

# AFRITAC EAST

## Phase IV Midterm Evaluation Part II



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DevTech Systems, Inc.**

1700 North Moore Street, Suite 1720  
Arlington, VA 22209

[www.devtechsys.com](http://www.devtechsys.com)

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## Acronyms

AfDB	African Development Bank
AFE	AFRITAC East
AFR	Africa Region
AFRITAC	Africa Regional Technical Assistance Center
AGD	Accountant General's Department
BoT	Bank of Tanzania (Tanzanian Central Bank)
CC	Center Coordinator
CD	Capacity Development
CD PORT	Capacity Development: Projects, Outputs, and Results Tracking
CEF	Common Evaluation Framework (IMF)
CFS	Consolidated Financial Statements
COMESA	Common Market for Eastern and Southern Africa
CPI	Consumer Price Index
DAC	Development Assistance Committee (OECD)
DFFP	Department of Fiscal and Financial Policies (Tanzania)
DRD	Domestic Revenue Department (Tanzania)
EAC	East African Community
EAMU	East African Monetary Union
EU	European Union
FAD	Fiscal Affairs Department (IMF)
FMIP	Financial Market Infrastructure and Payments
FPAS	Forecasting and Policy Analysis System (Rwanda)
FPW	Field person weeks
FSR	Financial Sector Regulation and Supervision
FY	Fiscal Year (IMF, 1 May to 30 April)
FYDP	Five-year Development Plan
EFS	Economic and Financial Statistics
GFS	Government Finance Statistics
GP	Global Partnership
HQ	IMF Headquarters
ICD	Institute for Capacity Development
IPSAS	International Public Sector Accounting Standards
IMF	International Monetary Fund
LTD	Large Taxpayer Division (Tanzania)
MCM	Monetary and Capital Markets (IMF)
MEFMI	Macroeconomic and Financial Management Institute
MFA	Macro-Fiscal Analysis (AFE)
MKUKUTA	National Strategy for Growth and Poverty Reduction
MNRW-TTF	Managing Natural Resources Wealth Topical Trust Fund
MoF	Ministry of Finance
MON	Monetary Policy and Operations

MPO	Monetary Policy and Operations (AFE)
NBR	National Bank of Rwanda
NBS	National Bureau of Statistics (Tanzania)
NISR	National Institute of Statistics and Research (Tanzania)
OECD	Organization for Economic Cooperation and Development
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
RA	Resident Advisor (AFE)
RAP	Resource Allocation Plan (AFE)
RBM	Results-based Management
REV	Revenue Administration
RR	Resident Representative
RSN	Regional Strategy Note
RSS	Real Sector Statistics
RTAC	Regional Technical Assistance Center
SC	Steering Committee
SOW	Statement of Work
SSA	Sub-Saharan Africa
STA	Statistics Department (IMF)
STX	Short-Term Expert (AFE)
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TIMS	Travel Information Management System
TRA	Tanzania Revenue Authority
WB	World Bank
ZRB	Zanzibar Revenue Board

# I. TANZANIA CASE STUDY

## A. BACKGROUND

Based on official statistics,<sup>1</sup> Tanzania's real gross domestic product (GDP) increased 7.1% during 2017. The official release of quarterly 2018 growth data is pending due to the ongoing GDP rebasing exercise. The growth in 2017 was reportedly led by expansions in the industrial and agriculture sectors, along with developments in the natural resources wealth and tourism sectors. Infrastructure improvements and a relatively stable power supply supported the growth in the industrial sector, while favorable weather conditions helped an increase in crop production.

The country's macroeconomic performance over the past 10 years has been strong, with an annual average GDP growth rate of 6.5 percent. The trend has been higher than the average for sub-Saharan Africa (SSA) and has been credited to economic reforms and more diversified production. Agriculture continues to be the primary production sector for most of the population, but finance, communication, and trade have also been key economic drivers, particularly in Dar es Salaam and other large urban centers. Tanzania has become one of the world's largest markets for mobile finance, while manufactured exports to regional markets have grown, in addition to the country's traditional exports of raw commodities.

Tanzania implemented its second 2016/17–2020/21 Five-year Development Plan (FYDP II) to target key objectives that were not met under the 2005 National Strategy for Growth and Poverty Reduction (MKUKUTA II) and the 2001/12 FYDP I. The gains made over the past 10 years were unevenly distributed along rural/urban lines and across income groups.

## B. EAST AFRITAC PHASE IV OBJECTIVES AND ACHIEVEMENTS

### Public Financial Management (PFM)

Key achievement areas include supporting authorities in assessing the quality of annual financial statements and the compliance with international public sector accounting standards (IPSAS). In addition, support was given to developing and updating the IPSAS implementation roadmap to enhance the quality of financial reports.

Phase IV assistance provided by AFE and the Financial Affairs Department of IMF (FAD) has led to improvements in the development of consolidated financial statements (CFS), particularly in

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<sup>1</sup> <https://www.tanzaniainvest.com/economy/gdp-2017>

the coverage of public-sector entities, comparison of budgets to actuals, conciseness of reporting, disclosure of obligations to pension funds, and the publication of audited CFS on the Ministry of Finance and Planning website.

There are still some areas which reportedly need improvement, including the ability to reach full compliance with IPSAS and the production of quarterly budget execution reports. While there has been progress on IPSAS compliance, gaps regarding coverage of all the assets and liabilities of the controlled entities remain, specifically in non-financial assets and pension liabilities. The new PFM reform strategy prioritizes completing the on-going transition to IPSAS accrual accounting standards. There have also been gaps in the production and quality of quarterly budget execution reports for FY 2015/16. There were quarterly reports produced for the first two quarters of FY2016/17 with information on budget releases, but no information on actual expenditures.

The most recent TA mission in August 2017 met all the planned objectives to assess the coverage and quality of FY2015/16 financial statements. Reporting templates and year-end processes were reviewed training in financial reporting was provided to the Ministry of Finance (MoF) staff. The mission team also presented RBM log frames to the officials of the Accountant General's Department (AGD) and budget department for their feedback and finalization.

### Macro-Fiscal Analysis (MFA)

Assistance in this area has been focused on supporting the Zanzibar Planning Commission to develop a financial programming framework for macroeconomic forecast budgeting processes and for analysis at the Bank of Tanzania (BoT). Development of the framework started in 2014 and AFRITAC East (AFE) has supported the planning commission with TA and complementary training to support framework use and updates.

Recent TA activities have responded to Phase IV targets to improve the quality of budget documentation, support the development of fiscal principles and objectives, and improve public participation in the budgeting process. The latest TA incorporated the Consumer Price Index (CPI), government employment, and debt data into the FP framework for the first time. The mission also supported the migration of the framework to a shared box directory with access granted to specific MoF, BoT, Zanzibar Revenue Board (ZRB), and Tanzania Revenue Authority (TRA) personnel.

A notable milestone in Phase IV is the MoF's establishment of the new Department of Fiscal and Financial Policies (DFFP), which will be responsible for revenue forecasting, fiscal strategy and fiscal policy analysis. The DFFP is pursuing opportunities to build capacity and AFE would potentially have considerable scope to assist with revenue forecasting and fiscal policy analysis, and to assist the new department to establish tools and processes to smooth interactions with the rest of the Ministry.

## Revenue Administration (REV)

AFE's support in Phase IV included improving tax processing, including: VAT refunds, collection, and accounting systems with emphasis on strengthening electronic filing and data matching; building a reliable tax register and programs of initiatives to detect unregistered businesses; developing compliance improvement programs to improve registration, filing, payment, and accuracy of reporting; and strengthening risk-management practices in tax and customs.

The most recent TA highlighted some areas for improvement in data and systems capabilities within the TRA. Systems for general risk practices still rely on manual processes and the country does not have a unique identifier system to enable its administrative agencies to effectively share data, which would enable cross-checking of risks and identifying potential noncompliance. Another area for improvement is the need to focus on compliance, rather than reporting largely on revenue and revenue-based outcomes. The TRA also needs to better use the new data warehouse to systemize the capture of regional intelligence data. This will enhance national decision-making.

The last mission in November 2017 could only partially achieve its objectives. The mission team was able to identify methodologies to perform some risk metrics, but the lack of data did not allow for testing. The team also provided further assistance to the Domestic Revenue Department (DRD) and the Large Taxpayer Division (LTD) with applied training for improvement plans. The TRA has not, however, developed or used such plans to improve compliance. The mission's back-to-office report concluded that the TRA's commitment to the implementation of risk management and compliance is affected by a shortage in the capacity to effectively develop and implement improvements from current practices.

## Financial Sector Regulation and Supervision (FSR)

In the Phase IV program document, the objectives stated were support to the convergence criteria agreed upon with the East African community (EAC) and development of a roadmap for the implementation of Basel II and III. A 2016 mission built on the work done by a mission in the previous year; a draft capital adequacy regulation containing the different building blocks of the Basel III capital framework (capital definition, Pillar 2, the different buffers and the leverage ratio) was prepared in advance.

Under the country's RBM log frame, the topical objectives for FSR are to make banking supervision compliant with international standards (Basel Core Principles) and financial sector regulatory and supervisory frameworks that comply with international standards.

## C. EVALUATION OF EFFECTIVENESS

Figure 1. Percentage distribution of completed FY2018 activities

*\*As of February 2018*

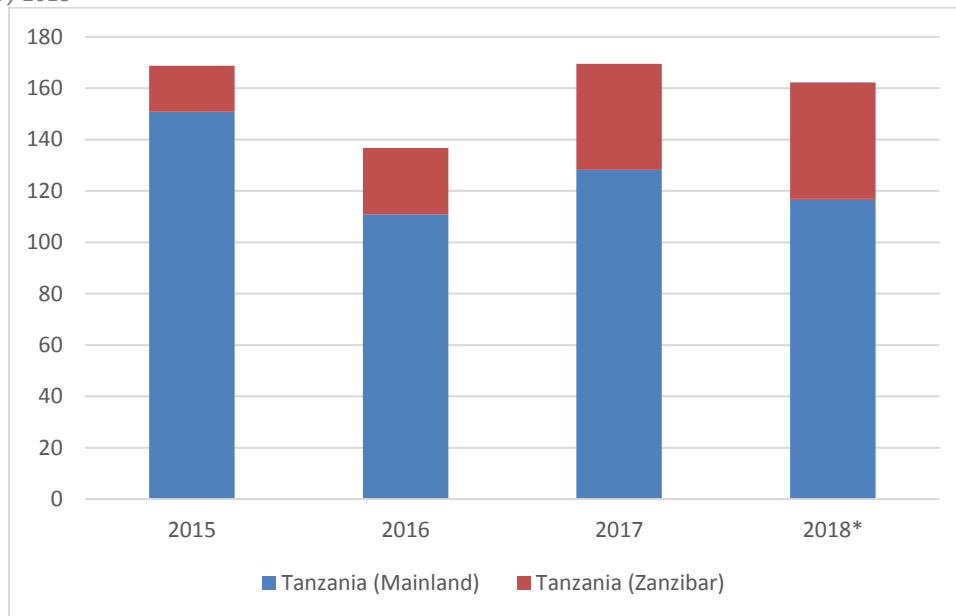


Figure 1 shows actual field person weeks (FPWs) in Tanzania during Phase IV. FPWs were highest in mainland Tanzania in 2015, at 151. As of February 2018, 117 FPWs have been provided, which translates to an execution rate of 117% for the fiscal year. FPWs have also been increasing in Zanzibar—from 18 in 2015 to 45 as of February 2018.

The overall feedback from interviews with authorities by the Team indicated that the assistance from AFE largely met operational goals and objectives. The authorities' responses can be categorized in three ways. First, they reported AFE assistance as effective because the planning of activities was participatory. The authorities recognized the annual needs assessment forms as a very useful method for them to provide strategic input into what specific areas need capacity development (CD) assistance. Second, the activities provided by AFE were responsive on very broad terms. Activities are responsive because they target specific needs of the operational units. For example, National Bureau of Statistics (NBS) staff reported the training methods to be hands-on and useful for learning compared to other forms of CD. It is also responsive on higher-level and strategic perspectives, according to interviews; the assistance provided helped meet the authorities' larger objectives of regional integration and compliance with international standards and practices.

