



March 21, 2002

AFRICAN REGIONAL TECHNICAL ASSISTANCE CENTERS (AFRITACs) PROJECT DOCUMENT

I. INTRODUCTION

1. The Poverty Reduction Strategy Paper (PRSP) process was established to provide an overall framework for governments, civil society, and development partners to jointly address the challenges of poverty reduction. The PRSP process is country driven to ensure country ownership of poverty reduction strategies. The strategies take a comprehensive, long-term perspective; focus on results that matter for the poor; and seek to establish stronger partnerships between low-income countries and the international donor community.
2. However, the lack of capacity of governments remains a key bottleneck to the design and implementation of effective PRSPs. Despite considerable financial resources devoted to technical assistance (TA) over nearly four decades, governments have often lacked the institutions and expertise they needed, including those that are crucial for macroeconomic management and for reliable and timely economic and financial statistics. African leaders have stressed in the New Partnership for Africa's Development (NEPAD) that the weak capacity of governments to formulate, implement, and monitor their policies is a major impediment to sound macroeconomic management.
3. This project aims to strengthen the capacity of African countries to design and implement a PRSP, as well as to improve the coordination of capacity building TA in the PRSP process. Indeed, it is a response to a call by African governments for the International Monetary Fund and others to increase their TA to sub-Saharan Africa and to focus it more sharply on helping governments to strengthen their capacity for effective macroeconomic management and implementation of the PRSPs.
4. To this end, the project will increase the level and intensity of the Fund's TA to sub-Saharan Africa and help raise its effectiveness through strong local ownership and accountability, and strengthened coordination with other TA providers. The increased capacity-building effort will be directed at the Fund's core areas of expertise, namely, macroeconomic policy, tax policy and revenue administration, public expenditure management, monetary policy, the exchange rate system, financial sector soundness, and economic and financial statistics.
5. To deliver the increased TA in a cost-effective manner, African Regional Technical Assistance Centers (AFRITACs) will be established in sub-Saharan Africa. Each center will be staffed by a coordinator and a team of five resident experts. As an initial step, two AFRITACs will be established, one in western Africa (covering Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo), and another in eastern Africa

(covering Eritrea, Ethiopia, Kenya, Rwanda, Tanzania, and Uganda).¹ This project document covers the establishment of the initial two centers. If these two AFRITACs prove successful, additional centers would be established to cover anglophone west Africa, central Africa, and southern Africa.

6. The Fund will also strengthen its cooperation with regional institutions and other TA providers so that each institution's activities reinforce each other and without unnecessary overlap. Specifically, the Fund will join and support the African Capacity Building Foundation (ACBF), which is an African institution with a broad mandate to strengthen human and institutional capacities in sub-Saharan Africa, including in macroeconomic management, and assist other regional capacity-building institutions by offering its expertise through the AFRITACs.

II. BACKGROUND TO THE PROJECT

A. The PRSP Process

7. The PRSP process has become the principal mechanism for low-income African countries to help develop a homegrown poverty reducing reform program. One of its key objectives is to provide a means to coordinate donor assistance, including capacity-building efforts. To date, 5 African countries have prepared a fully participatory PRSP, and 20 countries an interim PRSP (many of which are completing their full PRSP in 2002).² Although progress in completing full PRSPs has been slower than initially anticipated, the value of the PRSP approach is widely recognized. Some of its main achievements to date have been (i) a high degree of ownership on the part of governments of their poverty reduction strategies; (ii) a more open dialogue than had previously existed, both within governments and between government and civil society organizations; (iii) more focus on poverty issues in the policy debate; and (iv) the active support by the development partners for the process.

8. The experience with the PRSP process so far has highlighted the need to strengthen (i) discussions of the macroeconomic framework during the development of the PRSP; and (ii) governments' capacity to formulate and implement their own strategies. Being a country-driven and participatory process, it is significant that the PRSPs have been recognizing the importance of sound macroeconomic management, and in particular public expenditure

¹ The physical locations of the centers (i.e., the hubs) will be chosen on the basis of criteria relating to operational effectiveness (ease and cost of transportation and communications), safety, and the host country's interest in such a center, etc.

