

INTERNATIONAL MONETARY FUND

**Report of the Task Force on the
Fund's Technical Assistance Strategy**

Prepared by the Task Force on the Fund's Technical Assistance Strategy¹

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Executive Summary

Fund technical assistance (TA) has undergone major changes during the last few years.

On the demand side, there is increased interest in a longer-term, implementation-oriented TA, “second generation” reforms, and in new topics. On the supply side, TA is increasingly financed by donors, and increasingly delivered through experts located in the field. These and other developments call for reassessing the Fund’s TA strategy.

The paper discusses the rationale for a FINE model of Fund TA, which should be:

- **Focused** on the Fund’s core macro (economic and financial) mandate;
- **Integrated** with its surveillance and program responsibilities;
- **Nimble**, since the global crisis reiterated the importance of quick response; and
- **Effective** in providing outcome-focused, cutting-edge advice as countries’ needs evolve.

This model underpins the role of TA as a core Fund activity, as well as the key strategic recommendation of this report regarding, for example, the boundaries of Fund TA, both in terms of topics and of volumes, the scope of donor financing, and the extent of decentralization of TA services.

In particular, the report argues that the Fund should remain a highly effective focused player, and that internal and external financing are not perfect substitutes. Donor funds usually cannot be used flexibly across countries. Nor do they allow the rapid response the Fund needs in crisis situations. Hence, internal financing cannot fall below a certain floor (a requirement also arising from additionality of external sources). The expansion of externally-financed TA needs to respect the criteria for TA delivery arising from the FINE model, avoid dissonance between donor and member priorities, and be cautious in the face of uncertainties associated with donor funding.

Regarding the way TA is delivered, increased field deployment of TA experts has yielded important benefits, but there is a need to strike the right balance between centralized and decentralized TA, including in light of the need to facilitate the coordination between TA and the Fund’s other activities. Relatedly, the report underscores the criticality of an effective integration between the activities of headquarters and of regional TA centers, with the latter focusing on the implementation of strategic advice provided by the former. New TA modalities are coming on stream, including a programmatic approach for more sustained policy dialogue, and multilateral TA to facilitate peer learning.

Ensuring that TA is effective is critical. While TA providers cannot guarantee outcomes, good prioritization and quality control are key determinants. The Fund’s current prioritization process is valid, but should be strengthened by a larger TA reserve, a shift to multi-year planning and a revised calendar, and better coordination with other TA providers. Increased emphasis on outcomes in assessing effectiveness is needed.

Other areas require significant changes including more flexible HR policies, a stronger role of TA in outreach to members and the public at large, and the exploitation of synergies between TA and training.

I. INTRODUCTION

1. This report re-examines the Fund’s strategy for technical assistance (TA). TA has long played a key role within the Fund’s mandate and its nature, scope, and delivery modalities have evolved significantly in the last decade, in response to several developments both outside and within the Fund. While the Fund’s response has often been swift and effective, it is now time to reassess the Fund’s TA strategy with a more holistic perspective.²

2. The evolution of Fund TA has been driven by several factors:

- On the demand side, three developments are noteworthy: first, over time interest in a longer-term, implementation-oriented TA has increased—a recognition that structural reform takes time and implementation challenges are critical; second, with the strengthening in their capacity, countries are increasingly looking for advice on “second generation reforms.” Third, the global crisis has demonstrated the need for support even to advanced countries in addressing structural weaknesses (for example, in the budgetary process), and pointed to new topics that will require worldwide emphasis over the next decade (for example, improvements in financial supervision).
- On the supply side, two related developments have been critical: the Fund’s decision to rely increasingly on external financing to expand its supply of TA; and its decision to increase the presence in the field of TA experts. The opening during the last decade of many Regional Technical Assistance Centers (RTACs) was mostly financed by donors. More recently, external sources have also increasingly financed the delivery of TA from Headquarters (HQs), partly in response to the downsizing of the Fund’s budget in 2008.

3. These developments have provided opportunities and raised challenges. For example, the increased availability of external financing has allowed a rapid growth in the volume of TA. It has also raised issues of focus, relations with donors, and balance between internal and external financing. Internally, the evolving demand for TA services requires upgrading skills (to continue to provide cutting-edge advice) and work processes (to reconcile a more medium-term orientation in programming TA delivery with continued flexibility to respond to crisis-related requests).

4. In this context, this paper discusses the key strategic issues regarding Fund TA.³ They include: the vision of TA in the Fund’s mandate; the factors affecting the optimal

² [Enhancing the Impact of Fund Technical Assistance](#) also assessed some TA strategy issues, building on the recommendations of the IEO’s 2005 [Evaluation of Technical Assistance Provided by the Fund](#).

³ The paper deals with activities that are classified as TA in the Fund’s budget. Some Fund activities—such as non-mandatory FSAPs, ROSCs and the G-20 MAP work—are legally TA but are not classified as such in the

(continued)

supply of TA; the choice between internal and external financing; the modalities of TA delivery, including its degree of decentralization and the relationship between HQ and RTACs; the assessment of the effectiveness of TA; the resource implications of the TA strategy; the synergies between Fund TA and training, and the role of TA in Fund outreach. The paper concludes with some issues that the Executive Board may want to discuss.

II. A VISION FOR TA IN THE FUND'S MANDATE

5. **TA allows the Fund to achieve several goals that are critical to its mandate.** The Articles of Agreement allow the Fund “[i]f requested ...to perform financial and technical services...that are consistent with the purposes of the Fund.” (Art. V, Section 2(b)). While it does not require the Fund to provide TA, this article allows the Fund to achieve four key goals through TA provision:

- Capacity building: TA helps members strengthen their institutions and tools for effective economic policy formulation and implementation.
- Specialized policy advice: TA provides advice that, while related to the Fund’s mandate, is too specialized to be delivered via surveillance and program work.
- Information gathering and learning: TA allows the Fund to gather information that can be used also in surveillance and program work.
- Outreach to members: TA helps strengthen relationships with members through a dialogue less structured than in surveillance and program discussions.

6. **These goals explain why TA is a Fund core activity and are at the basis of a vision for the Fund’s TA that is focused, integrated, nimble and effective, or FINE:**

- **Focused** on the Fund’s core macro (economic and financial) mandate, where the Fund has a comparative advantage. This defines the TA boundaries—in both *scope* and *depth*. Its *scope* should be confined to macro-relevant issues. Even if topics covered may be “micro,” they must be linked to the Fund’s “macro” goals.⁴ The *depth* of TA should include advice on strategies (“what to do”) and their operationalization (“how to do it”). Strategic advice is a defining feature of Fund TA, because of the Fund’s unique cross-country experience and access to high-level policymakers. But countries want concrete advice, and increasingly so, from the Fund, covering the operationalization of strategies.⁵ This said, Fund TA should not go as far as actual implementation of policies (“doing it”),

Fund’s budget. Training is also not covered by this report, which, however, underscores the synergies between these two components of capacity building.

⁴ Examples of important macro-relevant ‘micro’ issues are advice on the tax treatment of mining regimes for resource countries, and identification of errors and omissions in the balance of payments.

⁵ In its report on *The IMF’s Interaction with Member Countries* (2009), the Independent Evaluation Office notes that: “To stay relevant and keep countries engaged, the Fund must increasingly offer specific expertise to work directly with authorities.” (page 31)

as that would detract from actually building capacity and is contrary to other tenets of the strategy, particularly integration and efficiency.

