



TECHNICAL

NOTES & MANUALS

Internal Evaluation of External Sector Statistics Capacity Development in Select African Countries

Rodolfo Maino, Theodore Pierre Bikoi, Marcelo Dinenzon, Dilek Goncalves,
and Nelnan Fidele Koumtingue

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Authorized for distribution by Rainer Köehler

The director of the IMF Statistics Department, Bert Kroese, expresses his appreciation for the excellent interdepartmental collaboration in concluding this first internal evaluation undertaken in full conformity with the “Updated Common Evaluation Framework for IMF Capacity Development and Guidance Note,” which was approved by IMF management in 2020. The framework builds on international best practices as well as existing IMF practices and identifies the Organisation for Economic Co-operation and Development Development Assistance Committee’s evaluation criteria as the common basis for future evaluations.

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Executive Summary

An IMF interdepartmental team—the Statistics Department, the Institute for Capacity Development, and the African Department—conducted an evaluation of how its external sector statistics (ESS) capacity development (CD) has improved the availability of balance of payments and international investment position (IIP) data in Cabo Verde, Guinea, Madagascar, and Seychelles between fiscal year 2015 and fiscal year 2022. The evaluation was undertaken using an assessment approach proposed by the Organisation of Economic Co-operation and Development and was informed by the results frameworks envisaged for each technical assistance (TA), including interviews with IMF headquarters staff, data users, authorities, and experts.

The evaluation team found that CD on ESS for Cabo Verde, Guinea, Madagascar, and Seychelles has largely helped improve the compilation and dissemination of balance of payments and IIP data. CD on ESS has been highly relevant for the needs of all four countries and helped capture significant economic activity. Central bank management and staff of all countries demonstrated a high level of buy-in and commitment to CD implementation. Expert surveys and interviews indicate care was given to the authorities' priorities at CD design for relevance. IMF country teams considered ESS CD essential for informing IMF surveillance and supporting program objectives in general.

The CD delivery was broadly coherent with the activities of internal and external stakeholders and was timely, high quality, and well executed. Authorities from all four countries expressed a high level of satisfaction with the quality of expertise, overall communications, and TA management, and they stressed the importance of timely receipt of CD advice. TA recommendations—which were agreed on with the authorities before and during the missions—reflect the needs of the countries. The country authorities were satisfied with the effectiveness of the TA, although the implementation of certain milestones—specific to each country—posed challenges.

While CD was overall effective in terms of improving the quality of ESS data compilation and dissemination, capacity issues remain a long-term challenge and could affect sustainability if not addressed. Although the delivery of high-quality TA resulted in effective hands-on training and contributed to staff training on ESS concepts and definitions, some central bank authorities consider that the milestone “the number of staffs trained to compile and disseminate ESS is adequate” has not been fully achieved. Challenges related to the accuracy of ESS also remain substantial, particularly in countries characterized by a combination of weak governance, political instability, and socioeconomic challenges. CD enabled regular data provision, facilitating policy analysis and monitoring. Nonetheless, concerns about the effect of unrecorded cross-border transactions on balance of payments statistics affect all four economies. All four countries have made strides to sustain the benefits of CD, despite continuing challenges.

Recommendations identified by the evaluation team include the following: (1) consider expanding Statistics Department ESS experts in Africa Regional Technical Assistance Centers, in particular for those that serve a higher number of countries with limited institutional frameworks; (2) include use of mirror statistics in ESS project design; (3) continue to closely engage resident representatives and leverage integration of CD with surveillance and lending for enhanced CD results; (4) continue to plan for longer CD delivery and implementation timelines with attention to absorption capacity; (5) make outreach and engagement internally within central bank departments and externally with other relevant agencies part of CD design; (6) make use of hybrid delivery to ensure continuity of CD support and results traction; and (7) make use of online courses—possibly in a blended delivery format and in multiple languages—including Balance of Payments and International Investment Position Statistics (available in English, French, and Spanish) and External Debt Statistics (available in English).

Abbreviations

CD	capacity development
DAC	Development Assistance Committee
EDS	external debt statistics
ESS	external sector statistics
IIP	international investment position
SDDS	Special Data Dissemination Standard
TA	technical assistance

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I. Introduction¹

Objectives and Scope of the Evaluation

The Statistics Department of the IMF conducted an evaluation to assess how its external sector statistics (ESS) capacity development (CD) has improved the availability of balance of payments and international investment position (IIP) data in select countries of sub-Saharan Africa between fiscal year 2015 and fiscal year 2022. The evaluation has been conducted for accountability and learning purposes and aimed to provide information on CD results, identify key lessons learned, make recommendations that can be used to enhance the Statistics Department's future CD programs, and enhance relationships and coordination with internal and external stakeholders.

The topical and country focus of this evaluation is motivated by the large volume of ESS CD delivered in the region over the past decade. The goal of CD is to bring the recipient countries' capacity in line with international standards and to enhance their data reporting to the IMF and other institutions. Depending on the countries' capacities and demands, ESS technical assistance (TA) covered one or several data sets: (1) balance of payments, (2) IIP, (3) coordinated direct investment survey, (4) coordinated portfolio investment survey, (5) external debt statistics (EDS), and (6) reserves data template. ESS training activities have been mainly organized in partnership with the Institute for Capacity Development and regional partners but have also been increasingly featured in donor-funded IMF projects.

The selected countries in this evaluation are Cabo Verde, Guinea, Madagascar, and Seychelles, which have all benefited from intensive ESS CD. The CD activities have been mainly delivered through headquarters-based IMF economists and short-term experts. Although the Regional Capacity Development Centers in Africa provide TA in real sector and government finance statistics with long-term experts and resident advisors, they do not have regional advisors in the ESS domain. The evaluation has covered 10 CD activities between fiscal year 2015 and fiscal year 2022. However, prior CD delivery and achievements as well as other complementary CD interventions are taken into consideration to provide an enhanced context to the assessments.

Evaluation Approach

The evaluation team followed the methodology adopted by the IMF's updated Common Evaluation Framework and guidelines. Accordingly, the evaluation team assessed the performance of CD across six internationally applied criteria—the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) criteria.¹ The criteria allows CD assessment from a multifaceted perspective: projects' relevance, effectiveness, efficiency, impact, coherence, and sustainability. These individual assessments are interrelated and merge to provide a holistic evaluation of CD results. Table 1 provides a synopsis of the focal areas of DAC criteria that guided the evaluation team.

