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# Central AFRITAC

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

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Volume II: Appendices  
February 2016

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*These appendices comprise the second volume of a two-volume report.*

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

## 1. EVALUATION TERMS OF REFERENCE

# TERMS OF REFERENCE FOR THE INDEPENDENT MID-TERM EVALUATION OF THE CENTRAL AFRICA REGIONAL TECHNICAL ASSISTANCE CENTER (AFC)

June 2014



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## **I. BACKGROUND AND OBJECTIVES OF THE EVALUATION**

### **A. Background**

1. The International Monetary Fund's (IMF) Central Africa Regional Technical Assistance Center (AFC) was established in November 2007 in Libreville, Gabon, to help countries in the region build their capacity for effective macroeconomic management and to support the region's further integration into the world economy. AFC's specific objective is to strengthen the institutional and human capacities of governments to manage public finances effectively, maintain robust financial systems, and produce reliable macroeconomic statistics. Its activities are directed to five areas that are common policy challenges for member countries: revenue administration; public financial management; banking supervision and microfinance; consumer price and national accounts statistics; and debt management.

2. AFC delivers capacity-building TA in its areas of expertise to 8 countries in Central Africa: Burundi, Cameroon, Central African Republic (CAR), Democratic Republic of the Congo (DRC), Equatorial Guinea, Gabon, Republic of Congo (Congo) and Chad. The current cycle, the second, started in April 2011 and will end in March 2016. AFC's operations are funded by contributions from the host country, beneficiary countries, bilateral and multilateral donors and the IMF. The total budget of AFRITAC Central over the current five-year funding cycle, including the IMF contribution and the host country contribution, is US\$49.6million.

3. Operations are guided by a rolling annual work plan within a results-based management (RBM) Framework. This approach ensures that activities are planned and implemented, as integral part of the overall IMF TA program, on the basis of beneficiary country needs, and are complementary to other forms of IMF TA and those of TA providers. AFC is guided by a steering committee (SC) composed of representatives of the authorities of the AFC countries, the donors, and the IMF. The SC meets annually to discuss the Center's strategic directions, review progress against its work plan, and discuss and endorse a work plan for the next year and beyond.

4. AFC's assistance to beneficiary countries, which is provided through six resident advisors, short-term experts (STXs) visits, and HQ-led diagnostic missions, is based on assessment of the TA and training needs of member countries, TA demands from those countries, and IMF TA priorities for the region. The activities in the Center, which may also include TA in areas not covered by the resident advisors, are backstopped by subject-matter specialists at IMF headquarters.

### **B. Objectives of the Mid-Term Evaluation**

5. The terms and conditions governing establishment and operation of the AFC multi-donor trust fund call for independent evaluation of the Center's activities. They specify that evaluation of activities financed by the AFC subaccount "will be initiated no later than 40 months after the activities financed under the subaccount with respect to each funding cycle have begun." In response, the AFC Program Document requires that such an evaluation will be initiated "after no fewer than three years of operation, an independent external evaluation of the work of AFC be carried out by a team of independent experts. The evaluation will assess AFC's effectiveness and sustainability and of its TA, bearing in mind the long-term nature of capacity building. The evaluation will formulate recommendations for improvement. The findings of the evaluation will inform discussions on AFC's future operations". This evaluation covers the second funding cycle (i.e., April 2011 to March 2016).<sup>1</sup> Its objective is to assess the relevance of the program document, and the extent to which AFC has achieved tangible results and is achieving its objectives efficiently and effectively and whether the TA delivered is sustainable. The Center has been in operation since 2007. The evaluation will assess whether the results of the previous three-year cycle were sustained in the current phase.

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<sup>1</sup> While the evaluation will formally not cover the previous phases, it will be informed by analysis of the previous cycles.

6. The evaluation will assess the extent to which AFC is achieving the advantages typically associated with delivering TA through Regional Technical Assistance Centers (RTACs): sound identification of country TA needs, rapid and flexible TA delivery, closer interaction with beneficiary country authorities, stronger country ownership, and effective exchange of information with other TA providers and donors in the region. The evaluation will also look at the challenges and known risks that AFC has faced in conducting TA and training, and what has been done to address the challenges and mitigate the risks. It is important that on the basis of AFC's achievements and lessons learned the evaluation makes recommendations for improvement in the delivery of the Center's capacity development. The evaluation will also look into how the recommendations of the 2009 AFRITACs evaluation have been taken into account (see Appendix A).

7. To address these objectives, evaluators will consider a set of linked questions, detailed below, that relate to (a) the relevance of AFC TA and training activities; (b) the efficiency of the processes by which resources (human resources/expertise, financial resources, and time) were converted to achieve the desired outcomes; (c) the effectiveness of AFC TA and training—i.e., the extent to which the outcomes identified in the Program Document are being achieved; and (d) the extent to which these are likely to be sustained; and (e) impact of AFC TA on beneficiary countries.

8. AFC has recently introduced new tools to support RBM, in line with the IMF's capacity development strategy, including a strategic logical framework (log frame) for the Center, a series of topical log frames for each country to guide the work of the resident advisors, and a new format for the work plan to track inputs. While the primary focus of the evaluation will be an assessment against the objectives set out in the Program Document, evaluators should refer to these new tools as appropriate. Evaluators should also comment on the suitability of these instruments and, if needed, propose refinements.

### **C. Steering Arrangements for the Mid-Term Evaluation**

9. The IMF Institute for Capacity Development's Global Partnerships Division (ICDGP) will manage the procurement process and support information-gathering for the evaluation. While the evaluation report will be addressed to the entire SC, an Evaluation Sub-Committee (ESC) has been established to guide the evaluation. The creation of ESCs is part of IMF evaluation practice and allows SCs to actively participate in the evaluation process. ICDGP will also serve as secretariat of the sub-committee.

10. The role of the ESC is to provide strategic guidance for the evaluation and to ensure that it takes into account issues relevant to stakeholders. The ESC will (1) review, comment, and agree on the draft terms of reference (TOR); (2) review and advise on the Inception Note prepared by evaluators; and (3) review and comment on the draft evaluation report. Whilst the ESC will guide the evaluation, and provide comments on draft outputs, it will have no power to determine what is included in the reports, and the evaluators will remain free to reach their own conclusions.

11. The ESC has 10 members, distributed as follows:

- SC Chair (1)
- Member countries (2)
- Donors (2)
- IMF area department (1)
- IMF TA departments (3)
- IMF ICD (1)

## II. EVALUATION QUESTIONS

12. The evaluation will address linked questions aligned with best international practice and reflect the OECD’s Development Assistance Committee criteria of relevance, efficiency, effectiveness, sustainability, and impact. Of these, relevance is fundamental — without it, no interventions can be effective, and where relevance and effectiveness are absent, efficiency is not a major concern. Finally, without relative success in the other three dimensions, no intervention is likely to be sustainable.

13. Table 1 summarizes the basic evaluation questions.

**Table 1. Basic Evaluation Questions**

DAC Criterion	Question
Relevance	<ul style="list-style-type: none"> <li>• To what extent are the interventions consistent with the program document?</li> <li>• Is AFC meeting the priority needs of member countries and is TA aligned with national reform priorities and regional integration objectives?</li> <li>• To what extent are AFC activities effectively coordinated with the work of development partners operating in the same sectors?</li> <li>• To what extent does AFC TA complement IMF TA programs (e.g., Topical Trust Funds) and TA provided by other organizations?</li> <li>• Is the SC effective in ensuring strong country ownership of AFC activities and governance of the Center including strategic direction and oversight?</li> <li>• Has AFC succeeded in establishing a clear comparative advantage compared with other sources and delivery modes of related TA?</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Are AFC activities delivered efficiently in terms of (i) process and implementation (e.g., timeliness in executing the work plan, follow up on TA delivered); (ii) use of resources (i.e., cost efficient achievement of results, including overhead cost, also in comparison with other TA providers); and (iii) monitoring and reporting (including dissemination of TA reports)?</li> <li>• Has AFC worked effectively to leverage its assistance with other TA provided by the IMF and other development partners?</li> <li>• To what degree do AFC’s systems and institutional set-up allow for retention of organizational memory (e.g. to facilitate follow-up as needed, avoid duplication of effort, improve handovers etc)?</li> </ul>
Effectiveness	<ul style="list-style-type: none"> <li>• To what extent have AFC TA and training led to tangible and lasting results and strengthened capacity?</li> <li>• Has the Center helped to integrate TA and training?</li> <li>• What contribution has AFC made to build a robust network of local experts in the region, and to systematically identify and optimize the use of local and regional expertise?</li> <li>• Is the provision of TA under five-year funding programs effective?</li> <li>• Has the RBM framework improved AFC’s effectiveness?</li> </ul>
Sustainability	<ul style="list-style-type: none"> <li>• What factors affect sustainability of TA and training delivered by AFC? How are these factors (e.g., absorptive capacity of beneficiary countries) incorporated into the planning of the AFC work programs?</li> <li>• How have beneficiaries incorporated recommendations from AFC TA into their daily operations?</li> <li>• What are the challenges and risks faced in conducting TA and training in AFC member countries and sustaining the results achieved? Does AFC manage these challenges and risk appropriately so to ensure its delivery of effective TA?</li> </ul>

DAC Criterion	Question
Impact	<ul style="list-style-type: none"> <li>• Is AFC aggregated project level impact as defined in the program document being achieved?</li> <li>• What difference did the AFC TA and training bring to the beneficiary countries?</li> <li>• What impact did AFC TA have on the beneficiary countries in the areas of the Center’s activity (e.g., intended and unintended results).</li> </ul>

14. Building on the answers to the evaluation questions, evaluators will assess the quality of the program document, consider the extent to which the underlying logic for AFC is still valid; whether there is still a clear role for AFC; and whether given its size and skills mix, the Center is able to fulfill its mandate effectively, and whether this level of operations can be sustained financially..

15. The evaluation should report on any significant lessons that can be drawn from the experience of AFC and other RTACs, highlighting strengths and weaknesses, and provide a focused, prioritized set of recommendations for improvement. It should also respond to any suggestions received during the course of the review on the direction of AFC operations and areas of work.

### III. METHODOLOGY

#### A. Evaluation Criteria and Ratings

16. A quantitative rating scheme will be used to (a) ensure transparency in the judgments made by evaluators; and (b) allow for aggregation across RTACs or functional areas. As an example, Appendix B presents a rating scheme consistent with that used in the 2009 external evaluations of AFRITACs and the 2012/13 evaluations of AFRITAC East, AFRITAC West, and CAPTAC-DR. In an Inception Note, evaluators will assess the adequacy of this rating scheme considering that a consistent methodology will facilitate comparative analysis across all evaluations. The evaluators may propose amendments or refinements to the rating scheme. To deter the risk that these changes may undermine adequate comparative analysis with previous evaluations of AFC and other RTACs, the evaluator should explain: how the recommendations to change the scheme would affect making these comparisons, and how the ESC and the Steering Committee will conduct such comparisons following changes to the scheme.

#### B. Information Sources

17. The evaluation will draw on information from a range of sources, particularly IMF documents and data (see Appendix C for a list of documents); interviews with country authorities and the SC (including staff of beneficiary countries and donor representatives); and case studies. Each evaluation criterion should be assessed using at least two different information sources.

- **Document and data analyses:** Evaluators will be expected to analyze all available materials, including work plans, project/mission TORs, TA reports, SC minutes, SC member comments in the context of written procedure consultations, previous evaluations of RTACs, and internal transaction documents produced by the center coordinator, resident advisors, and STXs. Financial information will also be provided. Evaluators will also review recent trends in the main macroeconomic indicators in the member countries, to assess the extent to which countries are already succeeding in achieving macro policy targets—which will have a bearing on the nature and scale of AFC.
- **Interviews:** Evaluators will conduct semi-structured interviews with country authorities, SC members, AFC staff, and other development partners. While all interviewees will be given the opportunity to comment across the full scope of the evaluation, interviews with country authorities are expected to cover in particular the appropriateness and responsiveness of the TA and training provided by both resident advisors and STXs and explore and document any specific results. Evaluators can propose to

meet and interview those who served as counterparts when the TA was delivered and who may now be serving elsewhere in the government. Evaluators will also be expected to meet in Washington, with staff from IMF TA and area departments and ICD.

- **Survey:** Evaluators should conduct a survey to consult a wider range of individuals in beneficiary countries and the SC. Other donors currently not SC members as well as other TA providers should also be surveyed or consulted. Use of any online survey tool will be subject to review and approval by the IMF IT Security team. If Evaluators intend to use an online survey tool, evaluators are required to provide information about the tool in their response to this RFP.
- **Case studies (sample of countries/projects):** To provide deeper analysis and illustrate successes, challenges and gaps, evaluators will be expected to visit three or four countries in the region to draw up case studies that can be disseminated. Evaluators will propose a diverse and representative set of countries and case studies, both geographically and with respect to the Center's areas of activity.

## IV. TIMING AND DELIVERABLES

### A. Timing

18. The evaluation is expected to begin in September 2014 and the draft final report disseminated to the SC by February 2015. Evaluators will be contracted for a maximum of 145 person-working-days including travel during that period. The evaluation process will be carried out in three phases: a desk phase, a field phase, and a synthesis phase.

- **Desk Phase:** Within four weeks after the contract is signed, and before the field phase begins, evaluators will (i) conduct a desk review of documents; (ii) visit IMF headquarters to interview staff in the ICDGP, TA departments, and the African Department (AFR)), including the center coordinator in Libreville, and other stakeholders (key donors, SC Chair, etc.); and (iii) prepare an Inception Note (see below), to be finalized in consultation with ICDGP and the ESC. Before embarking on the field phase, evaluators will hold a briefing for IMF staff. Total estimated work time: about 50 person-days.
- **Field Phase:** Evaluators will visit AFC and beneficiaries in at least three countries. They will ensure adequate consultation with, and involvement of, a variety of stakeholders, working closely with government authorities and agencies, and where relevant, donor offices. This will take place through face to face interviews, survey, phone and email exchanges. AFC will cooperate in providing contact details, where requested, and will provide official documentation explaining the center's support for the evaluation that will help to ensure collaboration from member countries and other stakeholders. However, AFC will not assist with logistical arrangements, as this could affect the independence of the evaluation. Total estimated work time: about 40 person-days including travel.
- **Synthesis Phase:** This phase is mainly devoted to drafting the report and any necessary follow-up interviews with IMF staff. Evaluators will make sure that their assessment is objective and balanced and recommendations realistic, practical, implementable and prioritized. The evaluation team will draft a report in English and French presenting the main findings, lessons learned, and recommendations, accompanied by a summary of the information gathered. The draft will be submitted electronically to the SC. After receiving ESC comments on the draft, the evaluation team will finalize the report. The revised draft report with comments incorporated should be delivered by March 31, 2015. Evaluators will present the report findings to the AFC SC at its annual meeting planned for April 2015, or earlier. The final report will be posted on the AFC website after SC endorsement. Total estimated work time: up to 55 person-days, including the SC briefing and associated travel.

## B. Deliverables

19. The evaluation team will provide three deliverables:
- **Inception Note:** The Inception Note will set out the methodology for data collection and analysis, including criteria for selection of samples or case studies; draft interview and survey instruments; a detailed work plan for data collection; list of potential interviewees; and an outline of the draft evaluation report table of contents. The draft Inception Note will be disseminated to the ESC and the final version endorsed by the ESC. This note should not exceed 10 pages, excluding annexes.
  - **Draft Evaluation Report.** The draft Evaluation Report will be disseminated to the entire SC for comments. The ESC may request a video or teleconference to discuss consolidated comments to the draft report. This draft stand-alone report should not exceed 40 pages, excluding annexes. The report should also include an executive summary of no more than two pages.
  - **Final Evaluation Report.** The ESC or the SC may request a brief presentation of the main messages of the report. This final stand-alone report should not exceed 40 pages, excluding annexes. The report should contain no more than 10 recommendations that are focused, prioritized, and implementable. A summary presentation in a format to be agreed with the IMF will accompany this final report. Once discussed by the SC, the IMF will make the final evaluation report available on the AFC website.

## V. EVALUATOR QUALIFICATIONS

20. The evaluation team should demonstrate the following qualifications:
- Extensive knowledge of the issues covered by IMF TA and training, and expertise in the delivery and review of TA. Strong macroeconomic background, some background in macroeconomic policy making and technical expertise in the TA areas covered by the Center is desirable.
  - Experience in the region and countries served by AFC.
  - Extensive experience in evaluation, especially evaluation of TA and training and familiarity with the OECD DAC evaluation criteria and the Paris/Accra/Busan principles.
  - Ability to work effectively in English and French.
  - Knowledge of the work of other development partners in their region and their approaches.
21. Evaluators are also expected to outline the quality controls they will put in place to ensure the quality of all deliverables. In particular, bidders should lay out in their proposals how they will ensure independence/managing risk of bias, range of data, etc.

