AFS performance. Interviews noted though, as a valid justification, that this drop was temporary and could be explained by the shift in the authorities' priorities to crisis management, urgent data collection, compilation and methodological needs of countries. Though the number of activities during the pandemic has increased, they did not prevent delays in the level of achievement of milestones.<sup>19</sup> Our analysis complements the introductory analysis done on Chapter I. Main findings are as follows:

Table 7: AFS: Share of Fully or Largely Achieved Milestones per Funding program FY19-FY21 (%)



Source: Cowater elaboration based on data provided by AFS Secretariat.

- Pre-COVID-19, all funding programs had high levels of milestones achievement. Excepting FFL (24 percent) and newcomer FMI (68 percent), none showed ratings below 80 percent.
- In 2020, all funding programs saw significantly reduced level milestones with respect to 2019, in some case by more than half. In absolute terms: BSR, CADM, MPO, TADM and FMI were the most affected funding programs in decreasing order (see also Section III).
- In FY21, RSS, TADM, CADM and, to a lesser extent, PFM are the funding programs showing higher recovery in their level of achievement. Their scores might reflect some persistence in the implementation of medium-term reforms, a factor that is explored below.
- Other funding programs have also slightly improved their performance in FY21 with respect to FY20, but they are still far from their pre-COVID-19 levels: PFM, BSR, and FMI.

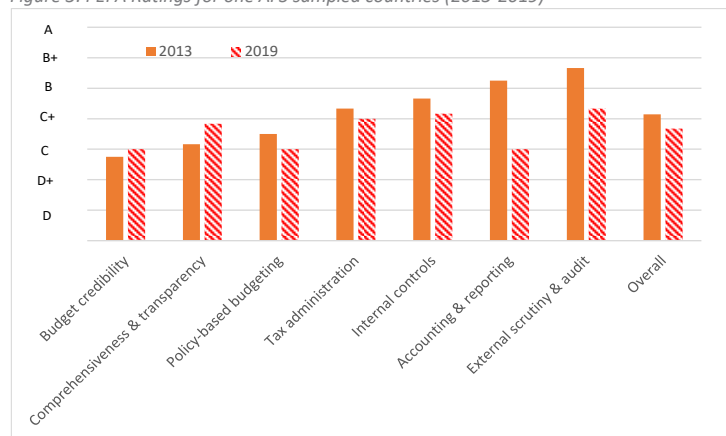
23. **Lessons Learned:** *Effectiveness across funding programs does not always lead to value (results) for money and, depending on the context in which CD is provided, funding programs should consider linking budget allocations according to the results they obtain.*

- **PFM: Obtaining value for money does not seem to be the case in many areas of PFM reform.** During Phase II, the Public Expenditure and Financial Accountability (PEFA) scores deteriorated for many countries. For instance, Figure 4 has (PEFA) ratings for one of the sampled countries receiving strong AFS support in PFM: four out of its six PEFA indicators (mainly outcomes) deteriorated between 2013 and 2019; and its marginally improved scores on Credibility, Comprehensiveness and Transparency remained deficient (on or below C+). Similar disappointing results are found for many other AFS countries. Such results would suggest that in a Phase III context, where AFS faces three new challenges, a budget restructuring – approaching a PFM broad approach – is justified by several reasons: (i) budget savings from a new mix of in-person vs virtual missions, (ii) fragility-based priority allocations, and (iii) new needs arising from global topics (see Chapter III.) This provides clear justification to add the level of achievement as a valid parameter, and this should be considered in setting budget allocations.

<sup>19</sup> The Evaluation Team did not find whether new priorities, not contemplated under long-standing milestones, were set up, and met or unmet.

- **PFM: CD aimed at improving the coverage and quality of fiscal reporting.** AFS CD activities on this objective provide a good example of the previous finding. The achievement of concrete results in accounting and fiscal reporting lags behind significantly in many AFS countries. A common shortcoming is that CD activities tailored with AFS assistance were not designed to support a joint effort between the Office of the Accountant General (OAG) and the Budget Division. Despite the COVID-19 crisis, AFS managed to deliver two workshops on the chart of accounts, but progress is slow. In fragile states, more significant delays appear in the implementation of such reform, mainly due to the lack of skilled staff.

Figure 3: PEFA Ratings for one AFS sampled countries (2013-2019)



**BSR: CD aimed at Banks having strong capital and liquidity positions that adequately cover their risks.** A fragile sampled country has aimed to set-up an effective risk-based supervision (RBS) system as part of the upgrading and strengthening of its financial regulations during COVID-19. Work was preceded by a regional diagnostic done by AFS in 2017. But it only started in January 2021, as the financial sector was heavily hit by the pandemic. An AFS mission of the Banque de France performed an updated gap analysis that included an assessment of risk management practices. To do this, a total of four missions were conducted remotely by video conferences, as part of the response to COVID. This report was delivered in May 2021. In parallel, Authorities benefitted from webinars on the fundamentals of financial crisis management, crisis preparedness, banks resolution, licensing and cyber risk. The AFS program is moving stepwise but not without difficulties. During the pandemics, whereas the solvency of the banking system and status of prudential standards have remained relatively satisfactory, several weaknesses affect the overall profitability ratio of banks: this is due to their heavy operating costs and non-performing loans (NPLs) ratios at 12 percent of credit portfolios. Moreover, four institutions have been facing risks. While LTX experts are reviewing both outcomes and milestones, they are unsure whether the country will finally be able to reach its final outcome: a Risk-Based Supervision (RBS) system under implementation. In the meantime, progress on two milestones was somehow slow: banks were finalizing action plans to comply with their new requirements and Central Bank staff were preparing manuals for RBS so as carry on inspections (LTX, MCM, 07/20/21).

## 2.2.5. Efficiency

24. **Overall Score:** The efficiency of AFS CD activities is judged as ‘Good’ based on the results of the Online Survey, an analysis of STX daily unit costs, the assessment from beneficiaries on seminars, the budget execution ratios, and the interviews. In terms of funding programs, CBO and FFL had the highest ratings, while FSR and RSS had the lowest.

25. **Key Strengths and Weaknesses:** All three Groups of the Online Survey pointed to high – 58 to 76 percent – (i.e. Highly Satisfactory or Satisfactory) ratings of cost-efficiency of AFS services and an analysis of STX daily unit costs revealed positive findings (**Table 8**): (i) until FY19 (Pre-COVID-19), most funding programs appeared to be making efforts to cut down STX daily costs; (ii) in FY21, because of travel restrictions, those daily costs were significantly reduced by almost half with respect to FY2018; (iii) the cuts in daily cost vary, with those from FFL being the ones that had the biggest cut in absolute terms; and (iv) there is wide dispersion – in some cases by more than half – in the daily cost of STXs, with those of FFL and BSR at the top, and RSS at the bottom. *The latest finding suggests the need to examine why some STX daily costs are larger than others and suggest room for STX fees adjustment. This is more important for four funding programs whose budget in Phase II – in the order PFM, TADM, CADM and MPO – included a bigger share for STXs than for LTXs (See Annex VI).*

Table 8: AFS Phase II – STX Mission Average Daily Cost (in USD):

AFRITAC South Phase II – STX Mission Average Daily Cost (in USD)**				
Project ID	FY18	FY19	FY20	FY21
PFM_AFS_2018_02	1,520	1,232	1,314	686
CADM_AFS_2018_02	1,225	1,395	1,432	844
TADM_AFS_2018_02	1,525	1,380	1,156	850
BSR_AFS_2018_02	1,453	1,278	1,332	958
MPO_AFS_2018_02	1,688	1,209	1,182	-
FMI_AFS_2018_02	333*	976	1,377	763
RSS_AFS_2018_02	1,073	1,028	1,166	642
FFL_AFS_2018_02	2,736	2,077	2,490	1,278
<b>All Projects</b>	<b>1,456</b>	<b>1,276</b>	<b>1,302</b>	<b>781</b>

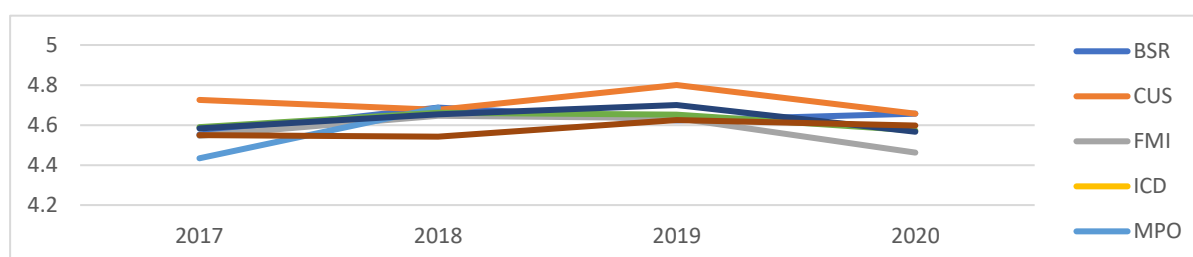
Source: IMF and AFS Secretariat. Notes: \*This number is low because the expense total included two delayed refunds from the previous phase (if refunds were excluded, the average number would be \$738). From an accounting perspective, it is common for missions from the previous year to have an impact on the expenses of the following year due to over/under accruals or delayed refunds.

\*\* Daily Average = Total Expenses1//Total Mission Days2/. 1/ All expenses associated with Activity STX\_DELIVERY, including personnel costs and transportation. 2/ All materialized missions with delivery mechanism STX.