- ***Integrated*** with its core surveillance and program responsibilities. It is from this need for integration that comes one key aspect of the Fund’s TA model that makes it unique among TA providers: the Fund provides TA directly rather than by managing TA projects.⁶ TA is provided by HQ-based staff or contractual employees. When the latter are used, they work on teams that include HQ-based staff who backstop them.⁷
- ***Nimble***: the Fund’s crisis prevention and resolution responsibilities require a prompt response. Fund TA includes two conceptual types, whose weight varies over the cycle. The first is “fire-fighting” TA, in response to short-term needs often related to crises and program work. Demand for this TA typically rises at times of distress, and may have a stronger policy advice component. The second is “preventive” TA, which helps countries put in place sound institutions to improve policy management, and reduce the risk of (and prepare for) shocks. Preventive TA has a more medium-term orientation, and often focuses more on capacity-building. The ability to respond quickly to TA requests is a hallmark of Fund TA, arising from its mandate of crisis response, and increased medium-term orientation of its TA services should not come at the cost of lower reaction speed.
- ***Effective***: To be helpful to countries, Fund TA must be able to provide outcome-focused, cutting-edge advice to all members, and be responsive to their evolving needs. While a large share of (pure capacity building) TA goes to low-income countries, TA is requested also by other country groups, particularly as specialized policy advice (see Appendix 1, Table 1).⁸ This requires a continuous upgrading of TA skills. It also requires proper procedures for programming and delivering TA, so as to ensure that it is demand-driven and appropriately prioritized, as well as for assessing its effectiveness.

7. The components of this FINE vision define the strategic priorities for Fund TA, providing a benchmark to guide decisions on key aspects of the TA strategy to which this report now turns.

⁶ In contrast, many TA providers contract out TA delivery to consulting firms, with the procuring institutions providing only overall quality control.

⁷ Backstopping—a key feature of Fund TA—is the management and supervision by HQ of field experts. Backstopping is designed to ensure that HQ cross-country expertise is drawn on, and HQ priorities integrated, even in decentralized modes of delivery.

⁸ The current agenda for strengthening financial institutions and oversight is an example of the value of disseminating new good practices also to advanced countries.

III. VOLUME OF TA PROVISION AND ITS FINANCING

8. **How much TA should the Fund provide?** The Fund's budget constraint has traditionally determined the maximum amount of TA. While some TA has always been financed externally, this used to cover only some long-term resident advisors and short-term expert visits. Donor financing, first for RTACs, and increasingly multidonor trust funds and bilateral support for HQ-based activities (including staff), has relaxed the budget constraint significantly and has raised the strategic question of how much TA should grow. The ultimate limit comes from the requirement that TA must be demand-driven. But since the Fund is such a small player among TA providers (see Appendix 1, Table 2), neither country demand nor the supply of external financing in practice has constrained TA growth. Hence, the Fund needs to decide how much it should supply.

9. **The FINE vision provides criteria to answer this question.** The Fund's macro mandate limits the "scope" and "depth" of TA. The need for integration requires a staff-based model that would not fit a quantum leap in the scale of Fund TA. The need for high-quality TA also constrains the scale of TA operations, particularly in some areas, notably the financial sector, where it is more difficult to find experts. Altogether, these considerations justify the Fund's positioning as a relatively small, focused, highly effective TA provider.⁹ While they do not directly define specific ceilings, they do define criteria for filtering country and donor demands. The Fund is in a learning phase in testing how much boundaries can be expanded while respecting its TA model (see Appendix 1, Figures 1-2 for TA and external financing by department). It will be important to evaluate ex-post whether TA remained within the right boundaries, a task of the evaluations proposed in Section V. But a major change in the scale of Fund TA that would make it comparable to the TA currently provided by other institutions would fundamentally deviate from the FINE TA vision.

10. **Given a desired amount of TA, what is the appropriate split between internal and external financing?** The Fund's budget constraint prevents it from financing all of its TA internally, a consideration that has become even more binding with the 2008 downsizing. However, relying uniquely on external financing would not be consistent with the FINE vision. This is because external and internal financing are not perfect substitutes. First, in terms of eligible countries: as donors are not indifferent to the allocation of their funding, relying only on external financing would not allow the provision of TA to all Fund members. Second, in terms of process: external financing is not flexible enough to accommodate "fire-fighting" TA. Altogether, Fund TA cannot be perceived as reflecting entirely donors' preferences, both for evenhandedness to the membership and because of its strong synergies with the Fund's other activities. Thus, for example, TA provided in a program context cannot become dependent on donor priorities. Note also that donors grant their financing on the

⁹ A separate reason for prudence in expansion is that donor financing is famously volatile, and scaling down would be messier than scaling up (see Section IV).

understanding that it will be “additional” to internal financing. This also means that the two sources cannot be seen independently, and internal financing should continue to play a key role in the Fund’s TA financing scheme.

11. Internal financing should be broadly related to the size of other Fund operations (surveillance and program work). After the downsizing, it fell to US\$ 115-130 million or less than 14 percent of the Fund’s internal budget, and about 60 percent of total TA financing (against 80 percent before the downsizing (see Appendix 1, Table 2 and Figure 3). Based on the experience of the last three years, this size seems adequate, as long as it is topped up during crisis periods by financing of crisis-related TA (as in FY11). But a further reduction of internal financing would risk undermining the Fund model (for instance, having adequate permanent staff to permit quick crisis response) and breach understandings on the additionality of donor financing. If there were a major change in the scale of Fund operations, or if the reforms envisaged in this paper cannot be funded by resource reallocation, a reassessment would be needed. In any event, the medium-term budget provides a regular opportunity to take stock of the adequacy of internal financing.

IV. MODALITIES OF TA DELIVERY

12. Fund TA is delivered through various modalities. Traditionally TA has been delivered by missions from HQ, as well as short- and long-term field advisors. This has changed over time in several ways. In-the-field location of experts (decentralization) has become more common, with the opening of RTACs. However, communications improvements have also allowed an expansion of “remote TA”—advice directly from HQ, for example the review of draft laws. Moreover, the concept of TA as a single mission is changing, as, in responding to members’ needs, it is increasingly acknowledged that structural reforms require a more medium-term engagement. New modalities are also being explored, such as regional “cross-country” TA.

13. In principle, two features of the Fund’s TA model aim to ensure that synergies between delivery modalities are properly exploited:

- A division of responsibilities, with RTACs and other short/long-term advisors responsible for supporting the implementation of policy strategies defined by HQ. HQ, however, is also finding itself increasingly called on to deliver implementation-related advice, both through missions and “remote TA,” particularly in areas where RTAC involvement may not be feasible (for example, if it lacks the specialized expertise).
- A close integration across all modalities of delivery. This is a key role of backstoppers, who are responsible not only for supervision and quality control of experts, but also for full coordination of TA delivery.

14. In practice, further work is needed for the model to be understood by all stakeholders and fully implemented. RTAC TA is sometimes perceived as an alternative to

HQ TA, rather than as being part of an integrated delivery model, so that not enough attention is paid to issues of coordination. In particular, the role of backstoppers in quality control, supplementary advice, and integration of field experts with the rest of the Fund, is not well-understood.¹⁰ To maintain effective integration of the activities of RTACs and HQ, it will be critical to ensure that: (i) the planning of TA activities (see Section V below) fully benefits from the views of RTACs; (ii) backstopping remains fully financed; and (iii) key RTAC planning events are timed so as to allow decisions to be taken that are fully consistent with RSNs (see Section V).

15. How decentralized should TA provision be? There are pros and cons.

Decentralization facilitates better knowledge of local realities and perhaps more “buy-in” by member countries (RTACs are often seen as “belonging” to the countries covered), as well as faster response to requests and better follow-up due to lower travel costs. Centralization allows exploiting synergies from cross-country experiences, better integration across various aspects of TA,¹¹ and the possibility of fully exploiting economies of scale from pooling specialists, as multi-skilled RTAC advisors are hard to find. Moreover, HQ missions may provide a “fresh-pair-of-eyes,”—particularly important to evaluate whether reforms are proceeding as envisaged. Cost considerations are also critical: the cost of staff in the field is much higher than the cost of HQ staff.

