Central AFRITAC

Independent Mid-Term Evaluation
Phase II: April 2011 to April 2014

Volume I: Final Report
February 2016
ACKNOWLEDGEMENTS

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This Report contains two volumes, of which this is the first part. Volume II contains Appendices.

This Report has been produced in English and French. In case of conflicts or inconsistencies between the versions, the English version prevails.
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## ABBREVIATIONS AND ACRONYMS

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<tbody>
<tr>
<td>AFC</td>
<td>Central AFRITAC</td>
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<tr>
<td>AFD</td>
<td>Agence Française de Développement</td>
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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<td>AFR</td>
<td>African Department, IMF</td>
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<tr>
<td>AFRISTAT</td>
<td>Economic and Statistical Observatory for sub-Saharan Africa</td>
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<tr>
<td>AFRITAC</td>
<td>Africa Regional Technical Assistance Centre</td>
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<tr>
<td>BEAC</td>
<td>The Bank of Central African States</td>
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<tr>
<td>BEQ</td>
<td>Basic Evaluation Questions related to the evaluation</td>
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<tr>
<td>BRB</td>
<td>Bank of the Republic of Burundi</td>
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<td>BSFS</td>
<td>Banking Supervision and Financial Stability</td>
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<tr>
<td>CAA</td>
<td>Caisse Autonome d’Amortissement, Cameroon</td>
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<tr>
<td>CAR</td>
<td>Central African Republic</td>
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<tr>
<td>CC</td>
<td>AFC Centre Coordinator</td>
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<td>CEMAC</td>
<td>Central African Economic and Monetary Community</td>
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<td>CNDP</td>
<td>National Debt Committee, Cameroon</td>
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<td>COBAC</td>
<td>Commission Bancaire de l’Afrique Centrale</td>
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<tr>
<td>ComSec</td>
<td>Commonwealth Secretariat</td>
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<tr>
<td>COREF</td>
<td>Comité d’Orientation de la Reforme des Finances Publiques</td>
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<tr>
<td>CS-DRMS</td>
<td>Commonwealth Secretariat Debt Recording and Management System</td>
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<tr>
<td>DAC Criteria</td>
<td>OECD Development Assistance Committee Criteria for Evaluating Development Assistance</td>
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<tr>
<td>DfID</td>
<td>Department for International Development</td>
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<tr>
<td>DMFAS</td>
<td>Debt Management and Financial Analysis System</td>
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<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
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<td>EU</td>
<td>European Union</td>
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<td>FAD</td>
<td>Fiscal Affairs Department, IMF</td>
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<td>FoHBAC</td>
<td>Forum des Hauts Fonctionnaires du Budget</td>
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<tr>
<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit</td>
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<tr>
<td>ICD</td>
<td>Institute for Capacity Development, IMF</td>
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<tr>
<td>IFRS</td>
<td>International Financial Reporting Standards</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IMF HQ</td>
<td>IMF Head Quarters</td>
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<td>JSA</td>
<td>Japan Administered Account for Selected IMF Activities</td>
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<td>KPI</td>
<td>Key performance indicator</td>
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<td>LOFIP</td>
<td>Loi organique des Finances publiques</td>
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<tr>
<td>LTX</td>
<td>Long-term expert</td>
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<td>MCM</td>
<td>Monetary and Capital markets Department, IMF</td>
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<tr>
<td>MNRW TTF</td>
<td>Managing Natural Resources Wealth TTF, IMF</td>
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<td>MTDS</td>
<td>Medium-term debt strategy</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<tr>
<td>PAMFIP</td>
<td>Projet d’Appui à la Modernisation des Finances Publiques</td>
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<td>PDM</td>
<td>Public Debt Management</td>
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<td>PFM</td>
<td>Public Financial Management</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>PRSP</td>
<td>Poverty Reduction Strategy Paper</td>
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<td>RA</td>
<td>AFC Resident Advisor</td>
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<td>RBM</td>
<td>Results Based Management</td>
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<td>RSN</td>
<td>Regional Strategy Note, IMF</td>
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<td>SC</td>
<td>AFC Steering Committee</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>STX</td>
<td>Short-term expert</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TORS</td>
<td>Terms of reference for the evaluation</td>
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<tr>
<td>TPA TTF</td>
<td>Tax Policy and Administration TTF, IMF</td>
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<tr>
<td>TTF</td>
<td>IMF topical trust fund</td>
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<tr>
<td>UDEAC</td>
<td>Union Douanière et Économique de l’Afrique Centrale</td>
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<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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EXECUTIVE SUMMARY

Our overall conclusion from the mid-term evaluation of Central AFRITAC’s (AFC) second phase is that despite a challenging environment, the Centre has built strongly on the foundation from its previous phase. It is meeting important needs of its member countries and has introduced a number of innovative initiatives to develop sustainable reforms in key areas of macroeconomic management. Our evaluation ratings for the program and the topical areas reflect progress in the management, operations and TA delivery modalities that AFC has implemented during the review period. We understand that more recently further action has been taken by the Centre’s management in a number of areas and should the review have included an assessment of these initiatives, the evaluation results may well have been even more positive.

The AFC program’s relevance is rated as Excellent, confirming its consistency with the program document and alignment with member country needs. AFC has significantly improved its coordination with other TA providers, although the policy relating to dissemination of TA reports continues to act as a barrier. The program’s efficiency is rated as Good, reflecting strong administration and processes at the Centre. However, high cost of operating from Libreville and sub-scale operations due to a shortfall in funding have contributed to relatively high overheads. Cancellations and postponements due to security problems and other reasons have also affected efficiency. Monitoring and follow-up is strong, especially for long-term, multi-mission projects. The AFC Results Based Management system is robust and well used for reporting and monitoring project implementation, with further improvements with respect to multi-annual projects being implemented. We rated the program Good for outcomes, and Excellent for outputs. Overall, AFC has realized some important outcomes, and made good progress on other objectives, although achievements have varied between topical areas. TA reports and workshops have been consistently of very high quality. Sustainability is rated as Good, although the environment in AFC member countries poses significant barriers and risks in this area. A number of innovative initiatives to build local capacity being implemented by AFC have contributed to a higher sustainability rating than is reflected in the topical assessments.

With respect to the topical areas:

- PFM accounted for almost 40% of resource allocation during the review period and has been performing very strongly. It is providing critical support toward the implementation of CEMAC directives and also assisting Burundi and DRC on implementing parallel legislations. Our PFM case studies in Gabon and Congo have highlighted a very effective approach to TA provision that is conducive to achieving strong results.

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1 Excellent: All or substantially all objectives met; Good: Majority of objectives met; Modest: Few/minority of objectives met; Poor: Very few objectives met.
- Banking Supervision and Financial Stability (BSFS) has not performed as well in our assessment. TA in the topical area was adversely affected by a one-year gap in Resident Advisors, although corrective action from AFC management mitigated the problems. The work reviewed in our case studies, on passing various legislation and regulations at CEMAC and Burundi, although incorporating high quality advice, has been affected by extended delays in approvals, so very limited outcomes have been achieved.

- Statistics has seen the publication of updated annual accounts in a number of countries, which will significantly improve the information available for policymakers. However, weak capacity and management in many statistical offices have resulted in delays and there is high risk to sustaining the results achieved to date.

- Revenue administration work has mainly focused on taxation. In customs the IMF is implementing a major program for CEMAC countries. The principal focus has been on strengthening VAT administrations and good progress is being made, although implementation is slower than anticipated.

- Public debt management started in the FY 2014 after a two-year gap due to resource constraints. The major work has been on TA needs assessments, training and some advice on organization of debt management offices, and we understand that some outcomes have been achieved in the area of government debt securities subsequent to the review period.

**Recommendations**

1. The program document for the next phase of AFC should provide a strategy for each country covering the different topical areas. The strategy should be integrated with RBM objectives and funding allocations. A program completion report should be prepared at the end of the current phase that would provide the foundation for the phase three strategy. (Priority: High)

2. Steering Committee (SC) effectiveness should be strengthened by focusing more on strategic issues during meetings, improving continuity of membership, more active role of SC members in implementing AFC TA in their countries and reinforcing their focal point role. AFC should provide appropriate support to SC members to enable this to happen. (Priority: High)

3. We recommend that IMF should design the proposed HQ IT systems aimed at providing integrated financial and qualitative TA performance information after taking into account the information needs of all RTAC stakeholders, and especially ensure that disaggregated data for countries as well as individual TA projects and workshops is available. (Priority: High)

4. AFC should strengthen further its RBM through better linkage of outcomes with TA, more focused risk definition and ensuring logframes cover the entire results chain. (Priority: Medium)

5. AFC should strengthen further its reporting to SC by reducing the volume of information provided, exploring options for consolidating information, providing results that are more directly related to AFC technical assistance, highlighting specific reasons for non-achievement of targets and presenting key performance indicators. (Priority: High)

6. The SC should discuss in detail donor needs for access to AFC reports, recipient and AFC constraints in sharing them, and agree an approach that expedites the sharing of such reports within the scope of current IMF dissemination policy. Information about such an expedited report sharing process should be distributed across all RTAC steering committees. (Priority: High)

7. ICD should revise its budgeting practices to reflect actual annual and category expenses in budgets for future years, and develop better linkages between financial budgets and resource allocations envisaged in work plans. (Priority: High)
8. ICD in partnership with AFC should at a very early stage of the next funding cycle seek to secure indications of interest from international donors to establish viability of the next phase. Member countries should arrive at a formal decision on mechanisms within their countries that would ensure funds are earmarked to meet their funding commitments to AFC. (Priority: High)

9. AFC and IMF should work with AFRITAC East to move the responsibility of providing financial sector supervision technical assistance and training to Burundi to AFRITAC East. (Priority: High)

10. AFC in partnership with IMF should explore strategic options for increasing the availability of specialist knowledge available at the Managing Natural Resource Wealth Topical Trust Fund for AFC member countries, subject to member country interest and availability of AFC resources. (Priority: Medium)
1. EVALUATION RESULTS FOR THE AFC PROGRAM

1.1 INTRODUCTION

The overall conclusion from the mid-term evaluation of Central AFRITAC’s (AFC) second phase is that despite a challenging environment, the Centre has built up its technical assistance (TA) and workshop activities strongly from the previous phase. It is meeting important needs of its member countries and has introduced a number of innovative initiatives to develop sustainable reforms in key areas of macroeconomic management. Our ratings for the program and the topical areas are generally higher than in the 2009 AFC evaluation, which was undertaken relatively soon after the program was established. These ratings reflect progress in the management, operations and TA delivery modalities that AFC has implemented during the review period, which was until April 2014. We understand than more recently further action has been taken by the Centre’s management, as outlined in the relevant sections of the report, and should the review have included an assessment of these initiatives, the evaluation results may well have been even more positive.

This section provides an overview of the background to the evaluation and a summary of the methodology applied. The latter is covered in more detail in Appendix 2 in Volume II of this report. Sections 1.4 to 1.8 summarise the main rationale behind the DAC criteria ratings for the AFC program. These matters are dealt with in more detail in Sections 2 to 4. Section 5 covers the evaluation of individual topical areas.

1.2 BACKGROUND TO THE EVALUATION

AFC was established in November 2007 to strengthen the institutional and human capacities of governments to manage public finances effectively, maintain robust financial systems, and produce reliable macroeconomic statistics in eight countries in central Africa.2 The program is currently in its second phase, which started in April 2011. The initial period of five years for the second phase is being extended by 18 months. The current phase had an initial budget of US$49.6 million. The current operational budget for this phase is US$29.6 million. The Centre’s organization and operations are based on the IMF RTAC model3. AFC is funded by a combination of member countries and donors4.

The mid-term evaluation, which is provided for in the terms and conditions establishing AFC, aims to inter alia assess the effectiveness and sustainability of AFC TA; the extent to which AFC TA has led to tangible results and is achieving its objectives efficiently and effectively; the degree to which AFC is achieving the advantages associated with the RTAC model; and formulate recommendations for improvement. The terms of reference of the evaluation (TORS), provided in Appendix 1 of Volume II, envisage that the findings of the evaluation will inform discussions of AFC future operations.

The principal audience of the evaluation is AFC member countries and donors. In addition, AFC and IMF management are likely to be interested parties, particularly in respect of its findings and recommendations. The evaluation is also likely to be of interest to a wider readership engaged in the provision of TA and implementation of reforms in the areas covered by it.

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3 See https://www.imf.org/external/np/exr/facts/afritac.htm
4 Donors are the African Development Bank, Australia, Canada, China, European Investment Bank, European Union, France and Germany.
1.3 EVALUATION AND RATING APPROACH

Our rating of the program on the basis of the DAC Criteria for Evaluating Development Assistance (DAC Criteria) draws on our findings and assessments for the different topical areas, as well as findings at the program level. These findings were guided by the Basic Evaluation Questions (BEQ) outlined in the TORS. The rating system\(^5\), which was agreed during the evaluation’s inception phase, is provided in Appendix 2 in Volume II, which also outlines the activities we have undertaken.

Given the nature of AFC activities and the scope of the evaluation, a qualitative rather than a quantitative approach has been taken. Our evaluation has been carried out at different levels: a) the program’s overall strategy and operating systems and processes at the Centre; b) the topical strategies and TA delivery approaches; and c) a selection of individual TA interventions and workshops. In carrying out our review, we have relied on a combination of sources of information, including documentation, interviews and surveys. We have used more than one source of information to assess each BEQ wherever possible. We have placed the most weight on documented information, augmented by our analysis of data. Interviews and surveys have been used principally to support the former, or to assess BEQ where documented information is not relevant (such as opinions), or where there are gaps in data. Interviews have included TA recipients, as well as a range of other TA providers active in areas and countries of AFC operation. Where we have found inconsistencies, these have been investigated. Surveys have been relied upon, but given their small sample sizes (especially when responses are broken down into topics and countries), not exclusively\(^6\). In reviewing the survey responses, we have also taken into account the relative strength of responses, for example, the relative proportions agreeing or strongly agreeing to a statement. Finally, the report has been peer reviewed by an evaluation expert independent of the AFC evaluation team.

The rating system adopted follows that for the recent evaluations of AFRITACs East and West and CAPTAC-DR. The 2009 evaluation of AFRITACs weighted the different scores for DAC Criteria within and across topics to arrive at consolidated scores for each topical area and the RTACs. We have highlighted our reservations about applying weights in our inception report and also in Appendix 2. We have nevertheless presented in Appendix 5 the weighted scores and ratings for each topical area and the AFC program so that the results of this evaluation may be compared with those of the 2009 evaluations.

In arriving at the rating of the AFC program as a whole, we have taken into account the performance of the topical areas. At the same time, a number of BEQs relate specifically to the Centre, including the design and implementation of management and operational systems; RBM; Steering Committee (SC) and AFC governance; and allocation of TA resources between topical areas to achieve program level objectives. Although indirectly affecting the performance and therefore ratings of the topical areas, we believe that the Centre has a key role in establishing the framework for TA activities and therefore our rating for the program as a whole differs from the sum of that of the topical areas.

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\(^5\) Excellent (EXLT): All or substantially all objectives met. >3.5 to 4.0; Good: Majority of objectives met. >2.4-3.5; Modest (MODST): Few/minority of objectives met. 1.5-2.4; Poor: Very few objectives met: 1.0-<1.5.

\(^6\) Response rates were: TA beneficiaries survey: 19 out of 88 invites (22%); regional workshops: 77 out of 220 (35%); and Steering Committee members: 9 responses out of 22 invitees, four member countries and five representing donor institutions (three of latter from same institution).
1.4 **Relevance**

We have rated the AFC program’s relevance as Excellent, with a score of 3.6. This rating reflects a high level of consistency of the program’s TA and workshop activities as updated by annual work plans. Our assessment is that AFC does meet its member country priority needs and its country and region focused work is closely aligned with and provides important support to the respective priority reform agendas. Significant improvements have been made in coordinating AFC work with development partners, although the IMF information dissemination policy poses a barrier to improved cooperation and causes frustration among counterparts. Coordination and complementarity with HQ work is strong, although we feel that AFC member countries could potentially benefit further from strategic collaboration with HQ initiatives such as the Managing Natural Resource Wealth Topical Trust Fund and IMF programs aimed at fragile states. The Steering Committee plays an important role in endorsing the work program and for some donors provides a platform for raising bilateral issues. However, its role as a strategic governance arm of AFC could be further improved. Our assessment of AFC establishing a clear comparative advantage as a TA provider is generally positive, although the position varies somewhat between topical areas and characteristics. For example, AFC is seen as an important provider of technical advice in PFM, but had not established such a position in Banking Supervision and Financial Stability (BSFS) during the period of our review. Similarly, AFC is seen to be strong in providing technical advice, but less so in achieving sustainability in reforms.

1.5 **Efficiency**

We have rated AFC’s efficiency as Good, with a score of 3.0, which is at the mid-point of the range. The program is well-managed at the Centre, with efficient administrative procedures and robust record-keeping that enable follow-ups and handovers. There is also good level of support provided to the Centre Coordinator (CC) and RAs. However, IMF HQ systems and processes, which are fragmented and can vary between departments contribute to inefficiencies. Work plans are generally followed, but there have been cancellations of missions due to security and other disruptions (e.g. CAR) and in some topics, such as when TA counterparts have requested mission postponements. AFC redeploy resources wherever possible, but there is still a net shortfall between planned and actual missions. It is difficult to determine the program’s cost effectiveness accurately, but our assessment is that overheads are relatively high compared with other programs, partly due to the high cost of operating from Libreville, and also because of the sub-scale activities during the phase due to a shortfall in funding. Monitoring and follow-up is strong for multi-mission projects, but tends to be weak for ad hoc or short projects, where implementation is not always monitored when the project has been completed. As highlighted previously, actual and/or perceived delays in disseminating TA reports continues to be a major source of frustration for other TA providers. There are a number of instances across most topical areas where AFC has worked with other TA providers to leverage its TA, although the incidences of AFC proactively going out and securing complementary TA to fill in gaps to enhance its TA are more limited.