**26. Another dimension of efficiency is quality.** The Evaluation Team also explored those services the ratings from participants in AFS seminars and courses. Between FY17-20, AFS completed a total of 50 seminar/courses region-wide. Good ratings were consistently high during Phase II: the overall AFS average rating was 4.56 for FY17, 4.66 for FY18, 4.67 for FY19 and 4.60 in FY20. *Figure 5* shows the individual ratings per funding program. Customs Administration and Banking Sector Regulations are notable for their higher scores; and conversely, FMI has a slightly lower score by end-period.

**27. A third efficiency indicator is the budget execution ratio for delivery of CD services, which shows significant underruns during COVID-19 coupled with operational savings.** The overview of budget execution ratios during Phase II in Chapter I showed two periods. Contrary to FY18 and FY19 featuring budget execution above 90 percent of budgeted expenditure, the last two fiscal years showed a significant budget under-execution: 79 and 46 percent for FY20 and FY21 respectively. During the pandemic, it is clear that in-person mission cancellations and postponements mainly explain such underruns, which would have reflected inefficiencies had they not been offset by virtual meetings, lower consultant costs and a higher number of CD activities. Chapter III expands this analysis.

Figure 4: AFS Ratings by Seminar Beneficiaries FY17-FY20 (1-5 scale)



Source: AFS Secretariat

**28. Lessons Learned: Certain funding programs reveal cases of mixed results: high effectiveness combined with low cost-efficiency of the inputs for CD services provided, and thus having room for improvement.** In this regard, some AFS RTACs have already started to restructure their mix of regional vs non-regional experts, and in-person vs virtual missions. An example is included below.

- **TADM: CD aimed at strengthened Revenue Management and Governance.** AFS support to the tax administration reform in one sampled country presents an interesting case study during 2018-21. In 2018, the former LTX did a valuable handover to the current LTX. Afterwards, CD activities were delivered by two native-speaking STXs, with a strong international reputation, and applying a methodology that had been well tried and tested in other country contexts. Excepting the first mission, both STXs implemented CD activities without the participation of the LTX or IMF-HQ staff (LTX, FAD, 06/29/21). A timely report was delivered and both



outcomes/milestones showed a high level of achievement in setting up a project management office. Out of the nine missions – 170 mission days – held for this activity, six were sampled for in-depth analysis. Two-thirds of the missions were in-person and one-third remote. The number of days per STX in missions varied between three and 20. The average number of STX days per in-person mission was 17 (slightly over the standard two weeks). Hence, from the viewpoint of effectiveness, the CD provided under this program was delivered quite effectively. However, when looking at efficiency, the allocation 170 mission days on this objective/country is high compared to a similar activity held in other AFS countries (see Annex VI and VIII). The interviewee acknowledged that more missions could have been delivered remotely (LTX, FAD, 09/07/21).

## 2.2.6. Impact

29. **Overall Score:** The impact of AFS CD activities – including the extent to which the program addressed COVID-19 and the global topics – is judged as ‘Modest’, based primarily on the results of the Online Survey and the Interviews. Impact, therefore, obtained the least positive rating among all DAC criteria, with all funding programs scoring similarly.

- Only 18 to 48 percent of beneficiaries (Group 3) reported a ‘Highly Satisfactory’ or ‘Satisfactory’ improvement in their countries’ situation. Much of the reason for this could be the intended association of AFS programs with the countries’ response to the pandemic. Indeed, barely 15 to 33 percent of beneficiaries approved AFS response to COVID-19. Their observations on AFS intervention ranged from slow reaction to the crisis to a lack of clear guidelines to face the crisis. In response, AFS Authorities acknowledge that it took them a few months to obtain clear guidance from IMF-HQ on how to address the pandemic but noted that all RTACs faced the same challenge. A more detailed discussion of how the Authorities adjusted to COVID-19 is included in Chapter III.
- Five out of seven funding programs, and 13 out of the 14 objectives sampled, obtained ratings on or below 2.5 (‘Modest’) based on the interviews (*Annex II*).

30. **Key Strengths and Weaknesses:** The Evaluation Team noticed that some beneficiaries mixed up their perception about the impact of CD delivery with the impact of IMF financial support during the pandemic. We explored statements (extracted from the interviews with beneficiaries) that AFS CD services were delivered with a delay during 2020 in response to COVID-19 and only mildly contributed to alleviating the deep recession endured. In so doing, we verified that (i) all countries in the sample, except Botswana, received some kind of financial support from the IMF: Rapid Credit Facilities in the case of Comoros and Madagascar, and Extended Credit Facility (EFF) in the case of Angola and Madagascar; (ii) the size of their fiscal response, combining fiscal support and liquidity facilities and measured as a percentage of GDP was quite similar and rather small (below 2 percent of GDP), except Comoros (below 3 percent of GDP);<sup>20</sup> and (iii) among the four sampled countries, those featuring the highest GDP growth rebound in 2021 were (in this order): Botswana (who did not receive IMF support), Madagascar, Comoros and Angola. *Hence, while some AFS beneficiaries might have expected a more proactive countercyclical role from AFS CD services, their wrong association with the small role played by IMF lending or surveillance activities might partially explain their low scores on Impact. Instead, beneficiaries should draw a clear distinction for AFS CD activities that only indirectly could have had a minor impact in the design of AFS countercyclical policies.*

31. **Two other weaknesses explain our low score in impact and justify that CD design should be improved around a clear ‘theory of change’, which takes account of the interests of a broader group of stakeholders and potential impediments to implementation and success:**

- **First, an important factor, according to IMF back-stoppers, is that there is a fundamental difference in the degree of commitment to comply with TA recommendations and adopt its measures between countries having an IMF program (so-called CD-surveillance) and countries**

<sup>20</sup> Among AFS countries, only the fiscal responses measures applied in Mauritius and the Seychelles, which are small island countries highly dependent on tourism activities, amounted to 9.2 and 6.6 percent of GDP respectively. South Africa’s budget support response was nearly 6 percent.

**not having it (Back-stoppers, IMF, 07/19/21 and 07/20/21).** Indeed, CD activities face a not always favourable institutional environment, which promotes (or impedes) a rapid translation of the benefits of CD activities and TA recommendations into visible reforms. A main reason for this is the political economy of the specific reforms involved. Multiple examples were collected from our interviews across many funding programs. In response, SC members acknowledged some limitations on the impact that CD activities may achieve: “Experts are good at telling you what to do, but we also need them to let us know how to do it given the constraints of the political context.” “AFS features cases where a sampled country decided to privatize, and a dedicated agency was created, but such institution never got traction, as vested interests have impeded any selling. In fact, technical reforms, like producing forecasting models, are easier to implement” (SC member, AFS, 07/29/21).

- **Second, some lack of ownership (or degree of clearly defined) outcomes, particularly related to the emerging global topics.** In general, minor progress on the work related to the five global topics – good governance and anti-corruption, climate change, gender, digitalisation and financial inclusion – indirectly affects CDs’ impact, as beneficiaries and SC members find it difficult to perceive their related changes (Beneficiaries, 08/03/21 and SC, 07/29/21). Notably, the small impact associated with the emergence of global topics should come as no surprise, given their initial diagnostic stage among AFS priorities.<sup>21</sup> In preparation to Phase III, however, the move toward each of the global topics should define explicit objectives, outcomes and milestones targeted on a country-by-country basis. Their definition will not only help assess their effectiveness but also their impact. Moreover, a related question is whether AFS resources are sufficiently adapted to the new and changing priorities, and how these should modify the size and composition of AFS budget. These topics are explored in more detail in Chapter 3.

**32. Lessons Learned: Some funding programs face more severe institutional constraints than others, and this affects the impact of CD services.** For instance, despite all AFS countries have actively engaged in FSR reform requiring the adoption of Basel II criteria on financial supervision, PFM reforms face higher political risks, including those on budget transparency and control. Examples are included below.

- **FSR: CD aiming at strengthening banks’ capital and liquidity positions. All countries are at a different pace in adopting Basel II requirements.** For instance, while some countries have successfully completed the implementation of Basel II and are early-movers to Basel III, other countries are still planning to move into it with no AFS engagement so far. In between, many AFS countries have started assessing the regulatory framework so as to prepare a plan, whereas others have been in the process of implementing Basel II since Phase I, in a long process that remains inconclusive due to political economy constraints (LTX, MCM, 08/17/21). In a sampled country, for instance, whereas Article IVs have consistently made a key recommendation to strengthen financial sector resilience, two missions were carried out in 2018.
- **PFM: CD aiming at producing Comprehensible, Credible and Policy-based Budgeting.** All AFS countries have received extensive AFS support on PFM activities, not always with a tangible impact. In one of these sampled countries, one of the major CD projects was the completion of a PIMA in 2021. AFS provided strong hands-on support with a focus on reforming project appraisal, selection, and monitoring. Moreover, AFS was instrumental to the design of a project implementation capacity development plan and a project risks analysis assessment methodology. PIMA costs were not insignificant though: 10 non-regional experts engaged in the CD activities with a total cost of 69 days, including the PIM assessment and three follow-up missions. Despite all of these efforts, as it has also often been the case region-wide, swift completion of PIMAs has not prevented stalling of the passing of required regulations as well as the implementation of key

---

<sup>21</sup> According to LTXs, work on good governance and anti-corruption started well before 2019, as part of PFM work. Ditto for digitalization and financial inclusion, which have been developed in tandem with the development of IT infrastructure. Work on climate change and gender is recent but evolving quite rapidly. IMF/AFS planned to have all diagnostic studies referring to the global topics concluded by end-2021. See Chapter 3, Section 2.4.3

recommendations like the creation of a central unit for PIM at the Ministry of Finance (LTX, FAD, 07/15/21).

