

INTERNATIONAL MONETARY FUND

**Conclusions of the Task Force on IMF Technical Assistance**

Prepared by the Office of Technical Assistance Management

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### **Selected List of Acronyms**

<b>AFRITAC</b>	Africa Technical Assistance Center
<b>AML</b>	Anti-Money Laundering
<b>CARTAC</b>	Caribbean Regional Technical Assistance Center
<b>CFT</b>	Combating the Financing of Terrorism
<b>CSN</b>	Country Strategy Note
<b>CSP</b>	Country Strategy Paper
<b>EDMS</b>	Electronic Data Management System
<b>FSAP</b>	Financial Sector Assessment Program
<b>FSB</b>	Fiscal Strategy Brief
<b>GDSD</b>	General Data Dissemination System
<b>OFC</b>	Off-Shore Financial Center
<b>PFTAC</b>	Pacific Financial Technical Assistance Center
<b>PRS</b>	Poverty Reduction Strategy
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>RAP</b>	Resource Allocation Plan
<b>ROSC</b>	Review of Standards and Codes
<b>RSN</b>	Regional Strategy Note
<b>RTAC</b>	Regional Technical Assistance Center
<b>SCN</b>	Sectoral Country Note
<b>TA</b>	Technical Assistance
<b>TAC</b>	Technical Assistance Committee
<b>TACSN</b>	Technical Assistance Country Strategy Note
<b>TAER</b>	Technical Assistance Expert Roster
<b>TAIMS</b>	Technical Assistance Information Management System
<b>TC</b>	Technical Consultation
<b>TIMS</b>	Travel Information Management System
<b>TORs</b>	Terms of Reference
<b>UFR</b>	Use of Fund Resources

## EXECUTIVE SUMMARY

**In response to the IEO's evaluation of the Fund's technical assistance (TA), the Managing Director created a Task Force, the conclusions of which are put forward in this report.** While praising the technical quality of the Fund's TA, the IEO made three broad categories of recommendations: (i) develop a medium-term, country-focused TA policy framework, with a central role for the area department; (ii) increase authorities' ownership and involvement in capacity building; and (iii) track TA implementation better, and strengthen its ex post evaluation. In recent years, the Fund has been taking steps to address the issues highlighted in the IEO report, in particular, by strengthening the integration of functional and area department activities; developing a Fund-wide TA information management system; and developing regional and country strategy notes to assist in prioritizing TA and in discussions among departments and with country authorities.

**The Task Force made a number of specific proposals, building on steps already taken to strengthen Fund TA.** These proposals include: (i) preparation, on a pilot basis, of five TA country strategy notes in FY 2006 and, based on a positive assessment of the pilot, extension of the country coverage to possibly 50 countries in FY2007; (ii) enhanced strategic and monitoring role in TA for area department staff, including resident representatives; (iii) enhancements to the central TA information system under its ongoing Phase II; (iv) more systematic involvement of country authorities in the design and implementation of the TA they receive; and (v) more systematic discussion of technical options and their implications with the authorities before drafting TA reports.

**Until experience has been gained with their implementation, cost estimates for the full implementation of the Task Force's proposals will necessarily be highly tentative. Nevertheless, implementing all of the Task Force's proposals is estimated to cost approximately US\$4.5 million a year.** Assuming no new resources, under this scenario the Task Force's proposals would result in a 6 percent decline in functional departments' direct TA delivery (13 person-years), while area departments (in total) would need to reduce resources allocated to other outputs, such as surveillance, by the equivalent of 5 person-years to implement the proposals. As noted, the actual resources required may be higher or lower than indicated above. Set against the background of reliance on finding additional efficiency gains which has characterized Fund budget formulation in recent years, departments are likely to face difficult trade-offs in prioritizing their resources among output groups.

**Although these costs should be offset by the expected benefits from a strengthened TA program, implementing the proposals would require strong commitment from staff and appropriate resource allocation mechanisms.** It will be important that the Task Force's proposals feed into mechanisms that result in an efficient allocation of TA resources across countries, sectors, and policy initiatives. Some of these mechanisms would need to be developed within the context of the ongoing budget reform process. Finally, progress in implementing the proposals will need to be closely monitored by the departments concerned and the Fund-wide Technical Assistance Committee, with regular reporting to management and the Board.

## I. INTRODUCTION

1. **The Independent Evaluation Office (IEO) issued its evaluation report on the Fund's technical assistance (TA) on January 31, 2005.<sup>1</sup> The Managing Director agreed with the thrust of its recommendations**, noting that the Fund had already begun taking steps to address the issues highlighted in the report. Absent an increase in resources, as the report acknowledged, the IEO's recommendations would result in a lower volume of TA delivery, although that TA should be more effective. This was an inescapable trade-off in a constrained budget environment, and striking the proper balance was an important policy decision.

2. **The Managing Director observed that there were wider issues which required careful consideration**, such as (i) the strategic role to be played by the Fund's TA, in particular in low-income countries; (ii) the link between TA and surveillance and use of Fund resources (UFR) ; and (iii) the appropriate role for Fund TA relative to that of other providers. The report's recommendations also needed to be considered in the wider context of the ongoing strategic review of the Fund, as well as the review of the regional TA centers (RTACs). Taking into account the above considerations, staff were tasked with making concrete proposals to implement the IEO's recommendations, estimating their budgetary costs, and assessing their implications for work practices and TA delivery.

3. **During the February 18, 2005, discussion of the IEO report, Executive Directors concurred with the Managing Director's statement.** They welcomed the creation of a Task Force on Technical Assistance (the "Task Force"), and looked forward to a discussion of its concrete proposals, along with the review of the RTACs.<sup>2</sup> Accordingly, this paper presents the Task Force's proposals, together with estimates of their resource implications. Since a number of the proposals have wide-ranging, change-management and cost implications, the Task Force recommends that these first be implemented on a pilot basis.

## II. THE IEO'S MAJOR FINDINGS AND RECOMMENDATIONS

4. **Keeping in mind the analytical challenges presented by the wide definition of the Fund's TA, the IEO report endeavors to derive operational lessons to increase the impact of the Funds' TA program and thus to enhance its effectiveness.** To do this, it "unbundles" the TA process into three stages—prioritization, delivery, and monitoring and evaluation of impact. In trying to assess the effectiveness of TA, the IEO further distinguishes between the impact of the results chain at different stages—the immediate

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<sup>1</sup> *Evaluation of the Technical Assistance Provided by the International Monetary Fund* (SM/05/41 Volumes I and II, 1/31/05).

<sup>2</sup> The Task Force was created by management on March 31, 2005. It liaised with the Working Group on the Regional TA Centers. The Task Force was chaired by Deputy Managing Director, Agustín Carstens, and composed of senior staff members from AFR, APD, FAD, MCD, MFD, OBP, PDR, and STA. OTM acted as Secretariat and drafted this paper.

improvements in technical capabilities of the agencies receiving TA; the ability of agencies to then apply and enforce that increased capability; and whenever possible, ultimate outcomes on the ground. Among the IEO's major findings, the ones listed below merit special attention for their relevance to the proposed action plan in Section IV.<sup>3</sup> These findings need to be put in context, as sustained efforts to strengthen the effectiveness of the TA program have been underway for some time. The IEO report clearly acknowledges these efforts noting, in particular, that "functional departments have taken a number of important initiatives to be more strategic in setting intra-sector TA priorities and looking at track records in implementation."

### **Setting priorities**

5. **The IEO finds that, at present, TA activities seem to be driven, in large part, by specific needs of IMF-supported programs and new Fund-wide initiatives**, such as the Review of Standards and Codes (ROSCs), Financial Sector Assessment Programs (FSAPs), and Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) assessments. In the IEO's view, these initiatives have become more important drivers of TA activities than the country-specific policy directions and priorities that emanate from Article IV consultations or the Poverty Reduction Strategy (PRS) process.

6. **In the IEO's view, TA activities do not appear to be guided by a medium-term, country-based policy framework that would set TA priorities in the Fund's areas of expertise** across sectors, program needs, and institutional initiatives, and that would be able to balance TA demands stemming from short-term policy needs with medium-term capacity-building requirements. This also reduces the possibility of a demand-driven reallocation of TA resources across areas of expertise within the institution. In the IEO's view, what is needed is a prioritization of TA, based on a shared vision with the authorities on a medium-term policy framework.

