



Independent External Mid-Term Evaluation

**Caribbean Regional Technical
Assistance Center**

(CARTAC PHASE IV)

Good to great

Submitted to:
CARTAC Steering Committee and the
International Monetary Fund

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ACRONYMS

AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
ADB	Asian Development Bank
AFSPC	Association of Financial Supervisors of Pacific Countries
APD	Asia and Pacific Department (IMF)
CARTAC	Caribbean Regional Technical Assistance Centre
CCB	Committee for Capacity Development (IMF)
CLARITY	Project Management Software
DAC	Development Assistance Committee (OECD)
FAD	Fiscal Affairs Department (IMF)
FSAP	Financial Sector Assessment Program
FY	Financial year
GDDS	General Data Dissemination System
ICD	Institute for Capacity Development (IMF)
IDB	Inter-American Development Bank
IEO	Independent Evaluation Office
IM/IT	Information Management/Information Technology
JSA	Japan Administered Account for Selected IMF Activities
IMF	International Monetary Fund
LEG	Legal Department (IMF)
LTX	Long-Term Expert
MCD	Middle East and Central Asia Department (IMF)
MCM	Monetary and Capital Markets Department (IMF)
METAC	Middle East Technical Assistance Centre (IMF)
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OIA	Office of Internal Audit
PEFA	Public Expenditure and Financial Accountability Ratings
PITAA	Pacific Islands Tax Administrators Association
PFM	Public Financial Management
PFTAC	Pacific Financial Technical Assistance Centre
PIFMA	Pacific Islands Financial Managers Association
PINACLE	Pacific Islands National Accounts Compilers and Local Experts Association
RAP	Resource Allocation Plan
ROSC	Report on the Observance of Standards and Codes
RSN	Regional Strategy Note
RTAC	Regional Technical Assistance Centre (IMF)
STA	Statistics Department (IMF)
STI	Singapore Regional Training Institute (IMF)
STX	Short-term Expert
TA	Technical assistance
TAIMS	Technical Assistance Information Management System
TTFs	Topical Trust Funds (IMF)
UFR	Use of Fund Resources
WHD	Western Hemisphere Department (IMF)

Acknowledgements and Disclaimer

This is the report of an independent evaluation of technical assistance and training by the Caribbean Technical Assistance Centre (CARTAC), which is delivered by the International Monetary Fund (IMF) and funded by a multi-donor trust fund. Although the conclusions and recommendations of the evaluation team are their independent views, many people contributed information and observations. We wish to thank them.

Officials in all CARTAC member countries were very helpful. The countries visited by the evaluation team included Barbados, the Bahamas, Grenada, St. Lucia, Dominica, St. Kitts and Nevis and Jamaica. In previous months, on a similar assignment, members of the evaluation team had also visited the governments of Antigua, and Barbuda, Belize and Trinidad and Tobago.

The donors to CARTAC met with the evaluators in discussion groups and individually; and the evaluation and its preliminary findings were discussed at the December 2014 meeting of the Steering Committee. We would like to thank the representatives of Canada, the United Kingdom, Australia and the European Union for their generous contributions to the study.

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The Institute for Capacity Development (ICD), Global Partnerships Division (GPD), of the International Monetary Fund (IMF) initiated and managed the evaluation. Mr. Holger Floerkemeier provided general oversight. Ms Katarzyna Kardas managed the evaluation through all its phases including design, contracting and review; and coordinated the inputs of IMF Departments. ICD staff, principally Ms Maria Sara McClain provided data and reviewed data presentations in the evaluation report and Ms. Sharmila Rasanayagam-Osuri arranged meetings and gave logistical support.

There was a high response rate to the surveys of stakeholders and we thank those who took the time to communicate their views on CARTAC's technical assistance and training.

Dr. Kenneth Watson was the evaluation team leader. Dr. Munir Sheikh, Executive Fellow, School of Public Policy, University of Calgary, ex-Associate Deputy Minister, Finance Canada, ex-Chief Statistician of Canada, was the principal evaluator in regard to technical assistance and training in national statistics. Ms Vinita Sikand Watson, ex-head of the International Trade and Finance Branch of Finance Canada and ex-IDB Executive Board member, was the principal evaluator of IMF technical assistance in revenue administration and in monetary and capital markets. Dr. Anne Perkins conducted the survey of stakeholders and managed the data analysis.

DISCLAIMER

The opinions expressed in this paper are those of the consultant authors and do not necessarily reflect the opinions or policies of the International Monetary Fund or CARTAC member governments or donors. As well, the statements by interviewees and by respondents to the evaluation surveys reported herein are the observations and opinions of those persons and are not vouched for by the author of this report.

Executive Summary

This is the report of an external and independent mid-term evaluation of the Caribbean Regional Technical Assistance Centre (CARTAC) Phase 4, FY 2012¹, FY 2013 and FY 2014 (ending on April 30 2014). Information collection ended in January 2015.

The methodology for the evaluation included document reviews, interviews with IMF staff in Washington DC, interviews at CARTAC in Barbados and interviews and discussion groups in a sample of member countries and two surveys of stakeholders. Performance ratings by the evaluators were based on a Delphi Method² that included assembling information from several sources (triangulation), independent initial scores that avoided premature anchoring and iterative rounds of scoring and discussion to reach consensus.

The evaluators' overall assessment was that CARTAC was a good Centre that could be a great Centre given a more program-based approach, a more proactive and empowered Steering Committee, a modest rebalancing of responsibilities and authorities to enable the IMF Area Department/Coordinator to commission some inter-disciplinary and thematic work, including more attention to inclusiveness and sustainability. More stable funding and better continuity of operations is also important and a sharper focus on building self-reliant capacities in member countries as distinct from serial supplementation of capacity.

There was a general consensus that CARTAC's work was highly relevant to the needs and priorities of member governments. Its effectiveness, efficiency and impact were good but could be improved in significant ways. Sustainability was modest.

ES-1 Overall Performance Ratings on OECD/DAC Criteria

(CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Ratings			Evaluators' Summary Assessments
	CARTAC Clients	SC, Experts, Partners	Evaluators	
Relevance	4.3	4.2	4.3	Highly relevant but very small interventions and some gaps
Effectiveness	3.6	3.2	3.5	Effective but could be more effective if more program-based.
Efficiency	4.1	3.5	3.6	Efficiency significantly compromised by activity collapse at transition from Phase 3 to Phase 4.
Impact	3.7	3.4	3.5	Better continuity would improve impact.
Sustainability	3.7	3.3	3.4	High risks of erosion of governments' capacity over time in part because of small size.
Weighted average ³	3.9	3.6	3.7	Note: High client ratings for efficiency

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

¹ FY 2012 was a transition financial year for CARTAC covering 15 months in order to harmonize CARTAC's fiscal year with the IMF fiscal year.

² See www.rand/topics/delphi-method

³ See Appendix 4 Methodology: Weights were as follows: Relevance 30%; Efficiency 20%; Effectiveness 20%; Impact 10%; and Sustainability 20%.

Some of the most significant ways CARTAC's performance could be improved were:

- More analysis of exactly what improvements in outcomes are attributable to CARTAC and why - for accountability but also to underpin strategy.
- Improving strategic coherence by being more program-based.
- Building regional cross-country expertise
- Improving the governance of the Centre.
- Being more systematic about addressing cross-cutting themes.
- Improving transitions between Phases and between LTX tenures.

CARTAC is reported by its member governments to have had a significant impact but the challenges of small island states in maintaining capabilities once established require continuous engagement by CARTAC with regular follow-up. Long-term capacity supplementation, although needed by some governments in some fields, is not an appropriate role for CARTAC. It should focus on fostering self-reliant capabilities. Supplementation (actually doing the work for the client) is a role for cooperative regional organizations or for private sector professional services companies.

Value for Money

There is a broad consensus among stakeholders that CARTAC provides good to excellent value for money. The IMF provides considerable administrative support without charge, including the services of the Centre Coordinator. Overhead rates are reasonable and the cost of experts is within a normal range. The IMF provides oversight at little cost to donors and technical backup at low cost. It is unlikely that donors could duplicate CARTAC services unilaterally as cost-effectively as through partnership with the IMF.

Lessons

The lessons that stand out from the Phase 4 experience include the following:

- **Focus on government capacity building, not on serial supplementation (doing the work for the client repeatedly).** Building client government capacity to undertake tasks without external support is slower than doing the work directly but we believe that it is CARTAC's true goal. The smallest governments may not be able to maintain all of the needed capacities in house but in that case a specialized regional organization is the appropriate resource and/or outsourcing to private professional services companies.
- **Continuous engagement.** It is important to keep activity levels stable at Phase transitions and when Resident Advisors change, or else momentum and credibility can be lost. Whenever possible the tenures of LTXs should overlap to maintain corporate memory and programmatic consistency. Programs that do not start or end with a particular LTX are a good way to organize TA.
- **Major reforms need major help.** CARTAC sometimes underestimates just how much help is necessary to implement a major reform. Improving skills in administering established systems and practices is one thing. Designing and implementing entirely new systems and practices is exponentially more demanding. CARTAC missions to some countries in some areas have been too infrequent; and there are several areas of work where CARTAC could help in principle but has no resources. In particular the regulation and supervision on non-bank financial institutions and the financial management of state-owned enterprises need more resources.

Members of the Steering Committee, experts and partners expressed many of the same ideas as those stated by clients. In addition they placed more emphasis on the following ideas.

- Improve the governance of the Centre.
- Develop an “explicit project orientation” (that is, a ***program-based approach*** to organizing work) as distinct from providing a large number of discrete activities in each sector.
- Use technology better both in technical assistance and training.

Recommendations

In summary the main recommendations are as follows:

- 1. Fund CARTAC Phase 5 at about \$60 million to \$65 million in total and commit to doing so early enough to avoid a severe downturn in the level of activities during the first year of Phase 5.**

Both need and performance justify CARTAC activities in Phase 5 continuing at the projected level of annual expenditures reached in FY 2015 and the projections for FY 2016 - that is, approximately \$12 million per annum. Donors and the IMF should act vigorously to ensure that the level of Centre activity does not contract sharply and inefficiently during the transition from Phase 4 to Phase 5 due to temporary cash flow constraints. CARTAC’s administrative framework has shown that it can support approximately \$12 million of TA per year. Therefore it is inefficient to allow the level of activities to fall well below this during Phase transitions.

It is beyond the scope of this evaluation to assess whether donors have been wise to fund projects in the Caribbean that overlap with CARTAC but in the absence of clear evidence to the contrary one assumes that such fragmentation is administratively inefficient and burdensome to the client compared with an integrated approach through a single instrument.

In the 2015 CARTAC Annual Meeting there were calls for a long-term vision for CARTAC in the Caribbean. We think that the Program Document for Phase 5 should start to address this question.

- 2. Improve CARTAC’s financial sustainability by diversifying its donors, strengthening its cooperation with other IMF trust funds, starting a complementary RTACs Trust Fund, and increasing the suggested contributions from CARTAC member governments.**

We suggest that beneficiary member governments contribute voluntarily⁴ a somewhat larger, although still small, part of the Centre’s budget, perhaps amounting to 15% of the Phase 5 budget. In terms of “burden sharing” we favour assessing each member government a fixed amount plus an incremental amount based on each country’s GDP. However a simple standard contribution has advantages as

⁴ The International Monetary Fund does not at present charge its clients for technical assistance or training. That does not necessarily mean that RTACs cannot levy mandatory contributions. However withholding service because of non-contribution would be difficult. If an RTAC did withhold service and the government appealed to IMF HQ directly for technical assistance it would be a complex and awkward situation. It is preferable that the IMF and all of the RTACs, together, address this issue. The donors should also have an important voice on the matter since they are providing most of the funds.

well because we think that the suggested contributions are small enough that ability to pay would not be a serious issue.

3. **Strengthen results-based management in Phase 5 by piloting the new RBM systems being developed by the IMF, by investing in the measurement of baselines and increments in each functional area and by specifying measurable objectives and targets for each of its Programs within a program-based approach to TA and training.**

This will be supported by the intensive effort the IMF is making to strengthen RBM throughout the organization and by the selection of CARTAC to pilot the new systems. Systems are less important than investing in the measurement of results. Measurement can be complex and expensive if one takes the view, as we do, that the primary role of CARTAC is to focus on institutional capacity building not serial supplementation.⁵ Therefore results measurement requires baseline studies of institutional capacity with later follow-up to measure incremental improvement. Expanded use of diagnostic missions from IMF HQ has a part to play in baseline studies.

4. **Adopt a program-based approach to TA and training.**

While remaining responsive to members' demands for technical assistance and training CARTAC should move towards a program-based approach to delivering technical assistance that is less linked to the tenure of a particular LTX and somewhat more structured and less ad hoc. It should deliver strategically important multi-country multi-year programs of technical assistance and training that are carried through to completion independently of the tenures of individual advisors. The normal tools of a program-based approach should be used including outcome-focused terms of reference, entry workshops, progress reports and completion reports. (See Section 2.3.1 Organization)⁶ We envisage there being more than one Program in each functional area of the IMF's work at any time and that Programs would not start or end at Phase transitions.

⁵ The Centre should mainly target results that are defined as the development of self-reliant capabilities in member governments. Such capabilities do not lend themselves to easy measurement nor to aggregation across countries but they are the true results sought. The indicators would at the highest level be indicators of institutional development. For example, in regard to the statistical unit in a particular government: Is there an adequate number of qualified statisticians? Is the head of the unit a qualified statistician? Does the unit have a multi-year work plan that is a plausible plan for the outputs that need to be produced? Has the government appropriated sufficient funds for data collection? Is the quality of current professional work at a sufficiently high standard? Is there a training plan for staff? Etc. Where capacity supplementation is essential it should be under the aegis of a regional service provider, other than CARTAC, wherever possible, or governments should be encouraged to outsource their requirements to private professional services companies. (See Section 2.7 Results-Based Management)

⁶ By way of comparison with another RTAC, on the same topic, we note that the March 2015 meeting of the Steering Committee of PFTAC the Discussion Group on Program-Based Approaches agreed with the concept of "programs" but cautioned that the Centre should leave room for ad hoc requests and should not make Programs so complex that they are difficult for an LTX to administer. There was also a concern that Programs not become another way in which funds are earmarked and subsequently under-utilized. Nevertheless most stakeholders were strongly supportive of the program-based approach. The transition from an activities-based approach (mainly) to a program-based approach would require more resources in the short term but should not be more expensive in the long term.

5. Strengthen the role of the Steering Committee in providing oversight and strategic direction.

CARTAC's governance structure could be rebalanced to strengthen the role of the Steering Committee if members are willing to take on heavier commitments and workload. Among other things, (voting and non-voting) membership of the Steering Committee could be more formalized and the voting occasions and procedures should be clarified. An agenda of points on which the Steering Committee will be asked to advise could be circulated before the Steering Committee meets to enable thoughtful consideration. As well the role of the Steering Committee in providing strategic advice could be strengthened through its consideration of proposals for individual Programs of the type recommended in this evaluation. Each proposal for a Program in any functional area should be brought to the Committee for review and comment in the design stage. Committee members could participate in an Entry Workshop for every new Program and the Committee could receive and consider a Completion Report for each Program after about three years. Whether this is feasible depends on the willingness of Committee members to be more proactive and to assume a heavier workload than in the past.

6. In addition to sector programs, fund a program that is interdisciplinary to fund thematic, cross-disciplinary and cross-sectoral work.

In addition to one or more Programs in each functional sector, CARTAC should have one Program that would focus on thematic, multi-disciplinary or cross-sector topics. We suggest that the IMF area department (Western Hemisphere Department) should manage that Interdisciplinary Program, with the CARTAC coordinator in the lead. (See Section 2.3 Organization)

7. Devolve more responsibility and authority to the Coordinator.

As recommended by the IMF Internal Working Group on Governance (2012) the CARTAC coordinator should have increased financial authorities including the authority to approve STX missions that have been approved in principle by the IMF Functional Department during the design of each Program. Administrative authority for some first stage financial and operating systems (IM/IT, for instance) should be devolved to the CARTAC office in Barbados. By "first stage" we mean that primary data entry should be at the CARTAC Office in Barbados.

8. Improve CARTAC's corporate memory and use of information technologies.

CARTAC's corporate memory and information management need to be improved to achieve (1) better continuity through better management of substantive files, by overlapping advisors' tenures, and by program-based approaches and entry workshops and program completion reports; (2) better member access to information through improved country portals and sector portals on the website; and (3) more use of modern Internet-based programmed training technologies. (See Section 2.3 Organization)

9. Improve the synergies between CARTAC and the wider network of RTACs.

Various actions are suggested in this Report including Centre Peer Reviews and an evaluation of the RTAC network as a whole. (See 2.7 Results-Based Management and Evaluation)

10. Pay more attention to cross-cutting, interdisciplinary and thematic issues.

In Phase 5 CARTAC should give more visibility in its Program Document and Logical Frameworks to interdisciplinary work, including institutional development, inclusiveness (gender, race, class and disability in the economy) and to ecological sustainability issues that have important economic implications including implications for governments' fiscal sustainability.

Some possible implementation actions include:

- CARTAC should pay more attention to systemic institutional development issues that are common across different Ministries and agencies in a member government. Other cross-cutting issues that may be influential in the political economy of member states include issues of inclusiveness, including gender equality, and ecological vulnerability and sustainability and their possible implications for macroeconomic management.
- CARTAC should “mainstream” gender and other inclusiveness issues particularly in certain areas, such as sex-disaggregated national statistics and the regulation and supervision of institutions that tend to serve poor women such as microfinance institutions. Mainstreaming does not imply that CARTAC must have a dedicated LTX in each cross-cutting thematic area. It requires, rather, that every LTX should be sufficiently sensitized and knowledgeable to be able to recognize relevant cross-cutting issues in every Program in all sectors and there should be funding for specialized STX assistance with cross-cutting issues, when needed. Whether dedicated backstopping on cross-cutting thematic activities would be needed is a question that requires a feasibility study beyond the scope of this evaluation. We are inclined to think that each geographical department of the IMF should have at least one advisor in each of the following - institutional development, inclusiveness/gender and sustainability. The primary roles of these advisors at HQ would be sensitization training within the IMF and the RTACs and specialized backstopping.
- CARTAC should “mainstream” ecological vulnerability issues and take them particularly into account in certain countries where ecological challenges pose severe risks economically. (The comments on “mainstreaming” immediately above apply.)