- **PFM: CD aiming at strengthening Identification, Monitoring and Reporting of Fiscal Risks.** Following the pandemic, identifying and minimizing fiscal risks has become a major priority. In many AFS countries, however, its implementation reflects serious shortcomings in the institutional environment: the absence of a strong reform champion and weak political commitment to complete reforms, thus limiting their possible (if any) fiscal impact. Indeed, there are cases where the Ministry of Finance initially supported preparing a Fiscal Risk Statement (FRS), but later it was hesitant to send it before the Parliament, fearing that Parliamentarians could overreact to its initial findings and demand additional information (LTX, PFM, 06/22/21).

### 2.2.7. Sustainability

33. **Overall Score:** The Sustainability of AFS CD activities is judged as ‘Modest’ based on the results of the Online Survey and interviews. In sum, only three out of the 14 objectives sampled have performance ratings on sustainability of ‘Good’ to ‘Excellent’ (Annex II). In terms of funding programs, MPO had the highest ratings, while FSR and FFL had the lowest.

34. **Key Strengths and Weaknesses:** The main barriers to sustainability as highlighted by respondents of Group 2 (LTX, STX and IMF back-stoppers) to the Online Survey are next: lack of skilled staff and capacity to retain them/rotation (31 percent), insufficient support and organizational capacity in target institutions (17 percent each), lack of focus on sustaining CD recommendations (13 percent), and insufficient budget for CD and follow-up activities (9 percent).

35. **Interviewees corroborated as major factors affecting sustainability:**

- *Lack of local absorption capacity.* “Some countries get overloaded with CD activities and reform proposals. And this seems to be the case of fragile countries.” (SC member, AFS, 07/29/21). Others have IT limitations. A concrete example of significant delays, more than two years, was seen in the completion of an Economic Climate Survey due to over-reliance on the STX and poor software (STX, MPO, 07/15/21).
- *High staff rotation and/or removal of key staff in certain agencies.* “You can have great experts, but if the local team changes, knowledge is lost and nothing will happen, thus significantly delaying work.” This risk was clearly highlighted by all LTX related to Statistical agencies and, to a lesser extent, Tax and Customs administrations; but “it does not apply to staff at the Central Banks and Ministries of Finance, who tend to be steadier” (LTX, STA, 07/21/21 and 07/19/21).
- *Short supply of highly skilled staff combined with numerous lowly skilled at Statistical agencies.* AFS countries are short of statisticians. “Once a young staff [member] starts excelling at our institution (INSTAT), the Central Bank or Ministry of Finance come and hire him/her. Only competent salaries allow to attract sound professionals. Given their higher salaries, this risk is lower in Central Banks and Ministries of Finance than in Institutes of Statistics” (TAB, STA, 08/12/21).
- *COVID-19* particularly affected sustainability, as achievement of many milestones was delayed due to counterpart staff assigned to more pressing tasks (LTX, STA, 07/19/21).

36. **IMF staff also underscored that the lack of follow-up measures is hindering the sustainability of CD activities in the medium term.** At present, the implementation of follow-up measures is absent. As a general rule, once AFS intervenes, LTX and STX work on a “willing seller, willing buyer” principle, interacting with their technical counterparts to design and carry on CD activities that meet a perceived need but are actually not designed to address root causes that affect their sustainability, including weak capacity. Hence, AFS focuses its work on *ex-ante* interventions, which preclude *ex-post* actions to ensure the absorption capacity required to sustain change of their counterparts.

37. **Lessons learned:** *Certain funding programs are more handicapped than others in terms of counterpart’s absorption capacity, which would justify assigning additional resources to them.* Interviewees agreed that while Central Banks and tax agencies do tend to have high-quality staff, RSS

works with counterpart agencies that are usually underfunded and partly rely on volatile donors' complementary grants for surveys. *In addition, fragile countries have very low absorption capacity not only in terms of staff but of resources, technology and energy inputs.* An example is included below.

- **MPO. CD aimed at strengthening the capacity of the Central Banks to implement monetary policy effectively.** This is a case where AFS has successfully tailored CD activities to the context of member countries. Indeed, AFS has had to accommodate its support to the existence of different monetary policy (MP) regimes (Angola: Reserve money target; Botswana: Crawling-peg; Comoros: Peg to the Euro; and Madagascar: Move to interest rate targeting). AFS has succeeded in providing customized CD activities: operational framework, instruments and effectiveness of the MP regime, foreign exchange policy and implementation, liquidity forecasting and management, transmission mechanisms, etc.. For sustainability of reforms, an element worth improving in some cases is a good coordination of liquidity with cash management between monetary and fiscal operations: This requires a good forecasting framework and staff skills, and a sound institutional relationship (LTX, MCM, 07/12/21).
- **RSS: CD aimed at strengthening macroeconomic and financial statistics.** The regional view offers contrasting examples. Only a few countries consider their Statistical agency as one of the best technical and professional institutions in the country, with sufficient capacity to sustain the effort of the CD project over time. In exchange, most countries feature scarce and low-skilled staff due to: low salaries and unsteady jobs; recruitment taking several months; long training periods (which delays start-up of actual work by new staff); continuous staff rotation that prevents learning accumulation/sharing; and too strong reliance on external consultants, which fosters dependency and reduces knowledge when a donor project ends (LTX, STA, 06/28/21). The lack of a permanent structural solution to train statisticians is another hurdle. Yet other RTAC-participant countries feature, for instance, one-two year university diplomas on Statistics agreed with local institutions. Moreover, staff often see their work program continuously modified/overburdened with too many activities, which has resulted in continuous delays, especially post-COVID-19. Lastly, many Statistical agencies feature no real (even functional) autonomy, with political constraints often preventing the publication of their work or their inclusion in policy decisions.

## 2.3 Conclusions and Recommendations

37. **Conclusion 1.1.** Despite facing an overwhelming shock with COVID-19, AFS has performed effectively in delivering CD services that flexibly respond to its changing country's specific needs and this justifies its plans to expand the scale of its services in Phase III. The average score for AFS services is 'Good' across the six DAC criteria. 'Good' to 'Excellent' results are found for Relevance, Coherence, Effectiveness and Efficiency; and 'Modest' for Impact and Sustainability. In terms of funding programs, Central Bank Operations and Revenue administration have the highest scores, while Financial Sector Regulations and Financial and Fiscal Law obtain the lowest.

38. **Conclusion 1.2.** High scores in Relevance and Coherence of CD services point to a broadly appropriate diagnostic approach and scope of services provided by AFS, their internal and external coherence, and their comparative advantages in terms of expertise. However, given the move from in-person to virtual missions, the decision to increase support to fragile countries, and the shift toward new global topics, a thorough review and adjustments are necessary in the AFS budget to reflect new and rapidly changing priorities. Relevance has benefitted from the good practice of initially doing diagnostic studies of capacity gaps, later endorsed by the Authorities, and later fielding scoping missions before translating them into specific CD requests by countries. Coherence has benefitted from a deliberate effort to coordinate CD services with other interventions, either internal by the Government or by IMF departments, or with external (donors). Another question about the Relevance and Coherence of AFS services relates to the COVID-19 working environment and its changing needs;

this has brought a new landscape in terms of short-term and emerging global priorities for AFS countries.

39. **Recommendation 1.** *Budget allocations per funding program should be reviewed, fine-tuning them to changing country needs post-pandemic, including fragility and global topics, and linking them to the top-down approach to the medium-term budgeting workplan process at HQ for IMF CDs.*

The latter would ensure that a percentage of the departmental budget remains as unallocated, in order to cater for pilot CD engagements or emerging projects. In addition, (i) consider narrowing PFM (and perhaps RSS) portfolios, whose scope of support remains too broad and where its performance in multiple areas has not been successful;<sup>22</sup> (ii) assign an initial proportion – say 5 percent – of the budget to pilot CD activities supporting global priorities; and (iii) leave a proportion of the budget – say 10 percent – unallocated at the start of every year and assign this budget in the second quarter to any emerging projects with special needs or to projects that are ahead of schedule.

40. **Conclusion 2.** *The effectiveness of AFS CD activities is judged as ‘Good’ but two major issues should be addressed: the persistently lower ratings of outcomes than those of milestones (outputs) and the falling trend in compliance with milestones during COVID-19.* Medium-term outcomes respond, in general, to regional commitments in global rankings, like PEFA, Basel II or national accounts requirements: their ‘Modest’ scores are mostly lower than those for milestones and show little if any change during Phase II, and some of these outcomes have not necessarily been endorsed by all Authorities (SC member, AFS, 07/29/21, and DP Representatives, AFS, 08/04/21 and 08/11/21). Moreover, the level of achievement with milestones has deteriorated during COVID-19 for all funding programs with no exception: this is a sizable but justified trend due to the intentional shift toward more pressing CD activities related to the emergency, and it should be reversed. In absolute terms, BSR, CADM, MPO, TADM and FMI (in decreasing order) have been the most affected funding programs.