16. While balancing these pros and cons is important, a significant degree of centralization is appropriate for Fund TA. One critical factor is that the Fund’s business model is a centralized one, as necessary to keep Fund operations on a relatively small scale (compared, say, to the World Bank). HQ-based TA thus plays a pivotal role, since it delivers one of the linchpins of FINE TA, namely its integration with other country work. Moreover, the share of decentralized TA has already become high (rising to 46 percent in the last three years; see Appendix 1, Figure 4), and maintaining integration is already challenging.¹² Finally, improved communications now permit the delivery of some HQ services at higher frequency and lower cost. Hence, further increasing TA field presence beyond current plans does not seem appropriate.

17. Donors already evince some reluctance to cover all HQ costs of supporting RTACs, meaning that demonstrated efficiency and value-for-money are important for

¹⁰ These issues may surface during RTAC Steering Committee meetings, where RTAC work programs are sometimes seen as unrelated to HQ TA delivery. They are also evident in some TA evaluations, where RTAC TA is assessed without appreciation of the roles of strategy design and backstopping.

¹¹ For example, HQ-based staff covering various fields of activity can more easily interact. Replicating the same kind of interaction at the local level would be too expensive.

¹² From this need to maintain a relatively centralized model it follows that, if donor financing for RTACs were to dry up, it would be inappropriate for the Fund to relocate resources to the field. One important caveat is needed, though: if donor financing declined so much that closing an RTAC became inevitable, it would be critical for the Fund to provide financing to allow an orderly closure process.

the sustainability of the RTAC model.¹³ These costs are budgeted at about 15 percent of total, of which about 8 percentage points is for TA departments' backstopping and project management (though this is billed based on actual costs) and 7 percent for overheads (covering OTM, FIN and LEG trust fund management costs, which are billed as a lump sum). Overheads are in line with World Bank and IDB costs (see Appendix 1, Table 3), though the question must still be asked whether there is scope for economies in this area. Comparators are more difficult to find for TA departments' costs, since other organizations do not backstop or draw on complementary activities as inputs to their TA. This said, TA departments should be encouraged to seek cost reductions while maintaining high-quality backstopping. A more risk-based approach to backstopping—calibrating it more closely in line with need—may be possible. It would be facilitated if HQ staff could do mobility to RTACs (a recommendation whose implementation requires addressing some administrative problems that staff is now considering). Finally, the high-cost TA reporting system (TAIMS) should be revamped as resources permit.

18. Two other developments are important regarding the modalities of delivery:

- Many TA activities extend well beyond a one year horizon; indeed, structural reform is a multi-year endeavor. Thus, for “preventive” TA, staff is increasingly following a programmatic approach—seeking commitment from governments to a medium-term TA program. This medium-term involvement, which has been encouraged by countries and is often made possible by donor financing, requires medium-term planning tools (see below). Besides substantial financing to permit multi-year follow-up, other prerequisites for effectiveness include: (i) close ex ante area department involvement to develop a medium-term strategy; (ii) continuity in government and political will to sustain the reforms; and (iii) flexibility, including by donors, to adjust programs to changing circumstances.
- While the bulk of TA is delivered bilaterally, departments have recently also explored “multilateral TA” in the form of workshops (indeed, boundaries between conference outreach and TA are often blurred). This trend permits important economies of scale and facilitates knowledge-sharing across countries. Financing may be required to permit the participation of officials from poorer countries in such workshops.

V. ENSURING THE EFFECTIVENESS OF TA

19. Ensuring that TA is highly effective is critical. Ensuring effectiveness is a complex task involving: (i) appropriate allocation of resources to priority activities; and (ii) quality control and ex-post result evaluation using appropriate assessment tools. Good work processes are also important—for example, to prepare missions adequately through dialogue with country authorities and coordination with other TA providers, and to staff them

¹³ The same set of issues applies to other donor-funded initiatives, like topical trust funds (TTFs).

properly—but these vary by department and are not discussed here. Finally, donor financing creates both opportunities and challenges for increasing effectiveness.

Allocating resources to priority tasks

20. Various approaches are used in non-market institutions to prioritize activities.

Last year Fund management took the decision not to use TA charges as a prioritization tool, having found that charges would complicate TA management, without necessarily directing resources in the best interest of the international community. It decided to maintain the current approach, which roots TA in the Fund's overall country strategy.

21. In line with the FINE vision of close integration between TA and other Fund activities, the current prioritization process is based on a close cooperation across Fund departments based on all information gathered in surveillance, program and TA work.

- Area departments are responsible for using that information to define TA strategies through their Regional Strategy Notes (RSNs), based on the urgency of country needs from a macro perspective, the need to safeguard Fund resources, and the likelihood of implementation of the Fund's recommendations. Area departments take into account information from TA departments and RTAC coordinators. A particular link exists between FSAPs/ROSCs and TA, as the latter leads to structured policy agendas for follow-up TA. PRSPs are also a key input in RSNs.
- TA departments are responsible for operationalizing the RSNs, i.e., turning priorities into deliverables: they set budget allocations across departments, subject to review by the Committee on Capacity Building (CCB), and their Regional Allocation Plans (RAPs) define the sequencing, modalities, and financing to meet TA requests.¹⁴ TA departments are also responsible for ensuring that the Fund delivers on its commitments to donors—although this could create tension if area department priorities evolve. While RSNs define annual work programs, RAPs retain some flexibility to respond to emergency requests.
- In defining priorities, the views of country authorities and their willingness to undertake reforms are closely considered. Country engagement takes place during surveillance and program discussions, as well as through contacts during previous TA delivery or at the Annual/Spring Meetings. The requirement of a request letter from the authorities is key to ensure that TA is demand-driven.¹⁵

22. The current process remains broadly appropriate. At least in principle, assigning prioritization responsibilities to area departments, rather than TA departments, ensures that resources are appropriately allocated within each region across countries and TA areas. RSNs

¹⁴ The CCB is an interdepartmental committee chaired by management to coordinate capacity building work.

¹⁵ In some cases, an oral request is considered sufficient, but best practice is a formal letter.

can be further improved, but have been significantly sharpened since their inception. In practice, based on a recent OTM survey, most mission chiefs and TA coordinators believe that the process succeeds in setting priorities well-aligned with Fund objectives.

23. There is however scope for improving the current process to ensure that resource allocation across area departments and TA areas responds to changing priorities. Assignment of resources to emerging priorities now takes place essentially through two mechanisms. First, extra funds are allocated temporarily when new needs arise (as in the European crisis), but this involves new funds, not reallocation. Second, a central reserve of 5 percent is distributed during the year, after CCB stock-taking of where needs are greatest. The following steps can help improving flexibility:

- The size of the central reserve should be raised to 10-15 percent.¹⁶
- With the same goal in mind, the discussion of TA strategic priorities in the medium-term budget could be strengthened. This discussion could benefit from Board consideration of a periodic report on TA, with forward-looking as well as backward-looking elements.
- In line with recommendations of the working group on TA financing, resource allocation could be improved by a shift from annual to multi-year planning. This has become particularly important with the increase in multi-year delivery.
- Also in line with working group recommendations, the RSN/RAPs calendar could be revised to allow adequate consultation of all stakeholders, and better integration of RTAC considerations, while maintaining consistency with the budget process (see Appendix 2).