11. Intensify efforts to build regional expert capacity in the Caribbean.

This could be done in several ways including the following:

- Make a special effort to have a reasonable proportion of Caribbean-based experts in the IMF's central rosters.
- Use qualified but junior STX who are based in the Caribbean, at universities or in professional services firms, not as stand-alone experts but as supervised members of CARTAC teams on missions and studies.
- Continue and strengthen internships and attachments, making them more regular and programmatic. In particular we think that attachments are an important tool for assisting member states when they are attempting change and reform and for building regional expertise. They could be improved in the following ways:
 - Attachments should cover both visits to more experienced governments and central banks to those that are less experienced in a particular area.

- CARTAC's support for professional attachments should be more programmatic and less ad hoc. The possibility of attachments should be more widely advertised including being more visible on CARTAC's website.
- Attachments should be better integrated into the IMF/CARTAC resource allocation plan and better balanced across areas of CARTAC's work.
- CARTAC should have the flexibility to accommodate attachments of longer duration.
- Attachments should be more structured and more demanding of the beneficiary and of the sponsoring government or central bank. Each attachment should have a written Terms of Reference with objectives and there should be a requirement that the "attached" group/person should file a report detailing what was learned during the attachment and noting what follow-up decisions or actions resulted from the attachment. This is sometimes done⁷ but there is no formal requirement and it seems frequently not to be done. We think that this is sufficiently important for CARTAC to withhold a small percentage of attachment expenses (say 10 per cent) to be paid upon receipt of the Attachment Report.

12. To promote the efficient use of their resources donors should consolidate their aid to technical assistance in the Caribbean in the IMF core areas as much as possible under the CARTAC umbrella. To facilitate this CARTAC should produce a survey of all donor activity, including its own, in each of the sectors in which CARTAC operates.

The evaluators observed that some donors were funding both CARTAC and other projects and programs in the same sectors as CARTAC. In our opinion it would be more coherent and more efficient to consolidate these activities under a single umbrella.

⁷ See, for example, Grenada Authority for the Regulation of Financial Institutions (GARFIN) report of an attachment to the Financial Services Commission of Jamaica.

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Chapter 1

Introduction

1.1 Evaluation of the Caribbean Technical Assistance Centre (CARTAC)

In July 2014 the International Monetary Fund (IMF) commissioned this mid-term evaluation of the Caribbean Regional Technical Assistance Centre (CARTAC). The evaluation was external and independent. The evaluation period was the first part of the fourth funding cycle from February 2011 to April 2014, spanning three fiscal years – that is, FY 2012⁸, FY 2013 and FY 2014 (ending on April 30 2014). Information collection ended in January 2015.

1.2 Evaluation Mandate and Objectives

The Terms of Reference for the evaluation stated: “The objective is to assess the relevance of the program document, and the extent to which CARTAC has led to tangible results and is achieving its objectives efficiently and effectively and whether the TA delivered is sustainable.” The Terms of Reference set out a number of questions to be answered by the evaluation.

1.3 Limitations of the Evaluation

The main practical limitation of the evaluation was that the evaluation level of effort was modest given the scope of the Centre and the breadth of the questions listed in the evaluation Terms of Reference. Each question in the evaluation terms of reference was addressed on the basis of evidence from several different sources in order to be as objective as possible. There were two previous evaluations that provided information about the situation prior to Phase 4, but they do not constitute a rigorously-measured baseline.

1.4 Evaluation Methodology

The methodology for the evaluation included document reviews, interviews with IMF staff in Washington DC, interviews at CARTAC in Barbados and interviews and discussion groups in a sample of member countries. As well, the evaluators surveyed stakeholders.⁹ The response target was 100 completed questionnaires and 118 were received. Fifty-seven responses were to the shorter questionnaire (clients) and 61 were to the longer questionnaire (Steering Committee members including clients, experts LTX and STX, and partners).

Performance ratings by the evaluators were based on a Delphi Method¹⁰ that included assembling information from several sources (triangulation), independent initial scores that avoided premature anchoring and iterative rounds of scoring and discussion to reach consensus. (See Appendix 4 Methodology).

⁸ FY 2012 was a transition financial year for CARTAC covering 15 months in order to harmonize CARTAC's fiscal year with the IMF fiscal year.

⁹ Those who were expected to be familiar with all CARTAC operations received a long questionnaire (32 questions). These included members of the Steering Committee, experts (LTX and STX) and representatives of partner organizations. Those familiar with only one area of CARTAC's work received a shorter questionnaire (21 questions, largely the same as comparable questions in the longer questionnaire). The respondents to the shorter questionnaire were mainly officials of member governments.

¹⁰ See www.rand/topics/delphi-method

Chapter 2

Caribbean Regional Technical Assistance Centre

2.1 Introduction to CARTAC

The Caribbean Regional Technical Assistance Centre (CARTAC) was established in 2001 in Barbados to enhance the institutional and human capacities of countries in the Caribbean to achieve their macroeconomic, fiscal and monetary policy objectives.¹¹ CARTAC provides TA in five areas: public financial management, tax/customs policy and administration, regulation and supervision of financial sector and capital markets, economic and financial statistics, and financial programming.¹²

“CARTAC’s strategic goal is to strengthen, in the IMF’s core areas of competence, the institutional capacity of RTAC recipient countries to design and implement sound macroeconomic and financial policies and make progress in their poverty-reducing strategies and toward achieving the Millennium Development Goals (MDGs), now replaced by the Sustainable Development Goals (SDGs).”

CARTAC has 20 beneficiary member countries and territories.¹³ In future other countries might join.¹⁴ The current funding and operational cycle, the fourth, started in February 2011 and will end in April 2016¹⁵. CARTAC’s operations are funded by contributions from the IMF, the beneficiary countries, and bilateral and multilateral donors¹⁶. The total budget of CARTAC for the current five-year cycle is US\$62.5 million.

Operations are guided by a rolling semi-annual work plan within a results-based management (RBM) framework. CARTAC is guided by a steering committee (SC) composed of officials of member governments, donors, and the IMF. The SC meets semi-annually to discuss the Center’s strategic directions, review progress against its work plan, and discuss and endorse work plans.

CARTAC’s assistance to beneficiary countries is provided by ten resident advisors (LTXs) backstopped by IMF experts, short-term experts (STXs) visits, and IMF HQ-led missions.

¹¹ Mid-Term Review of CARTAC (UNDP RLA/01/011), Consulting and Audit Canada, August 2003.

¹² CARTAC website <http://cartac.org>

¹³ Anguilla, Antigua and Barbuda, Barbados, Bahamas, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos.

¹⁴ One respondent to a question about whether the membership was sufficiently comprehensive said. Although a 20-country membership is already large, it has been mostly manageable, particularly through leveraging regional and sub-regional approaches, particularly with ECCU/OECS countries. A case could be argued to include the Dutch Antilles countries for a more complete Caribbean membership and perhaps heritage and synergies with Suriname that would then only exclude the Dominican Republic (formerly CARTAC but now CAPTAC-DR), Cuba and the French territories. The upper-income status of these countries would not be incompatible with current members like Bermuda. If there is an interest and a TA need by the Dutch Antilles countries, perhaps it could open the door to financial contributions to CARTAC operations by The Netherlands add.”

¹⁵ Subject to extension by a few months that would allow to fully utilize the funds.

¹⁶ Phase IV donors include Canada, United Kingdom, the European Union, Australia, and Caribbean Development Bank. Government of Barbados provides in-kind contribution in the form of office lease and utilities.

2.2 Activity by Country

CARTAC provides technical assistance to 20 countries and territories in the Caribbean.¹⁷ In FY 2012 and FY 2013 it was most active in Jamaica, St. Lucia, St. Kitts and Nevis and Dominica.

Table 2.2-1 Mission Days by Country, FY 2012 and FY 2013

	Activities			
	Number of Missions	Number of LTX Mission Days	Number of STX Mission Days	Total Mission Days
COUNTRY				
Jamaica	87	196	395	591
St. Lucia	94	151	434	585
St. Kitts & Nevis	88	264	308	572
Dominica	79	157	357	514
Grenada	69	147	253	400
Barbados	53	12	355	367
Suriname	52	145	209	354
Bahamas	49	88	160	248
Trinidad and Tobago	49	97	130	227
Turks and Caicos	41	86	139	225
Anguilla	38	63	99	162
British Virgin Islands	22	76	61	137
St Vincent & the Grenadines	32	62	75	137
Guyana	26	57	69	126
Belize	19	38	80	118
Montserrat	22	35	73	108
Bermuda	10	17	55	72
Antigua	18	33	32	65
Haiti	5	9	31	40
Cayman Islands	5	12	11	23
Total:	858	1745	3326	5071
Source: CARTAC September 2014				
Note: This table does not include 36 "other" missions during FY2012-FY2014				

¹⁷ The 20 countries and territories served by CARTAC include Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, and Turks and Caicos.

2.3 Organization, Management and Governance

2.3.1 Organization and Management

The CARTAC office is located in Barbados in space provided by the Government of Barbados. It is close to but not adjacent to the Caribbean Development Bank. It is not co-located with an IMF resident representative as some RTACs are.¹⁸ While there is no IMF resident representative in Barbados, there are three in the Caribbean.¹⁹

CARTAC is led by a Coordinator. He or she is responsible for managing the Centre and relationships with member governments and with donors. In addition, he coordinates the Advisors who provide technical assistance to member countries. The coordinator is a permanent employee of the IMF and reports to the Director²⁰, Western Hemisphere Department (WHD). His salary and allowances are paid by the IMF. The tenure of a coordinator is normally three to four years after which he can be posted to other positions within the IMF. The Centre's strategic document (the Program Document) is renewed every five years. WHD currently employs one Resident Advisor to provide technical assistance and training on macroeconomics although these are generally the responsibility of the IMF Functional Departments.²¹ CARTAC can call on the IMF Legal Department for technical assistance with legislation and regulations.²²

At present CARTAC has a complement of ten long-term advisors (LTX) and an RBM advisor, resident in Barbados.²³ The Resident Advisors are recruited through open advertisement by the IMF functional (TA) departments²⁴ on renewable one-year contracts. Their tenures are typically three years. IMF staff may apply for LTX positions but if successful they must take a leave of absence from the IMF to take up the position. There are eight locally-engaged staff, all Barbados nationals.²⁵ They manage the office and the official affairs of the expatriate advisors and the logistics of missions and workshops.

The IMF Institute for Capacity Development (ICD), Global Partnerships Division, manages relationships with donors, leads fundraising for the RTACs, and provides secretariat functions for the RTACs, including CARTAC.²⁶ These include monitoring the CARTAC budget and

¹⁸ For example PFTAC is collocated with the IMF Resident Representative for the Pacific in offices in Suva, Fiji.

¹⁹ The IMF has a resident representative for the OECS based in Antigua and Barbuda, a resident representative in Jamaica and a resident representative in Haiti. It also has a resident economist in Grenada.

²⁰ Depending on the RTAC the Coordinator may report to a Director, Deputy Director or Division Chief.

²¹ The area department leads the process of program document formulation and ICDGP budget formulation before the initiation of the new funding cycle. As input to the program document budget, TA departments provide an estimate of the number of long- and short-term advisor, and staff missions required. TA departments also provide estimates for backstopping and project management work required for the cycle. The Center Coordinator and the area department then discuss these proposals with TA departments before passing a draft program budget on to ICD for review and consolidation. Annual budgets are based on the Program Document budget, or on the working budget in case full funding has not been secured, and revisions are also made as needed anytime during the funding cycle, based on consultation with the relevant TA department, Area Department, the Center Coordinator and ICD.

²² The Phase 4 Program Document does not provide authority or budget to cover IMF legal TA but some has been provided within the revenue administration program.

²³ This compares with 7 Resident Advisors at PFTAC in the Pacific. (See Appendix 2 for details on other RTACs)

²⁴ The IMF functional departments are Fiscal Affairs (FAD), Monetary and Capital Markets (MCM), Statistics (STA). Legal (LEG) also provides technical assistance.

²⁵ An Office Manager, one senior admin assistant, four administrative assistants, a financial assistant, a driver. The IMF contribution covers the salary and benefits of the Centre Coordinator, the Office Manager and the driver.

²⁶ ICD is responsible for fundraising and managing relations with donors. Other responsibilities of ICD include facilitating coordination among relevant Fund departments to ensure consistency in the implementation of Fund policies and procedures

(Continued)

coordinating the annual allocation of resources among the IMF functional (TA) departments, managing aspects of the RTAC network (a meeting of Coordinators every 18 months, for example), managing mid-term evaluations of the RTACs and reporting to management through the IMF Committee for Capacity Building. ICD delivers one course per year with CARTAC.

2.3.2 Governance

CARTAC is governed by its member countries, its donors and the IMF.²⁷ There is a CARTAC Steering Committee that meets twice each year to receive reports from the Coordinator and Resident Advisors, endorse the work plan for the coming year and provide advice. Groups of countries have a single representative on a rotational basis.²⁸ Decision making is informal, the annual budget is provided as information and work plans are endorsed on a no-objections basis.

The most recent independent external evaluation of CARTAC (2009) had two things to say about Centre governance. First, that the services of the UNDP as implementing agency were no longer necessary; and, second, that the Steering Committee should be given high-level strategic reports that would enable it to assess results rather than being swamped by detail.²⁹ Citing an earlier report on governance,³⁰ the evaluators declined to reopen the governance issues considered by that report. The only aspect they commented on was that actual attendance at Steering Committee meetings tended to be unbalanced, with more donor representatives and IMF/CARTAC staff than member government officials. Also there was a problem with a lack of continuity of engagement³¹ by individual officials from one meeting to the next and a tendency to delegate to lower-level officials. Possible responses included giving the Steering Committee more decision making power, having only one meeting per year and making only official nominees of a certain rank and their deputies as designated alternates eligible to attend.

In FY 2011 the IMF convened an internal working group on the governance of RTACs.³² It recommended reforms in five areas:

- The role of IMF Departments and offices in RTAC Governance
- Role of the Steering Committees
- Role of the Centre Coordinator
- Administration of the RTACs
- Human Resource Issues

across RTACs (e.g., with respect to legal commitments made to donors, and administrative and financial management of TA), providing RTACs with financial information to guide the formulation and execution of work programs, and organizing independent evaluations of RTACs' performance.

²⁷ The IMF is governed by member states including CARTAC member states. Those countries that are IMF members are represented on the IMF Executive Board that makes policy decisions about RTACs in general.

²⁸ The Steering Committee comprises representatives of donors, member countries and the IMF. It is a large committee. There are 50 members of the Steering Committee listed on CARTAC's website, represented by constituencies. It might be more accurate to speak of participants in the Steering Committee rather than members since the participants do not personally hold an appointment to the Steering Committee for any particular period, with the partial exception of the elected chairperson, deputy Chair and Secretary (Centre Coordinator).

²⁹ Independent External Evaluation, CARTAC, February 2010, IMF, Washington DC., p. vii.

³⁰ Barnett, C. 2007. *Review of CARTAC Governance*. CARTAC, Barbados.

³¹ The evaluators noted that of 22 attendees at one meeting of the Steering Committee only 7 attended the next meeting.

³² The IMF Committee on Capacity Building established three working groups at the same time, one on RTAC governance, one on the financing of TA and a third on results-based management of TA. The report of the governance working group was: IMF, Interdepartmental Working Group (2011) "Report of the Interdepartmental Working Group on Regional Technical Assistance Center Governance", Washington DC.

The working group took a broad view of “governance”. It made 32 recommendations addressing many operational aspects of RTACs. The few recommendations that address roles, responsibilities and authorities all pertain to the Centre Coordinator:

- Write formal Terms of Reference for the job of Centre Coordinator (Recommendation 7)
- Delegate to Centre Coordinators the authority to approve STX missions. (Recommendation 11)
- The Terms of Reference of Resident Advisors should indicate clearly that they undertake their tasks under the direction of the Centre Coordinator. (Recommendation 22)

Some stakeholders who responded to the survey believe that the Steering Committee should be consulted on more strategic issues and should provide more advice on resource allocation.³³

CARTAC’s governance structure does not need radical change but it needs rebalancing in the direction of enhanced powers for the Steering Committee. The powers of the Steering Committee could be enhanced without compromising the mandate of the IMF; and the Coordinator could have more delegated authority over some resources.

2.3.3 Backstopping

The IMF functional departments employ the Resident Advisors and hold most of CARTAC’s budget as line items in their separate annual departmental budgets. Each CARTAC Resident Advisor has a designated “backstopper” in his or her functional department in Washington DC. The backstopper reviews the LTX’s work plans, approves missions and reviews and approves TA reports. For the time spent on CARTAC work, the salary cost of each backstopper is charged to the CARTAC Trust Fund under the “backstopping” budget line, and, as is usual for all budget items, these charges are subject to an administrative fee but no other overhead loadings.³⁴ Backstopping is largely focused on ensuring that the technical assistance provided by the LTX to CARTAC’s member governments is consistent with the advice provided by IMF headquarters and is informed by international best practices.³⁵

³³ Respondents to the surveys, speaking of RTACs in general, said:

“Currently there is very little to “steer” in these Steering Committee meetings. The format of the meeting needs to be changed. It is too technical, activity focused and low level with very little in the way of strategic discussion or decision making.” Respondent #33

“Under the current governance structure, the Steering Committee (SC) has little real say in matters. ...Traditionally, decisions made by the IMF have been presented to SC for endorsement... That model is obsolete. Donors and some members want more say. A re-evaluation is needed of which kinds of decisions should be made by IMF HQ and which at SC. (As well) a fundamental restructuring of the RTAC governance process within the IMF is needed. ... (The Area Department) needs to have the central role of determining TA strategy in consultation with the Steering Committee. The Area Department should then go to the TA departments to obtain their services, based on an agreed work program. This would greatly streamline decision making and clarify accountability for decisions. It would also help promote more coherent TA strategies on a country-by-country basis; something that is weak at present.” Respondent #32

³⁴ IMF charges to CARTAC Trust Fund are subject to a 7% administrative fee.

³⁵ One respondent to the surveys said: *“Perhaps the quality of backstopping could be improved if some “guidebook” on essential best practices is put together for both LTX Advisors and backstoppers. This applies to such things as (quality of content), formats, frequency, and content for the various reports. There do not seem to be uniform rules for many of these things. This is important for young backstoppers who (may) have less experience³⁵ than the LTX’s they are overseeing.”* (Respondent Number 101)³⁵ (Author note: ³⁵ We are told that backstoppers are in fact normally senior staff of the IMF. As well, interaction between experienced LTX staff and relatively newly-minted macroeconomists or their equivalent at IMF HQ is not a bad thing as long as the backstoppers bring their high level of technical skills and their knowledge of IMF work in other areas of the world to complement but not displace the skills and regional knowledge of the LTX. At its best this is what happens.)