1.6 **Effectiveness**

We have rated AFC outputs as Excellent, with a score of 3.7. Outcomes have been rated at the mid-point of Good, with a score of 3.0. Our reviews of TA reports and workshop presentations consistently support our assessment of very high quality, technically robust outputs that are relevant and implementation-oriented. Outcomes and implementation of advice, however, has varied between topical areas and countries, sometimes significantly. These are highlighted in more detail in Section 5 and in our case studies. PFM outcomes, in particular, have been relatively strong and given that topical area accounts for almost half of AFC TA delivery, has influenced the overall rating for the program. TA and training are generally well integrated. This is especially the case where in country workshops are held to complement TA provided during missions. AFC uses a high proportion of STXs from sub-Saharan Africa (SSA), although it has indicated that it has been unable to do so for BSFS due to lack of availability. In addition, AFC has initiated a number of innovative activities, such as: setting up forums for PFM and customs officials; using PFM TA and reform models developed in one country in another; promoting a masters program in PFM; and delivering sensitisation workshops for parliamentarians. The availability of funding for five year should enable long-
term planning, but for the current phase this has been hampered by a significant shortfall in contribution from some members. This has meant alternative donor funds have had to be identified and secured, adversely affecting the planning of the work program and its delivery. The RBM framework developed by the Centre is robust and is used for reporting and planning. We have suggested some improvements to it, for example in improving linkage with TA, and covering the entire course of action required to achieve outcomes.

1.7 SUSTAINABILITY

We have rated sustainability of AFC work as Good, with a score of 2.5. AFC member countries suffer a number of weaknesses that potentially affect their ability to absorb TA and sustain reforms. These include low government capacity, high corruption, weak rule of law, and uneven commitment to reforms. Many of these factors contribute to weak management in TA recipient institutions, resulting in inadequacy or high turnover of adequately qualified staff. Lack of appropriate IT systems can be a further barrier. Certain topical areas, such as statistics and revenue administration, are particularly susceptible to these weaknesses. AFC manages these risks carefully where possible. For example, TA to countries that are not demonstrating an appetite for implementing advice is curtailed. In addition AFC has partnered in some cases with other TA providers more equipped to provide long-term capacity building support. These factors, along with initiatives promoted by AFC to develop long-term sustainability among members have contributed to an overall Good rating for this criterion.

1.8 IMPACT

AFC’s work is clearly having an impact in selected areas. These include, for example, the PFM work in Gabon and Congo, as well as work on updating national accounts in some countries. However, to deliver significant impact at the macroeconomic level considerably more follow-up work is required, both from AFC, other donors, and the member governments for an extended period. We have highlighted the potential areas of impact for the different topical areas in Section 5.
2. ASSESSMENT OF AFC STRATEGY AND GOVERNANCE

2.1 OVERVIEW OF AFC TA AND REGIONAL SEMINARS

Charts 1 and 27 opposite show the distribution of AFC TA by topical area and country. Topical allocations for the current phase benefit from IMF HQ inputs but primarily follow from the lessons learnt in the program’s first phase and developments during the current one. The AFC program has adapted to:

- Member countries’ evolving TA needs;
- Changes in the global financial context;
- AFC experience in operationalizing institutional collaboration with TA partners such as the AfDB, AFRISTAT, EU and GIZ.
- Resource availability for AFC TA; as well as
- Evolving security situation in countries such as the Central African Republic (CAR).

The findings of the evaluation indicate that the AFC TA portfolio responds to priority needs of its member countries. PFM constitutes the most prominent topic accounting for 38% of total AFC TA during the current phase, although this share dropped to 33% during FY 2014. FY 2014 saw a change of relative shares of all topical areas due to the re-introduction of TA on public debt management (PDM), which absorbed a fifth of total AFC support. TA on this topic could not be provided earlier during phase two because of funding constraints.

With respect to geographic distribution, the largest portion of AFC TA (22%) went to regional activities. This work has been important, although weak capacity and slow progress in regional institutions have sometimes limited the achievement of outcomes. At a country level, Burundi, Congo, DRC, and Gabon have been the largest recipients, jointly accounting for almost half of the portfolio. At the other end of the spectrum, Equatorial Guinea has shown relatively little appetite for AFC support. This country has received less than 4% of total TA, mostly in the area of statistics, and some in PFM. At the same time, CAR received an average of approximately 9% of AFC TA. Given its recent political instability, the country saw its share of AFC support drop to almost zero during FY 2014. AFC has indicated that engagement with Equatorial Guinea has evolved significantly since the review period, as a result of more involvement by the CC with country authorities. Similarly, we understand that AFC engagement with CAR has increased in FY 2015.

IMF country codes and regional groupings have been used in charts. See https://www.imf.org/external/np/sta/cdis/pdf/060508g.pdf. For sectors, Public Debt Management: PDM; PFM = Public Financial Management; ICD: IMF Institute for Capacity Development; MNRW: Managing Natural Resources Wealth.
Member countries show disparate levels of sophistication in different topics, with reform programs at varying stages of development in different institutions. AFC provides a mix of tailored country TA support and regional workshops. The latter provides a platform for more advanced countries to share experiences with their peers. In turn, country specific TA caters to particular in-country needs. This modality enables each country to advance at its own pace. TA and workshops aimed at supporting regional objectives reinforce the above.

Consistently with its strong regional orientation, AFC has organized a substantial number of regional workshops during the period under review (averaging about six per year). Seminars have covered all AFC topical areas, each time focusing on a specific technical aspect of relevance to member countries.

2.2 Strategic Issues

Consistency with the program document

The February 2010 AFC program document for the current phase envisaged raising US$49.6 million for five years between 2010 and 2014. Only US$30.8 million was pledged initially, although this total had increased to US$50.4 million\(^8\) as at 31 December 2014. Total contribution actually received as at the latter date, however, was only US$29.9 million. This shortfall compared to initial target budget will have adversely affected AFC ability to implement the full program envisaged in the program document. Funding related matters are covered in more detail in Section 4.5.

AFC topical activities envisaged in the program document were outlined in broad terms, the starting point being member countries’ Poverty Reduction Strategy Papers (PRSP), complemented, where available, by sectoral reform strategies. It proposed a continuation of the work initiated in member countries during the first phase, with some changes, for example with the proposal to recruit a customs RA. In addition, the program document envisioned responding to findings of its 2009 external evaluation by increasing work with regional institutions; improving donor coordination; widening dissemination of its work; enhancing integration with IMF lending and surveillance activities; and improving results focused management. Our assessment suggests that improvements have been made in all these areas. The logframe included in the program document was drafted in outline terms and on its own is unsuitable for providing guidance for AFC activities. As discussed later in the report, this logframe has since been updated.

AFC second phase activities to date have been broadly in line with the objectives outlined in the program document. However, the significant shortfall in funding at the start of the phase has affected plans. For example, PDM TA had to be discontinued and only recommenced in January 2013. A JSA funded IMF regional customs training program covering the Central African Monetary and Economic Community (CEMAC) countries has meant that this topic has not seen significant AFC TA delivery. In topical areas, shifts have been made to focus on emerging needs. For example, in financial sector supervision, microfinance has been replaced with financial stability. The annual work plans, endorsed by the Steering Committee (SC), reflect a combination of AFC available resources and the gradual evolution of the objectives and activities set out in the program document to reflect the AFC member needs and IMF objectives. The program document set out some verifiable success indicators for each topical area. These have been superseded by more concrete ones in the current AFC logframe, and we comment on these separately in Section 4.2.

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\(^8\) Including US$5.4 million from EU pending signature.
We believe that the program document for the next phase of AFC could be made more useful if it presented a strategy for the different topical areas and individual countries, incorporating appropriate flexibility for *ad hoc* TA needs and to meet unforeseen events. The RBM outcome targets and indicators could then be aligned to the strategic objectives for the next cycle. In addition, the financial budget could be linked to the resources needed to implement the strategy. The annual work plans could then focus on implementation of the strategy and highlight any variations therefrom. An agreed proportion of the annual budget could be reserved to meet *ad hoc* TA needs.

A program completion report should be prepared at the end of the current phase to highlight the deployment of funds, achievements, lessons learnt and key remaining work. In addition to meeting accountability and learning objectives, the completion report would provide the foundation for the strategy and approach for the next phase.

**Meeting Member Country Priority Needs**

In common with other RTACs, the AFC TA planning mechanism is substantially geared to responding to counterpart institution needs. As a TA survey respondent stated, the work program in his institution "is implemented in a consensual manner with AFC, on the basis of an earlier needs assessment and the establishment of a road map". Almost 95% of 19 respondents to this survey expressed agreement (68% expressed strong agreement) with the assertion that their 'request for technical assistance from Central AFRITAC was to help [them] implement one or more priorities in [their] sector / institutional strategy'. Planning is nonetheless a three-way process, with input also from IMF HQ and AFC staff. 40% of the 15 TA survey respondents who indicated an opinion mentioned that their assistance was initially proposed by AFC or IMF, rather by their own organization. The AFC work plan development process aims to balance the needs and views of: a) the TA recipient; b) the AFC RA and CC; c) the relevant IMF TA department; and d) AFR, with the requirements of the TA recipients usually given the greatest weight. Diagnostic work from various TA departments, findings from HQ surveillance and objectives outlined in the AFR Regional Strategy Notes (RSNs), provide important inputs to work planning. IMF Resident Representatives, where available, are also consulted, and are becoming increasingly involved in AFC work.

Our review of relevant AFC and project documentation; results of surveys; and discussions with TA recipients and other TA providers suggest that AFC is indeed responding to member country TA needs in its target areas. The work plan development process is aimed at ensuring that national and sectoral priorities are targeted by the program. There is limited reference in them to PRSPs, although in any event PRSPs are usually drafted in broad terms and provide limited guidance for developing TA projects. The close work with institutions such as CEMAC, COBAC and BEAC also ensure that regional priorities are targeted.

**Meeting Regional Integration Objectives**

AFC TA reflects the importance of the regional integration agenda of its member states in most of the topical areas. Regional activities represent the largest share of the TA portfolio, with over one-fifth of the total. Despite AFC efforts, progress on the regional integration and harmonization agenda is often affected by the relatively slow pace at which regional institutions or member countries progress in meeting their own objectives.

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9 5% didn’t know.
Members are at different stages of development. They have varying attitudes to reform, and face a broad range of institutional governance and staff capacity-related challenges. This situation inevitably leads to difficulties in achieving outcomes and poses barriers to sustainability. At the same time, AFC leverages this diversity by promoting peer-to-peer learning opportunities, mostly during regional seminars. In addition, AFC has sponsored regular networking meetings of national heads of customs organizations, as well as a forum of decision makers on budgeting matters (FoHBAC, Forum des Hauts Fonctionnaires du Budget). The Centre additionally collaborates with institutions such as AFRISTAT. AFC workshops have also been contributing to the regional harmonization objective. For example, one of the principal strands of work in tax administration relates to development of a common database and nomenclature on extractive industries taxation. AFC TA on implementation of CEMAC PFM directives, and strengthening regional banking supervision efforts are further examples. As indicated above, pace of implementation of advice and the achievement of outcomes varies between topical areas and countries.

Coordination with and Leveraging of Work of Development Partners

The evaluation surveys and our discussions with other regional TA providers and TA recipients suggest that AFC actively coordinates its work with other TA providers in the region. AFC has made significant progress in briefing them on its current activities: RAs, although not STXs, typically conduct debriefing sessions at the end of their missions. There are many examples of coordination of work with other TA providers. There are also a number of examples of AFC coordinating with other donors to leverage its work, for example in providing long-term capacity building to implement its advice. Instances of AFC engaging donors proactively to attract complementary TA to meet needs, although they exist, are more limited.

Four out of five donors responding to the SC survey consider that there is ‘adequate consultation to ensure that Technical Assistance delivered by our organization does not duplicate that delivered by the Center,’ whereas the same proportion and number of donor respondents would also ‘like to cooperate more in joint projects or partnership with Central AFRITAC at country or regional level’. All of them consider that there is room for improvement in the partnership process’ transparency. These findings are strongly supported by feedback received from a number of development partners during field visits.

The survey of TA recipients indicate similar views in this area. Of 17 respondents to the question, 35% strongly agreed that AFC avoids duplication of work with those of other donors; 23% strongly agreed that the Centre takes steps to ensure complementarity; whereas only 12% strongly agreed that AFC takes explicit steps to bring in other complementary TA when needed.

AFC highlights a number of instances of effective collaboration with other TA partners. In statistics, for example, AFC carries out training seminars together with AFRISTAT and the AfDB and is coordinating its TA with the former in Equatorial Guinea. In tax, collaboration with GIZ focuses on the taxation of forestry and other extractive sectors while capacity strengthening work in Congo is closely coordinated with EU. In customs, AFC has sponsored an internship program with French-speaking universities as well as collaboration with EU and IMF HQ for institutional capacity building in Congo and DRC. AFC also cooperates with the World Customs Organization on information exchange and dissemination.

Nevertheless, there still appears to exist scope for increased strategic collaboration with other donors, in particular EU. A more flexible approach may be required from IMF to meet EU requirements, subject to compliance with core principles underlying RTACs, such as the preclusion of earmarking of funds. Furthermore, lack of timely access to TA reports is a major source of frustration among TA partners and in their view impedes more effective collaboration. The lack of adequate information on donor coordination was highlighted as a weakness in SC reporting by all six respondents to the question in the SC survey. Our review of recent annual reports suggests reasonable coverage of donor coordination. Perhaps SC should give precise guidance to AFC management on the format and content of such information needed.
Complementarity and Leveraging of AFC TA with IMF Core TA and TA from other IMF Programs

Complementarity and leveraging between AFC TA and that provided by IMF HQ TA has taken place in a number of topical areas, through building AFC work programs based on IMF diagnostics, participation in joint IMF/AFC missions, and IMF staff presenting in AFC seminars. For example, a FAD diagnostic with AFC RA participation contributed to the design of the AFC tax TA plans in Gabon; FAD has provided a LTX on VAT in DRC; AFC participated in an IMF organized SSA seminar on management of natural resources; AFC has been implementing FAD recommendations on cash management and budget control in CAR; IMF has funded until recently a LTX in banking supervision at COBAC (although as highlighted in Section 5.2, the effectiveness of collaboration in this instance was in our opinion limited); and AFC has been assisting in implementing an action plan developed by MCM for the Central Bank of Congo. ICD also delivered a macroeconomic and debt management course for AFC member countries in FY 2014. There has been no joint TA between AFC and IMF HQ in statistics during the period reviewed. We understand that the scope for further leveraging of IMF HQ expertise, for example through diagnostic missions, has been limited by budgetary constraints at AFC. Nevertheless, AFC has pointed out that IMF HQ statistics expertise has been leveraged through IMF HQ missions funded by the IMF and other donors.

Collaboration with other Fund programs has principally been in the complementarity with the Japan Administered Account for Selected IMF Activities (JSA) funded IMF customs strengthening TA for CEMAC member countries. This has enabled AFC to focus on supporting non-CEMAC members in this topical area, and also provide targeted support in anti-fraud measures to some CEMAC members in coordination with IMF. AFC has also collaborated with AFRITAC South in enabling some French-speaking participants from the latter’s member countries to attend a debt management workshop. Similarly, BRB staff attend banking supervision courses organized by AFRITAC East.

There is limited IMF topical trust fund (TTF) activity in AFC member countries. The Tax Policy and Administration TTF (TPA TTF) is active in Burundi and terms of references and TA reports are shared between the programs. The Managing Natural Resource Wealth TTF (MNRW TTF) is active in DRC and AFC, in cooperation with GIZ, has strategically partnered with the TTF. Given five of the AFC member countries are oil exporters, we believe there is significant unrealized scope for AFC to increase their capacity for managing resources in a wide range of areas by developing a strategic partnership with that TTF to draw on the latter’s expertise for the benefit of AFC members. MNRW TTF can also work in CAR and Cameroon and AFC should coordinate with it to ensure appropriate complementary TA is delivered to these member countries when additional funds become available.

AFC Comparative Advantage
The document reviews and case studies undertaken, together with the interviews conducted as part of the evaluation strongly indicate recognition of the high quality and reliability of AFC technical inputs. However, responses to some questions in the SC participants’ survey summarized in Chart 4 highlight that in their view AFC has attained only a subset of the advantages normally associated with the RTAC model. In particular, respondents highlight good country ownership, appropriate linkage with IMF TA, and flexibility and relevance for regional adaptation. A majority of respondents, however, do not consider that AFC provides a quicker response, enhanced donor coordination, sustainability or better customization to country needs. In addition, a sizeable minority also disagrees on the issues of ownership and flexibility. The TA recipients’ responses are generally more positive, although a significant proportion of responses are ‘don’t knows’. Whilst positive on most criteria, TA recipients rate AFC TA sustainability and flexibility as low. Our findings from reviews and case studies relating to AFC RTAC model advantages are more consistent with the responses from TA recipients.

Respondents to the TA recipients’ survey consistently pointed out the high quality, relevance, and effectiveness of AFC TA. Their comments often highlight the following characteristics:

- Capacity building-oriented
- Well-coordinated
- Highly competent
- Close (in the sense of proximity), reactive and readily available
- Well focused
- Useful, practical, results-driven
- Complementary to other TA providers
- Interactive
- TA is well programmed and sequenced, and
- Open to sharing of experiences within the region.

AFC and Donor Visibility

AFC makes systematic efforts to improve its visibility and that of its donors. TA reports are branded with the AFC logo, as is material distributed in regional seminars. The CC participates in outreach meetings among current and potential stakeholders. Ambassadors or ministers usually open regional seminars and press releases issued after most seminars. We understand that regional economic websites often carry news about AFC. Donor logos are displayed, or information provided, in the AFC annual report, workshop invitations and press releases. We understand that since May 2015 donor logos are also included in AFC letterheads and TA reports.

While AFC is readily recognized by senior staff in counterpart institutions, its wider visibility is more limited. Respectively 71% and 48% of respondents in the TA recipient and the workshop participant surveys (out of 17 and 66 respondents respectively) indicated having seen no coverage of AFC or its activities in the local media during the past year. Survey respondents were also asked if they knew the identity of AFC donors. Approximately half of 18 TA respondents and 22% of 68 workshop participants answered ‘none’. Nevertheless, 39% and 72% respectively of these respondents could recall some of the donors. The higher donor awareness among workshop participants perhaps partly reflects promotion during the events. Feedback from TA recipients and other TA providers indicates some visibility in local media. The awareness of donors reduces with the decline in seniority of staff canvassed.