A more radical approach would be to adopt a purchaser-provider model, where area departments bid for TA services, a model used, for example, by the World Bank. The model facilitates in principle long-run shifts of resources across TA areas (although not across regions). However, a large part of Fund TA meets emergency needs. Since TA delivery is constrained in the short run by lack of fungibility across specializations, the model would have less value-added in the Fund. Moreover, a shift would require a new administrative apparatus, with some duplication in area and TA departments (e.g., costing of TA), something that does not seem appropriate in the Fund, whose scale of TA operations remains limited. Altogether, such an approach does not fit well with the FINE vision of Fund TA.

¹⁶ A larger annual reserve could not be reallocated at mid-year as it would represent a much larger percentage of activity for the second half of the year (especially because allowance will have to be made for medium-term projects that cannot be interrupted). Thus, half of this “reserve” could be reallocated at the beginning of the year. Essentially this would mean that a larger part of resources would be subject to closer CCB scrutiny.

Quality control: assessing the effectiveness of TA¹⁷

24. **TA effectiveness should ultimately be measured by outcomes (policy/institutional change).** The outcome is what matters, although it must be acknowledged that TA providers do not control outcomes directly. TA departments use various tools to evaluate their TA (see Appendix 3), but these processes focus primarily on outputs not outcomes.
25. **A more systematic approach is needed to evaluate the effectiveness of Fund TA, including outcomes.** In doing this, attention will have to be paid in overcoming three obstacles: first, crisis-response advice is typically given in financially and politically constrained environments, so even third-best solutions may be the most effective feasible outcomes, second, institution-building advice can take many years to bear fruit; and, third, with many actors in the reform process, attribution is challenging.
26. **The Fund is phasing in the introduction of results-based management (RBM), which will systematize the tracking of progress toward objectives defined in terms of outcomes using indicators.** This should ensure that staff and authorities remain focused on goals. “Log frames” to capture and report on objectives and outcomes at country and topic levels will be developed where use of Fund TA is intensive, and will cover the activities of each RTAC and Topical Trust Funds (TTFs). The Fund’s log frame template is being aligned more closely with international best practice, and better tools to manage the RBM approach are being introduced. To protect the Fund’s reputation, it will however be important to avoid over-promising in specifying objectives, and to be clear-eyed about the exogenous political and other constraints that cause TA outcomes to be uncertain, and realizable only with lags. The resource implications of RBM should also not be under-estimated, since most members do not have the type of indicators assumed to exist in typical RBM applications.
27. **But, an indicator-based approach could usefully be supplemented with selective approaches to ex-post evaluations.** As evaluations employ a variety of tools, including surveys, they can be more effective in overcoming the obstacles noted in paragraph 25. OTM could coordinate the implementation of a focused set of external evaluations of TA projects, including those that are internally financed. These evaluations should be guided by clear criteria for the selection of relevant topics, to contain costs. They would focus on both outputs and outcomes, and cover not only country cases, but also thematic areas (such as tax administration) and delivery modalities. Depending on budgetary considerations, they could be financed either centrally (to avoid reducing resources for TA), by TA departments, or by donors. The evaluations could also assess whether a TA project remains within the boundaries of what Fund TA should cover. They could complement the evaluations by donors of the projects they finance.

¹⁷ The focus of this section is on ex post assessments. Efforts are of course also made to ensure high TA quality during the output delivery (for example, through a review of preliminary versions of TA reports).

Donor involvement

28. **Donor involvement can strongly contribute to TA effectiveness.** Donors provide not only financing, but also valuable information about country reform issues. Moreover, as donors need adequate reporting of progress, they are providing momentum to the improvement of the Fund's tools for assessing TA effectiveness.

29. **However, interaction with donors also involves challenges:**

- As discussed above, donor financing can be accepted only when their projects are fully in line with the priorities of staff and authorities.¹⁸
- Uncertainties on the timing of donor disbursements could lead to situations where RTACs face temporary liquidity problems. Thought needs to be given to how the Fund can best minimize the costs to member countries if disruptions arise from delays in donor financing.
- Interacting with donors can be costly for both sides.¹⁹ Staff should do a better job in engaging donors to seek their support for financing the RSN strategy. While progress has been made in excluding micro-projects that are too costly to manage, donor financing remains too fragmented. Better planning of fund-raising would also facilitate the administration of related financial flows. A consultative group type process might help—where the Fund presents to donors its TA strategy (multi-year RSN/RAP consistent with boundaries), perhaps every other year, seeking support for funding priorities.
- Meeting different donor reporting standards is costly. Adopting a Fund's standard RBM should help—but it will be important that its design meets donors' needs.

VI. RESOURCE ISSUES²⁰

30. **Some of the above considerations have resource implications, both for human resource (HR) policy in the TA area, and the budget more generally, that would have to be further assessed.** Some of them—such as a strengthened evaluation process—would require a shift in, or new commitment of, resources. Thus, decisions on implementation would have to be taken in light of other Fund priorities, as well as the possibility to finance them through efficiency gains. Others, particularly in the HR management area, can be pursued, at least to some extent, within current budget allocations.

¹⁸ In this connection, multi-donor topical trust funds may be expected to create less tension between staff priorities and donor preferences than might be the case with small bilateral earmarked projects.

¹⁹ The aforementioned trust fund management fee does not cover fully the cost of OTM, LEG and FIN operations related to the increase in donor-financed TA.

²⁰ Ongoing reforms will address many of the issues raised in this section.

- HR challenges include ensuring the availability of cutting-edge knowledge on new topics (staff skills will need to be upgraded to keep pace with those of member-countries), the limits to scaling-up implied by the scarcity of specialized expertise, and the particular difficulties in maintaining high-quality staffing of RTACs. The fund-raising and project management expertise needed for effective partnerships with donors is also not a traditional Fund skill.
- It would also be important for the Fund to be able to draw more intensively on the specialized knowledge available in member governments. Hence an effort to get stronger commitments by governments and regional bodies to lend their specialists to the Fund should be a high priority—though this would have to be supported by enhanced training and on-boarding processes.
- In-house HR reforms could also help. Consideration could be given to lifting roadblocks to placing staff in RTACs (which would not only enhance quality-control and lower backstopping costs but also create another avenue for specialized staff mobility). Likewise, impediments to drawing on retired staff for temporary expert assignments (including those involved in the downsizing) could be relaxed. Consideration could be given to defining career streams suited to hiring project managers, or at least, clarifying their career prospects in the Fund. Finally, departments could be allowed to extend contracts of HQ-based consultants beyond the current four years, although it is recognized that this raises important policy and legal issues relating to the Fund's categories of employment policy.

VII. SYNERGIES BETWEEN TA AND TRAINING

31. While TA and training are different, synergies arise that could be better exploited. Unlike TA: (i) training does not aim at providing policy advice directly to specific countries; (ii) uses mostly a regional approach; and (iii) is typically targeted at officials charged with policy execution, rather than to decision-makers. Important synergies, however, arise in three respects:

- First, both activities are often financed by donors, and it would seem important to realize any potential synergies from coordinating fund-raising for both.
- Second, the implementation of TA advice often requires the acquisition of technical skills by country officials that training could usefully provide. Indeed, TA departments often organize cross-country training sessions that follow directly from advice provided under TA activities. Both TA and training need to respond to priorities coming from member countries as identified by RSNs. Closer coordination of TA agendas and training course programs for country officials could make TA advice more likely to endure. Likewise the

internal training curriculum should reflect and anticipate likely country needs so that staff is well-prepared to confront emerging issues.²¹

- Third, there are “location synergies”: training preceded TA in decentralization: 80 percent of training courses are delivered in the field, and Regional Training Centers have greater country coverage than RTACs. Hence it is opportune to ask whether combining the plant and even mandate of the two types of decentralized Fund institution could lead to economies of scale and enhance the reach of TA.