The evaluation is based on a wide range of information. The mission team conducted a desk review of project documents (including briefing papers and reports) as well as IMF surveillance documents and country strategy notes that cover the period of the project implementation. Customized questionnaires were disseminated before the missions to solicit feedback from the recipient authorities, TA providers, and area department country teams. In addition, the desk phase included interviews with the area department

¹ On July 1, 2016, IMF management approved the "New Common Evaluation Framework for IMF Capacity Development," prepared by the Institute for Capacity Development in consultation with IMF TA and other departments. The framework builds on international best practices as well as existing IMF practices and identifies the OECD's DAC criteria as the common basis for future evaluations. In 2020, the Common Evaluation Framework was updated with guidelines.

Table 1. Assessment by OECD-DAC Criteria

DAC Criteria	Evaluation Focus
Relevance	The evaluation focused on the needs and priorities of the country and the specific agency that received the CD and has assessed the extent to which CD addressed critical capacity gaps; was sufficiently tailored to the economic, political economy, and capacity conditions of the recipient; and adapted to change.
Coherence	The team has considered the compatibility of CD with other interventions in a country, sector, or institution. The coherence criterion has focused on three aspects: (1) internal coherence of government reforms on the recipient side, (2) internal coherence on the IMF side between CD and surveillance, and (3) external coherence/collaboration and complementarity with other CD providers in the same area of work.
Effectiveness	The evaluation has assessed the extent to which the CD project achieved, or is expected to achieve, its intended results as envisaged in the results-based management log frame and design of CD.
Efficiency	The efficiency criterion has assessed the net value of the project relative to similar quantitative and qualitative interventions by the IMF. The evaluation team has ascertained available cost data—information on activities is available in CDMAP—looking into operational efficiencies such as timeliness of CD, analyses of quality of experts, outputs, backstopping, as well as the mix of delivery modalities.
Impact	The evaluation team has assessed the extent of CD project's contribution to agencies'/ governments' capacity and established policies and processes toward the implementation of sound economic policies.
Sustainability	The team has assessed the net benefits of CD continuing over the medium- and long-term objectives, including the staff capacity.

Source: Authors.

Note: CD = capacity development; CDMAP = Capacity Development Management and Administration Program; DAC = Development Assistance Committee; OECD = Organisation for Economic Co-operation and Development.

teams and experts who have delivered CD. Subsequently, the evaluation team conducted in-country and virtual missions to the four countries and held extensive interviews with the country authorities and other stakeholders.

The evaluation reviewed the results-based management entries for ESS CD for Cabo Verde, Guinea, Madagascar, and Seychelles to integrate them into the effectiveness analysis. The evaluation team considered the country-specific logical frameworks in its early desk work to assess the scope and overall progress of CD in each country. The results-based management ratings assigned by the project managers were taken into consideration to inform the effectiveness assessment in relation to other sources of information. If there were no ratings (or the project was deemed continuous over the medium term), the team relied on other sources of information, in particular, the in-country meetings with officials and headquarters interviews with the IMF staff and surveys.

This report is an integrated analysis of the desk reviews, questionnaire responses, and interviews as well as the overall assessment of the evaluation team. The second section provides a brief background on CD provision and resources used to set the context for the next section, performance assessment. The third section presents the evaluation findings where OECD DAC criteria—relevance, coherence, efficiency, effectiveness, impact, and sustainability—are combined for all four countries. The fourth section reviews the overall conclusions and lessons learned and provides key recommendations for improving future CD provision. Many of the recommendations apply to the general provision of CD by the IMF and aim to contribute to the IMF's overall CD learning objectives.

II. Capacity Development Background

The CD activities aimed to improve the compilation and dissemination of macroeconomic statistics by implementing various strategies. These included using the latest manuals and guides, creating new data sets, ensuring the adequacy of source data, following sound statistical techniques, enhancing data management practices, securing internal consistency in data sets, and developing staff capacity through training. In all four economies, the key objectives of CD activities aimed to ensure the following:

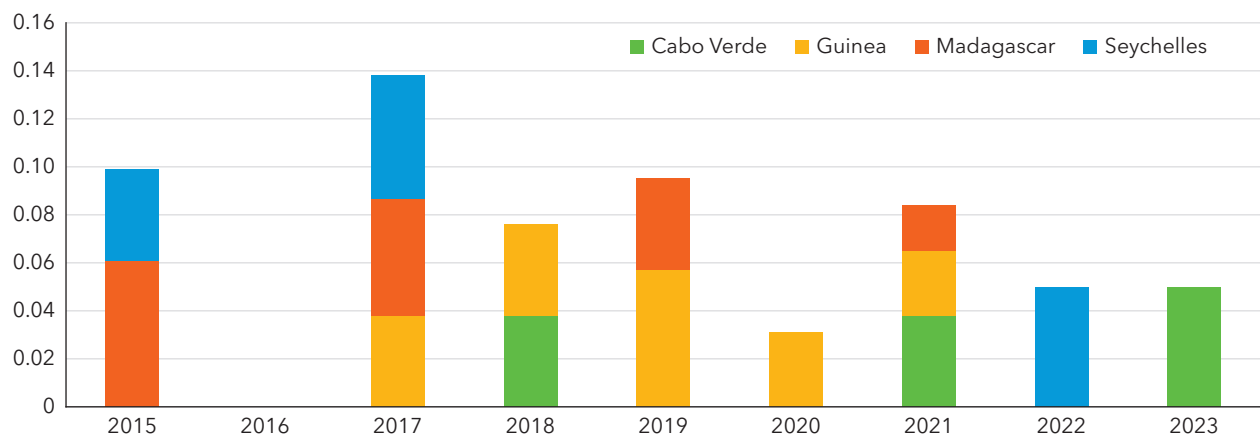
- Data are compiled and disseminated using the coverage and scope of the latest manuals and guides (the sixth edition of the *Balance of Payments and International Investment Position Manual, 2013 External Debt Statistics: Guide for Compilers and Users [BPM6]*);
- New data sets are compiled and made available internally and/or disseminated to the public (for example, IIP statistics and EDS);
- Source data are adequate for the compilation of these macroeconomic statistics;
- Statistical techniques are sound;
- Data management regarding periodicity, timeliness, and consistency has improved;
- Internal consistency within a macroeconomic or financial data set has been enhanced; and
- Staff capacity increased through training, especially for developing source data, compilation methods, and dissemination.