Should visibility be considered a priority objective, more resources would eventually need to be devoted to disseminating information not only on AFC’s activities, but also about its donors. A proactive public relations strategy would need to be implemented, after the target audiences are agreed.
2.3 Governance and Steering Committee Issues

The SC participants’ survey highlights broad agreement between both donor and member country representatives about AFC strategic objectives. With respect to allocation of resources, the majority of donors believe that AFC TA should be deployed in interventions that generate the largest impact or outcomes. Member countries rank this objective second, favouring interventions that complement IMF TA. On the role of SC, member countries generally consider that the main objective is to guide AFC strategy and to approve work plans. Donors, in turn, state that the main objectives are to “monitor results achieved by implementation of Central AFRITAC’s work plan” and to facilitate donor coordination.

SC Meetings

Chart 5 highlights that the majority of respondents of the SC participants’ survey were satisfied with most aspects of SC meetings. Nevertheless, member country representatives and donor officials had a major discrepancy in their views about the overall effectiveness of the SC. Disaggregating the chart data, only one of the three donor respondents believes that the SC is effective, while three of the four respondents from member states consider that the committee is effectively discharging its roles and responsibilities.

Our review of the minutes of SC meetings suggests mixed results in the SC effectively discharging its governance role. Whilst strategic matters affecting the program as a whole and individual topical areas are presented and heard, the majority of interventions from member country representatives are related to requests for status updates, or needs related to TA, in their own institution or, to a lesser extent, their country. Similarly, most donor member interventions focus on specific ongoing topics of interest for their institution, ranging between for example, mineral resources taxation, coordination between their and AFC work, or on specific initiatives they are supporting. Whilst these are legitimate matters for discussion in the SC meeting, there appears to be significantly less coverage of the program, its overall performance, or the rationale behind the proposed work plan.

High turnover of SC representatives also detracts from SC effectiveness. For example, only two member countries, Burundi and Congo, participated in all the six SC meetings reviewed between November 2011 and April 2014. The attendance rate of most donor representatives was on average better, although some donors, such as Australia, Canada and China, have not attended any SC meeting. Moreover, donor institutions were frequently represented by different individuals, often being representatives from the local office where the SC meeting was being held. Of the member countries, Burundi, Congo, Chad and Gabon were represented by the same person in four or more of the six meetings. Equatorial Guinea attended only three meetings and was represented by different people on each occasion.
Internal Coordination

For member country SC representatives, acting as a focal point between AFC and their country was ranked low in terms of priority. Two of the four respondents indicated that they had formal mechanisms to collate views from recipient institutions for SC representation, with the other two having informal ones. Nevertheless, our discussions with TA recipients during the field trips suggest that such formal or informal internal coordination mechanisms, even where they exist, are often not very effective. This issue, for example, affects macroeconomic statistics in particular, as the topic usually does not have direct representation at RTAC SCs. In our SC participants’ survey, three out of four member country representatives either agreed (one) or partially agreed (two) that “the sector’s interests are often not fully represented at the SC.” Country SC representatives should seek to represent the entire TA program of their country and also play a more central, proactive role in following up on barriers and bottlenecks in AFC TA activities and achieving sustainable outcomes.

AFC Potential Role in Strengthening SC Effectiveness

We believe that SC effectiveness could be further enhanced by making the TA reports more focused on results achieved and barriers to implementation of TA at the intervention level. Our suggestions in this regard are provided in Section 4.3. In addition, consideration should be given to guiding discussion on strategic issues by including in the SC meeting agenda a list of issues on which SC members could deliberate and decide upon, with appropriate time specifically allocated in the agenda for this purpose. Internal coordination mechanisms within countries are likely to vary but SC members could be prompted to ensure they are appropriately briefed by requiring them to present on the status of TA projects in their countries at SC meetings. SC meetings could also be extended to two days, especially as they are now being held annually.

RECOMMENDATION 2

SC effectiveness should be strengthened by focusing more on strategic issues during meetings, improving continuity of membership, more active role of SC members in implementing AFC TA in their countries and reinforcing the focal point role of member country SC members. AFC should provide appropriate support to SC members to enable this to happen.

PRIORITY: HIGH
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Box 1: Highlights from TA Recipients Survey

- 68% of respondents strongly agree and 26% agree (total 94%) that AFC TA meeting priority needs. 1 person (6%) didn’t know.
- 84% strongly agreed or agreed (equal split) that AFC has taken partnership approach to TA design and delivery. 11% disagreed.
- 63% of respondents also receiving TA from IMF. 92% agree/strongly agree AFC/IMF TA is well coordinated.
- 89% receiving TA from other donor(s). 71% agree that AFC has taken steps to avoid overlap with other donors (3% N/A). Nevertheless, 18% say there are other donors in their topical area and no coordination with AFC work.
- 48% agreed with the comment that AFC RA was actively monitoring implementation of advice. However 16% disagreed and 36% did not know.
- Generally strong positive views on the quality/appropriateness of TA for diagnostics/strategy, legal/regulatory and capacity building TA. However, 50% of respondents felt they should have been given manuals/guidelines.
- 58% had training provided, 32% hadn’t (balance didn’t know). 75% felt there was insufficient training to support capacity building TA. Where no training was provided 75% felt it should have been.
- 22% indicate no collaboration with AFC on RBM (33% didn’t know).
- 63% have improved working practices (26% didn’t know) and 63% have increased efficiency since receiving AFC TA. 63% indicate improvements are measurable, but only 42% indicate improvements have been verified.
- 71% have not seen coverage of AFC activities in local press/media in past year and 50% can’t name any AFC donor.

Response Rate: 19/88 (22%)
Box 2: Highlights of Regional Seminars Participants Survey

Selected Findings

1. 98% were satisfied (72%) or highly satisfied (26%) with overall workshop experience.
2. 81% perceived that the seminar was focused at a particular level of practitioner. 93% believed that it was pitched at the correct level. Nevertheless, 70% felt that the participants’ background/experience was too wide to be relevant to all (although 31% did not feel so).
3. 54% receiving TA from IMF/AFC or another donor in same topical area. 29% aren’t. 17% didn’t know.
4. Top 3 benefits of seminar:
   - Theoretical/practical knowledge (65%)
   - Learning things I can apply (63%)
   - International best practice awareness (53%).
5. Main constraints to implementing workshop lessons: a) dependence on others to take action (51%); lack of budget/financial resources (34%); superiors not keen on changes (11%).
6. 25% of respondents saw follow-up on seminar topic from AFC. 34% didn’t. 19% didn’t expect follow-up. 22% didn’t know if follow-up had taken place.
7. 48% have not seen any AFC media coverage in their country the past year and 22% can’t name any of AFC donors.

Response Rate: 77/220 (35%)
3. TA SUSTAINABILITY

3.1 Managing Risks Related to TA Outcomes and Sustainability

Many of the factors impeding the achievement of TA outcomes also affect the sustainability of results. In this section we highlight the principal ones potentially affecting AFC TA performance.

Chart 6 highlights the main barriers to implementing sustainable institutional reforms as highlighted by 33 respondents to the TA recipients’ survey. Insufficient internal funding to implement projects is seen by the respondents as the main constraint. Lack of funding could be a symptom of other underlying issues, such as lack of commitment to prioritize certain activities and resource them adequately.

Availability of capable staff is seen as the second most important constraint by respondents. This is generally the case across all topical areas. This constraint tends to be particularly pronounced in institutions that are integrated into government departments. Weak institutional management is a related factor. This is often reflected in ineffective organizational structures, human resource management and coordination and planning, directly affecting sustainability of results. Related to this, the absorptive capacity of staff is often a barrier to achieving sustainability, especially in less developed country environments. The problems are exacerbated if the volume of TA delivered is very intensive. Such situations also require more hands-on implementation support, which the RTAC TA delivery model is not generally suited to, unless particular efforts are made in delivering more implementation support through workshops and mentoring, or partnering with institutions providing longer-term capacity building support.

Other factors potentially impacting on TA outcomes and sustainability among AFC member countries include:

- Political instability and poor security in some member countries. In addition to impeding the delivery of TA and ensuring advice is implemented, more extreme instability, such as that being experienced in CAR, weaken the institutional and human resource base for absorbing TA effectively for a considerable period thereafter. Moreover, the results of TA previously received may be lost completely. Six of the eight AFC member countries are classified as fragile by different institutions. Of these, CAR, DRC and Congo are considered to have the lowest prospects of recovering quickly. Recent election-related disturbances in Burundi would have worsened its position in this regard.

- Corruption. The majority of AFC member countries rank among the highest in corruption indices. In the 2014 Transparency International Corruption Perception Index, only Gabon ranked lower than 100 out of 175 countries, at 96. Cameroon ranked 136. Five members ranked in the 150s and Equatorial Guinea ranked 163. This situation has not seen any significant improvement in recent years. Pervasive corruption can override the effects of enacted laws, issued regulations, established administration structures and capacity building of staff. This particularly affects achievement and sustainability of reforms in areas such as revenue administration.
Government capacity. The government’s ability to develop and, more importantly implement its policies and enforce laws and regulations is an important factor in achieving reform results. Unfortunately, this capacity is weak among most AFC member countries. For example, in the World Bank World Governance Indicators, AFC members rank in the lowest quartiles in respect of almost all key sub-indicators. Of the criteria reviewed: governance effectiveness, regulatory quality and rule of law, Gabon generally ranked the highest closely followed by Cameroon. Equatorial Guinea, CAR and DRC were among the lowest (the latter group typically in the lowest decile of rankings).

Typically there is less donor involvement in AFC countries than in other regions, with Cameroon, Chad, DRC and Congo being the only countries with aid. This limits the TA available to implement long-term reform programs.

Uneven commitment to reform. The access to mineral resource wealth in many AFC member countries may potentially detract from taking difficult decisions and instituting many types of reform. According to some interviewees, in some cases, introducing a transparent process or introducing formal structures of accountability pursuant to TA advice might conflict with authorities’ interest.

Low priority areas. Certain topical areas, such as statistics, are typically not seen as a priority area by many countries and statistics offices are usually resource constrained.

Given its membership and remit, AFC has to manage, rather than avoid these and other risks to achieving sustainable results. It reduces exposures to countries where there is lack of interest, for example Equatorial Guinea. At the same time, it seeks to support TA recipients, such as those in CAR, by organizing training workshops outside the country. Where achievement of results are being impeded due to identifiable factors, AFC can at times escalate matters to HQ level and senior level discussions are carried out, for example as part of Article IV missions. The fact that only three of the AFC member countries are under IMF programs reduces leverage, although we understand that this number may increase in the future.

Addressing the implementation and sustainability risks associated with institutional and human resources weaknesses is more difficult. We have seen limited evidence during our review of TA reports and case studies, for example, of systematic human resource capacity audits to assess the availability compared with needs of human resource. We understand that these issues are considered informally, as part of diagnostic missions.

The speed, extent and sustainability of achieving outcomes and impact cannot be completely insulated from the environment in which the TA is provided, irrespective of AFC efforts to manage the associated risks.

Further to the SC role discussed in the preceding section, SC members of beneficiary countries could potentially have significant effective roles to play to enhance sustainability of AFC interventions by: a) ensuring that TA program and delivery are consistent with the country’s priority; b) helping ensure that appropriate financial and human resources are allocated to implement TA program while compatible with available resource envelope of the country; c) taking account of progress in implementation and help address bottlenecks; and d) enhancing cross-agency collaboration.

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10 http://info.worldbank.org/governance/wgi/index.aspx#home
3.2 BUILDING REGIONAL CAPACITY

AFC has undertaken and promoted a number of initiatives and practices to develop sustainable capacity among member countries. These include:

- **FoHBAC**: A forum of senior budget officials of AFC member countries. The principal objective is to share experiences of budget reform, which all AFC members are undertaking at different stages. Started five years ago, the forum’s meetings were initially funded and technically and administratively supported by AFC. In February 2014 FoHBAC became financially and operationally independent of AFC, which will now only provide technical support through contributing experts for meetings.

- AFC is also promoting a forum similar to FoHBAC for the heads of customs agencies in member countries.

- AFC sought to promote a masters degree in the governance and management of public finances, pursuant to a FoHBAC request. A feasibility study was commissioned for the program to be delivered at universities in Libreville and Yaoundé for students from the region. AfDB initially expressed interest in funding the proposal, but at the end support did not materialize. Nevertheless, we understand that AFC follow-up work and lobby of senior officials led in May 2015 to a Presidential decree to launch a masters program, to be fully funded by the Gabonese government. The decree quotes the AFC study. As recommended in the study, the program is co-managed by the University of Gabon and the CEMAC Regional Training Institute – IEF (CEMAC body, located in Libreville) with which AFC collaborates (courses, lectures from visiting STXs on specific areas, etc.).

- High caliber staff members from TA recipient institutions have been engaged to deliver TA to other member countries, although the numbers are currently small.

- The Centre promotes the dissemination of successful interventions by the respective players. This was particularly the case in Congo following TA in Gabon. One expert who took part in the first mission, aimed at supporting the design of a budget model, was an official involved on the implementation of the program budget in Gabon. Similar governance bodies (Monitoring Committee and Steering Committee) have been created and AFRITAC seeks to establish a local project team similar to the one that achieved success in Gabon.

- AFC also aims to raise the awareness of Members of Parliaments of AFC countries on their new role in the context of PFM reforms being implemented with AFC support (program budgeting; treasury management; public debt management; notably) and encourage them to accelerate the pace of reforms as needed. 25 MPs attended the first regional seminar on this topic in Douala in June 2014. AFC has organized follow up meetings with MPs at the country level (Congo, DRC, and Gabon so far).
4. ASSESSMENT OF AFC OPERATIONS AND FINANCES

4.1 OVERVIEW OF AFC OPERATIONS

AFC has developed an effective administration and management system since its inception. The administration team at the Centre provides good operational and logistical support to the CC and RAs. Nevertheless, some of the IMF HQ administrative requirements can be cumbersome. Weaknesses in local infrastructure, such as periodic breakdown of communication links, also reduce efficiency. The relatively high cost environment at Libreville also affects cost-effectiveness, albeit to a limited extent.

Impact of IMF HQ Systems and Processes

IMF IT systems are fragmented, and are presently not suitable for establishing and monitoring budgets at the individual project level. Additionally, the Centre controls around 40% to 50% of the program budget, mainly related to local expenses, RA regional travel, STX expenses and regional seminars. The TA departments primarily, as well as AFR and ICD are directly responsible for other expenditure lines. There is no one with overall responsibility for managing the program budget. The accounts are compiled on a mixture of cash and accrual basis, thereby making it difficult to ascertain the correct expense levels during the year. The lack of integration between the AFC accounting system and that of HQ results in duplication of effort.

These systems related shortcomings are exacerbated by process related inefficiencies. For example, the different TA departments have often divergent processes and rules for hiring RAs and STXs (up to three layers of approvals may be required to hire STXs, and time taken can result in additional costs, e.g. air fare increases); travel authorization, clearance and documentation; approval of documents; circulation lists; documentation and knowledge management; etc. In addition, significant time is spent by the AFC Office Manager in photocopying invoices and receipts on a monthly basis to retain local records as originals need to be submitted to IMF HQ with expenses reports. These reports can at times take two-to-three months to approve.

We understand that various efforts are being made by the HQ departments to standardize processes. For example, in January 2015 MCM simplified the approval processes for pro forma travel requests and briefing documents. Nevertheless, numerous other inconsistencies remain. The IMF’s main focus is currently on implementing new systems (discussed below), RTAC-related processes such as those highlighted above will only be addressed after these new systems are implemented. Since its inception AFC has been using an expenses accounting system, QuickBooks, which IMF is also rolling out among other RTACs that is intended to improve efficiencies. However, the accounting system is not integrated with project-related activities and only records local expenses.

A key constraint in securing sufficiently detailed information is that at present, each of the RTACs is seen as a ‘project’ from the IMF perspective, and HQ systems have limited capacity to analyse sub-RTAC level information. One HQ IT initiative, Clarity, aims to integrate the qualitative TA related information, as will be contained in the New Fund-wide RBM system, with TA related expenditure across IMF, including the RTACs. It is critical that sub-RTAC level information is captured in the proposed system so that integrated project-level information is available that can be analysed on a topical and country basis.

RECOMMENDATION 3

We recommend that IMF should design the proposed HQ IT systems aimed at providing integrated financial and qualitative TA performance information after taking into account the information needs of all RTAC stakeholders, and especially ensure that disaggregated data for countries as well as individual TA projects and workshops is available.

PRIORITY: HIGH
The net result of the current management reporting system is that information about donor contribution and drawdowns is collected and reported robustly, at least at year-ends after accruals have been recorded. Whilst considerable progress has been made in developing the AFC RBM and establishing and reporting on operational indicators, it is still not possible to establish how much TA projects and workshops actually cost. This makes it difficult to establish the cost-effectiveness of interventions and make informed decisions in this regard.

4.2 Comments on the Results Based Management System at AFC

The AFC RBM system has seen a number of modifications during the current phase, each having contributed to its strengthening. The FY 2012 logframes, for example, at times did not quantify targeted results (for example, ‘increase in seizure’), or included activities, such as ‘organization of seminars’, among results. The member countries where results are expected to be achieved have now been more explicitly defined. Also, some of the targets envisaged in the original logframe have been revised downward, in light of experience.

The current AFC RBM logframe is well structured. It provides high-level objectives for each topical area followed by targeted outcomes for each of the latter. The outcomes are supported by measurable indicators. The baseline indicators as at FY 2012 are augmented by movements in the fiscal year being reported on and the targets for the following year. Generally the indicators selected are relevant.

Although the overall logframe is well structured, we believe that AFC could strengthen it by addressing the following areas:

- At present quantitative indicators are often set at a sectoral level, for example increase in customs receipts, increase in VAT receipts, etc. The achievement of these indicators is often reliant on other activities and pre-conditions. These should be augmented with outcome indicators that are more directly linked to AFC activities.
- Some indication should be given on the likelihood of achievability of the end of phase two targets based on progress to date.
- Where changes in logframe targets are made, the rationale behind such changes should be noted.
- The outcome indicators in some topical areas could be refined to make them more relevant to AFC activities. For example, in customs, this might be the number of frauds detected or amounts realized from fraud detection in countries of AFC support.
- More country and project specific risks should be identified. Some of indication of the likelihood of risks materializing or assumptions not holding would also be helpful.
- Involving TA recipients more closely in the process of establishing and monitoring outcome targets and indicators.

Although the current logframe, combined with reporting on it, is very helpful in monitoring progress to date, a key challenge for readers remains in assessing the likelihood of outcomes envisaged by the end of the current program cycle being realized. This is addressed in the multi-annual projects discussed below, which provide an indication of the entire results chain of activities needed to achieve targeted outcomes. Consideration should be given to extending the logframes applied to multi-annual projects to all but ad hoc TA interventions.