41. **Recommendation 2.** *AFS, supported by IMF-HQ, should carefully review the outcomes and milestones of the AFS RBM logframes in Phase III.* A thorough review is justified, due to the possibility of having outdated and some ‘sticky’ outcomes (like those from PEFA), together with unrealistic milestones and overestimating the Authorities’ capacity to meet these milestones post-pandemic. The falling trends in milestones compliance makes this review task urgent. Our understanding is that MCM has already started this exercise. A review of this kind should be done in consultation with Authorities and donors involved in certain CD activities, so as to improve their ownership in setting the targets. Such a review should also clearly set the definition and methodological criteria of each indicator, as these criteria are essential for facilitating a regular and transparent monitoring of target results.

42. **Conclusion 3.** *The efficiency of AFS CD activities is judged as ‘Good’ based on respondents’ positive perceptions of the Online Survey, the high scores of participants for the quality of seminars, and the analysis of the daily cost of STX per day, which revealed Pre-COVID-19 efforts by funding programs to compress them, reinforced by the move to virtual missions post-pandemic.* The analysis also found a wide dispersion among funding programs, in some cases by more than half, with those experts of FFL and BSR at the top, and those of RSS at the bottom; this suggests that unit costs could still be further reduced through a review of STX fees and a rebalancing of the mix between in-person/virtual missions. The move to virtual meetings did not prevent AFS from raising the number of CD missions held and this move even increased the number of participants in their events

43. **Recommendation 3.** *As AFS does not set STX salaries and therefore cannot unilaterally adjust STX daily fees, especially if the same STXs work for other RTACs, IMF-HQ should review and, if possible, adjust STX daily fees in their hiring policy, in order to reduce their dispersion.* Any such adjustment should acknowledge their professional background and international salary scales that justify different levels of remuneration. The review of AFS STX mission fees is actually more important for the four

---

<sup>22</sup> For instance, region-wide PFM work could mainly focus on three (Track 1) areas: medium-term macro-fiscal budgeting, Treasury and cash management. Once progress is significant, this work could selectively move to more complex areas like accounting, auditing and monitoring of fiscal risks (track 2). RSS could also just concentrate on track 1 activities: GDP rebasing and CPI updates. For track 2 activities, support from other DPs should be explored.



funding programs whose budget in Phase II — in the order PFM, TADM, CADM and MPO — included a bigger share for STXs than for LTXs.

44. **Conclusion 4.** Impact was the DAC criterion that obtained our lowest score (2.1 out of 4) and two main reasons explain such a low rating. First, a not always favorable institutional environment fostering a rapid translation of the benefits of CD activities into visible structural change. Second, the rather preliminary work related to the emerging global topics, which still is for most of them at the diagnostic stage and is missing well-defined outcomes and milestones. *The institutional environment appears closely related to political economy issues that affect the implementation of reforms. In this regard, the team found that “the reasons for lagging at implementing TA recommendations are only evaluated by AFS informally, often missing the point at identifying the exact political economy constraints (e.g. examples of a Pension Office Director and several Chairmen of the Institute of Statistics)” (Back-stoppers, FAD, 07/19/21, and LTX, STA, 07/21/21). In addition, the Evaluation Team discarded misperception among beneficiaries about the presumed low impact of AFS CD activities, indirectly associated with the IMF role, on the economic rebound post-COVID-19.*

45. **Recommendation 4.** *AFS should have a more formal approach at identifying political economy constraints that may prevent/delay the implementation of CD-related recommendations<sup>23</sup> and explore whether CD activities could be integrated with IMF Surveillance so as to remove these constraints. Regarding the global topics, as soon as diagnostic studies are concluded, AFS should collaborate with the respective departments at IMF-HQ in order to define proper country-based outcomes and milestones on the RBM catalog that would justify the budget allocated to CD services supporting them.* Political economy constraints can be split into: (i) vested interests against reform implementation; (ii) electoral environments opposed to breaking the status quo; or (iii) absence of or low leverage from reform champions to make regulatory changes or obtain a sufficient budget. The definition of global topics indicators should start by setting proper baselines. While AFS CD services are different from IMF programs, selected CD missions could link to earlier recommendations or structural benchmarks from IMF programs on selected outcomes or milestones. In this way, so-called CD-surveillance integration would facilitate their follow-up and contribute to the removal of barriers to progress on reforms. A typical example is CD-related to FFL work: in general, TA provided by the legal department often joins IMF missions and sets up specific program conditionalities, e.g. Preparation of Customs or Tax Codes/laws.

46. **Conclusion 5.** With the second lowest score, Sustainability reflects factors in member countries and recipient institutions that impede its achievement, and with lowest ratings featured in fragile countries. Pre-COVID-19 these factors are: (i) a lack of skilled staff and capacity to retain them, (ii) insufficient support and organizational capacity in target institutions, and (iii) a lack of focus on follow-up activities (due to overburdened staff) or an insufficient budget. Moreover, post-COVID-19, a marked shift in staff priorities delayed implementation of CD recommendations. In addition, CD activities lack proper follow-up missions: “After STXs deliver TA, the focus should be on practical follow-up hands-on capacity building given to local staff. In some cases, local trainers could be trained as trainers to deliver training on new skills to other local colleagues” (Back-stoppers and LTX, FAD, 07/19/21). *This would imply that CD activities should include follow-up close supervision capacity as a key tool in ensuring Sustainability.*

47. **Recommendation 5.** *While many factors are beyond AFS control to support Sustainability, AFS could (i) look for strategic projects where complementary multi-year donor involvement might help to guarantee sustained implementation; (ii) budget for peer-learning missions in order to consolidate*

---

<sup>23</sup> The Evaluation Team initially recommended to formalize what is actually an informal and *ad-hoc* procedure called: Local Capacity Assessment (LCAs). However, reviewers indicated that such LCAs were not necessary as they are continuously done “implicitly” by LTXs, either with the annual CD assessment or during discussions with Authorities on their priorities, like those done during COVID-19. Notwithstanding our conviction that such LCAs would still gain from some standardization in their structure and content, our recommendation was dropped from the final report.

*knowledge transfer; and (iii) for fragile countries with very low absorption capacity (e.g. Comoros) and only in a well-chosen workstream featuring a comprehensive medium-term program so as to remain cost-efficient, IMF-HQ should allow the appointment of an LTX expert in situ.*

### **Box 1. The Challenging Role of AFS in Fragile Countries: Further Lessons Learned**

This Box extracts further lessons from AFS interventions in fragile countries during Phase II. AFS faced important exogenous events, like COVID-19 and hurricanes, which initially undermined its ability to fully operate until it became flexible enough to modify its workplan and objectives. This Box features further lessons on how AFS's response could be more adequately adapted to these events.

Since FY20, AFS has decided to devote 30 percent of its budget to fragile countries. This percentage was raised by 4 percent in FY21 and should progressively reach 50 percent over time (IMF Note on Capacity Development 2018). This increase is relevant, as two of the AFS countries covered by the sample of the study – Comoros and Madagascar – are fragile. Some general lessons are presented below, though in no particular order.

- *Continuity while facing shocks, and not starting of reforms, is a major challenge for fragile countries.* In pre-pandemic times, following a series of AFS missions, since 2017, the tax administration of one sampled fragile country was able to work with AFS support and other development partners to focus on compliance management and establish a large taxpayer office. AFS assistance also helped the tax administration to establish the tax arrears balances and to develop a strategy for enforcing collections. Audit plans were developed, auditors trained to audit and guided to solve taxpayers' auditing cases. For its part, in pandemic times and also with the support of AFS, another fragile sampled country came to develop a similar program to overhaul its tax and Customs administrations. Despite their solid start of these reforms, both countries suffered major losses in tax revenue due to COVID-19 and their ensuing growth slumped. Between 2018 and 2020, the tax revenue of both countries fell by 0.6 percent of GDP and 0.8 percent of GDP respectively. In the former, these were also preceded by adverse impacts of political uncertainty (constitutional referendum in mid-2018 and elections in early 2019) and Cyclone Kenneth (April 2019).
- *A fragile status does not always handicap a country in terms of meeting certain DAC criteria.* While one of the sampled fragile countries' score on sustainability was lower among all four sampled countries, due to its scarce skilled staff, and logistical shortcomings like poor access to internet and energy (LTX, MCM, 08/10/21), this was not the case for another sampled fragile country, which had a higher score. Fragile countries' scores also varied in terms of Coherence, Effectiveness and Efficiency due to their differences in terms of institutional and legal set-up, and the quality of their donor coordination. Moreover, they did not obtain necessarily the lowest average scores, as their compliance with certain milestones pre-pandemic was as high as 100 percent.
- *CD activities integrated with CD-Surveillance can contribute to improving the level of achievement across DAC criteria in fragile countries.* Even in post-COVID-19 times, and despite a sluggish recovery, one sampled fragile country's performance with CD activities remained quite consistent across all criteria as 'Excellent' or 'Good'. This was supported by steady and well-coordinated implementation of an AFS program with parallel comprehensive reforms under an IMF program (e.g. Customs reform, transition to interest rate targeting, etc.).<sup>1</sup>
- *Presential peer-learning works better than virtual learning in fragile countries.* Given low absorption capacity, in-person delivery of CD activities that relies on AFS stronger (but more costly) involvement works better. This can be seen in the Customs Administration and PIMAs reforms in one sampled fragile country.
- *AFS program to support fragile countries should be flexibly adjusted to become notably simpler, and more timely and relevant when facing major shocks.* For instance, in 2020, AFS played a major role in the successful design of exceptional budget procedures for dealing with COVID-19 in its fragile countries.