### **The process of TA delivery**

7. **The IEO finds that member countries have generally been satisfied with the technical assistance provided by the Fund**, and notes that the relative merits of missions versus resident experts depend heavily on country-specific circumstances. That said, the IEO notes that the involvement of the authorities in the preparation of terms of reference (TORs), particularly for long-term experts, is generally passive. This tends to reduce the ownership of the activity, and may mask differences in expectations, whereas greater up-front involvement by local officials has generally been associated with better results.

8. **The IEO notes that country officials suggest that more informal and iterative discussions on a broader set of options during drafting, and before the wrap-up sessions at the end of TA missions, would contribute to enhancing ownership and effective**

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<sup>3</sup> See the IEO Report, *Summary of Major Findings and Recommendations*, op. cit.

**implementation.** The IEO notes that this becomes more important in short-term missions where less time is available for such interaction. Furthermore, inadequate dissemination of TA reports within and across recipient agencies is a major problem in environments where bureaucratic and institutional practices limit the free flow of information.

### **Monitoring the impact of TA and evaluating factors influencing it**

9. **The IEO case studies show that, as far as institution building is concerned, progress was achieved in enhancing the technical capabilities of the agencies the IMF supports. Significant variability was found, however, on whether agencies were able to make full use of those increased capacities** to have an impact on the ultimate objectives of TA. The IEO finds that this partly stems from weaknesses in tracking the progress of TA toward its objectives. The IEO considers that these weaknesses could be addressed by unbundling the TA process for monitoring purposes through defining more clearly what indicators (milestones) will be monitored; differentiating between the outcomes of pointed, policy-advice type TA and those linked to longer-term capacity building; and unbundling between short- and medium-term indicators that capture different stages of the results chain.

### **III. ONGOING EFFORTS TO STRENGTHEN EFFECTIVENESS**

10. **Over the past five years, area and functional departments and OTM have been implementing a number of measures to strengthen the Fund's TA program.**<sup>4</sup> The pace of reform has picked-up over the last 18 months, spurred in part by other reform initiatives in the Fund. Recent actions to enhance TA effectiveness include: (i) the preparation by each functional department, of medium-term, country-focused TA sectoral strategy notes which are shared with area departments; (ii) tighter and more frequent coordination between area and functional departments on TA strategies, prioritization, and resource allocation (Box 1); (iii) a Fund-wide initiative to improve tracking and monitoring of TA activities (Box 2); (iv) the implementation of a formal TA Evaluation Program,<sup>5</sup> and (v) actions to enhance the dissemination of TA reports.<sup>6</sup>

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<sup>4</sup> Details on these efforts are provided in: *Review of Technical Assistance* (SM/04/41 and Supplement 1, 2/17/04); and *Review of Technical Assistance Policy and Experience* (SM/02/180, 6/13/02).

<sup>5</sup> See: *Technical Assistance Evaluation Program* (SM/03/141, 4/17/03), and *Technical Assistance Evaluation Program—Findings of Evaluations and Updated Program* (SM/04/67, 3/2/04). The Evaluation Program was launched by OTM to introduce a more formal approach to evaluation of the Fund's TA and to provide the Board with this information on a regular basis.

<sup>6</sup> See: *Internal Availability of Technical Assistance Reports* (SM/02/378, 12/11/02).

### **Box 1. Strengthening the Strategic Approach**

Functional departments individually have taken steps toward making operational a medium-term approach to TA through the development of regional and country strategy notes (CSNs). FAD, MFD, and STA now produce CSNs for around 100 countries and regions, based on information gathered from country requests, needs assessments, and diagnostic missions (Appendix I). These notes serve two main purposes. First, they are a key instrument for helping to prioritize TA across the main TA areas, and in some measure within each of these areas. Second, they provide an input for the improved treatment of structural issues in Article IV consultations. The notes also reflect discussions with area departments and country authorities and are updated regularly. They summarize previous TA activity, indicate country-specific current and medium-term priorities, address sequencing and timing, and discuss appropriate delivery modalities. A future challenge will be to integrate these individual notes into a single strategy note covering all sectors.

Functional and area departments have significantly strengthened the integration of their activities, including through new procedures for elaborating the Resource Allocation Plan (RAP), that provide further opportunities for incorporating area department views in the TA work plan through frequent consultations, especially for countries in which the TA is a key underpinning for surveillance or UFR activities.

Further efforts are being made to enhance the role of area departments in determining cross-country and cross-sector TA priorities. TA mission chiefs hold periodic meetings with area department counterparts to brief them on the results of their missions and facilitate follow-up. Regional TA managers/country coordinators maintain an ongoing dialogue with counterparts in the area departments to help shape regional/country strategy notes and ensure that the TA program is consistent with current priorities. Input is also provided by staff in the regional TA centers. Information on TA mission schedules for the following two months is typically forwarded to area departments each month for comment.

11. **The main effort in the monitoring area has been the Fund-wide deployment of Phase I of the Technical Assistance Information Management System (TAIMS) in May 2005.** TAIMS is intended to become the Fund's principle information tool to track progress of TA projects, by recording, inter alia, objectives, associated outputs, activity tasks, and other measurable indicators of progress, and costs.<sup>7</sup>

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<sup>7</sup> Definitions of these terms are provided in Appendix II.



### **Box 2. Technical Assistance Information Management System (TAIMS)**

TAIMS is a multi-year information technology project, which is being deployed in phases.<sup>1</sup> It aims at bringing forward departmental best practices, as well as providing tools for more effective resource management and monitoring. Management, the Executive Board, and the IEO report endorsed TAIMS as a central vehicle for strengthening management of Fund TA.

Phase I was formally concluded with the deployment of a Fund-wide, standard, computer-supported TAIMS in May 2005. The system is web based, and accessible through the Fund's intranet. It consolidates TA activity information from existing databases, such as the *Electronic Data Management System* (EDMS), *PeopleSoft Financials/Human Resources/Projects*, and the *Travel Information Management System* (TIMS). TAIMS is intended to reduce the TA information gap by requiring more context for TA activities. Concepts such as general project definition, defined objectives, outputs, activities, and scheduled monitoring events and their results are stored in the system. Based on this aggregation of new and existing information, TAIMS can generate a series of department-specific reports, such as *Log Frames*, or *Project Evaluation Reports*. A Fund-wide *Technical Assistance Expert Roster* (TAER) has been integrated with TAIMS.

TAIMS is currently in use by all functional departments—although its usage varies—and is open for consultation to all Fund staff. This means that an increasing number of new TA projects and activities are entered in the system, so that their implementation can be monitored. In addition, requests for all externally financed activities are submitted to OTM via TAIMS. TAIMS is expected to eventually help reduce a number of time-intensive tasks related to mission, activity, and project documentation. TAIMS Phase I is currently being evaluated by an independent team to distill lessons for Phase II.<sup>2</sup> Phase II aims at consolidating the benefits of the system.

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<sup>1</sup> For detailed information on TAIMS, see the system's dedicated website on the intranet at: <http://www-int.imf.org/depts/omd/otm/TAIMS/Home.htm>. See also Box 6.2 in the IEO report, op. cit.

<sup>2</sup> TORs for the evaluation on TAIMS website: <http://www-int.imf.org/depts/omd/otm/TAIMS/Home.htm>.

## **IV. PROPOSED ACTION PLAN**

12. **The IEO offers a number of—purposefully—high-level recommendations, grouped in six major categories, and the Task Force's proposals build on actions already taken to strengthen TA effectiveness.** The proposals are based on a number of considerations. First, whenever appropriate, proposals are planned to be implemented first on a pilot basis to assess their effectiveness and resource implications, and to fine tune their operational features. The pilot phase would start immediately after the Board's discussion of this paper so that an initial assessment of the usefulness and cost implications of the proposals could be done in time to feed into decisions on the FY 2007 budget. Second, proposals try to avoid overly bureaucratic work practices, which would not yield genuine benefits, yet would reduce TA delivered. Third, recognizing the constrained Fund budget environment, tentative resource estimates are provided to gauge by how much TA delivery

and other outputs would need to be reduced to accommodate the proposals if fully implemented.

### **A. Medium-Term, Country-Focused Technical Assistance Framework**

#### **IEO Recommendation # 1**

The IMF should develop a medium-term country policy framework for setting TA priorities, incorporating country-specific strategic directions and linked to more systematic assessments of factors underlying past performance.