In addition to recruiting and backstopping CARTAC's Resident Advisors and short-term experts (STX), the IMF functional departments may employ other experts outside of CARTAC using both IMF resources and other trust funds.³⁶ They can deploy these experts independently of CARTAC to be resident in Caribbean countries. They can also send short-term advisors and missions from headquarters on activities not directly affiliated with CARTAC.³⁷ These activities are coordinated with CARTAC through WHD's regional strategy note (RSN) and through the IMF resource allocation plan (RAP) and collegial relationships but Functional Departments use their allocated budgets for diagnostic missions entirely at their discretion.

Many of CARTAC's administrative systems, including information management and information technology (IM/IT), human resource management, financial management and general project management are run from IMF headquarters.³⁸ Some minor project management costs are charged to CARTAC's account but most general-and-administrative costs (overheads) are borne by the IMF. The IMF charges a 7% trust fund management fee. This is relatively low compared with peer organizations.³⁹

2.3.4 Management Matrix

Professional service organizations, like CARTAC, generally operate in a matrix structure. One dimension of the matrix is based on "line authorities" (how are people managed); and the other dimension is based on groups with the same professional expertise (in IMF terminology, "functional" relationships). The CARTAC matrix has one strong dimension (the vertical "functional" dimension) and one weaker dimension (horizontal management and inter-disciplinary work).

The effectiveness of any professional services organization depends on the balance between the two dimensions. If general management is too strong, the professional staff may feel that they have insufficient professional autonomy. If the functional relationships are too strong then other problems might arise – for instance the professional staff may not work well in multi-disciplinary teams.

In CARTAC the functional relationships are strong and the management relationships across functional areas not as strong. CARTAC's operational structure is organized mainly in "silos" both externally and internally. Externally CARTAC, like other RTACs, relates vertically to its Area Department at IMF headquarters in Washington DC. Similarly, internally, each resident advisor (LTX) relates vertically to his or her functional counterpart at IMF headquarters. That is, in each of the areas of CARTAC's work the budgets are held mainly by the separate IMF functional departments.

This structure was put in place when CARTAC was a relatively small, contingent and time limited project. In that context the structure helped ensure high quality technical work within each functional sector. At its best this structure can simplify and focus an organization's technical direction in each particular area such as financial sector supervision or balance of

³⁶ These activities may be financed from IMF's own funds or financed by Topical Trust Funds (TTFs), such as the Tax Policy and Administration Trust Fund, or financed by donor bilateral sub-accounts, such as the Japan Sub-Account for Selected Fund Activities (JSA).

³⁷ We understand, however, that IMF HQ resources for providing direct TA in the Caribbean are limited with the exception of Program countries such as Jamaica and Grenada recently.

³⁸ Centralized systems are generally efficient and a major contribution by the IMF to CARTAC in kind. However they have their limitations and risks as well.

³⁹ The CARTAC Cost Effectiveness Study (2012) indicated that UNDP, the World Bank and major Funds such as the GEF tend to charge about 9%-10% for implementation and additional fees if they are also the executing agency.

payments statistics. Strong functional “silos” have advantages as an approach to providing professional expertise.⁴⁰ However in the current context of a mature CARTAC and complex TA requirements in the Caribbean we think that the advantages of organizational silos need to be balanced with some cross-cutting thematic and inter-disciplinary work.

Technical quality is well controlled by technically-organized silos but the technical quality risk that needs controlling is probably not high given the typical LTX’s excellent qualifications and experience. On the other hand staff in silos are not typically good at tasks that require expertise that cuts across them. Such cross-cutting skills might include country expertise, expertise in cross-cutting themes including inclusiveness and sustainability, reforms that require actions that cut across sectors, and tasks that require general consulting skills and multidisciplinary teamwork.⁴¹ CARTAC resident advisors work together on occasion and the Coordinator can encourage this, but there is little in the organization structure that requires it. Teams of advisors (LTX/STX) are almost always within a single sector.

The silo structure also means that the Coordinator, despite being a senior staff member of the IMF (Area Department), has limited authority to direct CARTAC staff and limited flexibility in allocating resources. These can be important constraints in managing the Centre as a whole and in dealing with the Steering Committee.⁴²

The fact that the Coordinator has the responsibilities of an organizational head but relatively few powers to direct staff and allocate resources means that some opportunities to increase effectiveness may be missed. For instance the LTX do not often operate in teams across sectoral lines. It is not common that two or more CARTAC LTX advisors with different sector specialties will conduct a joint mission⁴³ to a member country although, in principle, many of the structural and capacity issues that may be dealing with are the same or closely related. Multi-disciplinary teams of expert advisors are generally more effective than single experts⁴⁴ and the structure of CARTAC probably means that multi-disciplinary team efforts are less frequent than they should be.

2.3.5 Mix of LTX and STX

It is relevant to this discussion of single LTXs or multidisciplinary teams that some members of the CARTAC Steering Committee have expressed a preference for LTX rather than short-term experts (STX). We notice that there is sometimes miscommunication on this issue. When country authorities express a preference for a long-term expert what they often mean is a

⁴⁰ For a discussion of this point see “Winning Silos – Just Maybe Silos have their Good Points”, Acuity, The Journal of the Australian and New Zealand Association of Chartered Accountants, October 2014. “... As innovation speeds up this is creating a plethora of activities that are only understood by experts in a silo” (However) even if there is a case for a silo in certain circumstances it (the organization structure) cannot endure, it is not sustainable. A silo means ingrained thinking and inward-looking practices and today’s volatile environment doesn’t allow this.” P. 4

⁴¹ One respondent said: “These skills should be (and indeed often are) taken into account in selecting LTXs, but perhaps should be more accentuated and better institutionalized. Another attribute that should be verified beforehand is the ability of the LTX to make presentations and engage effectively with groups participating in workshops and other settings.” Respondent #97

⁴² The desirable process of a Centre Coordinator reaching consensus with his or her “Board” (Steering Committee) on key decisions is made more difficult because many perhaps most decision making powers reside at IMF headquarters, largely in the functional departments. This puts the Centre Coordinator in a weak position and may create unnecessary friction with the Steering Committee if a local consensus is overturned at IMF HQ.

⁴³ “Joint” means “working as an integrated team” as distinct from just being in the country at the same time.

⁴⁴ This does not mean that multidisciplinary efforts by the IMF will be more effective than single-sector activities. In fact we were told that other evaluation studies have found that the IMF’s fielding of multi-disciplinary efforts has at least in some instances been less effective than single-sector efforts.

person who is resident in-country and embedded in a Ministry to supplement the Ministry's capacity.⁴⁵ This is not CARTAC's model but it is the model of some bilateral aid agencies. Capacity supplementation is not a service that CARTAC generally provides and, indeed, if CARTAC did provide such a service it might be an uncomfortable fit with the IMF's surveillance activities. Doing the work and surveillance of the work are not a natural fit for a single organization. In the private sector, for example, professional services companies have found it difficult to provide both audit and consulting services without conflict of interest.

The question of the mix of LTX and STX needs to be framed differently. LTX and STX should not be seen as substitutes although they sometimes are. In the CARTAC context, STX are specialists who work in a team supervised and backstopped by an LTX and/or experts at IMF HQ. A single LTX should be, and generally is, leveraged with several specialized STX consultants. The use of STX, who are from the Caribbean region, as part of TA teams, strengthens the local knowledge and relevance of the team's work just as the use of international STX deepens the team's technical competence.

2.3.6 Network Synergies

The "network synergies" among RTACs may not be as strong and beneficial as they could be. ICD Global Partnerships Division is the natural network manager for RTACs within the IMF. It has undertaken cross-Centre activities including holding meetings of all RTAC Coordinators in Washington in 2013 and 2015, and has written an RTAC handbook published in September 2015.⁴⁶ As well, the LTX⁴⁷, not only the Centre Coordinators, need to meet their peers from other RTACs as frequently as possible.

Another challenge is that IMF staff who wish to take up an LTX position are required to take a leave of absence from the IMF and their time during a leave of absence is not counted as pensionable, an important matter for staff. This unnecessarily limits the pool of experts that CARTAC can draw upon.

Lastly, because most of CARTAC's budget is administered as line items for technical assistance in the budgets of the separate IMF departments it is subject to the IMF's self-imposed cap ("anchors") on how much of its technical assistance can be funded by external donors rather than from IMF funds.

⁴⁵ In this sense officials sometimes think of an LTX based in Barbados and visiting for a few days at a time for at most a couple of weeks per year as a short term expert compared with the expert who is resident in-country for a year or two.

⁴⁶ IMF ICDGP has prepared an RTAC Handbook establishing operating guidelines for RTACs and for IMF departments in relation to RTACs. The handbook has been prepared in collaboration with RTAC Coordinators, the IMF Area and Functional departments, and other departments (FIN, LEG, OBP, OIA and TGS). In order to facilitate the discussion of best practices and the exchange of ideas, ICDGP has established an online collaboration platform. ICD plans to distribute a draft for interdepartmental review early in 2015 and finalize the handbook by the end of April 2015. It intends to update the Handbook regularly.

⁴⁷ Some departments organize periodic retreats for their LTXs from all RTACs.

2.3.7 Options

The network of IMF RTACs, including CARTAC, has expanded and matured during CARTAC Cycle 4.⁴⁸ However there are some legacy systems and practices that should be reconsidered. An RTAC-wide view is beyond the scope of this evaluation and would require a general evaluation of the RTACs as a group to ascertain what is required. Some possible improvements include the following:

- Strengthen the role of the Steering Committee. We think that the main way in which this could be done is by involving the Committee early in the design of sectoral “programs”. Review of Program proposals, progress reports and completion reports would give the Steering Committee a strategic role. Strengthen the role of the Coordinator by giving her or him authority to approve STX missions, as recommended by the internal IMF Working Group on Governance of the RTACs (2012).⁴⁹
- Have one Program that is not sector based but rather is targeted to cross-cutting thematic issues, with the budget for this program held by the IMF Area Department (WHD), with the Coordinator taking the lead in managing that Program.
- Devolve (from IMF HQ to CARTAC office) more administrative responsibilities and authorities for functions such as IM/IT and project/program management.
- Strengthen ICD’s role in promoting network synergies among RTACs, standardizing best practices; including funding Peer Reviews of Centers by other RTAC Coordinators.
- Allow IMF permanent staff to be posted to CARTAC as LTX without loss of pension and other benefits.⁵⁰

There are some general questions about the RTAC instrument for TA that cannot be decided solely on the basis of an evaluation of CARTAC. Therefore ICD should consider commissioning a higher level strategic evaluation of the whole RTAC network to address structural issues. To our knowledge the IMF Executive Board has not reviewed the whole RTAC system since 2005⁵¹ although in 2012 there was a report from an internal IMF Working Group on *Regional Technical Assistance Center Governance* that considered a broad range of issues.

⁴⁸ See Appendix 2 for an Overview of RTACs.

⁴⁹ One respondent said: “Personally, I think I would recommend giving the Coordinator complete allocation authority over the STX budget, and write into the agreements for Phase 5 a provision that would allow these funds to be used for an additional LTX if approved by the SC and the coordinator.” (Respondent 101)

⁵⁰ LTXs benefits, subject to their meeting eligibility criteria, include: tax allowance, health benefits, retirement benefits, home leave, children’s educational allowance, spouse and child allowance, settlement allowance, life insurance and death benefit, emergency travel, and overseas allowance.

⁵¹ See IMF Board Paper: “Review of the Fund’s Regional Technical Assistance Centers”, SM/05/239, 6/30/05.

2.4 Resources

2.4.1 Funding

CARTAC's funding from inception to December 2014 amounted to US\$122.2 million.⁵² Approximately 85% was contributed by non-beneficiary donors. The rest was contributed by beneficiary countries, by the IMF and by the host country Barbados.⁵³ CARTAC is among the largest of the nine RTACs at present. CARTAC's budget increased substantially from Phase 1 to Phase 2 (a 23% increase), from Phase 2 to Phase 3 (65%) and from Phase 3 to Phase 4 (58% based on amounts received to December 2014 or 75% based on projected full contributions for Phase 4)⁵⁴.

The largest donor, Canada, contributed about half the total contributions. The United Kingdom contributed 17.5% and the European Union 7.3%. Australia was a substantial donor in Phase 4 but has discontinued its development cooperation program in the Caribbean and therefore will not contribute to Phase 5. The World Bank and the Inter-American Development Bank were donors in CARTAC's early phases; and the Caribbean Development Bank has been a donor in Phases 3 and 4. (Appendix 3, Table 2).

Table 2.4.1 Contributions to CARTAC by Source and Phase

Contributors	Phase I	Phase II	Phase III	Phase IV to date	Total to date	% Total
Non-Beneficiary donors	\$12,628,213	\$15,029,557	\$30,272,121	\$45,167,220	\$103,097,111	84.4%
Beneficiary countries	\$580,000	\$570,000	\$725,000	\$3,490,676	\$5,365,676	4.4%
In-kind Contributions	3,174,000	3,927,330	1,757,815	3,732,728	12,591,873	10.3%
Interest Income		660,910	479,806		1,140,716	0.9%
Total	16,382,213	20,187,797	33,234,742	52,390,624	122,195,376	100.00%

Source: CARTAC and IMF ICD, December, 2014

Notes:

- (1) Contributions received to December 9, 2014, based on exchange rate at time of receipt.
- (2) Exchange rate Euro/USD as of January 30, 2012. Euro/dollar =1.32139
- (3) Phase IV In-kind amount is estimated.
- (4) IMF In-kind contribution is referred to as budget envelope IMF01.

⁵² Contributions are to a multi-donor Sub-Account established under the IMF's Framework Administered Account for Selected Fund Activities.

⁵³ See Appendix 3 Table 2 for a list of donors and their contributions.

⁵⁴ Phases I, II, and III comprised of three years while phase IV comprises of four years (subject to a few-month extension).

2.4.2 Diversification

In 2012 the IMF convened an internal⁵⁵ *Working Group on RTAC Governance*. The report of the Working Group discusses financial sustainability under the heading “Exit Strategy”.⁵⁶ The report stated: “Under the current policy of relying mainly on donors and beneficiary countries to pay for the RTACs. A shortfall in external funding for a Center would require that the center be scaled back.”⁵⁷ The Working Group suggested that if the funding shortfall were more than half the existing level then the Centre might be closed.

The Working Group went on to recommend that a new Program Document should be prepared about eighteen months before the end of the current Cycle and that the prospects of receiving external funding for the new cycle should be assessed about a year before the new cycle would begin. If the prospects did not look good the IMF would proceed to scale down and ultimately shut down the Center in orderly fashion “to mitigate the reputational risk to the Fund of shutting down (abruptly) because of a shortfall in external funding.”⁵⁸

We think that there are several problems with this strategy.

- Institutional sustainability is important because the need for the Centre is likely to remain for the foreseeable future.
- Reputational risk to the IMF is not primarily a matter of avoiding a “disorderly” closure; but rather closure at all while the needs of member countries remain unmet.
- The idea that a new Program Document can be ready eighteen months ahead of time and that the donors are willing and able to make financial commitments to a new phase a year ahead of time may not be realistic.⁵⁹

If an exit by CARTAC is unlikely in the foreseeable future, as indeed we think it is, then financial sustainability is an important matter. Crafting such a sustainability strategy is outside the scope of this evaluation but we can suggest what some of its components might be, including the following:

Strategy 1: Diversification of funding instruments.

- At present CARTAC is funded by one round of replenishment every five years. It may be possible to diversify this in a number of ways. For example there is no reason in principle why donors should not contribute to the CARTAC trust fund at any time that is convenient to them as a supplement to their commitment during the primary replenishment.
- CARTAC could collaborate more closely with activities funded by IMF Topical Trust Funds (TTFs).

⁵⁵ The Working Group had 15 members, three of whom were women. Sixteen other people are listed as having participated in sub-groups of the Working Group and/or in the deliberations of the Working Group. Ten were women. All were IMF staff at headquarters. There was no representation from RTACs directly. There was no participation by member countries or by donors. The absence of donors may have limited the Group’s understanding of what RTAC financing options are feasible as distinct from desirable.

⁵⁶ IMF, Report of the Interdepartmental Working Group on RTAC Governance, Washington DC, 2012.

⁵⁷ Ibid, p.26.

⁵⁸ Ibid.

⁵⁹ The sources of funds internal to the donor can be complicated because CARTAC began as a project administered by the UNDP and therefore it accessed “bilateral” funds, under the normal assumptions of a bilateral contingent and time limited project.

- There could be a general Trust Fund for RTACs that could fund multi-Centre activities, provide bridge funding during CARTAC phase transitions and generally act as a stabilizer.⁶⁰

Strategy 2: Diversification of donors.

In the interests of sustainability and stability, CARTAC should diversify its donors,⁶¹ and also diversify its relationships within donor governments.⁶² It would also be desirable to increase the financial support to CARTAC from beneficiary member countries.

2.4.3 Member Country Contributions

CARTAC beneficiary member countries were asked to contribute a nominal amount of funding in early phases⁶³, typically about \$10,000 per year. In Phase 4 the Steering Committee increased the suggested contribution by each member country to \$350,000 for the five years of Phase 4. Annual payments started at \$20,000 in the first year and increased to \$100,000 in the final two years of Phase 4. The Phase 4 Program Document says:

*“CARTAC beneficiary countries will be encouraged to contribute a larger share to the CARTAC budget over Phase IV. Voluntary contributions from CARTAC members in Phase 4 will be at the following levels: \$20,000 (2011), \$50,000 (2012), \$80,000 (2013), \$100,000 (2014), \$100,000 (2015). In total, USD7 million will be contributed by member countries to the CARTAC budget (see also paragraph 150). Without these increases CARTAC will be unable to establish a platform for future sustainability.”*⁶⁴

Members' contributions are voluntary. At the end of the third year of the current (five-year) Phase, most but not all member countries have agreed to contribute and are up-to-date in their installments. Some feel strongly that member contributions are an essential sign that CARTAC's services are valued by the recipients.⁶⁵ We agree that in the long run Caribbean governments should expect to pay for the professional services they need, either through cooperative regional institutions founded on member fees or from private sector professional services firms.