In addition to these listed objectives, CD addressed issues requested by country teams and/or the authorities, and CD activities mainly targeted the production and dissemination of better-quality ESS, with a view to make more reliable data available to users, including policymakers and the IMF. CD targets included the compilation of balance of payments and IIP statistics aligned with the *BPM6* and the improvement of their periodicity and timeliness (from annual to quarterly data). ESS CD activities also covered the setup of frameworks for the compilation of IIP fully integrated with balance of payments statistics and the improvement of the ESS data collections, including enhancing ESS surveys, the use of administrative sources, and statistics techniques for filling data gaps. CD activities focused on significant data gaps, mainly expanding the coverage of ESS—for example, to offshore entities in Cabo Verde and Seychelles—and improving the compilation of key balance of payments components.

ESS CD activities also supported adherence to data dissemination standards in these four countries. CD supported the production and dissemination of the required ESS data sets for Special Data Dissemination Standard (SDDS) subscription in Seychelles and making progress toward participation in the Enhanced General Data Dissemination System and complying with its recommended data categories, periodicity, and timeliness in the other three economies. SDDS subscription requirements cover quarterly balance of payments, IIP, EDS, and monthly international reserves and the foreign currency liquidity data template aligned with the *BPM6*.

In addition, CD activities promoted internal and external collaboration. These included interagency collaboration to improve the accuracy of ESS, the participation in IMF's Coordinated Direct Investment Survey, and the participation in World Bank's quarterly EDS database.

CD project design envisioned CD to be delivered mainly by Statistics Department staff and short-term experts. CD activities between fiscal year 2015 and fiscal year 2022 covered 10 TA missions in the evaluated countries, 13 weeks of in-person missions, and 5.6 weeks of missions delivered remotely. Amid the COVID-19 pandemic, between July 2020 and December 2021, four missions were undertaken remotely. Guinea and Madagascar received the largest volume of CD (Figure 1).

Figure 1. CD Missions (Full-Time Equivalent)

Source: IMF Statistics Department calculations.

Note: CD = capacity development.

III. Performance Assessment

An integrated evaluation that encompasses all four countries was built on gathered information from the desk review and field phase to present a combined assessment. This performance assessment incorporates the evaluation findings based on the OECD DAC criteria: relevance, coherence, efficiency, effectiveness, impact, and sustainability.

Relevance

ESS CD was highly relevant for all four countries in terms of capturing significant economic activity. Guinea and Madagascar are both major exporters of minerals and precious metals, whereas Cabo Verde and Seychelles are small island states that rely primarily on tourism. Improved ESS data is essential in all of these country cases to accurately measure their economic activities and to facilitate policymaking. ESS are directly incorporated into external sector assessment of the economy, debt sustainability, and balance sheet analysis as well as IMF surveillance and policy advice. CD relevance was further accentuated during the COVID-19 pandemic, when the risk of external vulnerability and debt distress was higher.

Central bank management and staff of all countries demonstrated a high level of commitment to CD implementation. The central bank of Cabo Verde—Banco de Cabo Verde—pointed out the links between the ESS CD achievements and its internal institutional targets as well as its contributions to the IMF program implementation going forward. Banco de Cabo Verde asserted that the best way to tailor CD is to link it to the central bank's agenda, and the ESS CD was an integral part of the strategic planning documents of the central bank. Despite a coup d'état in Guinea in September 2021, the country's central bank refocused CD implementation as the political situation stabilized over the past year. A new mission on balance of payments statistics, agreed on with the Guinean authorities for the end of fiscal year 2023, demonstrates a continued relevance of CD and support for its implementation. In Madagascar, continued CD implementation and progress made, despite the country's challenges and the heavy demands on the central bank's limited numbers of staff, was a testament to its ownership. In Seychelles, the central bank governor prioritized the ESS CD, which enhanced the traction of CD recommendations.

Area departments consider ESS CD essential for informing IMF surveillance and supporting program objectives in general. The country strategy notes prepared by the African Department list ESS as one of the CD priorities. Going forward, ESS coverage will continue to be highly relevant because two of the countries have Extended Credit Facility and Extended Fund Facility arrangements with the IMF, and one of them is in the process of negotiating a new program.

Expert surveys and interviews indicate care was given to the authorities' priorities during CD design and implementation. In addition to formal exchanges between the Statistics Department and central bank management, informal exchanges with compilers have helped tailor the scope of missions. At the same time, the experts reported having closely coordinated with the area department desks to ensure CD design addressed the IMF objectives.

The experts suggested a few tweaks during missions that can further improve relevance. For example, having end-of-mission meetings with CD mission teams and the governors at the end of missions and more closely involving IMF resident representatives would enhance CD ownership as well as its implementation. These measures would also help reassure relevance if specific outcomes and milestones are discussed in a timely manner with the authorities.

Coherence

The CD activities were broadly coherent with IMF lending and surveillance activities in the selected countries. The African Department country teams carry out coordination through their continuous engagement with country authorities and frequent discussions with the Statistics Department and TA experts, ensuring that the CD activities reflect program needs and data gaps identified through their engagement. For example, under the IMF's 2014-18 Extended Fund Facility-supported program with Seychelles, the authorities committed to achieving compliance with the SDDS, which meant a significant enhancement of their data quality and collection framework. Similarly, discussions under the 2017-20 Extended Credit Facility-supported arrangement with Guinea guided most of the TA that the authorities requested from the Statistics Department's Balance of Payments Division. In Madagascar, CD activities were originally based on the results of the 2016 multisector mission and discussion with the African Department country team. Under Madagascar's subsequent Extended Credit Facility-supported arrangements, the African Department country team held regular meetings with functional departments to align TA priorities with program objectives, ensure effective sequencing, and avoid duplication. In Cabo Verde, CD activities resulted from discussions partly influenced by Article IV consultations.