### 3. Evaluation Results at the Entity Level

1. **This chapter conducts the evaluation at the RTAC level.** It focuses on the processes of converting inputs to results, especially the value-added of having RTACs residing in the region. While the technical quality of CD activities is still mainly under the responsibility of functional departments at the IMF and with quality content mostly guaranteed through backstopping, AFS management (“the Center”) is also an important determinant of the quality of CD activities undertaken in the region. AFS, in common with other RTACs, works closely with the LTXs and their relevant headquarters departments and in partnership with member countries relevant for each stage in the programming, design and delivery of CD activities. During each programmatic cycle, the Center plays a joint key role with headquarters departments to confirm priorities, provide continuing engagement, and report when problems arise.

2. **The content of the chapter is threefold: (i) the evaluation methodology; (ii) main findings over three major dimensions: AFS governance, AFS management and organization, and design and adaptability of CD activities; and (iii) conclusions and recommendations.** The text provides the findings and the sources of evidence. No quantitative ratings are provided to these questions, given the qualitative and subjective nature of the source of evidence.

#### 3.1 Methodology

3. **The proposed methodology at evaluating AFS at the RTAC-entity level is according to the seven dimensions of its governance and operations: Strategic Guidance, Adequacy of its Institutional Set-up, Recruitment and quality and its Network of Experts, Coordination with Donors, Flexibility to Shocks, Adequacy of New Topics and Sustainability as presented in Table 9 below:**

Table 9: Evaluation Matrix at the Entity Level

Investigation areas
<b>1. Strategic Guidance by the SC:</b> Has the Steering Committee (SC) been effective in providing strategic guidance and oversight of RTAC activities and contributing to setting priorities?
<b>2. Adequacy of the Center’s Institutional Setup:</b> To what degree have the Center’s systems and institutional set-up allowed for retention of organizational memory adequacy, quality of administrative and operational support provided to advisors, including by their backstopping departments?
<b>3. Recruitment and Quality of the Network of Experts:</b> What contribution has the Center made to building a robust network of local experts in the region, and to systematically identify and optimize the use of local and regional expertise?
<b>4. Coordination with Donors:</b> To what extent are RTAC’s activities effectively coordinated with the work of development partners operating in the same sectors? To what level is coordination in place with country representations of the partners?
<b>5. Flexibility to Shocks and Fragility:</b> How has RTAC coped with conflict and fragilities in countries in the region? Have important exogenous events undermined the ability of RTAC to achieve its objectives? If so, has RTAC’s response been adequate?
<b>6. Adequacy to New Topics:</b> To what extent have governance, gender, climate change and financial inclusion dimensions been taken into account in the program design of CD services (where relevant to the core expertise of the Fund)?
<b>7. Sustainability:</b> To what extent has RTAC built sustainability into the training provided by implementing measures, in order to capitalize the acquired knowledge and developing of training plans after providing CD?

4. **Three evaluations instruments or sources of evidence have been used to generate the findings, conclusions and recommendations: a desk review and resource allocation analysis, Semi-Structured Interviews, and an Online Survey.** The last two sources of information allow the Evaluation Team to extract the views of the (a) AFS-SC and donors, and (b) IMF staff at headquarters (back-stoppers or functional departments) and Resident Advisors.

### 3.2.1 Steering Committee and Overall RTAC Governance including HQ Oversight

**5. Steering Committee Strategic Guidance.** The Evaluation Team considers that the strategic guidance by the SC is broadly effective. This is ensured by a mix of well-prepared SC annual meetings, timely decisions on strategic matters, and regular engagement by the Center Director and its staff. The Online Survey investigated the relevance of TA and training for the strategic needs and priorities of the countries and institutions, and it found an overwhelming positive response – above 90 percent – across three Groups, rating it as ‘Good’ or ‘Excellent’.

**6. RTAC Strategic Guidance is supported by a set of well-structured RTAC policies.** Following the procedures of a standard Operations Manual, the interviews showed that SC has continuously endorsed the recommendations of the Center and members at the Annual Meetings, while coordination has taken place both within the IMF and with country authorities, so as to ensure relevance of the CD activities. The Center Director holds regular bilateral meetings with SC members to discuss CD annual priorities and sends questionnaires to donors and regional organizations for their feedback. LTXs also hold regular debriefing meetings with donors. Membership and participation rate for the SC meeting are satisfactory and were enhanced in FY20 and FY21 by remote participation.<sup>24</sup> Notably, rotations of SC members do not generally seem to have had an impact on continuity of guidance and oversight (SC Member, SC, 07/29/21). Starting in FY2021, presentations of the country programs have been made by country representatives, instead of the LTXs (DP representative, AFS, 08/09/21). In addition, the Center provides information through CD Connect (lately through a secure website) and circulates the quarterly bulletin (Admin. Staff, AFS, 08/17/21).

**7. Despite these positive findings that support our overall assessment, we also found opportunities for improvement in RTAC Strategic Guidance.**

- To increase the frequency of SC meetings, now favoured by virtual meetings. A single annual gathering often does not allow sufficient time for full discussions of questions to be addressed and follow-up of CD program performance (DP Representative, AFS, 08/04/21).
- To ensure a senior-level national representation at SC meetings. A longstanding donor representative to AFS indicated that she “never saw a minister attend” (DP Representative, DP, 08/04/21); this assertion was also confirmed by the interviews. SC members, however, argued that although such participation would be desirable, in practice delegated Deputy Ministers have been able to reach decisions quite effectively and ministers have been kept fully informed about AFS activities, reports and decisions (SC member, AFS, 07/29/21).
- To broaden the SC membership with participation of officials from Planning, Tax and Customs Authorities and National Institutes of Statistics at SC meetings. Their presence would ensure that their proposals receive sufficient attention and enhance the strategic direction in SC discussions (LTX, STA, 08/12/21) and better buy-in of CD activities as well as of the recommendations of AFS missions and TA reports (SC member, SC, 07/29/21).

**8. RTAC Institutional Setup.** The Center benefits from a solid institutional set-up, with operational practices and procedures that generally work well (including HQ oversight).

- The Center and IMF Divisions hold regular internal meetings with Head Office and RTAC LTXs to discuss relevant issues affecting funding programs and recent developments.

---

<sup>24</sup> Attendance has improved over time. In 2019, there was no attendance from Comoros, Eswatini, Zambia, Australia, China, the Netherlands, and FDCO (UK). Due to COVID-19, the SC meeting was not held in 2020 and the work plan was endorsed by internal circulation. In 2021, only the Netherlands, Angola, Eswatini, and Australia did not attend.

- Proficient and experienced administrative staff assist the LTX. Annual retreats and team-building exercises also prove to be useful Solutions (Admin staff, AFS, 08/17/21).
- AFS features a high level of staff retention, which serves to strengthen the institutional memory and speaks well of the job satisfaction that staff clearly enjoy. All senior staff completed their contractual period or chose to extend (AFS Director, AFS, 08/16/21).
- Several IT systems, IR, DM5, TIMS, CDMAP, IMFBOX, Partners Connect, My Workday, Website, etc. provide platforms to capture institutional memory. Back-stoppers at HQ are highly experienced and assist LTXs. Coordination through regular meetings among different IMF departments has significantly improved (Back-stoppers, FAD/MCM, 07/19/21 and 07/20/21).

9. **However, a concern in the institutional set-up lies with the high rotation gap of LTXs, a task that essentially relies on the IMF HQ.** Indeed, large rotation gaps have occurred between the departure of an LTX and the arrival of its replacement. Assuming a reasonable length of these gaps should be between 3-6 months, as seems to be the case for other RTACs (FISCUS 2018), the latest LTX replacements of FSR, MPO, 2 PFM, FMI and RSS took 6, 13, 11, 9, 5 and 5 months, respectively, for an average rotation gap for Phase II of 6.1 months, slightly above the upper bound (*Table 10*)<sup>25</sup>. The absence of an LTX does tend to have a negative effect on the delivery of CD work, because these officers are primarily responsible for the programming process within each thematic area and direct supervision of STX inputs. Gaps might have partly explained the fall of the rate of implementation with milestones during FY20 and FY21, as presented in Chapter 1.

Table 10: Rotation Gap for LTXs in AFRITAC SOUTH – Phase II

	Area of LTX appointed	Starting Month/Year	Left/In office
	Financial Sector Supervision	Jan-15	Jan-20
2	Monetary and Foreign Exchange	May-15	Dec-19
3	Public Financial Management	Jul-15	Sep-17
4	Customs Administration	Aug-15	Oct-18
5	Public Financial Management	Aug-15	Aug-19
6	Tax administration	Dec-15	Jan-21
7	Financial Market Infrastructure	Feb-16	March 20
8	Public Financial Management	Mar-17	Mar-19
9	Real Sector Statistics	Aug-15	May-18
10	Real Sector Statistics	Feb-18	Dec-20
11	Public Financial Management	Jun-18	In Office
12	Public Financial Management	May-19	In Office
13	Public Financial Management	Feb-20	In Office
14	Financial Sector Supervision	Aug 20	In Office
15	Financial Market Infrastructure	Sep-20	In Office
16	Monetary and Foreign Exchange	Jan-21	In Office
17	Tax administration	Feb-21	Aug 21
18	Real Sector Statistics	Oct-18	In Office
19	Customs Administration	Nov-18	In Office
20	Real Sector Statistics	Mar-21	In Office

Source: Data provided by AFS Secretariat

### 3.2.2 RTAC Management and Organization

10. **Application of the RBM System.** As indicated in Section I, the RBM framework is governed by lead IMF departments, with AFS administrative staff providing support to LTXs for its tracking and reporting in its logframe. Overall, we found the RBM framework to be a sound management tool, one that is capable of serving the measuring, planning, monitoring and reporting of RTAC and CD project outcomes. The Evaluation Team reviewed the RBM consistency, verifiability and measurability:

- The RBM logframe consistency with the planned intervention logic of AFS, comparing which capacity gaps were identified and which objectives were set in the strategy vs the logframe.