## APPENDICES

### A. Recommendations from the 2009 AFRITACs Evaluation

#### 2009 AFRITACs evaluation

- a) **Recommendation 1:** Office of Technical Assistance Management (OTM)<sup>2</sup>'s presentations during the negotiations for the next financial replenishment should argue for additional resources to strengthen the human and financial resources of the AFRITACs and necessary support from HQ together with implementing the recommendations of the evaluation.

*Response:* The activities and budgets of the AFRITACs have steadily been scaled-up since 2009. In addition to the expansion of the existing AFRITACs and the opening of AFRITAC West 2, the IMF is also stepping up TA to African countries through topical trust funds (see Section III.A for more details).

- b) **Recommendation 2:** The three AFRITACs should, in coordination with the TA departments, by the end of calendar year 2010, adopt a three-year plan for each cluster of TA interventions in a country that sets out the strategic objectives and outcomes that the capacity building initiative expects to achieve and provides a framework with indicators against which progress can be monitored.

*Response:* This program document is proposing medium-term indicative log frames for each cluster of TA interventions, which are integrated with the relevant country and regional organizations' reform programs and which also set out the strategic objectives of AFW2's initiatives. These proposals will be further elaborated during the first year of AFW2's operations. The proposals will include verifiable indicators against which progress can be monitored. The annual report of AFW2 will report on the progress made toward these indicators.

- c) **Recommendation 3:** While recognizing that beneficiary countries should lead donor coordination, all three AFRITACs need to strengthen their donor coordination and information dissemination strategies.

*Response:* Coordination with donors is being strengthened through a combination of measures, including by sharing information after AFRITAC missions and enhanced communication through each AFRITAC's website. The IMF has also adopted in May 2009 streamlined and strengthened procedures for the wider dissemination of TA-related information, including its mission planning, regional TA strategies and specific TA reports (Section III.C for more detail on coordination and dissemination).

- d) **Recommendation 4:** All AFRITACs, the SCs as well as the center coordinators, resident advisors, the TA departments, and OTM must do some strategic thinking about how to strengthen TA sustainability. Among other things, this will involve providing more follow up and financing to support the implementation of recommendations resulting from TA. During its fieldwork, the evaluation team came across several cases where government officials said that while they agreed with and wished to implement the TA recommendations, the necessary funds were not available.

*Response:* This recommendation is being implemented through strengthened coordination with donors and other TA providers. Resident advisors, through their periodic missions to AFRITAC countries, indicate, when relevant, whether there is a need for funds to implement the recommendations such as for information technology, software and hardware, or support for undertaking surveys. Such needs are also highlighted at SC meetings. The need for follow-up TA is being disseminated to downstream TA providers through regular donor updating by AFRITACs' experts. Nevertheless, country authorities can also do more to strengthen TA sustainability by taking measures to retain and motivate skilled staff across government agencies.

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<sup>2</sup> OTM was merged in May 2012 with the IMF's "Institute", forming the new Institute for Capacity Development.

- e) **Recommendation 5:** Each AFRITAC should prepare a plan to indicate how it will use a regional approach to facilitate the development of the macroeconomic tools in its areas of competence that are necessary to support regional integration and harmonization and present the plan to their SCs in 2010.

*Response:* This program document sets out how AFW2 would support regional integration and harmonization (see Section II for more details). AFW2 will report progress in these areas to the SC to facilitate coordination with other TA providers.

- f) **Recommendation 6:** By the end of the Financial Year (FY2010)<sup>3</sup> OTM should prepare a manual that codifies the organization, management and administrative procedures for the RTACs.

*Response:* This work is in progress after being put on hold to wait for all RTACs to migrate to the new framework instrument for external financing. The IMF's Institute for Capacity Development (ICD) is working on a manual, which is expected to be finalized in early 2013.

- g) **Recommendation 7:** As part of the next RTAC review, OTM should prepare a Ten-year vision for RTACs that outlines the strategic implications for the IMF.

*Response:* This recommendation has not been followed up. ICD is currently working on formulating a broader capacity development strategy. Further, the 2013 mid-term evaluation of three RTACs (AFRITAC West, AFRITAC East, CAPTAC-DR) will also provide be an opportunity to take stock of the RTAC.

- h) **Recommendation 8:** By the end of 2009 the AFRITACs and OTM should develop formal action plans, identifying the necessary resources and monitorable benchmarks to implement the accepted evaluation recommendations and report the implementation status to the SCs in FY2010 and FY2011.

*Response:* Progress on the implementation of the recommendations of the evaluation is being reported at the AFRITACs' SCs.

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<sup>3</sup> The IMF's financial year runs from May 1 to April 30.

## B. Evaluation Sub criteria and Weights used in the 2009 Evaluation

DAC Criteria and Weights	Indicative Evaluation Questions	Sub criteria and Weights
<p>Relevance (30%)</p>	<ul style="list-style-type: none"> <li>• Is AFC meeting the priority needs of member countries, especially given the changing conditions and new challenges in the region?</li> <li>• Is there strong country ownership of AFC activities?</li> <li>• Are AFC activities appropriately focused in terms of subject areas, taking into account IMF expertise, the priority needs of the beneficiary countries, HQ activities, and the work of other development partners?</li> </ul>	<p>The evaluation will begin with an overview of quantitative and qualitative data on AFC activities (TA and training) since its inception. This will include an assessment of whether the TA and training delivered were relevant in terms of (a) priorities identified in the Program Document; (b) the needs of the member countries and the region; and (c) whether it was appropriately coordinated with other stakeholders.</p> <p><b>Ratings and weights will be:</b></p> <p><b>(i) Consistency with the program document and government priorities (60%):</b> Particular attention to the link between AFC TA and training and the macroeconomic reform and capacity-development programs formulated by ministries of finance, central banks and statistical agencies, regional organizations, and other recipients of AFC TA and training.</p> <p><b>(ii) Coordination with development partners (20%):</b> Whether there has been sufficient effort, including outreach, to coordinate with development partners.</p> <p><b>(iii) Consistency with IMF headquarters' activities (20%):</b> The extent to which AFC TA and training are integrated with TA, surveillance, and lending activities of IMF HQ; evidence of consistency could be examined by drawing on the results obtained from a review of documents and interviews with staff of area and TA departments and IMF resident representatives.</p>
<p>Efficiency (22%)</p>	<ul style="list-style-type: none"> <li>• Is AFC delivering activities efficiently while ensuring the quality and timeliness of expert input (including management and backstopping by IMF headquarters-based staff)?</li> </ul>	<p>The mid-term evaluation will consider issues of efficiency, including management and use of resources and the extent to which locational efficiencies have been achieved, i.e., the cost benefits of being based in the region.</p> <p><b>Ratings and weights will be:</b></p> <p><b>(i) Process and implementation efficiency (40%):</b> Covering such factors as internal IMF management of AFC activities, appropriate selection of counterpart/ workshop participants, and the quality and timeliness of management and backstopping of AFC TA and training by HQ staff; planning for timely recruitment of qualified resident advisors; and the efficiency of planning and executing TA and training.</p>

DAC Criteria and Weights	Indicative Evaluation Questions	Sub criteria and Weights
		<p>(ii) <b>Efficient use of resources (40%):</b> Whether expenditures have been in line with annual work plans; whether AFC TA and training are cost-effective compared to TA delivered by others; whether opportunities for efficiency gains are explored. Respondents to the TA and training evaluation survey may be asked to give their perceptions on the relative cost-efficiency of TA and training by AFC compared to that of other TA providers, for example.</p> <p>(iii) <b>Monitoring and reporting (20%):</b> The degree to which AFC uses self-evaluation (i.e., monitoring) and better reporting to improve the efficiency and effectiveness of its activities. This involves examining AFC use of TAIMS and efforts to put RBM in place.</p>
Effectiveness (28%)	<ul style="list-style-type: none"> <li>• Is AFC appropriately focused on delivering outputs that contribute to the achievement of priority reforms, including assessing, to the extent possible, outcomes and impacts at topic, country, and regional level?</li> <li>• What is the quality and timeliness of activities undertaken and outputs produced and the reporting and monitoring of these?</li> </ul>	<p>(i) <b>Use of AFC outputs (40%):</b> Including assessment of the use of outputs of each topic area and whether the outputs are leading, or are likely to lead, to the outcomes identified in the Program Document; whether the TA and training have delivered outputs that contribute to achieving capacity-building reforms of the beneficiary country.</p> <p>(ii) <b>Planned vs. actual achievements (30%):</b> Actual outputs compared to the planned outcomes stated in the AFC Program Document, work programs, and other documentation. Often there will be an unfinished agenda. In such cases, evaluators may form a judgment about whether the expected outcomes are likely to be achieved.</p> <p>(iii) <b>Significance of contribution to developing core economic functions and institution building (30%):</b> The contribution of AFC activities and outputs to the development of core economic functions and strengthening institutions in beneficiary countries. Evaluators need to carefully distinguish between <i>attribution</i> and <i>contribution</i>. While it may be true that progress was made, the progress may reflect joint efforts of AFC, HQ assistance, support provided by other development partners, and a government’s own initiatives. Evaluators may estimate the relative importance of AFC contributions by considering whether the results could have been achieved without AFC involvement.</p>

DAC Criteria and Weights	Indicative Evaluation Questions	Sub criteria and Weights
Sustainability (20%)	<ul style="list-style-type: none"> <li>• Have AFC TA and training led to tangible and lasting results?</li> <li>• What constraints do AFC member countries face that prevent them from taking full advantage of AFC TA and training? How can such constraints be addressed?</li> <li>• What are the challenges and risks faced in conducting TA and training? What has been done to address these challenges and mitigate risks?</li> </ul>	<p>(i) <b>Executing agency ownership and use of the outputs (75%):</b> Whether participants and trainees use the knowledge gained in workshops and seminars on the job. Participant selection may be examined for this weighting. For example, how are TA outputs embedded in the routine business practices of the executing agencies?</p> <p>(ii) <b>Promoting the use of regional expertise (25%):</b> The extent to which AFC has promoted the use of regional expertise, building local capacity, and contributed to sustainability in providing TA. Evaluators need to assess how effective AFC has been in identifying regional expertise.</p>

### C. List of Documents to be Provided by the IMF

- Program Document
- Work plans
- Annual reports
- Minutes of Steering Committee meetings
- Activity reports
- Annual budgets
- Project/mission TORs
- TA reports
- Previous evaluations of RTACs
- General information on IMF TA, RTACs, etc.

## 2. EVALUATION METHODOLOGY AND APPROACH

### 2.1 OVERALL APPROACH AND SCOPE

The evaluation of the second phase of Central AFRITAC (AFC), from April 2011 to April 2014, has been guided by its terms of reference (TORs)<sup>4</sup>, which set out *inter alia* its purpose, scope and methodology. The TORs also provided a list of Basic Evaluation Questions (BEQ) under each of the DAC Evaluation Criteria of relevance, efficiency, effectiveness, sustainability and impact, which have framed the scope of our assessment and provided the basis for rating AFC and topical area performance.

Our general approach for the Evaluation has been as follows:

1. Agree as part of the inception phase the evaluation rating criteria, methodology for evaluating both the AFC program and individual topical areas with IMF Institute for Capacity Development (ICD) and the Evaluation Sub-Committee (ESC), including appropriate adjustments to the TORs.
2. Develop and agree with ICD and the ESC a work plan to implement the agreed evaluation methodology.
3. Implement the work plan, which included:
  - Desk-based review of AFC documentation, including the AFC program document; FY 2012 to FY 2014 annual and half-yearly Steering Committee (SC) reports; SC minutes; 2009 AFRITACs evaluation; and other general IMF and Regional Technical Assistance Centre (RTAC) related information.
  - Meetings at IMF Headquarters with ICD staff (covering TA officers, RBM implementation team, training and budgeting); staff from IMF technical assistance (TA) departments; and the African Department. In addition, telephone interviews were conducted with staff from the Finance Department and ICD on financial management systems.
  - Visit to AFC offices in Libreville to interview the Centre Coordinator, Resident Advisors, and office and administration staff. In addition, the center's systems, process and internal reports were reviewed.
  - Field trips to conduct case studies in Gabon and the Republic of Congo on public financial management (PFM); Gabon (COBAC) and Burundi on banking supervision; and Cameroon on public debt management (PDM) and tax administration. In addition to interviews with staff from AFC counterpart institutions, meetings were held with the IMF Resident Representatives where present; selected local donor representatives; other TA providers; and the local SC representative.
  - Online surveys of TA beneficiaries, regional seminar participants; and donor and member country participants of SC meetings.
  - Desk reviews for each topical area of selected TA reports and associated terms of reference (TOR) and back to office reports (BTO); and regional seminars or in country workshops, covering selected presentations, BPs, BTOs, participant feedback summaries; and budget vs actual expenses of local expenses.
  - The evaluators were also able to draw on their knowledge of previous RTAC evaluations they have undertaken.
4. Conclude on findings, lessons learnt and recommendations for the future.
5. Draft and finalize the evaluation report incorporating AFC, IMF HQ and ESC comments.

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<sup>4</sup> As provided in Appendix 1 of this report.

We have listed the persons interviewed in Appendix 7.

The outputs of the evaluation are:

1. Inception note, in English and French.
2. Back to Office note covering the field trips.
3. Presentation on preliminary findings to IMF staff.
4. Draft evaluation report in English and French.
5. Final evaluation report, comprising two volumes, in English and French.
6. Presentation to SC.

The timetable for evaluation has been/is:

1. Contract signed: August 2014.
2. IMF HQ visit: September 2014.
3. Visit to AFC Offices and case study field visits: October 2014.
4. Presentation on initial findings to IMF staff: February 2015.
5. Draft evaluation report: July 2015.
6. Final evaluation report: February 2016.
7. Presentation to SC: Planned for March 2016.

## 2.2 EVALUATION CRITERIA AND RATING SYSTEM

In line with the TORs, a mixed qualitative and quantitative rating methodology was used.

We adopted the rating system for individual DAC criteria of:

- Relevance ('R')
- Effectiveness
  - Outcomes ('E/OC')
  - Outputs ('E/OP')
- Efficiency ('E')
- Sustainability ('S')

We deployed a rating system for each of the above evaluation criteria that is set out in the table opposite to the extent feasible based on the project reviews, field trip case studies and an overall AFC-level

assessment. Achievements of targets within these criteria have been rated as Excellent ('E'); Good ('G'); Modest ('M'); Poor ('P'); or Not Demonstrated ('ND'). In addition, we have given numeric scores to allow for gradation within each rating criterion.

Rating	Achievement	Base Score	Range
<b>Excellent (E)</b>	All or substantially all objectives met.	4	>3.5-4.0
<b>Good (G)</b>	Majority of objectives met.	3	>2.4-3.5
<b>Modest (M)</b>	Few/minority of objectives met.	2	1.5-2.4
<b>Poor (P)</b>	Very few objectives met.	1	1.0->1.5
<b>Not Demonstrated (ND)</b>	Criteria cannot be assessed		ND

It is not possible to provide meaningful ratings for impact. This criterion has been assessed qualitatively.

We had some reservations about assigning weightings to the scores for individual DAC criteria and arriving at a consolidated score, as suggested in the TORs. These included:

1. DAC criteria are not homogenous.
2. A severe weakness in one area, for example, effectiveness, could lead to a failed project, yet the weightings applied to other criteria could still lead to a reasonable score.
3. The weightings assigned were, in our opinion, subjective. A project could, for example, score highly just by being consistent with the AFC program document given the disproportionately high weighting proposed for relevance.
4. Different weightings would be appropriate for different types of projects, for instance, sustainability would be more important in a capacity building project than, for example, in a legal drafting TA intervention.
5. Distorted scores would result in instances where we could not rate a criterion, e.g., outcomes or sustainability for an ongoing project.

To preserve comparability with the 2009 AFRITACs evaluation, we have provided weighted scores in Appendix 5.

### 2.3 CASE STUDIES

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We selected case studies based on criteria initially indicated in the TORs, as subsequently refined in the inception note. These included:

1. Between three and four case study countries.
2. In different topical areas, reflecting the scope and relative scale of AFC activity.
3. Balance between the topical areas with the highest intensity of TA delivered with the need to achieve a reasonable spread of topics, with a bias toward the former.
4. For each of the topic areas selected, a country with relatively high intensity of TA received on that particular topic, including some where TA was provided in the previous phase.
5. At least one non-CEMAC country.
6. A bias toward projects that have, or are likely to, achieve outcomes, but also one or more projects in more challenging environments.
7. At least one project reflecting regional initiatives in AFC countries.
8. At least one case study in AFC host country, Gabon, partly for logistical reasons as it can be combined with the visit to the Centre.
9. Exclude countries where there are security or health concerns at the moment.