**RECOMMENDATION 4**

AFC should strengthen further its RBM through better linkage of outcomes with TA, more focused risk definition and ensuring logframes cover the entire results chain.

**PRIORITY: MEDIUM**
Multi-annual projects

These logframes for 11 selected projects (seven in customs and tax) were to be introduced in FY 2015, drawing broadly on the model implemented in AFRITAC West. We believe that these logframes provide a very effective tool for monitoring results for individual projects, especially by presenting the entire results chain of activities expected in achieving targeted outcomes. They are also a valuable instrument for medium-term resource planning. We believe that the usefulness of the multi-annual logframes would be enhanced by including for all of the multi-annual logframes the expected dates for achieving interim results.

Use of RBM

The AFC RBM system is now an integral tool in the Centre’s planning and external reporting process. It provides a framework for developing the annual work plans and guides its focus on targeted areas. In addition, it provides a structure for its reporting to the SC. Overall, we believe that the RBM framework has indeed contributed to improving the program’s effectiveness. The tool’s usefulness would be further enhanced in managing individual TA activities if, as recommended above, the multi-annual logframes approach were extended to cover the significant majority of AFC TA operations. AFC has indicated that this is being implemented from 1 May 2015. RBM’s usefulness as a management tool will be optimized once the operational information it provides is integrated with related financial data.

4.3 AFC Reporting and Dissemination

Chart 7 highlights SC members’ views on the quality and usefulness of AFC reporting. The majority of the six respondents feel that the reporting is timely and adequate for their needs. Half or more than half respondents indicated that it does not provide adequate outcome-related information, although a significant majority agreed that the information provided is sufficient for them to assess the likelihood of meeting outcomes and objectives. Weaknesses were identified in particular in information related to donor and IMF coordination and adequacy of financial analysis.

Our review of AFC reports11 produced for SC does not fully share the negative assessments. It suggests that the reports are generally of high quality. There has been increasing focus on results in the reporting. The activities against work plan were well-reported and the major contributors to missions being cancelled explained. The appendices provide extensive information on the logframe, achievements against targets therein, details of multi-annual projects and significant breakdowns on the following year’s work plan. The traffic light chart of results attainment is conceptually also very helpful.

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11 Comments based primarily on submission to 16th SC meeting relating to FY 2013-14.
We believe that the value and usability of SC reports could be further enhanced by addressing the following issues:

- Consolidating the information provided. Although the core activity report was only 29 pages, and the work plan summary 21 pages, together with the annexes the entire package of information was 211 pages. The appendices contained considerable detail and there was some overlap, e.g., between the logframe and work plan execution report. This volume of information would be difficult for most SC members to absorb and make meaningful comment on within the scope of the SC meetings. Consideration should be given to consolidating the information provided to SC. Options include reducing the detail in which activities are covered, and providing activity reports grouped by countries only, rather than also by topical area.

- The sector-level achievement indicators, especially in customs and tax, could be better correlated with AFC activities. For example, in customs, most of the work in CEMAC countries is carried out by IMF under a JSA funded program. AFC work is focused on anti-fraud measures in five member countries and no results have been achieved in Chad. Nevertheless, the execution report provides changes in customs receipts and times of importation in all member countries. Similar observations apply to the presentation of VAT indicators, where the increase in the number of VAT registered entities is only directly relevant to a handful of targeted member countries. The linkage between AFC support and variations in indicators should be more clearly explained.

- Although the report highlights achievements of topical results in AFC member countries, there is limited information on the countries and projects where TA did not achieve expected results, and the reasons thereof. This information is equally important for SC members and should be a trigger, where appropriate, for collective SC action, or SC representatives of particular countries to engage with the relevant institutions to ensure results are achieved.

- The usefulness of the report would be further enhanced if financial information in relation to resource deployment by topical area, countries, projects and workshops and overhead ratios were to be provided. Key performance indicators (KPIs) could be developed and tracked between topical areas and over time. Some examples are provided in Section 4.4 below.

**Dissemination**

The IMF now has an established dissemination policy of sharing TA reports with persons with legitimate interest on the basis of no objection from the TA beneficiary after 60 days of the report being finalized, or positive consent before that. At times finalization of reports can take a number of weeks after a mission, and a further 60 days after that can be seen as taking too long, especially by donors active in the relevant topical area. RAs typically brief interested local representatives of donor SC members and other TA providers active in the area at the end of their mission, but this is not seen by the latter as an adequate substitute for TA reports.
Our SC participants’ survey suggests that although four of the six respondents to the question were familiar with the dissemination policy, around half were unhappy with the speed of dissemination. As in the case of SC reporting, there was particular dissatisfaction in relation to information on IMF and AFC coordination on TA activities. The survey findings are consistent with those gathered during our field trips. IMF dissemination practices were highlighted by other TA providers as one of the principal barriers to improved collaboration with AFC. The Centre can perhaps request positive approval for dissemination before the 60 day period where possible. In addition, it can explore options for being more proactive with information on availability of reports to interested parties.

IMF has pointed out that even under the current dissemination policy avenues exist for quicker dissemination of TA reports. For example, IMF has indicated that TA recipients can provide copies of TA reports to anybody they want to before the expiry of the sixty-day period. Also, SC can decide and direct the CC to obtain permission from the TA recipients to disseminate a TA report before the sixty-day limit. On the other hand, recipients are often reluctant to share TA reports directly with other donors as they are ‘IMF reports’. We believe that the matter should be clarified at the SC and an acceptable approach agreed that addresses the uncertainties that currently exist in this regard.

### 4.4 Other Operational Issues

#### TA Delivery Modality

<table>
<thead>
<tr>
<th>Topical Area</th>
<th>Total No.</th>
<th>RA + STX</th>
<th>STX only</th>
<th>Total with STXs</th>
<th>2-week STX</th>
<th>1-week STX</th>
<th>No. of STX used</th>
<th>% STX from SSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Administration</td>
<td>81</td>
<td>10</td>
<td>23</td>
<td>33</td>
<td>23</td>
<td>10</td>
<td>20</td>
<td>30%</td>
</tr>
<tr>
<td>Public Financial Management</td>
<td>119</td>
<td>38</td>
<td>38</td>
<td>76</td>
<td>42</td>
<td>34</td>
<td>47</td>
<td>34%</td>
</tr>
<tr>
<td>Public Debt Management</td>
<td>18</td>
<td>7</td>
<td>4</td>
<td>11</td>
<td>9</td>
<td>2</td>
<td>7</td>
<td>29%</td>
</tr>
<tr>
<td>Macroeconomic Statistics</td>
<td>56</td>
<td>11</td>
<td>23</td>
<td>34</td>
<td>26</td>
<td>8</td>
<td>11</td>
<td>73%</td>
</tr>
<tr>
<td>Banking Supervision and Financial</td>
<td>44</td>
<td>17</td>
<td>11</td>
<td>28</td>
<td>10</td>
<td>18</td>
<td>5</td>
<td>60%</td>
</tr>
<tr>
<td>Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>318</strong></td>
<td><strong>83</strong></td>
<td><strong>99</strong></td>
<td><strong>182</strong></td>
<td><strong>110</strong></td>
<td><strong>72</strong></td>
<td><strong>90</strong></td>
<td><strong>39%</strong></td>
</tr>
</tbody>
</table>

Source: AFC

Table 1 above provides a breakdown of AFC missions undertaken between FY 2012 and FY 2014. Of the 318 missions carried out over the period, 182, or 57% were undertaken with the support of STXs. Of these, 60% were for two weeks.
The budget constraints in the early part of the phase would have restricted AFC ability to engage STXs. Nevertheless, we believe the proportion of missions that have engaged STXs represent a reasonable evidence of leveraging the resources available to the program. PFM has used STXs in 76% of their missions partly reflecting the specialist skills required and the volume of TA being delivered under the topical area. On the other hand, BSFS has used STXs for only 25% of missions, the latter including missions when the current RA was engaged as an STXs over the year when there was no RA covering the topic. In addition, we consider that joint RA and STX missions potentially limit efficiency and the benefits of leverage, unless justified through complementarity in specialisms, or for familiarization at the beginning of a project. There were 83 such joint missions, with again BSFS showing the highest proportion.

Typically missions are carried out for a maximum of two weeks each. We understand that AFC is in the process of increasing the incidences of STX missions that extend beyond two weeks to provide follow-on training and implementation support where needed. This would enhance both efficiency and effectiveness of TA delivery. In addition, the proportion of RA only mission is being increased.

In our TA recipients survey, to the statement that ‘AFC should provide more continuity of advice and at more frequent intervals’, 37% of 19 respondents strongly agreed; 26% agreed; and 16% disagreed. This 63% agreement on the need for more regular support is consistent with feedback from AFC TA recipients and those of other RTACs we have evaluated.

**Monitoring and Follow-Up of TA**

Multi-mission projects typically benefit from monitoring and follow-up during subsequent missions. In addition, RAs provide support to TA recipients remotely via email or ‘phone in between missions, on a needs basis. The need for reporting results under the RBM framework reinforces monitoring. This may not always be the case, however, for ad hoc interventions, or instances where implementation is expected after a project is closed. In our TA recipients’ survey, to the statement that: “There was clear evidence that Central AFRITAC Resident Advisor was monitoring the implementation of the technical assistance advice after the end of his mission and corrective action was being proposed where necessary”, 16% of 19 respondents strongly agreed; 32% agreed; 16% disagreed; and 37% didn’t know.

TA recipient experience is similarly mixed in respect of follow-on implementation support on TA advice provided by AFC. As highlighted in Section 5, it also varies by sector. Almost all 12 respondents in the TA recipients’ survey strongly agreed (58%) or agreed (33%) that they received hands-on training on their day to day work from AFC experts. At the same time, only one person (9%) strongly agreed; 6 (55%) agreed and 3 (27%) disagreed with the statement that there was adequate follow-on support to build on their workshop training.

**Use of Regional Consultants**

Of the 90 STXs engaged by AFC over the period, 35 were from SSA. We understand from AFC that a large proportion of these STXs participated in TA missions. Overall, a small minority of the STXs have been from Central Africa. We understand from AFC that there is limited availability of high quality French speaking STXs in BSFS. AFC seeks to develop promising candidates from TA recipient institutions into STXs, a key AFC and RTAC objective in developing sustainable capacity in member countries. It has done so in PFM, RA and PDM but the numbers involved have been limited. Our experience from similar efforts by other AFRITACs suggest that attempts in engaging experts who are currently employed in institutions yield limited results, due to a number of constraints, including their unavailability when required. AFC should consider extending the scope of its search for STX candidates to include, for example, practicing consultants from the region, or those with potential as trainee consultants. Without this, capacity will not be developed in the region. AFC disagrees with this view and has indicated it wishes to pursue its current approach. It should be noted that some TA recipients from countries that are more advanced in their reform process expressed a preference for experts from outside the region, so that they can benefit from a wider perspective. AFC has indicated it
already uses a mix of officials and consultants from diverse origins, although feedback from some TA recipients suggests that their experience is not consistent with this approach. On balance, given the barriers, we believe that the usage of regional STXs in AFC missions over the period, and AFC efforts in this area, have been reasonable, although it could be strengthened further if a longer-term approach is adopted to develop advisory capacity in member countries.

**Execution of Work Plan**

Chart 9 highlights the planned vs actual TA delivery in-field between FY 2012 and FY 2014.

Overall, in-field TA delivery has been 21% less than planned. The largest shortfall has been in BSFS, which was affected by a one-year gap in its RA position. In addition, the suspension of activities in CAR in FY 2014 adversely affected TA delivery in the field. Nevertheless, the average proportion of field delivery days compared with plan have been falling: It was 88% of planned days in FY 2012, 80% in FY 2013 and 70% in FY 2014. FY 2014 was additionally affected by a shortfall in resources due to non-payment of pledged amounts by some member countries.

AFC has pointed out that in monitoring RA activities, it takes into account time providing TA in the field as well as at the Centre. Our assessment suggests that indeed RAs spend a small proportion of their time providing remote advice to TA recipients by email and phone. We believe that such remote TA plays an important role in complementing and reinforcing advice and hands-on implementation support of TA delivered in the field. High rates of mission cancellations or postponements potentially indicate lack of implementation, commitment or weaknesses in absorptive capacity among recipients and can impair achievement of outcomes. It also leads to inefficiencies, although this is mitigated to some extent by AFC reallocating missions to other countries. Other aspects of the work plans were generally delivered as expected.
Utilization of CC, RA and administration staff time

The current CC spends a significant proportion of time in the field promoting AFC, communicating with recipients and meeting local donor representatives. Chart 10, based on estimates of his time allocation provided by AFC, suggests the largest proportion of his time, almost 14%, is engaged in donor and stakeholder relations. A member of local staff has been recently recruited to support the CC in this area. In addition, the preparation of the annual work plan also takes up almost 14% of his time, a significant proportion of which we understand relates to dealing with country authorities.

A review of the time utilization estimates of RAs indicate broadly similar allocation to activities:

- Missions, including preparation and post-mission write-ups: 51% to 60%.
- Recruitment, management and backstopping of STXs: 14% to 22%.
- Workshop preparation and delivery: 7% to 10%.
- Advice given to TA recipients from Centre 2% to 3%.
- Internal reports: 1% to 2%.

The relatively high proportion of time budgeted for in-field TA delivery is positive. There might be scope for delegating some of the more administration and logistics activities related to STXs, although AFC has indicated this is already done. Nevertheless, the time estimates suggest relatively efficient utilization of this valuable resource.

We carried out similar reviews of estimated time utilization of AFC administrative and support staff. Except for some of the HQ process related inefficiencies highlighted previously, their roles and activities appear to be well coordinated and designed provide effective support to the Centre’s operations.

RA Turnover

Chart 11 highlights the RA tenures since the inception of the AFC program in 2007. The overall tenure experience is strong, with the significant majority of RAs having spent between two and five years at the Centre, providing continuity of advice.

The current phase has, however, seen a high turnover as RAs who have been employed since the first phase have moved on to other opportunities. Consequently, all the topical areas have seen the appointment of new RAs during the current phase. The transitions have generally been smooth, with usually little or no gap between advisors. The exception was BSFS, where the RA position remained unfilled for almost one year. Some topical work was undertaken through STXs reporting to HQ during this period, and the individual earmarked for the RA role undertook some assignments as an STX. In addition, many of the RAs appointed had previous experience of working with IMF or other RTACs, often as STXs.
We believe that the high turnover of RAs was not unexpected, and the transitions to new RAs well-managed. Nevertheless, the commencement of work by new RAs would inevitably have affected efficiency as they familiarised themselves with their new role, clients, projects and IMF and AFC systems and processes. AFC has pointed out that that all but one new RA had previous experience as IMF field advisors and half as RAs at other AFRITACs.

**Document and Information Management**

Key AFC documents are archived in a local server and a shared drive. The electronic document registry extends back to 2011. In addition, the Centre keeps a hard copy of all TA reports. TAIMS is not used for document management. This is partly due to problems in connecting with the HQ servers. In addition, different TA departments have varying policies in using TAIMS. Our evaluation did not identify any significant problems associated with information management at AFC.

**Review of Selected Efficiency-Related Financial Indicators**

Given the lack of integration between TA and workshop activities and financial records, it is not possible to determine cost of projects and full cost of regional workshops accurately. The relatively unique RTAC TA delivery model, whereby TA management and delivery activities are not clearly delineated, also presents challenges in separating TA from overhead costs. Other accounting practices, for example not separating STX fees and travel costs and only reporting their in-mission time, also makes analysis difficult.

Based on available financial information, including travel, we determined that the direct average costs were: For RAs: US$13,800 per week of field TA delivery; and STXs: US$9,650. Once all costs (other than direct seminar costs) are allocated, the equivalent figures are US$20,200 and US$14,400 respectively. These estimates do not include IMF contributions to CC salary and other costs, and are therefore understated. These are not equivalent to, say, cost of TA per week, as time is spent outside the field in preparation and report writing. The average direct TA delivery cost per week, including both RA and STXs, has been around US$12,500 per week throughout the period. As suggested above, we believe KPIs such as these should be monitored and reported upon, and variations explained, to provide a fuller picture of AFC performance. Providing more information in the ICD budget monitoring reports, which we believe should be possible with the Fund’s current accounting systems, will enable such reporting to be done more effectively.

Calculation of overheads is complicated by the IMF cost classification system and *modus operandi*, which are different to most other TA providers. For example, some costs, such as HQ project management, are included under direct TA delivery costs. Also, functions such as those of RA provide a mixture of TA and what other donors might consider as project management, including internal reporting, project monitoring, staff reviews, etc. For the purposes of calculating overheads, we have taken all RA and STX costs, including travel; HQ TA department travel costs; backstopping; and seminar costs. The remaining costs, including ICD travel; HQ project management; CC travel costs; Centre costs; miscellaneous and office costs; and trust fund fees, have been assumed to be overheads. The latter costs average 25% of total costs between FY 2012 and FY 2014. This is higher than, for example, AFRITAC South, where the equivalent ratio is 21% after including IMF contribution to CC costs. This higher ratio is contributed to by AFC’s sub-scale operations, as well as high costs of operating the Centre at Libreville, which is relatively expensive location. It should be noted again that the AFC costs exclude those contributed by IMF for the CC (although they are included in the AFRITAC South numbers), and the actual overhead ratio over the review period is therefore higher than calculated.

If a broader definition of overheads comparable with the approach adopted by other donors is applied, this ratio would be higher. Moreover, as highlighted before, costs such as those for RAs are fixed and underutilization of their time, for example due to mission cancellations and postponements to a subsequent period, can increase the proportion of overheads compared with total program costs.
Online Survey Facility for Evaluation

IMF requires independent evaluators to use the online survey services of a particular company, which has been security vetted. The cost of using this survey software, at US$4,000, is significantly higher than the services available from other companies that we have used for previous evaluations (US$150). The license fees charged for this evaluation were also higher than that charged to other customers (we had received a quote of US$2,500). In addition, the service malfunctioned during the course of this evaluation, leading to delays and additional costs. The response rate for the surveys also suffered. Support received was poor. We strongly suggest IMF vets and approves alternative online survey providers and enables more cost effective and reliable evaluations to be undertaken by at least providing a choice.