At present there is considerable variation from one RTAC to another in the percentage of contributions from beneficiary member states. More recently established RTACs appear to

⁶⁰ Contributions to RTACs are, at present, on a centre-by-centre basis. However in principle there is no reason why there should not be an RTACs Trust Fund in addition to the CARTAC Trust Fund. Nor is there any reason why an RTACs Trust Fund would have to be fully expended within any particular time period. It could, in part, act like an endowment in some scenarios. Some donors might welcome the opportunity to contribute to RTACs as a whole rather than to single RTACs. This could have a significant stabilizing influence.

⁶¹ Countries with development interests in the Caribbean that are not presently CARTAC donors include Brazil, China, France, India, Japan, the Netherlands and the United States.

⁶² The RTACs relate primarily to donor development cooperation agencies while the IMF, in contrast, relates mainly to donor Ministries of Finance and Central Banks. The sponsorship of IMF technical assistance trust funds varies. For instance the Japan Sub-Account (JSA) is funded directly by the Japanese Ministry of Finance rather than by JICA. Others are funded by development agencies. As the RTACs have transitioned from projects to a more institutionalized network under IMF auspices the argument in favour of relating more directly with donor Ministries of Finance and Central Banks becomes stronger. Whether these have either the institutional capability or budget allocation to support RTACs is another matter. If they did, then they would be natural sponsors of the RTAC network including CARTAC.

⁶³ Earlier phases (I, II, and III) comprised of three years.

⁶⁴ CARTAC Phase 4 Program Document, para. 150, p. 76.

⁶⁵ One respondent to the survey said: “Member states need to be fully subscribed and paid up, without significant arrears in their contributions, in order to benefit from TA and training ... Countries who have not signed a Letter of Understanding with the IMF (to contribute to CARTAC) should not be eligible (for technical assistance) and should not have the “luxury” or benefit of hosting any regional technical assistance or training workshops...” Respondent #93

have a higher proportion of their costs covered by members. CARTAC is at about the same level as CAPTAC-DR and a little lower than South AFRITAC. It is much lower than West AFRITAC 2 and METAC; and higher than PFTAC, Central AFRITAC, East AFRITAC and West AFRITAC. A current evaluation of PFTAC has recommended that its members contribute about 10% of the budget rising to about 15% over time.

Table 2.4.3-1 Donor and Member Contributions to RTACs as of September 2015

Technical Assistance Centre	Total Contributions, Current Phase	Donor Contributions	Member Contributions	% Contributed by Members
PFTAC	25.6	25.6	0.0	0.0%
Central AFRITAC	45	18	27.0	60.0%
East AFRITAC	23.6	18.2	5.4	23.0%
West AFRITAC	41.7	38.7	3.0	7.2%
CAPTAC DR	27.6	24.1	3.5	13.0%
CARTAC	54.8	48.1	6.7	12.0%
South AFRITAC	54.3	46.4	7.9	14.5%
West AFRITAC 2	36.4	29.63	6.8	18.6%
METAC	20.2	9.4	10.8	53.5%
ATI	21.4	3.3	18.0	84.1%
All Centers	338.9	251.03	87.87	25.9%

Source IMF ICD, September 2015

We notice that several of the RTACs have a variable scale of contributions from member countries depending on ability to pay. Another possible approach is to set a base amount for each country and an incremental amount depending on GDP.⁶⁶ In either case the total from all members would amount to a certain percentage of CARTAC's budget that the Steering Committee deems reasonable.

As Phase 5 approaches, CARTAC will need to consider what contributions can reasonably be expected from member governments in the longer term.⁶⁷ The IMF has also considered its options more generally in terms of cost recovery.⁶⁸ Member governments could reasonably contribute 15% of CARTAC's budget in Phase 5.

⁶⁶ There are various options. For example individual country contributions could be assessed either in proportion to their GDP or with a base annual amount, say \$50,000, plus an increment based on ability to pay. The increment could in simple proportion to GDP or it could be zero for the poorest country and increased thereafter in proportion to GDP. Another possibility would be to continue at the same annual level reached in 2014 and 2015 – that is, \$100,000 per year.

⁶⁷ One practical constraint is that several bilateral and multilateral donors, while encouraging CARTAC to require contributions from its members, provide related services themselves free, including placing advisors in some CARTAC member countries.

⁶⁸ The IMF has considered implementing some cost recovery for training. A partial cost recovery policy was implemented from May 1, 2009 to January 1, 2010 and then suspended in the context of the financial difficulties that many countries were suffering after the general financial crisis of 2008-2009. However even under that initiative externally-funded TA and training, including that provided by CARTAC, was exempt from cost recovery. The rationale was that, from the IMF's point of view, the willingness of a donor to pay for the work was already a "market test" of value.

2.4.4 Phase 5 Budget

CARTAC's Phase 4 budget was proposed in the Program Document to be \$62,235,040. It was revised to \$57, 477,022 in 2015 and the implementation period extended to December 2017.⁶⁹

Looking ahead, there are several factors that might affect the appropriate budget for Phase 5. On the basis of an examination of Phase 4 the evaluators find that the needs of member countries for technical assistance and training during Phase 5 will clearly be greater than the CARTAC budget for Phase 4. If the CARTAC Phase 5 budget is similar to Phase 4 plus a five year inflation adjustment,⁷⁰ then it will be approximately \$64.25 million before any additional budget needed for additions and reforms to the Program.

Table 2.4.4-1 CARTAC Expenditures FY 2012 to FY 2014

Fiscal Year	Expenditures
Feb11-Jan12	\$5,970,851
Fed12-Apr13	\$10,005,377
May13-Apr14	\$9,518,264

Source: IMF, ICD, GPD, December 2014.

Additionally, the recommendations in this evaluation report, if implemented, would in some cases require additional funding. Some recommendations that have resource implications include the following:

- Having a full complement of 11 resident advisors, expressed in person years (that is, 50 person years of LTX time).
- Organizing by "Programs", mostly sectoral but with one additional program for cross-cutting and inter-disciplinary activities managed by Western Hemisphere Department and the Coordinator.
- Having greater interaction between CARTAC and the other RTACs, with the RTACs being managed more intensively as a network.
- Improving CARTAC's knowledge management, including better access by clients to CARTAC/IMF technical materials and training in access skills; and better management of results information including RTAC peer reviews and other information to facilitate results-based management.
- Conducting a feasibility study for a Caribbean regional centre for mid-career training in macroeconomics, perhaps based on the Singapore Training Institute model.⁷¹ Such a feasibility study should consider at least the following: the existing supply/cadre of macroeconomists working in the Caribbean, the existing training facilities and other current efforts to improve them⁷² and the incremental costs and benefits of establishing a training centre in the Caribbean. There is scope for increased on-line training materials but the recent evaluation of the Singapore Regional Training Institute pointed out that a combination

⁶⁹ Source ICD, June 2015, Table: CARTAC Phase 4 Summary Budget Table FY2011-2017.

⁷⁰ The assumptions are Phase 4 expenditures of \$58.2; and inflation of 2% per annum.

⁷¹ Singapore Regional Training Institute.

⁷² For instance the Canadian representative at the December 2014 CARTAC Steering Committee stated that Canada had made a grant of \$C20 million to the University of the West Indies to develop distance learning courses in the IMF core areas and perhaps other areas. (The areas were not enumerated by the representative at that meeting.)

of on-line training modules with a period in residence is far more likely to be effective than on-line offerings alone.⁷³

2.4.5 Expenditure Stability

There has been an uneven pattern of annual expenditures in CARTAC Phase 4. In the Program Document the annual expenditures were estimated to be about \$12.5 million per year.⁷⁴ In fact, annual expenditures will vary from about \$6 million to about twice that amount. This pattern of expenditures was not deliberately chosen. The volatility resulted from rigidities in the IMF budgeting practices.⁷⁵

The recent cost-effectiveness study of CARTAC pointed out that CARTAC's overhead ratio (total overhead as a proportion of total expenditures)⁷⁶ is largely determined by the amount of technical assistance activity in a particular year.⁷⁷ This is because in the short term the administrative costs are relatively fixed. Therefore it is efficient to leverage this fixed investment with as much technical assistance as it can support, within the constraints of country need and absorptive capacity and program quality. If funding were more predictable it seems that CARTAC could consistently deliver \$12.0 million in services per annum with the existing administrative complement.⁷⁸

However, unfortunately nothing has changed structurally to prevent volatility of annual expenditures in the transition from Phase 4 to Phase 5 similar to that experienced earlier in the transition from Phase 3 to Phase 4. The IMF's study of RTAC governance (2012) recommends that donor commitments to fund Phase 5 should be firm about a year before the end of Phase 4.⁷⁹ This would be good but donors were not involved in this discussion and they might be reluctant or unable to make a commitment a year ahead of time. It might not be practical given their budgeting systems.⁸⁰

If donor practices are unlikely to change then inefficient volatility in annual funding has to be addressed in other ways. The RTAC governance report also proposed that the IMF had worked out a procedure for providing temporary or bridge funding to each RTAC early in its funding

⁷³ Evaluation of Technical Assistance provided under the IMF Japan-Subaccount, IMF, Washington DC, 2014.

⁷⁴ See CARTAC Program Document, Phase 4, Table "CARTAC Operations and Financing, 2008-2015". p. 73

⁷⁵ The IMF does not allow CARTAC to make any financial commitments that are not fully covered by cash already received from donors and member countries.

⁷⁶ Total overhead includes Trust Fund Management Fee, Project Management, Local Support Staff and In-kind IMF and Host contribution. IMF in-kind contribution covers 100% of the Coordinator's salary and benefits, 35% of which is counted as overhead along with the Coordinator's travel, and the rent and utilities of the Center Coordinator's residence, one administrative assistant, driver, office vehicle costs and some office materials. Host Country in-kind contributions include office space and utilities in Barbados.

⁷⁷ Evaluation of the Cost Effectiveness of CARTAC in the First Year of Phase IV (FY2011), Rideau Strategy Consultants Ltd., Dr. Kenneth Watson et al., Section 2.1, "The Importance of Stable Funding", p. 21, July 2012.

⁷⁸ A Program much above \$12 million per annum might require more staff, perhaps a Deputy Coordinator and an additional administrative staff person. Making exact calculations of the efficient level of TA given certain levels of administrative support is beyond the scope of this evaluation.

⁷⁹ IMF, Report of the Interdepartmental Working Group on Regional Technical Assistance Centre Governance, Recommendation 31 and related discussion, pp. 26-27.

⁸⁰ The issue of early commitment is may be more complex for some donors because CARTAC began as a project administered by the UNDP and funded from donors' bilateral budget envelopes which are generally attuned to fixed-period projects rather than on-going operations like CARTAC.

cycle, guaranteed by the Area Department's administrative budget.⁸¹ This seems sensible but if it is likely to involve significant funds then it might be necessary to schedule the RTAC replenishments and operational phases so that demands from several RTACs for "bridge" financing do not occur at the same time.

Other possibilities in avoiding operational volatility during Phase transitions include the following:

- Not relying exclusively on a single replenishment every five years, but rather having more flexibility in regard to when donors can commit and provide funds to the CARTAC Trust Fund.⁸²
- Diversifying the donors⁸³ to CARTAC.⁸⁴
- Having CARTAC work more actively with IMF topical trust funds (TTFs). This would be useful in itself and might also have a smoothing effect on resource availability since the availability of TTF resources would not be less during CARTAC funding phase transitions.⁸⁵
- Establishing a general "RTACs Trust Fund" in addition to the trust funds for individual RTACs like CARTAC, to provide, among other things, "bridge" financing when needed.⁸⁶
- Another possibility to ensure a smooth transition from Phase IV to Phase V, without a large dip in efficiency, would be to make the determination of the length of Phase 5 more flexible. For example, if \$60 million was sought to support CARTAC for 5 years at \$12 million a year and only \$45 million had been secured at the end of Phase IV, then rather than scale back Year 1 operations to one fifth of the available funds (i.e. \$9 million), operations could seamlessly continue at a \$12 million level in year 1 but with the understanding that Phase V is only assured for three to four years unless the five-year funding shortfall is closed.

Stabilizing CARTAC's budgets and annual expenditures to avoid the kind of volatility that has created operational inefficiencies in the past requires concerted action by donors and the IMF. Funding sources and timing need to be more diverse and flexible to help avoid volatility; and CARTAC needs to diversify its funding instruments and the IMF needs to be more flexible in how it handles bridge financing during Phase transitions.

⁸¹ IMF, Report of the Interdepartmental Working Group on Regional Technical Assistance Centre Governance, Para. 53, pp. 26-27.

⁸² A five-year single replenishment model does not fit CARTAC as well as it fits the multilateral development banks because CARTAC does not have any financial assets that can smooth the transition from one phase to another. However making fund raising more flexible might imply that each individual RTAC assume some responsibility for fund raising rather than it being mainly or solely a responsibility of the IMF ICD Global Partnerships Division.

⁸³ Other possible donors might include, in alphabetical order, Brazil, China, France, India, the Netherlands or the USA.

⁸⁴ Without a special effort the CARTAC donors might be less diverse in Phase 5 because Australia will no longer be a contributor because its development cooperation program is being reoriented to Asia and the Pacific and to a focus on aid and trade.

⁸⁵ This might also imply that each individual RTAC assume greater responsibility for fund raising rather than it being mainly a responsibility of the IMF ICD Global Partnerships Division.

⁸⁶ The EU/EC already provides a single contribution to all ACP RTACs together (with some targeting to individual RTACs within the overall allocation).

2.4.6 Economy

The CARTAC Program Document for Phase 4 said that technical assistance was likely to be more expensive in Phase 4 because the IMF's TA costing model had changed.⁸⁷ It seems to us that this statement may not be correct. First, the incentive effect of accounting for all costs is likely to lead to a decrease the total cost of technical assistance. Second, it is not clear *a priori* that donors are bearing a greater share of the costs of technical assistance because at the same time as the IMF moved to a system of charging actual costs rather than partial standard unit costs it also decreased its administrative fee from 13% to 7%. Therefore it would be necessary for the increment of IMF time charges after the change in TA costing model to amount to more than about 6% of the total budget before the costs of TA charged to the CARTAC Trust Fund would be greater than they would have been under the old accounting system. This has not so far been the case. Since total backstopping and project management fees for Phase 4 are projected to amount to only about 3.5% of total expenditures⁸⁸ it seems that technical assistance has in fact been less expensive (to the donors) in Phase 4 compared with Phase 3.

In addition it has probably been less expensive per unit of TA because this metric is largely driven by the overhead rate. CARTAC's overhead rate for the whole of Phase 4 is projected to be 15% (Appendix 3 Table 7). This is the target rate recommended by the cost-effectiveness study of CARTAC in FY 2012.⁸⁹ This rate is comparable with the best rates achieved by benchmark Funds.⁹⁰

Apart from the overhead rate the other main factor in economy is the rates paid by CARTAC to experts. The cost per day of resident advisors (LTX) was on average approximately \$926. (See Appendix 3 Table 6) The cost per day including travel costs was approximately \$1200. The cost per day for short-term experts was approximately \$2100 including travel. The difference between the LTX cost per day and the STX cost per day may result mainly from the fact that LTX receive benefits in addition to their negotiated rate per day and STX do not. There may also be differences in travel costs, since LTX generally travel to and from Barbados and STX from North America or Europe. As far as we can tell within the scope of this evaluation (that is, short of an audit) the cost of experts is not unreasonable given comparable salaries in central banks and departments of finance, and given the high qualifications and long experience required.

In the survey of stakeholders more than one donor commented on other aspects of CARTAC economy, such as business class air travel within the Caribbean and between the Caribbean

⁸⁷ "The Fund's new financing instrument – the "Framework Administered Account for Selected Fund Activities" (the "SFA Framework Account") – differs from the arrangements seen under Phase III. In response to the demands of the IMF's members, and approved by the IMF's Executive Board, this instrument was designed to enable the Fund to charge for the full direct costs of the delivering of TA (the Fund only recovers costs that are actually incurred), not only that of the Resident Advisors, short term experts, seminars, and administrative costs. The notable changes that this has on the budget for Phase IV is an increase in the costs of the TA that is delivered through CARTAC, as it now contains the project management and backstopping costs associated with the costs of CARTAC's Resident Advisors and short-term experts. Additionally, the sub-account now allows (the funding of) diagnostic missions that are critical in devising CARTAC's overall TA strategy as well as informing the work plan and operations of CARTAC. In Phase III, all of these costs had to be absorbed by the IMF." (CARTAC Program Document, 2009, para. 149, p. 70.)

⁸⁸ Projections by IMF ICD in December 2014 estimate Phase 4 total expenditures to be \$58,193,190 and "backstopping and project management" to be \$2,022,163 for the whole Phase.

⁸⁹ Kenneth Watson and Joan Barclay, Cost-Effectiveness of CARTAC, IMF, Washington DC, 2012.

⁹⁰ The CARTAC Cost-Effectiveness Study (2012) cites five benchmark Funds.

and Washington DC. This matter does not arise much in the Caribbean since most travel is on small one-class airplanes, with the partial exception of transit through Miami to destinations such as Belize, Bahamas and the Cayman Islands. However when it does arise and when donors are aware of it, it seems to rankle disproportionately to the money involved.⁹¹

IMF travel regulations require economy class travel for trips less than three hours. However, of course, Advisors travelling from, say, Belize to Grenada might need to take two or three connecting flights to reach their destination and the total journey might be quite lengthy and therefore the impression that staff are flying business class for short journeys might not be correct. Nevertheless it may also be true that the IMF is more generous than some development cooperation organizations in regard to some travel.⁹² The IMF has decided that certain guidelines fit the senior experts that it wishes to attract; and that it has to be consistent worldwide. If adjustments to travel policies are, in some stakeholders' opinion, a serious issue then their governments should address the matter at the IMF Executive Board.

In regard to being economical in holding seminars, CARTAC periodically surveys the costs of venues throughout the Caribbean and looks for the most economical one, within quality requirements.

If there are economies to be had in the area of training they are to be found in instituting a modest "co-pay" by participants. At present CARTAC covers all costs including travel and accommodation for all seminar/workshop participants. It would be possible to require participants to pay a proportion of the estimated costs.⁹³ A side benefit of a co-pay is that it would likely make sponsors think harder about which participants to send to a seminar and to be more demanding about value for money. Often the co-pay does not have to be very large, say 20% of actual costs, to have a salutary effect. There would be minor administrative costs to CARTAC to receive payments but they are not likely to be significant.