### **Enhanced Role for Area Departments in Technical Assistance Strategy Setting**

13. **The IEO report calls for a central role for area departments in developing a country-focused, medium-term, holistic TA strategic framework,**<sup>8</sup> and a greater role for area departments in TA prioritization, with the objective of integrating better the assessment of TA needs into surveillance and UFR activities. This applies not only to the country strategy, but also to greater involvement of the authorities through the PRSP process whenever applicable, the monitoring of TA recommendations, and the selection of issues and topics for TA evaluations.

14. **To implement this approach, the Task Force proposes that short TA Country Strategy Notes (TACSNs) be prepared for “intensive Fund TA users” and systemically important TA countries.**<sup>9</sup> In preparing such notes, the area department would identify, from its overall strategic view developed in the context of surveillance or UFR, the issues/problems that would need to be addressed by TA. To achieve this will require a consultative approach in which area departments first solicit and integrate views from functional departments, and then identify additional issues and priorities which would be discussed and validated with functional departments in developing the overall strategy. For their part, the functional departments would take the lead in making sure that the TA strategies and activities needed to address those issues/problems are effectively designed and sequenced, technically sound, and appropriately resourced. Although area departments currently consult extensively with each functional department individually, the process of

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<sup>8</sup> This approach is consistent with the Managing Director’s report to the IMFC: “Area departments have a central role in determining the appropriate focus of operational work in each member country, and the priorities and framework developed in the context of Article IV consultations should also be used to strengthen planning, prioritization, coordination, and integration of the work in core areas such as fiscal affairs, the monetary and financial sectors, standards and codes, and technical assistance.” (*Draft Report of the Managing Director to the International Monetary and Financial Committee on the IMF’s Policy Agenda*, SM/05/111, Rev. 2., 4/13/05).

<sup>9</sup> The notion of intensive TA user will need to be defined by the Task Force, based on a threshold of TA delivered to a member country over a specified period.

preparing the notes would provide departments with an opportunity to develop an integrated and strategic view of all of the TA needs for a country.

15. **TACSNs would serve as a vehicle to present the Fund's TA strategy to the authorities, linking it to issues identified in the context of surveillance and UFR, and thus providing the authorities with an opportunity to have an input into that strategy.** While the area department would take the lead in discussing the broad strategic issues raised in the draft TACSN with the authorities, functional departments would take the lead in technical areas and would maintain their customary direct dialogue with country counterparts. Whenever possible, TACSNs would be derived from PRSPs, and conversely, resident representatives and RTAC staff should encourage country authorities to include the substance of TACSNs in PRSPs. Such recommendations could be usefully reinforced by Fund missions. Whenever relevant, TA activities stemming from ROSCs, FSAPs, OFCs, and AML/CFT assessments would be incorporated into TACSNs, which would also provide a reference framework for individual TA activities. To be effective, the specific knowledge of area department country teams, including that of resident representatives, would need to be tapped extensively for their preparation and regular updating.

16. **To be useful, the TACSNs would need to be short and concise.** TACSNs would be composed of two parts. The first section, drafted by the area department, would be a description of the country's prioritized medium-term (e.g., three years) TA/capacity-building needs, across the Fund's TA areas of competence. The second section would comprise sectoral CSNs prepared by the TA departments. Past implementation performance would draw lessons for a more effective design and delivery of future TA to the country. Functional departments would thus remain responsible for devising TA strategies in their sectors. TACSNs could be complemented, when relevant and useful, by a TA matrix, summarizing identified TA needs and objectives, identified providers, and timing of delivery.

17. **TACSNs should provide both area and functional departments with a solid information base to complement the dialogue they already maintain in making TA prioritization decisions.** For area departments, the TACSNs should help them to have a comprehensive view of TA needs across sectors and countries, and thus serve as a tool to help prioritize and sequence TA. TACSNs should place area departments in a better position to note emerging priority TA areas, and thus to work closely with functional departments to ensure that these priority areas receive adequate attention and resources. When viewed globally, TACSNs should also facilitate prioritization decisions by functional departments, by helping them to identify trends in demand across area departments, and in areas of specialization within their own sectors.<sup>10</sup> Thus the TACSNs are expected to provide useful input into Fund-wide resource management carried out in the context of the Resource Allocation Plan (RAP) and the annual and medium-term budget exercises. (For a fuller description, see Section V, B).

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<sup>10</sup> It should be noted that TACSNs would guide the prioritization and planning of TA, but the actual decision to deliver TA would continue to be made in the context of the RAP.

18. **Information provided by TACSNS could be used to strengthen the discussion of TA in staff reports, and thus provide the Board with a comprehensive view of how TA supports the country's overall policy objectives.** Including in the staff report a short summary or matrix of the issues raised by the TACSNS, including implementation and progress in meeting milestones agreed with the authorities, could be helpful in this regard.

19. **In view of the possible significant resource implications of this proposal, as well as the inconclusive earlier experience with Technical Consultations (Box 3), the proposal would be developed on a pilot basis** and, initially, one TACSN would be prepared by each area department (i.e., a total of five TACSNS), building on the existing CSNs prepared by the main functional departments. This will allow for fine tuning the work processes involved in the preparation and updating of the TACSNS, as well as for a more precise estimation of their additional resources requirements.

### **Box 3. Technical Consultations and TACSNS**

As a response to the proposals of the 1999 *OIA Review of the Fund's TA*, Technical Consultations (TCs) were introduced in FY 2000 on a pilot basis. Their objective was to improve the effectiveness of Fund TA by creating a country-centered approach to TA delivery, which would provide an opportunity for staff and the authorities to review the effectiveness of past TA and to assess future needs in a comprehensive, medium-term framework. In preparing for Article IV discussions, functional department staff prepared brief notes reviewing TA delivery and its effectiveness. Based on these notes, during the consultations, the authorities and area department staff were to review the TA provided and discuss future TA priorities. A summary of the TC would then be included in the staff report for the Board's information. It was expected that TCs would lead to closer involvement of the authorities in TA, improved follow-up by the Fund, better coordination with other TA providers, and increased effectiveness of TA in both the planning and implementation stages. Because the process was not "owned" by Fund departments and did not really flow from the strategic vision developed through surveillance, and the content of TCs was mainly backward looking, the TCs became a mechanical exercise and were not effective. A total of 29 TCs were conducted, but after the 2003 TA review, they were discontinued.<sup>1</sup>

The Task Force is aware that the proposed TACSNS have similarities with the TCs. However, there are fundamental differences between the two initiatives. First, the missing link in the TCs seems to have been the central role of area departments in setting high-level strategic priorities in all core areas of Fund work, including TA, and linking those priorities clearly to UFR/surveillance. Second, TACSNS build on existing country strategy notes, which did not exist at the time TCs were launched. Third, TACSNS are prepared as an internal planning and prioritization tool *ex ante*, rather than as an information tool *ex post*. Finally, the importance of having a mechanism that places TA within a country-centered strategic framework is now widely accepted. This being said, careful monitoring of the TACSN pilot will be important.

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<sup>1/</sup> For further details on the TC experience, see *Review of Technical Assistance Policy and Experience* (SM/02/180, Section III, 6/13/02).

20. **The resources required for TACSNs will become clear as experience is gained with their production.** It is assumed that most of the TACSNs in the pilot will cover countries where the three major functional departments (FAD, MFD, and STA) will already have prepared sectoral CSNs.<sup>11</sup> However, to have a better sense of the resources involved for both functional and area departments, it will be important to include in the pilot at least one TACSN for which the full complement of CSNs is not available. Undertaking such an exercise is important as currently only 14 countries are covered by all three principal functional departments. Moreover, guidelines will be established by the *Technical Assistance Committee* (TAC) to standardize the TACSNs, and some effort will thus be required by functional departments to redraft the current strategy notes to conform to them. Accordingly, during the pilot phase, the bulk of the work will likely fall on the area departments for the preparation of the strategic overview, the integration of the sectoral CSNs, the discussion of the notes with the authorities,<sup>12</sup> and presentation of material derived from them in staff papers for the Board. However, as the country coverage of the TACSNs progresses beyond the 14 countries already covered by the three main functional departments, the resources needed by individual functional departments to produce these notes could be expected to increase.