Based on the AFE's rate of delivery and the feedback from the authorities, the rating for effectiveness is 6.0 (Very Good).



## D. EVALUATION OF EFFICIENCY

All authorities interviewed by the evaluation team stated that TA missions, trainings, and workshops have been delivered efficiently. The AFE's location in Dar es Salaam is an obvious advantage to Tanzanian authorities, since they find that in-person engagements have been more effective than other formats. NBS staff have tried conducting virtual meetings, but the Bureau did not have the technological infrastructure to use that format on a permanent basis. BoT staff also stated that some of the CD activities in which they participate cannot be fulfilled online and that efforts to save costs come at the expense of learning quality. Reports also said that their offices need an interlocutor with other regional authorities and that AFE has played that role; for an example, reference the BoT's engagements with the Bank of Uganda on bank supervision CD.

Both the authorities and AFE staff still have to see the long-term effects of the national government's recent move of operations from Dar es Salaam to Dodoma in terms of conducting TA missions and trainings. All the authorities the evaluation team interviewed stated that the current modalities of how assistance has been delivered have been satisfactory.

The rating for Efficiency in the AFE's delivery of CD activities is 6.5 (Excellent).

## E. EVALUATION OF SUSTAINABILITY

All authorities stated the need to have continued engagements with the IMF and other development partners, because building capacity involves a long-term process. For authorities at the TRA, for example, technology and the dynamics of tax policy are always changing; thus, they will continue to require the assistance of the IMF and other partners. BoT officials also see changing global trends and innovations in key areas such as banking supervision and forecasting, and they see the IMF as a global organization that can assist them in keeping up with these changes.

The manuals, spreadsheets, templates, and other resources that are provided in the CD activities have reportedly helped authorities achieve sustainability in three ways. First, the resources foster an environment of forward learning after the activity, especially for staff members who were not able to participate in the activity provided by AFE. Staff who attended the activity stated that they shared the resources and are also sometimes required to do presentations. Second, the Government of Tanzania faces the challenge of high staff-turnover and these resources mitigate its effects by providing new hires with immediately accessible materials for learning. Third, the resources help the authorities inform and advise senior staff in decision-making.

Based on the authorities' feedback, the rating for Sustainability is 6.5 (Excellent).

## F. EVALUATION OF IMPACT

Authorities view some of AFE's and the IMF's assistance as unique and something which cannot be provided or replaced by other development partners. For example, BoT officials view IMF's TA model of leveraging a network of central banks as unique, stating that it is better than academic training, and not a capacity that can be built by other organizations. The policy support that the IMF provided for the financial stability board is an example. The Center's TA on financial stability helped identify gaps at the policy-formulation level. BoT authorities also stated that they might not be aware of trends in relevant areas, such as banking supervision in other countries, and AFE serves as a resource for gaining that knowledge through CD activities. Other authorities reported seeing some capacities being built through work with other development partners. For some NBS staff, GDP forecasting is not exclusively done by the IMF and TA can be provided possibly by other international organizations.

Based on the authorities' feedback, the rating for Impact is 6.0 (Very Good).

## II. RWANDA CASE STUDY

### A. BACKGROUND

The agricultural sector is the primary backbone of Rwanda's economy, with three-quarters of the population employed in agricultural activity, making up 31% of GDP in 2017.<sup>2</sup> Agriculture accounts for about 63% of export earnings, followed by some mineral and agro-processing. The second-largest industry sector is small and counts construction as its largest component. A third sector, services, has been the focus of economic diversification (away from agriculture). Population density in Rwanda is high, but except for the capital Kigali, is not concentrated in large cities. Tourism, minerals, coffee, and tea are the country's main sources of foreign exchange. Food imports has been required despite the country's fertile ecosystem. Energy shortages, instability in neighboring states, and lack of adequate transportation linkages to other countries continue to handicap private sector growth.

Rwanda has been recognized as a leading reformer in sub-Saharan Africa, with impressive performance in poverty reduction. The country has a strong record of structural reform implementation and has accomplished an ambitious development program over the past two decades. Its policies have resulted in high and inclusive growth, poverty reduction, improved living standards, and sharpened competitiveness.

These policies were implemented in the context of a 20-year "Vision 2020" strategy that envisages the country moving to middle-income status by 2020. This has been implemented through 5-year policies under successive "Economic Development and Poverty Reduction Strategies". Annual GDP growth has averaged 7.5 percent in the last decade and poverty levels dropped from 57% in 2006 to 39% in 2014. The country has made important strides on improving business environments: in the Doing Business indicators, it moved from a global rank of #148 in 2008 to #41 in 2018, second in Africa. In terms of GDP per capita, however, at USD 748 in 2017 Rwanda remains substantially below average for sub-Saharan Africa.

### B. EAST AFRITAC PHASE IV OBJECTIVES AND ACHIEVEMENTS

AFE's Phase IV program document defined the objectives regarding Rwanda. The program document reiterated that capacity needs and demand for IMF TA and training remain high in the core areas of REV, PFM, MFA, REV, MON, FSR, and macroeconomic and financial statistics.

The AFE Phase IV Program Document defined for Rwanda the following strategic sectors or areas of Interventions:

#### **PFM**

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<sup>2</sup> <http://statistics.gov.rw/publication/gdp-national-accounts-fiscal-year-201718>

During Phase III, the Center contributed to a revised legal/regulatory framework, improvements in budget and fiscal reporting practices, and increased budget coverage. Phase IV support is focused on improving budget processes and medium-term fiscal planning, such as refining the annual budget presentation and its linkages to the medium-term expenditure framework.

- Strategic targets: Provide assistance for developing tools and methods to strengthen budgeting, budget execution, and financial reporting and oversight practices, while also making improvements to efficiency, expenditure management and accountability.
- Topic objectives: Improve the quality of fiscal reporting; strengthen treasury and cash management; and enhance financial management systems.

## **MFA**

During Phase IV the Center would continue to advise on macroeconomic/fiscal forecasting and on the analysis and reporting of fiscal risks.

- Strategic targets: Support improvements in PFM by building capacity in fiscal analysis, budgeting and forecasting.
- Topic objectives: Enhance the analysis and management of fiscal risks and improve fiscal forecasting and budgeting.

## **REV**

Over Phase III, the Center supported Rwanda to improve risk management practices and develop compliance-improvement plans; a new customs IT system was deployed. Over phase IV, the Center will support Rwanda to improve tax processing and develop compliance management strategies and supporting programs.

- Strategic targets: To assist authorities to build the capacity to mobilize revenue and improve the environment for doing business.
- Topic objectives: Embedding risk management to raise compliance and facilitate trade and to improve compliance management in tax and customs.

## **FSR**

Prior to Phase IV, The Center focused TA on risk-based (banking) supervision and the development and roll-out of the implementation of the Basel II and III roadmap. During Phase IV, the Center will continue supporting the Basel II and III roll-out and will help the NBR to comply with EAC convergence criteria.

- Strategic targets: To increase financial stability through sound micro- and macro-prudential regulations and supervision.
- Topic objectives: Banking supervision compliant with international standards (Basel Core Principles) and financial sector regulatory and supervisory framework complying with international standards.

## MON

Before 2016, the Center provided training on the oversight of external managers of international reserves. The establishment of a fully operational Forecasting and Policy Analysis System (FPAS) is ongoing and is expected to continue over Phase IV. Over Phase IV, the Center will support the central bank to strengthen its monetary and exchange rate operational framework and align it with evolving monetary policy, as well as to develop the interbank money market, the foreign exchange market, and government securities market.

- Strategic targets: Improvement of monetary policy formulation/implementation and payment system modernization.
- Topic objectives: Improve monetary and exchange rate policy execution; management of international reserves in compliance with sound practices; payments systems in compliance with international standards; improve monetary policy formulation and implementation; development of financial markets to support monetary transition and debt management.

### Economic and Financial Statistics

During Phase IV, the Center will assist the Rwandan authorities in the development of annual institutional sector accounts and quarterly GDP expenditure estimates and will provide support to implement fiscal data improvement plans, aimed at aligning GFS compilation and dissemination according to international guidelines.

- Strategic target: To improve the quality and expand the range of macroeconomic statistics disseminated, including consistency with international standards.
- Topic objectives: Quarterly national accounts, external sector statistics, annual national accounts, and exports and imports price indices aligned with international standards and good practices. Government finance statistics compiled and aligned with international standards and good practices.

## C. EVALUATION OF EFFECTIVENESS

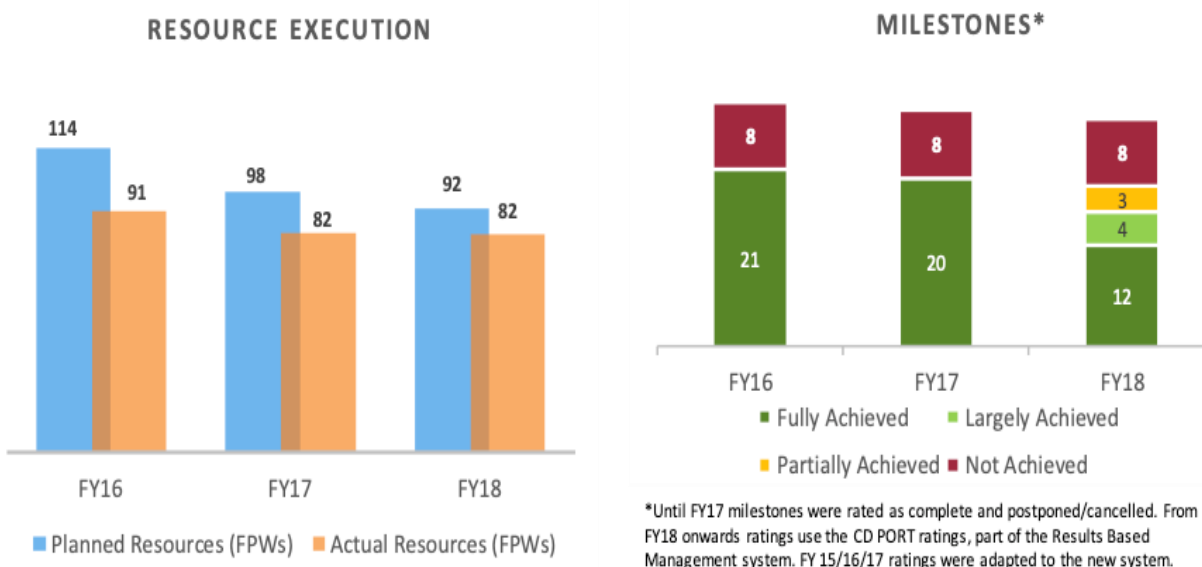
*"Effectiveness" in this evaluation is a measure of the extent to which the technical assistance attains its objectives. Questions addressed include: is the project achieving its outcomes and delivering results? Are the risks to the project being identified and addressed?*

In terms of quantitative indicators regarding the intervention, AFE has adopted an output-oriented approach to capacity development. The information system is still being set up, but partial information is available. AFE has also started tracking outcomes, i.e. intermediate results, through the circulation of the impact survey. For the three years of evaluation, the indicators of milestones rate of execution (in relation to the annual plan) provide useful results of the activities carried out by the Center in Rwanda.

Rwanda has had a high rate of execution in terms of the resources spent by the Center in TA and training. In terms of FPWs, for example, 80% of planned input during FY 2016 were

executed, 83% in FY 2017 and 89% in FY 2018 (see Figure 2 for resource execution). In terms of milestones achieved, Figure 2 also shows a rate of execution higher than 70% during the period of evaluation. It is worth pointing out that most milestones “not achieved” were ones that have been postponed or were “in progress” during the time of fiscal year preparation report.

Figure 2. Rwanda: Resource Execution and Milestones, FY 2016-18



Source: East AFRITAC annual reports

During the period of 2016 to 2018, the MON sector received the most share of resources (23%) provided by the Center, followed by the REV sector (21%).

The evaluation team interviewed several Rwandan beneficiaries of the Center’s intervention during a field trip to Kigali: Ministry of Finance and Economic Planning, Statistics Department, Rwanda Central Bank, and Revenue Authority. Rwanda has spent 72% of the Center’s resources with TA (only Kenya (81%) and Uganda (74%) spent a higher proportion of resources in TA). During FY 2018, Rwanda had a very good execution rate of FPWs (planned vs. actual), with an average of 89% for all sectors. Only PFM, with 55%, and MFA, with 61%, had an execution rate below average.