² Among the countries served by the center in West Africa, Burkina Faso and Niger have completed the PRSP and Benin, Guinea-Bissau, Mali, and Senegal the interim PRSP. In East Africa, Tanzania and Uganda have completed the PRSP, while Ethiopia, Kenya, and Rwanda have completed the interim PRSP.

management, as this demonstrates improved country ownership of the reform efforts in the macroeconomic management area. So far, however, the PRSPs have not consistently addressed the deep-seated administrative capacity constraints in sufficient detail and have not provided an effective and fully owned framework for the required capacity-building efforts. Thus, while the needed reforms are often described, there is a pressing need to ensure that measures to develop the administrative capacities required for implementing them are fully articulated, capacity-building needs prioritized, and potential donor assistance identified. Assistance in developing comprehensive capacity-building strategies within the PRSP process is, therefore, one of the main objectives of this project.

B. Broad Areas of Capacity-Building Needs

9. A survey of Fund mission chiefs and TA departments suggests that further technical assistance in the following broad areas of capacity building will be needed to effectively implement the PRSPs:

10. In the western African countries, most of which are members of the Central Bank of West African States (BCEAO)/West African Economic and Monetary Union (WAEMU), the need for TA is overwhelmingly in the fiscal areas. Of particular importance, given the overall aim of strengthening budgetary procedures, is improved treasury management and accounting (for example, Burkina Faso, Guinea-Bissau, Niger, Senegal, and Togo) and, to a lesser extent, expenditure management (Côte d'Ivoire, Mali, Niger, and Senegal). Tracking poverty-reducing expenditures is also an important need in many countries. Tax administration issues also need to be addressed. Other TA requirements are largely in the area of statistics and relate mostly to national accounts statistics (Benin, Burkina Faso, Côte d'Ivoire, and Niger).

11. TA needs in eastern Africa are more evenly distributed among the Fund's main TA areas, but fiscal issues still predominate. As in western Africa, budgetary procedures need strengthening, notably for treasury management and accounting (Eritrea, Ethiopia, Tanzania, and Rwanda). However, support for tax administration, including customs, will also be very important. The need for assistance in tracking poverty-reducing expenditures will be important in some cases, although at least two countries have relatively good systems in place (Tanzania and Uganda). The need for capacity-building support in the monetary and banking areas is also large, mainly with regard to banking supervision and the regulatory framework (Eritrea, Ethiopia, Kenya, and Uganda), despite ongoing and intense TA efforts, as well as in monetary policy formulation and operations (Uganda and Tanzania). In the statistical area, the most important needs relate to balance of payments and external debt statistics (Eritrea, Ethiopia, Tanzania, and Rwanda).

12. Projects in which the centers will be involved will be determined in light of comprehensive capacity-building programs that will be developed for individual countries as part of the PRSP process. The composition and specialty of the centers' expert teams will be determined to best suit the needs of the subregions, taking into account the availability of existing sources of assistance, including from the Fund, such as the ongoing assistance to

anglophone African countries in the process of adopting the General Data Dissemination System (GDDS) and TA to BCEAO; as well as from the regional institutions, such as the ACBF, AFRISTAT, and MEFMI; the World Bank; the African Development Bank; and other sources.

III. PROJECT DESCRIPTION

13. The project introduces a regional instrument that will supplement and enhance the effectiveness of Fund TA to the two subregions. It will place in the vicinity of the needs a source of high-quality TA that can be made available promptly to address emerging problems and requests for assistance, and to improve coordination of TA resources. The project is intended to give recipient governments greater possibilities for shaping the assistance they receive, while increasing their accountability.

A. Structure of the Regional Centers

14. The governance structure of the AFRITACs is designed to ensure that the centers will be accountable to the Fund's headquarters, as well as to participating countries and donors (see attached chart of organization). Each AFRITAC will be guided by a Steering Committee, which will act as an advisory body, providing guidance for the center's strategy and priorities. The Steering Committee will be chaired by a representative of a participating African government (the host country initially, after which chairmanship may rotate). Members will include representatives of the governments serviced by the center, cost-sharing donors, the Fund, the African Development Bank, the World Bank, and the center coordinator. Regional institutions and other providers, where relevant, will be invited to participate as observers. The center coordinator will serve as secretary to the Steering Committee. The Steering Committee will meet twice a year to review the center's recent activities and to guide and endorse the work plan for the period ahead.³

15. The leadership and management of each center's activities and staff will be the responsibility of the center coordinator. The coordinator will maintain a close relationship with the client countries, act as a liaison with the relevant Fund departments, and work with bilateral and multilateral donors and other TA providers to ensure effective coordination of TA. The center coordinator will be supported by a small administrative unit providing secretarial and logistical support. The center coordinator will report to the Fund's African Department, which will be responsible for overall supervision and oversight.