<sup>25</sup> Noteworthy, the deteriorating COVID-19 situation led to delays to hirings and travels planned during the second half of 2021.



- The verifiability of the logframe for the connection between objectives, funding programs and actual CD activities, implemented over the evaluation period.
- The logframe measurability for the quality of the data content.

**11. For consistency, we cross-referenced the data in the logframe with the database on CD activities that underpins the Briefing Papers (BPs) at the Inception Note.** The analysis of the AFS logframe confirmed the consistency of work done by funding programs being undertaken in the 13 countries covered by AFS, some in collaboration with regional partners. These funding programs are directly associated with four IMF departments (FAD, LEG, MCM, and STA) and aim to achieve a total of 29 objectives regionwide. Minor issues found were that only one of the funding programs reported in the region was not listed in the catalog (Financial Crisis Management) and some CD activities were not linked with the logframe (Cowater, 2020, Inception Note) and cleaned up in the database by the evaluators.<sup>26</sup>

**12. For verifiability, we also searched in the database for CD activities not directly associated with objectives or funding programs.** The database contained a total of 1,031 CD activities implemented during the evaluation period, amounting to 13,205 working days used.<sup>27</sup> Discrepancies were identified on unclassified activities and their human resources (measured in workdays) delivered by the AFS Center or IMF HQ, and partners such as the Africa Training Institute (ATI) and other RTACs (Cowater, 2020, Inception Note). We excluded them from the CD sample in the four sample countries.

**13. For measurability, appraising the adequacy of the logframe to measure results, the Evaluation Team led to multiple issues that significantly delayed our work.**

- *Collecting evidence on the outcomes is very difficult (e.g., we had no response to multiple requests about budget outturns).* Moreover, some Authorities find AFS outcomes not to be representative of the medium-term goals of their PFM reform (SC member, AFS, 07/29/21). In the Online Survey, barely 50 percent of SC members rated outcomes and milestones as well defined and measured. As indicated in Chapter 2, the setting of CD outcomes deserves a comprehensive review, followed by periodic updates. In some cases, like PFM, the outcomes reported are only partially aligned with global performance evaluation indicators, e.g. PEFA.
- *There are no underlying guidelines for the scoring framework of some OECD-DAC criteria.* In particular, the evaluation of Efficiency and Impact of RTAC work is problematic, due to the lack of regular statistics and disaggregation of budget and time resources allocated to CD missions, particularly by LTX, back-stoppers and STX. Evaluators worked with AFS Secretariat and IMF HQ to use their best professional and technical judgement to produce such data on the basis of an *ad hoc* request. Such practice, however, makes the comparison of scores across RTACs difficult.
- *A few key Briefing Papers and, to a lower extent, TA reports referred to in the logframe are not readily available or missing, which affects analysis and scoring.*
- *The RBM logframe database contains errors and omissions that are difficult to measure.* The evaluators were able to detect CD missions with the wrong title, mission ID, or not linked to the right CD objective, BP and/or TA report. Cleaning up this database is a task that LTXs could easily undertake.
- *Lack of a fixed calendar is also observed in the results evaluation process by LTXs.* Interviews revealed that some LTX chose to score “following a CD mission”, while others do it “every month, quarter or whenever is required by management.” (LTX, FAD, 07/19/21.) In certain cases, the scores by LTXs were subjected to reassessment by the backstoppers, as new developments emerged, thus resulting in changes in scores.

<sup>26</sup> Results of the clean-up should be read with caution, as the evaluators may have not identified all inconsistencies in the CD database – due to the large number of activities recorded, the likelihood of errors in either the CD objective, the mission ID, the activity description, or the name of experts.

<sup>27</sup> This figure is based on ‘actual days’. Allocated days listed as ‘days’ in the database are much higher, being 22,164.

14. **Internal learning and consolidation of best practices.** The evaluation found that quality of internal learning reflects best practices in three dimensions: knowledge transfer among RTACs, transition between outgoing and incoming LTXs, and a new balance between in-person vs virtual missions. Regarding the first two, most AFS-LTXs have either worked in other RTACs as LTX or as STX, which is an asset. To ensure smooth transition whenever a LTX did not have prior advisory experience, and where appropriate, predecessors were contracted. Each IMF functional Department holds annual outreach meetings with LTXs and new LTXs have access to End of Assignment reports and benefit from bilateral meetings with their predecessors and their back-stoppers at HQ, as well as with the authorities to update their work plan and ensure it aligns with the priorities of the beneficiaries.

15. **SC members and beneficiaries underscored that the shift toward virtual mode missions is a positive development and not just for its cost-effectiveness, but it does not preclude the need for in-person missions.** In FY21, the number of AFS virtual missions was 118, more than double that of FY20 and of zero in FY19.<sup>28</sup> Although there are obvious and significant cost-savings in this move, beneficiaries from all official entities interviewed (Ministries of Finance, Central Bank and Institutes of Statistics) indicated that virtual sessions are often not sufficient to consolidate learning from CD activities and they underscored the need for preserving in-person missions in certain areas. For instance, “there is no way you can supervise banks remotely” (SC member, AFS, 07/29/21). In addition, SC members would like to preserve the two-week in-person mission length, which is the informal standard in AFS, and the good practice of starting a mission with a 1-2 day training seminar: “the best way to get acquainted with participants and gain their trust.” (LTX/FAD/07/19/21).

16. **The Use of Local and Regional Experts.** This evaluation finds that the hiring of experts based on the roster of the IMF network at HQ appears to be generally smooth. In this regard, the Center is effectively an IMF regional office and, as such, its human resource (HR) systems involved are essentially those of the IMF. No serious problems were raised in the Evaluation Team’s discussions at HQ, the Center and LTXs regarding the use of HR systems. However, interviews suggest that SC members, officials and donors would like to see more transparency across the functional departments (FAD, MCM and STA in particular) in the consultation with Authorities about the Terms of Reference (ToR) and to a certain extent in the final selection of the consultant.<sup>29</sup> The administrative staff at the Center have no concerns about their management of documents and administrative processes for the hiring of experts (08/17/21).

17. **The procedures to find new experts also appear to work well.** Often, suggestions are sought from the IMF functional departments or from DPs working in the same field, notably from the World Bank, the EU and the AfDB. There is also strong interest in using consultants who hold senior positions in equivalent institutions – such as staff from Central Banks (e.g. Banque de France), Ministries of Finance (Brazil or France) or Institute of Statistics (e.g. Australia). While obtaining the release of such staff for short-term consultancies can often be complex, “the usefulness of the up-to-date, ‘hands-on’ expertise that such consultants bring should be stressed. Moreover, they should be assigned to fragile countries in key areas where highly skilled expertise is needed, joining them to regional experts so as to make sure their diagnostic and recommendations are not too ‘theoretical’ but well-grounded and rooted on good practices in SSA countries with similar characteristics” (SC member, AFS, 07/29/21).

18. **SC members, however, pointed to their impression of a relatively low use of regional and, even less, local expertise (SC member, SC, 07/29/21), which the Evaluation Team confirmed.** The AFS proportion of LTX from Non-regional Sub-Saharan Africa (SSA) and Indian Ocean islands has been consistently above 90 percent during Phase II since FY18. In the same vein, the proportion of STX from

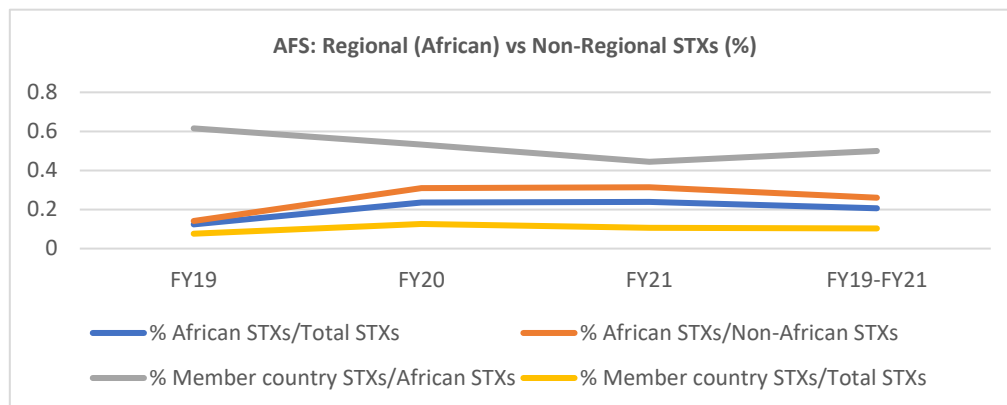
---

<sup>28</sup> Data kindly provided by AFS Secretariat.