A review of the main TA missions and training during the period of evaluation show that the Center’s interventions were closely related to the strategic targets and topic objectives defined in the Phase IV program document for Rwanda:

- **In the FSR sector**, TA missions helped the NBR to implement a consolidated supervision, a critical intervention because foreign-owned banks dominate the banking sector. Training was also provided on risk-based supervision (credit risks and risk management cycle in

commercial banks), especially on integrating supervisory processes to comply with Basel II and III. TA also helped the BNR to formalize and document macroprudential policy framework, identifying tools to mitigate specific systemic risks.

- **In Government Financial Statistics (GFS)**, TA was deployed to help the country to compile yearly general data and quarterly public-sector debt statistics, as well as to disseminate on high frequency fiscal and debt data.
- **In MFA**, training was provided on financial programming and policies for authorities. TA helped the Ministry of Finance and Economic Planning to update the revenue forecast framework and to correct errors using the Revenue Forecasting Tool (REFOTO).
- **In the MON arena**, TA and training during the period of evaluation was concentrated on (1) implementation of an interest-rate-based operational framework to achieve Rwanda's monetary policy objective under the inflation-targeting regime; (2) implementation of a master repurchase agreement and additional measures to facilitate the development of the repo market; and (3) training on a customized FPAS aimed at reviewing the macro underpinnings and developing and communicating projections of the core forecasting model.
- **In PFM**, TA was provided to help the authorities to review the chart of accounts, including preparation of a manual for the accrual-based chart of accounts, as part of a planned implementation of international public-sector accrual accounting standards.
- **In Economic and Financial Statistics**, TA focused on improving a rebased CPI which was released in 2017. Estimates were validated and finalized; the output and intermediate consumption estimates by activity were linked into the quarterly GDP production system. Back-cast series were also prepared for the years before 2013. Support continued in this area to support the National Institute of Statistics to compile constant 2015 price series for quarterly and annual GDP estimates, which became required under statistical regulation by the EAC.
- **In REV**, TA focused on (1) helping authorities to develop and assure quality of procedures for filing, payment and taxpayer accounting for the new tax administration IT system (E-Tax); (2) to improve the revenue authority's approaches to managing tax arrears and training on managing compliance in the telecommunication sector; (3) to improve the integrity of the taxpayer register; and (4) on developing capacity in post-clearance audit in customs.

In sum, the delivery of TA and training to Rwanda during the period of evaluation attained the strategic targets and topic objectives of the Phase IV document. In terms of the average rate of execution of planned resources in FPWs (average for 3 years) the result is 84%, which gives a 6.4 (Very Good), but very close to a 6.5 rating (Excellent).

## D. EVALUATION OF EFFICIENCY

*“Efficiency” measures the monetary value of the outcomes or benefits of CD activities compared to the monetary value of the inputs or costs incurred to achieve them.*

Efficiency of TA was discussed with the Rwandan authorities during interviews in the field. The direct beneficiaries were asked if there was a more-effective way to perform the Center’s activities, especially TA. Most respondents could not envisage a more efficient way to deliver the activities. The main reasons were stated as follows: (1) the Center is close to the beneficiaries; it has been able to gather a great number of experts in the main fields of expertise and to deliver a high-quality TA based on best practices; and (2) the Center is now very knowledgeable about the country needs. In addition, Rwandan authorities referred to the fact that, for them, the delivery of TA and training by the Center is very efficient, especially because it carries a low cost for the beneficiaries.

Based on the authorities’ answers to the evaluation team questions, the rating for efficiency is 6.0 (Very Good).

## E. EVALUATION OF SUSTAINABILITY

*“Sustainability” in this evaluation measures the extent to which the outcomes or benefits achieved by the TA activity are likely to continue or last beyond the delivery of the TA to Rwanda.*

The evaluation team learned that TA delivered to Rwanda, particularly at the Ministry of Finance and Economic Planning, is more sustainable because the staff turnover has been low. Therefore, continuation and sustainability of TA achievements go beyond the time frame of its execution. Main reasons that justify this trust include (1) hands-on training, which helps the capacity building to last longer; (2) internal practice in the government agencies, which require that for every training received, or TA delivered, the main beneficiaries must train other staff in the same area and prepare manuals and guides.

During the interviews, Rwandan beneficiaries emphasized that they systematically coordinate their work and demands with the country representative who participates in the AFE steering committee. This rapport has helped to better adjust the needs at the ministry and agency levels with the requests conveyed to the Center management.

The IMF RR. in Kigali also mentioned the fact that Rwandan authorities have been very responsive to the Center’s activities. He underlined that Rwanda has an intense TA program, mostly delivered by the Center. Furthermore, Rwandan authorities are open-minded, are not afraid of receiving advice, and they are willing to move forward. This approach certainly favors sustainability.

Based on the authorities’ feedback from the Ministry of Finance and Economic Planning, Statistics Department, Rwanda Central Bank, and Revenue Authority, the rating for Sustainability in the case of Rwanda is 6.5 (Excellent).



## F. EVALUATION OF IMPACT

*The “impact” of TA or training is the difference in outcomes that occurred with the intervention compared to what would have occurred without the project.*

Regarding the impact of TA delivered by the Center, Rwandan authorities that were interviewed stated that they were unable to compare what would have occurred without the Center’s provision of TA and training. In few and very specific areas, the beneficiaries acknowledged that other alternatives in terms of TA would be feasible, but all of them underlined that in terms of the costs for the country members, the TA provided by the Center is the most beneficial. In terms of quality, the authorities were unanimous in saying that the IMF and the Center have the highest quality of TA in their area of expertise.

The team evaluation for impact in the case of Rwanda is 6.5 (Excellent).

## III. UGANDA CASE STUDY

### A. BACKGROUND

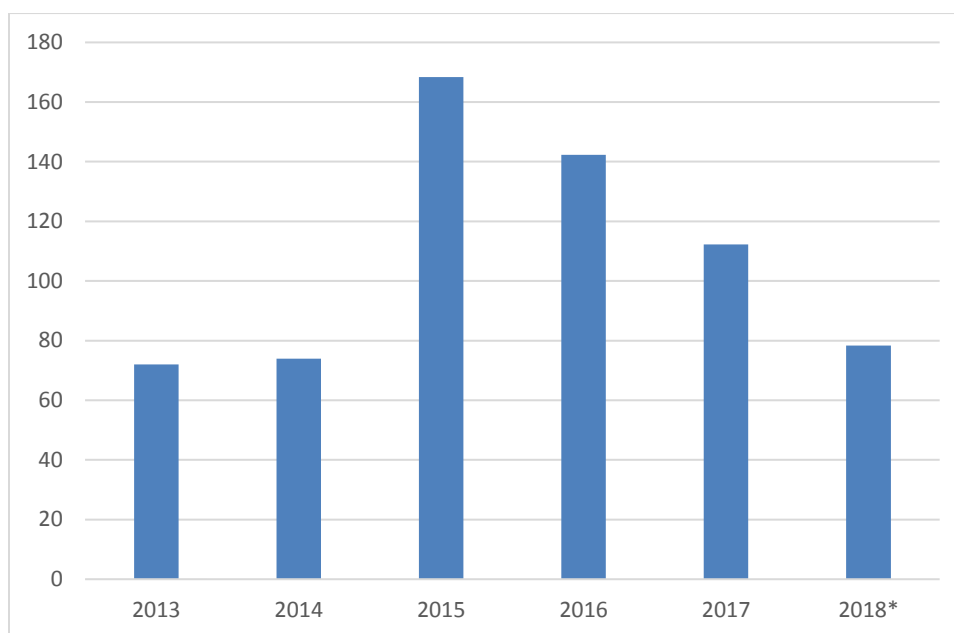
Uganda's economy has grown slower in recent years, with annual average growth rates of 4.5% from 2012-2016 compared to 7% during the 1990s and early 2000s. The slower growth was due to adverse weather conditions, unrest in South Sudan, private sector credit constraints, and uncompleted public projects. In the second half of 2017, the economy grew due to growth in information communication technology (ICT) services and better weather conditions for agriculture. With continued good weather conditions, strong external demand, more foreign direct investments (FDI), and better public spending, real GDP growth is expected to be at least 5% in 2018 and 6% in 2019.

The country applied a moderate approach to fiscal policy to support key infrastructure projects in transportation and energy while keeping recurrent expenditure constant. The balance of payments experienced low commodity prices due to slow growth in Europe and China and tighter monetary conditions globally. The macroeconomic policy has focused on containing inflationary pressures, exchange rate stability, and achieving domestic resource mobilization growth of 0.5 percentage point of GDP.

### B. EAST AFRITAC PHASE IV OBJECTIVES AND ACHIEVEMENTS

The East AFRITAC Phase IV Program Document defined the objectives for all countries. The program document reiterated that capacity needs and demand for IMF technical assistance and training and the sections below discuss recent achievements towards goals and objectives stated in the document. Figure 3 present the trend in actual FPW from FY2013-18.

Figure 3: Actual FPW in Uganda FY 2013-18



### Macro-Fiscal Analysis

Phase III focused on CD in GDP forecasting at the Ministry of Finance and the Bank of Uganda. Phase IV plans included fiscal forecasting as an additional area of support for AFE. This plan is in line with the government's efforts to strengthen its PFM legal framework.

A February 2018 mission followed on previous progress by assessing the relevance and usefulness of the existing GDP forecasting tool, updating and correcting the tool where needed, and reviewing and updating the Tax Policy Department's (TPD) revenue forecasting and tax policy modeling methodologies. Specific tasks included the review of the tool with Macroeconomic Policy Department (MPD) officials to address coding and data errors, diagnosis of constraints to sustainability on the ongoing use of the tool, mapping the processes that link GDP forecasts with revenue forecasting and tax modeling processes used in the TPD.

### Revenue Administration

In Phase III, AFE helped strengthen risk management practices and automated tax administration systems with the revenue authorities. AFE also supported the country's development of information technology (IT) strategies and the implementation of new IT tax and customs systems. Phase IV plans include tax processing improvements, construction of a reliable tax register, and improvements in compliance and capacities to assess risks. AFE will also assist in the using the Tax Administration Diagnostic Assessment Tool (TADAT).

In September 2017, AFE completed a mission to address the reliability of data from the Uganda Revenue Authority (URA), particularly in the taxpayer register. While the URA has made

progress on registration initiatives for businesses and individuals and in fostering cooperation with other government entities, integration of data with other authorities and the maintenance of taxpayer data with reliable third-party sources remained as gaps.

In February 2018, AFE conducted a mission to review progress made in the preparation and implementation of the medium-term revenue strategy (MTRS) and assess the authorities' interest in TA support of the MTRS and from East AFRITAC. The mission provided recommendations on the preparation of the MTRS then, which incorporated feasible recommendations from previous TA missions, expressed interest in prioritizing of MTRS measures, and expanding the Domestic Revenue Mobilization (DRM) committee<sup>3</sup>, and included results of MTRS interventions from multiple development partners.

### **Financial Sector Regulation and Supervision**

East AFRITAC supported risk-based supervision framework enhancements and continued improvements on the Forecasting Policy Analysis System (FPAS) in Phase III. Plans for Phase IV included further support to the implementation of risk-based supervision (RBS) by the Insurance Regulatory Authority of Uganda.

A mission team met with Bank of Uganda (BOU) officials in December 2017 to review RBS and Basel II implementation as well as to provide training on RBS supervisory processes. The BOU advised the mission of gaps in the bank's capital framework, which the mission stated could be addressed by the implementation of Basel II. The mission team stated the BOU's implementation of Basel II/III has been challenged and while progress has been made on RBS implementation, some gaps remain in dealing with various risks.

Training participants stated the training was helpful in enhancing knowledge of risk assessment and oversight, RBS concepts and applications, and supervisory roles. They specifically cited the use of live case studies and the effectiveness of the presenter and resource person.

### **Monetary Policy Operations**

East AFRITAC provided Phase III support to primary dealer system reforms for government securities and the establishment of an FPAS. Initial plans for Phase IV included increasing staff proficiency on FPAS use in decision making and strengthening foundations for an inflation targeting regime.