2.4.7 Defragmenting Technical Assistance in the Caribbean

Fragmentation of technical assistance in the areas where the IMF is the lead agency is a significant problem in the Caribbean and cannot be solved by traditional calls for coordination.⁹⁴ One factor is the visibility that donors desire. CARTAC could undertake a study of fragmentation in TA in the Caribbean in each of the IMF areas and make proposals to increase collective impact.⁹⁵

It is unfortunate that some donors have funded regional projects in the Caribbean whose scope substantially overlaps with CARTAC.

⁹¹ One respondent to the survey said: "It also doesn't give a very good impression that efforts are being made to tighten up on costs when (one) has to walk past CARTAC staff sitting in business class to take their seats in economy for 1-2 hour flights to steering committee meetings." Respondent #33

⁹² For example the IMF allows one class above economy travel for flights longer than 3 hours while the World Bank guideline is flights longer than 8 hours.

⁹³ One small contribution participants could be obliged to cover would be airline baggage fees that are expensive to process as funds are not advanced but only reimbursed with proof of payment by bank draft.

⁹⁴ For example the failure of early discussions which would have seen SEMCAR implemented as part of CARTAC, rather than as a separate project implemented by the World Bank, was unfortunate and may have led to a loss of effectiveness overall.

⁹⁵ For a discussion of the requirements for maximum collective impact see: John Kania and Mark Kramer (2011) **Collective Impact**. Stanford Social Innovation Review.

2.5 Inclusiveness

2.5.1 Gender Equality

The International Monetary Fund is committed to the equality of women and men, and to inclusiveness that does not discriminate on the basis of gender or disability or other irrelevant factors such as religion, ethnicity or sexual orientation.⁹⁶ Its policies, including its policy on diversity,⁹⁷ state this clearly. A small but nevertheless telling point is that the IMF is headed by a woman, which is unique among the Bretton-Woods international financial institutions. The IMF has published research on the topic of gender effects on the macro economy and economic growth.⁹⁸ For example in 2015 the Fund published a paper “Equal Laws for Equal Working Opportunity for Women”⁹⁹ The IMF senior management has been articulate on the topic.¹⁰⁰

The RTACs, including CARTAC, are committed to inclusiveness both by IMF policy and through the support of the Steering Committee representatives whose own governments and organizations are committed to gender equality, inclusiveness and avoidance of discrimination. Where discrimination has created disadvantaged groups the IMF advocates reform. Broad inclusiveness is part of the IMF and CARTAC culture. In FY 2014 of 526 participants in CARTAC training courses, almost 65% (341) were women. (See Table 2.5.1 below)

⁹⁶ The activities of the IMF fit broadly into three categories – surveillance and policy advice, liquidity lending and capacity development – technical assistance and training. In the first area, surveillance and policy advice, a gender-informed position can be important, especially in countries where wide disparities exist between the sexes, in education, health and many other areas. The second area, liquidity lending, benefits both men and women. It is essential to both that financial crises are avoided. Generalizations are difficult but it is probably correct to say that women and girls suffer disproportionately in a general financial crisis. The third area, technical assistance, is intended to be closely integrated with IMF policy advice provided to governments during surveillance missions and therefore can be informed by gender considerations.

⁹⁷ The IMF Statement on Diversity (approved by the Board in June 2012) says, among other affirmations of inclusiveness: “We welcome the wide range of experiences and viewpoints that employees bring to the Fund, including those based on nationality, gender, culture, educational and professional backgrounds, race, ethnicity, sexual orientation, gender identity and expression, disability, and age differences, job classification and religion. In our inclusive workplace, all employees at every level of the institution are valued members of the Fund community, regardless of their employment status as staff or contractual, and everyone is assured the right of equitable, fair, and respectful treatment. We seek to leverage the proven benefits of enhanced innovation and creativity, greater productivity and employee satisfaction that derive from a well-managed, diverse, and inclusive workplace, in delivering value to our stakeholders. Consequently, we are committed to ensuring that the Fund is diverse and inclusive.”

⁹⁸ A search of the word “gender” on the IMF website returns 179 pages of references. See, for instance, Women, Work, and the Economy: Macroeconomic Gains From Gender Equity; Katrin Elborgh-Woytek, Monique Newiak, Kalpana Kochhar et al.; IMF Staff Discussion Note SDN 13/10; September 23, 2013 Also: IMF Survey : Better Gender Balance at Top Helps Both Women and Men , June 04, 2013 Empowering Women Is Smart Economics -- Finance & Development, March 2012 Ana Revenga and Sudhir Shetty.

⁹⁹ <http://blog-imfdirect.imf.org/2015/02/23/fair-play-equal-laws-for-equal-working-opportunity-for-women/>

¹⁰⁰ See for example: Interview with Jon Steward: <http://thedailyshow.cc.com/videos/1bt285/christine-lagarde>; and IMF Chief: Closing The Gender Gap Makes Economic Sense: http://www.huffingtonpost.com/2015/02/23/christine-lagarde-women-in-workplace_n_6738090.html

Table 2.5.1 Numbers of Men and Women in CARTAC Training Courses in FY 2014

Course Name	Female Participants	Male Participants	Total Participants
IPSAS Cash Basis Workshop	24	5	29
Basel II Implementation Working Group	18	13	31
Budget Preparation Workshop	6	5	11
CAPS Conference	19	8	27
CAIR-CARTAC Conference & Workshop and SOE Workshop	34	21	55
Chart of Accounts Workshop	10	4	14
Credit Union Regulators Meeting	11	7	18
External Sector Statistics Workshop	14	21	35
Internal Audit Training	23	9	32
Cash Flow Forecasting Planning & Management	25	12	37
Price Statistics Workshop	20	16	36
Caribbean Group of Securities Regulators Conf.	20	6	26
Electronic Audit Training	117	58	175
Total	341	185	526
Source: CARTAC and ICD Participant and Applicant Tracking System, March 9, 2015			

2.5.2 Inclusiveness - Analysis, Mainstreaming and Substantive Results

As evaluators we expect that CARTAC should approach inclusiveness at three levels – awareness/analysis, mainstreaming and substantive results.

1. **Awareness/analysis.** Advisors should be aware of inclusiveness issues that might arise in the countries where they are working. This awareness should be reinforced in making appointments and in mission briefings and advisors should be encouraged to build their awareness through their reading and their contacts in member countries. This is not an easy matter because of the large number of member countries and the differences among them. Advisors should be encouraged to take part in training and workshops that can help develop their awareness. LTX should be sufficiently aware of inclusion issues to be able to recognize when specialist (STX) input would be useful, for example to bring a gender perspective to an intervention.
2. **Mainstreaming.** Inclusiveness should be mainstreamed in all of CARTAC's work. The Centre's expertise in risk analysis can be useful in this regard because it can be a good way to approach inclusiveness as well as other topics. CARTAC encourages member governments to be guided by a risk-based approach to setting priorities and allocating limited resources. Inclusiveness should be mainstreamed because it can provide a useful perspective in any area of CARTAC's work. However a risk-based approach indicates that, for example, gender risk and leverage are probably greater in some areas than others.

3. **Substantial results.** We believe that mainstreaming is CARTAC's best approach to inclusiveness. However, compared with, say, a project dedicated solely to improving the position of a particular marginalized group, it can be difficult to target and then attribute specific results to CARTAC mainstreaming of inclusiveness; and the lack of specific visibility carries some risk of out-of-sight-out-of-mind.

Mainstreaming of relevant gender considerations in the principal budget document is generally a better approach than segregating “women’s issues” into separate documents perhaps limited to a Ministry for Women.

In financial sector supervision, for example, a gender perspective might be particularly fruitful in regard to the non-bank sector, including microfinance institutions and provident funds. In the tax area, tax policy (not formally an activity of CARTAC but an important area for the IMF) may have important implications for equality. In areas such as a country’s balance of payments and debt position it can be important for the government to know the degree to which foreign remittances are coming from female workers or male workers. CARTAC does not work in social statistics where disaggregated data is common. The need also exists for the same sort of disaggregation in macro-economic data – that is disaggregation, for example, by sex, age, ethnicity, disability and income class. Good information can make a major contribution to inclusiveness.

In 2014 CARTAC held a regional workshop on gender-informed budgeting.¹⁰¹ Some other RTACS have undertaken similar initiatives.¹⁰² Strategic budgeting is an area where leverage is to be gained for equality. CARTAC has encouraged and supported member governments to budget more strategically. We observed several cases where excellent progress has been made in improving traditional line-item national budget practices to achieve more strategic and program-based budgets. Programmatic budgets lend themselves to the consideration of inclusiveness and, where needed, to allocating resources to improve the situation of marginalized groups.

In regard to CARTAC’s own operations it is true that, while all of the administrative staff are female, the Coordinator and all of the Resident Advisors except one, and most of the STX, are male. The main reason for this is that the pool of experts from which CARTAC draws comprises a career cadre of persons with long experience specifically in a Department of Finance, a Central Bank, in a financial sector regulator or a national statistics office. The intake into this cohort of now-highly-experienced experts, some decades ago, was predominantly male. Females, persons with disabilities and certain ethnic groups and income classes were under-represented in the intake cohort and are therefore now under-represented in the pool of highly-experienced experts. Fortunately the intake has changed markedly towards more inclusiveness and that will naturally change CARTAC’s complement of experts over time. In the meantime some things can be done to achieve a reasonable inclusiveness without compromising on the level of expertise provided to governments.

¹⁰¹ In April 2014 CARTAC presented a course on gender-based budgeting. It was entitled “Strategic and Gender Budgeting Workshop” and was held in Barbados. The main objective of the workshop was to present best practices in strategic budgeting and Gender Responsive Budgeting. A comprehensive overview of strategic budgeting in the Caribbean presented the foundations of a new approach for managing public expenditures.

¹⁰² In the 2014 workshop on “Budget Preparation” to be held in Canberra in conjunction with the Australian Department of Finance and the Crawford School of the Australian National University, PFTAC staff discussed gender-based budgeting and suggested how gender information could be integrated into regular budget documents, rather than stand-alone documents. In 2015 the workshop topic will be “Budget Implementation for Results”, which will provide additional opportunities to discuss inclusiveness in budget analysis and in budget implementation.

2.5.3 Inclusive Options

In the future it is probably possible to alternate male and female Coordinators¹⁰³. Whether females would want the job in the same proportions as males is another matter. The long working hours and constant travel are a challenge to anyone who gives priority to work/family life balance. It is probably also the case that security is more of an issue for females travelling alone in the Caribbean than it is for males. The team approach that we have advocated in other parts of this report, would help but, nevertheless, a Coordinator or LTX would probably still find herself travelling alone frequently. The IMF has guidelines about how much travel can be required of staff. These do not formally apply to CARTAC staff and LTX have a lot of autonomy in deciding their travel schedules. Some travel much more than others. The IMF guidelines probably should be extended to RTACs because they impose sensible limits on total annual travel time. Also additional thought to security supports during travel might be beneficial. The new RTAC manual may address these topics.

Using local/regional experts has the potential for increasing the involvement of people from disadvantaged groups. It also would be beneficial for CARTAC to search proactively for attachment and internship opportunities for the disadvantaged. In such cases and in case of staff recruitment the IMF/CARTAC should have a rule that any short list of LTX or STX should include at least one person from a disadvantaged group and that there should be one or more women in the selection panel. This might increase search costs but is not likely to compromise quality.

A final area worth consideration is the participation of females and males, and of the disabled or other disadvantaged groups, in training workshops conducted by CARTAC. When CARTAC is holding introductory level courses/training that potentially draw on a large pool of people then it should insist, as far as possible, on a proportional representation of women and on out-reach to people with disabilities. However there is a prior issue of the few people from marginalized groups among the government employees who are eligible for CARTAC training. In particular when a seminar is conducted in-country, with the existing staff of a particular Department, there is little that CARTAC can do in the short-term to influence the gender balance among participants or the number of people with disabilities who are included. Being aware of the balance and discussing it at some point in the seminar, perhaps in the wrap-up, might make a positive contribution in the longer term.

In the case of regional workshops CARTAC has some control over the inclusiveness of the group if there are more applicants than spaces. If the Steering Committee endorses such a policy CARTAC could state that when a course is over-subscribed gender, disability and income class may be taken into account when selecting among equally qualified applicants.¹⁰⁴ Course descriptions should also state that course facilities are fully accessible to the disabled.

To summarize, the IMF and CARTAC are by no means perfect in their efforts to be inclusive and to promote inclusiveness. However it is equally true that they have not received sufficient credit for the important role they play for women, the disabled and disadvantaged minorities. These groups are severely and negatively impacted when there is a general financial crisis, or a failure of a financial institution or when unsustainable public debt harms economic growth and leads to unemployment and subsequently a loss of resources for government programs. A

¹⁰³ The penultimate CARTAC Coordinator was a woman.

¹⁰⁴ This will not seem like a good idea to everyone. Some will take the position that applicants are seldom equally qualified and that merit should be the only selection criterion. Others may believe that having all countries represented should be the main criterion in addition to merit.

country's macroeconomic institutions are vital to women and girls and to the disabled and disadvantaged because without a sound macroeconomic framework they suffer equally and sometimes most. Therefore inclusiveness should have more visibility in Phase 5 CARTAC Program Document and in the next iteration of CARTAC's Logical Frameworks.

2.6 Building Regional Capacity

CARTAC builds regional capacity in several ways including through its technical assistance and training of staff of member governments and national and regional workshops. It also builds regional capacity by hiring regional experts, granting internships, funding professional attachments and supporting regional professional associations in its areas of expertise.

2.6.1 Use of Regional Experts

CARTAC has had two Centre Coordinators and several LTX who were nationals of beneficiary member countries. Its record of using regional and local expertise is considerably stronger than, for instance, its sister RTAC in the Pacific (PFTAC).

2.6.2 Building Regional Capacity - Internships

CARTAC's macroeconomic internships (MAC Internships) have been a good initiative that would be better if structured and operated as a Program.

In 2008 CARTAC began offering three-month internships to recent graduates in economics from the University of the West Indies (UWI) to help them gain experience in practical aspects of macroeconomics and to transition to a career in central banking. Interns have been placed at central banks of Barbados, Eastern Caribbean¹⁰⁵, Jamaica, and Trinidad and Tobago and at the Caribbean Centre for Money and Finance at UWI. In addition CARTAC has hosted a small number of interns at its office in Barbados, managed by the Financial Sector Supervision Advisor. These interns did their own research and observed and participated in the work of the Advisor including participating in a mission to a member country.

In FY 2015 each intern received travel and living expenses and an allowance of \$1200 if placed in his/her home country, or \$1500, if placed away from home. The stipend was originally \$1800 per month, or \$1200 if he or she were assigned to a host institution in his or her home country. However in FY 2011, the allowance was reduced to a standard \$1200 because of CARTAC's short-term budget constraints and later increased to the current level.

The revised Phase 4 budget for internships and attachments was \$527,315. Actual expenses for FY 2012 to FY 2014 were \$289,846. For FY 2015 the expected expenses for internships and attachments is \$150,000, and for FY 2016 \$180,000. There were nine internships awarded in each of FY 2012 and FY 2013, and 13 in FY 2014 for a total of 31. Twelve were women (approximately 40%). The distribution is shown in Table 2.6.2-1 below.

¹⁰⁵ The MAC Internships at the Eastern Caribbean Central Bank (ECCB) have been somewhat different from traditional research-oriented internships in being more operationally oriented, with training, for example, in the preparation of macroeconomic projections and policy briefs. For example the interns hosted by the Eastern Caribbean Central Bank (ECCB) have participated in CARTAC's MAC capacity building exercises in St. Kitts and Nevis, aimed at training economists to prepare macroeconomic projections.

Table 2.6.2-1: Intern Placement, by Institution, FY2012-FY2014

Host Institution	Number of Interns
Bank of Jamaica	4
Central Bank of Barbados	6
Central Bank of Trinidad & Tobago	4
Caribbean Centre for Money and Finance	9
Eastern Caribbean Central Bank	6
CARTAC	2
Total	31

Source: CARTAC 2014

Prospective interns are identified by the university or, less often, apply independently. Awards are made jointly by a CARTAC Advisor and University officials, based on resumes, university transcripts (grades) and research interests. Research topics are largely determined by the host central banks.

Each intern is expected to complete a research paper during the internship. Some interns at the Central Bank of Barbados have presented their research at the Bank's Annual Review Seminar. Others at the Caribbean Centre for Money and Finance have presented their research at the Centre's Annual Monetary Studies Conference.

The retention rate seems good. CARTAC tells us that of 31 interns (FY2012-FY2014), eleven are currently employed by Caribbean central banks, finance ministries or other Caribbean government departments, three are employed by the IADB and nine are continuing their studies.

A good concept

Developing a cadre of qualified Caribbean macroeconomists, and specialists in related fields in financial sector supervision, statistics and law, is an important part of regional capacity building; and internships and attachments make a useful contribution. They are a way to round out academic learning with work experience and to encourage students to find employment in one of the IMF/CARTAC's areas. An Internship can add to students' skills and to their commitment to macroeconomics or macroeconomic statistics or financial sector law. It can also add to their commitment to working in the Caribbean. From the host institutions point of view an internship can be a trial period for a potential employee. The best internships offer a learning environment and are demanding of the student intern, the manager at the host institution and the university.

CARTAC-supported internships have the potential to help foster a cadre of young, well-trained professionals in macroeconomics, public finance and statistics. For the Centre, internships may also provide a relatively economical way to increase its visibility and its long-term impact in the region.

Scale of the Internships Program

Given the suggestions below on program scope, particularly relating to including students of statistics and government finance, and broadening the university catchment, the annual number of internships might appropriately be increased to, say, 15.

A more structured Program

The Internship program developed rather informally at the initiative of a particular CARTAC Resident Advisor. Once the broad parameters of the program were agreed by the Steering Committee, the activity was managed directly by that Advisor and her successors in consultation with the economics departments of the three UWI campuses. There is no written Memorandum of Understanding to guide the program's operations and CARTAC does not itself advertise the program on UWI campuses or elsewhere.

The logical next step is for CARTAC to take joint ownership of the activity and to structure and run it in a programmatic way. A good analogy would be that of an entrepreneurial venture that has passed the start-up phase and needs a different type of structure and management to grow. The close association of a program with a particular Advisor and reliance on that individual's initiative without a supporting institutional and programmatic framework is out-dated given the success of internships. To the extent that internships are associated with the interests and initiative of an individual Advisor, there is a risk of lack of ownership and follow-through by successor Advisors and inconsistencies in priorities and approaches.