4.5 Review of Financial Information

Realizing benefits of five-year funding horizon

The current phase of the AFC program started with a five-year target budget of US$49.6 million. By April 2012, only US$30.8 million had been pledged, with promises of an additional US$10 million from two member countries and an expected contribution of US$5.5 million from the EU. The program started with an operational budget of US$25.6 million, and a budget for FY 2012 of US$4.7 million. By the November 2012 SC meeting, the total pledged had risen to US$35.8 million, with a further US$11.7 million expected. In the financial report presented in May 2013, the committed amount fell to US$36.2 million, and pledges to US$11.4 million. The equivalent figures in November 2013 were US$37.2 million and US$18.3 million. As of December 2014, US$45.1 million had been pledged, with a further US$5.4 million of pledge from the EU pending signature. There is a significant shortfall in the actual member contribution by members against pledges, as discussed below.

It follows that in theory, the five-year year funding horizon would provide significant advantages in being able to plan TA interventions with medium-term objectives and commit to resources appropriately. However, although pledges were received of US$30.8 million, at the outset, it was only around 60% of target. Moreover, actual contributions received from member countries have fallen significantly short of pledges: As at December 2014 members’ contributions were US$14.7 million (49% of total contributions) compared with pledges of US$27.1 million. The uncertainty related to availability of funds has significantly impaired planning, resulted in a sub-scale start-up of operations and contributed to inefficiencies in planning and TA delivery.
Budget vs Actual Expenses

Chart 12 highlights the variances between annual and category budgets and expenses between FY 2012 and FY 2014. The following points are worth highlighting:

- If the targeted US$50 million were raised at the outset of the current phase, the program would have started with an average annual budget of US$10 million. Instead, it started with an operational budget of less than half that amount in the first year.

- Between FY 2012 and FY 2014, the annual budget has increased by almost 30%. However, it has been difficult to upscale operations quickly in response, and actual expenses have only increased by 22%. As a result, budgets have been increasingly underspent.

- No account appears to have been taken of the under-spends on budgets in the first three years of US$3 million in determining the need for funds for the remainder of the program and the consequent implications on annual budgets going forward.

- A total of US$13.4 million was spent in the first three years of the current phase. The total of contributions received and pledges from donors equals US$26.5 million. Even assuming no further contributions are received from member countries, that implies US$13.1 million would remain for spending in the scheduled two remaining years of the program. We understand that the SC has decided to extend the program by eighteen months, until October 2017, to ensure that the remaining funds are effectively deployed.

- Of the categories, the main variance relates to under-spend on RA costs. This is principally attributable to the one-year gap in recruiting a BSFS RA. In addition, HQ project management and backstopping show relatively high under-sPENDs. This is typically because of a combination of under-recording of time spent and lower than expected activity. Total backstopping costs of 5.3% of RA and STX costs are significantly lower than the experience at most other RTACs.

- With respect to the under-spend on seminars, it should be noted that ICD delivered a seminar for AFC in FY 2014, for which only US$98,000 of expenses have been charged. In our experience, ICD seminars are usually significantly more expensive. For example, on average US$500,000 per seminar is charged to AFRITAC South. We have not been able to ascertain the reason behind this large difference.

- The above information excludes IMF contribution to CC costs.
As highlighted above, AFC budgeting practices during the review period did not take into account under-spends in annual budgets in previous years as funds being available for allocation in the remaining period of the program. Individual budget lines are not adjusted to reflect actual spend experience. For example, budgets for the cost of RAs are maintained as established at the start of the program, and increased annually to reflect inflation, even though the contracted annual cost for the RA may be significantly lower. Similarly, actual experience of charges for backstopping or project management are not reflected in subsequent years’ budgets. Additionally, STX costs are assumed to reflect a fixed number per expert, rather than the days allocated to STX missions in the work plan. This contributes to further divergences between budgets and actual costs. We understand that the FY 2016 budget now has better linkage between STX utilization and financial allocations.

**Donor and Member Country Contributions**

Chart 13 highlights the AFC funding structure and the status of contribution from its members as at 31 December 2014. Total pledges amounted to US$45.1 million.

AFC is unusual in being the only RTAC where the member countries have pledged a larger proportion of funding than international donors and IFIs. Of the non-member pledges, the EU is the largest contributor, with US$5.6 million. A further US$5.4 million contribution from the EU is expected, pending signature.

Although member countries have pledged 62% of the resources, at US$27.1 million, only US$14.7 million, or slightly more than half the amount pledged, has been received. The largest contributor to this shortfall is Gabon, which as the host country pledged US$10 million, but has only contributed US$3.5 million to date. The second largest shortfall is accounted for by Chad. We understand that AFC has been making significant efforts to get members with outstanding pledges to meet their commitments.

As a result of the shortfall in member contributions, as of December 2014, the majority of cash contributions received (51%) was in fact from donors.

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**RECOMMENDATION 7**

ICD should revise its budgeting practices to reflect actual annual and category expenses in budgets for future years, and develop better linkages between financial budgets and resource allocations envisaged in work plans.

**PRIORITY: HIGH**
Although in principle a majority of pledges from member countries reflects strong commitment to the program, the significant shortfall in actual contributions is a sign of potential risk to future AFC viability. In the SC participants’ survey, to the statement that: ‘We are concerned about Central AFRITAC’s financial sustainability’, three of donor respondents agreed, whilst two disagreed. Among member country respondents, four strongly agreed and one disagreed. SC representatives interviewed during field trips were more sanguine about the prospects for replenishment.

A proactive strategy needs to be implemented by ICD in partnership with AFC to secure at a very early stage of the next funding cycle indications of adequate forthcoming pledges, especially from international donors and IFIs, to ensure a viable scale of operation for AFC can be achieved. The CC should play an integral role in marketing the program to potential donors during the fundraising phase. We understand that ICD is already implementing a similar approach with respect to METAC fundraising.

In parallel, at the next SC meeting, significant time should be allocated to arrive at a decision among members on implementing appropriate steps within the framework of each of their internal country budget allocation processes that ensures commitments entered into in respect of their contributions to AFC would be met. For example, for the first phase of AFC, BEAC was responsible for disbursing contributions on behalf of its members and this process worked effectively.

Some member country SC participants have indicated a preference during our interviews and in survey responses the option of AFC moving to a model whereby TA recipients pay the Centre for TA and training they receive. Whilst conceptually attractive, we are uncertain about the practicality of implementation of such a model, as AFC needs a significant proportion of its funding committed in advance to fund its fixed costs. Some members would not have the resources to fund their TA needs. Moreover, the current problem, whereby some member countries are not meeting their commitments, could also be faced under that approach. Similar considerations would apply to suggestions related to a payment by results approach. In addition, in the latter case AFC would need to take on implementation risk and possibly wait for considerable periods before results (which would need to be defined at appropriate levels and agreed), to materialize before receiving funds.

**RECOMMENDATION 8**

ICD in partnership with AFC should at a very early stage of the next funding cycle seek to secure indications of interest from international donors to establish viability of the next phase. Member countries should arrive at a formal decision on mechanisms within their countries that would ensure funds are earmarked to meet their funding commitments to AFC.

**PRIORITY: HIGH**
5. REVIEW OF TOPICAL AREAS

5.1 PUBLIC FINANCIAL MANAGEMENT

PFM support accounted for approximately 40% of AFC TA activities over the review period. In 2011, the CEMAC adopted a set of directives to establish a harmonized framework for PFM to be adopted by its member countries. DRC and Burundi, which do not belong to CEMAC, have adopted broadly similar texts respectively the organic law on public finance in 2012 and the *Loi organique des Finances publiques* (LOFIP). Most of the PFM systems in the region are based on the French approach and, with the exception of Equatorial Guinea, all countries are French speaking. Nevertheless, significant disparities at the economic, social and security levels, as well as the authorities’ desire and capacity to reform, require TA to be tailored to each country.

**Relevance**

PFM TA is organized along six pillars. The pillar aimed at supporting CEMAC’s regional reforms (completion and transposition of the 2011 directives) has significantly leveraged AFC’s interventions in the region. AFC has partnered with the CEMAC Commission on the validation of teaching guidelines, the implementation of directives, and awareness-raising campaigns. With AFC support, DRC and Burundi also participate in the process as observers. At the national level numerous actions have been undertaken to implement reforms. This process has provided support in the transposition of texts, for instance in Chad or Gabon, and more broadly with budget monitoring in cooperation with the EU, expressed in a notification of compliance. The establishment of pillars has led to concentration and a better transparency of the assistance.

The work program takes into account the country needs. The situation is simpler in Gabon and Cameroon, where reforms are prioritized, but it is more complex in countries where the RA’s counterparts lack the means or capacities to coordinate demands or to take autonomous decisions. The AFC program is consistent with the activities of other TA providers and is coordinated with them. It is consistent with the strategic priorities of AFR, and AFC and FAD work together to harmonize the missions.

AFC PFM TA is widely recognized for the quality of its technical competence. In addition to the reputation of the RAs, the Centre can access high quality experts, who are recruited in partnership with FAD.

**We rate the relevance of PFM TA as Excellent, with a score of 3.8.**

**Efficiency**

The PFM work program has had to be adjusted due to various extraneous events. Examples include the security crisis in CAR, the lack of feedback from the authorities in Equatorial Guinea or short notice requests to postpone missions. The absence of anticipated contributions led to postponement of some activities in FY 2014, and contributed to AFC inability to follow-up on the streamlining of the payroll TA in Burundi. In addition, a shortfall in anticipated contributions in that year meant that adequate resources were not available to execute the full work plan. Nevertheless, resources released from lower than expected activity in CAR, Chad and Guinea were reallocated to meet additional needs in Gabon and Congo. The RAs also increased their participation in FAD activities.
Implementation monitoring appears to have significantly improved since the introduction of RBM. Missions are usually jointly undertaken by a RA and an STX. In case a joint mission is not justified, it is carried out by the expert alone under the RA’s supervision. Similarly, the usual two-week format can be reduced to one week or extended up to three.

Coordination with other PFM TA providers also appears to have improved substantially. It is easier in countries that have developed structures devoted to reform or a partnership framework with development partners, for instance COREF in DRC, the support unit to SGFP\(^ {12}\) in Burundi or the PAMFIP in Chad, which has recently become operational. PFM cooperation has traditionally been strong with the World Bank, the UNDP Pole and AfDB, although some frustrations on lack of access to information was expressed by some cooperation partners during field visits. In Burundi missions are closely coordinated with DfID. The establishment of an Education Trust Fund brought together all donors and the EU, who worked on the enforcement procedures. In Cameroon, the accounting support is coordinated with the work of the French PFM LTX. TA on procurement and contracting plans has previously been carried out with the World Bank. The coordination has been extended, with AFC acting as intermediary in Gabon, who requested comparable training.

**Efficiency of PFM TA is rated at the high end of Good, with a score of 3.4.**

**Effectiveness**

AFC’s approach to PFM TA has contributed to enhancing its effectiveness. The missions are a collaboration exercise between AFC experts and local counterparts. Their outcomes are then validated in workshops. Each mission assesses the implementation of the previous one and determines the necessary support and the need or any adjustment in approach. The systematic combination of PFM TA, training and monitoring contribute significantly to effectiveness.

The Centre combines PFM TA and seminars in at least two ways. Seminars or national workshops are a way to consolidate the training and mission results. The acquisition of tools or skills is not sufficient and often requires a change in policies, organizations or procedures to maximize the benefits. To address the need to change policies, AFC also organizes *ad hoc* sensitization and training, for example in the DRC, for parliamentarians and the government. Regional seminars allow practitioners to set up networks and to share experiences. They provide the opportunity to communicate on operational issues, for example the selection of investment projects at the fourth edition of FoHBAC that was attended by budget directors, AFC, the main PFM development partners and the CEMAC Commission. The debates, conclusions and case studies are then widely disseminated. A recent seminar on state treasury planning was aimed at both PFM practitioners and those responsible for revenue and debt management. A comprehensive and integrated management of public finances is foreseen, which could be the next step for the most advanced countries in the region.

AFC PFM TA has resulted in considerable progress across most countries in the region. Two notable exceptions are CAR, due to security concerns, and Equatorial Guinea, due to a lack of will of the authorities. Numerous projects have been successfully carried out, for example in Gabon, where the budget will be implemented in program mode in 2015. Cameroon, one year ahead of Gabon, has been implementing a budget in program mode and there is now a more reliable balance of accounts; and in Congo, the draft ministerial budget programs are technically completed and will be adopted by the government. Burundi has aligned its legislation with international standards\(^ {13}\), has revamped the expenditure chain and modified framework for salary administration. DRC has restructured the ministerial organic frameworks to adapt them to LOFIP, which should lead to the early adoption of the budget model by the Council of Ministers. Chad, which focused on the transposition of directives, progresses more slowly but nevertheless, validated his RGCP\(^ {14}\) project. Its capacities are however very low. Nevertheless, the logframe shows a mix of projects in the

\(^{12}\) Public Financial Management Strategy.

\(^{13}\) In particular: budgetary nomenclature (*NBE*), accounting rules (*PCE*) and General regulations on public budget management (*RGGBP*).

\(^{14}\) Règlement général de la comptabilité publique.
various pillars that also show a number of instances where objectives have been partially or not met.

**PFM outcomes are rated as Good, with a score of 3.3. Outputs are rated as Excellent, with a score of 3.8.**

**Sustainability**

The security and political situation in some countries that are chronically unstable and marked by periodic conflicts is a challenge for TA. The authorities’ support to reform is uneven. This support, which is an essential precondition for success, is all the more essential since countries are generally not subject to any conditionality. The relative wealth in oil or mineral resources in some of them may be delaying difficult but necessary reforms. In some cases, the apathy of the recipients creates difficulties for the TA. Low wages, high turnover of staff, lack of training or motivation, and weak IT support add up to a relatively limited absorption capacity in Cameroon and Gabon and even less elsewhere. However, these factors are not the whole problem. Sometimes rigid power hierarchies, limited ministerial autonomy and slow decision-making processes have to be added to the list. In addition, PFM reform, which implies institutional or organizational changes, often triggers otherwise latent opposition from spending agencies or conflicts between administrations.

On the other hand, the extensive use of African skills contributes to sustainability and the absorption of AFC assistance. The positive results achieved by AFC in PFM have been the result of considerable effort. Matching resources and activities are required to strengthen the sustainability of TA. AFC’s increased activity is not confined to PFM. It also applies to debt management and to macroeconomic statistics that are still to be developed. This operational reality must be taken into account in order to strengthen the impact and sustainability of TA. In the PFM context, users’ training and the establishment of new tools is only one step. Making the best out of the reforms requires mainstreaming and embedding the new practices at all levels of management among the stakeholders. In addition to the authorities’ commitment, medium-term sustained efforts will be needed during the implementation of the new laws and regulations that have been recently approved. The required support from AFC will be very demanding.

**The sustainability of AFC TA on PFM is rated as Good, with a score of 2.7.**

**Impact**

AFC PFM TA impact has been very important for the development and use of quality budgetary tools. In addition to greater donor confidence, this should allow countries to rationalize and reallocate expenditure as well as to better meet the challenge of economic and social development. Results to date have also been high in public accounting, including new charts of accounts designed and implemented; management of the treasury; and improvements in balance of public accounts. The progress made should over time translate into impact.

**Main Findings**

1. AFC TA is well tailored to the needs of the country. The Centre has greatly increased and leveraged its regional interventions in a complementary and coordinated manner. TA is focused, consistent with other TA provider activities and very implementable for the beneficiaries. Since FY 2015, the Steering Committee also sets up multi-annual projects.
2. The quality of the TA is widely recognized. It is adaptable, flexible and efficiently delivered. Coordination with development partners, has greatly improved and often results in cooperation activities.
3. Missions are carefully tailored to the context and often combine TA and training. Local stakeholders are involved in the process through joint collaborations with experts. More generally, AFC involves the authorities at all stages of assistance.
4. Seminars are used as a complement to TA with a view to deepening it; they promote networking among practitioners as well as the exchange of experiences, which is greatly facilitated by the Centre’s significant reliance on African skills. More generally, the introduction of cross-cutting seminars is very pertinent to explain the synergies that the different tools can provide.
5. AFC intervenes in particularly difficult contexts. Its interventions have nevertheless resulted in significant advances in PFM in almost all countries and have had a strong impact on the quality of fiscal tools. In order to capitalize on the benefits of this evolution while continuing the modernization of PFM, it is imperative that resources are adapted.