16. Each center will have five resident experts. The resident experts will make frequent short visits to the countries that the center services. The visits will be used to (i) monitor ongoing projects and follow up on the implementation of completed projects; (ii) identify and develop new projects; (iii) facilitate the implementation of some of these projects through the

³ The center coordinators of the two AFRITACs will interact regularly to ensure consistency of the centers' activities and to benefit from experiences in the other subregion.

center and the search for funding from other providers; and (iv) help coordinate donor TA activities, including through active participation in the PRSP process. The resident experts will also act as a referral point for the center's cooperation with providers of regional and in-country training courses, seminars, and workshops, and for professional training attachments. In addition, where appropriate, they will provide immediately needed advice and assistance.

17. The resident experts will be selected by the Fund's TA departments in accordance with their established selection criteria, and report to the TA departments to ensure that the technical quality of their work meets international standards and best practice. From those candidates who meet the selection criteria, efforts will be made to recruit Africans as much as possible. Through their contacts with TA departments, resident experts will have access to, and benefit from, a network of expertise that can be used to exchange ideas and seek advice on, for example, how particular issues have been handled in other cases.

18. In addition to the assistance to be provided by the resident experts, the centers will offer short-term visits of other experts to assist the recipient governments in implementing the capacity-building projects included in the center's work plan. The Fund's TA departments will select the short-term experts, while giving due consideration to qualified experts from the region, and short-term experts will be supervised by the center's resident experts and the Fund's TA departments. The short-term expert visits will be supplemented with IMF staff missions that will be organized on a need-basis by the Fund's TA departments.

19. The Fund's resident representatives will interact closely with the resident experts, giving the latter the benefit of the former's in-depth knowledge of the country, the strengths and weaknesses of government institutions, and other relevant information. The resident representatives and the resident experts will complement each other, with the former providing expertise in overall macroeconomic management and the latter offering technical expertise in specialized areas. Both will contribute to assisting the countries in identifying and developing the capacity-building requirements; facilitating donor coordination; and monitoring the implementation of the projects. Through the process, the role of resident representatives in technical assistance will be enhanced.

B. The Work Plan of the AFRITACs

20. The center's work plan will be developed in the context of the PRSP processes of individual countries. The work planning process will be as follows:

21. First, during the participatory PRSP process, the government, in consultation with the nongovernmental organizations and development partners, will identify key areas of capacity-building needs. These will include, among others, macroeconomic management; delivery of health, education and other social services; the regulatory and legal frameworks to enable the private sector to work better; the judiciary; and democratic institutions to ensure good governance. The AFRITAC's resident experts will take part in this process, focusing on their core areas of expertise. They will (i) provide expert input to national authorities,

disseminating knowledge and resources on international and regional best practice; (ii) assist the government in determining the capacity-building needs; and (iii) help to coordinate activities of all TA providers in their fields of expertise. As an output of this participatory process, the government will develop comprehensive multisector capacity-building strategies that will be articulated in the PRSP.

22. Second, the center, under the overall direction of the Fund's headquarters and in consultation with other TA providers and national authorities, will draw on the relevant elements of the PRSP to formulate a detailed TA program for building capacity in macroeconomic management. Not all needs in the program will necessarily be met through the direct and ongoing involvement of the center or Fund headquarters: the overriding aim will be to assign projects to TA providers in the most rational way, taking account of their areas of interest and expertise and the availability of funding.

23. Third, based on the macroeconomic management TA programs of the countries served by the AFRITAC, the center coordinator will prepare the center's work plan which will encompass its activities for all of its client countries, in close coordination with the Fund's African and TA departments. Parts of the work plan will be carried out by the resident experts, and others will be handled by staff missions and expert assignments. In putting together the center's work plan, the center coordinator will draw upon the overall guidance provided by the Steering Committee. The work plan will be submitted to the Steering Committee for its endorsement.

C. Collaboration with AfDB, ACBF, and Other Regional Institutions

24. The AFRITACs will work closely with regional institutions and will wherever possible use local expertise, which will help improve the capacity of regional institutions.