Scope of the internship program

The program is appropriately focused mainly on macroeconomists but should also include statisticians and students of public finance and law students with an appropriate specialty, for example, financial sector legislation and regulation.

Better visibility and outreach

There are many reasons why the CARTAC Interns program should be more widely known and available. CARTAC should consider branding the program more clearly, advertising it more widely and including more universities within its catchment. There is merit as well for CARTAC to consider outreach to Caribbean nationals and others¹⁰⁶ studying at selected universities outside the region.

Management of the intern program

This is not a program that needs an LTX's constant attention; but it does need on-going management. We suggest that CARTAC appoint one of the local administrative staff to coordinate the effort.

Enriching the experience

It would be useful for all interns, wherever they are placed, to spend some time at CARTAC and/or IMF HQ. As well, the internship experience would be enriched by opportunities for interns to participate in the formal regional training courses offered by CARTAC that year, by funds for travel to accompany advisors on mission, and by having interns interact with more than one CARTAC Advisor in various TA areas.

Connection to other RTACs' Internship Programs

Synergies with other RTACs' Internship Programs might be possible since similar initiatives had been in place in other RTACs, namely PFTAC, Afritac West II, and Afritac Central. For example interns from various RTACs could be invited as a group to visit IMF headquarters for a week at the end of the summer intern period.

¹⁰⁶ In fact prospective interns could demonstrate interest in and commitment to a career in the Caribbean without being Caribbean nationals necessarily. It is very important to attract the best talent possible to the Caribbean rather than focusing particularly on nationality.

Monitoring outcomes

The program is economical and has strong support from its stakeholders. However, better monitoring of outcomes is needed. For instance there is no requirement for host institutions to give a written performance appraisal of interns or to send their research output to CARTAC or to their home university campus.

There has been no formal assessment of the program, although testimonials from participants rate the internship experience highly. Currently the extent of follow-up or continuing contact with past interns depends on the particular LTX. There should be a follow-up of the whole of the alumni of the program, say every two years, and the results should be presented in the CARTAC Annual Report.

2.6.3 Professional Attachments

During Phase 4 CARTAC funded occasional “professional attachments” whereby one or more staff of a member government visited another member government for a short period. Attachments have varied in length from a couple of days to a week. Being of short duration they might better be called “study visits” than “attachments” since the visitors are not attached to the destination government in any formal way.

CARTAC funded 22 attachments during FY 2012, FY 2013 and FY 2014. Of these half (11) were in the area of taxation, involving 31 people. Six attachments were in public financial management, involving 9 people. Five single person attachments were in Financial Sector Supervision, involving a total of 5 people. One attachment was in statistics, involving three people.

Almost all visits were to Caribbean member governments. Only one was to Washington DC. Six visits were to Granada. Four were to Dominica. Three were to St. Kitts and Nevis. Three visits were to Barbados. There were single visits to Trinidad and Tobago, St. Lucia, Anguilla, St. Vincent and the Grenadines, and Jamaica. Annual attachment expenditures were small, varying from \$18,658 in FY 2012 to \$58,854 in FY 2014.

The Phase 2 Mid-Term Review (2006) recommended:

“Greater emphasis to attachments and use of regional consultants as means of building human resource capacity in the region ...”¹⁰⁷

The connection in this quote between attachments and regional consultants is not clear. Such a connection is clearer in the similar program of the Caribbean Development Bank¹⁰⁸ that funds experienced managers to visit inexperienced managers in other Caribbean member countries to advise on a particular topic. This CDB program results in experienced managers acting more or less like consultants. However the CARTAC program is the opposite – it funds staffs to visit and observe governments that are more experienced in a particular area. We can see that both approaches have merit but different dynamics.

The mid-term evaluation of CARTAC Phase 3 said that it was unable to tell whether attachments had increased or decreased since Phase 2 because data had not been kept by CARTAC.¹⁰⁹ We are unsure of the data for Phase 3 as well. Both the number and length of attachments in Phase 3 seem larger than one might expect. Taking the data at face value the

¹⁰⁷ Cited in Mansfield et al, CARTAC Independent Evaluation, Feb. 2010, Table 2.7, p. 29.

¹⁰⁸ Caribbean Technology Consulting Services.

¹⁰⁹ Ibid.

number of persons participating in Phase 4, compared with Phase 3, fell from 105 to 48 and the person days fell from 1099 to 138.¹¹⁰ However these differences may in part be a result of inconsistencies in record keeping.

There has been no evaluation of professional attachments as such. The mid-term evaluation of CARTAC Phase 3 noted that 72%¹¹¹ of respondents to a survey thought that there should be “more sharing of regional experience through CARTAC”.¹¹² However there was no recommendation from that evaluation team relating to either regional expertise in general or to the role of attachments in building regional expertise.

We think that attachments are an important tool for assisting member states when they are attempting change and reform and for building regional expertise. They could probably be improved in the following ways:

- Attachments should cover both visits to more experienced governments and visits by staff of more experienced governments to those that are less experienced in a particular area.
- CARTAC’s support for professional attachments should be more programmatic and less ad hoc. The possibility of attachments should be more widely advertised including being more visible on CARTAC’s website.
- Attachments should be better integrated into CARTAC resource allocation plan and better balanced across areas of CARTAC’s work.
- CARTAC should have the flexibility to accommodate attachments of longer duration.
- Attachments should be more structured and more demanding of the beneficiary. Each attachment should have a written Terms of Reference with objectives and there should be a requirement that the “attached” group/person should file a report detailing what was learned during the attachment and noting what follow-up decisions or actions resulted from the attachment. This is sometimes done¹¹³ but there is no formal requirement and it seems frequently not to be done. We think that this is sufficiently important for CARTAC to withhold a small percentage of attachment expenses (say 10 per cent) to be paid upon receipt of the Attachment Report.

¹¹⁰ The data for Phase 4 attachments was supplied by CARTAC December 2014. Data for Phase three is described in Mansfield et al, CARTAC Independent Evaluation, Feb. 2010, Table 2.3, p. 25.

¹¹¹ This is a somewhat odd result. One wonders what the other third of respondents thought – that there should not be more sharing of regional experience? ... or perhaps that other organizations could facilitate this better although to our knowledge no other organizations in the Caribbean do so in CARTAC core areas.

¹¹² Ibid, Table 7.4, p. 101.

¹¹³ See, for example, Grenada Authority for the Regulation of Financial Institutions (GARFIN) report of an attachment to the Financial Services Commission of Jamaica.

2.7 Results-Based Management and Evaluation

2.7.1 Results-Based Management

The goals of the RTACs' results-based management (RBM) systems are to enable Centre Coordinators to better manage/coordinate the work of resident advisors; assess performance against specific indicators; measure project outcomes and impact; track results over time to evaluate effectiveness and sustainability; and address donor interests in knowing the development impact of the TA provided by the Centers.

The IMF has an initiative underway to improve performance measurement and project management by implementing a new results-based management (RBM) system across the Fund. ICD Strategy and Evaluation Division is in charge of design and implementation. Once operational, the RBM system will be used by the RTACs; and CARTAC has been designated to pilot the new system.

It will replace the current Technical Assistance Information Management System (TAIMS). It will be based on "Clarity" project management software, with enhancements. The IMF intends that the new system will enable monitoring of costs, activities and results in "real time"¹¹⁴, across projects, countries, and subject areas. The new software will organize the recording of inputs, outputs and (when measured) outcomes. It is not itself a tool for measuring outcomes.

CARTAC's results-based approach to managing initiatives is guided by Logical Frameworks, a tool that has been used by evaluation professionals, with varying success, since the early 1980s.¹¹⁵ The logical frameworks at each level of analysis (program, project) include standardized indicators of activities, outputs and outcomes.

The IMF is developing a "catalogue" of generic indicators in each of the main areas of Fund activity. It is hoped that the use of a standard set of output and outcome categories will enable the IMF to aggregate results across the areas of work of the Fund, including across RTACs.

Aggregation of outputs is easier than aggregation of outcomes. For example the number of persons trained is easier to measure than improved skills on the job or the results of the applications of those new skills. Measurement of meaningful outcomes typically requires a professional evaluation study. Examples of successful routine administrative gathering of outcome data are rare.

If self-ratings are generated by the RBM system rather than actual measurement of outcomes then the system will need to be buttressed with a verification system if it is to be credible. In the World Bank, for example, task managers' self-ratings of project performance are reviewed by the independent evaluation office and a sample is subjected to performance audit in the field.

In parallel with the IMF's general RBM initiative, CARTAC has improved its approach to result-based management in several ways by:

- Developing better logical frameworks both for CARTAC as a whole (Strategic LogFrame) and for each of its areas of expertise and activity (Topical LogFrames).

¹¹⁴ What "real time" means is not yet defined but generally the intention is that the RBM database of indicators will be updated continuously as IMF/RTAC activities and outputs are completed and (on a different schedule) results identified.

¹¹⁵ USAID was an early adopter of Logical Frameworks and later abandoned them on the grounds that they were time consuming to construct, tended to contain many indicators that would be expensive to measure and in fact were never measured and sometimes did not add meaningfully to the project manager's understanding of the causal logic of the intervention.

- Reorganizing its strategic documents and its reports to be address specifically the outcomes that are stated as the objectives in its LogFrames
- Dedicating staff resources to managing the RBM system, specifically hiring a full-time RBM expert who will start in mid-May 2015, for the remainder of Phase 4.

The key tool is the LogFrame. Developing one provides an occasion to think hard about the objectives of an intervention in terms of outcomes rather than inputs and outputs that are not themselves meaningful. It can also be an occasion to define outputs that can be managed, to assess the plausibility of an objective within a given resource envelope and to set timed milestones, all of which can be very useful. However, as mentioned above, the LogFrame tool typically has weaknesses as well.¹¹⁶

As part of this mid-term evaluation we rated the 25 outcomes listed in the CARTAC Topical LogFrames¹¹⁷ on the following criteria: relevance; attribution; measurability; and likely cost. We found that relevance was always high but priorities and sequencing were not articulated well. Attribution was seldom addressed and was likely to be complex and difficult to determine. Outcomes were always measurable at low cost at a superficial level and at high cost at a more meaningful level. For example it is easy and cheap to measure the number of participants in a training course but more difficult and expensive to measure subsequent changes in performance on the job.

The way outcomes are described is important. CARTAC should focus its work on achieving results specifically defined as the development of self-reliant capacities in member governments. These capacities do not lend themselves to easy measurement nor to aggregation across countries but they are the true results sought. The indicators would at the highest level be indicators of institutional development. For example, in regard to the statistical unit in a particular government: Is there an adequate number of qualified statisticians? Is the head of the unit a qualified statistician? Does the unit have a multi-year work plan that is a plausible plan for the outputs that need to be produced? Has the government appropriated sufficient funds for data collection? Is the quality of current professional work at a sufficiently high standard? Is there a training plan for staff? Etc.

CARTAC RBM should be based on a programmatic approach to its work. A “program” would be a coherent multi-year multi-country initiative with terms of reference, resources, targets and deadlines.

Such an approach requires that CARTAC write (and periodically update) a results-based strategy for each area of its work that would underpin its Programs in that area. Each strategy

¹¹⁶ The main weaknesses of the LogFrame approach are three – first, the general “logic” of the linkage between stated outputs and desired outcomes is often unexceptional at a superficial level and at a deeper level sufficiency, priorities and specific strategies are often not developed. For instance there is no doubt that clarity and transparency in national budgeting is a good thing but what CARTAC outputs are needed to achieve this given the specific political economy of the region or country? Second, outcomes as stated tend to be binary – does a country have, say, quarterly national accounts or not, rather than asking whether its accounts meet standards of completeness and accuracy. Targets tend to be similarly binary – for example, having four countries adopt a certain provision of Basel II. This provides some information but is not a very useful way to analyse outcomes. A better alternative in future would be to analyze changes in countries’ PEFA scores and TADAT assessments as measures of improvement. Third, attribution to CARTAC is often complex and expensive to determine and frequently can only be addressed by a substantial study to establish a baseline and later to identify the increment produced by CARTAC. In practice CARTAC tends to define outcomes as “contributions” to a worthy goal, which is often not particularly helpful for accountability or learning. In general we conclude that a LogFrame can be a useful component of a written program strategy but doesn’t stand alone well.

¹¹⁷ LogFrames on CARTAC’s website at January 8, 2015, dated May 2013.

would assess the status of member governments' systems and practices and would develop a reform and implementation strategy (roadmap) in the context of the political economies of member countries. LogFrames would be attachments to the strategies rather than stand-alone instruments.

We also think that CARTAC should consider a multi-level results framework in each of its areas, similar to the frameworks commonly used by the multilateral development banks. Multi-level frameworks do a better job of distinguishing between things that can reasonably be expected of CARTAC (high attribution) and things that CARTAC can influence but not determine:

- Level 4: Outcomes at the regional and country level, such as the availability, currency and quality of census data (Low attribution to CARTAC)
- Level 3: Outputs attributable to CARTAC (TA reports, manuals, workshops, number of trainees, results of training in respect to skill levels, etc.
- Level 2: Indicators of the organisational performance of CARTAC in one area (number of LTX PYs, number of STX PYs, TA reports, research outputs, days in country, etc.
- Level 1: Indicators of CARTAC performance (partnership and harmonization, high-level policy dialogue, leverage, cost consciousness and efficiency, etc.)

2.7.2 Evaluations of CARTAC

There have been three types of evaluation relevant to CARTAC – evaluation of all IMF TA that is through all TA instruments, individual evaluations of all RTACs and evaluations of CARTAC alone (three previous independent evaluations).

There were also two special studies of CARTAC that are relevant – the final project evaluation by UNDP of CARTAC up to the point of UNDP disengagement¹¹⁸ and a special study of CARTAC's cost effectiveness in the first year of Phase 4.¹¹⁹

There has been an independent mid-term evaluation of each phase of CARTAC. The previous mid-term evaluation of CARTAC, Phase 3, was undertaken in 2009.¹²⁰ It was very positive while encouraging CARTAC to be more strategic and to do a better job of reporting results.¹²¹

In 2011 CARTAC commissioned a study of its cost-effectiveness in the first year of Phase 4 in response to donor interest in changes that resulted from the transfer of CARTAC administration from UNDP to the IMF and the changes that the IMF had made in its assessment of costs and charges against the new TA costing model.¹²² That study found that CARTAC had operated efficiently and effectively, with an “overhead” rate at about the same level as comparable Funds, with one exception. That exception was the transition period from Phase 3 to Phase 4 during which activities were severely reduced, resulting in a loss of balance between overhead and operations.

The IMF evaluated its technical assistance and training in general, through all channels, in 2005, including the RTACs that were operational at the time (CARTAC and PFTAC) and did an

¹¹⁸ UNDP Project Closure, CARTAC, Final Evaluation Report, June 2012.

¹¹⁹ Watson, K. and J. Barclay, Cost Effectiveness of CARTAC in the First Year of Phase 4, FY 2012.

¹²⁰ Oxford Policy Management, K. Mansfield et al, Independent External Evaluation of the Caribbean Regional Technical Assistance Centre, February 2010.

¹²¹ The evaluation found that CARTAC performs a good-to-excellent service. The high quality of its technical assistance and the qualifications of staff were recognized, but weaknesses in reporting and results-based management were also noted. The evaluation identified a need for management reports that have a more strategic focus and allow stakeholders to access results.

¹²² Watson, K. and Barclay, J. The Cost-Effectiveness of CARTAC in Year 1 of Phase 4, FY 2011, July 2012.

up-date in 2014.¹²³ As far as we know the IMF does not plan to do a comprehensive evaluation of TA in the near future.

The IMF has not undertaken a general evaluation of its Regional Technical Assistance Centers. It has evaluated each center separately¹²⁴. At the same time as this evaluation of CARTAC (2015) the IMF commissioned evaluations of other RTACs, including PFTAC¹²⁵ and two AFRITACs (AFRITAC Central and AFRITAC South)¹²⁶. It has previously evaluated CAPTAC-DR, AFRITAC East, AFRITAC West, and most recently METAC. The consistent use of the same performance criteria enables some comparisons across evaluations. However this only takes one so far. A comprehensive evaluation of all of the RTACs together is needed to consider the issues that affect them all, such as their coherence as a network, and to identify the lessons/best practices that each has to offer and to enable the IMF and donors to consider their overall strategies for RTACs including, for instance, the possibility of an RTAC Trust Fund in addition to the individual Center trust funds.

Less immediately comparable but still relevant in some respects are the IMF's evaluations of other modes of technical assistance funded by trust funds. These include the (2014) evaluation of the Japan Sub-Account for IMF Technical Assistance (JSA) including the Singapore Regional Training Institute (STI).¹²⁷

The IMF is also evaluating several Topical Trust Funds for technical assistance at present.¹²⁸ The reports of these evaluations will likely contain lessons relevant in part to CARTAC.

There have been evaluations of technical assistance programs in the Caribbean by other providers of TA. For example the Caribbean Development Bank (CDB) evaluated its TA in 2006 and revised its TA policy in 2011. CDB has also evaluated its participation in CARTAC as part of its mid-term evaluations of its Special Development Fund (SDF). Canadian DFATD/CIDA has evaluated its regional program in the Caribbean. The World Bank is currently evaluating SEMCAR¹²⁹ that provides technical assistance in similar countries and sectors as CARTAC.

These evaluations discussed above should all be readily available on CARTAC's web site. Some are but most are not.

CARTAC should continue to be evaluated in year 3 of each 5-year cycle. Additionally, we recommend that the IMF Institute for Capacity Development (ICD) undertake a comprehensive evaluation of all RTACs together in the near future and periodically thereafter, perhaps every

¹²³ IMF Independent Evaluation Office. IMF Technical Assistance: Revisiting the 2005 IEO Evaluation. IMF Washington DC 2014.

¹²⁴ ICDSE (ICD Strategy and Evaluation Division) is currently developing a unified evaluation framework that will include not only RTACs but all CD activities.

¹²⁵ IMF Pacific Financial Technical Assistance Center. The concurrent evaluations of CARTAC and the Pacific Financial Technical Assistance Center (PFTAC) were thought to offer opportunities for useful comparisons since small island states make up most of the membership of both Centers.

¹²⁶ AFRITACs. Africa Technical Assistance Centers.