### Box 3: PFM Case Studies – National Budget Models in Gabon and Congo

#### Background

<table>
<thead>
<tr>
<th>Gabon</th>
<th>Congo</th>
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<tr>
<td>Gabon has been committed to public financial reform since 2007, and especially since 2009, with in particular the objective of establishing program-based budgets. On October 21, 2010, an Organic Law on Finance Acts and Budget Execution (LOLFEB) was promulgated.</td>
<td>The Republic of Congo has engaged in a long-term process of reforming its public finances. Progress has been achieved inter alia in the establishment of a medium-term expenditure framework (MTEF). The Organic Budget Law (LORFE) of September 2012 gave a new impetus to the process. Program-based budgeting is one of its axes.</td>
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#### Simplified Results Chains

<table>
<thead>
<tr>
<th>Gabon</th>
<th>Congo</th>
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<tbody>
<tr>
<td><strong>Inputs/Activities</strong></td>
<td><strong>Outputs</strong></td>
</tr>
<tr>
<td>No of missions: 6</td>
<td>Lining government outlays to the accomplishment of specific results, while monitoring the progress towards their achievement.</td>
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<tr>
<td>No of person-weeks: 23</td>
<td>Improved quality and relevance of public services and goods delivered to the population resulting from more effective spending of government resources</td>
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<tr>
<td>Workshop: Yes</td>
<td>Program Inventory</td>
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<tr>
<td></td>
<td>Templates</td>
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<tr>
<td></td>
<td>Updated budget plans for four ministries</td>
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<td></td>
<td>Financial models developed</td>
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<tr>
<td></td>
<td>Technical seminars, feedback workshop</td>
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<tr>
<td><strong>Outcomes</strong></td>
<td><strong>Impact</strong></td>
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<td></td>
<td>Adequate governance reforms</td>
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<tr>
<td></td>
<td>Management of resistance to change</td>
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<td></td>
<td>Sufficient stakeholder involvement</td>
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<td></td>
<td>Sufficient involvement of the OGB</td>
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<td></td>
<td>Staff, IT and other resources at ministries capable of implementing new processes.</td>
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<tr>
<td>No of missions: 6</td>
<td>Lining government outlays to the accomplishment of specific results, while monitoring the progress towards their achievement.</td>
</tr>
<tr>
<td>No of person-weeks: 17.5</td>
<td>Program Inventory</td>
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<tr>
<td>Workshop: yes</td>
<td>Templates</td>
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#### Principal AFC Activities

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<tr>
<td><strong>Principal Activities</strong></td>
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<td>The first mission, deployed in March 2011, issued a status report and proposed an action plan for the implementation of PBB. This roadmap was updated in September 2012, in collaboration with the Gabonese administration. As part of this effort, a program development methodology was established through a joint template for four pilot ministries. To that end, an initial technical workshop was held. Four missions conducted at a sustained pace during the FY2013 led to the construction of all the budgetary programs. The last mission also ensured the completeness and consistency of the budget structure. The work was completed in early 2013.</td>
<td>Six advisory missions were conducted for a total of 37.5 weeks/person. The first five visits took place in FY2014, with a final mission in FY 2015. The resident advisors have devoted 21.5 weeks (including 5.5 weeks in AFC’s HQs and 16 in Brazzaville). Short-term experts spent 16 weeks in Brazzaville. The first mission hosted a technical workshop to launch the project and also developed the budget model of five ministries. The next three missions were devoted to budget models of ministries, structures or mechanisms. The fifth mission complemented the previous efforts and developed the overall budget model. Finally, upon the authorities’ request, a sixth mission participated in the budget model review conference held between ministers’ representatives and heads of expenditure structures.</td>
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15 This box contains a summary of the case studies. See Appendices 4.3 and 4.4 in Volume II of this report for more details.
Assessment Based on DAC Criteria

Relevance
- The Authorities from Congo and Gabon requested AFC assistance to address priority TA needs. In the case of Gabon, authorities had been trying to upgrade public financial management without success since 2008. The project in Congo was also the continuation of previous successful experiences with AFC. Before AFC’s intervention, there were significant risks associated with the practices implemented at the time. TA in this area was urgent.
- Collaboration with IMF HQ and with other development partners added value to both projects. In addition, work in Congo benefited from AFC’s experience in Gabon.
- AFC was helped develop a sense of ownership for the project among various concerned ministries and not just within the ministries of finance. The various ministries gradually began to incorporate elements of PBB approach.
- AFC’s support and coordination with FAD was conducted in Congo in collaboration with UNDP Dakar Pole. One or two of its experts participated in three missions.

Effectiveness

Outcomes
- In Gabon, the last AFC mission also ensured the completeness and consistency of the budget structure. Work with the Office of the Prime Minister and on public allocations was completed and, above all, the consistency of the overall budget model was verified. Ministries’ budget models were reviewed one last time with their proposals. This has now been executed in compliance with the new budget classification and implemented with AFC support.
- AFC’s support in the implementation of program-based budgeting was a complete success. It concluded in 2013 and the government was able to present to Parliament a draft budget law for 2014 accompanied, for information purposes, with a program budget and the annual performance project.
- Project outcomes in Congo are especially remarkable. Initially, the TA had no counterpart governance structure. The mobilization of actors around PBB and the establishment of a network of focal points created the necessary momentum.
- Successive missions working on budget models, made repeated recommendations on the need to strengthen the management of reforms by setting up a central body to frame and plan the implementation of the LORFE, but without success. In particular, they suggested a steering committee assisted by a permanent secretariat to implement the strategic tools: global strategy, and capacity-building plans, an association of Parliament and the Court of Auditors. They drew attention on the need to rapidly increase the competencies of the administration by a training plan.

Outputs
- Time-bound missions built momentum for project outputs in a logical sequence.
- The missions have led to a shared development of budget models. They were jointly developed by the AFC teams and those of ministries: general secretaries, Central Directorates of Administrative and Financial Affairs (DCAF) and team managers. This led to validation without major difficulties.
- All departments have validated their budget model and made it clear that the gradual approach to reform by the authorities entered a new phase. The budget model was then adopted by the Council of Ministers.
- The Government developed a stabilized draft general budget model, which had been technically validated by stakeholders. It is consistent with the LORFE and contains 125 programs for 35 ministries and 7 constitutional bodies and independent administrative authorities, 6 allocations for the government, 2 ministerial allocations and 10 programs for special accounts.

Efficiency
- This intervention has been very carefully prepared in collaboration with the FAD. A mission of the Fiscal Affairs Department, in March 2011, identified the reasons for the delay of the public financial reform and set up an action plan calling for a realistic strategy, strong political support and a permanent forum for steering and coordination.
- An AFC mission made an inventory of the programs’ structures and presented at a workshop a prioritized action plan containing its findings and recommendations. This AFC action plan was regularly updated.
- The missions were carried out on the same terms as those applied in Gabon. This contributed to their efficiency, with a learning effect, and to their effectiveness. They were characterized by the sustained pace of interventions, shared development of budget models, a very significant educational support, real-time feedback and an excellent rendition.
Sustainability

- The strong degree of ownership developed in both countries, coupled with the increasing level of local technical ability, augurs well for sustainability. The Gabonese team, in particular has developed impressive technical skills. It is expected that their counterpart in Congo will follow.
- Completion of programme-based budgeting had a very positive and structuring effect for further reforms.
- Long-term success in Congo depends heavily on elements that are beyond AFC’s expertise. In fact a FAD in January 2013 highlighted risks that have not been fixed.

Impact

- In Gabon, the budget model is well accomplished and structured. Directives and operators were identified and assigned to the relevant actions, as is the case with the PSGE development operations carried out by the ministries. Crosscutting missions resulted in well-adapted policy documents.
- Long term impact will depend on how the new program based budgets translated into more effective public services and infrastructure. It is still early in the process to make an assessment. Nevertheless, preliminary evidence indicates that this AFC project will have a lasting positive impact on Gabon’s public expenditure.
- In Congo, TA has not yet achieved impact. However, looking at the positive evolution of this work, and the increasing ownership and commitment of local authorities, it is expected that impact will be achieved in due course.

5.2 Banking Supervision and Financial Stability

Two TA projects have been implemented to date during Phase II: On risk based supervision in COBAC, Burundi and DRC; and the implementation of IFRS in Burundi and DRC. TA on RBS concerns modifications to the banking law and many regulations and circulars (loan classification and provisioning, credit establishments in difficulty, minimum capital solvency ratio, internal controls, liquidity, etc.) and procedure manuals (e.g.: on- and off-site supervision). Support to the implementation of IFRS includes developing charts of accounts and commercial bank reporting forms.

Relevance

The TA is consistent with the work programs validated by the Steering Committee. It is in line with FSAPs and internal strategy documents when they exist and thus correspond to the objectives of the central banks, namely implementing RBS meeting international standards and implementing IFRS norms.
With respect to whether the TA is designed to the specific needs of the countries and central banks or supervisory authorities, the assessment is mixed. For example, in Burundi, there is the issue of taking into account whether its financial sector program is better suited to a membership of AFRITAC East, and the absorption capacity of the BRB.

There was limited evidence of AFC collaborating during the period under review with the World Bank, which had important projects with the central banks in CEMAC and Burundi. Collaboration with other donors was equally weak. From a desk review, the situation seems better in DRC. AFC has highlighted that it does now share important documents and information with the World Bank.

On the issue of establishing a clear advantage compared with other sources and delivery modes of related TA, the conclusions of the case studies and the desk review are mixed. On the other hand, AFC BSFS workshops are highly valued by participants.

**We rate relevance of BSFS TA as Good, with a score of 3.2.**

**Efficiency**

Generally, training is well integrated with TA, especially as training is often provided during the AFC TA mission by the experts. Workshops are organized to complement the TA. For a long period the quality of backstopping was under par. It was not clear who the backstopper was. There were no French speaking backstoppers, causing delays as documents had to be translated and retranslated. Things have improved with the appointment in October 2013 of a French speaking backstopper with good experience of RTACs.

Some difficulties occurred between the BSFS RA and a MCM adviser to COBAC. Part of these were attributable to the lack of clarity of terms of reference of both advisers and the absence of well delimited responsibilities. We understand that this problem has now been addressed.

There was no overlap between resident advisors as there was a gap in BSFS RAs of almost one year. The new RA did undertake some STX assignments during the gap year. Nevertheless, this length of gap is likely to have impaired efficiency of the BSFS program.

AFC tried to leverage its assistance with AFD, so far with mixed results.

As indicated above, workshops are well integrated with TA. They deal with topics that are also the object of TA (e.g.: risk based supervision, IFRS norms, internal control, Basle II and Basle III). Workshops are well organized with high quality material provided to participants. There are theoretical presentations followed by practical discussions. For instance during the October 2013 workshop on financial analysis and off-site supervision the theoretical part dealt with principles of financial analysis and the practical sessions with banks’ balance sheets and income-expenditure statements. Various risks were also considered in the practical sessions. On the less positive side, beneficiaries found that at times the workshops brought together attendees with different levels of knowledge of the issues at hand and wished that the attendees be better selected and that the workshop be better tailored to the needs of the participants.

**We rate efficiency as Good, with a score of 2.5.**
Effectiveness

There are large time gaps between the delivery of a draft text by AFC experts (the output) and its adoption and promulgation (outcome). AFC started work on some of the texts as early as February 2011. While the delivery of outputs has been relatively successful and according to plan, the outcomes have considerably lagged behind. Beneficiaries have noted that there is little follow up on the implementation of a new legislative or regulatory text or on the integration of lessons learned by seminar recipients into their daily work. The aide memoires do not mention follow-up activities. Nevertheless, AFC has pointed out that delays are not unusual, especially given six countries are involved.

AFC experts provided valuable inputs to the redaction of texts, which are assessed to be of high quality. Once the texts adopted and promulgated, AFC’s output will strengthen the supervision of commercial banks. However, it takes a very long time from the moment work starts on a text until the text is completed and promulgated. AFC experts had to make many revisions to a same text, mainly at the client request, which reduces efficiency. Other reasons are the long validation process within, especially, the regional institutions as well as possibly weak political commitment to reforms. AFC has pointed out that the process of a number of revisions of texts is not unusual and that it takes significant time to finalize laws and regulations given institutional arrangements and constraints in the region.

AFC did not engage any local STXs and we did not see evidence of any activity to develop a network of local experts in this area. AFC explains this by the lack of capacity and the difficulty of finding qualified experts in bank supervision. One solution is to have local experts work with international counterparts to develop capacity.

The preparation and the delivery of the workshops is of high quality. The integration of the workshop with TA indicates that there is some follow-up on workshops. But the follow-up is limited to this integration. There is little individual follow-up to determine how attendees are integrating the lessons in their daily work. As an illustration, out of seven BSFS workshop attendees that have answered the survey six indicated that there was no follow-up on the workshops.

We rate outputs of BSFS TA as Excellent, with a score of 3.7. We rate outcomes as Modest, with a score of 2.3.

Sustainability

Several factors affect sustainability of TA: political will and absorptive capacity. The latter is rather weak and explains some of the delays in finalizing and promulgating texts. Until a text has been adopted and promulgated, there is no sustainability of the output provided by AFC experts. Sustainability is low because of the limited outcomes to date. In addition, poor absorptive capacity is likely to impair sustainability during the implementation process.

We rate sustainability as Good, with a score of 2.3.

Impact

In accordance with the project documents many outputs have been delivered. Draft laws, regulations, circulars and procedure manuals related to risk based supervision have been delivered. Workshops have been successfully delivered. On the other hand, until most of these texts have been adopted and the procedures successfully implemented the impact on the countries and their banking sectors remains limited. Moreover, impact in terms of the benefits accruing from a well-functioning banking and financial sector is dependent on a wide range of reforms, most outside AFC remit, and many of which are being supported by other TA providers. Some of the latter have been experiencing mixed results.
Principal Findings

1. Clients have appreciated the outputs.
2. Workshops have been professionally delivered and well received by attendees.
3. Collaboration between AFC and other donors in BSFS has been, with a few exceptions, limited. As mentioned earlier AFC has highlighted that this situation is very different at the moment.
4. AFC has been able to make limited use of regional STXs.
5. The handover processes between the banking supervision RAs and the delivery of BSFS TA has been hampered by a large gap between their tenures.
6. Backstopping was an issue for some years but has been resolved with the arrival of a new French-speaking backstopper.
7. Sustainability is low because of the limited outcomes. Low absorptive capacity is also likely to impair sustainability.
### Box 4: Case Studies – Banking Supervision in BEAC/COBAC and Burundi

#### Background

**BEAC/COBAC**

CEMAC members share a common central bank (the Bank of Central Africa States, BEAC). A common financial regulator, the Banking Commission of Central Africa (COBAC) supervises the region’s 50 banks.

The program originally sought to: (i) adopt international regulatory norms (ii) develop risk-based supervision; (iii) set up a framework for surveillance; (iv) develop transparency and IFRS norms; and (v) hold regional seminars.

**Burundi**

Burundi has 10 banks and 2 specialized financial establishments. As a member of the East African Community (EAC), Burundi lags behind others in issues relating to harmonization. Counterparts have expressed a wish to participate more actively in AFE-implemented activities, which are systematically customized to EAC issues. Since 2011 AFC has focused on risk-based supervision and IFRS norms, which involves the modification of laws, regulations, accounting systems, reporting forms, etc.

#### Simplified Results Chains

**BEAC/COBAC**

- **Inputs/Activities**
  - No of missions: 49
  - Workshops: 2 (of which 2 are regional)
  - Missions: nine advisory missions (for a total of 29 days). These missions mostly focused on providing advice on risk-based supervision, including assistance in modifying laws and regulations
  - Distance assistance: through telephone and email
  - Training: four workshops/seminars (e.g. on financial stability) of which two were regional

- **Outputs**
  - Regulations on credit establish-ments in difficulty & non-performing loans & provisioning
  - Bank ratings
  - Procedures: on-site supervision & licensing
  - Credit risk; internal controls, division of risks, solvency & trend ratios

- **Outcomes**
  - Banks in solvable capital in alignment with risk/banks’ internal risk management strengthened: more effective supervisory practices implemented that are tailored to risk.

- **Impact**
  - Growth and more effectively supervised banking sectors in CEMAC countries.

**Burundi**

- **Inputs/Activities**
  - No of missions: 15
  - Workshops: 133

- **Outputs**
  - Banking law
  - Solvency regulation
  - Procedures for on-site supervision
  - Reporting system for banks
  - Circuits: loan classification, risk management, & internal controls
  - Training on supervision: IFRS

- **Outcomes**
  - Bank reporting compliant with IFRS.

- **Impact**
  - More transparent and stable financial sector (in Burundi).

#### Risks/Assumptions

- Political commitment to the reform process
- Risk-based supervision is a whole composed of many interdependent parts (laws, regulations, circulars). Missing parts lessen the impact of existing ones
- Ability to recruit, train and retain professional staff in banks and supervisors
- Compliance by banks and other institutions
- Strong judiciary intervention in the event of non-performing loans

**Principal AFC Activities**

**BEAC/COBAC**

- **Missions**: nine advisory missions (for a total of 29 days). These missions mostly focused on providing advice on risk-based supervision, including assistance in modifying laws and regulations
- **Distance assistance**: through telephone and email
- **Training**: four workshops/seminars (e.g. on financial stability) of which two were regional

**Issues covered include**: credit establishment in difficulty, non-performing loan provisioning, bank rating, licensing procedures, internal controls, division of risks, solvency ratios, transformation ratios, procedures for on-site supervision, etc.

**Gabon**

- **Missions**: ten advisory missions (for a total of 133 days).
- **Distance assistance**: through telephone and email
- **Training**: six workshops (mostly on results-based supervision and on IFRS)

**Issues covered include**: Banking law and solvency regulations, supervisory procedures, reporting, internal controls and risk management, Solvency regulation, reporting by financial institutions, technical circulars, etc.

#### Assessment Based on DAC Criteria

**Relevance**

- Interventions in accordance with the diagnostics, program document, and the action plans validated by the Steering Committee.
- Work programs respond to key priority needs.

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16 This box contains a summary of the case studies. See Appendices 4.1 and 4.2 in Volume II of this report for more details.
• The World Bank implements large projects in both CEMAC and Burundi. Collaboration with the WB, other partners (and even with the IMF HQ) has however been limited in the past (although many of the earlier obstacles are now being addressed). In Burundi, the central bank (BRB) has sometimes received contradictory advice from the IMF, the WB, the National Bank of Belgium and AFC.

• AFC has had limited success in establishing a clear advantage in the CEMAC zone, though its work has been useful, client-driven and appreciated. In Burundi AFC’s profile is stronger for bank supervision and IFRS-related norms.

**Effectiveness**

**Outcomes**

• The extremely long time lag between the provision of AFC advice and the eventual promulgation of new texts seriously undermines the program effectiveness at the outcome level. This is attributed to institutional procedures at the TA recipient. AFC has indicated that this is not unusual, especially in the context of a monetary zone involving six countries.

• Only a very small proportion of outputs have been approved or implemented to date.

**Outputs**

• While *aide memoires* point out to numerous issues in CEMAC, AFC has focused mainly on two: the treatment of establishments in difficulty and of non-performing loans. This approach was effective given COBAC’s limited staff availability. In Burundi, the national reform program may exceed local absorption capacity (particularly as several other TA providers are also active in this country).

• AFC experts provided valuable inputs to the redaction of texts. Outputs are technically solid and of good quality.

• Feedback indicates that workshops are not always well tailored to participants’ level of knowledge, or rather that they have heterogeneous levels. All workshops reviewed have however provided high-quality training. AFC has pointed out in COBAC workshops the TA recipient selects workshop participants.

**Efficiency**

• At the request of the clients, AFC experts had to make several revisions to a same text, reducing efficiency. AFC has pointed out that this is not unusual.

• Difficulties emerged between the former AFC RA and a MCM adviser to COBAC. Part of these problems were attributable the absence of well-defined responsibilities. We understand that these issues have now been addressed.

• Despite AFC’s good efforts at coordination, COBAC’s limited capacity is sometimes overwhelmed by missions from AFC and IMF HQ. This situation is more critical in Burundi, as BRB receives TA from several partners.

• AFC has not been able to use regional STXs. AFC has indicated that this is due to lack of experts of sufficient quality being available.

• Burundi is a member of the EAC, which has embarked on an ambitious harmonization program on banking regulation and supervision. Because of AFRITAC East’s sole concentration on EAC issues, TA from that RTAC is likely to be more efficient than that from AFC.