25. As a prominent regional development agency, in its participation in the PRSP process, and in its interventions in the Steering Committees, the African Development Bank will play an important role in developing the macroeconomic management TA programs and the AFRITAC work plans discussed above. In particular, AFRITACs will consult and where appropriate work with the AfDB in developing programs for upgrading financial governance standards (e.g. the code of conduct for public officials, financial legislation and administrative procedures) and strengthening the capacities to enforce these standards.

26. The Fund will join the ACBF and be represented on its Board of Governors.⁴ Similarly, the ACBF will be invited to participate in each AFRITAC's Steering Committee as an observer. This partnership should help each organization's efforts to be mutually reinforcing and minimize the risk of duplication of assistance.

⁴ A draft memorandum of understanding between the ACBF Secretariat and the Fund has been agreed, subject to approval by the respective Executive Boards.

27. The Fund will make a financial contribution to the ACBF to support its activities. The contribution will be used to finance the ACBF's seminars, workshops, and other training activities for African nationals within the Fund's core areas of responsibility. These activities will be designed and implemented jointly by the ACBF and the AFRITACs. An annual training program will be developed jointly by the ACBF and the Fund. Other regional training institutions will be consulted in formulating the annual training program to avoid overlap and duplication and increase collaboration. The implementation of the joint annual training program will be the responsibility of the ACBF, but each individual training activity will be designed and implemented jointly with one or more of the AFRITACs. This being a new area of training activity for ACBF, the joint activities and general interaction between ACBF and AFRITACs will also contribute to the development of the ACBF's overall program of activity.

28. The AFRITACs will work closely with, and in support of, other regional institutions offering TA, training, and advisory services. Such institutions include AFRISTAT, providing TA in support of improved statistics in 17 countries in west Africa, including all the countries covered by the west African center; and MEFMI, providing capacity building in debt, macroeconomic, and financial management to 10 countries in southern and eastern Africa, including two covered by the regional center in east Africa. Collaborative efforts between AFRITACs and existing regional institutions will mainly include interactions and exchanges of views that will seek to follow up or complement the centers' assistance to participating countries, but can also be in the form of joint assessment and advisory visits.

D. Coordination with Other TA Providers

29. As described above, the center's operations will include several interventions aimed at ensuring that capacity-building efforts of all of TA providers reinforce each other and avoid overlap. It is to be expected that by the conscious coordination of their respective activities—especially in the areas of primary interest to national authorities and donors, such as public expenditure management and the provision of information on public sector activities—a greater and more beneficial impact will be achieved:

- **Country-level, topic-specific coordination.** The AFRITAC's resident experts will maintain a good overview of all ongoing capacity-building projects in the areas of special interest to a number of donors (e.g., timely and accurate reporting of government expenditures) that fall under their respective fields of expertise. This overview will cover not only the projects supported by the AFRITACs and the Fund's TA departments but also those of other major TA providers. If duplication or other coordination issues are detected, the resident experts will bring them immediately to the attention of the national authorities and the TA providers concerned, and, drawing on their technical expertise, suggest possible ways to achieve better results and more efficient use of resources. This coordination effort will be a continuous process.
- **Country-level, macro-sector coordination.** The AFRITAC's center coordinator, together with the Fund's resident representative, will assist the national authorities in

formulating a rolling TA program for macroeconomic management that will cover ongoing and prospective capacity-building projects that are or could be supported by the AFRITAC, the Fund's TA departments and other interested TA providers. This program will be reviewed semiannually—jointly by all TA providers—in the context of the PRSP process or other existing channels of coordination. Where the intended results are not being achieved, those projects will be redesigned or dropped, and new ones added.

- **Multicountry, subregional coordination.** The AFRITAC's Steering Committee will provide a forum where capacity-building efforts for macroeconomic management may be compared and assessed across the countries in the subregion. Such an assessment will be a crucial input in determining the allocation of the center's resources among the participating countries in the subregion and could be useful for the participating donors in directing their own activities for those countries. The Steering Committee will also provide a unique opportunity for the countries in the subregion to compare the effectiveness of their capacity-building programs with those of other countries; it is hoped that peer pressure will contribute to raising the effectiveness of all donor efforts.