¹²⁷ There may be lessons learned in this evaluation that are applicable in part to CARTAC. For example technical assistance under the JSA was reorganized in 2010 so that an annual stream of about 110 projects became seven or eight multi-year and multi-country programs. The evaluation reported that this initiative substantially improved efficiency, effectiveness, impact and sustainability. CARTAC is a different type of instrument but, nevertheless, there may be lessons that are applicable in part.

¹²⁸ For example there is a concurrent evaluation of the IMF Topic Trust Fund for technical assistance in Tax Policy and Administration (TPA).

¹²⁹ SEMCAR is a multi-donor trust fund administered by the World Bank and funded by Canada. It supports enhanced tax and customs administrations, and public financial management in the Caribbean. Its first phase runs from April 2011 until February 2015. The budget of that Phase was US\$18.26 million.

five years. We also recommend that the IMF Independent Evaluation Office (IEO) complete an evaluation of all IMF-delivered technical assistance and training in the near future and then periodically thereafter, perhaps every five to seven years.

2.7.3 Centers' Peer Reviews

At present the RTACs with which we are familiar, that is CARTAC and PFTAC, do not have much contact with each other, other than meeting once each year at IMF Headquarters. This may be partly because the Center Coordinators report to different IMF Area Departments. It may be that the AFRITACs interact more with each other since they report to the same IMF Area Department.

In other contexts, including for example medical schools and regional government groupings¹³⁰, peer-to-peer reviews have proved very useful. A peer review can be a learning experience both for those reviewing and for those reviewed. In the RTAC context the logical "peers" in the first instance are the Centers led by the Coordinators and, secondly, the resident Advisors in each area of work.

A Centre Peer Review might involve, say, three Coordinators visiting another RTAC for a week, reviewing its work and writing a report. Given the number of RTACs, two peer reviews could be organized each year without any Coordinator serving on more than one.

The costs of each peer review would be modest and could probably be covered by the Centre that is being reviewed, perhaps with some financial participation by IMF ICD, or, better, by a Global RTAC Trust Fund as recommended elsewhere in this report.

IMF ICD should undertake a feasibility study of Centre Peer Reviews to ascertain their practicality, their costs and the benefits.

2.7.4 Knowledge Management

The three topics discussed above are all part of knowledge management – evaluation, results-based management and peer reviews. Two other aspects of knowledge management are worth mentioning:

- access by member government staff to knowledge through CARTAC and
- CARTAC's internal management of its program knowledge in each area.

In general member governments' access to knowledge through CARTAC is excellent. The website is clearly organized and provides a lot of useful information. Its greatest limitation is that, under "member countries" it does not provide any substantive information. Two things would be useful: (1) A calendar that shows details of all of CARTAC's intended activities for the current year updated in real time; and (2) downloadable TA reports and studies for all CARTAC areas in that country. Most importantly stakeholders tell us that CARTAC LTX are accessible and that they are helpful in accessing IMF resources more broadly.

The IMF has made efforts recently to increase transparency. For example the IMF Staff Operational Guidelines on Dissemination of TA (TA) Information (IMF Policy Paper June 10, 2013) delegates to Heads of Departments the power to approve circulation of final TA advice to

¹³⁰ For example the Pacific Islands Forum Secretariat sponsors inter-governmental PFM peer reviews such as the "Cook Islands Forum Compact Peer Review", January 2014.

the Executive Board unless the TA recipient objects.¹³¹ The intent is that TA information should be disseminated more widely than has sometimes been the case in the past. It is expected that more active sharing of TA information with beneficiaries and potential beneficiaries, donors and other providers of TA that have a legitimate interest will improve learning and coordination and enable all parties to benefit from synergies. Increased transparency will help the IMF to expand the impact of its limited TA resources.

CARTAC's internal management of its program knowledge in each Program area could be improved. There are various reasons. An important factor has been that transitions from one LTX to his or her successor have often resulted in a substantial loss of program memory because of gaps between their tenures. In Chapter 2.3 of this report we suggest that overlapping tenures should be the norm and would be well worth the small cost. If one assumes that LTXs are employed on average for three years,¹³² doubling-up for a short period, say one to three months at the end of each person's tenure, would add less than 5% to CARTAC's LTX costs.

CARTAC is currently working towards more consistent document management and controls and is improving its filing and record keeping, and will require back-to-office reports after every mission. The other change we recommend that could, in addition to other advantages, improve knowledge management is a more programmatic approach to TA that emphasizes continuity, with terms of reference, program plans and reports, and Entry Workshops at major transition points.

CARTAC should make efforts to improve continuity of its TA in each area including having a more programmatic approach, overlapping the tenure of each LTX and his or her successor, and holding an Entry Workshop at each transition.

¹³¹ As was noted in the IMF document entitled "Enhancing the Impact of IMF TA", in several circumstances, the consent of the TA recipient for dissemination of certain types of TA Information will be deemed granted unless the TA recipient explicitly objects to such dissemination.

¹³² CARTAC LTX are on renewable one-year contracts and three years is regarded as a typical tenure.

Chapter 3 Performance

3.1 Overall Performance

There is a general consensus that CARTAC's work is highly relevant to the needs and priorities of member governments. Its effectiveness, efficiency and impact are good but could be improved in significant ways as discussed in this report. The sustainability of its work is only partly under its control and is subject to significant risks. It is noteworthy that CARTAC's clients are consistently more positive in their ratings than other groups.

Table 3.1-1 Overall Performance Ratings on OECD/DAC Criteria

(CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Ratings			Evaluators' Summary Assessments
	CARTAC Clients	SC, Experts, Partners	Evaluators	
Relevance	4.3	4.2	4.3	Highly relevant but very small interventions and some gaps
Effectiveness	3.6	3.2	3.5	Effective but could be considerably more effective if more program-based.
Efficiency	4.1	3.5	3.6	Efficiency significantly compromised by activity collapse at transition from Phase 3 to Phase 4.
Impact	3.7	3.4	3.5	Better continuity would improve impact.
Sustainability	3.7	3.3	3.3	High risks of erosion of governments' capacity over time in part because of small size.
Weighted average ¹³³	3.9	3.6	3.7	Note: High client ratings for efficiency

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

Some of the most significant ways we believe that CARTAC's performance could be improved are:

- More analysis of exactly what improvements in outcomes are attributable to CARTAC and why - for accountability but also to underpin future strategy.
- Improving strategic coherence by being more program-based.
- Improving the governance of the Centre.
- Improving transitions between Phases and between LTX tenures.
- Stricter focus on capacity building outcomes in the context of a strategy appropriate to Small Island States (SIDS).¹³⁴ For example CARTAC contributed significantly to the consideration of a regional revenue authority for the ECCU countries including at the

¹³³ See Appendix 4 Methodology: Weights were as follows: Relevance 30%; Efficiency 20%; Effectiveness 20%; Impact 10%; and Sustainability 20%.

¹³⁴ CARTAC PFM has emphasized the difficulty of building sustainable capacity in many member countries because of their small size. This is a challenge similar to that for Statistics. We have recommended in that context that a feasibility study be done of a possible regional agency, rather than autarchic departments in each country, to achieve economies of scale. Such an approach may be more difficult for PFM than Statistics, but there may be scope in expenditure monitoring or in auditing, for example.

urging of the ECCB, and some initial steps have been launched for a feasibility study to develop regional audit capacity.¹³⁵

3.2 Public Financial Management

For a country to deliver public services, achieve its economic and social goals, and be able to withstand economic shocks it is imperative that it manage its public finances in an effective, efficient and transparent manner. The main determinant of good fiscal outcomes may be political will and public consensus, which are largely beyond CARTAC's remit; but the capacity to formulate budgets well, to execute them and to report results are important if not sufficient to ensure good decision making. These capacities must be highly developed in the central agencies of government and reasonably well developed in the line departments.¹³⁶

CARTAC's support to public financial management (PFM) includes budget preparation, budget execution and audit. CARTAC's PFM Advisors provide technical assistance, organize regional workshops and provide in-country training to build capacity. CARTAC also supports regional PFM initiatives, such as the Caribbean Public Financial Association CAPFA, and regional conferences on particular topics.

PFM Activities

During the period FY 2012 to FY 2014 (three years) CARTAC spent 36.6% of its resources on FAD technical assistance (mainly PFM and Revenue Administration), compared with 10.2% for MCM and 7.2% for Statistics.¹³⁷ Currently CARTAC employs two PFM Advisors (LTX). Over three years, FY 2012 to FY 2014, CARTAC provided a total of approximately LTX 4.78 person years of PFM technical assistance¹³⁸. LTX and STX conducted about 54 missions per year, for a total of about 110 LTX mission days per year and 184 STX mission days per year.¹³⁹ The macro-fiscal advisor's missions were in addition to these numbers. If added the result is 226 missions, an average of 75 a year not 54, and there would be 190 LTX days per year instead of 110. STX mission days per year would go up to 230 from 184. There were 123 TA reports during this period.

CARTAC PFM Advisors have focused on five tasks:

- Develop a more strategic approach to PFM Reform by undertaking PFM diagnostics and supporting the development of PFM reform action plans.
- Strengthen Treasury Management and the Accountant General's institution including budget execution and fiscal reporting
- Strengthen capacity to develop medium term results oriented budget including budget preparation and expenditure reviews
- Strengthen Internal control frameworks through the improved competence of internal auditors

¹³⁵ However, while the impetus and initial analysis came from CARTAC, this initiative is being taken forward by a new Canadian financed 'CARICOM' (actually a very small subset of the member countries) initiative being delivered by IMF FAD and other IMF HQ departments. CARTAC notes that careful consideration would be required on whether multiple regional agency initiatives (i.e. covering PFM and Statistics as well) should be attempted concurrently or alternatively review first the outcome of revenue administration efforts.

¹³⁶ This topic includes budget-related activities, treasury functions, pensions and state-owned enterprises.

¹³⁷ See Appendix 3, Table 5.

¹³⁸ See Appendix 3, Table 8.

¹³⁹ Appendix 3, Table 3.

- Develop a more sustainable education and peer assisted learning capacity in the region

PFM is a broad field and other organizations are active in providing technical assistance in the Caribbean in one aspect of PFM or another. One example is the Canadian-funded SEMCAR,¹⁴⁰ which was designed to focus on PFM and related Information and Communications Technologies (ICT). CARTAC is the logical lead in the Caribbean in support of PFM reform in its member states but the fragmentation of donor support makes this difficult. We doubt that traditional calls for “coordination” will help much. What is needed is a much more serious effort by donors to focus and rationalize their support to particular sectors.

PFM Activities FY 2012 – FY 2014

In FY 2012 CARTAC supported seven countries in undertaking Chart of Accounts (CoA) reform; two in cash management and forecasting; four with bank reconciliation; and 11 in budget preparation reforms. CARTAC also assisted ECCU countries and the Bahamas to examine the steps required to meet reporting against cash-based International Public Sector Accountant Standards (IPSAS). These activities provided the opportunity to build on lessons learned in one country for improved results in other countries.

In FY 2013 the Annual Report noted that two major problems that undermine effective PFM in member countries were the adoption of unrealistic and/or unfunded budgets (often compounded by unfunded post-budget spending decisions) and the under-utilization of management information systems. The former resulted in significant strains in the management of public finances especially in cash management, increasing debt and accumulating arrears. The latter harmed control of expenditures and made it difficult to, account for government finances. In response CARTAC helped several member countries develop tools and processes to strengthen fiscal discipline and prioritize expenditures.

In FY 2014 there was considerable progress by countries on the problem of unrealistic or unfunded budgets. As well CARTAC noted greater progress in undertaking large-scale budget preparation reform (titled *strategic budgeting*). For several countries, this included developing a simple medium term expenditure framework (utilizing rolling forward estimates) that establish hard multi-year budget constraints to which all agencies must adhere (or be visibly seen not to adhere), as well as requiring agencies to provide more comprehensive information on the objectives and results of planned budget allocations. In other countries more emphasis was placed on exploring what programs comprise the budget. In many, reform involved strengthening the Ministry of Finance (MoF) budget *challenge* function; that is building the skills and capacities of the MoF to analyze agencies' budget submissions and to challenge their priorities, cost estimates, planned results and overall value for money.

Outcome Targets and Achievements

CARTAC has provided a review of its performance in the first half of FY 2015 in achieving its targeted outcomes¹⁴¹. The kind of data presented appears to be typical of reports to the Steering Committee in regard to all areas of CARTAC's work. The review lists achievements related to five outcomes. However the achievements are stated vaguely – “making progress”, “developing

¹⁴⁰ SEMCAR has been implemented by the World Bank. It covers 12 Caribbean countries.

¹⁴¹ Kubasta, Celesta and Matthew Smith, “Public Financial Management”, presentation at the Steering Committee meeting, Bahamas, December, 2014.

action plans”, and “moving towards”; and no explanation is given why CARTAC was active in a few countries in regard to each outcome and the rest not.¹⁴²

PFM TA Performance

Performance ratings by stakeholders and by the evaluators on a scale of 0 to 5, were as follows:

Table 3.2-1 PFM Performance Ratings on OECD/DAC Criteria

(CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Performance Ratings				Evaluators' Assessments
	Clients	SC, Experts, Partners	All Stake-holders	Evaluators	
Relevance	4.3	4.2	4.2	4.1	Activities undertaken were highly relevant but coverage was uneven with three countries not receiving LTX assistance in three years (Bermuda, Cayman Islands, and Haiti). ¹⁴³
Effectiveness	3.6	3.3	3.4	3.5	Fiscal outcomes during this period did not generally improve and in some cases deteriorated. We agree with the stakeholder consensus rating.
Efficiency	4.0	3.4	3.6	3.7	Two PFM experts each responsible for a set of countries is efficient. Continuity during LTX transitions needs improvement
Impact	3.4	3.4	3.4	3.4	A counter-factual is not available except on the basis of judgment. CARTAC's interventions undoubtedly contributed to better outcomes than might otherwise have been the case. However, in several countries fiscal outcomes deteriorated during this period.
Sustainability	3.4	3.2	3.3	3.2	Caribbean governments have found it difficult to restrain spending especially on jobs in the public service so sustainability of reformed fiscal systems and practices remains at risk.

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

The most recent external evaluation of CARTAC (Phase 3 reporting in FY 2010) did not assess PFM performance as such but only CARTAC's performance overall.¹⁴⁴

The study of CARTAC cost-effectiveness (FY 2011)¹⁴⁵ reported PFM performance against each of the OECD/DAC criteria. PFM was rated the most effective of the CARTAC areas, with a

¹⁴² Outcome 1. Countries adopt model or equivalent PFM legal and regulatory framework: Five countries (Grenada, Anguilla, Antigua & Barbuda, Dominica and St. Lucia) are making progress in this direction. Outcome 2: Countries demonstrate multi-year perspective in fiscal planning, expenditure policy and budgeting. Two countries making progress in rolling three-year forward estimates with a hard budget ceiling (Bahamas and SVG) and three making progress on program-based budgeting (Anguilla, BVI and SVG). Outcome 3. Countries produce timely, accurate and comprehensive financial reports.

Five countries are making progress (BVI, Belize, Dominica, St. Kitts, Grenada and Trinidad). Outcome 4. Countries have an independent and competent internal audit function. Three countries have developed action plans to move to professional standards (St. Lucia, SVG, and Turks and Caicos). Outcome 5. Countries have in place a system for managing and monitoring fiscal risks. Four countries moving towards increased oversight (Barbados, BVI, Grenada and Dominica) and all countries would be trained in developing a medium term economic and fiscal outcomes statement, which includes an analysis of fiscal risks.

¹⁴³ CARTAC TA is, of course, demand driven; but it seems unusual that there was no demand for PFM TA in any of these seven countries for three years. Officials from some of these countries participated in regional seminars during this period and in FY 2015 Barbados and Bermuda have received PFM TA. The reasons why TA was so unevenly distributed need further examination.

¹⁴⁴ The independent evaluation of CARTAC Phase 3 (Oxford Policy Management, Mansfield et al) used not the OECD/DAC performance criteria but rather the McKinsey Co. 7 element model of organizational effectiveness.

rating of 6.0 on a scale of 0 to 7. The ratings for each area ranged from 5.4 to 6.0 out of a possible 7.

However the authors of the cost-effectiveness study noted, in the same table, that they thought the relative ranking of CARTAC areas by stakeholders should not be taken too seriously because the ratings had probably been contaminated by stakeholders' priorities – that is, given the widespread fiscal stress in the Caribbean, stakeholders thought that PFM was more immediately important than, say, statistics, and this perception of relative importance had colored their ratings of CARTAC performance.

We found a very positive attitude of government officials to CARTAC's PFM work. The interviews with both IMF staff and officials in member countries, suggest that PFM assistance was tailored to country needs, was in line with the capacity of the countries to absorb change and reform and was flexible and timely. On the basis of the surveys of stakeholders and interviews and observations, the evaluators rate CARTAC's PFM performance as follows:

Areas of concern among stakeholders include the small scale of assistance, periodic lack of continuity with a significant gap between advisors resulting in a loss of memory and sometimes in changes in priorities of successor LTX that some member governments have found confusing; a tendency towards one-size-fits-all that is inherent in regional seminars and conferences, the tendency to extol international best practice rather than solutions customized to small island states and the difficulty in determining whether or not internal capacity had in fact been developed as a result of CARTAC's PFM assistance.

The balance between responsiveness and strategic coherence is a concern to us. There are 41 indicators mentioned in the Program Document to track progress of CARTAC activities in total, of which 8 relate to public finance management. None of these indicators directly refers to capacity development. They tend to refer to products that may be produced with external technical assistance.

The principal focus of analysis in CARTAC's annual reports is on inputs and outputs—such as workshops and missions—rather than on outcomes. Indeed, if we look at the fiscal performance of countries from 2011 to 2014 period, it has generally deteriorated, rather than improved, despite considerable assistance from CARTAC and others.

Nevertheless it is clear that CARTAC has made important contributions in strengthening public finance management systems in member countries during Phase 4, although technical skills do not guarantee good decisions only good information and analysis. The CARTAC Program Document suggests that a “significant barrier to building sustainable capacity in many of CARTAC's client countries is their small size”. It goes on to argue that this “inability to develop self-sustaining capacity and in-depth specializations within an agency needs to be factored into any reform effort.” However, both the Program Document and CARTAC Annual Reports are silent on how to deal with this challenge.

Fragmentation of donor support is a general problem in the Caribbean and appears to be particularly acute in PFM. It would likely be more efficient and effective if donors concentrated their support using CARTAC in its areas of expertise.