**Sustainability**

Limited absorptive capacity at BRB, BEAC and COBAC hinders sustainability, particularly as the adoption and implementation of regulatory texts can require a long time. Enhanced AFC follow up to the implementation process will contribute to improving the prospects for sustainability. In some instances, the problems with implementation stem from limited capacities and misaligned incentives at commercial banks. AFC is not allowed to provide direct assistance to the private sector, which may call for collaboration with other institutions.

**Impact**

• High quality support from AFC will have a lasting impact on the texts and regulations. This is positive as the basis strong supervision is well-conceived regulations. Because the outcomes of AFC TA have been limited the impact of the TA suffers. In particular, ways need to be found to speed up the adoption and the implementation of the new regulations.

• AFC provides focused TA in targeted areas. In CEMAC as well as DRC and Burundi, achievement of impact is critically dependent on significant other financial sector reforms, many of which are being supported by other TA providers.
5.3  REVENUE ADMINISTRATION

The ratings and scores for AFC revenue administration TA reflect our assessments of both tax and customs administration TA and workshops provided below. Given the significantly higher resources deployed on tax TA and workshops, the ratings reflect a greater weighting to that topical area.

Overall, for revenue administration, we rate relevance as Good, with a score of 3.4; efficiency as Good, with a score of 2.7; outcomes as Good (2.6); outputs as Excellent (3.6); and sustainability as Modest (2.0). The rating for sustainability, in particular, has been influenced by the weak institutional and governance environment for this topical area.

5.3.1  TAX ADMINISTRATION

TA in tax administration has focused on VAT issues. It seeks to strengthen: (i) internal controlling in Cameroon, Congo and other countries; (ii) performance measurement and monitoring in Burundi, Cameroon, etc.; (iii) taxpayer segmentation in all participating countries; (iv) administration and fraud prevention (Central African Republic, Chad); (v) collection and recovery in Cameroon and Gabon; (vi) auditing high risk VAT fraud sector; as well as (vii) modelling and simulation in Cameroon. In DRC AFC has focused on taxation of extractive industries as an EU-funded FAD initiative provides VAT-related TA. Taxation of this sector has also been covered at the regional level mainly through regional seminars. Finally, the Center has contributed to launching the second version of the IMF’s Revenue Administration Fiscal Information Tool (RA-FIT) in the region. AFC has also been supporting through workshops the development of a database for extractive industries in the region. In FY 2014, AFC tax TA represented 14% of the total portfolio, with inputs reaching 43.5 person-weeks. TA has been shared roughly equally among countries, except for Equatorial Guinea, which has not participated.

Relevance

TA in tax administration is a high priority across the region. Member countries rely on tax revenue to provide essential public services. Tax revenues have ample room for improvement across the region. In fact, according to the African Economic Outlook Report, in 2014, taxes excluding oil revenues represented well below 15% of GDP for all member countries, except for Cameroon (with 17.7%). These figures trail those of other Sub-Saharan African economies such as Namibia’s 32.7%, South Africa’s 26%, Kenya’s 20.1%, or Senegal’s 19.6%. Adopting good practices in critical areas such as risk assessment, taxation of extractive industries and VAT is a precondition for success. AFC’s diagnostic work has generally underscored a gap between tax administrations’ requirements to fulfil statutory mandates and their human and financial resource base. Given resource constraints, AFC focus on VAT is a positive strategic move. We believe more could be done on leveraging wider knowledge available at IMF on taxation of extractive industries.

Project planning is coherent, adapting to country needs. AFC assistance appears tailored to country priorities and has shown flexibility to adapt to their evolution (e.g. in Congo, DRC and Gabon). Survey respondents have however pointed out the need to cater better to country specificities.

Coordination with other TA providers and with the IMF has been active and fruitful. Examples include collaboration with GIZ on the taxation of forestry and other extractive sectors. Institutional capacity building in DRC takes place in tandem

RECOMMENDATION 10

AFC in partnership with IMF should explore strategic options for increasing the availability of specialist knowledge available at the Managing Natural Resource Wealth Topical Trust Fund for AFC member countries, subject to member country interest and availability of AFC resources.

PRIORITY: MEDIUM
with both the EU and IMF HQ. AFC missions consistently provide technical de-briefings to other development patterns.

**Efficiency**

AFC TA has in tax has been relatively efficient. It has absorbed limited resources (43.5 person-weeks in FY 2014). The focused approach ensures optimal use of this limited investment.

The situation in CAR, Resident Advisor turnover, along with uncertainty regarding funding appear have negatively impacted on delivery in recent months. In FY 2014 actual TA fell 30% below plans. A total of 14 workshops were organized in FY 2012-14, with the last one taking place in September 2013.

The current RA joined in November 2013. He oversees both the tax and the customs portfolios. Annual reports and other documents provide for solid monitoring. Nonetheless, two-thirds of survey respondents see no evidence of “monitoring the implementation of the technical assistance advice after the end” of the missions, taking corrective action if necessary. Respondents consider that there was no adequate “follow up from Central AFRITAC staff after the technical assistance project was ended to trouble-shoot and help with any further implementation challenges”. This is supported by one of the findings of the case study that highlighted that although the main project being reviewed was seen positively, other AFC tax interventions had yielded limited results due to inadequate follow-up.

**Effectiveness**

We believe TA on the taxation of extractive industries would become more effective if regional workshops were coupled with country-level interventions beyond DRC. Collaboration with GIZ in this regard does mitigate possible adverse effects but has not been covered by the current evaluation. In addition, more intensive, strategic collaboration with the MNRW TTF should be seriously considered.

Although the sectoral level indicators on increasing VAT to GDP ratio and VAT registrations has been increasing in a number of countries, progress in achieving AFC tax TA outcomes have been relatively slow. Cameroon has been the most advanced in implementing reforms. Most other countries have variously suffered from lack of qualified personnel, high incidence of corruption, high turnover of DGs, weak IT systems, wholesale team transfers, etc.

AFC TA has been of high quality. Respondents praise the advice received. A question that received less positive reviews relates to monitoring and follow up. Respondents were also satisfied with the seminar experience program but would have preferred the training to be more “hands-on”. All respondents would appreciate receiving more frequent visits or a long-term advisor to improve TA results.

IMF has highlighted that resumption of TA in CAR helped identify priority actions and reforms in revenue administration in a post-conflict context, and design a well suited implementation plan. In addition, AFC work has helped generate greater awareness of the need for exchange of information between customs and tax departments, and helped in the first implementation steps in the region.

**Sustainability**

TA ownership and commitment appear adequate across regional tax administrations although the progress seems relatively slow as reported in selected mission documents. Prospects for sustainability are unclear at this stage, although they are likely to improve as the reform process gathers pace and creates a self-reinforcing virtuous cycle. There are indications that this could be the case for VAT reform in Burundi (where AFC is providing TA on improving monitoring and performance, while TPA TTF has a wider role in VAT reform) and Gabon. Conversely, there are fewer indications of this happening as regards taxation of extractive industries. The factors affecting outcomes highlighted above are likely to adversely impact on sustainability for most countries, at least over the medium term.
Impact

Tax administration assistance already shows a trajectory towards attaining some impact across member countries. Respondents single out funding as the main constraint to discharging organizational duties effectively. In particular, a number of countries encounter difficulties in procuring and implementing the costly IT systems, which have become necessary for modern tax administrations. This situation requires active monitoring by AFC in order to ensure higher impact of its TA. Mitigation strategies should adjust to the evolving situation and may call for the active involvement of other donors. In the area of taxation of extractive industries, impact will also depend on the performance of other TA providers, such as GIZ, as well as of HQ-administered TA. No impact is expected for Equatorial Guinea. Preliminary evidence indicates an auspicious outlook for attaining results at the impact level particularly though improvements in VAT collections.

Principal Findings

1. Intervention designed is focused, thus increasing the probabilities of success. The choice of VAT and extractive industries as priority TA topics given AFC resource constraints is relevant.
2. The topical logframe is well-designed. Monitoring is appropriate (and facilitated by a list of targeted indicators).
3. AFC has delivered high quality recommendations, analysis, manuals, training and other TA elements. However the capacity to implement TA recommendations has been variable across countries.
4. The delivery of training events has been extensive, though the pace of their delivery has decreased sharply in the past calendar year.
5. Regional-level training has been successful and highly appreciated. It could be complemented with more country-based TA in parallel.
6. Continued availability of funds, especially for the purchase and implementation of costly IT systems constitutes an important challenge to reform across member countries.

17 A major obstacle in Burundi even before recent civil strife.
### Background

In common with most other AFC member countries, Cameroon has a relatively weak tax administration. The country’s tax/GDP ratio has stayed at around 11% over the last five years, compared with an average of 22% for lower middle income countries.\(^{19}\) Tax take is depressed inter alia by a prevalence of tax deductions, special regimes and tariff exemptions that cost more than 2.7% of GDP.\(^{20}\) The World Bank Doing Business survey ranks Cameroon 181 out of 189 countries on paying taxes in 2015 (a fall of 3 places from 2014). AFC has provided a range of TA to the Cameroon tax administration, the Direction générale des impôts (DGI). The subject of the case study, which involved developing a MoU between the tax and customs administrations, is an example of a short-term targeted intervention.

### Simplified Results Chain

<table>
<thead>
<tr>
<th>Input/Activities</th>
<th>Outputs</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MOU for collaboration between tax and customs administrations; Joint tax and customs action plan to implement MOU</td>
<td>Approved MOU and action plan; implemented MOU; increased detection of VAT and customs fraud; increased VAT collection as result of tax/customs collaboration; increased revenue collection.</td>
</tr>
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<tr>
<th>Risk/Assumptions</th>
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<tr>
<td>Senior management support for collaboration</td>
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### Principal AFC Activities

The RA carried out three missions on the project in 2014, focused on sensitizing DGI counterparts to the softer issues on collaboration between tax and customs; developing and commenting on the tax/customs MoU; and developing a joint action plan. In addition, the RA provided remote guidance and comments on the draft outputs.

### Assessment Based on DAC Criteria

**Relevance**

- Project consistent with program document, within AFC remit, and supports Cameroon government’s priority objectives.
- Important component of strengthening wider DGI VAT administration strengthening objective.

**Relevance, continued**

- We understand that GIZ has recently started supporting DGI in strengthening its IT system. This will support strengthened tax and customs cooperation.
- We also understand that AFC coordinates its work closely with the JSA funded IMF project with Cameroon customs administration.

**Effectiveness**

**Outcomes**

- AFC support has been instrumental in crystallizing the action plan for collaboration between tax and customs, which has been attempted for an extended period.
- The MoU was approved by the Minister in May 2015.
- It is too early to assess the implementation of the MoU action plan. We understand that an April 2015 AFC review indicated progress being made on the main components of the action plan.

**Outputs**

- The MoU and the action plan are robust and according to the TA recipients have benefited significantly from AFC RA input.

**Efficiency**

- Significant progress has been made with relatively limited AFC resources.
- Principal risk to the TA is implementation of the action plan. We understand that AFC is now providing additional support to implement the MoU, which should mitigate this risk.

**Sustainability**

- At the time of the review it was too early to assess the project’s sustainability.

**Impact**

- The potential impact of the project could be significant, as highlighted in the results chain. In addition, it could lead to improved wider collaboration between the tax and customs administrations, with additional benefits and impacts.

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\(^{18}\) This box contains a summary of the case study. See Appendix 4.6 in Volume II of this report for more details.

\(^{19}\) Cameroon 2014: African Economic Outlook (AEO) and AEO website. African Development Bank.

5.3.2 Customs Administration

AFC has provided targeted support to improve concrete aspects of customs management, to complement a more comprehensive CEMAC-wide customs program being implemented by FAD with JSA funding. For example, the Center has helped implement a regional action plan for recording and monitoring cases of customs infringements. Training in this regard has recently taken place in countries such as Burundi and Gabon. In addition, AFC supports institutional reform agendas (e.g. in Cameroon, Chad, DRC) or the implementation of new operational systems, such as risk management in Cameroon, Gabon and DRC. The Center has also supported specific concerns of their member countries, such as the customs treatment of oil imports in Chad.

In the last fiscal year, customs administration TA accounted for 5% of the total AFC portfolio, having deployed 17 person-weeks.

In broad terms, AFC TA in customs has been equally shared by all member states. The most notable exception is Equatorial Guinea, which has received no assistance so far. In addition, operations in CAR have been temporarily suspended. A largest share of AFC TA, particularly in customs issues, goes to regional activities, which is in line with the goal of supporting the emergence of a functioning common market.

Relevance

TA in customs fills a particularly important niche, as customs administrations shift their focus toward trade facilitation. Since in a number of areas integration in Central Africa trails behind other developing regions, enhanced customs services should bring substantial benefits at the regional level (and also for multilateral trade). Rising to the demands of the 21st century requires deep reform. Building capacity and adopting international best practices in critical areas such as risk assessment is a precondition for success. AFC’s diagnostic work has shown a stark contrast between the demands of customs administrations in the region vis-à-vis existing human and financial capacity.

For a number of members, customs duties still contribute substantially to government revenue. For example, World Bank reports that customs duties accounted for almost 40% of revenues in CAR. The long-term trend is however for falling share of customs duties, slowly converging towards the proportions shown by more developed countries.

Project planning is coherent and customized to country needs. AFC assistance at the country level is tailored to regional priorities but is deployed at a low scale. Coordination with other TA providers and with the IMF has been active, including collaboration on internship program with French-speaking universities in Europe or with the EU and IMF HQ for institutional capacity building in Congo and DRC. AFC also cooperates with the World Customs Organization (on information exchange and dissemination), as well as with a number of bilateral development partners. In fact, AFC practices post-mission debriefings, thus contributing to good information flows. Finally, work is coordinated with IMF HQ (FAD) thus avoiding duplication.
Efficiency

Delivery of customs-related TA is deemed relatively efficient when considering its complex implementation context. In FY 2014 the combined number of person-weeks spent barely exceeded half of the planned expenditure. The political developments in CAR, the implementation of the Japanese funded, HQ managed project for CEMAC customs administration, and the uncertainty about available financial resources partly account for this difference. Nevertheless, this variance still appears high.

The pace of delivery may have been affected by rotation of key personnel within AFC. In fact, the current RA joined in November 2013. His brief encompasses both tax and customs.

AFC has organized six workshops during FY2012-14. They include meetings of heads of customs administrations along with seminars on topics such as risk assessment, fraud prevention, etc. These events were well received. The low scale of operations does not allow AFC to benefit fully from economies of scale and other efficiencies inherent in the RTAC model.

Effectiveness

The customs logframe defines desirable outcomes but appears over-ambitious in relation to the means deployed. One example is the implicit assumption that regular meetings of member countries’ customs directors alone will suffice to bring about enhanced harmonization and cooperation at the regional level. Indicators are well designed. In general they do provide a measurable and verifiable means of assessing progress towards the objectives as currently stated. Attribution problems persist. For example, duty revenues to GDP ratios fluctuations are outside AFC’s control and influenced by a variety of exogenous factors. Even if TA has a measurable impact on this indicator, it is not clear which portion could be attributed to AFC rather than to other TA, such as the FAD initiative funded by Japan. Such results relate to the impact level (i.e. the overarching goal to which AFC contributes), rather than the outcome (i.e. what each project will directly achieve through its intervention only).

Although the topical TA portfolio is still at an early stage with respect to achieving project outcomes, preliminary evidence points out to progress in some countries (e.g. Congo and Gabon). AFC has contributed with quality tailored assistance to address priority national needs and careful diagnostics. Some cases require more time and a higher volume of TA resources.

Sustainability

TA ownership is strong across regional customs administrations (with the exception of Equatorial Guinea). The low response rates to the evaluation surveys may however qualify this finding. On the other hand, it is not clear whether funding constraints will allow for the regional meetings of customs directors once AFC’s support is withdrawn.

As progress picks ups pace in some countries, it may become self-reinforcing (e.g. the introduction of new risk management approaches). Prospects for sustainability might be enhanced by increasing the mass of support, so as to anchor a trajectory of the reform process. Other TA (including the Japanese-funded program for CEMAC) may contribute to building up momentum, but have not been assessed as part of the current evaluation. In the case of CAR, it is likely that the political situation and the ensuing suspension of AFC operations will have an adverse effect on the sustainability of the TA received.

Insufficient funding and staff capacity are likely to remain constraints for customs organizations in the future. If properly harnessed, capacity building TA coupled with customs revenue growth can help mitigate these risks. More generally, a customs TA sustainability strategy should be explicitly formulated, particularly in the context of its low operational scale.
Impact

With the scale of the current portfolio, the AFC on its own is unlikely to achieve lasting impact as defined in the topical logframe (i.e. higher growth and reduced poverty through capacity building). In addition, little impact is currently being discerned in CAR and in Equatorial Guinea. For the other countries, AFC is contributing towards the stated goal. Whether it will be achieved will depend, not only on the evolution of the identified risks but also on the performance of other TA, most notably that implemented by FAD. In specific cases (such as Burundi and Congo) there appears to be a positive trend, which is likely to contribute towards impact through improved institutional capacity. In general, more time is needed to assess impact.

Principal Findings

1. The overall volume of the TA provided is relatively low, accounting for only 5% of the total AFC portfolio. Such levels make synergies more difficult and require an adjustment of project objectives.
2. No TA has been provided to Equatorial Guinea.
3. AFC has consistently delivered good quality TA outputs.
4. Continued availability of funds for reform may pose a challenge to a number of member countries.
5. Regional training has been successful and is appreciated.
6. Impact is disproportionally contingent to the performance of other TA projects.
7. Monitoring, reporting and communications are appropriate.

5.4 Public Debt Management

After a gap of two years at the start of the second phase due to funding constraints, the 2013-2014 work program saw the re-introduction of PDM activities. This program aims to assess the organisational framework and management of PDM (Congo, Equatorial Guinea); proposing an administrative framework for PDM instruments issued by the central government (Gabon); identifying the priority reforms for a well-functioning market of public debt instruments in the CEMAC region and Burundi; improvement of the analysis on choices of foreign financing for public works in Cameroon; and training of PDM officers (DRC and Chad).

One workshop has been conducted on macroeconomic management and its relationship with PDM, one regional workshop on Medium-Term Debt Strategy (MTDS), in Libreville, July 2014, and an interdisciplinary workshop on Treasury Planning and Debt Management held in October 2014. There were several specific workshops targeting specific country needs in FY2013 and FY2014. An additional regional workshop is planned that will provide a valuable opportunity for addressing regional issues, for sharing experiences across countries and for improving understanding within countries of important issues and their relevance both to the public debt managers and the policy decision makers of PDM.