32. To exploit synergies better, it will be important to strengthen OTM/INS cooperation.

cooperation. At a minimum, coordination in the planning of the two entities should be intensified. More ambitiously, there is an argument for merging the two operations in order to develop a unified Fund agenda for capacity building, realize economies of scale in fund-raising, harmonize donor relations, and integrate planning and reporting (see Box 1).

VIII. TA AS OUTREACH

33. The IEO report on member relations found that TA was the most appreciated form of Fund interaction with members.²² Yet, TA is at present a little known Fund activity. Outreach should be enhanced in three directions: to beneficiary countries to improve take-up, traction and overall effectiveness; to donors to maximize outside contributions and appreciation of our TA work; and to the wider stakeholder community and general public to improve the general IMF brand and appreciation of the value of the institution.

34. To strengthen knowledge of Fund TA activities, several initiatives could be undertaken. First, country authorities could be reminded that publication of TA reports is their prerogative, since the Fund would typically not object to publication; such publication could usefully inform the public about the authorities’ reforms.²³ Where the authorities agree, TA information could be incorporated into Fund press releases. Second, Annual and Spring Meetings could be used to showcase TA achievements, as piloted in the 2011 Annual Meetings. Third, consideration could be given to topic publications with cross-country case-studies, enhanced web presence, and conferences with country authorities and donors.²⁴ EXR should coordinate these outreach activities, in cooperation with OTM and TA departments.

²¹ This report does not attempt to assess or define training strategy. However, it may be noted, for example, that INS is already significantly strengthening its course offerings in financial sector analysis.

²² [IEO](#) (2009), op. cit. For instance (page 28), 80 percent of country authorities found interactions with TA staff to be ‘effective’ or ‘very effective’, a higher ranking than for any other type of Fund country involvement.

²³ Publication of TA reports is rare and the process requiring circulation to the Board could be simplified.

²⁴ A model is the 2011 conference in Nairobi on Improving Tax Revenue Mobilization in Sub-Saharan Africa.

Box 1. Merger of INS and OTM—Possible Synergies

As noted in the text of this report, there are significant synergies between TA and training. The existence of these synergies would be the key rationale for merging INS and OTM. The key responsibilities of a new department focused on capacity building would include:

- Defining a capacity building strategy for the Fund and ensuring that departments coordinate the provision of TA and training services in the most effective way. The strategy for TA defined in this report would be integrated with a consistent training strategy to form a capacity building strategy that is updated over time in response to the evolving needs of Fund members. Coordinating the preparation of a joint medium-term TA and training program (the training program already has a strong medium-term orientation and this paper recommends the same approach for TA) based on RSNs covering both aspects of capacity building.
- Providing centralized administrative services for capacity building, including appropriate processes for monitoring capacity building activities.
- Coordinating contacts with donors. An INS/OTM merger could be accompanied by an enhanced partnership with donors and other key stakeholders to underscore that the Fund is moving to modernize and increase the efficiency and effectiveness of capacity building.
- Designing and coordinating processes for assessing the effectiveness of TA and training activities, including the phasing in of RBM approaches complemented by external evaluations.
- Managing jointly the network of regional training and technical assistance centers. Over time, this network could evolve into a global network of capacity building centers.
- Designing the training curriculum in cooperation with other departments and continuing to provide training services in the areas traditionally covered by INS.
- Reporting to the Board through periodic reviews of capacity building.

IX. CONCLUSIONS AND ISSUES FOR DISCUSSION

35. This report's TA strategy builds on the strengths of the current business model.

Table 1 summarizes its recommendations. Executive Directors may wish to discuss the key components of this strategy, including:

- a continued role of TA as a core Fund activity, which should remain well integrated with surveillance and program work;
- a clear definition of the boundaries of TA, anchored by the Fund mandate;
- a focus on strategic advice, although an increasing emphasis on implementation issues is needed to meet members' expectations;
- the recognition that internal and external financing are not perfect substitutes and a proper mix between the two is needed;
- the continued validity of the current approach to prioritizing TA delivery, which should, however, be strengthened in some respects;
- the need to strike the right balance between maintaining a relatively high degree of centralization in TA and locating a sufficient amount of resources in the field;
- a stronger TA assessment process, with increasing emphasis on outcomes, based on RMB complemented by ex-post evaluations;
- an increased attention to exploiting the synergies between TA and training;
- a stronger role for TA in the Fund's outreach strategy.

Table 1. Main Components of the Fund’s TA Strategy

1. TA is a core Fund activity, serving various goals, including helping countries to build capacity to implement appropriate policies and strengthen institutions, and providing specialized policy advice.
2. Fund TA, including that financed by external resources, should be closely linked to its macro mandate: it should focus on the provision of advice on strategies and their operationalization.
3. Within these boundaries, the Fund should continue to upgrade the nature and quality of its TA in line with country needs, including by skill-building and hiring.
4. The Fund should remain a “focused/highly effective” player in the provision of TA.
5. Internal financing of TA should be broadly related to the size of the Fund’s operations: the level of internal financing reached after the downsizing (complemented by any crisis related financing needed) seems at the moment broadly adequate.
6. The extent of external financing should be constrained by the mandate of the Fund and the need to maintain the current business model and overall size of Fund operations. Some further expansion could, however, be tested depending on the circumstances of individual TA departments.
7. The current TA model involves a close integration between activities of HQ and of RTACs, with RTACs focused on advising on the implementation of reform strategies recommended by HQ. More needs to be done to ensure that this model is fully understood by all stakeholders.
8. It is critical to strike the right balance between maintaining a relatively high degree of centralization in TA and locating a sufficient amount of resources in the field. Following years of increased decentralization of Fund TA, a further shift in this direction does not seem appropriate at present. RTACs should continue to be funded with external resources, but if support wanes orderly exit strategies need to be agreed among financing partners.
9. Further efforts should be made to gather comparable information about the costs of backstopping and project management and to contain these costs, while recognizing that the Fund’s business model requires significant support from the center to provide guidance and ensure quality, given the potentially huge cost of macro policy mistakes.

10. The current approach to prioritization is broadly appropriate but can be improved by increasing the size of the central reserve to 10-15 percent, strengthening discussions of TA priorities in the Fund's medium-term budget, shifting from annual to multi-annual RSNs and RAPs, and revising the timetable for the preparation of these documents. Consideration by the Board of a periodic report on TA would also help.
11. Structural reform is a multi-year activity and this justifies an increased focus on "programmatic" approaches (while ensuring sufficient resources to "fire-fighting" TA). Cross-country modalities of TA delivery (e.g., through workshops) should also be increasingly used.
12. RBM will be phased in. In-depth ex-post reviews conducted by external evaluators will be performed on a selective basis.
13. There is a need to work with donors in a more strategic and wholesale way to reduce administrative costs. An effort will also be made to ensure that donors accept a more standardized approach to reporting on the effectiveness of Fund TA.
14. Where possible, impediments to HR actions will be lifted, to accommodate new skill needs, facilitate access to scarce experts, and facilitate the assignment of staff to RTACs.
15. The synergies between TA and training will be better exploited, including through the merger of INS and OTM.
16. The role of TA in the Fund's outreach strategy will be strengthened.

Appendix 1. Background Information on Fund Technical Assistance

This Appendix presents information about TA, but should be read taking into account several caveats. First, although non-mandatory FSAPs, ROSCs, and the G-20 MAP are legally defined as TA, they are not included in the statistics below, in line with the definition of TA used for the IMF budget. Also, some statistics cover only field delivery and do not capture time spent at HQ preparing missions and finalizing reports, managing and administering TA projects, backstopping experts, delivering TA remotely, or working on TA policy, evaluation and related analytical work. Cost data are fully loaded, capturing field and HQ time as well as allocated Fund-wide support and governance (e.g., facilities, IT, security, and human resource services).