Within each topical area, selected projects were identified to enable a more detailed assessment of AFC TA activity.

Based on the above criteria, the following case studies were identified:

- **Public Financial Management (PFM):** Implementation of Program Based Budgeting (PBB) in Gabon and a national budget model in the Republic of Congo.
- **Tax Administration:** Strengthening linkages between tax and customs administrations in Cameroon.
- **Banking Supervision and Financial Stability (BSFS):** Risk based supervision (RBS) in COBAC and RBS and move to International Financial Reporting standards (IFRS) standards in Burundi.
- **Public Debt Management (PDM):** PDM institutional capacity building in Cameroon.

The PFM and BSFS case studies reflected projects where AFC has had extended engagement. They also represented AFC work in strengthening regional integration. The PFM projects reflect different stages of implementation. The tax and PDM case studies reflected shorter interventions to date. Gabon and Cameroon are examples of countries with relatively strong implementation capacity relative to other AFC members.

The main report (Volume I) provides summaries of the case studies. Appendix 4 presents them in more detail.

For the case studies, we augmented our review of documentation by undertaking extensive discussions with TA recipients of the selected project, as well as reviewing other interventions in the country to place the selected AFC project in context. We constructed results chains for the project to identify expected outcomes and assessed outcomes realized or likely to be realized for ongoing projects. We applied relevant BEQ from the TORs to assess the project with reference to the DAC criteria. A key objective was to identify lessons learnt. In addition, we consulted with AFC donor representatives and selected other TA providers in the case study countries.

## 2.4 DESKTOP REVIEWS

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From each topical area, we selected three TA reports and one workshop for more detailed desktop reviews, to complement our work on the more in-depth case studies. Desktop review projects and workshops were selected for each topical area by considering their: For topics where case studies had been conducted, two reports were reviewed. OBAC/BEAC and Burundi, one project for DRC was reviewed.

- Relative intensity of effort in the country.
- Size (mix of one-off missions and longer projects involving a number of missions).
- Country (non-case study country, mix of strong and challenging environments from the portfolio assessment).
- Preference for completed projects.
- For workshops, consideration of linkage with TA activities.
- A mix between country-specific and regional projects where relevant.

The following TA reports and workshops (including relevant briefing papers and back to office reports) were reviewed:

1. **PFM.** *TA reports:* Burundi, Public Sector Payroll, October 2014; Cameroon, establishment of opening balance sheet for State; Chad, General Regulation of Public Accounting, 2014. *Regional seminar:* FoHBAC February 2014.
2. **BSFS.** *TA reports:* Democratic Republic of Congo (DRC): Banking Supervision, May 2014. *Regional seminar:* financial analysis and off site supervision, October 2013.
3. **Revenue Administration. Customs.** *TA reports:* Burundi, Reinforcement of Customs Operations, October 2012. *Regional seminar:* Annual meeting of DGs of customs 2013/2014. **Tax.** *TA reports:* CAR, Tax Administration mission, October 2012; Chad, VAT Management, March 2013; *Regional workshop:* September 2013 regional seminar on natural resource management.
4. **Statistics.** *TA reports:* Chad, National Accounts, November 2012; Equatorial Guinea, National Accounts, April 2014; Cameroon, National Accounts, defining PPI; *Regional Workshop:* November 2014 National Accounts.
5. **PDM.** *TA reports:* Chad, debt management capacity building mission, July 2013; (DRC, second mission for structuring program. *Regional workshop:* multi-sector workshop September/October 2014.

Our assessments from the desktop reviews, which were guided by the BEQ, were incorporated in the topical findings.

## 2.5 SURVEYS

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We conducted three targeted online surveys to obtain feedback on the selected TA projects and workshops. The surveys were web-based. The AFC Centre Coordinator sent out a notification email to targeted participants before the evaluators emailed the survey invitations, which will have helped increase the response rate. Nevertheless, overall, the response rates for the surveys were disappointing.

The TA beneficiaries' survey covered: strategic context of the TA; TA design process; regional integration and harmonization issues; relationship of the beneficiary institution and the project with the IMF and other donors; donor coordination and AFC role; views on different aspects of AFC TA intervention with the institution; post-TA implementation, AFC support; and monitoring; barriers to implementing TA recommendations; and indication of TA results. 19 responses were received, out of a total of 88 invitees (response rate of 22%).

The regional seminar participants' survey covered matters such as workshop needs analysis; appropriateness of the level of participants targeted and invited; linkage with TA; main benefits to participants; balance between the coverage of theory and practical matters; quality of presenters, presentations and organization; workshop structure and length; implementation of lessons post workshop and barriers thereto; and quality of AFC follow-up post workshop. 77 out of 220 (35%).

The SC participants' survey targeted SC members as well as other non-IMF attendees of SC meetings. Issues covered included views on AFC objectives; effectiveness; reporting; SC meetings; in country coordination in member countries; and implementation of RBM. Responses were disaggregated between donor and member country representatives. Out of a total of 49 invitees, nine responded (of which four were from member countries and five were donor representatives (20%).

The surveys were adversely affected by technical difficulties encountered by a large number of respondents. Essentially, their screen froze when entering responses. The survey provider couldn't identify the cause of the problem. Alternative approaches were taken, such as requesting participants to complete the surveys on forms with the evaluation team inputting the responses manually and extending the deadlines. Nevertheless, the response rate would have been lowered as a result, the evaluation had to be extended, and additional costs incurred. IMF required the evaluation team to use the selected survey provider as it is the only one it has vetted for security. Support services were poor and the license fee charged was a multiple of those charged by other online providers with adequate features to conduct surveys for an evaluation such as that we have conducted.

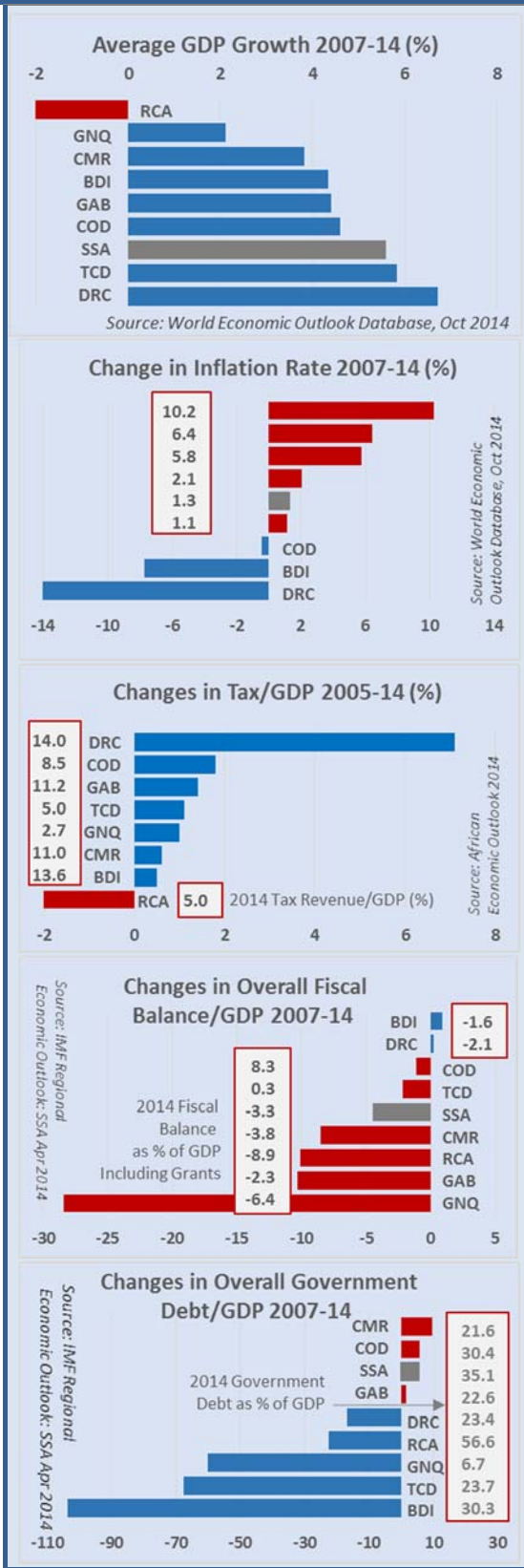
## 2.6 OTHER ISSUES

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### Definition of outputs and outcomes

In line with the approach adopted in the evaluation of AFRITACs East and West, and CAPTAC-DR, we have rated direct outputs under the definition of outputs. Indirect outputs, which are implementation oriented, have been rated as part of outcomes.

### 3. OVERVIEW OF AFC MEMBER COUNTRY MACROECONOMIC PERFORMANCE<sup>5</sup>



AFC members, with the exception of CAR, have experienced sustained economic growth, with annual GDP growth averaging 4.5% since 2007. CAR, however, has suffered economic collapse due to its recent political crisis. Oil production and prices have a strong influence on the economic performance of all member countries. High oil prices hurt importers such as Burundi but benefit exporters (Chad, Cameroon, Congo, Equatorial Guinea and Gabon). A fall in production explains the recent (relative) stagnation in Equatorial Guinea, while new fields coming on stream are likely to benefit Chad's economy in 2015. Nevertheless, all oil exporters are currently feeling the effect of the current fall in oil prices.

This problem is increasingly mitigated by the growing dynamism of the tertiary sector. The services sector is developing rapidly across Central Africa. Mining, agriculture and infrastructure also play an important role, as shown by DRC's strong economic performance, with annual growth averaging 6.7% since 2007. In general, the region's growth prospects are encouraging. However, downside risks remain. They mostly relate to political stability, commodity price fluctuations, and the containment of the Ebola crisis in West Africa.

Inflation across member states has remained subdued, partly due to the currency peg with the Euro. Burundi and DRC, outside the peg, experienced double-digit inflation on various occasions since 2007 but have also seen their respective rates fall in recent years. In the case of DRC, Inflation fell from 46.2% in 2009 to 0.8% four years later.

In general, AFC member states have seen their overall fiscal balances deteriorate. The situation is particularly acute for Equatorial Guinea and the CAR, which ran deficits of respectively 8.9% and 6.4% in 2014.

Despite increasing tax pressure across the region (in fact, tax over GDP ratios have increased consistently in all countries bar CAR), growing infrastructure needs and falling commodity prices render balancing budgets particularly difficult for most AFC member countries.

Notwithstanding, the debt situation remains relatively under control in most cases, with debt over GDP ratios below 30% for all countries with the exception of CAR. In addition to countries with a traditionally low level of debt, such as Equatorial Guinea and Cameroon, a number of AFC members, such as Burundi, Chad, Congo, and DRC have benefited in recent years from the Heavily Indebted Poor Countries Initiative, which had also brought debt relief for CAR. However, the political situation in the latter country has led to an accumulation of arrears with the state suppliers, local banks, as well as both multilateral and bilateral creditors, such as the Republic of Congo.

<sup>5</sup> Drawn significantly from IMF African Economic Outlook 2014.

## 4. CASE STUDIES

### 4.1 BEAC/COBAC: RISK-BASED SUPERVISION

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#### Background and AFC Activity

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The six member countries<sup>6</sup> of the Central Africa Monetary and Economic Community (CEMAC) share a common central bank (the Bank of Central Africa States, BEAC) and a bank and microfinance regulator/supervisor (the Banking Commission of Central Africa, COBAC). Until recently, both institutions had their headquarters in Yaoundé in Cameroon. After several years of discussions, COBAC moved to Libreville, Gabon in mid-2014, leading to a loss of several qualified staff. This move had no impact on the performance of AFC in the period covered by the assessment. However, it will influence its future work due the training needs of new recruits. Institutional interaction is expected to increase as a result of geographical proximity.

As of July 2014, 50 banks were operating in the CEMAC zone. Thirteen of them were in Cameroon, four in the CAR, 10 in Congo, 10 in Gabon, five in Equatorial Guinea and eight in Chad. Following a restructuring in the late 1990s and early 2000s, the region's banking system has stabilized. At the end of 2013, 80% of the banks met what can be considered as the main prudential norms.

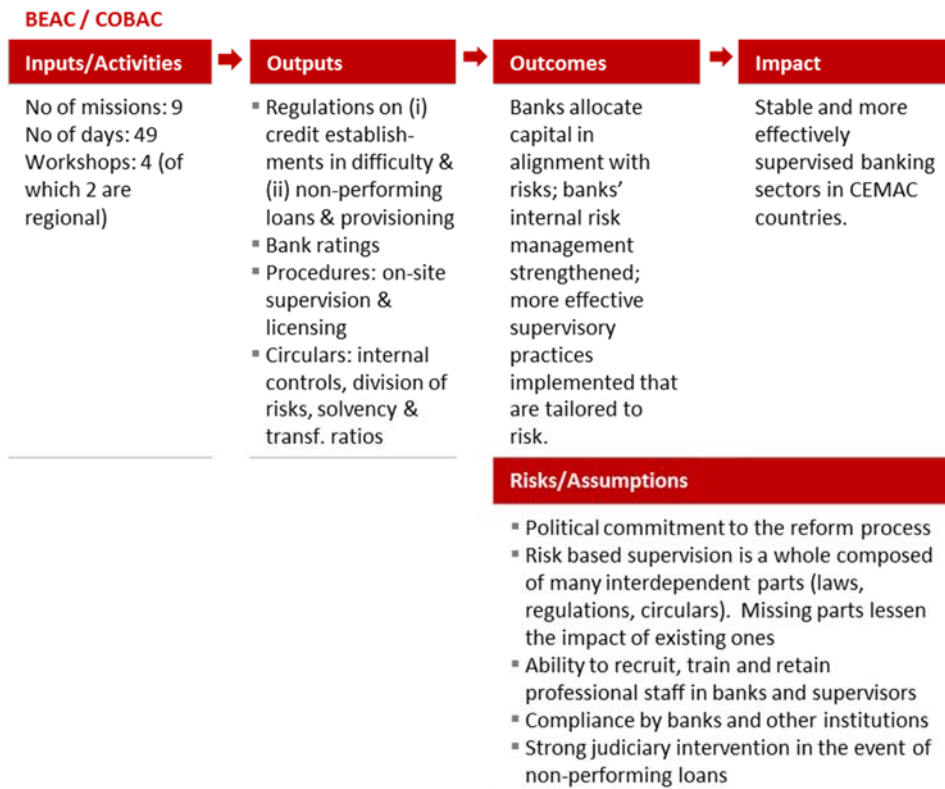
The AFC program aims at: (i) achieving legal and regulatory convergence with international norms; (ii) developing risk-based supervision (RBS); (iii) putting in place a framework for surveillance of financial stability; (iv) furthering financial transparency and developing IFRS norms; as well as (v) holding regional seminars. However, most of the work so far has concentrated on RBS and on regional seminars.

As will be seen below, AFC faced a number of difficulties. Many of these occurred before the current coordinator took office (September 2013) and a new RA was appointed (April 2014). In addition a new back-stopper took office in October 2013. It was too early to assess the impact of these changes in key personnel.

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<sup>6</sup> Central African Republic, Cameroon, Chad Congo, Equatorial Guinea and Gabon

## Results Chain



The chart above provides an illustrative results chain for AFC interventions with COBAC/BEAC with a focus on RBS. AFC provides TA to establish technical methodologies and a sequenced implementation plan for the reform process. The outcomes and impact critically depend on the willingness and capacity of project counterparts to implement and fully institutionalize the agreed technical reform proposals.

### Inputs and Activities

AFC provided TA mostly through nine missions which lasted a total of 49 days in the field. To complement and leverage this assistance, the Center also provided distance support (mostly through telephone and email). In addition, AFC organized four training workshops on specific issues relating to financial stability (of which two were regional).

## Principal Outputs

AFC TA aimed to produce concrete outputs in full alignment with the work plan. The main outputs delivered include regulations on issues such as credit establishments in difficulty, non-performing loans and provisioning, and bank ratings. Other work included procedures for on-site supervision & licensing, as well as circulars on key topics including internal controls, division of risks, solvency ratios and transformation ratios. The table below summarizes the main outputs within the context of the project.