Overall, CD was well coordinated with internal agencies reflecting country priorities and being complementary to interventions in other statistical areas. In Cabo Verde, for example, the CD process usually starts from issues identified by the central bank as critical and requiring support. The issues are then linked to the bank's strategic plan and mainstreamed into the CD action plan. In all four economies, CD delivered high-quality work; central bank management and staff showed a high degree of ownership of CD objectives and a high level of engagement during and after missions to implement CD recommendations. CD also effectively promoted sound interagency collaboration—for example, collaboration with the Financial Service Authority on the coverage of offshore activity in Seychelles and collaboration with national statistics offices and ministries of finance in all the countries. In cases such as Cabo Verde and Guinea, overlaps with TA missions in other statistical areas provided the opportunity for practical exchanges on intersectoral data requirements and integration.

The few development partners engaged in ESS displayed synergies, such as in the case with interventions by the African Development Bank (on informal trade and migrant transfers in Guinea) and the World Bank (on quarterly EDS reporting in Seychelles). In limited cases in which there is TA from other institutions, such as in Madagascar and Seychelles, the development partners tended to focus on general ESS concepts, while the IMF TA is more hands-on and tailored to country-specific issues. On one occasion, the authorities in Seychelles indicated receiving conflicting advice from donors and TA providers. In general, the authorities and TA experts addressed all potential duplication between others' interventions and the IMF TA. The scope for duplication was limited, given that donors are typically engaged in other statistical areas, such as real sector, social statistics, and national accounts. In Madagascar, the resident representative offices' participation in donors' coordination activities also helped.

Efficiency

CD has been efficiently delivered. The evaluation assessed operational efficiencies, including the timeliness of CD; the quality of experts, outputs, and backstopping; and the mix of delivery modalities.

The authorities of all four countries confirmed timely TA delivery, even though their implementation of recommendations had encountered delays. Implementation lags were due to high staff turnover, other more important priorities to attend, the stressful work environment that resulted from the COVID-19 pandemic, insufficient resources to implement TA recommendations, and overambitious timeframes to implement the recommendations.

The four countries were highly satisfied with the quality of experts and TA management by the IMF staff. Recipients appreciated and requested experts with prior country experience in the region and who have worked on similar issues faced by their countries. In Guinea, the compilers noted that the experts who led the TA missions to their countries had a thorough grasp of their subject, and this TA enabled participation in the coordinated direct investment survey, the implementation of the *BPM6*, and the production and dissemination of the quarterly balance of payments. In Madagascar and Seychelles, staff appreciated the experts and their participatory delivery approach, which helped staff obtain practical experience.

The countries provided diverse opinions on the quality and effectiveness of the different modalities of IMF TA delivery. Six CD modalities are currently offered to member countries: (1) duty station-based work, (2) field-based work, (3) resident advisor, (4) interactive learning and workshops, (5) online learning, and (6) peer-to-peer engagement. In 2020, with the advent of the COVID-19 pandemic, the Statistics Department turned to remote TA as the main delivery modality because international travel was interrupted. Staff from Cabo Verde expressed a preference for using different modalities according to the needs for more effectiveness. For example, training is viewed by this country as effective in integrating new incoming staff, followed by field-based work (short-term TA visits). Resident advisors could help assess the quality of statistics and provide insights, and peer-to-peer learning could be recommended for exchanges of good practices. Authorities in Guinea appreciated the experience sharing and the hands-on training approach. In-person TA went beyond the terms of reference with additional meetings scheduled as needed, allowing for more comprehensive discussions and providing the expert with greater access to data and information.

The authorities found remote TA missions challenging in terms of meeting all the institutions involved in the production of ESS. Remote TA could be useful for follow-up activities. Because the authorities did not have an experience with the ESS regional advisors, the authorities could not assess the advisors' effectiveness. To regional advisors, these various modalities allow TA beneficiaries to devote all the time they need to ensure the optimal conduct of missions. In Madagascar, training is best suited as a CD modality because it affords compilers from various countries an opportunity to share experiences and practical cases. Short-term TA visits are effective in keeping track of projects and strengthening relationships with other data-compiling agencies. Training is seen as effective in enhancing CD, whereas peer-to-peer learning is regarded as effective in enhancing the exchange of experiences in countries.

The countries provided an assessment of their preferences between remote delivery of TA (for example, through videoconferencing) and traditional mission-based visits:

- For Cabo Verde, both remote and traditional TA delivery modalities were viewed very positively. Remote delivery was seen as helping lower costs and the time spent on missions. However, in-person missions were very useful to accelerate the achievement of TA objectives. Authorities agreed that face-to-face missions were a more efficient delivery method of TA because they enable better communication between the expert and the compilers. This modality also allows experts to access files and better interact with the source data providers. Moreover, face-to-face training allows interaction with counterparts from countries that face similar issues.
- For Guinea, videoconference TA was far less effective than short-term visits because of technical problems linked to internet quality, dispersion of staff entrusted with other duties by their superiors during these missions, and fewer practical exercises to facilitate comprehension. Guinea expressed a preference for short-term visits and peer-to-peer learning.
- Authorities from Madagascar viewed online learning as helpful for basic concepts. The authorities were moderately satisfied with this modality because of perceived logistical issues, such as internet connection, interference with the smooth running of the mission, and the limited sharing of experiences among compilers and participation in discussions. Staff found remote missions to be difficult because of time differences (having to work after normal business hours) and often the lack of adequate and

results-driven communications that face-to-face TA enables. They viewed remote TA as better suited for refinements or discussions on prior work, such as basic changes on a methodological manual.

- Authorities from Seychelles viewed remote TA delivery as good in terms of cost-effectiveness and offering an opportunity to host large groups, although issues related to the time zone difference, internet connectivity, and limited human interaction give preference to traditional TA delivery. Their most recent TA was delivered remotely. Although staff from the Central Bank of Seychelles viewed it as good, they also noted that it is easier to miss finer details in remote missions. Time differences makes it more difficult, especially because most mission meetings are in the evenings after regular work hours, which come at a cost to staff.