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<sup>3</sup> The DRM committee is a stakeholder group consisting of GoU authorities and development partners to improve planning and coordination of CD activities by various providers.

Figure 4: Distribution of Planned MON CD Activities FY2015-19

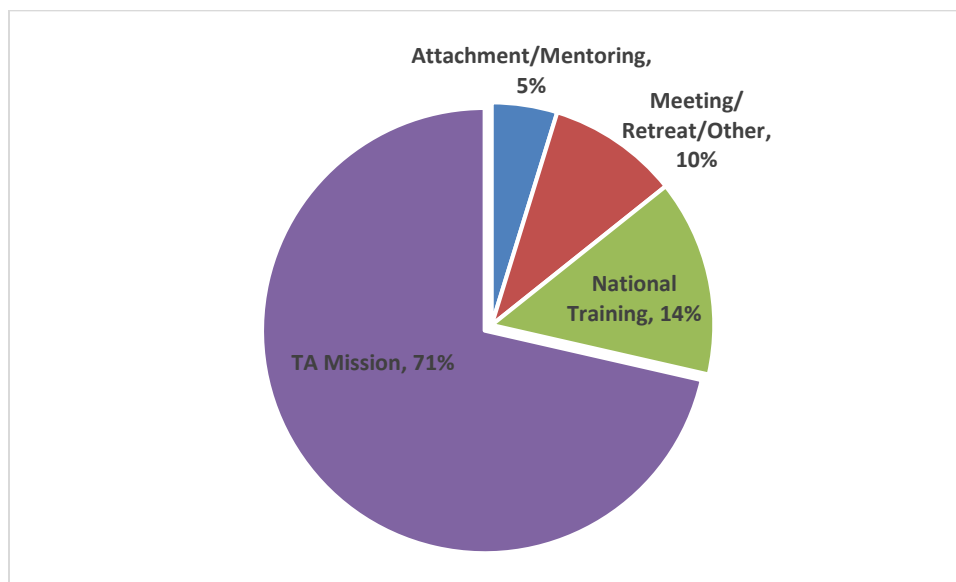


Figure 3 shows the distribution of planned MON activities for FY2015-19. TA missions (71%) account for the largest share and consists of various topics including FPAS support, inflation targeting, liquidity forecasting, and repo market development. All national trainings (14%) were concentrated on FPAS development and strengthening. Three activities are planned for execution in FY19.

### Economic and Financial Statistics

In Phase III, AFE provided support on NAS and prices statistics and the Uganda Bureau of Statistics (UBOS) has rebased and released its CPI, PPI and GDP estimates. Phase IV plans included further support on the compilation of data for the next GDP rebase and quarterly estimates of other NAS aggregates. AFE will also support the rebasing of the CPI, PPI, and XMPI while also engaging the authorities to implement their fiscal data improvement plans to align GFS compilation and dissemination with international guidelines.

AFE has achieved an execution rate of 100% in this area over Phase IV, with 32 TA missions, one attachment, and one national training. Most of the activities were delivered in FY2015 (10) and FY2016 (12) while six activities each were completed in FYs 2017 and 2018.

## C. EVALUATION OF EFFECTIVENESS

Authorities have stated that AFE activities have been demand-driven and tailored to the needs of the ministry's different departments. In the Ministry of Finance, Planning, and Economic Development (MOFPED), for example, missions on GFS have been designed to focus on users of data to provide hands-on training. But on a broader perspective, the stakeholder community needs to improve on coordination and communication to improve the effectiveness of CD

activities. The authorities acknowledge this is a situation they must lead in addressing. They know their CD needs, priorities, and staff availability and they must convey this information to all partners for better planning and sequencing of activities. The formation of the DRM committee is a positive step towards improving coordination. Committee meetings can serve as the forum for information exchange between authorities and development partners on what assistance is needed and what can be provided.

Revenue authorities made a distinction between planning with AFE and HQ. The authorities find the needs assessment forms very convenient for planning purposes since they can anticipate what activity will be provided by AFE to have the relevant staff available. Planning with HQ has been on a shorter time horizon, sometimes just weeks between notification and arrival of the mission team. This process has made it challenging for authorities to guarantee the availability of the relevant staff and prepare any needed data.

Based on the authorities' feedback, effectiveness is rated as 5 (Good).

## D. EVALUATION OF EFFICIENCY

The acknowledgement among authorities that coordination must improve also has efficiency implications. CD activities will be delivered more efficiently if the right partner is identified for the specific capacity being built. Some BoU officials envisioned a scenario where AFE will be the key CD provider in banking supervision while debt management can be led by the World Bank.

The authorities did not provide much feedback on how AFE can deliver assistance in a more efficient manner.

## E. EVALUATION OF SUSTAINABILITY

East AFRITAC activities complement certain standards and procedures with the governments offices that fosters an environment of sustainability. For instance, participants of CD activities from any development partner are required to conduct a presentation to share lessons learned as part of a Bank-wide knowledge-sharing practice. In the MOFPED, authorities with the Accountant General's Office stated that CD activities have a "multiplier effect" because knowledge sharing is done with other directorates (e.g. Budgets) so sustainability is achieved across institutions. For BoU officials, follow-on training is required for colleagues by staff who participated in CD activities.

The authorities also see the RBM framework helps maintain capacity and ensure sustainability because performance is tracked until strategic objectives are met. Officials acknowledge that the RBM is "a lot of work" but will be very useful over time. In building capacity for national payment systems, for example, officials state that some concepts are new so the logframe helps identify gaps in building this capacity. The interactive process on the RBM also allows officials to set time frames to targets.

Based on the authorities' feedback, effectiveness is rated as 6 (Very Good).

## F. EVALUATION OF IMPACT

Authorities stated the impact of AFE activities is significant because East AFRITAC has a strong and unique regional presence that other development partners do not have. They stated that there are some key areas where other development partners can assist, e.g. debt management by the World Bank or TA in banking from JP Morgan or Goldman Sachs, but the IMF has the global presence and expertise in broader areas compared to other organizations.

Some authorities from the BoU stated that the IMF has been the leading organization in the building capacity in the Basel accords and the principles of financial market infrastructure. They also said the IMF assists in these capabilities in a high quality but low-cost manner. Other possible providers include MEFMI, certain central banks in targeted areas (e.g. Bank of England) but can be expensive and with unknown or different practices.

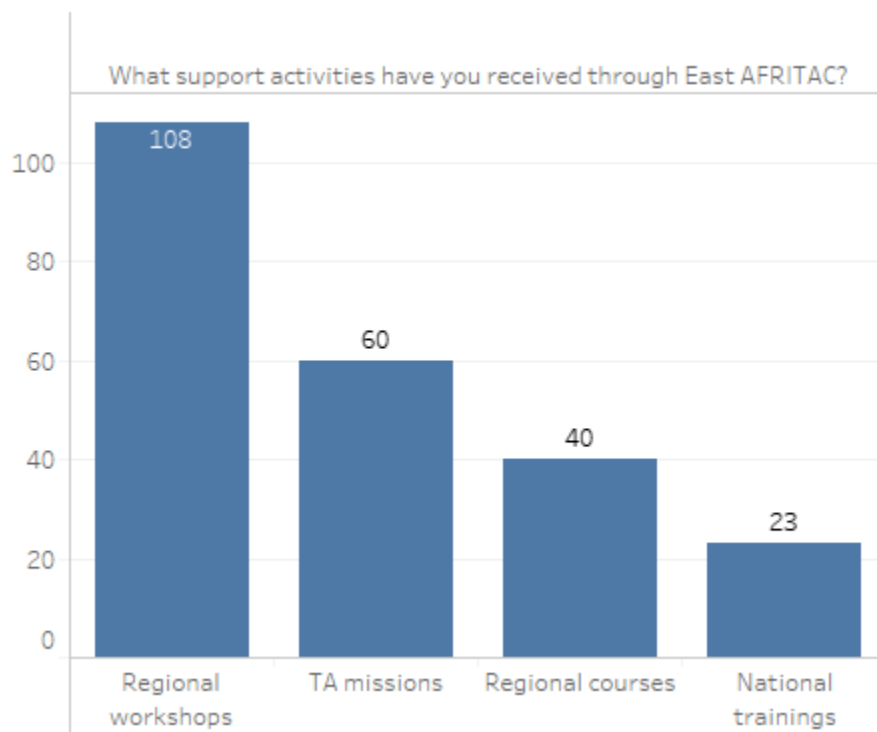
Based on the authorities' feedback, effectiveness is rated as 6 (Very Good).

## IV. ONLINE SURVEY RESULTS

The online survey was designed to obtain information from the perspective of the beneficiaries of AFE TA, namely country authorities in East Africa. The questionnaire for country officials was like that received by IMF staff, but customized for country officials.

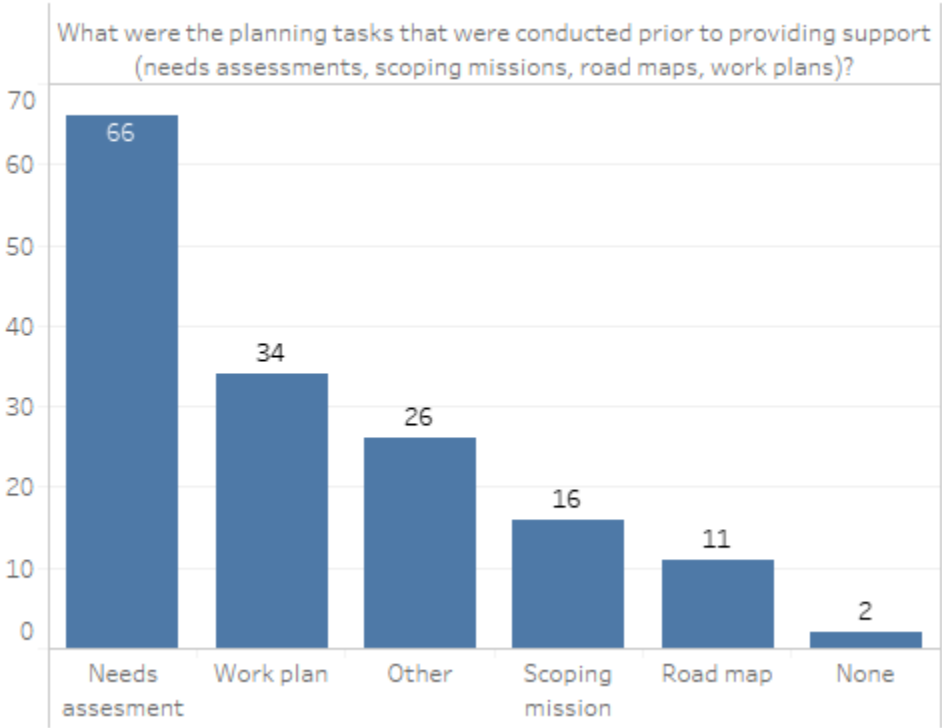
Electronic surveys were emailed to 1,043 country officials who had direct experience with AFE. The list was compiled from records of attendance at AFRITAC regional TA workshops in FY 2016, 2017, or 2018. One hundred twenty-nine (129) responses were received as of October 26, a response rate of 12%.

One hundred eight (108) respondents (84%) reported that they had participated in regional workshops through AFE. Additionally, 60 (47%) had received a TA mission led by either IMF HQ staff, a resident advisor, or a short-term expert (STX), 40 (31%) had participated in regional courses with ICD or at ATI, and 23 (18%) had participated in national trainings with an RA or STX.