The PDM program is at a relatively early stage for the purposes of this evaluation.

Relevance

AFC PDM assistance is relevant and well-focused addressing an urgent need. At the commencement of the AFC work program, many countries did not have a well-structured PDM infrastructure, and best international practices were not being followed. The lack of coordination among different players in PDM further compromised the debt sustainability for some countries in the region by failing to take into account major commercial and market risks.
Debt vulnerabilities are gradually building up in AFC countries, arising mostly from recent build-ups of non-concessional loans. Public debt is projected to rise in the incoming years as a proportion of GDP. This underlines the importance of mobilizing domestic and concessional resources to finance needed infrastructure projects to the extent possible, complemented with institutional reforms to increase the effectiveness of capital expenditure.

Following diagnostic missions, AFC TA has been tailored to each country’s needs. When essential pre-requisite conditions have not been met, the TA has first focused on helping the country address those needs before moving on to the primary objective. For example, the regional workshop aimed at the relationships between macroeconomic variables and public debt.

The regional nature of AFC, the IMF’s access to high quality technical experts, and the connection with IMF HQ give AFC a clear comparative advantage in delivering the technical aspects of PDM TA. Other donors have a comparative advantage in other areas of TA such as the implementation of back office IT systems. In this regard it would be important to coordinate AFC work with ComSec and UNCTAD in relation to countries using CS-DRMS and DMFAS software. The PDM TA program is consistent with program documents and government priorities, consistent with IMF HQ and coordination with development partners is very good. 

**We rate the relevance of the PDM program as Excellent, with a score of 3.6.**

**Efficiency**

The first PDM RA, recruited in 2013, left in October 2014, and was immediately replaced by the current RA. Cross-country needs analyses have led to flexible TA provision in response to individual country capacity constraints although this has required some re-allocation of resources across countries. Annual reports and TA reporting contribute to organisational memory by providing a comprehensive historical record of AFC work.

The AFC TA program has been well coordinated with the programs of development partners. The AFC donors and partners are very supportive of AFC. AFC has highlighted that since October 2013, coordination has been further strengthened with the various partners, including the World Bank for the implementation of priority reforms on debt and the ComSec to improve the quality of debt data. Nevertheless, there were some remarks by other AFC’s donors about the availability of information (TA reports) to them. The backstopping arrangement is important. French is the mother tongue for both PDM RAs, former and present, and the backstopping process in French helps ensure a high quality for the final TA reports and consistency across almost all member countries. As highlighted below, some national workshop participants felt that follow-on hands-on support to implement lessons learnt would have been helpful.

We feel that the two year gap in PDM TA delivery at the start of the current phase would have detracted from efficiency.

**Efficiency of PDM TA is rated as Good, with a score of 3.0.**

**Effectiveness**

Progress has been made on modernization of the institutional and organizational framework with some countries implementing the recommendations of the National Debt Committee. In certain cases, the decree establishing the National Debt Committee has been issued but has not been materialized into an operational body. In Cameroon, the National Debt Committee is operational. Similarly, there has been some progress in implementing the best practices recognised internationally for debt office structure, i.e. in front, middle and back office. However, no country, with the exception of Gabon, has as yet implemented this structure. Cameroon plans to implement the functions of middle and back office at the Caisse Autonome d’Amortissement (CAA), sharing the middle office responsibilities with the CNDP (the National Debt Committee) and with the Treasury.
With AFC support, Cameroon has become among the most active countries in the regional government securities market. Consistent with the log frame, current and future AFC TA in Cameroon seeks to develop the long-term segment of the market and broaden the investor base.

TA reports on PDM are of a very high standard. They are practical, implementable and provide a clear record of the issues discussed, containing agreed action plans and detailed recommendations. The logframes are detailed, clear and appropriate for country implementation. They appear to be realistic and suitable for the capabilities of the relevant staff. Although the implementation of certain recommendations has been postponed, such postponements appear to result from domestic decision-making constraints and changes in circumstance occurring after a mission rather than from unrealistic recommendations and action plans.

TA and training have been closely linked. In particular, the TA missions for financial risk management (market risk specifically) have been highly appreciated by the trainees. However, there is always a need to help country officers applying the new concepts in their daily work. This particular point was mainly made regarding the application of financial risk management.

The RA has delivered training on domestic debt instruments for covering the central government financial needs. This kind of training has been highly appreciated although progress in widening government financial instruments has been slow due to the domestic financial markets shallowness.

The implementation of a Medium-Term Debt Strategy (MTDS) is still missing in all countries. Considerable resources were invested by AFC in this area during Phase I. The planning and undertaking of this type of TA is decided jointly by the World Bank and the IMF HQ. Therefore, is beyond the powers of AFC to implement. Nevertheless, there has been a regional workshop on MTDS held in Libreville, in July 2014, which was highly appreciated by all participants.

We rate PDM outputs as Excellent, with a score of 3.6. It is relatively early to rate outcomes given the early stage of the PDM program in the current phase, but a provisional rating of Good is given, with a score of 3.0.

Sustainability

The highly risks of the PDM are the possible lack of willingness of national authorities to implement recommendations, and country staff capacity to apply the techniques learned. To address the staff issue, PDM should propose incentives such as regional seminars, secondments to TA missions, etc., and improved job satisfaction such as skill enhancement, better staff involvement, better documentation, etc. There is also concern about the capacity of national authorities to implement the complete restructuring of the public debt institutional set up following best international practices.

The track record of implementing PDM reform measures in the region has been mixed in most member countries. This is evident from the lack of an MTDS and internationally accepted organizational structures and practices despite AFC PDM TA being in its second phase. In addition, in some of the countries, the need for training in basic financial concepts at this stage of development suggests risks to sustainability.

Given the early stage of development of the current PDM program, we believe it is too early to assess sustainability and have rated it as Not Demonstrated.
Impact

The potential for impact with respect to more effective and efficient use of government resources is significant. It is very early in the current phase of AFC PDM work to judge impact, but its realization will depend not only on the continued efforts of AFC, but also on the authorities’ political will for implementing recommendations in each one of the beneficiary countries.

Findings

1. AFC PDM TA is well focused and closely tailored to countries’ needs and capacities
2. Cooperation and coordination with development partners and are effective and efficient, however, there could be established a closer harmonization with one of the providers of back office systems in the region.
3. AFC TA on PDM is a multi-year undertaking and is planned accordingly.
4. The establishment of a public debt management institutional framework following international best practices is one of the challenges to overcome. However, AFC TA addresses this issues with continuity and diplomacy in order to convince and help countries to implement it.
5. All the TA training sessions and diagnostic missions by AFC have been highly appreciated by national authorities.
6. There is a need to follow up on training with hands on implementation support.
Box 6: PDM Case Study – Cameroon

Background

Debt vulnerabilities in Cameroon are gradually building up, arising mostly from recent non-concessional loans. The public debt is projected to rise to almost 24% of GDP in 2014 and to reach 38 percent of GDP in 2019. As a result, the country needs to mobilize domestic and concessional resources to finance needed infrastructure projects, complemented with institutional reforms to increase the effectiveness of capital expenditure. To reach this goal the IMF has advised Cameroon to develop a comprehensive debt accumulation and management strategy and to monitor its implementation, including the debt service implications of the growing public investment plans and the potential financial liability implications of emerging public-private partnerships.

Simplified Results Chain

Inputs/Activities
• Training on (i) macroeconomic management, (ii) medium-term debt strategy, and (iii) treasury planning.
• Over six short-term advisory missions.

Outputs
• Staff trained.
• Advice provided on:
  • Evaluation of external financing sources.
  • Financial risk management.
  • Improving domestic issues.
  • Organizational PDM framework, including the CAA.

Outcomes
• Formulation and implementation of a medium-term debt strategy.

Impact
• A debt management policy that balances trade-offs between cost and risk and that contributes to the development of domestic financial markets.

Rules/Assumptions
• Political commitment to achieve the restructuring of the front office functions, creating a single authority that can issue debt.
• Prudence and resolve by government authorities in staying the course on MTDS implementation.
• Absence of external shocks affecting PDM such as increase in interest rate or events requiring unforeseen cash outlay by Government.
• Staff capacity and appropriate organization, governance and management structures to develop and Implement MTDS.

Principal AFC Activities

Training (regional or national) on issues such as (i) macroeconomic management and public debt, (ii) medium-term debt strategy, and (iii) treasury planning and forecast.

Missions on: (i) diagnostics; (ii) evaluation of external financing sources; (iii) financial risk management of public debt; (iv) improving domestic issues; (v) strengthening the organizational framework for PDM; and (vi) reorganizing middle and back-office functions of the Autonomous Sinking Fund (Caisse Autonome d’Amortissement ou CAA).

Assessment Based on DAC Criteria

Relevance
• Responds to priority country needs.
• Close alignment with AFC and HQ strategies.
• Strong ownership demonstrated by MoF and CAA.
• Good coordination with development partners (such as the Commonwealth Secretariat) in spite of some.

Effectiveness
Outcomes
• Substantial progress has been made in creating a roadmap for restructuring the institutional framework of PDM in Cameroon into three offices.
• Progress has been made in structure the coordination of domestic and external debt between MoF and MINPAT, and restructuring CAA.

Outputs
• Proper diagnostics for restructuring public debt management have been issued and shared with the national authorities.
• Training outputs have been achieved.
• Trainees expressed their satisfaction with the subjects covered.
• Issues exist in recruiting French-speaking trainers.
• Government officials would appreciate if the training sessions are followed by a practical application of the new techniques with an on-the-job training.

Efficiency
• AFC resources devoted to public debt management are fully utilized.
• Work has been relatively cost effective.

Sustainability
• MoF and CAA appear to support this initiative at the appropriate levels.
• The advice delivered so far is likely to be retained within CAA.
• Concerns remain about the capacity of national authorities to implement the complete restructuring of the public debt institutional setup, following best international practices, i.e., unifying in a single unit the front office functions.
• Outcomes are likely to persist if the right restructuring of the institutional framework for the front office functions is achieved.
• Rotation of personnel has decreased. Trained staff now tend to remain at their posts for longer periods.

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21 This box contains a summary of the case study. See Appendix 4.5 in Volume II of this report for more details.
misunderstanding because lack of information of donors and partners

- Sequencing is appropriate, however, the future legal and institutional framework has not been specifically addressed, e.g. by making the necessary arrangements for having a single front office in Cameroon.

5.5 Macroeconomic Statistics

AFC assists member countries in achieving higher levels of compliance with international statistical and national account standards as well as in strengthening technical capacity in this area. Capacity building takes place both at the national and at the regional levels, the latter through seminars and collaboration with regional institutions such as AFRITSTAT. The level of advancement within the region shows significant variation, with some members accurately compiling quarterly national statistics and many others still grappling with provisional yearly accounts. For this reason, AFC TA at the country level is tailored to each situation, providing support to the compilation of:

- Annual national accounts, e.g. in Burundi, Central African Republic – currently suspended, Chad, Congo, DRC, and Equatorial Guinea) – mostly to the SNA 93 standard;
- Quarterly national accounts – e.g. in Cameroon and Gabon;
- Consumer Price Index, Industrial production Index, etc. – in Burundi, Cameroon and Gabon; and
- Nomenclatures: Burundi, Cameroon, Equatorial Guinea, etc.

Statistics and national accounts represented 17% of the overall AFC TA portfolio In FY 2015. In the last three fiscal years, TA has been provided to all member countries (i.e. including Equatorial Guinea). TA intensity has been highest in Burundi, Central African Republic, and Chad, as well as at the regional level.

Relevance

AFC member countries have pressing needs for TA in statistics and national accounts. Statistical capacity as measured by the World Bank’s statistical capacity indicator\(^\text{22}\) is low, averaging 54 points for AFC members, versus 60 for all of SSA. The only AFC member exceeding the SSA average rating is Chad, with 63 points. On the low end, three member states fall within continents worst performers and join the bottom of the world’s rankings (within the lowest 20 scores). In 2011, the last year not included this review, four out of eight member countries were applying superseded international standards as the basis of compilation. In addition, statistics yielded a distorted view of such rapidly changing economies as base periods were old. In seven countries the CPI weights reference period used was over 10 years old, well below international recommended standards. Weaknesses in price and in volume indices further complicate the calculation of national accounts at constant prices. These problems can have serious repercussions as they compromise member countries’ ability to formulate effective policies. Country SC members could play an

\(^{22}\) http://bbsc.worldbank.org/bbsc
important role to recognize the importance of statistics work, linking it to impact on policy decision, place appropriate priority to improvement, and help resolving the challenges for TA implementation.

AFRISTAT, AfDB and the World Bank are providing, or have provided LTX support to statistical offices in various AFC member countries, often with mixed success. AFC has worked closely with these other TA providers. AFC has also organized training jointly with AFRISTAT and the AfDB while also fielding resource persons to AFRISTAT-organized events, such as seminars on developing strategies for the adoption of the SNA 2008 standard.

TA in this area is extremely relevant to address acute capacity shortages in an area that guides policies in member countries. AFC customizes its work to individual needs and bring about added benefits by collaborating with other development partners. Nevertheless, poor allocation of human resources in this area casts some doubt about the authorities' commitments to developing statistics capacity. We rate relevance of the AFC statistics program as Excellent, with a score of 3.5.

**Efficiency**

In some instances, delivery has fallen below plans. In FY 2014, the Center deployed 60 person-weeks out of 77 planned. One out of two planned seminars took place in that fiscal year (though at least one workshop has taken place each year). The pace of implementation had suffered inter alia due to external factors such as the situation in the Central African Republic. Other countries have also requested postponement or cancellation of technical missions. This variable delivery pace is also explained by staff rotation during the period under review. The current RA began his duties in October 2012. In the six months following his recruitment, AFC cancelled four missions on statistics, whereas two additional visits took place (respectively to Chad and Equatorial Guinea). The Centre achieves efficiencies due to its proximity and to the fact that a number of similar projects are implemented in parallel even if countries are at different technical levels.

Efficiency has been improved by pragmatic implementation policies. Cognizant of counterpart capacity limitation AFC has often focused its support in compiling statistics for recent periods, leaving other years for a later stage while at the same time providing their members with tools to retropolate and interpolate estimations.

AFC provides monitoring information in its reports. 75% of TA survey respondents considered that “there was adequate follow up from Central AFRITAC staff after the technical assistance project was ended.” Nonetheless, two-thirds of survey respondents see no evidence of monitoring after the end of TA missions with “corrective action was being proposed where necessary.” AFC has indicated that corrective actions were not necessary in its opinion in such cases. Only six out 18 respondents to the statistics workshop survey considered that AFC followed up to implement the lessons learned at the workshop they attended. AFC has indicated that follow-ups vary on a needs basis.

We rate efficiency of the statistics program as Good, with a score of 2.8.

**Effectiveness**

Technical reports for national accounts and price statistics are of high quality. They contain practical and implementable recommendations while taking stock of the progress made and the issues encountered. Guidelines/supplements are provided in relevant cases. The postponement of programmed missions appears to stem from capacity limitations within the counterpart organizations rather than from unattainable TA recommendations. It should be highlighted that without addressing capacity limitations TA recommendations are likely to be attainable.

Despite these constraints, AFC TA has had some success in bringing about improvements across the region. At the regional level, they mostly relate to improving the proficiency in the use of ERETES, a tool for compiling SNA 93-compliant national accounts. Workshop participants provide positive reviews on this regard, highlighting how the training has helped their daily work, for example for more accurate forecasting or increased understanding of SNA 2008. All workshop participants state having implemented at least some of the lessons learned at the regional seminars. A high 44% of participants declare a level of three-quarters or more. At the country level, examples range
from the production of provisional national accounts in Burundi and Equatorial Guinea, to the compilation of a series of final accounts in Congo or Chad. Cameroon has also made some progress in its quarterly accounts and industrial production index. Nevertheless, most of the country programs have suffered significant delays and considerable AFC support has been required to attain results achieved to date.

We rate outputs of statistics as Excellent, with a rating of 3.7. Outcomes are rated as Good, with a score of 2.6.

Sustainability

Compiling macroeconomic statistics on a sustainable basis calls for strong and well-funded national statistical organizations. Unfortunately, this is not the case in most AFC member countries. All respondents to the TA recipients survey cited “insufficient funding to operate effectively” as their organizations main obstacle in discharging its responsibilities at the required quality levels. Apart from Burundi and Cameroon, statistical offices have suffered from inadequate, under-qualified staff or high staff turnover. Long-term support from other TA providers have had limited impact in a number of countries. Many of the mission delays and cancellations described above appear to stem from member countries inability to follow on TA recommendations due to their own resource constraints. Under these circumstances, prospects for sustainability are low.

We rate sustainability of AFC statistics TA as Modest, with a score of 2.1.

Impact

AFC has provided statistics TA to all member countries. Over time, this work will make a difference to the quality of statistics produced. More up to date statistics, supported by anecdotal evidence, are already available to authorities in many AFC member countries, thus allowing them to make more informed decisions. These point towards a high likelihood of impact. The benefits of improved statistics are increasingly felt over time. Risks to sustainability, however, could impede the achievement of significant impacts.

Principal Findings

1. AFC TA outputs missions have been of high quality.
2. Workshops have been particularly appreciated. All survey respondents have been satisfied, with 40% of them being extremely satisfied.
3. RTAC delivery modalities are well suited to support statistics.
4. Within the topical area, TA is well focused and closely tailored to countries’ needs and capacities.
5. The topical logframe is well designed. TA themes have been well selected and sequenced.
6. Ownership from technical counterparts is high, although greater ownership may be needed from statistics office management, relevant ministries and statistics users. Counterparts however face severe resource constraints. Therefore:
   a. The pace of implementation has shown fluctuations, with relatively high incidence of postponements, which dilutes TA efficiency and complicated planning,
   b. Continued capacity building (both human and financial) is critical to long-term success, and
   c. There is a relatively high risk that the sustainability of AFC TA will be compromised in some countries.
7. Cooperation has added value to member countries particularly with AFRISTAT.
8. Significant improvement in statistics in some member countries is helping resolve some issues such as:
   a. National accounting benchmarks, use of source data and compliance with international standards
   b. Progress in availability of short-term indicators for policy and developing QNA, and
   c. Improvements in prices through CPI rebasing using latest weighting data.