The overall assessment found that TA recommendations, agreed on with the authorities, were in line with the objectives and outcomes defined in the log frames. TA recommendations reflected the needs of the countries and were agreed on with the authorities during the missions. Mission recommendations were formulated to achieve the objectives, outcomes, and milestones set in each country's log frame.²

- In Cabo Verde, the main recommendations involve issues of classification, source data, statistical techniques, and coverage and scope.
- In Guinea, the recommendations focused on staff capacity, concepts and definitions, classification, source data, statistical techniques, internal consistency between balance of payments and IIP statistics, periodicity, and timeliness. A major issue raised by the compilers is that of data sharing. The authorities noted that regulations should be applied in a standard and institutional manner for mining companies to comply with data requests.
- In Madagascar, the recommendations involve issues of internal consistency between balance of payments and IIP statistics, statistical techniques, new data sets, staff capacity, coverage and scope, training of staff, source data, and data dissemination.
- In Seychelles, TA focused on two outcomes: resources and source data. These outcomes reflected the authorities' concerns regarding staffing and the incorporation of offshore enterprises, a dominant sector of the economy, into ESS.

Effectiveness

CD was highly effective in terms of improving the quality of ESS data compilation and dissemination. CD delivered the main objective of strengthening the compilation and dissemination of ESS for decision making, according to internationally accepted statistical standards. CD-supported activities were highly effective in improving the coverage, frequency, and timeliness of balance of payments statistics, as well as in developing new data sets, such as the IIP, the quarterly EDS, and the Reserves Data Template in the case of Seychelles. CD contributed to developing statistical infrastructure and significantly expanding source data used for the compilation of ESS through improved and new surveys and increased administrative data. Those results have been translated into regular data provision for publication in the *International Financial Statistics*, the *Balance of Payments Statistics Yearbook*, and other IMF publications available to all data users. Table 2 summarizes the main CD-supported achievements by country.

The African Department has stated a positive view on the progress made on ESS data availability and timeliness in the four economies under evaluation (Table 3) and has indicated that the accuracy and detail of external sector data provided by the central banks are adequate for surveillance, except for Guinea. The department also noted that CD provided by the Statistics Department has enabled regular data provision facilitating policy analysis and monitoring; thus, it helped support program and surveillance work.

² A log frame, short for logical framework, is a project management and planning tool used in the fields of development, aid, and project management. It provides a structured framework for designing, monitoring, and evaluating projects.

Table 2. Main CD-Supported Achievements

Economy	Coverage, Periodicity, and Timeliness
Cabo Verde	<p>Migration of balance of payments and IIP statistics to the <i>BPM6</i> and quarterly reporting in early 2016 of the IIP (previously annually).</p> <p>Participation in the IMF Coordinated Direct Investment Survey—direct investment position data by partner economy survey, data collection on offshore banks, estimating government external debt stock based on available position data directly provided by the Ministry of Finance, and revision of banks' cross-border data based on monetary and financial statistics.</p>
Guinea	<p>Dissemination of direct investment statistics and participation in the IMF Coordinated Direct Investment Survey.</p> <p>Improved IIP compilation and ESS dissemination timeliness; adjusted coefficient to capture informal migrant remittances; and improved coverage of exports of precious metals, such as diamonds and gold. Correction of the formula to calculate errors and omissions and alignment of balance of payments statistics with Balance of Payments and International Investment Position Manual.</p>
Madagascar	<p>Quarterly balance of payments statistics and new quarterly IIP statistics (enabled by the revision of the legal mandate of the Central Bank of Madagascar, which was assigned the responsibility for compiling balance of payments and IIP statistics) aligned with the Balance of Payments and International Investment Position Manual.</p> <p>The framework for the compilation of IIP integrated with balance of payments statistics and improved ESS data collection—enhanced ESS annual survey, expanded administrative sources, and provided statistics techniques for filling data gaps.</p>
Seychelles	<p>SDDS subscription: quarterly balance of payments, IIP, EDS, and monthly international reserves and the foreign currency liquidity data template, aligned with the Balance of Payments and International Investment Position Manual.</p> <p>Coverage of offshore entities and improved travel services.</p> <p>Participation in IMF's Special Purpose Entities Survey ("Resident Special Purpose Entities: Cross-Border Flows and Positions") with Special Purpose Entities data for 2020.</p>

Source: Authors.

Note: *BPM6* = sixth edition of the Balance of Payments and International Investment Position Manual; CD = capacity development; EDS = external debt statistics; ESS = external sector statistics; ; IIP = international investment position; SDDS = Special Data Dissemination Standards..

Table 3. The African Department's Views on the Effectiveness of CD

Country	Has CD enabled regular data provision facilitating policy analysis, development, and monitoring?	Has CD provided by the Statistics Department helped support program/surveillance work?
Cabo Verde	Yes, the accuracy and detail of the data provided is adequate.	Yes, but the timeliness with which the authorities provide the external sector data can be improved.
Guinea	Yes	Yes, but there is lingering room for substantial data accuracy in domains where the information does not seem realistic.
Madagascar	Yes	Yes
Seychelles	Yes, the authorities maintain close communication, but the data is revised very frequently.	Yes, but other investment in the financial account of the balance of payments remains volatile and has increased substantially.

Source: Authors.

Note: CD = capacity development.

Nevertheless, the timeliness with which the authorities provide the external sector data can be improved in cases such as Cabo Verde and Madagascar.

The 2019 TA strategy for Seychelles, produced by the African Department, indicated that significant progress had been made in the ESS area and considerable organizational improvements have been made in the working process for collecting and compiling the ESS. CD priority areas were aligned with the authorities' reform agenda in view of the country's vulnerability to external shocks because of its small size and reliance on tourism. In Madagascar, given that most of the ESS mission recommendations have been addressed, the African Department deems it useful to have a stocktaking mission to assess the remaining steps to transition to internationally agreed best practices and methodology to compile external data.

Evaluation results indicated a high degree of achievement of CD objectives, outcomes, and milestones by management and staff of the Central Bank of Seychelles. Findings based on results-based management framework, TA reports, interviews, and surveys indicate that the authorities effectively implemented the major missions' recommendations. The evaluation findings indicate that most milestones were largely or fully achieved during the evaluation period and almost all recommendations implemented.³ Furthermore, the authorities of the four economies acknowledged that the results obtained in this period would not have been possible without CD support.