Table 1. Distribution of TA by Country Groups and Regions, FY10-12
(In percent of in-field delivery)

| | FY10 | FY11 | FY12 |
|------------------------------|-------|-------|-------|
| <u>By country groups</u> | | | |
| Low-income countries | 33.7 | 32.7 | 34.1 |
| Middle-income countries | 49.1 | 45.2 | 43.0 |
| Advanced countries | 5.5 | 8.3 | 4.7 |
| Cross-country/regional | 11.7 | 13.8 | 18.2 |
| <u>By regions</u> | | | |
| Africa | 35.1 | 32.0 | 36.6 |
| Asia and Pacific | 16.7 | 17.1 | 16.3 |
| Europe | 11.8 | 10.8 | 10.0 |
| Middle East and North Africa | 14.4 | 15.0 | 14.6 |
| Western Hemisphere | 20.2 | 23.6 | 21.4 |
| Cross-regional | 1.8 | 1.6 | 1.1 |
| Total | 100.0 | 100.0 | 100.0 |

Note: In-field delivery measures TA delivered by staff and contractual employees while within recipient countries.

Source: Office of Technical Assistance Management.

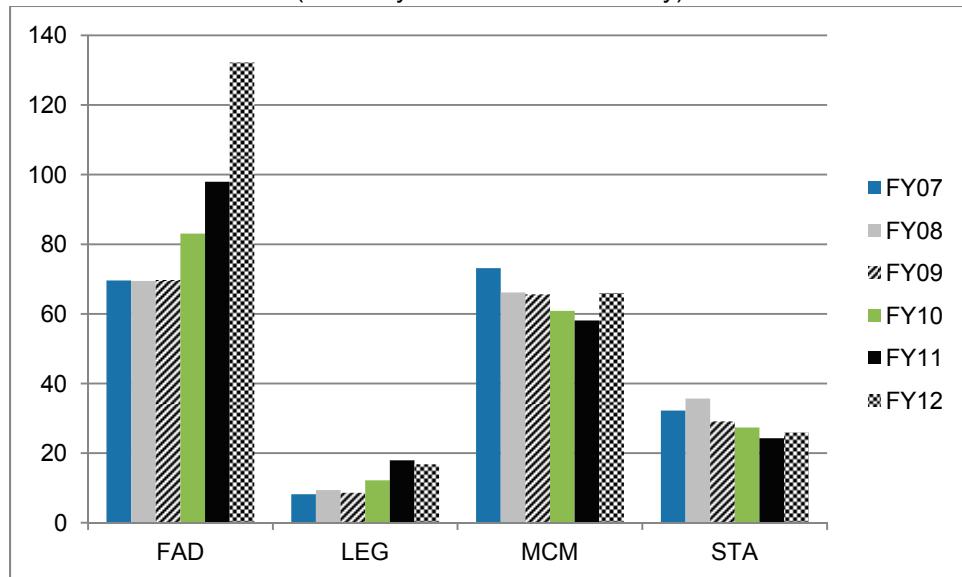
Table 2. Size of Fund TA vis-à-vis Other TA Providers
 (In millions of U.S. dollars, unless otherwise indicated)

| | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 |
|-------------------------------|-------|-------|-------|-------|-------|------|------|
| Fund TA 1/ | 176 | 196 | 172 | 174 | 164 | 184 | 237 |
| Fund-financed | 144 | 156 | 131 | 132 | 115 | 120 | 141 |
| Donor-financed 2/ | 32 | 40 | 41 | 42 | 49 | 64 | 96 |
| Fund-financing as percent of: | | | | | | | |
| total TA financing | 81.7 | 79.6 | 76.2 | 75.7 | 69.8 | 65.3 | 59.6 |
| net administrative budget | 16.4 | 17.4 | 14.7 | 16.2 | 13.3 | 13.1 | 14.3 |
| Other TA providers 3/ | 3,199 | 3,346 | 2,626 | 2,489 | 2,552 | ... | ... |

Notes: 1/ Fully loaded costs which captures: (i) TA delivered by staff and contractual employees while within recipient countries; (ii) time spent at HQ preparing missions and finalizing reports, managing and administering projects, backstopping experts, delivering TA remotely, and working on TA policy, evaluation and related analytical work; and (iii) allocated Fund-wide support and governance costs. 2/ Includes estimated Trust Fund Management fees paid by donors for TA projects. 3/ Technical cooperation reported to OECD DAC by member countries and the European Union in areas related to Fund expertise.

Sources: Office of Budget and Planning; OECD DAC Creditor Reporting System; staff estimates.

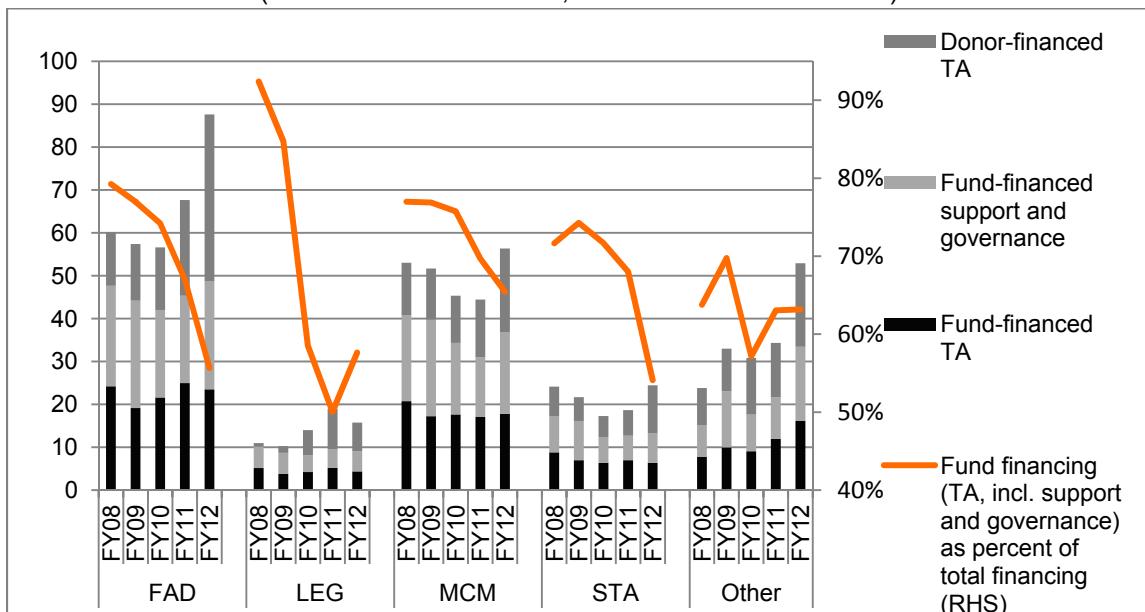
Figure 1. TA Delivery by Functional Area, FY07-12
 (Person years of in-field delivery)



Notes: In-field delivery measures TA delivered by staff and contractual employees while within recipient countries. Time worked at headquarters on TA is not captured, neither is Fund-wide support and governance.