Banking Sector TA Delivered by AFC to COBAC/BEAC					
Text / Action	AFC TA?	Report First Mentioned	Output Delivered	Status	Adopted
Regulation on credit establishments in difficulty	Yes	Feb 2011	Yes	Adopted by COBAC + BEAC but not published	Yes
Self-assessment as per Basle principles	No	Feb 2011	Yes	Work undertaken with WB support	No
Regulation on accounting of non-performing loans and provisioning	Yes	July 2012	Yes	Adopted by COBAC March 2014, to be signed by BEAC in January 2015	No
Update of rating of banks	No	Feb 2011		Should have been adopted in 2010	No
Definition of systemic banks	Yes	Feb 2011		Delayed	No
Monitoring of banks' credit exposure	No	Feb 2011		Part of macro prudential regulation	No
Stress tests	Yes	Feb 2011		Still pending	No
Review of 1990 and 1992 conventions	Some	Feb 2011	No	Not done	No
Financial stability	Yes	Feb 2011		Research & stability dept. and Financial Stability Committee not yet operational	No
Exercises of crisis simulations		Feb 2011			No
Procedures of licensing		July 2012	Yes	Text adopted by COBAC, sent to BEAC	No
Circulars: solvency & transf. ratios, net worth, risks, fixed assets, int. controls		Feb 2014		Working group in place in 2014	No
Procedures for off-site supervision	Some	Feb 2014		30 with UGRIF support. Some from AFC	No
Procedures for on-site supervision	Yes	Feb 2014	Yes	With AFC. Draft provided	No
BEAC authorized to grant except. advances to banks in difficulty		Feb 2011			No
Adoption of IFRS norms	No	Feb 2011 (?)		Some work done with UGRIF support	No

## Principal Outcome

The main targeted outcome relates to the establishment of a full suite of regulatory instruments for financial supervision. In order to attain that outcome, the two key conditions are (i) the adoption and (ii) the enforcement of the laws, rules, regulations, circulars, etc. designed under the project.

As highlighted in the table above, only one regulation produced by AFC (i.e. the one on credit establishments in difficulty) has been formally adopted. Others are expected to follow suite in 2015. The regulations developed under TA from other partners have also followed the same pattern.

## Impact

The ultimate impact of this work should be a more stable, better-regulated financial sector in the CEMAC region. However, given the limited outcomes, the impact is marginal.

## Dependencies and assumptions

The achievement of outcomes and impact depends heavily on political commitment to the financial sector reform process, which in turn requires extended engagement by preferably the same team of qualified personnel. If a law, a regulation, a regulation or a circular is not adopted it will have no impact and the reform it is supposed to put in place will not be sustainable. Of course the impact will be maximum if an entire set of laws, rules and regulations and circulars needs to be in place. But this is rarely the case in the short term as it takes a long time to design and adopt a full set of law and regulation. Achieving impact also depends on compliance by the commercial banks and other

credit establishments. In this respect, a strong judiciary is a key element of stable financial system, particularly in dealing with non-performing loans.

## Evaluation Based On DAC Criteria

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### Relevance

- The interventions between 2011 and 2014 took place in accordance with the program document and as per the work plans endorsed by the AFC Steering Committee (SC). Most of the AFC TA supported RBS, focusing on a number of laws and regulations as well as training and workshops. Work on financial stability started only recently, upon BEAC's request. In 2010 BEAC statutes were modified to include financial stability.
- BEAC has two outdated strategy documents: the PSE and the *Plan de reforme et de modernization* (PRM). The regional CEMAC FSAP<sup>7</sup> of 2006 and the FSAP of Cameroon and CAR followed suite. AFC support is compatible with these documents and is devised jointly by the counterpart and the IMF.
- A World Bank (WB) project called UGRIF<sup>8</sup> supports BEAC, COBAC and CEMAC. With respect to BEAC, the project provides support to: (a) the reform of monetary programming; (b) capacity strengthening for the management of exchange reserves; (c) the development of new software for balance of payments data; (e) the strengthening of internal controls; (f) the establishment of a registry of payment incidents; (g) the reform of the accounting system; and (h) training. For COBAC the project covers a wide range of topics including IT hardware and software. Most actions are complementary to AFC, while a few could be overlapping (in particular training). Although there was some WB coordination with the IMF Monetary and Capital Markets (MCM) resident adviser to COBAC, this review found limited evidence of coordination with AFC. WB staff in charge of financial sector issues in Yaoundé indicated to us that they had no knowledge of AFC TA and had not met the RA.
- Coordination between the AFC banking supervision RA and the IMF Resident Representative was qualified as average.
- AFC had not appeared to have succeeded in establishing a clear comparative advantage in the CEMAC zone. For instance, BEAC's self-assessment vis-à-vis Basle principles was removed from the AFC program and supported by UGRIF instead. The WB project has a larger budget than AFC for this topic. On the other hand, AFC has a greater flexibility to adapt its program to counterpart needs.
- BEAC/COBAC staff participate in the finalization of AFC *aide memoires* and also contribute to the AFC annual work plans. They do not participate in the selection of consultants (which they do for WB projects). The latter practice may be negatively impacting on counterparts' sense of ownership of AFC projects.
- AFC's contribution in banking supervision has been useful and relevant.

### Effectiveness

#### Outputs

- Although the *aide memoires* identified several issues, AFC focused mainly on two of them: financial establishments in difficulty and non-performing loans. This was an effective approach given COBAC staffing constraints. Additional work was added in 2013, namely licensing of institution, management and auditors, as well as formulation of *avis conformes* (assents).
- AFC experts provided high quality, valuable drafting inputs. Upon promulgation and enforcement of these texts, AFC's work will strengthen the supervision of commercial banks.
  - COBAC has incorporated most, if not all, comments of AFC experts in the draft regulatory texts and procedures.

#### Outcomes

- Despite the large number of high quality drafts produced by the TA, only one of these has been adopted so far. As mentioned in the section the results chain, adoption and enforcement of these regulatory texts is a precondition to attain outcomes.

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<sup>7</sup> Financial Sector Assessment Program, led by the IMF and World Bank.

<sup>8</sup> L'Unité Gestion du Projet des Réformes des Institutions Financières de la CEMAC.

- It takes a long time from the moment AFC work starts on a draft until its promulgation. After a text has been completed at COBAC, BEAC's review adds to the delays. The Governor of BEAC, who is also the President of COBAC, often sends a text received from COBAC to his own staff for additional review. Such a review takes a very long time and at times the reviewer does not have the needed knowledge to undertake such a review.
- COBAC staff have indicated that AFC has not provided follow-on support during the process where texts are reviewed, approved and subsequently implemented. By not participating in the follow-up to its TA, AFC runs a high risk that texts and procedures will not be properly implemented. AFC disagrees and indicates that follow-up action is taken.

### Efficiency

- Some difficulties appear to have occurred between the AFC RA and a MCM resident adviser. Part of these issues resulted from the lack of clarity in their respective terms of reference and responsibilities. The COBAC advisor was called upon to perform multiple tasks because of the lack of staff at COBAC. The new AFC CC and RA are aware of the problem and remedial action is being taken.
- COBAC staff noted that they were often overwhelmed by missions from AFC, MCM, IMF Statistics Department (STA), IMF African Department (AFR), and WB. Though AFC shares advance information on proposed missions, COBAC feels that planning and coordination could be improved further.
- In the banking supervision area, AFC has not engaged local experts or contributed to develop wider regional capacity. AFC explains this by the difficulty of finding experts in bank supervision. COBAC notes the existence of such experts at local universities and elsewhere.

### Sustainability

- Political will and absorptive capacity of BEAC and COBAC affect sustainability. Until a text has been adopted there is no sustainability of the output provided by AFC experts.
- Risks to sustainability are also presented in the generally weak staff capacity at the host institutions, to be exacerbated by the disruptive impact on staffing of the COBAC move from Yaoundé to Libreville.
- In many countries, commercial banks also lack capacity and incentives to implement the regulations.

### Impact

Should the regulatory texts facilitated by AFC be fully enacted and complied with by the various stakeholders, this intervention would have a lasting impact in terms of a stable, well-regulated financial system. The first necessary condition has been reached; in fact well-conceived texts constitute the basis of any supervision. However, AFC work will not translated into impact if these drafts are not adopted and implemented. Unfortunately, this has so far been the case for only one piece of regulation. Long-term success depends on the treatment of related issues as indicated in the February 2014 *aide memoire* (such as internal controls, solvency, liquidity, etc.). These texts and activities constitute a whole and the full impact will accrue when the full legal framework and all procedures are in place.

### Principal Findings and Conclusions

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AFC is providing much needed, high quality and appreciated TA support, mainly to COBAC. This TA has so far focused on risk based supervision.

- Work on financial stability just started because of delays, particularly in operationalizing the financial stability committee and appointing its members.
- Work on IFRS norms has been postponed by BEAC/COBAC. The work done by the experts on draft texts, workshop and training was of good technical quality.

On the other hand, there have been a number of difficulties:

- The delay between TA inception on a legal and regulatory text and its promulgation is extended. In addition, a number of draft texts that have been finalized by AFC experts have not been adopted. As a result, many outputs have yet to transform into outcomes.
- We have seen little evidence of coordination with other donors, particularly the World Bank, one of the few other donors involved with BEAC/COBAC.

- Personal issues appear to have occurred between the RA and the MCM resident advisor to COBAC. A new CC arrived in 2013 and a new RA in 2014. They are taking corrective action. Clear terms of reference and having the resident technical advisor reporting to the RA could help avoid a repetition of past problems.
- Involving COBAC in the selection process of long and short-term consultants would increase their sense of ownership of the TA.
- Banking supervision workshops appear to bring together a mixture of participants with different interests and needs.
- COBAC appears at times overwhelmed by the number of TA missions received from various providers.
- Despite its mandate to contribute to the building up of local expertise, AFC seldom calls upon local experts in banking supervision.

## Recommendations

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- AFC's mandate should explicitly extend beyond the delivery of draft reports, and include support during the approval process and full follow-up on the implementation of the texts after their adoption, as well as on training.
- Provide AFC with tools to accelerate the process of adoptions of the various drafts. One avenue, among others, is to have the African director of the IMF or the deputy director write a letter to the Governor of BEAC emphasizing the need to accelerate the process of finalizing and promulgating some specific texts.
- The RA should meet with WB staff each time he comes on mission to Yaoundé, send the annual work plans and share mission *aide memoires* with the World Bank. RA should meet regularly with the WB country office in Libreville as well.
- RA to develop relationships with local universities and consultants (e.g. retired supervisors or consulting/auditing firms) to create a network of local experts. Consider pairing local experts in missions of international consultants.
- Ensure more homogenous participation at workshops. Organize specific seminars for groups at specific levels of expertise.
- Ensure good and smooth handover processes between the outgoing and incoming RAs. If necessary and possible, bring the outgoing RA back to Libreville for a few days when there is a gap between the departure of a RA and the arrival of the new one.
- Review the process of selection of STX with a view of better involving the client.
- Although the timing of missions is cleared by the client's management, planning could be improved by taking into account other IMF and WB missions. The idea is to avoid overlaps and to ensure that missions take place at appropriate intervals.
- Since AFC cannot provide direct assistance to the private sector (e.g. commercial banks), alternatives such as involving other donors should be explored more proactively. Joint bank and supervisor seminars and workshops should also be held.
- Maintain a resident adviser at COBAC; have well defined TORs for the adviser to COBAC and the resident adviser and have the resident adviser report to the RA.

## 4.2 BURUNDI: CASE STUDY ON RISK-BASED SUPERVISION AND IFRS INTRODUCTION

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### Background and AFC activity

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Burundi has 10 banks and two specialized financial institutions. All banks meet the minimum capital requirements and most respect the solvency ratio. However, with the recently introduced new provisioning rules, several institutions will be under-provisioned. In addition, over the past year, a deteriorating economic environment has increased the non-performing loan ratio to 12%.

Burundi is a member of the East African Community (EAC), together with Kenya, Uganda, Tanzania and Rwanda. Community rules require harmonization and, in time, integration of banking supervision and payment systems. Burundi's central bank (BRB) lags behind on this regard, and is under pressure to catch up.

AFC activities between 2011 and 2014 focused on the development of RBS and on the introduction of IFRS standards which involved the modification of laws, regulation, accounting systems, and reporting.

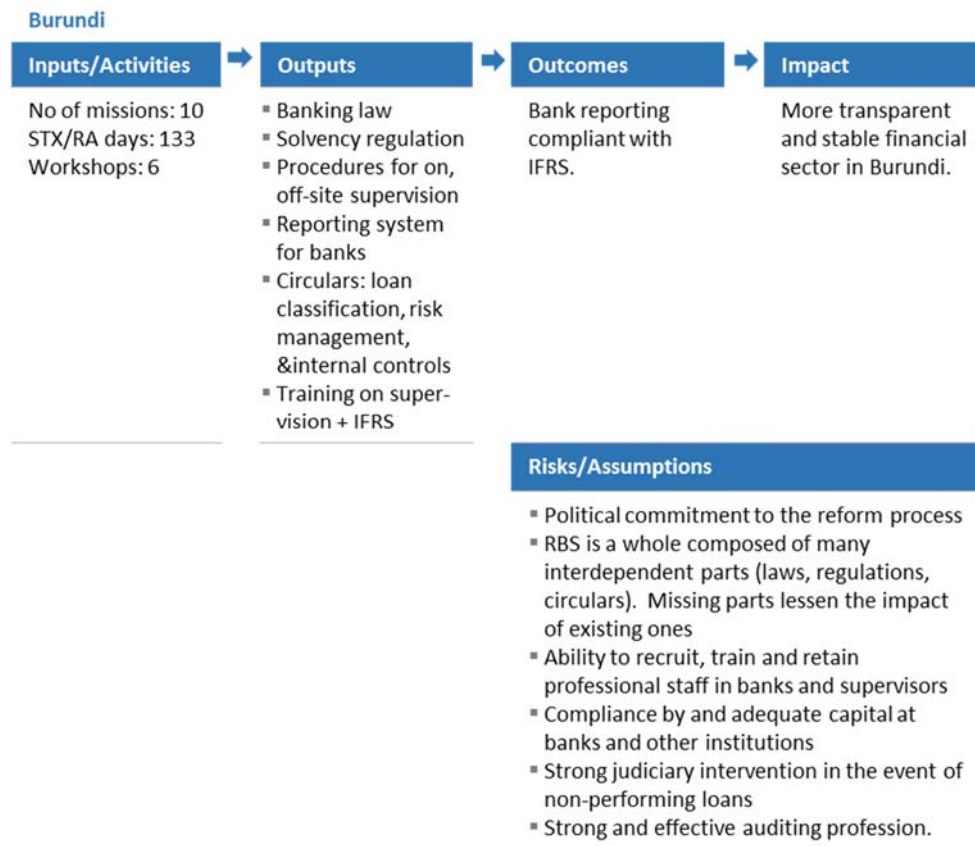
A major issue raised by BRB management and staff is the belonging of Burundi to AFC rather than to AFE. This is an important issue in banking supervision and financial stability as BRB has to implement the decisions of the MAC (Monetary Affairs Committee of EAC) in which it is a full member. The original justification for placing Burundi within AFC, namely that it is French speaking country, is not very strong today, as many supervision staff and top management have become more fluent in English

As will be seen later on, AFC faced a number of difficulties. Many of the problems and difficulties listed below occurred before the current AFC coordinator took office in September 2013. He has acknowledged their existence and, in many instances, has taken remedial actions. After a period of vacuum (September 2013 – April 2014) a new Resident Adviser for banking supervision was appointed. In addition a new back-stopper took office in October 2013. It is too early to assess the impact of these changes in key personnel.

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## Results Chain

The chart below provides an illustrative results chain for AFC's work in this topic in Burundi.



### Inputs and Activities

AFC provided TA to BRB mostly through 10 missions for a total of 133 days in the field. The time spent on these activities is however higher, as the RA and the consultants, were in constant contact with BRB staff by e-mail. AFC also organized six training workshops during the period under review.

### Principal Outputs

Expected AFC outputs revolved around drafting of regulations and training BRB staff in areas relating to banking law, solvency regulation, supervision procedures, reporting systems, IFRS, as well as circulars on loan classification, internal controls and risk management

The table below summarizes BRB's regulatory projects in relation to AFC's intervention. As indicated in the last column, some outputs were produced under AFC support whereas others were facilitated by other partners.