CD was also widely seen as effective in terms of know-how transfer to recipients. The delivery of high-quality TA resulted not only in effective hands-on training but also in contributing to staff training on ESS concepts and definitions. Nevertheless, some central banks' authorities consider that the milestone on "the number of staffs trained to compile and disseminate ESS to be adequate" has not been fully achieved, mainly because of the limited staff availability and the difficulties in addressing staff turnover in Guinea and Madagascar and small island states (Cabo Verde and Seychelles). In this regard, knowledge transfer was significantly affected by staff turnover. CD was very useful to spread both international standards (concepts and definitions) and best practices, not only among ESS compilers but also among basic data producers.

Nevertheless, challenges on the accuracy of ESS remain substantial, particularly in countries with limited institutional capacity, warranting a need to continue CD activities. Although CD was highly effective, there is substantial opportunity for CD to continue supporting the evaluated economies to improve the usefulness of ESS, subject to their absorption capacity. The lack of coverage of informal transactions affected the accuracy of balance of payments statistics in Guinea and Madagascar. For example, unreported informal exports of gold and precious stones and informal personal transfers (inflows) in Madagascar and lacking balance of payments counterpart entries of mining exports and cross-border transactions of large infrastructure projects in Guinea affected ESS accuracy. Those issues in Guinea underlie balance of payments discrepancies between the Central Bank of the Republic of Guinea and the African Department data. That said, even in those challenging cases and context, CD activities have been important in achieving progress in Guinea.

For countries that experience challenges with governance or weak institutional frameworks, CD effectiveness would benefit from longer-term project planning with incremental achievable milestones and closer follow-up after missions. The nature of the challenges faced in Guinea—lack of completeness of financial transactions data of mining companies and large infrastructure projects—has constrained the scope of CD activities needed to address them. The African Department indicated that more goal orientation may be

³ The authorities of some economies indicated relative low ratings for the achievement of a few milestones. For example, the Central Bank of Madagascar indicated low ratings for "compile and disseminate quarterly IIP in integrated format" (two out of five); the Banco de Cabo Verde for "offshore data are included in the ESS" (one out of five) because this milestone is still pending even though the data are internally available under senior approval—it should be noted that this milestone relates to historical data because offshore banks are no longer authorized to work in the country; and the Central Bank of the Republic of Guinea for the compilation of EDS in line with the *2013 External Debt Statistics: Guide for Compilers and Users* (one out of five), the soundness of statistical techniques used to compile the EDS (one out of five), and the adequacy of the number of staff trained to compile and disseminate ESS (two out of five).

needed for CD activities to persist until there can be more final resolution of the issues. Also, improving CD follow-up activities would ensure that the identified gaps are adequately addressed and closed. In Madagascar, potential improvements relate, for example, to properly estimating informal transactions for national accounts and balance of payments purposes; thus, they should be jointly coordinated with real sector staff, experts, and the Institut National de la Statistique.

Cabo Verde, Guinea, and Madagascar faced dissemination timeline issues. In Cabo Verde, challenges related to improving balance of payments timeliness. In addition, there was a need for involving the adoption and integration of digital technologies, such as computers, software, networks, and the internet, to enable creating, storing, processing, and transmitting digital data amid increased amounts of data used for ESS purposes. In Seychelles, limited human resources at the Central Bank of Seychelles resulted in continuous reliance on IMF CD support to continue improving ESS quality. Although the Central Bank of Seychelles has improved accuracy and timeliness of ESS data because of CD activities and SDDS subscription, some reporting delays and gaps occur in private sector reporting. Also, the coverage of financial transactions (particularly those related to tourism activity) and IIP statistics (including improving the coverage of offshore activity) could be improved.

Impact

CD enabled regular data provision to the African Department, facilitating policy analysis and monitoring. CD has been helpful in improving data collection, analysis, and transmission in the four evaluated economies. ESS are transmitted to the African Department on a regular basis for surveillance and program purposes, even though data users noted timeliness issues in Cabo Verde and Madagascar. Within central banks, enhanced ESS are being used for monetary committee reporting and decision making—for example, in Seychelles, according to staff of the Central Bank of Seychelles, the ability to make monetary decisions improved as a result of better ESS, which feed into quarterly monetary policy meetings.

In general terms, ESS coverage, periodicity, and timeliness improved in the four economies, and the benefits have been spread to all data users. ESS data quality and timeliness are important for central banks' credibility; in this regard, they have fully supported the CD work because it contributed to better policy-making, fluidity of intersectoral discussions, ease of collecting inputs, and ease of disseminating compiled statistics. CD has also resulted in better ESS data available for all users by facilitating regular data provision for publication in *International Financial Statistics*, *Balance of Payments Statistics Yearbook*, and other IMF publications. In Seychelles, SDDS subscription significantly contributed to making available more reliable ESS on a timely basis to all data users (including the dissemination of the advance release calendar, which has resulted in the Central Bank of Seychelles's internal discipline to ensure data provision based on SDDS requirements). The frequent interaction within central banks between ESS compilers and researchers has enhanced both the data compilation work and forecasts.

The effect of improved ESS accuracy is evident because balance of payments statistics is one of the most used data for analytical purposes in the economies. In Seychelles, for example, CD assisted with the revision of travel services estimates, which affected the current account of the balance of payments—IMF staff projections show a significant decline of the current account deficit. Seychelles is a small economy with high reliance on tourism, and travel services is the main component of its current account. In Guinea and Madagascar, as mentioned in the effectiveness section, there is still opportunity for CD to assist central banks in improving the usefulness of ESS for policymaking and analysis. Data users, including the African Department, have concerns about the effect of unrecorded cross-border transactions on balance of payments statistics of these two economies.

Sustainability

Despite capacity constraints, all four countries have developed specific policies and knowledge transfer mechanisms to ensure continuity of benefits achieved from TA. The selected countries have compiled, disseminated, and stored external sector data using the coverage and scope of the balance of payments and IIP statistics, which are broadly consistent with the guidelines of data timeliness. The authorities in Seychelles coordinated and exchanged views with Statistics Department staff before missions took place, showing a great deal of ownership and commitment to the TA.