<sup>29</sup> For quality control purposes, the final selection of the consultant/expert (STX) should rest with the IMF. Hence, while discussion with the authorities on the attributes of the desired expert/STX can continue, Authorities should remain somewhat absent from the final decision so as to prevent the risk of undue influence from them in his/her choice.

Non-regional SSA has been steadily around 80 percent during Phase II since FY18 (Figure 6).<sup>30</sup> By RTAC standards, these percentages represent a very high ratio.<sup>31</sup> Roughly one third of LTXs have come from Asia, with the balance from the rest of the world (most of them from Europe). According to LTXs, major difficulties arise when it comes to find Portuguese-speaking consultants. Moreover, LTXs also feature a currently high gender gap: barely 5 out of 21 LTXs hired under Phase II are women (Table 10).

Figure 5: AFS: Regional (African) vs Non-Regional STXs (%) Source: AFS Secretariat and IMF-HQ



19. **Although the Center is already making progress in the use of regional expertise, which is highly valued by the SC and the Beneficiaries, a more dedicated effort is needed.** AFS Director pointed out that “more STXs of regional origin have been added to the FAD roster and used in delivery of CD in the region. In my most recent three missions, I have used regional experts usually comprising 1 out of 2 experts: a Ugandan, a South African and a Mauritian” (Director, AFS, 08/16/21). Members of the SC, however, mentioned cases of fielded STX unfamiliar with the region and its related institutional peculiarities, and in some particular cases they “did not speak good Portuguese and needed translators to perform their mission” (SC member, AFS, 07/29/21). SC Members also acknowledged the difficulties in finding proper local experts as, according to AFS Director, “the deployment of local experts from the same country is often excluded to prevent vested interests” (Director, AFS, 08/16/21).

### 3.2.3 Design and Adaptability of CD Activities/Services

20. ***Incorporation of Good Governance, Gender, Climate Change, Digitalization and Financial Inclusion topics.*** Information gathered found that some global topics are not entirely new for AFS: their recent prioritization is strongly shared by all members of the SC, but work to introduce them is spotty and at the diagnostic stage. Indeed, according to SC members, CD activities on global topics are still *ad-hoc* at an early stage (SC member, AFS, 07/29/21). Moreover according to LTXs, with the exceptions of PFM and financial regulations, AFS work on global topics is mostly centered on completing diagnostics and developing awareness through regional trainings. DP, for their part, wonder whether a new approach and sequencing is needed for the implementation of CD activities in their regard (Donor Rep, AFS, 08/04/21):

- On Good Governance and Anti-Corruption, both the Center and HQ management have prioritized governance in the work of the PFM portfolio (Back-stoppers, FAD, 07/19/21).<sup>32</sup> Governance is also a key component of financial sector regulation and is included in all regulatory developments (Back-stoppers, MCM, 07/20/21).

<sup>30</sup> Detailed information on the nationalities of the Short-term experts (STX) employed by the Center is not readily available in a format that can be easily analyzed by outsiders. However, such data were kindly provided to the Evaluation Team by the Center.

<sup>31</sup> CARTAC, for instance, featured an average share of 24 percent of Non-Regional experts during FY14-18.

<sup>32</sup> Good examples are work on public investment management; governance; management of fiscal risks; budget transparency; PFM and revenue legislations, SOEs oversight; tax compliance and audit, border management, valuation and post-control audit; transfer pricing; taxpayer services; risk management, risk-based supervision enhancement, Basel II/III reform, cyber risk, and AML/CFT legislation (e.g. new money laundering laws).

- On Gender, regional TA training and some peer-learning has been done on: Gender Budgeting, Financial development and financial inclusion, and Fintech (Back-stoppers, MCM/07/20/21).
- On Climate change, some budgetary documents, supported by PFM-LTX, have started to include climate-related risks in fiscal risk statements. Initial introduction and administration of green taxes (including excise duties on pollutants) has also been discussed. Amended fiscal and financial laws are now considering introducing climate action plans (Back-stoppers, 07/19/21). Moreover, case studies, training and peer-learning opportunities include management of natural resources, climate resilience, fiscal risk management, and administration of green taxes.
- On Digitalisation and Financial Inclusion, AFS has recruited an LTX to deliver CD services in Fintech, an area in alignment with the post-COVID priority of digitalization (Back-stoppers, MCM, 07/20/21).
- Finally, there are innovative demands for inclusion of climate change and financial inclusion in monetary policy CDs, and on IMF programs design (Back-stoppers, MCM, 07/20/21).<sup>33</sup>

**21. Coordination with Development Partners. Donor coordination occurs primarily in three ways.** Firstly, in the lead-up and during the annual SC. Secondly, when work plans are shared, and periodic meetings are held to discuss priority CD requirements. Thirdly, each RA representing each funding program portfolio informs Development Partners (DPs) of planned missions and invites them to be briefed during or after the mission.

**22. Information gathered in interviews provided a generally positive view on the coordination with key donors, while also highlighting a few areas that are still important for improvement, especially in terms of information sharing.** On the one hand, coordination seems stronger in some countries than in others. This seems to be the case of Botswana in the areas of tax administration, Customs Administration, and Real Sector Statistics, where there are well-established partnerships with the AfDB, the World Bank (SC representative, AFS, 07/29/21). On the other hand, interviews with DPs indicate that information-sharing on CD missions varies per country; access to AFS TA reports is often problematic as most of them remain unpublished;<sup>34</sup> and more regular reports on status of CD activities would be welcome. They also pointed that their participation in mission briefings depends on their own agendas (e.g. in the case of the EU: grassroots and PFM);<sup>35</sup> that their access to the RBM logframe is difficult; and that information sharing could be managed either by the IMF Resident Representative or another DP representative (if there is no IMF ResRep)<sup>36</sup> (DP representatives, AFS, 08/04/21, 08/09/21, 08/11/21).

**23. Donor coordination also appears spotty with regional bodies – Common Market for Eastern and Southern Africa (COMESA), Southern Africa Development Community (SADEC) and Indian Ocean Commission (IOC), with the former two invited but not attending SC meetings.** Interviewed Donors said that “close collaboration with regional bodies remains challenging” (DP Rep./AFS/08/11/21). Little evidence was found of initiatives being undertaken to engage with regional bodies on a regular basis, while rather spotty efforts appear to bolster collaboration and communication, share information, and seek out opportunities for joint regional training events. Notably, about 38 percent of survey respondents from the SC indicated that AFS contribution to regional integration is modest or they said they have no opinion.

**24. Donor coordination must be further expanded, if possible following best practices regionwide.** AFS and other DPs can support country-led efforts through information sharing and collaboration. But the final responsibility must rest with country administrations to establish effective mechanisms to

<sup>33</sup> All DPs said that to gain ownership, these topics should be excluded from IMF surveillance and remain as TA-supported reform.

<sup>34</sup> A donor suggested that given confidentiality on TA reports, access to the Executive Summary could be possible (DP Representative, AFS, 08/11/21).

<sup>35</sup> DFID interviewee volunteered to have a DFID leading role in any AFS country where it has a significant program.

<sup>36</sup> The IMF Representative for Madagascar indicated that a donor coordination role is not specifically included in his ToR.

coordinate the TA requested from different providers. Valuable experiences on donor coordination by countries already exist, e.g., the Donor Mobilization Unit at the Department of National Treasury of the Republic of South Africa.<sup>37</sup>

**25. Exogenous shocks, resilience, and adaptability (including COVID-19).** While the overall perception of the three Groups on AFS survey response to the pandemic was overwhelmingly positive, interviews found mixed views. On the survey, above 90 percent of respondents rated it as ‘Good’ or Excellent in Groups 1 and 2, and 67 percent in the Group of Beneficiaries. But interviews showed that Beneficiaries had critical views on the timeliness and adequacy of AFS response: this indicates that the AFS role was too concentrated either on general seminars focusing on Crisis, Debt and Risk Management, or on “one size fits all” policy recommendations, while their needs were specific and urgent (TAB, MIFIN, 08/02/21 and SC member, AFS, 07/29/21). In some cases, like Botswana Central Bank’s interventions favoring added liquidity to the economy, their response plan “did not wait for AFS reaction: Reducing interest rates, reducing reserve requirements, providing overnight lending, and expanding the guaranteed scheme for SMEs” (TAB, Central Bank, 08/03/21). In contrast, some donors pointed out that given the situation was highly uncertain, there was a good reason to wait, see and then react” (DP representative, AFS, 08/09/21). Ultimately, and according to AFS Director, while acknowledging that “the initial reaction by the Center was a bit late (June 2020), following the best guidance possible from IMF-HQ to assess the impact of the pandemic, AFS still had major achievements in implementing a program that was suffering a major shock. The move to virtual meetings not only increased the number of missions, but of participants and scope of CD activities” (Director, AFS, 08/16/21).

**26. A positive component of AFS response to COVID-19, and perhaps one of its major lessons for future shocks, resilience, and adaptability, was the unavoidable task of flexible budget restructuring, reallocating substantive FY20 and FY21 savings arising from money spent falling short of the budgeted amount (Annex VI).** The rate of execution of expenditure (outturn) had been 90 percent on average over FY18 and FY19, which represents a high rate of budget execution; followed by 79 percent and 46 percent respectively in FY20 and FY21. Pre-COVID-19, the three most significant funding programs with under-execution were FMI, BSR and RSS. Post-COVID-19, in FY21: five out of eight funding programs – excepting Tax Administration, Customs and PFM – showed low execution (below 75 percent) at AFS level. MPO and FMI were the two funding programs with worse AFS results.