21. **To have a meaningful input into TA prioritization decisions, it will be important for the TACSNs to have a wide country coverage,** including both heavy TA users and countries in which the TA is particularly important from a strategic point of view. However, because the resources required are uncertain at this time, the pilot will need to be evaluated thoroughly before possibly extending the country coverage. Nevertheless, for illustrative purposes only, the potential resource implications of a larger country coverage have been estimated. The resource estimates included in Table 1 arbitrarily assume that some 50 TACSNs would be produced in FY 2007. Producing notes for a wider range of countries—beyond 50—would raise the corresponding resource requirements. As noted earlier, the coverage of the CSNs across functional departments is not uniform. Currently, STA has produced 33 notes, FAD 58 notes, and MFD 78 notes.

### **Enhanced Role for Resident Representatives**

22. **Resident representatives have a deep knowledge of the countries in which they work, and thus can provide valuable input for the TA program.** To a large extent, resident representatives already provide such input. However, the degree of their involvement varies, and is a function of each individual's interest in TA, expertise, priorities, and workload. It will be important to make this involvement more systematic. As resident representatives are usually not TA specialists, and more importantly, their primary role is to support surveillance and UFR, their role vis-à-vis TA should be construed essentially as that

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<sup>11</sup> Appendix I presents the list of CSNs already prepared by the three main functional departments. Only thirty-six countries are covered by two of the three departments.

<sup>12</sup> Functional departments could join these discussions, budget resources permitting.

of TA *facilitators*. Bearing this in mind, it is proposed that for resident representatives located in countries that are *major TA recipients*,<sup>13</sup> their terms of reference systematically include a specific paragraph requesting that they (i) be actively involved in facilitating the implementation of Fund TA projects; (ii) follow actual and planned TA activities by other providers in areas of interest to the Fund to the extent possible; and (iii) assist in coordinating Fund TA with other local TA providers, when providers are receptive to this approach. Area and functional departments would thus systematically seek input from resident representatives regarding TA priorities, implementation, and impact.<sup>14</sup> In selected cases concerning large externally-financed Fund TA projects, donors may be receptive to using project funding to hire a TA coordinator to work with the resident representative. This has been done in one or two cases,<sup>15</sup> but could be extended, assuming that donor funding could be secured, thereby alleviating the TA facilitation burden of the resident representative.

23. **The Task Force recognizes that resident representatives have seen their role expand over the course of the last few years, and their envisaged enhanced role may not be achievable in some instances.** There is a risk that escalating resident representatives' responsibilities, which already include program monitoring, policy advice, liaison with headquarters and with the country's policymakers, donor coordination, outreach to civil society, and participation in the production of staff papers, will entail unacceptable tradeoffs. Indeed, their envisaged role in TA facilitation could run the risk of not being achievable in some instances. Considering the requisite spectrum of skill requirements, there may also be limits on the extent to which resident representatives can become more deeply involved in TA facilitation. The additional duties could also have implications for field office resources.

## **B. Better Tracking of Technical Assistance Implementation**

### **IEO Recommendation # 2**

The IMF should develop more systematic approaches to track progress on major TA activities and to identify reasons behind major shortfalls.

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<sup>13</sup> For example, the top ten individual country recipients of Fund TA received between 2.8 and 6.2 person-years of TA in FY 2005.

<sup>14</sup> The coordinators of the RTACs could also be expected to provide systematic input, in the same way as resident representatives.

<sup>15</sup> For example, in Mozambique, the Fund's resident representative is assisted by a technical assistance coordinator. Mozambique received 5 person years of TA from the Fund in FY 2005, and the activities being undertaken in some cases involve partnerships with multiple donors. This requires significant coordination with functional departments, the area department, donors, and the authorities.

24. **In line with previous evaluations of the Fund’s TA program, the IEO calls for more systematic tracking of TA activities, with an emphasis on monitoring results.** The IEO sees this developing in two main ways. First, at the outset of major TA activities, staff and the authorities should agree on how progress and success will be measured and identify suitable indicators of progress or milestones. Second, to assist this process, staff should unbundle more clearly the results chain to differentiate between (i) progress in improving the technical capacities of the agencies receiving the TA; (ii) whether agencies are making effective use of that increased technical capacity, and identify the reasons why this may not be happening; and (iii) the impact on the ground in terms of relevant outcomes. The IEO sees a clearer articulation of milestones for measuring progress and the factors behind shortfalls as critical if past track records in implementing TA are to be useful in guiding future TA resource allocation. In this vein, the IEO, in line with the views of the Board,<sup>16</sup> endorses TAIMS as “an opportunity to systematically improve tracking and monitoring of TA on a Fund-wide basis,” and a “vehicle through which enhanced monitoring practices become unified and more transparent across the institution.”<sup>17</sup>

25. **The Task Force also sees TAIMS as a promising monitoring tool.** Although the system continues to be developed to make it more user friendly, and work is underway to consolidate the benefits of Phase I, it is expected that TAIMS will serve as a vehicle to record outputs and other measurable indicators of TA implementation and provide for their monitoring. Since May 3, 2005, all new TA projects and activities are supposed to be registered in TAIMS before any financial liability can be incurred against them,<sup>18</sup> although effective implementation of this varies among functional departments.<sup>19</sup> A clear ex ante articulation of indicators for measuring the progress on TA activities and risk factors is also to be systematically included in TAIMS. Regarding resource costs, TAIMS is a capital project, and its Phase II is already funded. However, for monitoring system usage and the quality of project information included in TAIMS, OTM will need additional resources, as indicated in Table 1. Although TAIMS’ potential as an information system for monitoring TA activities and budgets is clear, no system can replace the insightful judgment which comes from personal knowledge of the TA activity that is being reviewed and managed.

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<sup>16</sup> The Acting Chairman’s Summing Up of the 2004 TA review (BUFF/04/45, 3/10/04) notes: “Directors also endorsed the swift establishment of a Fund-wide TAIMS, which will provide the basis for more effective monitoring and evaluation.”

<sup>17</sup> See the *IEO Evaluation of TA*, op. cit.

<sup>18</sup> TAIMS extracts project expenditure information from the Financial Accounting System (FACTS) database.

<sup>19</sup> MFD has fully implemented this step, and STA has endorsed the principle and is working toward full implementation.

### C. Increased Stakeholders' Ownership

#### IEO Recommendation # 3

Greater involvement by the authorities and counterparts in the design of TA activities and arrangements for follow-up should be emphasized as a signal of ownership and commitment.

26. **Area and functional departments already communicate frequently with country authorities through various formal and informal channels. However, the Task Force feels that there is scope for deepening this cooperation and making it more systematic.** Although it will be important not to overburden the vehicle, discussing the TACSNs with the country authorities systematically to embed their views in the TA strategy and its follow-up could be a promising way to secure greater ownership. This may require more frequent consultation with country authorities, and a more formal approach to securing their commitment to project implementation. To the extent possible, and with a view to reducing travel time and cost, consultations with the authorities could be done more frequently through video-conferencing.<sup>20</sup>

27. **As experience has shown, systematic dialogue to specify progress milestones, resource commitments, and critical policy steps required for the success of the envisaged TA project is another important way to assure country commitment.** The Task Force notes that it will be important for staff to continue to work closely with the authorities to develop an action plan and set milestones for the continuation of TA. In cases where the authorities' commitment is unclear or absorptive capacity is weak, setting milestones for the continuation of TA can be helpful in gauging the authorities' determination to press forward with the assistance. At the same time, agreeing with the authorities on milestones that will trigger further assistance lets them know that the Fund is committed to providing that assistance in the long run. In this way, enhancing the predictability of Fund TA encourages implementation of the steps needed to strengthen institutions over the long haul. Conversely, in cases where the authorities do not reach the milestones, it may be more effective—both for the Fund and the country—to disengage and wait until TA can be resumed effectively.

28. **Functional departments have already used this approach,** in some cases by structuring the TORs for long-term advisors to become the TORs for the reform they are helping to bring about, and by including required actions of the recipient authorities, after involving them in the design of the TA project. In other cases, the action plans for medium-

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<sup>20</sup> The World Bank has been increasingly using video conferencing in conducting its business, although mostly for consultation with its own staff in the field. The Fund has several video conferencing facilities at headquarters, and in a number of field offices. However, facilities are less widely available in Fund field offices than in those of the World Bank.



term TA projects have included explicit milestones, agreed with the authorities, which must be passed before the next stage of TA is provided.