30. An effective flow of information is important for strong cooperation and coordination between TA providers. The centers will widely distribute information on their activities, including the annual and quarterly rolling work plans, and progress reports. Reports on particular activities will be made available to providers of complementary assistance.

31. The World Bank and the Fund already have in place a number of instruments for coordination and collaboration, the most important of which is their joint assistance to governments in the PRSP process. There are a number of other formal and informal mechanisms, including the Financial Sector Liaison Committee on issues related to the work in the financial sector, the GDDS framework in the statistics area, cooperation in the public expenditure management area, and informal staff collaboration at both headquarters and at the country level. The AFRITACs' coordinators and the resident experts will help reinforce country level collaboration through increased interaction with World Bank staff and consultants.

E. Key Strengths of the Centers

32. Locating the source of TA provision within the vicinity of the users provides a number of important benefits and cost savings. Based in the region, the centers' staffs will be well positioned for early detection of problems and readily available for consultation. They will have the flexibility to respond rapidly to emerging needs and requests for assistance, and to apply resources according to changing circumstances. Equally important, the AFRITACs will have the ability to field frequent visits of experts to the recipient countries and to provide continuous and consistent follow-up, both formal and informal. This will help keep the momentum for improvements and reforms, and solidify the relationship between the users and the providers of the TA without running the risk of experts' taking over line

responsibilities and leaving few skills and capacities behind, a characteristic that is sometimes associated with long-term resident experts.

33. Because the assistance of the resident experts is not bound to specific projects, lengthy approval procedures, or time-consuming recruitment, the centers will be in a unique position to adapt their support to assist countries in assessing capacity and TA needs, designing and developing comprehensive TA strategies, and identifying and mobilizing support from other sources for reform strategies, and to flexibly complement the activities of other providers. This type of support is often difficult for governments to access, yet necessary in increasing the overall effectiveness of TA.

34. By focusing on a limited number of countries, the centers will be in a good position to recognize similarities and regional patterns in TA needs, and to take advantage of positive externalities and economies of scale. TA and training across national boundaries, such as support for region-wide initiatives and institutions and provision of opportunities for government officials to establish networks across countries, should be another cost-effective benefit of the regional structure of the centers.

IV. PROJECT OBJECTIVES AND BENEFICIARIES

A. Project Objectives

35. The priorities of TA to be provided by the centers will necessarily vary across countries, reflecting their different circumstances. Any description of project objectives, outputs, and activities for the project as a whole—covering several countries and two different subregions—will, therefore, have to be general at this stage. This document cannot describe in detail the precise objectives of the programs and projects to be supported by each center to each recipient country, as they will be derived from the PRSP process, as indicated above.⁵

36. A common *development objective* of the two centers, however, will be to foster professional government institutions that—equipped with international best practice—perform their functions in an efficient, well-informed, and transparent manner and thus are effective and accountable stewards of the resources they manage.

37. The *immediate objectives* of the project are as follows:

Immediate objective 1: *Strengthening the PRSP process.*

The following are some examples of the expected outputs:

⁵ The same applies to the attached Logical Framework Matrix, which is meant to illustrate in general terms the work to be undertaken under the project and provide examples of indicators of success.

- strengthened framework for TA design, delivery, and coordination; and
- improved effectiveness of TA in support of the PRSPs.

The following are some examples of the expected activities under the first objective:

- provision of capacity-building and TA needs identification and assessment;
- dissemination of knowledge of, and resources on, international and regional best practice;
- identification of areas in which the concerned TA providers have a comparative advantage;
- assistance in monitoring the implementation of TA; and
- provision of expert input in the coordination process.

Immediate objective 2: Fostering the capacity for sound macroeconomic management, strong fiscal institutions and financial systems, and the timely and accurate collection and dissemination of economic and financial statistics, in particular to strengthen implementation of PRSPs.

The following are some examples of the expected outputs under the second objective:

- improved capacity for macroeconomic analysis, policy formulation, and forecasting;
- more effective functioning of checks and balances in financial management, taking account of codes of good practice promulgated by the Fund and other institutions;
- more transparent and efficient systems and procedures for budgeting, treasury operations, and expenditure planning and control, with appropriate safeguards in terms of oversight and auditing;
- reliable and timely reporting of public expenditures;
- legislative or administrative changes to strengthen tax regimes or revenue collection agencies;
- simplified tax policies through a reduction in the number of tax rates and exemptions;
- improved legal and regulatory framework for banking supervision; and
- methodologies for compilation of economic and financial statistics upgraded to the latest international standards.