To ensure continuity of benefits achieved from TA, countries have adopted idiosyncratic procedures. In Madagascar, the authorities heavily rely on TA mission reports, whose timely availability has become critical to ensure the sustainability of TA recommendations on ESS. In Guinea, the authorities created the Technical Committee for the Harmonization of Balance of Payments to ensure the continuity of benefits achieved from TA. In Seychelles, although data on offshore activities have yet to be fully incorporated, the central bank compiles and disseminates data on a quarterly basis for the balance of payments, IIP, EDS, and the international reserves and foreign currency liquidity data template. Cabo Verde officials have reported high scores regarding absorption and retention of knowledge gained through TA by keeping timely records of ESS data in records.

Nonetheless, capacity issues remain a long-term challenge and could affect TA sustainability. In Guinea, the most important factors that might negatively affect the central bank's ability to maintain, or build on, the results of the TA work with the IMF lies in the difficulty in retaining capable staff. In Seychelles, further efforts are needed by the TA to include private sector debt and to improve coverage and treatment of tourism receipts (both in- and outflow)—furthermore, the sustainability of the project's outcomes could be challenged by the inability of properly maintaining collaboration between data providers. Challenges with capacity constraints are emerging in Madagascar with clear effects on sustainability, such as staff mobility and high turnover (for example, retirements). In Cabo Verde, the current staffing levels may not be adequate to produce, maintain, and document data work on ESS in the context of a rising economy, including growing amounts of cross-border transactions. Difficulty retaining capable staff is another risk in Cabo Verde.

Strengthening, consolidating, and extending current advances require sustained dedication and continuous monitoring from TA missions. In Guinea, periodicity, timeliness, and consistency of data are still weak and require further TA efforts going forward. Digitalization of data collection and the compilation system in Cabo Verde remains a TA priority to ease the burden on compilers and improve data accuracy. Despite Seychelles's strong ownership and strong track record of the country regarding TA implementation, the sustainability of the project might be hampered by the lack of human resources—both at the central bank and at the National Bureau of Statistics—because of high staff turnover and, in particular, difficulties in retaining capable staff. According to the authorities in Madagascar, difficulties in retaining capable staff, together with insufficient funding to operate effectively and lack of timely coordination within the central bank and with other important stakeholders, could jeopardize TA gains. Against this backdrop, TA on ESS is still needed in all four countries to ensure continuity.

IV. Conclusions and Lessons Learned

Overall Assessment

The evaluation team confirmed that the ESS CD has achieved its goal to a large extent and helped improve the compilation and dissemination of balance of payments and IIP data in Cabo Verde, Guinea, Madagascar, and Seychelles.

CD on ESS has been highly relevant for the needs of all four countries and helped capture significant economic activity. Improved ESS data are essential in all of these country cases to accurately reflect their economic activities and to facilitate policymaking. ESS are directly incorporated into external sector assessment of the economy, debt sustainability and balance sheet analysis, and IMF surveillance and policy advice and its relevance was further accentuated during the COVID-19 pandemic, when the risk of external vulnerability and debt distress was higher. Central bank management and staff of all countries demonstrated a high level of buy-in and commitment to CD implementation. Expert surveys and interviews indicate care was given to the authorities' priorities at CD design for relevance. ESS CD is considered essential for informing IMF surveillance and supporting program objectives in general.

The CD activity was broadly coherent with the activities of internal and external stakeholders. CD was in alignment with IMF lending and surveillance activities in the selected countries. Continuous interactions with country teams—facilitated by resident representatives—helped coordinate CD activity with countries' priorities and complementary to interventions in other statistical areas. There were synergies with the few development partners engaged in ESS in the selected countries (such as the African Development Bank and the World Bank).

CD delivery was timely, high quality, and well executed. Authorities from all four countries expressed a high level of satisfaction with the quality of expertise, overall communications, and TA management, and they stressed the importance of timely receipt of CD advice. Modalities of delivery were considered broadly appropriate. The authorities ranked the four modalities in order of their effectiveness: (1) short-term TA visits, (2) peer-to-peer learning, (3) training, and (4) remote TA. One of the constraints of the evaluation lies in the absence of ESS regional advisors in Africa. During the COVID-19 pandemic, when the Statistics Department resorted to remote TA as the main modality, delivery was reported as good in terms of cost-effectiveness and an opportunity to host large groups—albeit issues occurred related to the time zone difference, internet connections, and difficulties with retention of attention. All countries have a clear preference for face-to-face missions but acknowledge benefits in remote delivery as a form of quick check-ins.

TA recommendations were broadly in line with the objectives and outcomes of the log frames. TA recommendations—agreed on with the authorities during the missions—reflect the needs of the countries.

CD was overall effective in improving the quality of ESS data compilation and dissemination. CD delivered the main objective of strengthening the compilation and dissemination of ESS for decision making according to internationally accepted statistical standards. CD-supported activities were highly effective in improving the coverage, frequency, and timeliness of balance of payments statistics and in developing new data sets, such as IIP and EDS. CD actions at the project design stage (premission work), TA stage (mission work), and follow-up stage (postmission activities to support outcome achievements) highly contributed to delivering effective CD. The African Department has a positive view on the progress made on ESS data availability and timeliness in the four economies under evaluation. Although the delivery of high-quality TA resulted in effective hands-on training and contributed to staff training on ESS concepts and definitions, some central

banks' authorities consider that the milestone on "the number of staffs trained to compile and disseminate ESS to be adequate" has not been fully achieved. Challenges with the accuracy of ESS remain substantial.

CD had some visible effect in enabling data for decision making. ESS coverage, periodicity, and timeliness improved in the four economies, and the benefits have been spread to all data users through greater visibility in decision making, fluidity of intersectoral discussions, ease of collecting inputs, and ease of disseminating compiled statistics. The effect of improved ESS accuracy is evident because balance of payments statistics is one of the most used data for analytical purposes in the economies. In addition, CD enabled regular data provision to the African Department facilitating policy analysis and monitoring. Nonetheless, concerns about the effect of unrecorded cross-border transactions on balance of payments statistics affect all four economies.