Banking Supervision TA delivered by AFC to BRB					
Text / Action	Report First Mentioned	AFC TA	Delivered	Status	Adopted
Revisions to the banking law	Feb 2011	Yes	Yes	Council of Gov't comments. Parliament in 2015	No
Solvency regulation, minimum capital	Feb 2011	Yes	Yes	Banks apply the rules since September 2014	2014
Liquidity norms	Dec 2011	Yes			2013
Procedures for off-site supervision (IFRS)	June 2011	Yes	Yes	Draft methodological guide done in 2011.	No
Put in place IFRS norms	June 2011	Yes	Yes	Norms in place but not fully in use	No
Revision to bank reporting forms	Feb 2011	Yes		Forms sent out. Delays due to software issues	No
Banks IFRS reporting forms	June 2011	Yes		Software problems + forms difficult to use	No
Rating system for banks	Feb 2011	Yes	yes	Priority in Feb 2013. Project finalized in 2014	No
Guarantee on exceptional BRB loans	Feb 2011	+US	Yes		No
Amendments to BRB statutes	Dec 2011		Yes		No
Circulars on continuity of banks activities + loan classification and provisioning	Feb 2011 Dec 2011	Yes	Yes	Reviewed in 2012 for EAC conformity	2012 2013
Circular on transparency of conditions	Dec 2011	Yes	Yes	Draft circular appended to July 2012	2013
Postal financial services regularization	July 2012		Yes	Waits for the revisions to the banking law	No
Revision of decree on microfinance	July 2012	No		No longer among the prerogatives of AFC	No
Supervision & regulation Islamic finance	Nov 2012	No		Included for MAC. No longer of actuality	No
Effectiveness of new chart of accounts	Feb 2011			Est. in 2012 but no compliance from banks	
Automated treatment of banks reports	July 2012	No			2013
Internal audit	Dec 2011	Yes	Yes		No
Loss on unrecoverable credits	Feb 2011	Yes	Yes		No
Circular on internal control	Feb 2011	Yes	Yes		No
Circular on risk management	Feb 2011	Yes	Yes		No
Committee on financial stability	July 2012	Yes	Yes	Recommended by previous MCM/AFC missions	No
Instruction: payments systems	Feb 2012	WB		Awaiting adoption of banking law	No
Instruction: activities of agents	Feb 2012	WB		Awaiting adoption of banking law	No
Law on issuing electronic money	Feb 2012	WB		Awaiting adoption of banking law	No
Development of table of indicators	Feb 2013		Yes	Established as a priority in Feb 2013	No
Regulation on bank self stress tests		Yes			No
Institutions of systemic importance	Feb 2011				
Systems to prevent and manage crises	Feb 2011	Yes		Already in the action plan of MCM mission	
Circular on bank governance	Feb 2011	No			2013
Procedure manual for SBM	Dec 2011		Yes	Draft presented to AFC in 2011	
Control procedure manual for MFIs	Dec 2011			Draft prepared by an IMF consultant	
Modernization of MIS/IT for SBM/SBS	Dec 2011	?			No
Reorganization of SBM	Dec 2011		Yes		
Circular on division of risks	Feb 2013	Yes	Yes		No

### Principal Outcome

The expected outcome of AFC TA in this topic is a set of critical supervisory regulation, which is enacted and enforced by BRB. So far the project (along with other TA partners) has produced a number of high quality drafts, yet only a minority of them has yet been formally adopted as shown in the table above.

The main outcome attained within this project so far relate to solvency regulations (minimum capital requirements), liquidity norms, loan classification and continuity of banking activities. Others are expected to follow suite in 2015. The regulations developed under TA from other partners have also followed the same pattern.

### Impact

The ultimate objective is to put in place a solid and modern regulatory framework for the banking system, which will contribute to maintain the soundness and efficiency of the sector.

### Dependencies and assumptions

As with the COBAC/BEAC intervention, this type of project depends heavily on political commitment to the reform process, which in turn requires a stable team of qualified personnel for its implementation. To generate impact a law, regulation or circular needs to have been adopted. The impact will be maximized when the entire set of laws, implementing texts, rules and regulations and circulars have been put in place. .

If regulations are properly designed, attaining impact will ultimately depend on compliance from commercial banks and other financial institutions. This angle needs to be considered as part of the overall TA landscape.

Finally, a strong judiciary is a key element of stable financial system, particularly when dealing with non-performing loans.

### Evaluation Based On DAC Criteria

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#### Relevance

- AFC interventions comply with the findings of the 2009 FSAP, and meet Burundi's priority needs such as those identified in the country's 2011 financial sector development strategy. Some of its key elements consist of strengthening banking supervision in line with EAC requirements (including RBS, introduction of IFRS standards, etc.), as well as enhancing the computerization BRB and the modernization of the Burundi payments system.
- AFC activities correspond to the commitments made to the SC, as per the annual work plans.
- A large, ongoing WB project supports computerization at BRB and modernization of the payments system. It is also developing a regulatory framework for mobile banking.
- Difficulties between WB and AFC delayed the finalization of the draft banking legislation. The July 2012 *aide memoire* clearly regrets "the waste of time caused by this lack of collaboration" (page 13). More generally, collaboration in banking supervision between these institutions has been minimal.
- Collaboration with USAID is also low. USAID had a program to reinforce bank supervision by financing the introduction of a new software (later abandoned). USAID staff visited did not know about AFC.
- Productive collaboration has however taken place with French Development Agency, leveraging funding to provide long-term supporting advice to BRB.
- There was some collaboration with AfDB, though staff visited had no knowledge of AFC. The National Bank of Belgium has also provided TA to BRB.
- AFC has carved for itself technical a niche among TA providers in the areas of in bank supervision and IFRS.

#### Effectiveness

##### Outputs

- BRB has undertaken a large program reform, which is probably beyond its absorption capacity.
- AFC support has been active, providing an impressive set of high quality outputs.
- The TA provided by AFC is much appreciated by BRB, as well as its training and seminars. BRB considers that the consultants have been of high quality. They were available, often by e-mail, to answer questions. Reviews on the previous RA were more nuanced.
- Mission *aide memoires* are complete, often with appended draft texts for laws and regulations. Once the drafts come to force, AFC's outputs will contribute to strengthen the supervision of commercial banks.
- Workshops were of high quality. In some occasions they were reportedly not sufficiently tailored to the level of preparation of individual audiences.

##### Outcomes

- Promulgating drafts requires a long time. One example is the banking law, for which work started in 2010. Modification of the banking law was first mentioned in the February 2011 aide memoire (AM) with an adoption date of September 2011, then in the December 2011 AM, the July 2012 AM with an adoption date of end 2012, the November 2012 AM with a firm date of transmission to the Government Council of no later than June 2013, and in the February 2013 AM. It has not yet been adopted by the Council of Ministers (Parliamentary adoption

is expected in 2015). A similar situation applies to regulations on minimum capital and solvency ratios. These are repeatedly mentioned in the June 2011, December 2011 and November 2012 AM; they only became applicable in September 2014.

- Successive aide memoires note the delays and seem to reveal some frustration on the part of the authors. Page 9 of the July 2012, states; “Very little progress has been made in implementing the recommendations [of MCM and AFC technical assistance missions]. Only the instruction on the continuity of activities has been transmitted to the banks for implementation.” On page 9 of the November 2012, it is written: “ Little progress has been observed in the realization of the recommendations of the last mission.”, and on page 10 “ On this occasion, BRB attention is drawn to the fact of the large number of draft circulars prepared with the assistance of AFC that remain pending”. It is also noted that circulars relative to internal controls, solvency, risk, management, and governance are still pending, as is the modernization of the rating of commercial banks. The financial stability framework has not yet been established. And there is more to this fastidious enumeration. The following excerpt from the February 2013 aide memoire is telling: “BRB should be strong with banks that register an unacceptable delay in publishing their financial statements according to IFRS norms and in the production of financial reports and prudential norms according to IFRS norms. The [AFC] mission considers that the “laxity” exhibited by BRB could lower its credibility among the establishments it supervises. BRB must use all its powers to sanction to oblige banks to meet the deadlines.” The February 2013 AM notes that the following circulars are still pending: loan classification, liquidity, minimum capital solvency.
- Commercial banks have experienced difficulties in complying with IFRS standards. AFC has not interacted with them.
- AFC experts have repeatedly warned about the various delays and difficulties.
- BRB would welcome enhanced AFC TA to follow-up on the implementation of both the drafts it has proposed and the contents taught at seminars. AFC’s interventions have typically stopped upon delivery of drafts/seminars.
- The International Finance Corporation (IFC) provided TA on regulations that were eventually adopted six months after work started. The incentive was to improve the “Doing Business” ranking. The second Vice President took upon himself to have the three texts adopted. There is no equivalent champion for BRB.

### Efficiency

- Generally, the number of missions and the time spent appear appropriate in relation to the outputs produced.
- One source of inefficiency is the repeated requests to revisit drafts on banking law and other texts. These iterations increase the cost of delivery of the final output.
- Delays in enacting rules and regulations erode both AFC and BRB credibility.
- Generally, training is well integrated with TA, often being provided during experts’ missions. Workshops further complement the TA (e.g. on IFRS).
- With one exception, the RA accompanied the STX in their missions.
- Despite the deep knowledge on EAC-related supervisory issues by East AFRITAC (AFE), contacts between the RTACs are limited (outside of meetings of RAs in Washington and in AFR organized annual meetings where AFRITAC CCs meet).
- Since AFE caters to EAC members its technical focus is particularly sharp for specific harmonization issues. BRB has consistently expressed interest to attend AFE seminars. So far they have funded this participation out of their own limited budget.
- In many cases, TA from AFE would be more efficient for this specific topic. On IFRS, for example, an AFC-sponsored study tour to Morocco brought limited benefits to Burundi, whereas BRB staff gained valuable knowledge when visiting Kenya on their own budget. In addition, though AFC advice actively takes into account EAC-related issues, it sometimes does not fully apply in that context. Supervisory staff at BRB are used to working in English.
- Finally, both TA effectiveness and efficiency suffered from recurrent difficulties occurring under the management of the previous RA. The recruitment of a new CC, RA and HQ backstopper has coincided with an improvement in this situation.

### Sustainability

- Political will and absorptive capacity of BRB appear rather weak, thus explaining some of the delays in finalizing and enacting drafts. Until such point, there is no sustainability of the work delivered by AFC. The IFC experience shows the value of benefiting from a high-ranking national advocate, following up on much needed legislation.
- Outputs provided by AFC experts are suitable. However, limited follow up on implementation hampers the sustainability of TA and training delivered by AFC. There has been limited administrative follow-up to ensure that the finalized drafts are adopted and enacted. In addition, there has been no formal follow-up to advise the BRB on implementation.
- Limited effort appears to have gone into building a network of local experts. There were no local STXs in the BRB projects, who would have otherwise gained experience by working alongside international experts.

### Impact

- BRB staff has clearly incorporated the recommendations of AFC TA in their drafts. BRB staff has also followed AFC advice in the adoption of IFRS standards.
- The final objective is to develop a well-supervised banking sector. Sound supervision requires an appropriate regulatory framework and a comprehensive set of tools. Until laws, regulations or circulars are adopted, there little or no impact
- For now, only parts of that framework have been modernized and progress takes place at a low pace, despite the intensity of AFC outputs.
- In order to achieve durable impact, commercial banks need to develop the necessary capacity to comply with regulatory requirements, especially on IFRS standards. The professional association of banks has expressed a wish to receive AFC technical support. Since the Center has a statutory restriction to assist the private sector, it is imperative to find alternative sources of support. Without compliance, impact will remain limited. AFC should consider conducting joint bank and supervisor seminars.

### Principal Findings and Conclusions

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AFC has provided much needed and appreciated support to BRB. The work undertaken by the experts on draft texts, workshop and training was of consistently high technical quality.

This TA focused on two areas: RBS and implementation of IFRS standards. Work on financial stability was postponed as the local counterparts were not ready.

As expected in the framework of complex technical work in the context of a fragile state, difficulties appeared during the process. They are summarized below:

- Significant time elapses until regulatory/legal drafts are enacted. AFC's support needs to transcend the delivery of draft reports and include follow up TA to enable adoption and implementation.
- A somewhat related issue concerns the virtual absence of follow-up on the TA on workshops.
- Seminars should also be more finely tailored to the skillset of their audiences.
- The mandate of AFC does not allow to support to commercial banks directly. Currently, assistance to commercial banks on technical issues goes through the BRB. The implementation of IFRS rules is an example.
- BRB staff would prefer to be part of AFE. Membership to the latter will deliver enhanced benefits to Burundi.
- Collaboration with the WB and other development partners in the area of banking supervision needs further strengthening.
- AFC needs to engage more local experts. Doing so would contribute to building local capacity.

## Recommendations

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Based on the findings of this case study we recommend AFC should consider the following:

- Find a politically empowered champion capable of pushing through changes in legislation and regulation. Generate the necessary incentives to facilitate these processes.
- Consider ways for banks to receive direct assistance relevant to the AFC mandate, for example through joint TA and workshops with supervisors and by involving other donors.
- Bring BRB under the aegis of AFE. If not possible, a second best solution would be to invite BRB staff to all AFE training events, while covering costs through AFC financial resources.
- Actively maintain contacts between the RAs of both RTACs through formal and informal channels.
- Visit the WB office in Bujumbura on every mission. Information exchange with the WB, as well as with other TA providers should become more fluid.
- Customize each workshop to the specific skill level of the attendees. Organize both advanced and introductory-level training events to cater to all needs.
- Develop contacts with local universities and consultants to establish a network of Burundian experts. Pair local STX in missions with international consultants.

### 4.3 GABON: PROGRAM BASED BUDGETING AND NATIONAL BUDGET MODEL

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#### Background and AFC activity

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Gabon has been committed to public finance reform since 2007, and this process has accelerated since 2009. Previously, public sector budgeting focused on inputs and activities. In light of the ensuring inefficiencies, the government of Gabon set out to develop program-based budgets. To that end, an Organic Law on Finance Acts and Budget Execution (LOLFEB) was enacted in October 2010.

Given the complexity of this technical task, the government called on AFC expertise to support the process. AFC and the government jointly agreed on a program development methodology based on the creation of budget models for four pilot ministries, namely those for the Economy, Budget, Education and Energy, ensuring that they provide a clear and thorough vision of their policies.

#### Context

Program budgeting objectives were but one step towards the budget implementation in program mode by 2015. The LOLFEB takes into account the timelines contained in the CEMAC directives.

- In May 2013, a joint FAD-AFC mission reviewed the next steps, which have been closely coordinated. The mission's scope was broader since it covered the implementation support of directives that include the legal framework or accrual accounting. With regard to the program budget implementation, the roadmap indicated a lack of spending (BOP) operational (OU) units mapping and an appropriate budgetary nomenclature.
- In FY2014, AFC provided significant support for implementing PBB. An August 2013 mission significantly contributed to the finalization of BOP and OU mapping. A second mission in November 2013 developed an expenditure manual on program mode that was validated and adopted by the authorities.
- FAD supported the new budget nomenclature of the State. The mapping of BOP and OUs led a September 2013 mission to develop a suitable nomenclature (NBE) for BOP, consistent with CEMAC directives.
- The work on performance was conducted with the support of external firms. It started in 2012 and culminated in the drafting of the first annual performance project at the end of 2013.
- The development and set up of the new system of budget preparation and execution, VECTIS, was entrusted to a private operator.

### Other benefits and lessons from the project

Completion of PBB enabled the execution of a programme-based budget. It also had a very positive and structuring effect for further reforms. In addition to the quality of AFC support, its availability and its involvement, the success is also to be attributed to the monitoring process. Missions carried out in 2011 recommended the creation, under the Ministry of Budget, of a project team (BOP team) to ensure overall consistency. It also recommended the creation, under each Ministry, of a project team under the authority of the Secretary General so as to ensure the involvement of the business managers.

**A phase-in period:** Although the BOP team developed a budget model in July 2012, the involvement of these governing bodies was initially limited. To strengthen participation, priority was given to the dissemination of techniques. In October 2012, two working seminars were organised for the BOP team with a view to deepen and strengthen the project management. Pairs of experts were appointed to provide the necessary assistance to the relevant focal points that had been gradually assigned and deployed to the ministries. In order to ensure close and continuing cooperation between the BOP team and sectorial focal points, toolkits, methodological guides and FAQs were drafted and regularly updated. The BOP team was also equipped with tools to monitor the work.