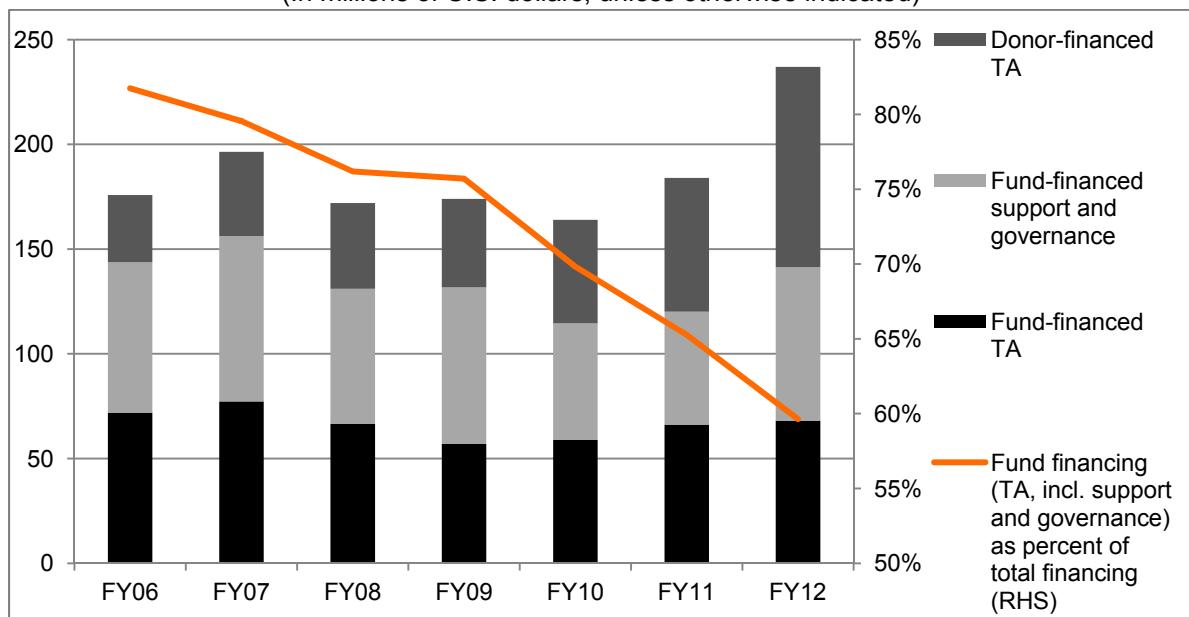
Source: Office of Technical Assistance Management.

Figure 2. Total Cost of TA by Source of Funding and Functional Area, FY08-12
 (In millions of U.S. dollars, unless otherwise indicated)

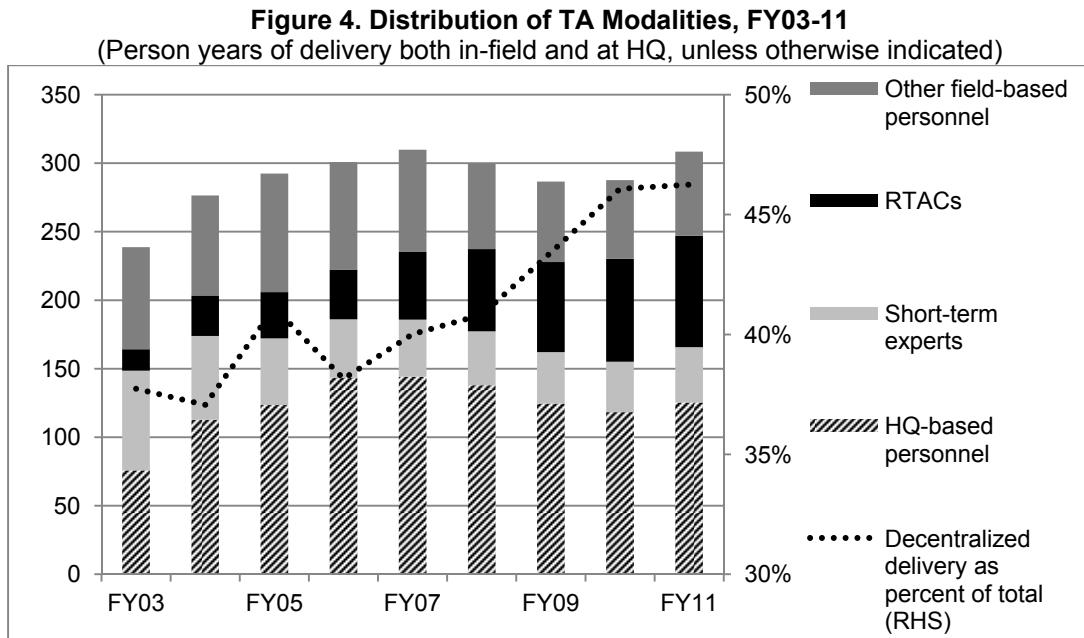


Notes: Fully loaded costs. Fund and donor-financed TA cover all direct costs, including: (i) TA delivered by staff and contractual employees while in recipient countries; and (ii) time spent at HQ preparing missions and finalizing reports, managing and administering projects, backstopping experts, delivering TA remotely, and working on TA policy, evaluation and related analytical work. Includes estimated donor-financed Trust Fund Management fees. Fund-wide support and governance costs are allocated to departments proportionately. Sources: Office of Budget and Planning, staff estimates.

Figure 3. Total Cost of TA by Source of Funding, FY06-12
 (In millions of U.S. dollars, unless otherwise indicated)



Notes: Fully loaded costs. Fund and donor-financed TA cover all direct costs, including: (i) TA delivered by staff and contractual employees while in recipient countries; and (ii) time spent at HQ preparing missions and finalizing reports, managing and administering projects, backstopping experts, delivering TA remotely, and working on TA policy, evaluation and related analytical work. Includes estimated donor-financed Trust Fund Management fees. Fund-wide support and governance costs are allocated across Fund outputs. Sources: Office of Budget and Planning, staff estimates.



Notes: Professional staff and contractual employees only. Decentralized TA is defined as RTACs (center coordinators and experts) and other TA delivered by long-term experts permanently based in the field. HQ-based personnel includes: (i) TA delivered by staff and contractual employees while on mission; and (ii) time spent at HQ preparing missions and finalizing reports, managing and administering projects, backstopping experts, delivering TA remotely, and working on TA policy, evaluation and related analytical work.

Sources: Office of Budget and Planning, Office of Technical Assistance Management, and staff estimates.

Table 3. Trust Fund Management Fees for TA Projects; Selected IFIs

| | IMF | WB 1/ | ADB 2/ | AfDB 1/ 2/ | EBRD | IDB 2/ |
|-----------------------|-----|-----------------------------------------------|--------------------------------------------------------------------------------------------|-----------------|------------|---------------------------------------------------------------------------------------------------------|
| Nominal rate and fees | 7% | 5% standard fee + one-time \$35,000 setup fee | Contributions below \$5m: 5%; Contributions of \$5m-\$30m: the greater of 2% or \$250,000. | 5% standard fee | 2% | 5% standard fee + \$35,000 one-time set up fee for single-donor trust funds. Additional fees may apply. |
| Effective rate 3/ | 7% | 5.1 - 9.1% | 2.0 - 5.3% | 5.0 - 5.3% | 2.0 - 2.1% | 5.0 - 9.1% |

Notes: 1/ A minimum trust fund size of \$1 million applies. 2/ Under review. 3/ The cost base varies across IFIs. For example, the Fund charges the trust fund management fee on expenses only, whereas the multilateral development banks charge the fee on the contribution thus resulting in a net loss in the event balances remain at the conclusion of the TA project. The effective rate compares total trust fund management fees for trust funds between \$1-30 million, including applicable setup fees, loss of interest earnings, and fees foregone in the event that balances remain after the conclusion of the TA project (assumed to total 5 percent of the contribution).

Source: Listed agencies and staff calculations.