29. **These approaches are by definition most appropriate for medium- to long-term TA activities, and it is proposed that they be utilized more systematically for such activities.** Functional departments would need to ensure that commitments to the contemplated TA strategy or advice are systematically sought from the authorities at the project design stage. For large TA projects, the resource and other commitments required from the authorities would be systematically formalized in an action plan agreed with them. Outputs, milestones, and authorities' commitments would be tracked in TAIMS.

30. **As the IEO itself notes, the PRS process has still not been able to identify major capacity-building needs clearly that could then be taken up by TA.** While this is the authorities' responsibility, area and functional departments can encourage them to use their PRSPs to express their TA needs and signal their commitment to build on the TA provided by the Fund, building on the work that is already being undertaken in this area. For instance, a pilot project in sub-Saharan African countries being undertaken by STA to link the GDDS plans for improvement and related TA to statistical capacity-building needs identified in PRSPs, could provide a way forward, that could be broadened to all functional areas.<sup>21</sup>

31. **Sharing ToRs with the authorities can enhance country ownership and thus strengthen the implementation of TA activities.** Functional departments prepare TORs for activities to be carried out by short- and long-term TA experts, based on previous and ongoing dialogue with the authorities, and with input from the relevant area department. In the case of long-term resident experts, the TORs are often shared with the country authorities to provide an opportunity for their input. However, it is in fact the close interaction and dialogue with the authorities which takes place beforehand, in the context of preparatory missions or other meetings, that is the critical factor in determining whether the authorities' views are well captured in the expert's TORs. Therefore, the Task Force proposes that departments further strengthen the dialogue with country authorities that takes place in the process of drafting TORs for short- and long-term experts, and systematically seek the authorities' input therein.

32. **The IEO notes that the chances for implementation of TA recommendations could be increased if the reports and material produced by the functional departments were made available to the countries' technical staff who are responsible for implementing them.** As noted by the IEO, this does not always happen, as reports are generally delivered to high-level officials.<sup>22</sup> To address this issue, the Task Force proposes that functional departments systematically seek the authorities' consent to disseminate TA

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<sup>21</sup> See for example: *Sierra Leone—Poverty Reduction Strategy Paper* (EBD/05/45, 4/25/05), and *Sierra Leone—Sixth Review under the PRGF* (EBS/05/72, 5/10/05).

<sup>22</sup> In many instances drafts of TA reports are given to technical staff.

reports to their technical staff. This would not only enhance implementation, but would secure greater “buy-in” from technical staff.

33. **More generally, the IEO notes that it would be important to share TA reports widely to foster lesson learning and the dissemination of best practices.** As noted earlier, in 2002 the Fund put in place a policy for the wider dissemination of TA reports within the Fund, including to Executive Directors and interested donors. The Task Force proposes that functional departments continue to pursue this policy proactively by seeking the authorities’ consent for sharing TA reports with the Executive Board and selected donors, at the beginning of missions, and at the time of the formal forwarding of the TA report. As appropriate, missions could also encourage authorities to consider the publication of TA reports on the Fund’s public website.<sup>23</sup> Broader circulation and availability of the TA reports could help in building consensus around proposed reforms and strengthen the authorities’ resolve to follow up on recommendations.

#### **D. Discussion of Alternative Technical Solutions**

##### **IEO Recommendation # 4**

Stronger efforts should be made by TA experts to identify options and discuss alternatives with local officials prior to drafting TA recommendations.

34. **The IEO notes that the receptivity of TA recommendations seems to be enhanced greatly when Fund experts engage counterparts early on in the design of the activity, explain its motivation, and try to assess the institutional subtleties of the specific environment.** Against this backdrop, the Task Force recommends that TA missions systematically offer to discuss their principal recommendations with the authorities before they are finalized to provide an opportunity to elicit early feedback, which can be integrated into the aide-memoir and the draft report. It should be noted that functional department missions often discuss options with the authorities before drafting TA reports and solicit the authorities’ views. However, extending this practice to all missions could require some additional mission days. TA missions also frequently discuss their views with other TA providers when the activities of these providers are closely linked to the Fund’s proposed or ongoing activities.<sup>24</sup>

35. **It should be recognized that sometimes the authorities are not in a position to provide feedback to the mission on various options while the team is in the field.** In such cases, where the authorities need time to absorb the TA findings, extending the mission by a

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<sup>23</sup> Reports containing sensitive information would not be appropriate for consideration for publication.

<sup>24</sup> These contacts take place in the context of donor conferences, headquarters’ meetings, and contacts in the field.

few days may not be of much help. In these cases, an option would be for the authorities to provide their feedback soon after the mission leaves. Resident representatives could assist in soliciting the authorities' feedback and convey this back to the functional department team, but the team itself should take on the responsibility for follow-up.

36. **Designing a TA project or activity involves close consultation between the authorities and the functional department team.** In most cases, the discussions result in consensus regarding the design of the TA activity and the actions needed to implement it. However, differences of view do emerge, and recording them can help explain later why implementation may not have met the expectations initially set for the activity. In addition, this practice can provide an opportunity to ascertain the extent of the authorities' interest in the contemplated TA project/activity, through their comments on the draft TA report. To allow for this possibility, the Task Force proposes that, when relevant, TA reports record discussions with the authorities on alternative policy options and the considerations leading to them. If there were differences of views, TA reports would summarize the authorities' views on the key issues and recommendations under consideration.

37. **Understanding the political and institutional environment is critical for the effective design and implementation of TA activities.** In discussions with area department staff and in contacts with resident representatives prior to meetings with the authorities, functional department staff normally touch on areas of concern related to the political and institutional environment and their implications for the design of the TA activity. In meetings with the authorities, functional department staff would be expected to discuss constraints and identify risks for the implementation of the TA activity posed by the political and institutional environment, and reflect them in the design of the TA activity.

#### **E. More Systematic Ex Post Evaluations**

##### **IEO Recommendation # 5**

The program of ex post evaluations of TA should be widened and more systematic procedures for disseminating lessons put in place.

38. **Given that TA represents about one fifth of the Fund's net administrative budget, the IEO considers that staff, management, and the Board require better information about the relative efficiency and effectiveness of this expenditure.** The IEO recognizes that the recent initiatives in this area have moved in the direction of more systematic TA assessment,<sup>25</sup> but maintains that they could be developed further and strengthened. In particular, although noting that functional departments undertake some self-

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<sup>25</sup> For example, ex post program assessments provide a brief evaluation of the effectiveness of TA in fostering program goals.

assessments, the IEO sees merit in selected ex post evaluations undertaken by units not directly involved in providing TA in order to “enhance accountability and give a fresh perspective.”

39. **The Task Force notes that increased area department involvement in TA assessments and evaluations could be useful, in particular to bring to bear their knowledge of the country-specific context.** Functional departments should continue to conduct self-assessments and evaluations, as at present, proactively seeking area department input. Against this background, the Task Force recommends that for larger TA projects, for example, those amounting cumulatively to US\$250,000 or more per year,<sup>26</sup> functional departments would produce standardized self-assessments within three months of the conclusion of the project,<sup>27</sup> and include them in TAIMS. These self-assessments could be used as input to institutional lesson-learning and for ex post evaluations.

40. **The *Technical Assistance Evaluation Program* has proven to be a useful vehicle to provide information and lessons concerning the effectiveness of the Fund’s TA activities.** The Task Force proposes that the Program be continued and remain the principal conduit of evaluations to the Board. Each of the main functional departments would draw up, in consultation with OTM, a list of two evaluations every year to be carried out on cross-cutting or systemic issues for inclusion in the Program. This would represent twice the number which they provide currently. However, functional departments conduct ex post evaluations for their own purposes, which may not necessarily be widely disseminated. To ensure that the results of these evaluations are disseminated widely, some of them could be made available through the Evaluation Program at no additional resource cost. As is the current practice, the ex post evaluations included in the Evaluation Program would be published on the Fund’s website.

41. **It is important that the lessons derived from the evaluations be used to enhance the effectiveness of the TA program.** Thus, the Task Force proposes that functional departments develop and implement more systematic procedures for feeding back into the TA program the lessons learned from self-assessments and evaluations. To assist in this effort, the Task Force proposes that OTM manage a TA self-assessment/evaluation knowledge base of lessons learned, which could be incorporated into future TA. The knowledge base would be made available to all Fund staff to maximize its potential benefits.