The following are some examples of the expected activities under the second objective:

- support for the establishment of macroeconomic policy units, or the strengthening of existing institutions;
- support for the improvement of budgetary information systems and classifications;
- assistance in strengthening of procedures for accounting, monitoring of expenditure flows, and auditing;
- support for the development of treasury systems that secure accurate and timely fiscal reporting;

- support for the preparation and implementation of short-term needs of a TA plan to support tax reform;
- support for the strengthening of supervisory systems and regulation and bank examination procedures; and
- support for the strengthening of statistical systems and practices through the use of the GDDS as a framework for identifying weaknesses and for planning improvements.

B. Project Beneficiaries

38. The immediate beneficiaries of the project will be the government agencies responsible for macroeconomic policy formulation and implementation. In addition, other institutions and organizations in and outside of government, such as parliaments, NGOs, civil society, and the business sector, stand to benefit. Through strengthened administrative capacities and enhanced participation and dialogue, the design and implementation of the PRSPs will be improved, which will ultimately benefit all segments of the population.

V. ACCOUNTABILITY, QUALITY CONTROL, AND EVALUATION

A. Accountability and Effective Use of Resources of AFRITACs

39. It is a core objective of the project that, in responding to the specific country needs, the activities of the AFRITACs embody a strong degree of country ownership and commitment as a means to foster increased effectiveness and sustainability of the TA. The effective use of AFRITAC resources will be monitored in a number of ways.

40. The Steering Committees will review each center's activities twice a year. Each Steering Committee will assess achievements in every participating country against benchmarks that will be agreed in the annual work plans. The benchmarks will be used to specify which measures the recipient countries will have to take within the context of the technical assistance to be provided, and which will be the basis on which to review what the countries have actually achieved; whether steps have been taken to implement the recommendations of the TA; or whether the assistance provided has resulted in reform. To facilitate objective assessment, benchmarks will be verifiable and, wherever possible, quantified. Examples of such benchmarks include the following:

- completion of administrative steps to establish a macroeconomic policy formulation and analysis capacity;
- completion of legislative steps to amend the budget law and administrative rules to comply with international best practice;
- frequency of budget reporting and timeliness of presentation of final accounts to the legislature;
- completion of administrative steps to improve public disclosure of the monetary policy framework and progress in achieving policy objectives;
- completion of financial institutions supervision manual; and

- completion of steps to improve the timeliness of a set of critical and reliable statistics.

41. Given the limited resources available to the centers, one of the main prioritization criteria in determining the center's work plan will be the recipient countries' record of commitment in making effective use of the TA. Peer review among the country representatives on the Steering Committee should, therefore, reinforce cooperation, accountability, and effectiveness of use of resources.

42. In preparation for the semiannual reviews, the center coordinator will prepare and circulate progress reports describing progress in implementing activities and in achieving planned results, as measured against the benchmarks included in the work plan; the reports will also highlight specific areas of concern. Progress reports will be distributed widely to the participating countries, donors, other TA providers, and relevant Fund departments in advance of the Steering Committee meetings.

43. In addition to the benchmarks, each center will develop a set of key indicators, which will be submitted for approval by the Steering Committees within the first six months of operation. These indicators will form the basis for medium-term performance monitoring and will be used to establish a baseline for each participating country, against which progress will be assessed over the medium term.

B. Quality Control

44. The Fund will oversee the activities of the centers in a number of ways. The experts will be supervised and backstopped by staff at Fund headquarters, and they will submit monthly reports to the Fund's TA departments. In particular, quality control of the work of experts will be provided through (i) the screening and selection of experts; (ii) strategic direction and backstopping support; (iii) periodic inspection visits; and (iv) the annual performance evaluation of experts, which will solicit the views of each of the countries serviced by the expert, as well as inputs from other partners, as needed. Secondly, the African Department will, in the context of the Fund-supported programs and surveillance activities, be monitoring progress of participating countries in implementing reforms.

C. Evaluation

45. After 18 months of operation, an in-depth independent evaluation of the work of the centers will be carried out by a team of outside experts. The evaluation will assess the effectiveness and sustainability of the centers and the TA provided by them, bearing in mind the long-term nature of capacity building, and formulate recommendations on future actions. If the centers are seen as successful, the number of centers could be expanded to up to five over the medium term.