All four countries have made strides to sustain the benefits of CD, despite continuing challenges. These include specific policies and knowledge transfer mechanisms adopted to ensure continuity of achievements from TA. Although the countries have enacted idiosyncratic procedures, capacity issues remain a long-term challenge and could affect sustainability. Difficulty retaining capable staff is a risk in all four countries. Strengthening, consolidating, and extending current advances require sustained dedication and continuous follow-up on missions. Hence, a diligent follow-up CD on ESS is still needed and would help countries to ensure continuity.

Lessons Learned and Steps for Productive Capacity Development

The evaluation team identified several good practices that are already in place in some of the constituencies as well as some additional ones that can help improve CD design and delivery for successful results. On the basis of these good practices, the evaluation team developed a suggested checklist to help CD project managers who embark on CD projects. This checklist aims to improve CD design, delivery, and follow-up and to support CD outcomes not only for the Statistics Department but also for potentially all IMF departments (see Table 4).

Recommendations for Consideration

The following recommendations are extracted from the evaluation findings and are highlighted to support future CD work toward strengthened results.

- Engage resident representatives and leverage integration of CD with surveillance and lending for enhanced CD results: CD project design should include early engagement with the resident representatives as part of the discussion with the area department. Every CD team should meet with the resident representatives and country teams in advance of the missions before the elaboration of the brief. Minor tweaks made to the brief in these discussions can help accentuate results significantly and ensure CD, surveillance, and program integration. Resident representatives' offices could also participate in the opening and closing meetings with authorities' management. They can significantly contribute to properly identifying challenges, leveraging surveillance, and facilitating central bank and ministry of finance management support.
- Plan for longer CD delivery and implementation timelines with attention to absorption capacity in countries exhibiting a combination of weak governance, political instability, and socioeconomic challenges: Result expectations should be realistic and commensurate with absorption capacity, starting level of capacity, and existing challenges to implementation. Medium- to long-term continuous CD engagement where intensive work is needed should be considered subject to a country's absorption capacity. More frequent in-person CD activities can be followed up with virtual check-ins to ensure continuity of support.

Table 4. Suggested Checklist for CD Managers for CD Design and Delivery Practices

Period	Steps
CD design: predelivery work	<ol style="list-style-type: none"> 1. Actively involve authorities in CD design, including discussion of objectives and milestones. 2. Involve the area department's leadership in defining CD objectives. 3. Include resident representatives throughout CD work. 4. Assess the authorities' (compilers') capacity. 5. Identify relevant and feasible outcomes and milestones in log frames. 6. Liaise with other CD providers' work and involvement to ensure complementarities and avoid duplication. 7. Identify a suitable expert and staff to conduct the CD. 8. Assess the interagency coordination (other than central banks) needed to achieved outcomes. 9. Evaluate what worked and what did not in previous CD projects and activities. 10. Agree on CD delivery modalities: a standalone TA activity or a sequence and blend of TA and training activities (could be delivered hybrid, virtual, in-person; for training, could also leverage Statistics Department's online courses) to support CD objectives.
CD delivery: Ensure proper support for effective CD implementation	<ol style="list-style-type: none"> 11. Ensure commitment by compilers and senior staff to TA outcomes and high authorities' motivation to improve statistics. 12. Provide African Department support and resident representatives' office participation in opening and closing meetings. 13. Focus on limited and feasible relevant issues (step-by-step approach). 14. Suggest priority actions and recommendations commensurate to available resources. 15. Set up achievable incremental milestones. 16. Promote sound interagency collaboration to expand data sources. 17. Facilitate collaboration with other TA providers who can fund and/or carry out surveys. 18. Deliver know-how transfer to compilers through hands-on training. 19. Promote a suitable institutional setting to achieve the outcomes. 20. Facilitate coordination with other agencies' (national statistics offices and national authorities) experts and compilers on cross-cutting issues related to informal economy (informal trade and informal migrant remittances). 21. Facilitate coordination with the Ministry of Finance on public sector external debt issues. 22. Use mirror statistics to identify and address data gaps.
CD follow-up: Brief check-ins between delivery activities to support achievement of outcomes	<ol style="list-style-type: none"> 23. Follow up periodically with authorities on priority actions. 24. Engage the area department and resident representatives in supporting follow-up of priority actions. 25. Provide virtual assistance with specific tasks. 26. Maintain "momentum" achieved during the mission with follow-up virtual discussions. 27. Ensure continuous authorities' commitment (including suitable staff allocated to ESS compilation). 28. Support interagency work to implement the recommendations. 29. Adjust the recommended actions to address implementation hurdles. 30. Assess the need for an in-person visit to support the progress made.

Source: Authors.

Note: CD = capacity development; ESS = external sector statistics; TA = technical assistance.

- Expand the Statistics Departments' ESS experts in Africa Regional Technical Assistance Centers, in particular for those that serve a larger number of countries with weak governance or limited institutional capacity: This would help serve these countries with more frequent engagement in a programmatic fashion that also brings together regional experiences and helps harmonize approaches. A regional approach to address specific common issues, such as artisanal gold mining, informal cross-border trade, and informal migrant remittances, would be helpful. In addition, regional workshops would help bring peers together, allowing for knowledge exchange.
- Include the use of mirror statistics in ESS project design: Intensive use of mirror data statistics may help identify data gaps better. The evaluation noted that the African Department used mirror statistics to close data gaps and check discrepancies. In some of the evaluated countries, mirror statistics can be the next stage of CD.
- Make outreach and engagement part of CD design internally among central bank departments and externally with other relevant agencies: CD design and delivery should aim to more explicitly bring together stakeholders internally and externally. The evaluation identified significant dividends generated through CD experts' bringing the central bank staff together with other agencies' staff as well as close coordination within central bank departments. CD could be used as leverage to improve coordination among agencies within the country and to seek, as a result, spillover benefits to a greater circle of beneficiaries, even though the official beneficiary is the central bank.
- Make use of a hybrid model to ensure continuity of CD support and results traction: Consider conducting short follow-up virtual meetings and missions on implementing action plans and recommendations to keep traction. Area departments could also engage in these meetings to check the progress on substantial recommendations and to boost management-level CD ownership.
- Use online courses—possibly in a blended delivery format and in multiple languages—including Balance of Payments and International Investment Position Statistics (available in English, French, and Spanish) and External Debt Statistics (available in English).



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