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<sup>26</sup> This represents approximately one person-year of TA field delivery.

<sup>27</sup> A TA project is defined as a series of TA activities rather than a single mission.

## F. Discontinuation of Prioritization Filters

### IEO Recommendation # 6

The prioritization filters should be discontinued or replaced by ones that would more effectively guide TA allocation. Either course of action involves strategic decisions on trade offs that need to be taken explicitly.

42. **In light of the remedial actions proposed above, the Task Force recommends that the current set of prioritization filters—which it deemed ineffective—be discontinued.** Currently, prioritization of TA takes place through a number of channels—through the RAP, frequent dialogue between area and functional departments, and between these departments and country authorities, and in the context of briefings and the preparation of staff papers for surveillance and UFR. The envisaged medium-term, country-focused TA strategies, and the other enhancements to the TA program described above, are expected to provide a mechanism to formalize and enhance these current channels of TA prioritization.

43. **As noted earlier, the Task Force’s recommendations are intended to encompass the key ingredients for an effective prioritization of TA resources on an ongoing basis.** These include the process of developing the strategic framework and fleshing out its technical content, which is the substance of the TACSNs; the greater focus on track record which should be achievable through more systematic monitoring and recording of outcomes; agreement with the authorities on project milestones and deliverables from all stakeholders; and the activity and project cost information collected in TAIMS. Prioritizing TA resources appropriately over the medium term will require other mechanisms, however, which would provide sufficient information to allocate TA resources across countries, regions, and areas of specialization (see Section V, B).

## V. MANAGEMENT AND ORGANIZATIONAL CHALLENGES

44. **Together with the actions that have already been taken to strengthen TA effectiveness, the Task Force’s proposals to address the IEO’s recommendations, if fully implemented, would form a basic accountability framework** for all the stages of the TA life cycle—prioritization, delivery, and monitoring and evaluation—against which the effectiveness of Fund TA can be gauged. However, making this accountability framework viable is likely to entail a number of management and organizational challenges. In addition, the link between the accountability framework and the efficient allocation of TA resources—the budget perspective—will need to be developed.

### A. Incentives and Work Practices

45. **A key issue in making the accountability framework functional is providing adequate incentives for staff to implement the proposals, in particular, incentives for area department staff, including resident representatives, to integrate TA more closely into their work.** This issue is of critical importance, since a more prominent role for the area

departments in planning and monitoring TA will require additional staff time, and possibly changes in work practices as well. This has been recognized by the IEO and the Task Force as a major issue. A particular case in point is the Task Force's proposal to use the preparation of TACSNs as a multi-purpose vehicle to enhance TA effectiveness. Without adequate incentives and the commitment of senior departmental managers, there is a risk that the TACSNs could suffer some of the same pitfalls as TCs.

46. **By making TA more relevant for their work, the actions proposed by the Task Force should provide some incentive for area department staff and resident representatives to integrate TA more closely with country work.** However, the Task Force recognizes that this in itself would not likely suffice. Accordingly, area department staff working on intensive TA-recipient countries would need to be specifically appraised on, and more importantly, rewarded for, their work on enhancing the effectiveness of TA in their countries. Even so, there is a clear risk that the efforts to strengthen TA effectiveness proposed by the Task Force could meet resistance from area department staff who already face heavy workloads and view greater involvement in TA as another "add-on." Strong commitment from area department managers would be required to make the approach work and to hold staff accountable for its success.

47. **By calling for an increased role for area departments, in an area traditionally reserved for the functional departments, the IEO implicitly calls for enhanced dialogue and coordination between the two.** As noted earlier, the dialogue has already been strengthened considerably over the past few years. However, to formalize this cooperation, the Task Force proposes that an existing B4-level staff member be designated in each area department to oversee TA matters.<sup>28</sup> Area departments would likely need to review their organizational arrangements for dealing with TA in light of these proposals.

48. **Adequate incentives to implement the new framework would also be required for functional department staff.** For example, if the Task Force proposals are perceived as simply adding another bureaucratic layer to functional department staff's work, they are unlikely to succeed. In addition to requiring the firm commitment of functional department managers, the details of the operationalization of the Task Force's proposals would need to be worked out carefully to generate the necessary confidence among staff that the proposals would lead to greater effectiveness, and thus benefit their work and performance.

49. **The Task Force's proposals may also require work practice changes, particularly with respect to the more central role assigned to area departments.** Experience with implementing Phase I of TAIMS has shown that a formal work practices review can be helpful in identifying areas where work practice changes would be beneficial. At the same time, the experience with TAIMS has shown that work practice changes take considerable time to be accepted and implemented.

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<sup>28</sup> This is already the case in some departments.

## B. Efficient Allocation of TA Resources

50. **The IEO's recommendations and the Task Force's proposals focus on actions to strengthen the effectiveness of TA. However, it will be important that these proposals also feed into mechanisms that result in an efficient allocation of TA resources across countries, sectors, and policy initiatives.** Currently, the RAP is the principal mechanism used by area and functional departments to allocate and prioritize TA resources across countries and policy initiatives. It is assumed that the proposed TACSNs will support the efficient allocation of TA resources through the RAP, but it needs to be recognized that the information they provide is not in itself sufficient, and will need to be complemented by that obtained through substantive monitoring of TA activities and costs so that past performance, including cost-effectiveness, is embedded in resource allocation decisions. In this respect, TAIMS should provide basic information on the cost of TA activities as well as qualitative monitoring information which could complement the TACSNs. In the medium-term, the ongoing work on Fund-wide performance indicators, including for TA, should yield useful instruments which, when taken together with the other information mentioned above, should help inform decisions on TA resources. The availability of this information is a key step in fostering a culture of cost effectiveness and cost accountability for TA delivery in the Fund. As departments begin to monitor these aggregates regularly, information on the cost effectiveness of particular activities and delivery modalities should begin to feed into the TA resource allocation decisions embodied in the RAP.

51. **Beyond the annual RAP exercise, resource allocations for TA through the Medium Term Budget Framework will need to be informed by strategic decisions, which in turn, will require that emerging trends across departments be identified in a timely way.** These trends could point to a need to reallocate TA resources among regions, but also might point to the need to reallocate resources among functional departments to permit an enhanced focus on priority sectoral policy initiatives. The Task Force sees both the TACSNs (assuming a broad country coverage) and the information provided by TAIMS as being helpful in this respect. However, these instruments are only the first steps in the process. The information they provide will need to be organized and assessed from a Fund-wide perspective to inform medium-term resource allocation decisions. Currently there is no formal mechanism to do this, and thought will need to be given to establishing such a mechanism. One possibility would be for area and functional departments to include a section in their medium-term budget submission which would identify emerging TA trends in their departments. This information could help inform medium-term TA resource allocation decisions Fund-wide. But it will still fall short of articulating how existing resource allocation procedures might be changed to enable resources to be shifted between TA departments, so as to reflect changing demand patterns for different TA specialties. Such an allocative mechanism will need to be developed within the context of the ongoing budget reform process.

52. **The scope for redeploying TA resources across departments and/or subject areas may be hindered by the fact that TA delivery requires a high degree of specialized expertise.** In this connection, the potential for skill mismatches would seem to limit the fungibility of staff across—and even within—functional departments to respond to shifting

TA requirements. However, the problem of potential skill mismatches arising from shifts in TA needs is mitigated by the fact that the majority of Fund TA delivered in the field is provided by non-staff experts. Although bottlenecks could arise if staff with the required expertise are not available to supervise them, the widespread use of experts to deliver TA imparts some flexibility to the TA program. This issue would need to be addressed and assessed further as more information on the implementation of the Task Force's proposals is systematically gathered and analyzed.