Appendix 2. Calendar for a Medium-Term TA Planning Process

The proposed calendar aims to improve TA resource allocation. It has several new elements: (i) closer alignment with the medium-term budget process; (ii) a more top-down and strategic approach to TA planning by moving the planning process forward and identifying strategic priorities (e.g., area departments would identify emerging TA needs thus enabling TA departments to adjust their supply capacity, while TA departments would assess TA needs from a technical perspective and feed these into the RSN process); (iii) a longer planning horizon (three-year rolling, similar to the budget) to better reflect that structural reforms take time and that donor-funded projects are multi-year commitments; (iv) an increased central reserve to be allocated in two tranches (at the beginning and at mid-year based on the highest priority unmet demands); and, (v) a consultative group process to secure donor funding for the Fund's highest priorities. Implementing this planning process would require better planning tools and a harmonized application across departments.

| Timeline | Budget | Calendar for a Medium-term TA Planning Process | |
|-----------|------------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | TA Planning Cycle | |
| | | Current | Proposed |
| May | | CCB reviews FY-1 RAP outturn and approves RAP | |
| June | | | CCB reviews FY-1 RAP outturn; approves allocation of first tranche of Central TA Reserve; and discusses strategic priorities for medium-term TA plan (MT-RSN/RAP) based on area department proposals |
| July | Budget Outturn (FY-1) | | Medium-term RSNs prepared |
| August | | | Medium-term RAP prepared |
| September | | Annual Meetings | |
| October | | | |
| November | Mid-year review of budget | Mid-year RAP review | MT-RSN/RAP updated to reflect AM requests |
| December | COB discusses contours of MTB | CCB approves MY RAP and Central TA Reserve allocation | CCB approves MT-RSN/RAP and allocation of final tranche of Central TA Reserve |
| January | MTB ceilings issued to departments | Departmental RAP ceilings issued within TA depts. RSNs prepared | |
| February | COB discusses draft MTB | | Donor "consultative group" meeting to fill funding gaps |
| | | RAP prepared | |
| March | MTB submitted to Board | | |
| April | | Spring Meetings | |
| | MTB approved | RSN/RAP updated to reflect SM requests | MT-RSN/RAP updated to reflect SM requests, departmental MTBs, and confirmed external funding |

Appendix 3. Quality Control Practices

Quality control is one of the hallmarks of Fund TA, but practices vary across departments and the emphasis has mostly been on assessing the quality of outputs.

Quality control of outputs. Reviewing the quality of advice is an integral part of departmental processes. Departments have strong review processes in place for TA reports, which involve country authorities and area departments. Direct feedback from TA recipients is sought during and after country visits and in discussions at the Annual/Spring Meetings. Departments also prepare interim and in-depth end-of-project assessments for externally financed projects, which include reporting against project objectives and indicators.

Other practices vary across departments. For example, FAD seeks additional feedback from country authorities through questionnaires and conducts ex-post quality reviews of a random selection of TA reports. STA missions identify 2-3 specific benchmark actions to be taken by the authorities before the department commits follow-up assistance. Country authorities are asked to complete a self-assessment, indicating the progress achieved in the implementation of previous mission recommendations, their sustainability, and factors that may have hindered their accomplishment.

Quality control of outcomes. Departmental outcome evaluations have generally been infrequent, reflecting cost considerations and competing demands on departments' resources, in particular after the downsizing.

MCM is instituting an enhanced TA Evaluation Program that incorporates: (i) independent ex-post TA evaluations; (ii) beneficiary country surveys for feedback on outcomes and overall TA quality; and (iii) systematic reviews of project assessments to distill cross-cutting themes and to report on outcomes. LEG's method of evaluating outcomes includes tracking draft laws and other documents in which the department has been involved to see when and whether they are enacted or implemented and what changes are made during the process. FAD has reduced its stand-alone TA evaluation activities, but assesses reform outcomes in the context of its analytical work. Most of such assessments are based on the findings and lessons learned from FAD's TA, but they do not usually assess the extent to which the results can be attributed to FAD's TA.

Evaluation tools used by donors to assess the effectiveness of Fund TA

Donors rely on two forms of tools when assessing whether their funding of Fund TA achieves the objectives:

Program design and monitoring. At the outset of a new project, donors normally prepare extensive documentation against which performance is monitored on a regular, mostly

annual, basis. This includes results frameworks and detailed risk assessments. While these are internal to the donor, they often require significant input from the Fund to develop and to report against. The Fund is typically required to submit annual progress reports. However, in many cases, wider donor objectives diverge slightly from those of the Fund, thus resulting in requests for additional information that is outside the scope of the project.

Evaluations. Evaluations seek to address the standard Development Assistance Committee (DAC) criteria of relevance, efficiency, effectiveness, impact and sustainability. In addition, donors are increasingly focusing on: (i) value for money/cost-effectiveness; and (ii) reporting of results achieved. There are three broad categories of evaluations:

- Ad hoc evaluations that are either intended to: (i) clarify more narrowly defined or contentious questions; or (ii) complement regular reporting and/or compensate for deficiencies in reporting.
- Legally mandated independent evaluations of specific TA projects, for example periodic evaluations of trust fund activities or mid-term evaluations of RTACs and TTFs. These evaluations are financed by donors, conducted by independent experts, and supported by OTM.
- Evaluations of Fund TA within the broader context of donor strategies, which assess the effectiveness of Fund TA and its alignment with donor development objectives. The outcome of such evaluations determines the level of funding for Fund TA.

With the expansion of externally financed TA, the number of evaluations is continuing to grow. This results in a substantial and growing demand on staff, both in responding to information requests and managing the evaluation. It also leads to challenges in terms of securing an effective coverage of evaluations, including avoiding duplication, and in the take-up of recommendations from donor evaluation.

Appendix 4. Consultations with Stakeholders

The conclusions in the report draw on consultations with member countries, donors, and other TA providers. While views were diverse, some main messages are outlined below.²⁵

Country meetings

Six country delegations were interviewed at the Annual Meetings.

- Strong appreciation for Fund TA; quality and relevance highly rated.
- Country and regional knowledge is a necessity; hence, strong support for RTAC TA and regional initiatives more broadly.
- ‘How to’ TA is in high demand, for countries lacking implementation capacity.
- For advanced countries, frame TA as consultation, not advice, to make it palatable.
- Fund prioritization should reward countries making progress, but expectations should be realistic since reforms take time.
- Medium-term planning is welcome, but dialogue and flexibility are important.
- The Fund needs to be clear with recipient countries about uncertainties associated with donor-funded TA (e.g., delay risks) as well as donor expectations.

Donor survey

Forty-four responses were received, representing 27 donors.

- The Fund’s reputation and expertise are why donors support Fund TA.
- Quality and consistency of advice received high scores.
- Most believe that Fund TA is to a large extent linked to countries’ strategies...
- ... but it should be more results-driven, with more follow-up.
- Fund TA is reasonably effective, but only 46 percent see its impact as large or very large.
- Donors would like more coordination.
- Satisfaction with progress reporting to donors is robust but more mixed for visibility and availability of information on TA to the public.

Survey of other TA providers

Eleven responses were received.

- Prioritization is almost always demand-driven (on request within resources).
- Most often, a governing committee approves resource allocation.
- Engagement with recipients occurs more often at monitoring and feedback stages; some providers consult on planning, others not.
- Almost all have at least ad hoc coordination efforts, and try to avoid duplication.
- Most rely on consultants but many stress the importance of mixing staff and consultants.
- Donor financing seems evenly spread between earmarked and general funds.
- No respondents have a minimum size of contributions.
- The majority do not aim for full cost recovery—though some do so.
- Most have only public donors; some would welcome private donors also.
- For effectiveness, most rely on surveys and evaluations; a couple are developing quantitative approaches (such as RBM).

²⁵ Eleven Fund departments involved in TA were also interviewed.