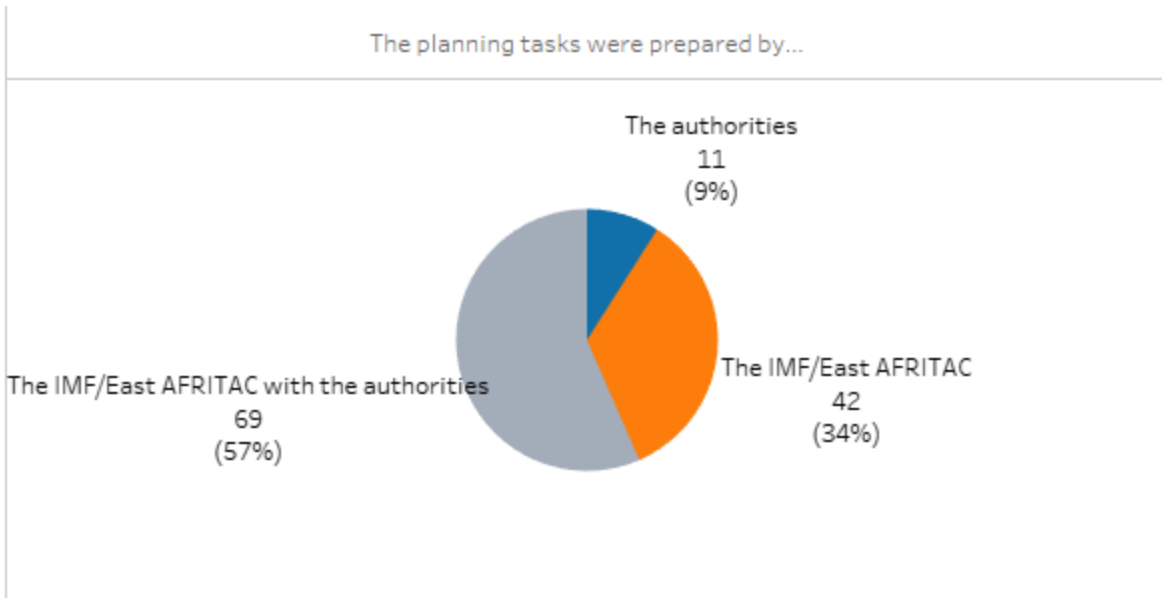




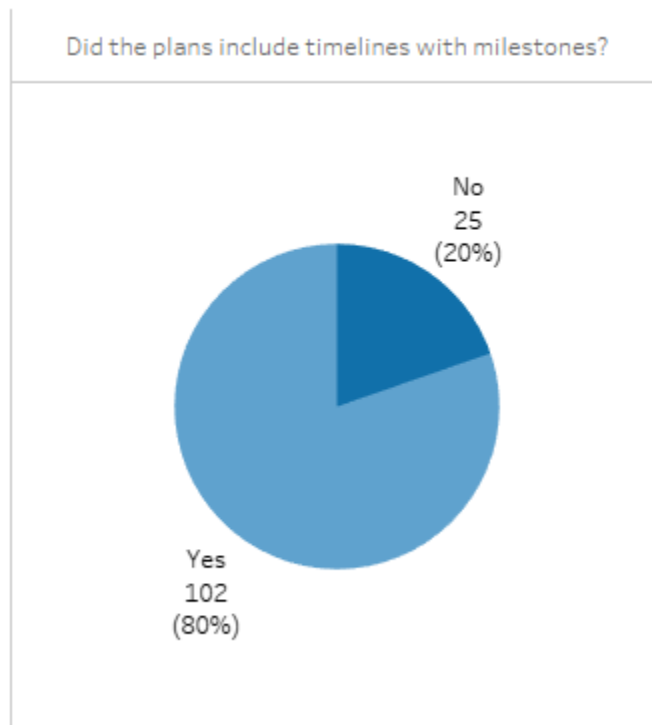
The country officials were asked what planning tasks were conducted prior to the support activity. Eight respondents skipped the question; 121 answered. Needs assessments were the most prevalent planning activity, with more than half of respondents (66) mentioning a needs assessment. Also mentioned were work plans (by 34 respondents), scoping missions (by 16 respondents), and roadmaps (by 11 respondents). Twenty-six (26) respondents mentioned other country- or program-specific tasks.



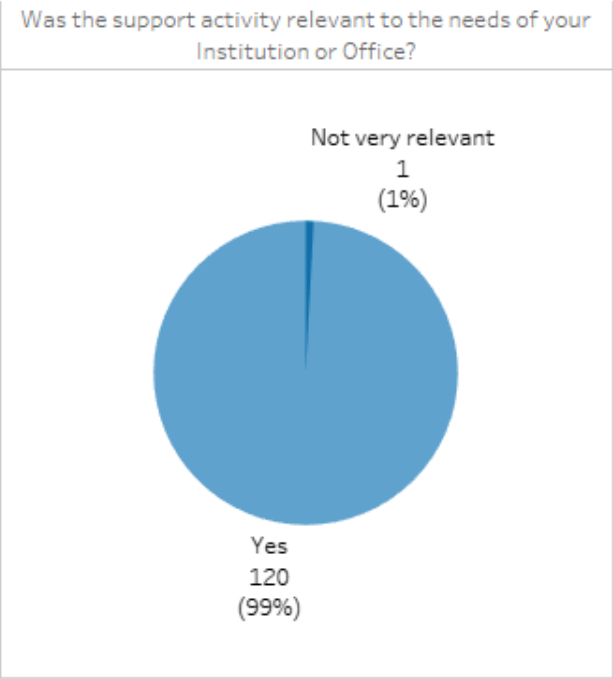
Most survey respondents reported that the IMF provided support in the preparation of the planning tasks, either alone (34%) or together with the authorities (57%). Only 9% reported that the authorities prepared the planning tasks without mentioning IMF involvement.



Most plans involved timelines with milestones. Eighty percent (80%) of respondents indicated that the plans included timelines with milestones.



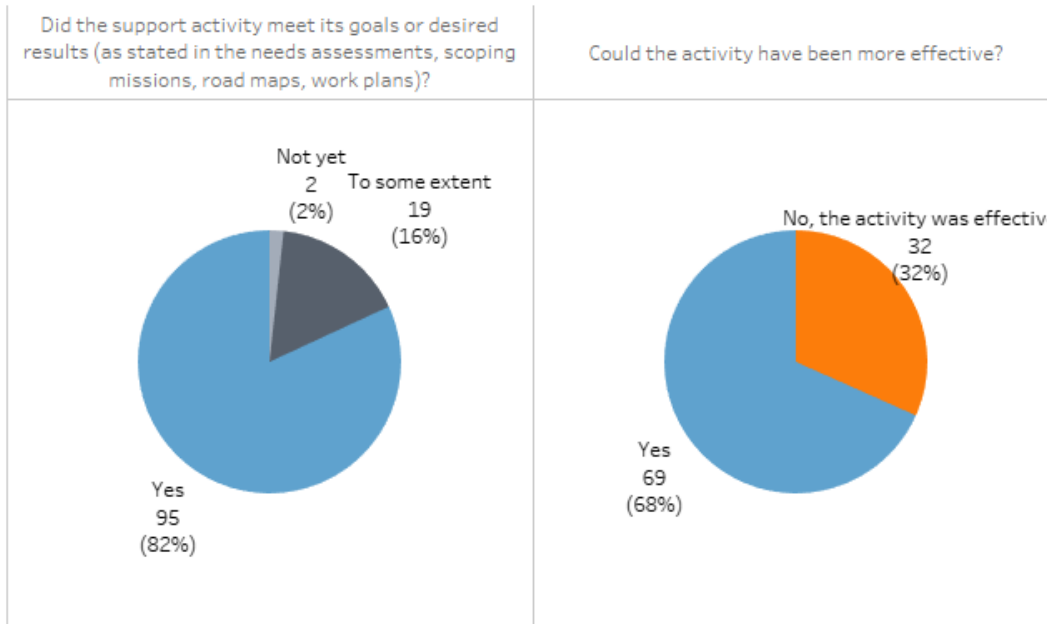
The country authorities reported that the TA was relevant to their needs. One hundred twenty-six (126) survey respondents answered the question about relevance. Only one respondent indicated that the TA was not very relevant to the needs of his office at the time of the training.



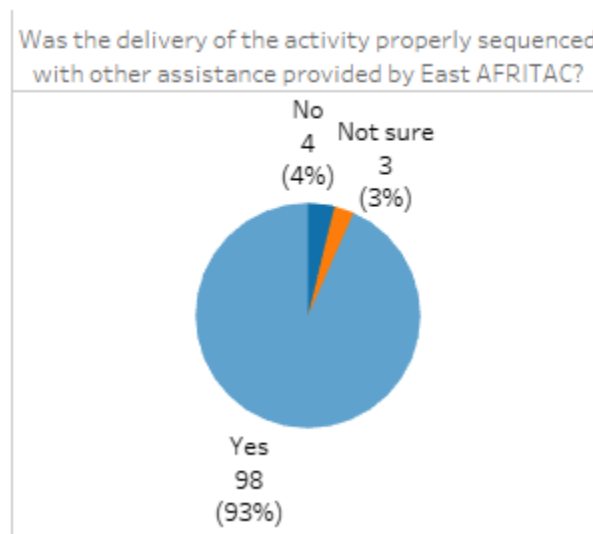
When asked if the relevance of the assistance could have been improved, 113 survey respondents provided answers (10 skipped the question and six answered “N/A”). The most frequent suggestion for improvement was for more TA, either as more time or more frequent assistance, or by including more staff from the authorities in the TA. Several respondents indicated that the assistance received could have been more closely tailored to their agency’s needs. Some officials also expressed that more or better regional or country examples could have been included.

Most survey respondents (95) felt that the TA achieved its desired results as stated in the pre-assistance work. Several (19) indicated that it had achieved results partially or to some extent. Two respondents indicated that the desired results had not yet been achieved.

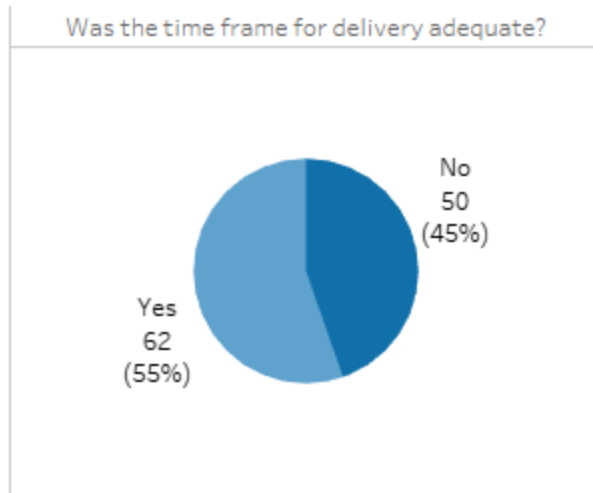
When asked whether the TA activity could have been more effective, 32 indicated that the activity was already effective. Sixty-nine (69) indicated that the effectiveness of the activity could have been improved.



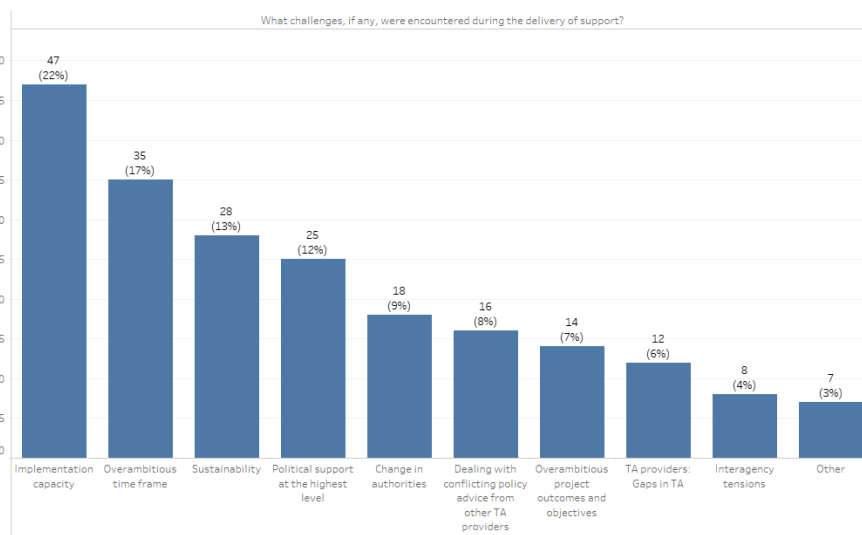
Nearly all respondents, 98, reported that the TA was properly sequenced with other assistance. Three respondents were unsure, and four indicated that the assistance was not properly sequenced, but did not elaborate on their answers.