## VI. RESOURCE IMPLICATIONS

53. **The estimates of the resources required to implement the Task Force's proposals are subject to a high degree of uncertainty and are provided here for illustrative purposes. They will need to be firmed up based on experience gained during their implementation.** Assuming no additional resources are made available, implementation of the Task Force's proposals could result in a reduction in the direct delivery of TA by functional departments of about 13 person years, or about 6 percent of total direct TA delivery in FY 2005 (Table 1).<sup>29,30</sup> For their part, area departments would need to find efficiency savings and/or reduce resources allocated to other outputs, notably surveillance and UFR, by the equivalent of about 5 person-years to accommodate the Task Force's proposals. This represents an average of 1 person year per area department, but would likely entail more for AFR and APD which cover countries that are the largest users of Fund TA. The additional resource cost for OTM would amount to 0.6 person-years. From a dollar cost perspective, taken altogether, the proposals would cost about US\$4.5 million, or about 2 percent of the total resources of US\$215.6 million allocated to the capacity-building output in the FY 2006 budget.<sup>31</sup> The above estimates are on a yearly basis, except when noted otherwise. The elements of the Task Force's proposals that would require the largest increase in resources are those related to enhancing the role of the resident representatives in facilitating TA implementation, preparation and discussion of the TASCNs,<sup>32</sup> and systematic discussion by functional departments with the authorities of the main recommendations of TA reports.

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<sup>29</sup> Direct delivery of TA both at headquarters and in the field, RAP definition.

<sup>30</sup> Reallocating TA staff resources to carry out the Task Force's proposals could potentially have additional knock on effects resulting in a further decline in TA delivery, as TA staff backstop experts in the field. The additional activities resulting from the Task Force's proposals would cut into the time available to staff to backstop experts, and thus could potentially result in a decline in TA provided by experts because the resources needed to backstop them might not be available.

<sup>31</sup> The total or fully-burdened cost of TA includes the attributed cost of overheads such as office space, telecommunications, etc.

<sup>32</sup> The resources required to produce the initial 5 pilot TASCNs are expected to be modest. The estimates for the production of TASCNs quoted throughout this paper assume that the experience with the pilot is positive and that a further 50 TASCNs are produced in FY 2007.



54. **Until experience has been gained with implementing the Task Force's proposals, the resource estimates presented in this paper have to be seen as highly tentative.** As noted earlier, area and functional departments have been implementing for some time many of the recommendations to strengthen TA effectiveness that were outlined by the IEO. The key is to make these practices more systematic and to shift the focus squarely onto providing the strategic framework necessary to integrate surveillance with TA tightly so as to permit the enhanced effectiveness of both activities. It may thus be possible to implement the Task Force's proposals at a lower resource cost—and a smaller cut in TA delivery—than has been estimated here. That said, given the uncertainty of the estimates, area and functional departments would face difficult decisions regarding the allocation of their resources if the estimates presented here were realized or if even larger resources were required to implement the Task Force's proposals.

**Table 1. Summary of the Task Force's Proposals**

Proposed Action	Additional Resources Required per Year <sup>1/</sup> (In person-years, unless otherwise indicated)			
	Area Departments	Functional Departments	OTM	Total
<b>1. Country Focused Framework</b>				
1.1 TA Country Strategy Notes (TACSNs) would be prepared for intensive Fund TA users or systematically important TA countries.	0.5	1.0	0.1 <sup>2/</sup>	1.6
1.2 Resident representatives' role would be formally enhanced to include facilitating TA implementation.	3.8 <sup>3/</sup>	3.5 <sup>4/</sup>	0.0	7.3
<b>2. Better Tracking of Implementation</b>				
2.1 TAIMS would be used systematically for tracking TA implementation, including the tracking of progress indicators and risk factors.	0.6	2.9 <sup>5/</sup>	0.3	3.8
<b>3. Increased Stakeholders' Ownership</b>				
3.1 The TACSNs would be used systematically as a basis for discussion with the country authorities on TA strategy.	0.2	0.6	0.0	0.8
3.2 Terms of reference would be systematically shared with authorities to seek input.	0.0	0.2	0.0	0.2
3.3 Systematic dialogue would be pursued with authorities to specify progress indicators, resource commitments, and critical steps.	0.0	0.2	0.0	0.2
3.4 TA reports would summarize authorities' views on key issues and recommendations (when relevant).	0.0	0.4	0.0	0.4
<b>4. Discussion of Alternative Solutions</b>				
4.1 Systematic discussion of main recommendations with the authorities before drafting to incorporate feedback. Record of discussions in TA reports on alternative options (when relevant).	0.0	3.5 <sup>6/</sup>	0.0	3.5
4.2 Dissemination of draft TA reports and aide-memoirs within agencies with the consent of the authorities.	0.0	0.0	0.0	0.0
<b>5. Systematic Ex Post Evaluation</b>				
5.1 For larger TA projects, standardized self-assessments would be produced.	0.1	0.7	0.0	0.8
5.2 The formal, Fund-wide Evaluation Program would be continued on a systematic basis, FAD, MFD, and STA each sponsoring two ex post evaluations each year.	0.1	0.3	0.1	0.5
5.3 An evaluation knowledge base of lessons learned would be set up, and lessons systematically disseminated within the Fund.	0.0	0.0	US\$150,000 (first year only) and 0.1	0.1
<b>Totals in person-years</b>	<b>5.3</b>	<b>13.3</b>	<b>0.6</b>	<b>19.2</b>
Total direct costs in U.S. dollars	0.0	300,000	150,000	450,000
<b>Totals costs converted into millions U.S. dollars</b>	<b>1.1 million</b>	<b>3.1 million</b>	<b>0.3 million</b>	<b>4.5 million</b>

Sources: Area and functional departments, OBP, and OTM.

<sup>1/</sup> Resource estimates based on the full deployment of the Task Force's proposals, in particular assuming the production and updating of 50 TASCNS. Dollar costs were estimated from person-days using standard costs for staff, provided by OBP, assuming that one-third of a typical person-day is contributed by B-level staff, and two-thirds by A9-A15 staff. This yielded an average cost of US\$800 per day. This estimate is similar to the average cost of a person-day for TA delivery in the field of US\$750 which was used to provide cost estimates for TA delivery in the *Review of the Fund's Regional Technical Assistance Centers* (SM/05/239, 06/30/05).

<sup>2/</sup> Assumes each TA department would spend 1 person-day per TASCN if a departmental CSN already exists; otherwise, it would spend 5 person-days. On average, it is thus estimated that, on the basis of 50 TASCNS to be produced/updated annually, there would be 90 person-days of effort involved per TA department, or 270 person-days (1 person-year) for FAD, MFD, and STA combined.

<sup>3/</sup> It is estimated that increased TA involvement of resident representatives would be required in 50 countries, and that each resident representative would devote two additional days per month to the facilitation of TA.

<sup>4/</sup> It is estimated that increased TA involvement of resident representatives would be required in 50 countries, and that each of the three main TA departments would devote an additional half day per month to liaise with each resident representative.

<sup>5/</sup> It is estimated that each TA department would enter 250 new projects a year on average into TAIMS. Inputting and updating these projects would require 1 person-day a year per project.

<sup>6/</sup> It is estimated that each of the three main TA departments would field 150 TA missions a year. Holding extensive discussions on the missions' recommendations with the authorities, incorporating feedback from them, and recording discussions of options in TA reports would require two additional person-days per mission.

## VII. CONCLUSIONS AND NEXT STEPS

55. **The IEO's recommendations aim to strengthen the effectiveness of the Fund's TA program through three main avenues:** developing comprehensive medium-term, country-focused TA strategies, with a more central role for area departments; fostering country ownership; and better tracking of results. The majority of bilateral and multilateral TA providers either have shifted resources and adapted management practices along these lines or are in the process of doing so. The Task Force's proposals to address the IEO's recommendations build on the ongoing efforts of area and functional departments to strengthen the Fund's TA program. If fully implemented, the Task Force's proposals should result in greater effectiveness of the TA provided to member countries, and thereby, more efficient use of the resources the Fund allocates to TA.

56. **In a constrained budget environment, implementing the Task Force's proposals will necessarily involve trade-offs—the potential payoff in terms of greater effectiveness will need to be balanced by judgments about the acceptability of reducing TA delivery and area department outputs foregone.** At the extreme, assuming no efficiency gains, tentative estimates suggest that accommodating all of the proposals could result in a decline in direct TA delivery of around 6 percent, while, taken altogether, area departments would need to divert resources on the order of 5 person-years from other activities. The latter is likely to affect AFR and APD most directly as the countries they cover are the largest recipients of Fund TA.