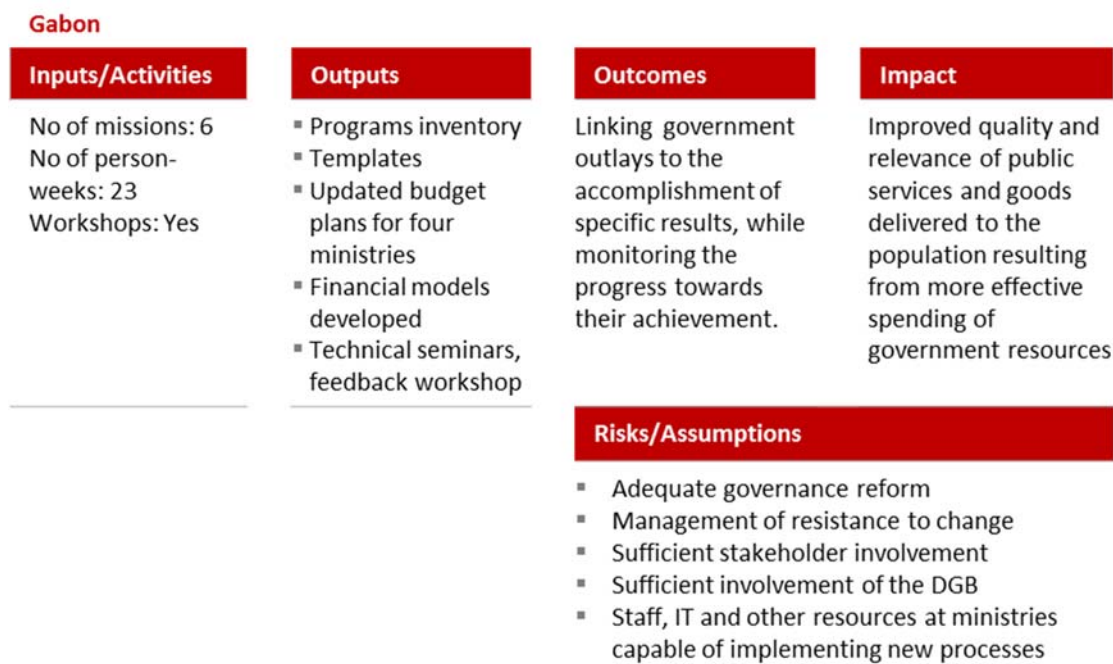
**A fulcrum for other projects:** This AFC team has done considerable work in developed counterparts' skills; it has also drawn on high-level experts, which has increased the capacity of the Gabonese government and to the future succession of its leaders. Some of the TA counterparts have become IMF short-term experts.

**Ministries' mobilisation:** The education and methods used by AFC to support PBB led the ministries and institutions to take ownership of structuring their budget and, more generally, of the performance process. Their project teams have increasingly managed the process themselves. More generally, the budgeting process has led to an examination of the public policies and to debate them technically.

### Results Chain

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The chart below presents a simplified results chain for the AFC's PFM work in Gabon.



### Inputs and Activities

AFC provided TA to Gabon mainly by means of six technical missions (the first one taking place in March 2011), which accounted for 23 person-days in the field. This assistance was complemented through training workshops and distance support by telephone and email.

### Principal Outputs

In implementing the approved work plan AFC TA produced a number of outputs. They include:

- An inventory of ongoing programmes,
- Ready-to-use templates,
- Updated plans for four ministries,
- Financial models, and
- Technical seminars.

### Principal Outcome

The main outcome relates to linking government outlays to the attainment of specific results, while monitoring the progress towards their achievement. AFC TA originally focused on four pilot ministries with a view at upscaling the exercise the whole of the public sector.

### Impact

The ultimate impact of this project revolves around enhanced wellbeing at the national level resulting from more effective spending of limited government resources.

### Dependencies and assumptions

This endeavour depends heavily on political commitment to the reform process, which in turn requires a stable team of qualified personnel. More specifically, achieving the project's impact requires managing the natural resistance to change that is expected to emerge among stakeholders, while at the same time ensuring that they remain actively involved in the reform process.

## Evaluation Based On DAC Criteria

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### Relevance

- The President of the Republic launched the Emerging Gabon Strategic Plan (PSGE) and committed to reform. Since 2008, Gabon made substantial efforts to upgrade PFM through the contributions of various experts. However, progress has been slow, mostly due to a lack of coordination.
- Gabon requested AFC support in order to comply with the LOLFEB.
- An IMF Fiscal Affairs Department (FAD) mission visited Gabon in March 2011 and identified the reasons for the delays in the process. The mission proposed an action plan calling for a realistic strategy, political support and a forum for steering and coordination.
- Given persistent difficulties, AFC fielded a second visit in September 2011. As a result, Gabon updated its action plan, focusing on the prerequisites for effective budgeting and tracking progress in relation to benchmarks.
- As a first step, AFC and the Government from Gabon jointly agreed on a program development methodology based on the creation of budget models for four pilot ministries, namely those for the Economy, Budget, Education and Energy.
- Collaboration with FAD and with other development partners added value to AFC TA.
- At a later stage, the experience gained in Gabon was drawn on by AFC for its PFM TA to Congo.
- The project benefitted from an increasing a sense of ownership at the four participating ministries, i.e. going beyond just the ministry of finance. AFC gradually succeeded in mobilizing all actors.

## Effectiveness

### *Outputs*

- An AFC mission made an inventory of the programs' structures and proposed at a technical workshop a prioritized action plan containing its findings and recommendations.
- The missions led to a shared development of budget models through collaboration with a number of stakeholders within the pilot ministries, including general secretaries, central directorates of administrative and financial affairs and team managers.
- All departments validated their budget model, setting the stage for the gradual approach to reform to enter a new phase. The budget model was finally adopted by the Council of Ministers.
- The budget model is structured around 27 'missions', 127 programs and 280 actions. 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.

### *Outcomes*

- The revised budgets were successfully verified and public allocations approved by the Office of the Prime Minister.
- The budget endorsement enabled the government to work on performance measurement.
- As a result of the project, the government presented a draft budget law for 2014 to Parliament, accompanied, with a program budget and an annual performance plan.
- Since the beginning of 2015 Gabon's budget is fully program-based and has been executed following the new budget classification also implemented with AFC support.

## Efficiency

- Collaboration with FAD facilitated efficiency gains, particularly during the diagnostic stage.
- Following a logical sequence for the various missions also facilitated progress while minimizing the required investment in terms of time and resources.
- The risk of confusion by government staff was significant (particularly as regards Budget by Program Objectives (BOP) versus the provisions PSGE. This risk was averted by distinguishing BOP from planning documents and integrating it the interventions of the PSGE.
- Each mission has been effective in monitoring and implementing the recommendations from previous visits. This monitoring led to the standardization of the methodology and to real-time adaptation. This was particularly efficient for harmonizing the scope of the support programs.

## Sustainability

- The strong degree of ownership developed in Gabon, coupled with an impressive development of local technical ability augurs well for sustainability. In fact, Gabonese officials have later served as AFC PFM STX to advise other member countries.
- Completion of program-based budgeting has had a stimulating effect for further reforms. There is a high likelihood that the gains made will last over time.

## Impact

- 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 are translated into more effective public services and infrastructure. It is still early to make an assessment. Nevertheless, preliminary evidence indicates that this AFC project will have a lasting positive impact on Gabon's public expenditure management.

## Principal Findings and Conclusions

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- The effective sequencing of TA delivery has enabled the building of momentum in the reform process.
- Each mission has been effective in monitor and implementing the recommendations from previous visits.
- AFC has given particular attention to national ownership of tools and methodologies.
- Local capacity has increased significantly during the period under review. Gabonese officials have become IMF STX advising third countries.
- AFC has effectively coordinated its work with the majority of other TA providers and private sector consultants in a complex project.
- The project achieved its main intended outcome. Since 2015, Gabon's budget is managed in program mode.
- There is still scope for further AFC TA.

## Recommendations

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- The AFC methodology in Gabon has proven its merit. Consider replicating this approach in other countries, though still, adapting them to the local context
- Transfer of experiences within the region can play a key role to sustain the reform program. Gabon's case could be showcased for other countries to extract insight from this experience.
- Continue augmenting the pool of short-term experts with the best experts of the Gabon BOP team.

## 4.4 CONGO: DEVELOPMENT OF A NATIONAL BUDGET MODEL

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### Background and AFC activity

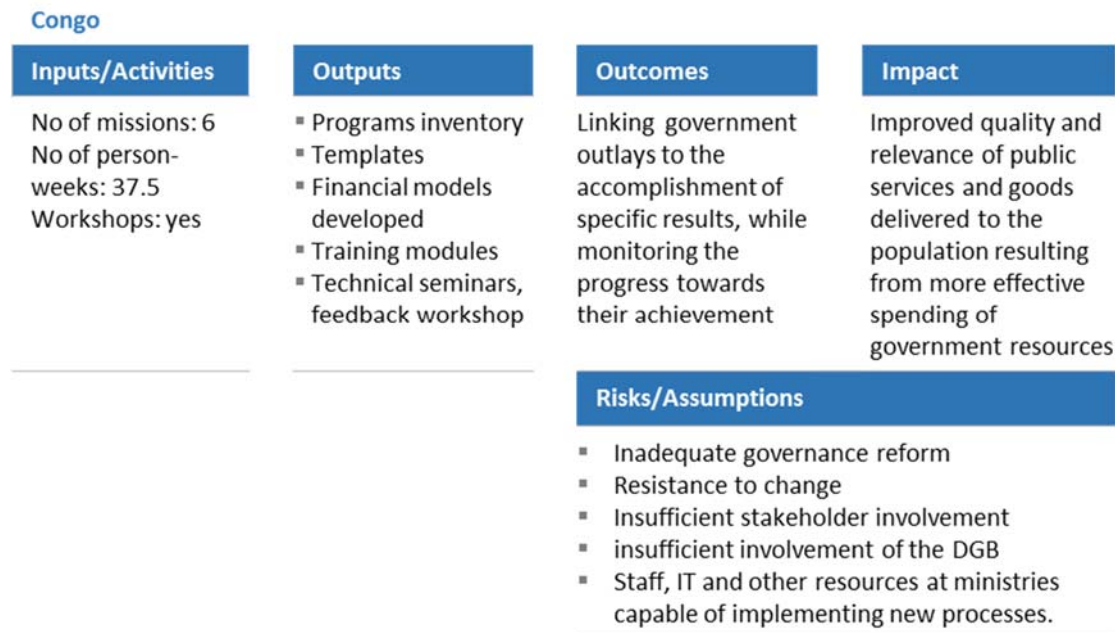
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The Republic of Congo has engaged in a long-term process of reforming its public finances. Progress has been achieved *inter alia* in the establishment of a medium-term expenditure framework (MTEF). The Organic Budget Law (LORFE) of September 2012 gave a new impetus to the process.

AFC support was requested to help implement PBB, which is a key strategic axis of LORFE.

## Results Chain

The chart below provides a simplified results chain, which sets forth the logic of AFC's intervention in Congo.



### Inputs and Activities

Six advisory missions were conducted for a total of 37.5 person [days]. The first five visits took place in FY 2014, with a final mission in FY 2015. The RA has 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 workshop to launch the project and helped develop the budget models for five ministries. The next three missions were devoted to progressing the ministries' budget models, proposed structures and practical implementation issues. The fifth mission complemented the previous efforts and developed the overall budget model.

AFC also provided distance support, mainly through e-mail exchanges and telephone discussions. A sixth and final mission participated in the budget model review conference held between ministers' representatives and heads of expenditure units.

### Principal Outputs

In accordance with the approved work plan AFC assistance produced a number of outputs. They include:

- The formulation of inventory of all relevant programs;
- The elaboration of templates for various types of budgeting exercises;
- The development of financial models for the purposes of forecasting and sensitivity analyses; and
- The design and delivery of specific training modules, technical seminars and feedback sessions.

### Principal Outcomes

The project seeks to establish an orderly approach for budgeting, which makes an explicit link between public expenditure and expected results. Implementing a monitoring system is also part of the intended outcomes.

### Impact

The ultimate impact of this project revolves around enhanced wellbeing in the country resulting from more effective spending of limited government resources.

### Dependencies and assumptions

Success hinges on political commitment to the reform process. Building up institutional capacity and preventing excessive staff rotation also constitute key factors. Managing the natural resistance to change, which is expected to emerge among stakeholders, also constitutes a delicate task. There is a need to ensure that stakeholders go beyond their resistance and become actively involved in the reform process.

### Evaluation Based On DAC Criteria

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#### Relevance

- The Congolese authorities requested FAD TA for the implementation of LORFE, in continuation of previous successful experiences with AFC. Before the AFC intervention, there were significant operational risks. TA in this area was urgent.
- The project is consistent with both the AFC program document and the decisions of SC.
- Collaboration with IMF HQ and with other development partners added value. In addition, work in Congo benefited from AFC's experience in Gabon. The project also leveraged the collaboration of UNDP Pole, which fielded experts for three of the technical missions.
- A sense of ownership by stakeholders gradually emerged as the AFC work progressed. The various ministries began incorporating elements of PBB approach.
- This project was carried out in partnership with FAD, as well as with the technical involvement of the UNDP Dakar Pole.

#### Effectiveness

##### *Outputs*

- In order to produce any outputs the TA needed to overcome significant challenges. In particular, motivation among ministries was low in light of the failure of previous initiatives that had not been properly coordinated.
- For this reason, the project first targeted the creation of awareness among the stakeholders.
- AFC established an inventory of the programs' structures and proposed at a technical workshop to develop a prioritized action plan containing its findings and recommendations.
- The government developed a stabilized draft general budget model, technically validated by stakeholders. It is consistent with the LORFE and contains 125 programs for 35 ministries and seven constitutional bodies and independent administrative authorities, six allocations for the government, two ministerial allocations and 10 programs for special accounts. Directives and operators were identified and assigned to the relevant actions.

##### *Outcomes*

- Participatory implementation of programs has triggered a dynamic process. It has fostered in ministries and institutions a healthy debate around public policies and the benefits of using programs. The interest and mobilization were noticeable in the sectoral ministries approached by the evaluation team.
- The government has now developed a stabilized draft general budget model, which had been technically validated by the team in charge of implementing the ministry of finance's reform agenda and those responsible of ministries and institutions.
- At the time of this review, the budget had not yet been formally accepted. As such outcomes cannot yet be considered attained.
- Nevertheless, this current level of achievement is remarkable given the difficulties encountered at the time of inception, such as the absence of a governance structure.

#### Efficiency

- The missions were carried out back-to-back with TA activities in Gabon. This synchronization contributed efficiency as well as to generating lessons learned to be transferred from one country to the other. These gains were further leveraged by employing an STX from Gabon.

- The ratio of inputs to outputs is appropriate, as has been the pace of implementation within an initially difficult context.
- Collaboration with FAD provided an opportunity to gain efficiency, especially during the diagnostic stage.
- Following a logical sequence for the various missions also allowed progress while minimizing the required investment in time and resources. Monitoring has been adequate and constructive.

### Sustainability

- The country has taken full ownership of this project. AFC only played the role of a technical facilitator.
- This pace of work needs to be maintained over time given the scale of projects still to come for the LORFE. At this early stage it is difficult to make an informed assessment on sustainability.
- Completion of PBB had a very positive and structuring effect for further reforms, this assessment concludes that there is a high likelihood that the gains made to date will last over time.
- 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.

### Impact

- The budget model is well accomplished and structured. Its impact will only be felt upon official approval and subsequent implementation.
- Long-term impact will depend on how the new program based budgets translate into more effective public services and needed infrastructure investments. It is still early in the process to make an assessment.
- In order to leverage impact, the adoption of the global budget model of Congo should eventually lead to full LORFE implementation, including the establishment of the performance framework.
- Long-term success in Congo depends heavily on elements that are beyond AFC control, as identified by FAD. The section on results chain (above) highlights the most important risks.

## Principal Findings and Conclusions

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In general, this project has been relatively successful to date, in the context of weak local capacity at the time of inception. Key findings and conclusions from the present study are:

- Despite significant challenges, AFC has provided effective support for establishing the budget model.
- The tailoring of missions to the local context and the establishment of links between them were determinant to success. One pertinent example is the engagement of an STX from Gabon.
- Stakeholders have taken ownership of the technical tools introduced and raised their overall awareness on PFM issues. The Centre has managed to build momentum.
- AFC has successfully integrated UNDP Dakar Pole in its interventions. This collaboration has been positive for the harmonization of tools and techniques.
- Recognition of quality and leverage effect of AFC has led authorities to give it a leadership role in coordinating support. There remains significant scope for follow-up TA.

## Recommendations

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- AFC should continue to alert the Congolese authorities on the necessary conditions to complete the implementation of the LORFE.
- AFC should reiterate its relevant, well-founded and detailed recommendations on the establishment of governance bodies adapted to reform.

- Further work is necessary in setting up program-based budget preparation tools, including developing a manual on financial law and the performance process with the annual performance plans (as foreseen in AFC work plans).
- The AFC methodology has so far proven well-adapted to the Congolese context. AFC may consider replicating this approach other countries, if adaptable to the local context
- Transfer of experiences within the region can play a key role to sustain the reform agenda. The lessons learnt in Congo could be disseminated.