Respondents were less satisfied with the time frame for the delivery of assistance, with only 62 (55%) responding that the time frame was adequate. This is consistent with responses to previous questions expressing that the assistance could have been improved with more time.



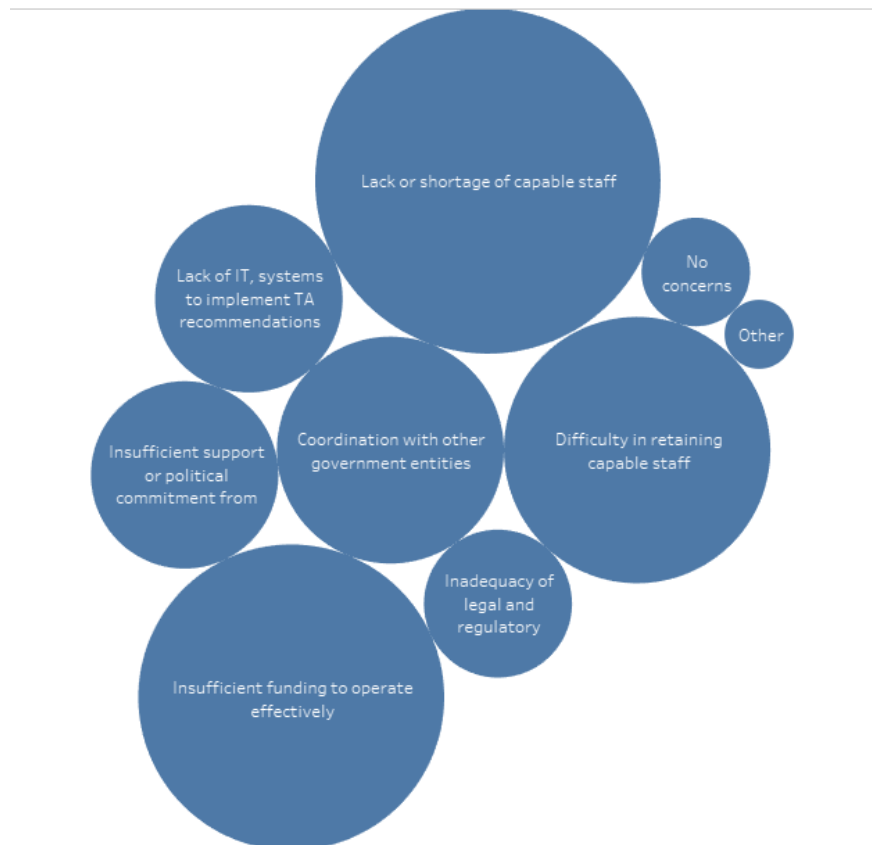
Regarding challenges encountered during the delivery of support, 27 respondents selected “N/A,” apparently indicating that no challenges were encountered. The greatest number of respondents, 46, identified implementation capacity as a challenge. Thirty-five (35) cited overambitious time frames, reiterating the dissatisfaction with time frames expressed in responses to other questions, and 14 respondents also noted that project outcomes and objectives were overambitious. Sustainability was also a common challenge, with 28 respondents reporting that sustainability was a challenge in the delivery of the assistance. Political issues, including political support and changes in authorities (25 and 18, respectively) were also common responses, with some respondents (8) also reporting that interagency tensions affected the delivery of support. Smaller numbers of respondents reported challenges with conflicting policy advice from other TA advisors (16) and gaps in TA (12).



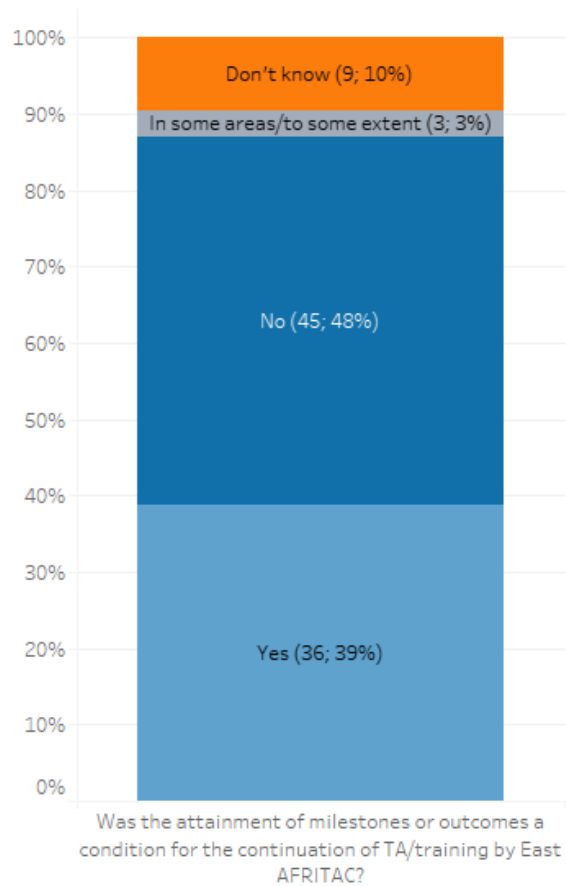
Twenty-eight (28) respondents cited sustainability as a challenge in the delivery of TA. When asked what factors affect the sustainability of TA, the greatest numbers of responses referred

to local institutional challenges including lack of or shortage of capable staff, insufficient funding, and difficulty retaining staff.

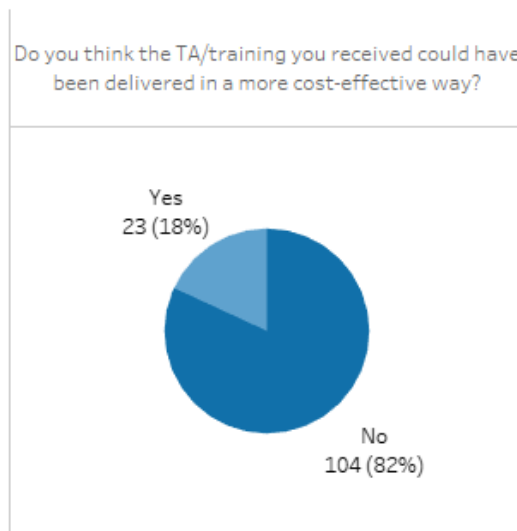
Indicate what factors can affect the sustainability of TA/support activities provided. (select all that apply)



Although the officials strongly indicated that TA plans included timelines with milestones, they demonstrated less certainty about whether the attainment of milestones was a condition for the continuation of TA. Forty-five (45) responded that it was not, while 36 reported that attainment of milestones was a requirement. Nine were unsure whether the attainment of milestones was a requirement.

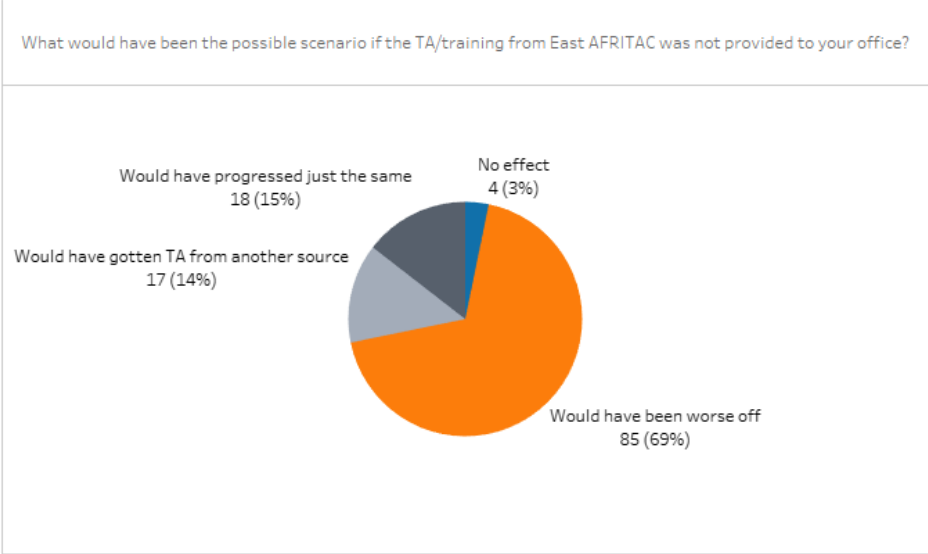


Most respondents did not think that the TA or training they received could have been delivered in a more cost-effective way.

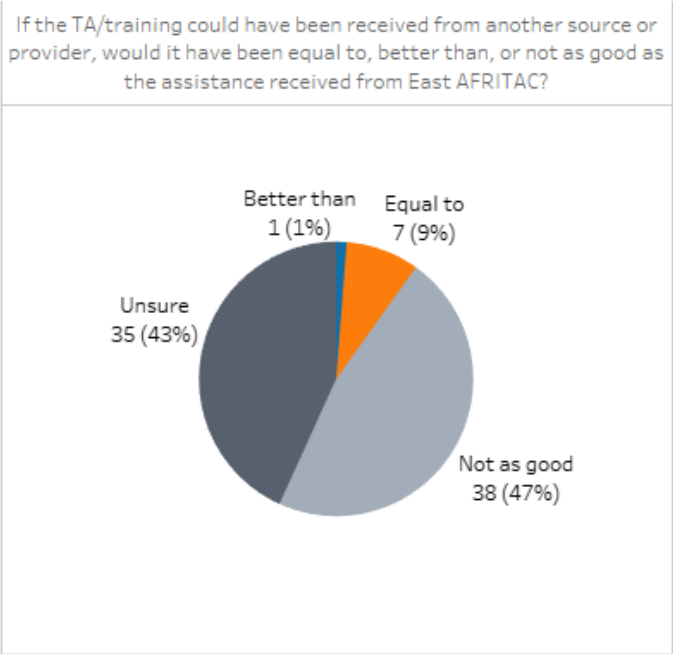


Most respondents, 85 (69%), believed that their offices would have been worse off had they not received assistance from AFE. Fifteen percent (15%) indicated they would have progressed

the same without assistance or that there would have been no effect, while 14% indicated they expect their offices would have turned to another source for TA.

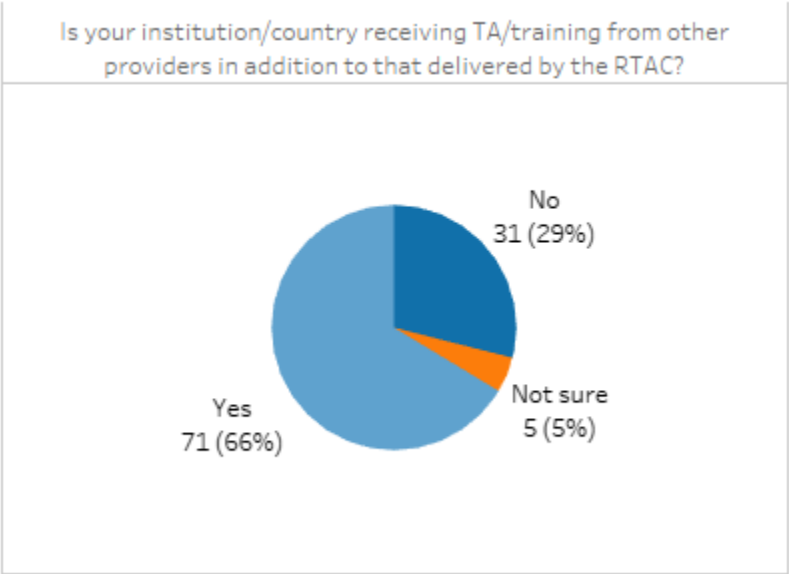


If another TA provider had been used, nearly half of respondents believed the TA would not have been as good as what they received from AFE. Nearly as many were unsure, and only 1% indicated that another TA provider would have provided better assistance than AFE. This indicates considerable confidence by country authorities in the quality of the assistance provided by AFE.