VI. INPUTS, FINANCING, AND MANAGEMENT OF COST-SHARING CONTRIBUTIONS

A. Inputs

46. The following inputs will be provided under each of the two centers under the project:

Host Government:

- Suitable office space for the centers, training facilities for regional training, and other local costs, such as secretarial support, security and cleaning services.

Cost-Sharing Partners:

- Five long-term resident experts (five person years per annum);
- Short-term experts (three person years per annum);
- Regional travel to participating countries (20-25 short visits each of the center coordinator and the resident experts per annum);
- In-country training, seminars, workshops, and professional attachments to be provided by the AFRITACs;
- Office support, communications, etc; and
- Evaluation.

Participating Governments:

- Support for facilities to assist project implementation, including the appointment of senior level members of the Steering Committee, provision of travel and per diem expenses for Steering Committee members, and appointment of national counterpart staff for AFRITAC experts; and
- Nomination of staff and provision of local counterpart costs for training activities and administrative and logistical support for in-country training activities.

IMF:

- A center coordinator (one person year per annum);
- TA missions provided by Fund staff (one person year per annum);
- Start-up cost of establishing the centers; and
- Quality control, supervision, and backstopping.

B. Financing

47. The total cost of each center is estimated at US\$4.5 million per year (see attached budget table). The Fund intends to cover about one-fourth of the total for the salaries and housing for the center coordinator, additional short-term Fund staff missions generated by the

center, start-up costs, and cost of quality control and supervision from headquarters in the form of recruitment, supervision, and backstopping, as well as the provision of managerial and administrative support. The remaining balance of US\$3.2 million per center would need to be borne by participating donors for expenses related to salaries and housing of five resident experts, additional short-term TA generated by the center, expenses associated with training, travel costs of the coordinator and the resident experts, evaluation, and administrative support. The estimated value of the host country contribution is about US\$0.5 million per year. Apart from the costs for establishing and operating the AFRITACs, the Fund's TA initiative involves its financial contribution to the ACBF, which is not included in the cost information mentioned above.

C. Management of Cost-Sharing Contributions

48. It is expected that contributions from the donors will be made into a multi-donor AFRITAC Subaccount which will be established under the Fund's Framework Administered Account for TA Activities (FAA). All resources contributed to the centers will be channeled through the AFRITAC Subaccount, except those from the Fund, which are charged directly to its administrative budget. The Subaccount will be used only to receive financial contributions for AFRITAC and disburse to finance for AFRITACs' activities.

49. The Fund will once a year, within 90 days of the end of the Fund's fiscal year, on April 30, provide contributors with a report on the Subaccount's expenditures and commitments. The operations and transactions conducted through the Subaccount will be subject to the annual audit of the FAA.

50. The basis for the financial arrangements between donors and the Fund will be a letter of understanding establishing the purposes of the contribution, and the methods, terms, and conditions by which the costs of the TA activities of the centers will be financed from the resources contributed to the Subaccount.

VII. RISKS

51. As with all TA, the main risks are insufficient implementation and follow-up to the TA and the loss of trained personnel. The strong emphasis on ownership and accountability will help to minimize such risks, and to ensure that the conditions for successful TA and capacity building are in place.

52. Similarly, the achievement of the objectives of all TA is susceptible to exogenous factors—for example, political, security, and global economic environment factors. The centers will draw on the surveillance and technical expertise of the Fund in minimizing the impact of such potential factors on the quality and relevance of capacity-building efforts.

53. The main risk associated with placing experts at the regional level, as opposed to the country level, is the danger that TA resources might be spread too thinly to be effective. This risk will be offset by prioritizing objectives and ensuring full country ownership of the work of the centers, drawing on short-term experts, and by collaborating with other providers.

54. Ultimately, the success of the project will depend on the commitment of participating governments to ensure that local capacity and skills are developed through the interaction of local counterparts with AFRITAC experts, and to implement TA recommendations, inter alia, by strengthening the civil service in general. The strong interest in the AFRITACs expressed to the Fund by the African leaders is encouraging in this regard.

Attachments

- I. AFRITACs - Organizational Chart
- II. Budget
- III. Logical Framework Matrix

African Regional Technical Assistance Centers (AFRITACs) – Organizational Chart