Table 11: AFS: FY21 Budget Under-execution (in FTE years)

FY21 Deviation Planned vs actual resource allocation, by country and by workstream (in FTE years)										
	BSR	CADM	FFL	FMI	MPO	PFM	RSS	TADM	Others	Total 1/
Regional 2/	129%	123%	0%	111%	127%	85%	102%	123%	22%	100%
Angola	0%	83%	-	0%	0%	203%	111%	111%	-	76%
Botswana	38%	99%	+	19%	10%	127%	44%	152%	-	76%
Comoros	57%	61%	+	-	0%	113%	67%	112%	-	87%
Eswatini	46%	69%	-	31%	-	49%	67%	114%	-	61%
Lesotho	152%	69%	-	-	0%	67%	48%	57%	-	65%
Madagascar	0%	114%	+	-	0%	71%	100%	465%	-	90%
Mauritius	42%	52%	+	0%	0%	129%	111%	0%	-	59%
Mozambique	54%	0%	+	0%	-	9%	0%	0%	-	11%
Namibia	192%	62%	-	84%	0%	0%	57%	58%	-	57%
Seychelles	0%	468%	-	0%	0%	120%	98%	157%	-	118%
South Africa	27%	0%	-	-	-	38%	124%	92%	-	63%
Zambia	0%	211%	-	-	0%	37%	58%	114%	-	50%
Zimbabwe	24%	147%	-	0%	0%	12%	5%	103%	-	46%
Total	69%	104%	137%	52%	17%	77%	71%	113%	22%	76%

Source: Data provided by AFS Secretariat. Color ranges: Green (90%+), yellow (90%<x<75%), red (75%+)

<sup>37</sup> The Donor Mobilization Directorate contributes to the implementation of the PFM Capacity Development Strategy (CDS) through the mobilization, facilitation and mobilization of donor funds for capacity development, and ensuring that good governance is applied to all donor-funded projects.



27. As a result, in terms of FTEs delivered in FY21, funding programs appear to be adjusting their budget according to individual demands per countries. Interestingly, *Table 11* reflects the actual deviations in the FY21 budget outturn with respect to the budget allocated to each country.

- TADM (and CADM) exceptional over-execution was due to important work on eight (four) countries also achieving important milestones: Angola, Botswana, Comoros and Eswatini (and Madagascar, Seychelles, Zambia and Zimbabwe). In the same vein, PFM over-execution was also concentrated in five countries: Angola, Mauritius, Seychelles, Botswana and Comoros. In contrast, their budget on all other countries was nil or under-executed.
- MPO, FMI and BSR under-performance was hindered by the fact that the LTXs' positions in these areas were left vacant for long periods. However, according to Back-stoppers, country-specific constraints also explained delays. "For instance, regarding MPO, only Botswana could implement some activities. FMI could operate on only three countries: Botswana, Eswatini and Namibia. And BSR had no CDs in Angola, Madagascar, Seychelles and Zambia" (Back-stoppers, MCM, 07/20/21).

#### **Box 2. Key New Issues to be Faced by Member Countries Post-COVID-19: A Summary**

The design of AFS annual programs during Phase III needs to accommodate a larger scope of CD services. This includes: a proper closing of COVID-19 emergency-related CD work, the new global topics and the rising priority needs of fragile countries. The outreach of the designed work in global topics will rely on the prior conclusion of their diagnostic work and steady dissemination in member countries. Funding programs need to design special work programs for fragile countries.

The implementation of AFS revamped annual programs during Phase III has implications in terms of *modus operandi*, staff and budget:

- First, in consultation with Authorities, new ratios of virtual versus in-person missions have to be set up by each workstream by considering not only their cost-efficiency, but effectiveness.
- Second, additional LTX staff will be needed either to be located in fragile countries having a comprehensive work program per selected Funding programs, and/or at the Center to become point persons to manage each global topic.
- Third, whereas in principle a larger scope of CD activities would justify a larger budget in Phase III, this will not be possible unless further donor funds are identified. Moreover, it seems difficult for member countries to increase their contribution, in light of the post-COVID-19 stress on their domestic economies. Hence, AFS budgeting should start by reprioritizing CD activities, while maintaining constant the budget of Phase II. This will also mean exploring activities/costs that can be further curtailed – including those related to the pandemic – and putting in place effective cost-saving CD delivery mechanisms by regional experts.

### **3.3. Conclusions and Recommendations**

#### ***To be managed by AFS Center***

##### **Strategic Guidance and Governance by the SC**

28. **Conclusion 1.** AFS strategic guidance and governance are broadly effective, being ensured by a set of well-structured operational policies. However, there are some avenues for improvement on the regularity of AFS meetings and participants in them, including representatives of regional bodies.

29. **Recommendation 1.** *Adopt a mid-year SC program review meeting, in addition to the annual meeting, consider the participation of Planning, Tax, Customs, and Statistical agencies and further regional bodies, and explore the possibility of raising the level of representation to such meetings.*

##### **Exogenous Shocks, Resilience and Adaptability**

30. **Conclusion 2.** COVID-19 showed the unavoidable need to restructure the budget of funding programs with flexibility: with a different mix of virtual vs in-person mission ratios and prioritization of short-term objectives.

31. **Recommendation 2.** *Restructure budgets by defining virtual/in-person mission indicative FTE ratios per funding program.* New ratios might learn from those of 2021, adjusted by CD activities that (i) have strategic priority; (ii) do require in-person missions; and (iii) do show progress in milestones.

This exercise should lead to major modifications of the budget allocations per funding program. Gradually, as the impact of the pandemic weakens, short-term priorities should make room for medium-term ones.

#### Incorporation of Global Topics

32. **Conclusion 3.** National ownership on the need to prioritize work on global topics – mainly climate change, gender and digitalization – is still low (DP representatives, AFS, 08/04/21, 08/09/21, 08/11/21) and there are no clear focal points designated at ministries for each topic per country.

33. **Recommendation 3.** *AFS should organize national conferences on selected global topics to avoid perceptions of donor-imposed agendas (DP representatives, AFS, 08/04/21).* Such conferences would disseminate their diagnostic studies through well-implemented Outreach and Communication Campaigns. Moreover, joint sponsoring with multilaterals/or bilateral agencies should be explored (e.g. with World Bank on financial inclusion/digitalization/climate change-Back-stoppers IMF, 07/20/21).

#### Coordination with Development Partners

34. **Conclusion 4.** Valuable efforts on donor coordination are done by AFS and member countries, but room for improvement exists to make this coordination regular and less *ad hoc*.

35. **Recommendation 4.** Regularize CD briefings meetings with donors, defining *ex-ante*, and per funding program, their chair, either the local IMF ResRep or a leading DP with a significant program in that area. Furthermore, “Capacitate the institutions that manage Capacity,” a best practice in South Africa, which has a TA Coordination Body at high level, organized by sector (AFS Director, AFS, 08/16/21).

#### Internal Learning

36. **Conclusion 5.** The rotation gap of the last six LTX replacements – 6.1 months – is too high. As seen in Chapter 1 and 3, this has led to delays in the execution of CD activities.

**Recommendation 5.** *Consider hiring ST consultants during the transition period it takes to complete an effective recruitment of LTXs by IMF-HQ.* Particular attention should be paid to finding experts who speak Portuguese and in highly specialized technical areas.

#### To be managed by IMF-HQ

##### Use of Regional Experts

37. **Conclusion 6.** The Non-regional/Regional LTX and STX ratios for AFS above 90 and 80 percent respectively during Phase II, which is extremely high by RTAC standards.

38. **Recommendation 6.** *Continue creating a wider pool of experts, making special efforts to include more regional SSA LTXs and STXs, and in particular women.* The 2021 STA exercise reviewing its roster of experts could be replicated by all functional IMF departments.

##### Application of the RBM system

39. **Conclusion 7.** Despite major progress as a highly valuable tool for monitoring and evaluating progress in the achievement of the objectives, the RBM logframe still faces important issues of consistency, verifiability and measurability. The move toward CD-MAP, still in its infancy stage, should help RBM logframe’s gradual integration with other systems and provide accurate data so as to inform decision making.

40. **Recommendation 7.** *Provide training and set up management checks to ensure regular updating of the ratings in the RBM logframe by LTXs and refine criteria to evaluate DAC ratings of Impact and Efficiency.*





#### **OTTAWA**

275 Slater Street,  
Suite 1600, Ottawa,  
K1P 5H9, ON, Canada

#### **Brussels**

Silver Building,  
70A Boulevard Auguste Reyers  
Brussels, Belgium

#### **London**

Cargo Works  
Unit ET 5.03, 1 – 2 Hatfields, SE1 9PG,  
London, United Kingdom

#### **Montreal**

1111 rue Charles Ouest,  
Bureau 700, Longueuil,  
J4K 5G4, QC, Canada

#### **Nairobi**

Vienna Court,  
State House Crescent Road,  
P. O. BOX 12263-00100,  
Nairobi, Kenya

[WWW.COWATER.COM](http://WWW.COWATER.COM)