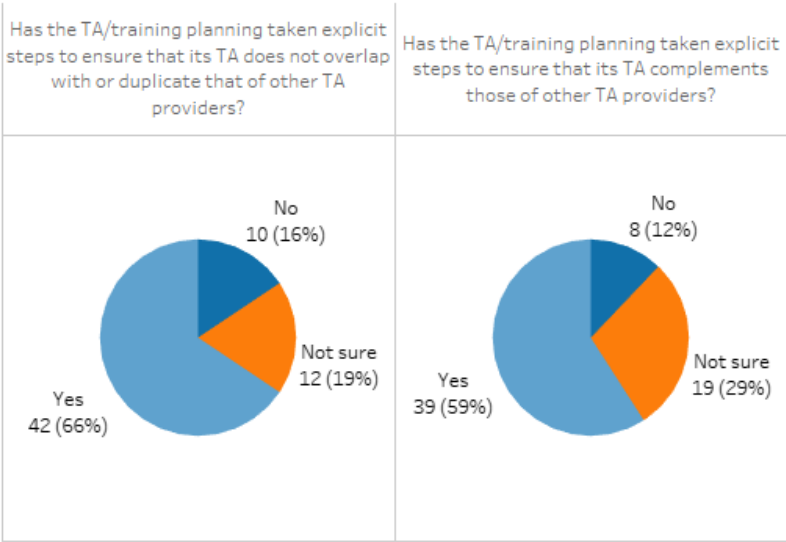




Most country officials were aware of other TA or training provided to their countries or institutions by other providers. Seventy-one (71) respondents (66%) reported that their country was receiving other assistance, and only 31 (29%) reported that it is not.

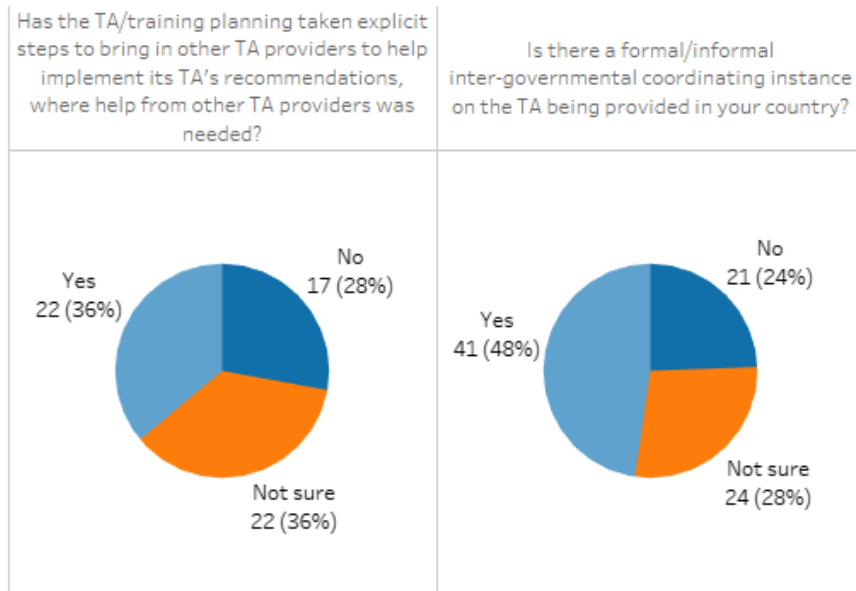


Where other assistance is being received, the officials largely expressed that steps are taken to coordinate TA among providers both to ensure that no overlapping or duplicate assistance is received and that the TA received from different providers is complementary.



Nearly half of respondents indicated that there is a formal or informal coordinating instance on TA in their country, though a considerable number were unsure. There is also uncertainty about

whether additional TA has been brought in explicitly for help with implementation where needed.



# ANNEXES

## ANNEX I. LIST OF DESK REVIEW DOCUMENTS

All Briefing Papers provided by East AFRITAC in all CD areas from FY2015-2018

All Back-to-Office Reports provided by East AFRITAC in all CD areas from FY2015-2018

All Technical Assistance Reports provided by East AFRITAC in all CD areas from FY2015-2018

Phase IV Reports and Documents:

- Phase IV Program Document*
- Phase IV Annual Report FY 2017*
- Phase IV Annual Report Annexes FY 2017*
- Phase IV Annual Report FY 2016*
- Phase IV Annual Report Annexes FY 2016*
- Phase IV Annual Report FY 2015*
- Phase IV Annual Report Annexes FY 2015*

Newsletters:

- AFE Nov 2017 – Jan 2018 Quarterly Newsletter*
- AFE Aug 2017 – Oct 2017 Quarterly Newsletter*
- AFE May 2017 – Jul 2017 Quarterly Newsletter*
- AFE Feb 2017 – Apr 2017 Quarterly Newsletter*
- AFE Jan 2017 Newsletter*
- AFE Oct 2016 Newsletter*
- AFE Aug 2016 Newsletter*
- AFE Sept 2016 Newsletter*
- AFE July 2016 Newsletter*
- AFE June 2016 Newsletter*
- AFE May 2016 Newsletter*

Work Plans

- FY 2018 Work Plan*
- FY 2017 Work Plan*
- FY 2016 Work Plan*

Steering Committee Minutes

- 19<sup>th</sup> SC Minutes*
- 18<sup>th</sup> SC Minutes*

**Other**

- RTAC Handbook*
- AFE Mid-Year Report FY 2017*
- Midterm Report FY 2017 – Informational Annexes*

## ANNEX 2. ONLINE SURVEY QUESTIONNAIRE



IMF East AFRITAC Midterm Evaluation

Questionnaire for Authorities

### ***Introduction***

Thank you for participating in this interview regarding Technical Assistance (TA) and training provided by the IMF's East Africa Regional Technical Assistance Center (East AFRITAC). The interview is being conducted as part of an independent evaluation of East AFRITAC's activities and achievements.

The information you will provide will be kept strictly confidential, and there will be no disclosure of your individual responses.

We are grateful for your participation in this evaluation. The information you provide will contribute significantly to East AFRITAC's evaluation and work.

Thank you very much.

Sincerely,

The DevTech Evaluation Team

Respondent's Name: \_\_\_\_\_

Unit: \_\_\_\_\_

Interview No. \_\_\_\_\_

### ***TA Background***

1. *What support activities have you received through East AFRITAC (TA missions, workshops, trainings)?*

Select the pre-coded risk categories based on the response:

- (a) TA missions (either led by IMF HQ, a resident advisor [LTX] or a short-term expert [STX])
  - (b) National trainings (either LTX-led or STX-led)
  - (c) Regional workshops
  - (d) Regional courses (with ICD or at ATI)
2. *Attachment/mentoring programs What were the planning tasks that were conducted prior to providing support (needs assessments, scoping missions, road maps, work plans)?*
  3. *If there were planning tasks, were those prepared:*
    - a. *By the IMF/East AFRITAC*
    - b. *By the IMF/East AFRITAC with the authorities*
    - c. *By the authorities*
  4. *Did the plans include timelines with milestones?*

### ***Relevance***

"Relevance" relates to the extent to which the project addressed the institution/country's needs and the institution/government's priorities; was coordinated with, and complementary to, projects by other TA providers; and was appropriately sequenced.

5. *Was the support activity relevant to the needs of your Institution or Office? Please explain.*
6. *Could the relevance of the assistance have been improved? Why or why not?*

### ***Effectiveness***

"Effectiveness" is a measure of the extent to which the TA attains its objectives. Is the project achieving its outcomes and delivering results? Are the risks to the project being identified and addressed?

7. *Did the support activity meet its goals or desired results (as stated in the needs assessments, scoping missions, road maps, work plans)? Please explain.*

8. *Could the activity have been more effective? Why or why not?*
9. *Was the delivery of the activity properly sequenced with other assistance provided by East AFRITAC?*
10. *Was the time frame for delivery adequate? Why or why not?*
11. *What challenges, if any, were encountered during the delivery of support?*

Select the pre-coded risk categories based on the response:

- Political support at the highest level
- Interagency tensions
- Change in authorities
- Implementation capacity
- Overambitious time frame
- Overambitious project outcomes and objectives
- Dealing with conflicting policy advice from other TA providers
- Gaps in TA
- Sustainability
- Other (please describe) \_\_\_\_\_

12. *To what extent were the risks to delivery identified correctly?*

### ***Efficiency***

“Efficiency” measures the monetary value of the outcomes or benefits of CD activities compared to the monetary value of the inputs or costs incurred to achieve them.

13. *Do you think the TA/training you received could have been delivered in a more cost-effective way? If yes, how?*

### **Sustainability**

Measures the extent to which the outcomes or benefits achieved by the TA activity are likely to continue or last beyond the delivery of the TA.

14. *To what extent did the activity build on previous or existing TA/training?*

15. *What factors can affect the sustainability of TA/support activities provided?*

Check all that apply.

- a.  Lack or shortage of capable staff
  - b.  Difficulty in retaining capable staff
  - c.  Insufficient funding to operate effectively
  - d.  Coordination with other government entities
  - e.  Inadequacy of legal and regulatory framework
  - f.  Insufficient support or political commitment from government at the levels required
  - g.  Lack of IT, systems to implement TA recommendations on capacity building
  - h.  No concerns
  - i.  Other (please describe)
16. Was the attainment of milestones or outcomes a condition for the continuation of TA/training by East AFRITAC?

### **Impact**

The impact of a project is the difference in outcomes that occurred with the project compared to what would have occurred without the project.

17. What would have been the possible scenario if the TA/training from East AFRITAC was not provided to your office?
- a. No effect.
  - b. Would have progressed just the same.
  - c. Would have been worse off.
  - d. Would have gotten TA from another source.
18. If the TA/training could have been received from another source or provider, would it have been equal to, better than, or not as good as the assistance received from East AFRITAC?

### **Coordination**

Coordination refers to complementarity with the projects and activities of other TA providers; exchange of information with other stakeholders; coordination through the recipient government; integration of the project with the IMF's surveillance and program operations.

19. Is your institution/country receiving TA/training from other providers in addition to that delivered by the RTAC? Please explain.
20. Has the TA/training planning taken explicit steps to ensure that its TA does not overlap with or duplicate that of other TA providers? Please explain.
21. Has the TA/training planning taken explicit steps to ensure that its TA complements those of other TA providers? Please explain.



22. *Has the TA/training planning taken explicit steps to bring in other TA providers to help implement its TA's recommendations, where help from other TA providers was needed? Please explain.*
23. *Is there a formal/informal inter-governmental coordinating instance on the TA being provided in your country? Please explain.*

End of questionnaire. Thank you.

## ANNEX 3. EVALUATION STATEMENT OF WORK

### Background and Objectives of the Evaluation

#### Background

1. The IMF Regional Technical Assistance Center in East Africa (East AFRITAC) was established in June 2002 in Dar Es Salaam (Tanzania) with the overarching goal of assisting countries in the East Africa region to strengthen their capacity for effective macroeconomic management and to support the region's integration into the world economy. Specifically, East AFRITAC has the objective of strengthening the institutional and human capacities of its members to undertake effective fiscal and monetary management, manage robust financial systems, and produce high-quality macroeconomic statistics. The Center's activities focus on eight key areas representing common policy challenges to member countries: tax and customs administration; public financial management; macro-fiscal analysis; monetary operations; financial sector regulation and supervision; financial market infrastructures; real sector statistics; and government finance statistics.
2. East AFRITAC provides capacity development (CD) and training to seven beneficiary countries<sup>4</sup> over a five-year cycle. The fourth and current cycle started in July 2015 and will end April 2020. East AFRITAC operations are funded by contributions from its member countries (including in-kind contributions from the host country), the IMF, and bilateral and multilateral donors.<sup>5</sup> The total program document budget of East AFRITAC over the current five-year funding cycle is USD 53.5 million.
3. Operations are guided by a rolling annual work plan within the results-based management (RBM) framework recently developed by East AFRITAC. This approach ensures that activities are programmed and implemented efficiently and effectively on the basis of beneficiary countries' needs, are complementary to other forms IMF CD, and are an integral part of the Fund's overall CD program. East AFRITAC is guided by a Steering Committee (SC), acting as an advisory body, and composed of representatives from member countries, donors, and the IMF. SC members and observers meet annually to discuss the Center's strategic direction, review progress against its work plan, and discuss and endorse a work plan for the following year and the medium term.

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<sup>4</sup> Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania (including the government of Zanzibar), and Uganda.

<sup>5</sup> East AFRITAC multilateral donors include: the European Commission. Bilateral donors include: the United Kingdom, the Netherlands, Switzerland and more recently Germany.