## 4.5 CAMEROON: PUBLIC DEBT MANAGEMENT

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### Background and AFC activity

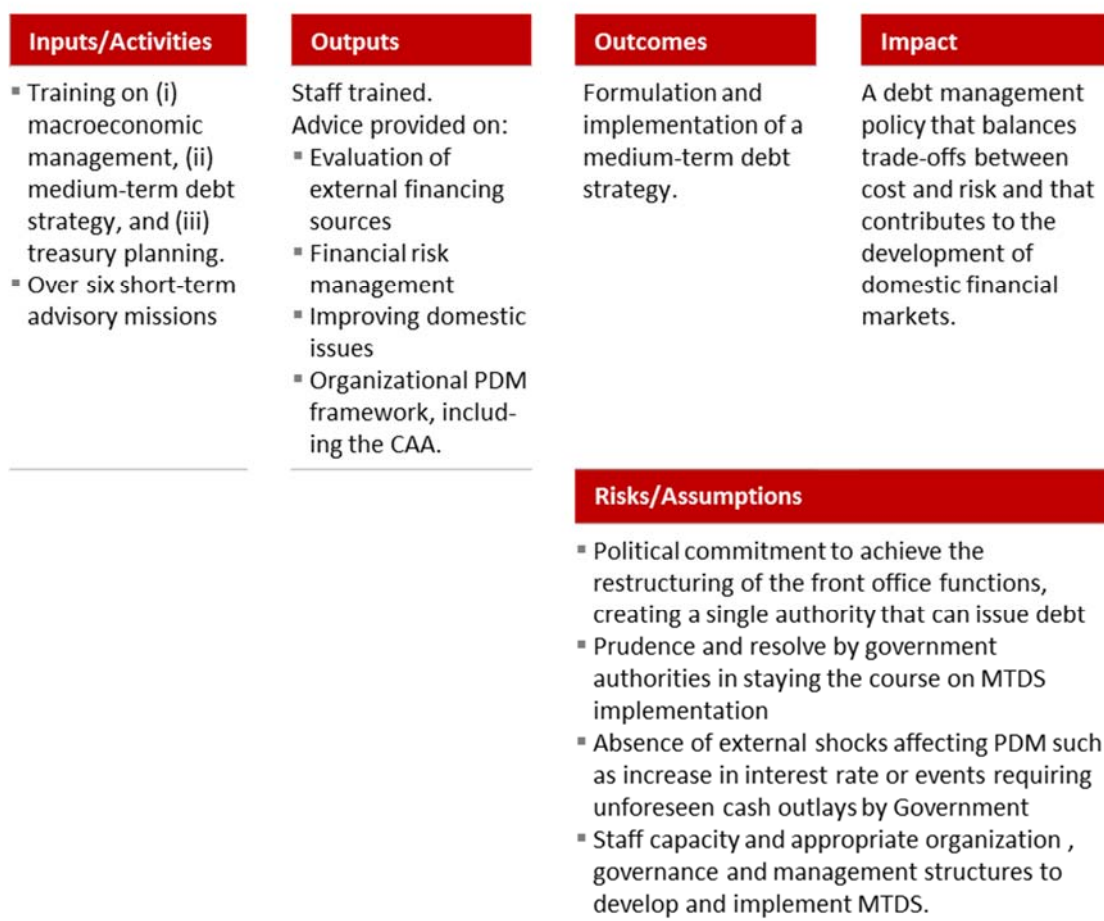
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Debt vulnerabilities in Cameroon are gradually building up, arising mostly from recent non-concessional loans. Public debt is projected to rise to almost 24% of GDP in 2014 and possibly to reach 38% in 2019.

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. This work is to take due account of the debt service implications of the growing public investment plans and the potential financial liabilities of emerging public-private partnerships.

## Results Chain

The chart below provides a stylized representation of the project's results chain.



### Inputs and Activities

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

Over six short-term advisory missions were carried out. The missions focused on: (i) PDM diagnostics; (ii) evaluation of potential external financing sources; (iii) financial risks and PDM; (iv) improving domestic debt 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* or CAA).

### Principal Outputs

In accordance with the approved work plan, AFC assistance produced a number of outputs. They included training events for technical staff in Cameroon, along with advice tailored to country needs and covering areas such as:

- Evaluation of external financing sources;
- Financial risk management;
- Domestic debt issuance; and
- Organizational PDM framework, covering the CAA.

### Principal Outcome

The project seeks to equip Cameroon with a sound MTDS. This strategy should allow the optimization of the government's ability to provide public services and develop the country's infrastructure, while managing future financial liabilities effectively.

### Impact

The impact of this TA relates to sustainable PDM, which also facilitates priority public investments.

### Dependencies and Assumptions

This initiative depends on political commitment to the reform process. One key aspect is to harness political support to restructure the front office function of the debt management function in order to create a single authority that can issue debt on behalf of the government. Furthermore, this work requires a prudent management of debt instruments, resisting short-term incentives for disproportionately increasing the country's debt burden. This TA presupposes the absence of external shocks such as global interest hikes or unforeseen emergencies requiring costly intervention by Government. Finally, there is a need for adequately qualified, well managed and stable staffing to absorb and effectively implement the TA.

### Evaluation Based On DAC Criteria

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#### Relevance

- The IMF advised Cameroon to develop a comprehensive debt accumulation and management strategy and to monitor its implementation. Of concern are the debt service implications of the growing public investment plans and the potential financial liability of emerging public-private partnerships.
- This work took place in close alignment with AFC and IMF HQ strategies, and consistently with the AFC work plan and SC instructions.
- MoF and CAA demonstrated a strong level of ownership. The TA responds to priority country needs.
- So far AFC has had limited interaction with the Commonwealth Secretariat (ComSec) concerning the public debt recording system CS-DRMS (supplied by the latter). In the future, the ComSec plans to assist Cameroon on debt management policy and advisory services. In in this case more active coordination will be necessary.
- More generally, AFC has managed to create a satisfactory level of coordination with development partners, in spite of early misunderstandings due to inadequate information flows. Nevertheless, there is room for improvement in the interaction with the WB, particularly on MTDS. We understand that since October 2013, coordination in PDM 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.

#### Effectiveness

##### *Outputs*

- 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.
- Substantial progress has been made in the diagnostic for restructuring the PDM institutional framework, and proposing the close co-ordination of domestic and external debt between ministries, while also restructuring CAA, into a middle- and back-office structure.
- Quality workshop training outputs have been delivered, with trainees expressed their satisfaction. Trainees would appreciate complementary on-the-job training on the practical application of the contents learnt.
- Recruiting French-speaking trainers has become a priority.

### Outcomes

- The TA has facilitated progress in coordination of domestic and external debt activities between MoF and Ministry of Economy, Planning and Regional Development (MINEPAT), and restructuring CAA. Project outcomes are however not yet fully attained.
- CAA capacity to retain qualified personnel is positive outcome that may partly be attributed to AFC TA.

### Efficiency

- AFC resources devoted to PDM have been efficiently utilized. Work has been relatively cost-effective, producing focused outputs against a relatively modest investment. The overall TA effort is deemed efficient.
- Backstopping and the selection of participants appear appropriate.

### Sustainability

- The advice delivered so far is likely to be retained within CAA (e.g. adopting the structure of middle and back office). Notwithstanding, a concern persists about the capacity of national authorities to implement the complete restructuring of the public debt institutional set up, following best international practice.
- MoF and CAA appear to support this initiative at the appropriate hierarchical levels.
- Staff rotation is low and capacity is growing at a sustained pace. Institutional absorptive capacity at CAA has improved and reached a sustainable level. Further training is however still a key priority,
- If the training on risk management is completed with the establishment of a regular annual calculation of Cost at Risk (CaR), it is likely that this achievement would have a positive effect through similar TA at the regional level

### Impact

- Prospects for impact appear positive, but future situation cannot be predicted at this early stage in the process.
- The main risk to achieving the expected impact currently relates to centralizing the front office activities, thus creating a single authority that can issue or issue debt on behalf of the central government. Centralization of debt management within a single agency, including CAA, is planned as the ultimate step. Presently, regarding management of external debt, the recommendations have been fully implemented.

## Principal Findings and Conclusions

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In general, AFC TA to Cameroon on PDM has been a successful to date. Selected findings follow:

- AFC has consistently provided high quality TA. Training sessions and diagnostic missions by AFC have been appreciated by the national authorities.
- Government officials would appreciate support on the practical application of the new techniques (i.e. on-the-job training).
- PDM is a multi-year undertaking and needs to be planned accordingly.
- The establishment of a PDM institutional framework following international best practices is necessary. CAA will be performing the middle and back- office functions for domestic and external debt with the CNDP. Obviously, achievement of this framework now depends on political decision making.
- The deepening and widening of regional and domestic financial markets is of paramount importance. AFC has provided adequate support on this regard. In particular, with the support of AFC Cameroon has become one of the most active countries in the region regarding government securities market. Cameroon is experiencing difficulties in keeping up with some of the reporting commitments under the General Data Dissemination System (GDDS) regarding external and public debt data, in spite of progress achieved in other statistical reporting with AFC support. Cameroon last report to the Quarterly External Debt Statistics (QEDS) is of 4th quarter 2013; and is not reporting to the Quarterly Public Debt Statistics (QPDS) at all. .

## Recommendations

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- The TA on financial risk management was well received. Further technical assistance in this field is still required. In this respect, in addition to the training delivered from May 2014, AFC has planned in FY 2016 and FY 2017.
- DDP staff should receive further training to calculate on annual basis a CaR reserve, to minimize losses in case of unfavorable market fluctuations. The CAA back office IT system should remain flexible enough for supporting these calculations.
- A legal framework should be established to allow CAA to create a CaR reserve on annual basis.
- Operational risk management for a Public Debt Management Office (e.g. typos, power blackouts, security breaches, natural calamities, etc.) is of paramount importance and needs to be explored.
- The government provided borrowing guarantees to domestic enterprises in the past and on-lending is a common practice. This situation constitutes a domestic credit risk and should be managed by CAA. Data collection on this regard will help monitor those loans.
- Follow-up missions on the development of domestic and regional financial management should be conducted. Trainers should imperatively be fluent in French, even though the country is officially bi-lingual.
- Issues regarding the Debt Management Performance Assessment (DeMPA) tool should be discussed more actively with WB.

## 4.6 CAMEROON: STRENGTHENING COOPERATION BETWEEN TAX AND CUSTOMS ADMINISTRATIONS

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### Background and AFC activity

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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.<sup>9</sup> 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.<sup>10</sup> 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).

Cameroon received around 12% of AFC revenue administration TA between FY 2012 and FY 2015<sup>11</sup>, mainly on tax administration to the *Direction générale des impôts* (DGI). TA has focused mainly on VAT, covering strengthening of auditors' intelligence gathering and management skills; internal audit of VAT; VAT forecasting; and improving cooperation between the Cameroon tax and customs administration to improve risk management and combat VAT fraud.

The latter project was selected as a case study as an example of a focused, short-term AFC TA intervention.

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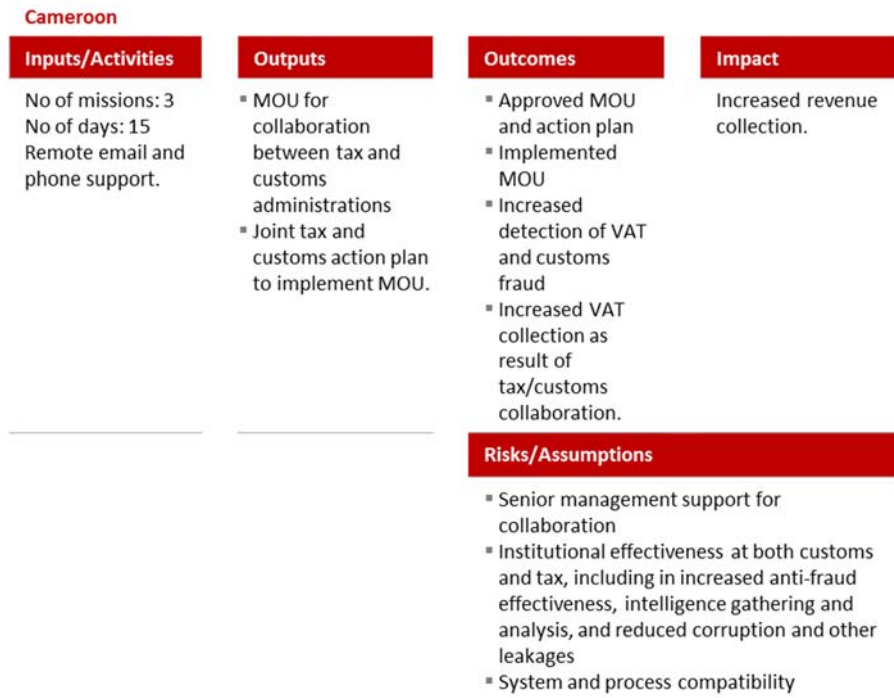
<sup>9</sup> Cameroon 2014: African Economic Outlook (AEO) and AEO website. African Development Bank.

<sup>10</sup> Cameroon IMF Article IV report. July 2014.

<sup>11</sup> FY 2015 information from work plan.

## Results Chain

The chart below provides an illustrative results chain for the project.



### Inputs and 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.

### Principal Outputs

The principal outputs of the project have been:

- MOU between Cameroon customs and DGI covering areas of collaboration in strengthening risk management and combating fraud.
- Joint tax and customs action plan to implement the provisions of the MOU.

### Principal Outcome

The principal outcome of the project is expected to be increased collection of tax and customs revenues as a result of strengthened risk management and fraud detection.

### Impact

A successful outcome of the project, subject to its risks and assumptions, should result in strengthened revenue collection in Cameroon.

## Dependencies and Assumptions

An important prerequisite for the achievement of the project's outcome is the wholehearted support and prioritization by senior management in both institutions to commit necessary resources to enable the implementation of the action plan. In addition, the project relies on effective systems and processes within both customs and tax to collect and analyse the necessary information, and to share them between the institutions. The necessary capacity of staff in both institutions must be present to undertake the envisaged joint inspections and follow-ups effectively. Cameroon tax administration has among the highest corruption rankings in Africa<sup>12</sup> and unless this is reduced, the achievement of outcomes will be impaired. In addition, DGI has a poor record of implementing previous AFC advice, which poses additional risk of non-implementation.

## Evaluation Based On DAC Criteria

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### Relevance

- The project is within AFC remit, consistent with the program document and is aimed at supporting the Cameroon government's objective of enhancing tax and customs revenues.
- The project is integral to wider AFC TA on strengthening DGI VAT administration.
- There were no other donors active in this area during the review period. We understand that GIZ was approached in 2014 and has agreed to finance the development of an IT system that will facilitate the cross checking of tax and customs data. A GIZ IT resident advisor has already started work and cooperates closely with AFC.
- We understand that AFC coordinates its work closely with the JSA funded IMF customs project.

### Effectiveness

#### *Outputs*

- The MOU and the action plan are robust and according to the TA recipients have benefited significantly from AFC RA input. The MOU provides for the sharing of specific information between DGI and the customs administration; joint inspection visits; and the establishment of joint strategic and operational committees.

#### *Outcomes*

- The TA recipients have indicated that collaboration between DGI and the customs administration has been attempted for a significant period and AFC engagement was critical in catalyzing concrete action.
- The MOU had been agreed by the management of both the tax and customs administration and at the time of the evaluation was awaiting ministerial approval. We understand that the MoU was approved by the Minister in May 2015, after a final round of review / minor amendments by tax and customs senior officials. In addition to AFC, the minister's approval of the MoU was also carefully monitored by GIZ and set as a "criteria" for further involvement.
- It was too early to assess implementation of the action plan. DGI staff pointed out, for example, the lack of an effective IT system in their institution, and its incompatibility with the system in the customs administration, is likely to impede effective information sharing. AFC assessed the status of implementation of the action plan in April 2015 and in addition to the appointment of the GIZ IT advisor, progress is being made on the main components of the action plan.

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<sup>12</sup> Approaches to curbing corruption in tax administration in Africa. U4 Expert Answer. 25 June 2014.  
<http://www.u4.no/publications/approaches-to-curbing-corruption-in-tax-administration-in-africa/downloadasset/3585>

### Efficiency

- AFC has achieved significant results in delivering the outputs with relatively limited resources being deployed.
- The principal risk to the project is in its implementation, given the cultural differences between tax and customs and a track record of limited cooperation between the institutions. We understand that AFC is providing follow-on TA to facilitate implementation of the MoU, which should mitigate this risk.