57. **Successful implementation of the Task Force's proposals would require the full cooperation of staff, which in turn, would involve providing adequate incentives for staff to implement the proposals.** While achieving better TA outcomes could provide some incentive in itself, it is likely that staff, particularly area department staff, including resident representatives, would need to be specifically appraised on and rewarded for their work in enhancing TA effectiveness. Strong commitment from departmental managers would also be required to make the proposals work and to hold staff accountable for their success.

58. **It will be important that the Task Force's proposals feed into mechanisms that result in an efficient allocation of TA resources across countries, sectors, and policy initiatives.** On an annual and within-year basis, the RAP can and does serve this purpose. Beyond the RAP exercise, the medium-term allocation of TA resources will need to be informed by strategic decisions, which in turn, will require a mechanism to identify emerging trends across departments and sectors in a timely way. The medium-term budget exercise could provide this mechanism if area and functional departments are able to identify emerging TA trends in their budget submissions, which can then be considered from a Fund-wide perspective. This still falls short of articulating how existing resource allocation procedures might be changed to reflect evolving demand for TA. Work on such an allocative mechanism would need to take place within the context of the ongoing budget reform process.

59. **Because the Task Force's proposals involve management challenges, and it is only possible to make very tentative estimates at present of the cost of the proposals, it will be important to monitor their implementation closely.** In addition, a number of the Task Force's proposals, in particular the pilot for TASCNs, need to be fleshed out further, as

indicated in Box 4. Therefore, it is proposed that departments and OTM report on the implementation of the actions listed in Table 1 every six months to the TAC,<sup>33</sup> which would consider those progress reports and consult with management on possible remedial measures. The Board's periodic formal reviews of the Fund's TA program, and the annual budget process, would provide other vehicles for monitoring progress with implementing the Task Force's proposals and their resource cost.

#### **Box 4. Next Steps**

The Task Force will start work on fleshing out a number of proposals noted in this paper, shortly after the Board discussion. These would include:

- Establishing guidelines for the TACSNs, specifying the five pilot countries, the definition of heavy TA user countries, the content and format of the notes, the modalities of their updating and discussion in staff papers, and a timetable for evaluating the pilot.
- Agreeing on the list of enhancements to be developed during TAIMS's Phase II.
- Discussing the list of ex post evaluations to be carried out in FY 2006 and FY 2007.
- Discussing with selected donors the possibility of financing TA coordinators in selected resident representative offices.
- Designing and setting up mechanisms, within the medium-term budget framework, for deploying resources within regions, across regions, and within and across functional departments.
- Designing appropriate mechanisms for appraising and rewarding staff working on heavy TA user countries.
- Designing the mechanisms to report to the TAC and the Board on the implementation of the Task Force's proposals.

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<sup>33</sup> The TAC meets regularly to discuss developments in TA delivery and to consider and approve for management's consideration TA policy issues and proposals. It is chaired by the DMD in charge of TA and is composed of senior representatives of all the TA providing departments and area departments, plus FIN, HRD, OBP, and PDR. It meets at the request of the DMD, usually once every quarter. OTM acts as Secretariat.

### Country Sectoral Notes

Region	Country	TA Department			Region	Country	TA Department			
		FAD	MFD	STA			FAD	MFD	STA	
AFR	Angola		✓		MCD	Afghanistan	✓		✓	
	BEAC		✓			Algeria		✓	✓	
	Botswana		✓			Armenia	✓	✓		
	Burkina Faso	✓				Azerbaijan	✓	✓		
	Cameroon	✓				Egypt	✓	✓		
	CEMAC		✓			Georgia	✓	✓		
	Central African Rep.	✓		✓		Iran, Islamic Rep. of		✓		
	Congo		✓			Iraq			✓	
	Congo, Dem. Rep. of	✓				Jordan	✓	✓		
	Côte d'Ivoire	✓				Kyrgyz Republic	✓	✓		
	Eritrea		✓			Lebanon	✓	✓		
	Ethiopia	✓	✓			Libya		✓		
	Gabon	✓				Morocco		✓		
	Gambia, The		✓	✓		Pakistan	✓		✓	
	Ghana	✓		✓		Sudan		✓	✓	
	Kenya	✓				Syrian Arab Republic		✓		
	Lesotho		✓			Tajikistan		✓	✓	
	Liberia		✓			United Arab Emirates			✓	
	Madagascar		✓			Uzbekistan			✓	
	Malawi	✓				West Bank & Gaza Strip		✓		
	Mauritius		✓			Yemen, Republic of	✓	✓	✓	
	MEFM 1		✓			WHD	Argentina	✓	✓	
	Mozambique	✓	✓	✓			Belize		✓	
	Nigeria	✓	✓				Bolivia	✓		
	Rwanda		✓	✓			Brazil	✓		
	São Tome & Principe		✓				CARTAC	✓	✓	
	Senegal	✓					Colombia	✓		
	Sierra Leone		✓	✓			Costa Rica		✓	
	South Africa	✓					Dominica	✓		
	Swaziland		✓				Dominican Republic	✓	✓	✓
	Tanzania	✓	✓	✓			Ecuador	✓		
	Uganda	✓	✓				Guatemala			✓
Zambia	✓	✓		Honduras	✓			✓		
APD	Bangladesh	✓	✓	✓	Jamaica		✓			
	Cambodia	✓	✓	✓	Mexico		✓			
	China	✓	✓	✓	Nicaragua				✓	
	Fiji		✓		Paraguay			✓		
	Indonesia	✓	✓		Peru		✓	✓	✓	
	Lao People's Dem. Rep.	✓	✓		Trinidad & Tobago			✓		
	Mongolia	✓	✓	✓	Uruguay	✓	✓			
	Nepal		✓	✓						
	Philippines	✓	✓	✓						
	PNG		✓							
	Samoa		✓							
	Solomon Islands		✓							
	Sri Lanka	✓	✓							
	Thailand		✓							
	Timor Leste		✓	✓						
	Vanuatu		✓							
	Vietnam	✓	✓							
	EUR	Albania	✓	✓						
		Belarus	✓	✓	✓					
		Bulgaria		✓						
Bosnia & Herzegovina		✓	✓	✓						
Kosovo			✓							
Macedonia, FYR of			✓	✓						
Moldova		✓	✓							
Montenegro			✓							
Romania			✓							
Russia		✓	✓							
Serbia & Montenegro		✓	✓	✓						
Slovak Republic			✓							
Slovenia		✓								
Turkey		✓	✓	✓						
Ukraine	✓	✓								

Source: Office of Technical Assistance Management

### SELECTED TECHNICAL ASSISTANCE TERMINOLOGY

One of TAIMS's early initiatives was to develop a glossary to harmonize TA-related concepts and terminology Fund-wide. The glossary is posted on the TAIMS website. The following terms, adapted from the OECD's Glossary of Key Terms in Evaluation (Paris, 2002), are thus used in relation with the management of TA at the Fund.

- *Assumptions*—Hypotheses about factors or risks, which could affect the progress or success of a TA project.
- *Benchmark*—A performance that has been achieved in the recent past by other comparable organizations, or what can be reasonably inferred to have been achieved in the circumstances.
- *Indicator of progress or milestone*—Reference point or standard against which performance or achievements can be assessed.
- *Ex post evaluation*—Evaluation of a project after it has been completed. It may be undertaken directly after or long after completion. The intention is to identify the factors of success or failure, to assess the sustainability of results and impacts, and to draw conclusions that may inform future projects.
- *Impact*—Positive and negative, primary and secondary long-term effects produced by a project, directly or indirectly, intended or unintended.
- *Lessons Learned*—Generalizations based on evaluation experiences with projects that abstract from the specific circumstances to broader situations. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome, and impact.
- *Logical Framework*—A management tool used to improve the design of interventions, most often at the project level. It involves identifying strategic elements (inputs, outputs, outcomes, impact) and their causal relationships, indicators, and the assumptions or risks that may influence success and failure. It thus facilitates planning, execution, and evaluation of a project.
- *Monitoring*—A continuing function that uses systematic collection of data on specified indicators to provide management and the main stakeholders of an ongoing activity with indications of the extent of progress and achievement of objectives and progress in the use of allocated resources.
- *Outcome*—The likely or achieved short- and medium-term effects of a project's outputs.

- *Output*—The product and service which result from a project; may also include changes resulting from the intervention, which are relevant to the achievement of outcomes.
- *Self-assessment*—An assessment by those who are entrusted with the design and delivery of a project, usually done at the completion of the project.