4. East AFRITAC's CD is provided through ten resident advisors. It is demand-driven and determined through consultations with member countries, based on an assessment of CD needs, priorities of member countries, and the IMF's CD strategy for the region. The activities are backstopped by IMF headquarter-based experts.

### Objectives of the Mid-Term Evaluation

5. The Terms and Conditions governing the establishment and operation of the multi-donor trust fund for East AFRITAC specify that "no later than 40 months after the activities financed under the Subaccount with respect to each funding cycle have begun, an independent evaluation of the activities financed under the Subaccount will be initiated." Specifically, the East AFRITAC Program Document foresees that an independent evaluation will be carried out by a team of independent experts around three years into the program phase. The period covered by this evaluation is the fourth phase. The overall objective of the evaluation is to assess the extent to which East AFRITAC is achieving its objectives, assessing the relevance, effectiveness, efficiency, sustainability, and impact of its activities. In view of the Center having been operational for 15 years, a particular focus of the evaluation will be to assess the extent to which East AFRITAC has built on the work of the previous multi-year cycles, and whether the results of these previous phases have been sustained in the current phase.

### Scope

6. The evaluation will cover all CD advice and activities, training, or interventions, provided from the commencement of Phase IV activities in July, 2015 through January, 2018. The evaluation will list the major CD projects conducted during this period, their objectives, and any verifiable indicators for achievement of these objectives. The evaluation will assess the extent to which East AFRITAC's CD has achieved these objectives using the definitions of the OECD Development Assessment Committee (DAC) criteria adopted in the Common Evaluation Framework of the IMF ([Common Evaluation Framework](#)). The evaluation will assess the degree to which East AFRITAC is achieving the advantages initially expected from delivery of CD through RTACs: lower costs, speed and effectiveness of advice provided as compared to HQ CD

### Steering Arrangements for the Mid-Term Evaluation

7. The IMF Institute for Capacity Development's Global Partnerships Division (ICDGP) will serve as secretariat of the evaluation, managing the procurement process, supporting information-gathering for the evaluation, and keeping the evaluation process on track. While the evaluation report will be addressed to the entire SC, an Evaluation Sub-Committee (ESC) will be established to guide the evaluation. The creation of ESCs is part of the IMF evaluation

practice and allows SCs to actively participate in the evaluation process. ICDGP will also serve as secretariat of the ESC.

8. The role of the ESC is to provide strategic guidance and to ensure that the evaluation takes into account issues relevant to stakeholders. The ESC will (a) review and advise on the Inception Note prepared by evaluators; and (b) review and comment on the draft evaluation report. Whilst the ESC will guide the evaluation and provide comments on draft outputs, it will have no power to determine the content of the report, and the evaluators will remain free to reach their own conclusions.

9. The ESC is chaired by a representative from a member country who was selected by the ESC in consultation with the Chairperson of the SC. The ESC is proposed to comprise representatives from:

- *Member countries*
- *Development partners*
- *The IMF*

### Basic Evaluation Questions

10. The evaluation will address the degree to which the projects identified in paragraph 6 have achieved their objectives according to the OECD's DAC criteria of relevance, efficiency, effectiveness, sustainability, and impact. The [Common Evaluation Framework](#) (CEF) of the IMF provides further detail about how these criteria are defined in IMF CD evaluations (see Annex 1). Relevance is about the importance of the objectives, effectiveness is about achievement of objectives, impact is about achievement relative to the most likely counterfactual (what would have happened if the CD services had not been provided), efficiency is a comparison of the value of the impact against the costs of the intervention, and sustainability is about whether the impact is likely to last. Annex 1 of the framework provides definitions and examples of core evaluation questions under each DAC category.

11. In addition to the core questions, evaluators should assess (i) whether the SC is effective in fostering country ownership of East AFRITAC activities<sup>6</sup> and governance, including strategic direction and oversight; (ii) to what degree the Center's systems and institutional set-up allow for retention of organizational memory (e.g., to facilitate follow-up as needed, avoid duplication of efforts, ensuring information exchange and smooth handovers between resident advisors, etc.); (iii) what contribution the Center has made to building a robust network of local

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<sup>6</sup> It is important that such activities include those outside the responsibilities of the agencies that SC members represent (e.g., activities supporting statistics work).

experts in the region, and to systematically identify and optimize the use of local and regional expertise; (iv) to what extent East AFRITAC activities are effectively coordinated with the work of development partners operating in the same sectors; (v) whether there have been important exogenous events that have undermined the ability of East AFRITAC to achieve its objectives, and if so, whether East AFRITAC's response has been adequate; and (vi) to what extent and when relevant to the core expertise of the Fund, gender, climate change and financial inclusion dimensions have been taken into account in the program design of CD services. Evaluators should base their assessment on document and data analysis, interviews, surveys and/or case studies (see section III for details), and use a sound methodology using DAC criteria where there is sufficient information available.

12. The evaluation should report on any significant lessons, also from the past evaluation and recommendations, that can be drawn from the experience of East AFRITAC and other RTACs. It will provide costed recommendations for changes that would enhance the ability of East AFRITAC's activities to achieve their objectives according to the OECD DAC criteria methodology

### Evaluation Criteria and Ratings

13. A quantitative rating scheme will be used to record the judgments made by evaluators. Each of the DAC criteria for which there is sufficient information to make a judgment will be scored on a 1-4 scale. Assessments of the individual criteria will be aggregated or summarized into an overall assessment of East AFRITAC performance. To calculate this composite rating, each DAC criterion will be assigned equal weights.

14. *Aggregate over objectives to evaluate an intervention.* When an overall performance rating is desired for an intervention with multiple objectives or a series of interventions serving to a broader goal, weights will have to be assigned for achievement of those objectives. Each objective will be assigned a weight reflecting its relative importance and the weights should add up to one ( $\sum_{i=1}^N w_i = 1$ ). For technical assistance (TA) projects, such weights are expected to be included in the RBM framework.

15. *Aggregate over interventions to evaluate delivering entities.* Evaluations focus on the degree to which interventions achieved objectives according to the DAC criteria. Therefore, an evaluation of an entity such as East AFRITAC would really be an evaluation of the extent to which all interventions of that specific entity achieved their objectives. Information from individual evaluations of interventions could then be aggregated into an overall performance assessment of East AFRITAC.

16. The Fund's RBM framework will be a primary source of data to evaluate the achievement of objectives and outcomes. However, for TA activities that started prior to May 1,

2017 the evaluator will not be able to use the current RBM catalog. East AFRITAC was using an in-house RBM system prior the introduction of the Fund's framework, which could be used too. The evaluator is expected to collect complementary information with respect to the assessment of the counterfactual, five DAC criteria, and step 4 of the CEF through surveys, interviews, focus groups, other indicators, and Fund documents. The evaluation will draw on information from a range of sources, particularly IMF documents and data (Appendix); interviews with SC members, IMF representatives, country authorities, and development partners; and case studies. Each evaluation criterion should be assessed using at least two different information sources.

- **Document and data analysis:** Evaluators will be expected to analyze all relevant materials, including work plans, project/mission TORs, TA reports, SC minutes, and SC member comments in the context of written consultations. Financial information will also be provided.
- **Interviews:** Evaluators will conduct semi-structured interviews with country authorities, SC members, IMF representatives, and development partners. While all interviewees will be given the opportunity to comment across the full scope of the evaluation, interviews with country authorities are expected to cover in particular the appropriateness and responsiveness of CD provided by the Center and explore and document any specific results. Evaluators can propose to meet and interview those who served as counterparts when the CD was delivered and who may now be in other positions. Evaluators will also be expected to meet with staff from IMF TA departments, the African (AFR) department and ICD in Washington.
- **Survey:** Evaluators should conduct a survey to consult a wider range of individuals in member countries and the SC. Potential partners as well as other CD providers should also be consulted. Cvent is the Fund-approved online survey tool.
- **Case studies:** To provide deeper analysis and illustrate successes, challenges and gaps, evaluators will draw up case studies. Evaluators will propose a diverse and representative set of CD activities delivered for the case studies. Timing and Deliverables

### Timing

17. The evaluation is expected to begin in February 2018, and field work is expected to commence in June 2018, with the draft report disseminated to the SC by November 2018. Evaluators will be contracted for a maximum of 130 person-working days including travel during that period. The evaluation process will be carried out in three phases: a desk phase, a field phase, and a synthesis phase.

- **Desk Phase:** Within four weeks after signing the contract and before the field phase begins, evaluators will (i) conduct a desk review of documents; (ii) visit IMF HQ to interview staff in ICD, TA departments, and AFR; conduct a VTC meeting with the Center Coordinator; and (iii) prepare an Inception Note, to be finalized in consultation with the ESC. Before embarking on the field phase, evaluators will hold a briefing for IMF staff. Total estimated work time: about 50 person-days.
- **Field Phase:** Evaluators will visit Est AFRITAC and two or three member countries (one of which could be Tanzania, the Center’s host country). They will ensure adequate consultation with, and involvement of, a variety of stakeholders, including government authorities and agencies, and where relevant, development partner offices. This will take place through face-to-face interviews, survey, phone and email exchanges. East AFRITAC will cooperate in providing contact details, where requested, and will provide official documentation explaining its support for the evaluation that will help to ensure collaboration from member countries and other stakeholders. Total estimated work time: up to 30 person-days including travel.
- **Synthesis Phase:** This phase is devoted to drafting the report and any follow-up interviews. Evaluators will ensure that their assessment is objective and balanced and recommendations realistic, practical, implementable, and prioritized. Evaluators will draft a report presenting the main findings, lessons learned, and recommendations, accompanied by a summary of the information gathered. After receiving IMF and SC comments on the draft, the evaluation team will finalize the report and present its findings at the April 2019 SC meeting. The final report with comments incorporated should be delivered by May 2019. Total estimated work time: up to 50 person-days, including the SC briefing and associated travel.

### Deliverables

18. The evaluation team will provide the following deliverables in English: the draft Inception Note, the final Inception Note, the draft Evaluation Report, and the final Evaluation Report. The draft Inception Note will be disseminated to the ESC and the final version will be endorsed by the ESC. The draft Evaluation Report will be disseminated to the entire SC for comments. The ESC may request a VTC to discuss consolidated comments to the draft report. Finally, the ESC or the SC may request a brief presentation of the main messages of the final Evaluation Report. Once discussed by the SC, the IMF will make the final Evaluation Report available on the East AFRITAC website.

19. The content and the format of the deliverables should be as follows:

- **Inception Note:** The Inception Note will set out the methodology for data collection and analysis, including criteria for selection of samples or case studies; draft interview and survey instruments; a detailed work plan for data collection; a list of potential interviewees; and an outline of the draft evaluation report. This note should not exceed 10 pages, excluding annexes.
- **Evaluation Report (draft and final).** The report should focus on presenting evidence and assessing whether the objectives of interventions were relevant and to what extent the interventions achieved their objectives effectively, with impact, efficiently, and sustainably. The report should describe the CD succinctly: listing major interventions and the channels through which they were expected to achieve outcomes.<sup>7</sup> To sharpen the focus, the Evaluation Report should have an executive summary (1-2 pages) and not exceed 25-30 pages (excluding annexes). Moreover, the report should clearly and concisely convey the evaluation recommendations and provide their evidence-based rationale and implications.<sup>8</sup> The report should contain no more than 10 recommendations and they should be prioritized, costed, sequenced, and internally consistent. The recommendations should be actionable (under the control of the IMF) and take the resource constraints duly into account.

20. Following is the evaluation suggested timeline, with the main deliverables.

Desk work, HQ visit, and draft Inception Note	Feb-May 2018
Fieldwork and preparation of Draft Evaluation Report	June-Oct 2018
Revised draft Evaluation Report sent to SC	Nov 2018
Presentation of Findings and Recommendations	Apr 2019
Final Evaluation Report	May 2019

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<sup>7</sup> The evaluation report should avoid giving too detailed and lengthy descriptions of the CD provided, which are already available in East AFRITAC's annual reports and annexes.

<sup>8</sup> In offering recommendations, the evaluator is expected to be mindful of the DAC criteria as a group rather than a la carte. Suggested interventions that improve some of the DAC criteria, (achieving effectiveness for example) but fail on others (efficiency, for example due to high costs) are not viable recommendations.