### Sustainability

- Given the status of the project, it is too early to assess the sustainability of its outcomes.

### Impact

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

## Principal Findings and Conclusions

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- The results of the project to date have been positive, the challenge remains in the effective implementation of the MOU and the associated action plan.
- The approach taken by the RA, in providing guidance on softer issues such as incentives in collaboration between the two institutions and on practical implementation matters has been appreciated by the TA recipients and has facilitated in reaching agreement between the two institutions.
- Although delivered in the context of AFC support to DGI on VAT, the project would have been more beneficial if it covered collaboration between tax and customs on a wider range of topics. AFC has pointed out that all action plans are designed commonly and validated by senior officials (DGs or Deputy DGs) of the two organizations. Preventing and fighting VAT fraud (a common objective of the tax and customs departments) has been the first focus of the AFC TA program,, subsequently extended to other customs related issues (fight against smuggling, identification of hidden importers; control of importers accounts, notably).
- The greatest risk in such short-term interventions is in the non-implementation of the agreed action plan. Projects need to be designed to ensure adequate resources are budgeted in the work plan for hands-on support during the implementation phase. AFC has pointed out that AFC TA resources allocated to the projects exceed the average resources allocated to AFC country/TA domain; importantly, resources are planned allocated under a TA project running over a 24-36 month period.

## Recommendation

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- AFC should design short-term projects, or sub-projects within wider interventions, to include TA for implementation. Defining outcomes for such projects, agreeing them with the TA recipient, and ensuring adequate TA resources are allocated for implementation support will facilitate this process. AFC has indicated that it does so already.
- In cases where outcomes are dependent on other institutions playing a critical role, AFC should extend its TA to such institutions if it is within its remit, or seek to ensure other coordinated TA is available.

## 5. WEIGHTED DAC CRITERIA SCORES: 2009 EVALUATION APPROACH

Our inception report highlighted various reservations we have about arriving at composite ratings by applying weightings across different DAC criteria. These include the inherent subjectivity associated with arriving at relative weightings; different relative weightings may be appropriate for different types of project (e.g., legal advice and capacity building); and the potentially misleading results if performance under one of the criteria is very weak.

Nevertheless, to provide comparability with previous results, we have applied the weightings applied in the 2009 AFRITACs evaluation to arrive at weighted ratings. These weightings related to:

- DAC Criteria: Relevance 32%; Effectiveness 28%; Efficiency 22%; Sustainability 18%. As we have provided different scores for outputs and outcomes, we have attributed weightings of 14% to each of these criteria to reflect the weighting for effectiveness.
- Resources allocated to topical areas: The budget allocated to different topical areas were applied to weight results to arrive at the results of AFRITACs. We have used total person weeks planned for each of the topical areas until FY 2014 for the relative weightings.

DAC Criteria	2009 Weights	Topical Areas					AFC
		PFM	BSFS	Revenue Admin.	PDM	Statistics	Weighted Average
<b>Person Weeks</b>		380	156	201	72	185	<b>994</b>
<b>Topical Share</b>		38%	16%	20%	7%	19%	<b>100%</b>
Relevance	32%	3.8	3.2	3.4	3.6	3.5	<b>3.55</b>
Efficiency	22%	3.4	2.5	2.7	3.0	2.8	<b>2.98</b>
Outcomes	14%	3.3	2.3	2.6	3.0	2.6	<b>2.85</b>
Outputs	14%	3.8	3.7	3.6	3.6	3.7	<b>3.71</b>
Sustainability	18%	2.7	2.3	2.0	ND	2.1	<b>2.35</b>
<b>Topical Score</b>		<b>3.44</b>	<b>2.83</b>	<b>2.91</b>	<b>3.34</b>	<b>3.00</b>	<b>3.10</b>
<b>Rating</b>		<b>Good</b>	<b>Good</b>	<b>Good</b>	<b>Good</b>	<b>Good</b>	<b>Good</b>

NB: There may be some rounding differences due to reducing decimal places.

### Rating Scale

Excellent: >3.5-4.0; Good: 2.5-3.5; Modest: 1.5-2.4; Poor: 1-<1.5.

## 6. IMPLEMENTATION OF 2009 EVALUATION RECOMMENDATIONS

No.	Recommendation	Status
1.	Office of Technical Assistance Management (OTM) <sup>13</sup> 's presentations during the negotiations for the next financial replenishment should argue for additional resources to strengthen the human and financial resources of the AFRITACs and necessary support from HQ together with implementing the recommendations of the evaluation.	AFC had a budget of US\$18.9 million in its first phase. The target for the current phase was US\$49.6 million. In reality, as at December 2014, only US\$29.9 million has been received, due to reasons highlighted in our report.
2.	The three AFRITACs should, in coordination with the TA departments, by the end of calendar year 2010, adopt a three-year plan for each cluster of TA interventions in a country that sets out the strategic objectives and outcomes that the capacity building initiative expects to achieve and provides a framework with indicators against which progress can be monitored.	The RBM framework with the targets for different target areas for the current AFC phase, provides this framework.
3.	While recognizing that beneficiary countries should lead donor coordination, all three AFRITACs need to strengthen their donor coordination and information dissemination strategies.	Our review suggests donor coordination has been strengthened since the 2009 evaluation. IMF/AFC now has an explicit dissemination policy, although it is still to meet the expectations of some donors and TA partners.
4.	All AFRITACs, the SCs as well as the center coordinators, resident advisors, the TA departments, and OTM must do some strategic thinking about how to strengthen TA sustainability. Among other things, this will involve providing more follow up and financing to support the implementation of recommendations resulting from TA. During its fieldwork, the evaluation team came across several cases where government officials said that while they agreed with	No explicit strategy for strengthening TA sustainability has been developed. As highlighted in our evaluation report, in selected areas AFC does coordinate its work with other TA providers who can provide complementary TA and other resources that are more attuned to sustainable capacity building.

<sup>13</sup> OTM was merged in May 2012 with the IMF's "Institute", forming the new Institute for Capacity Development.

No.	Recommendation	Status
	and wished to implement the TA recommendations, the necessary funds were not available.	
5.	Each AFRITAC should prepare a plan to indicate how it will use a regional approach to facilitate the development of the macroeconomic tools in its areas of competence that are necessary to support regional integration and harmonization and present the plan to their SCs in 2010.	No explicit RTAC-level regional strategy was developed. Nevertheless, AFC has been pursuing a large regional program in each of the topical areas as detailed in the work plans as well as undertaking initiatives to build regional capacity.
6.	By the end of the Financial Year (FY2010) <sup>14</sup> OTM should prepare a manual that codifies the organization, management and administrative procedures for the RTACs.	An RTAC manual codifying organizational, management, governance and administrative procedures was finalized by ICD in April 2015. It is expected to be discussed at the RTAC Coordinator and Office Managers' retreat in Autumn 2015 and is envisaged to be a flexible document, to be updated on an approximate six-monthly basis.
7.	As part of the next RTAC review, OTM should prepare a Ten-year vision for RTACs that outlines the strategic implications for the IMF.	This recommendation has not been implemented.
8.	By the end of 2009 the AFRITACs and OTM should develop formal action plans, identifying the necessary resources and monitor-able benchmarks to implement the accepted evaluation recommendations and report the implementation status to the SCs in FY2010 and FY2011.	We understand that some status updates on implementation of recommendations were provided.

<sup>14</sup> IMF financial year runs from May 1 to April 30.

## 7. LIST OF MEETINGS AND INTERVIEWS

IMF HEADQUARTERS		
Department	Position	Name
Global Partnerships Division, Institute for Capacity Development (ICD)	Deputy Division Chief	Mr. Holger Floerkemeier
	Technical Assistance (TA) Officer	Ms. Najet Tenoutit
	Budget Analyst	Ms. Nune Pambukhchyan
	Senior Budget Analyst	Mr. Kojo Onumah
Training Division, ICD	Deputy Division Chief	Mr. Simon Cauchi (phone)
	Division Chief	Mr. Marc Quintyn
	Division Chief	Mr. Robert Powell
	Senior Economist	Ms. Hali Edison
Strategy and Evaluation Division, ICD	Senior Project Officer	Mr. Michael Filippello
	Consultant	Mr. Robert Corker
	Division Chief	Mr. Ricardo Velloso
African Department	Advisor	Mr. Enrique Gelbard
Fiscal Affairs Department	Senior Economist	Mr. Patrick Fossat
	TA Advisor	Mr. Benoit Taiclet
Statistics Department	Deputy Director	Mr. Johannes Mueller
	Division Chief, Real Sector	Ms. Kimberley Zieschang
	Deputy Division Chief, Resource Management Division (RMD)	Ms. Wipada Soonthornsima
	Deputy Division Chief, BOP Division	Mr. Ethan Weisman
Monetary and Capital Markets	Senior Administrative Assistant	Ms. Sophia Perera
	Technical Assistance Officer, RMD	Ms. Claudia Mariel
	Technical Assistance Officer, RMD	Ms. Caroline Dyer-Lock
	Deputy Division Chief, TA Division	Mr. Karl Dreissen
	Senior Financial Sector Specialist	Mr. Rachid Awad
	TA Officer	Ms. Brenda Sylvester
Finance	Accountant	Ms. Gaielle Latortue (phone)
CENTRAL AFRITAC		
Institution	Position	Name
Central AFRITAC	Centre Coordinator	Mr. Olivier Benon
	Public Financial Management Resident	Ms. Marie-Christine Uguen
	Advisor	
	Resident Public Financial Management Advisor	Mr. M. Abdoulaye Touré
	Resident Revenue Administration Advisor	Mr. Anthony Ramarozatovo
	Resident Advisor, Banking Supervision and Financial Stability	Mr. Jean-Francois Bouchard
	Regional Advisor on Statistics	Mr. Hubert Gbossa
	Resident Public Debt Management Advisor	Mr. Chaker Soltani
	Office Manager	Ms. Marie-Hélène Issembé
	Administrative Assistant	Ms. Cecile Imoma
	Administrative Assistant	Ms. Malyni Andzembé
	Administrative Assistant	Mr. Armel Houtsa

Gabon		
Institution	Position	Name
COBAC	Deputy Secretary General	Mr. Halilou Yerima Boubakary
	Head Department of Regulations and Studies	Mr. Lionel Beninga
	Head Department of Permanent Control	Mr. Ikori a Yombo
Gouvernement de la République du Gabon	Ministre du Budget et des Comptes Publics	M. Christian Magnagna
	Ministre délégué au Budget	M. Marcellin Agaya
	Conseiller du Ministre du Budget	M. Jean-Bosco Nzembi
	Ministre de l'Economie	M. Régis Immongault Tatagani
	Conseiller du Ministre de l'Economie Représentant du Gabon au CO	M. Rodrigue Bewotse Mauzzeze
Administration gabonaise :	Directeur Général Adjoint du Budget	M. Michel Tsamba
	Directeur de la performance, Chef de l'équipe projet BOP	M. Willy Mangala
GIZ/KFW	Team Leader	Mr. Jean-Luc Matthey
France		Mr. Dominique Granger
Delegation de l'UE	Attaché de coopération	Ms. Vanessa de Sampaio e Melo
DUE		Mr. Matz Liljelfelt
African Development Bank		Mr. Ayachi Mr. Puthod
Cameroon		
Institution	Position	Name
Ministry of Finance	Sécretaire Général	Mr. Urbain Noël Ebang Mve
	Advisor, AFC Steering Committee Representative	Mr. Abdoulaye Hayatou
Technical Committee	Chairman	Mr. Jean Tchoffo
Direction Générale du Trésor	Directeur Général	Mr. Silvester Moh Tangongho
	Directeur de la Trésorerie	Mr. Léonard Kobou Djongue
Caisse Autonome d'Amortissement	Directeur Général, Debt Department	Mr. Dieudonné Evou Mekou
Tax Department	Economiste	Ms. Line Enanga
	Director General	Mr. Modeste Mopa Mr. Nicolas Hiol
CEMAC		
BEAC	Central Director	Mr. Jacques Nsole
	Director, Financial stability Department	Mr. Michel Dzombala
	Chief Financial Stability	Ms. Arlette Belabout Otam
COBAC	Former Resident Adviser	Mr. Patrick Leclerc
IMF	Resident Representative	Ms. Boriana Yontcheva
	Economiste	Mr. Du Prince Tchakoté
World Bank Country Office	Senior Economist	Mr. Faustin Ange Koyasse
	Senior Financial Sector Specialist	M. Alphonsus Nji Achomuna
	PFM Specialist	Mr. Kolie Ousmane M.
GIZ Regional Office	Director	Mr. Andreas Kalk
Ambassade de France	Economic Department	Mr. Daniel Lanes Mr. Romain Ragot
EU PFM Reform Project	Team Leader	Mr. Martial Laurent
Direction Générale du Trésor	Conseiller Technique (AFD project)	Mr. Claude Rémondet

Burundi			
Institution	Position	Name	
BRB	Governor	Mr. Jean Ciza	
	First Vice Governor	Mr. Melchior Wagara	
	Advisor to the Governor	Ms. Rose Kamariza	
	Head of Department of Banking Supervision and Financial stability (SBS)	Mr. Emmanuel Niyonkuru	
	Deputy Head of Bank Supervision	Mr. Medard Ntindekure	
	Chief Permanent control	Ms. Claire Hatungimana	
	Responsible for computerization of SBS	Ms. Spes-Caritas Nihasiagye	
	Head IT Department	Mr. Emmanuel	
	Deputy Head IT Department	Mr. Bernard Ndayiziga	
	Head of Payments Systems	Mr. Jean-Bosco	
	Burundi Bankers Association	Executive Secretary	Mr. Boaz Nimpe
		Administrator General Manager	Mr. Calixte Mutabazi
	Interbank	Director of Treasury	Mr. El Hadji Mamadou Faye
		Director of Risk Management	Mr. Deo Bukobero
IMF	Resident Representative	Mr. Prosper Youm	
World Bank	Resident Representative	Mr. Rachidi Raji	
IFC	Country Representative	Ms. Oulimata Sarr	
USAID	Country Representative	Ms. Victoria Gellis	
	Program Officer	Ms. Rebecca Robinson	
AFD	Project Officer	Ms. Camille Tollier	
Republic of Congo			
Institution	Position	Name	
Gouvernement de la République du Congo	Directeur du cabinet du ministre de l'économie, des finances, du plan, du portefeuille public et de l'intégration (MEFPPPI)	Mr. Jean Raymond Dirat	
	Conseiller administratif et juridique du ministre (MEFPPPI) Représentant du Congo au CO	Mr. Ferdinand Likoula	
	Conseiller trésor et comptabilité publique (MEFPPPI)	Mr. Jean Noel Ngoulou	
	Conseiller budget (MEFPPPI)	Mr. Hilaire Mavoungou	
	Conseiller aux relations financières internationales (MEFPPPI)	Ms. Ompolo-Enouany	
Direction générale du budget	Directeur général du budget	Mr. Nicolas Okanzi	
	Directeur de la prévision (DGB)	Mr. Jean Claude Iwanda	
	Directeur administration et finances (DGB)	Mr. Bruno Olingo	
	Directeur de la régulation (DGB)	Mr. Dominique Akqua	
	Directeur de la solde (DGB)	Mr. Theodore Assounga	
Ministère de l'énergie et de l'hydraulique	Directeur études et planification (DEP), responsable de l'équipe de suivi de la réforme BP	Mr. Vincent Roselli	
	Directeur général de l'hydraulique, membre de l'équipe de suivi	Mr. Serge Owonda	
	Conseiller du ministre pour l'énergie, idem	Mr. Nicolas Labarre	
Ministère de l'intérieur et de la décentralisation	DEP sécurité, responsable de l'équipe de suivi	Mr. Geoffroy Gankooe Dzon	
	DEP aménagement du territoire, membre de l'équipe de suivi	Mr. Georges Nzenzeke	
	Directeur finance et moyens police, idem	Mr. Laurent Pambou	
	Directeur finance moyens sécurité civile, idem	Mr. Serge Ondongo	
Délégation de l'UE	Directeur finance moyens inspection générale, idem	Mr. Jean Jacques Eleuga	
	Attaché chargé d'aide et coopération	Mr. Arsene Kissa Mbani	
	Attachée de coopération	Ms. Cristina Mosneaga	
Ambassade de France	Conseiller économique, chef du service économique	Ms. Dominique Anouilh	
	Economiste du bureau local	Mr. Michel Dhé	
Banque mondiale		Mr. Etaki Wa Dzon	