¹⁴⁵ Evaluation of the Cost-Effectiveness of CARTAC in the First Year of Phase 4 (FY 2011), Rideau Strategy Consultants Ltd., Dr. Kenneth Watson, Ms Joan Barclay, July 2012.

3.3 Revenue Administration

A decade ago CARTAC member governments were heavily reliant on customs duties, excise taxes and sales taxes. Five countries (Barbados, Dominican Republic, Haiti, Jamaica and Trinidad and Tobago) had a value added tax (VAT) in place.¹⁴⁶ The tax systems tended to be narrowly based, tax rates varied considerably from one country to another and collection systems were complex and taxes were often inefficiently collected. Total tax revenues as a percentage of GDP varied greatly.¹⁴⁷

In response CARTAC sought to help governments broaden their tax bases, introduce more efficient tax instruments (in particular the VAT), modernize tax administration and improve taxpayer registration and compliance. It has also promoted harmonization of tax and customs legislation, regulations and practices across member governments.¹⁴⁸

Revenue Administration Activity

One of CARTAC's main areas of work during Phase 4 has been revenue administration (tax and customs). CARTAC's expenditures related to fiscal affairs in general, including revenue administration, were by far the largest of any area of TA during FY 2012-FY 2014 - 36.6% of its total Centre expenditures.¹⁴⁹ Of this, revenue administration accounted for 325 missions during this period out of a total of 551 FAD missions (that is, revenue administration accounted for approximately 60% of the FAD missions).¹⁵⁰

CARTAC's Phase 4 Program Document notes that country size is the principal constraint to modernizing revenue administration systems.

"A significant barrier to building sustainable capacity in many of CARTAC's client countries is their small size. Only five of the 20 members have populations of over one half million, and seven have populations of less than 100,000. The small sizes of the economies, coupled with financial constraints associated with the small tax base, have served to limit the size of many government agencies. The small size of these agencies has meant that many functions that are carried out by a number of people in a larger country may be done by one or two staff members, sometimes even on a part-time basis. This inability to develop self-sustaining capacity and in-depth specializations within an agency needs to be factored into any reform effort."

Revenue Administration TA Objectives

CARTAC has been very active in this area because it believed not only that efficient administration would be cheaper and more equitable but also that member countries needed higher tax revenues to run a modern government, to stabilize their economies to operate essential social programs for the poor and to meet the growing expectations of a more affluent population for public services.

Therefore CARTAC stated its main objective in revenue administration as follows: *"Improve tax and customs revenues as a percentage of GDP in selected Caribbean countries."*¹⁵¹ In support

¹⁴⁶ See CARICOM, P. dos Santos and L. Bain, Survey of Caribbean Tax Systems, July 2004.

¹⁴⁷ Ibid, Table 1.

¹⁴⁸ An example of harmonization is the CARICOM Harmonized Draft Model Customs Legislation was updated and agreed at the annual meeting of Chief Parliamentary Counsels and Heads of Customs in August 2014.

¹⁴⁹ See Appendix 3, Table 5.

¹⁵⁰ See Appendix 3, Table 3.

¹⁵¹ CARTAC, Schlotterbeck, S., Miller, N., and Head, K Presentation to Steering Committee, "Revenue Administration Sector", December 2014.

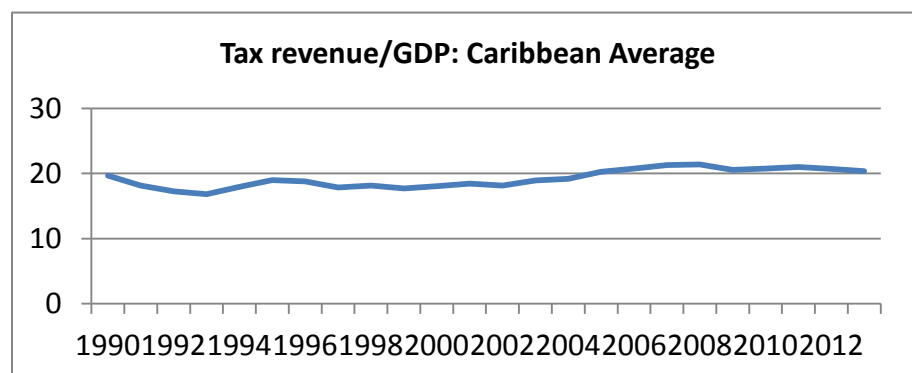
of this main goal the CARTAC Phase 4 Program Document¹⁵² stated five target outcomes in revenue administration (tax and customs):

- Modern VAT is introduced and administered effectively.
- Countries use risk management principles to manage compliance
- Countries apply harmonized and standardized operational procedures
- Administrative structures supportive of strategic goals and operations are in place.
- Revenue administrations capacity and performance is measured.

Results of CARTAC's Efforts in Tax and Customs Administration

CARTAC annual reports describe the countries given assistance in revenue administration and topics addressed and activities undertaken.¹⁵³ However allowing for cyclical variations resulting from general economic conditions¹⁵⁴, tax receipts as a percentage of GDP are essentially unchanged on average across CARTAC member countries since 1990. There is modest variation over time of about 2% around an average of about 20%. The variation appears to be driven by the economic cycle. The tax/GDP ratio varies from about 17% of GDP at the bottom of recessions to about 21% of GDP in better times. (See Chart 3.3-1)

Chart 3.3-1 Tax Revenues as a % of GDP, 1990 to 2013



Source: CARTAC, December 2014

It is possible to take a different view. Some countries have increased their tax receipts/GDP

¹⁵² On revenue administration (RA), the target areas of improvement in PD include the following: Revenue Complete VAT implementation; Promote regional approaches and initiatives to include formalized information sharing agreements, a regional Large Taxpayer audit function, a regional VAT Appeals and rulings body, and common staff/operational manuals; Enhance and support computerization of inland revenue and customs and the promotion of a regional IT system and regional center supporting the CIDA program known as Support for Economic Management in the Caribbean (SEMCAR); and Improve customs productivity and efficiency through applied risk management practices.

¹⁵³ For example in FY 2014 the revenue administration priorities were to strengthened tax administration (general: Bahamas, Barbados, Dominica, Grenada, and St. Kitts and Nevis); to strengthen customs administration (R4: Antigua and Barbuda, Dominica, Grenada, Guyana, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Turks and Caicos Islands). According to the Draft 2014 Report: "Inland Revenue officers, particularly the Auditors have received a tremendous amount of training from CARTAC which has enhanced their auditing techniques. The skills that have been learnt have complemented the services provided in tax audit, compliance and collection enforcement. These courses include training in Accounting, Electronic Auditing, Auditing Financial Institutions, PAYE Auditing, and Collections Training. The training has also made them more confident particularly as they have to concentrate on the activities of the larger taxpayers."

¹⁵⁴ We consulted various sources of data including the IMF RA-FIT, World Economic Outlook, the World Bank, CARICOM, and CIA data, and found significant variations in estimates for various CARTAC member countries. That is, significant in that they varied by a couple of percentage points around the average estimate. This is significant since the Caribbean average shown in Cart 3.2.2-1 above is stable within a couple of percentage points up or down from the mean.

ratio since, say, 2005, and the average ratio has been sustained at about 20% despite five years of weak economic conditions in the Caribbean. It is reasonable to regard this as a structural improvement resulting perhaps from the wide adoption of the VAT, an initiative to which CARTAC has contributed substantially over the years. Nevertheless we find it more compelling that the average ratio is essentially unchanged over the past twenty five years. We do not criticize the introduction of the VAT, clearly a more efficient tax than most of its predecessor taxes; but if the goal is to increase the average ratio of tax receipts to GDP, say from 20% to 25%, then a reconsideration of strategy seems called for.

We praise CARTAC for measuring such an important indicator. However we think it is a “level 4” indicator, to use the terminology of the multilateral development banks. That is, it is very important to track and to try to influence the outcome but in the end attribution to CARTAC is modest.

Stakeholder Views on CARTAC’s Revenue Administration TA

The government officials we interviewed were pleased with CARTAC’s revenue administration work. The interviews with both IMF staff and officials in member countries, suggest that assistance had been tailored to country needs, was in line with the (modest) capacity of various member governments to absorb reforms in tax administration, and, in their view, was flexible and timely. We rate CARTAC’s revenue administration performance as shown.

Table 3.3-1: Performance of Revenue Administration TA

(CARTAC Phase 4, Scale 0 to 5)

Criteria	Performance Ratings				Evaluators’ Summary Assessments
	Clients	SC, Experts, Partners	All Stake-holders	Evaluators	
Relevance	3.8	4.0	4.0	4.0	Relevance has been high in regard to efficient and equitable revenue administration. However relevance to the main goal, increasing the tax receipt/GDP ratio, has been medium.
Effectiveness	3.3	2.9	3.0	3.5	There are recent signs of improvement in the ratio of tax receipts/GDP but over a long period little change.
Efficiency	4.5	3.4	3.9	3.5	Like other areas, affected by Phase transitions and LTX changes.
Impact	3.6	3.2	3.4	3.6	The main goal, increasing the ratio of tax receipts to GDP, appears to have been largely unaffected by CARTAC’s efforts if viewed over a long period but recent trends seem more positive.
Sustainability	3.5	3.1	3.3	3.3	The tax receipt/GDP ratio has tended to fluctuate and improvements not be sustained.

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

It would be worthwhile to clarify CARTAC’s role in revenue administration. Some options include:

1. Stay with the declared objective of increasing tax revenue as a % of GDP and:
 - a. Develop a more effective strategy to help governments increase the tax/GDP ratio through administrative means. (or)
 - b. If the tax/GDP ratio needs to be addressed primarily as a policy matter then CARTAC could defer to IMF HQ on this or, alternatively, develop a strategy whereby CARTAC provides TA, training and knowledge products to facilitate the development of appropriate tax policies. CARTAC could productively do research

in the Caribbean, as indeed it already does to a certain extent, that might come to conclusions related to tax policies in consultation with IMF HQ.

2. Decide that the tax/GDP ratio is sensitive to government policy decisions rather than to administrative reforms, and therefore it is outside CARTAC's mandate (defer to IMF HQ as the tax policy lead).
 - a. Change the objective. For example, instead of the tax/GDP ratio, CARTAC could focus on the efficiency and probity of the tax collection system. How much does it cost CARTAC member countries to collect a dollar of tax revenue? (Sometimes called the deadweight loss to reflect all administrative and compliance costs) Are compliance efforts undertaken efficiently and equitably?

It would also be beneficial to pay more strict attention to “capabilities” as outcomes.

- CARTAC has stated 41 outcome objectives of which 5 relate to revenue administration and 8 to public finance management. None of these indicators is defined in terms of government capacity development.
- The principal focus is on inputs—workshops and missions—rather than on outcomes.

3.4 Macroeconomic and Programming Analysis

The Program Document states the objective of Macroeconomic Programming and Analysis as follows: “...to improve the quality of macroeconomic management and macroeconomic management systems.” For much of Phase 4, the Macroeconomic Analysis (MAC) Resident Advisor has addressed both macroeconomic analysis, forecasting and reporting, as well as the theoretical frameworks for macro-fiscal management – that is, model-based revenue forecasting, budget deficit projections, and debt sustainability analysis.

The reason for this is that CARTAC has not had a dedicated Macro-Fiscal Advisor since 2012. A second Advisor was engaged in Public Financial Management and the two PFM advisors address TA needs in debt strategies and debt management and state-owned enterprises. The MAC and PFM advisors coordinate tasks in areas of overlapping interests.

Results

An advantage of having the MAC Advisor involved in providing TA to develop sound fiscal frameworks is that it should make more apparent to decision-makers the need to anchor annual budgets in the medium term fiscal framework. CARTAC recently hosted a joint MAC-PFM Workshop on the topic. This type of joint multi-disciplinary TA can be an excellent vehicle for building independent capability in member countries.

Until recently TA in macroeconomic analysis focused only on the OECS states. However, the current Advisor has expanded the MAC program beyond the ECCU, and plans to extend it to all CARTAC member countries.¹⁵⁵

TA is delivered through workshops and training in individual countries, EECU-wide training, regional workshops, and internships. As well MAC Internships have been successful by all accounts; they now need to be structured and expanded into a sustainable program to build macroeconomic capacity in the region. (See Section 2.6.2).

¹⁵⁵ The Canadian aid agency, DFATD, funds an LTX in Jamaica to assist its efforts in debt sustainability analysis and debt management.

Another noteworthy initiative has been the setting up of Macro/Fiscal Policy Units drawn from the Ministry of Finance in countries that do not have a dedicated Macro Policy Unit. CARTAC has supported the establishment of Macroeconomic Policy Units in the ECCU for over a decade, and has now expanded its support to other countries in the region. It has also expanded TA beyond financial programming exercises to cover research reports and policy analysis.¹⁵⁶ The Macro/Fiscal Policy Units work with the MAC LTX during missions to the country, with the objective of building independent capability to undertake robust macroeconomic analysis, and develop policy papers and macro frameworks that are linked to the budget process. While this remains a work in progress and building capability is a long term endeavor, having such teams seems to us to be a good way to mitigate in part at least the constraints of capacity and small size.

Table 3.4-1: MAC Performance Ratings

(CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Performance Ratings				Evaluators' Assessments
	CARTAC Clients	SC, Experts, Partners	All Stakeholders	Evaluators	
Relevance	4.3	4.2	4.2	4.3	Analytical capacity is essential to good policy making. Not sufficient in itself, but essential.
Effectiveness	4.0	3.1	3.3	3.5	We note the wide disparity in stakeholder ratings of MAC effectiveness. Longer, more continuous TA and greater use of attachments and internships would add to effectiveness.
Efficiency	4.3	3.6	3.8	3.8	Limited resources appear to have been deployed efficiently.
Impact	3.7	3.4	3.5	3.5	Modest improvements in analytic capability in some countries.
Sustainability	3.7	3.3	3.3	3.3	Human resources limitations are the biggest risk to sustainability of analytical capacity.

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

¹⁵⁶ "ECCU Macroeconomic Policy Unit Review, Recommendations and the Future of CARTAC Engagement", CARTAC July 2014.

3.5 Financial Services Sector

CARTAC's technical assistance to member states in the financial services sector is delivered by the IMF Monetary and Capital Markets Department. It covers capacity building in regulation and supervision of banks and non-banks (insurance companies, credit unions and pension funds, for instance). It also covers the regulation and supervision of capital markets¹⁵⁷, including international "off-shore" financial services operations. Finally, it covers stability analysis for the financial services sector regionally.

CARTAC Phase 4 followed soon after a major financial crisis worldwide and in the Caribbean. The collapse in 2009 of *CL Financial* and its affiliates and subsidiaries including *Colonial Life Insurance Company* (CLICO) and *British American Insurance Company Ltd.* (BAICO) had adverse effects throughout the Caribbean exposed weaknesses in government policies and regulations, and in supervisory systems and practices in the financial services sector.

Some problems remain five years after the crisis. Three of CARTAC's member countries publish financial stability reports regularly.¹⁵⁸ If the ECCU region is counted as one economic space, there has been steady progress in the production of financial stability reports. As at Dec. 2013, only two (Haiti and Suriname) of the 13 CARICOM countries had not prepared a financial stability report for internal discussions while four (Haiti, Suriname, Belize and the ECCU) had not published a financial stability report. In general data is partial and not always up to date, especially in the non-bank sector. This makes it difficult for supervisory agencies to undertake macro-prudential and stability analysis. Despite the experience with adverse spillovers from the CL Financial bankruptcy, we are told that few of CARTAC's member countries in 2015 maintain reliable flow-of-funds matrices¹⁵⁹ or have a good grip on contagion risks across the region. Stress tests for financial institutions are limited to a few countries and tend to be single institution and single stress tests rather than systemic tests.¹⁶⁰

CARTAC's Support to the Caribbean Financial Sector

There is a division of labour between the CARTAC financial services sector advisors and the headquarters-based staff of the IMF Monetary and Capital Markets Department (MCM).¹⁶¹ The latter supports banking supervision in the Caribbean;¹⁶² CARTAC's work in the financial

¹⁵⁷ The Caribbean has a largely bank-based financial system, with a major presence of Canadian and British banks, and capital markets are relatively undeveloped.

¹⁵⁸ Trinidad and Tobago, Jamaica and Barbados.

¹⁵⁹ CARTAC notes that since attaining independence, only two of the CARICOM countries (Jamaica and Trinidad and Tobago) had developed and were publishing flow-of-funds matrices. The responsibility for the production of these matrices was more in the domain of national accounting statistics rather than in monetary and financial statistics. There is need for greater co-operation between the financial sector and national accounts re the preparation of these matrices.

¹⁶⁰ CARTAC notes that there has been steady progress with the preparation of stress tests for the banking sector. Indeed, almost all CARTAC member countries have conducted stress tests of their banking systems. While most of the tests have been single factor tests, countries are now moving to look at multi-factor and combined stress tests of the banking system. Stress tests in the non-deposit taking institutions and at the wider financial system level are where the major gaps currently exist.

¹⁶¹ MCM has set up a dedicated TA Division to deal with technical assistance reporting and accountabilities. Its "business model" is an integrated approach to all areas of TA. Other IMF Departments, FAD for instance, take a more modular approach.

¹⁶² MCM tends to do more TA directly from HQ than other IMF TA departments because of the array of topics covered. MCM TA has increased by about 30% and eleven additional staff positions at IMF HQ created as a result of increased donor support in recent years. The IMF has established limits on externally-funded TA as a mechanism to balance donor requirements with institutional priorities. The limits vary by department. The MCM "anchor" of \$25 million has not been a constraint for the department. Nevertheless monitoring of expenditures has become more rigorous in regard to TAIMS recording in response to the anchor. In February 2011, MCM adopted a "Medium-Term Strategy for Effective MCM TA in a Changing World". Some key elements of the strategy included: greater involvement and ownership by national authorities; strengthening partnerships and

(Continued)

services sector has been very substantial in bank supervision.¹⁶³ Although much more than it was before the 2008 crisis, activity has been less substantial in non-bank regulation and supervision (insurance companies, credit unions and pension funds)

In total about 10% of CARTAC expenditures during FY 2012 to FY 2014 were in the financial sector, more than it expended on macroeconomic Statistics but less than one third of its expenditures on Public Financial Management.¹⁶⁴

CARTAC Activities in the Financial Services Sector

The Basel II Consolidated Supervision framework is currently being developed for 15 CARTAC member countries, including the eight OECS countries. Credit union on-site supervision manuals were developed in conjunction with the Eastern Caribbean Currency Union (ECCU). In CARTAC Phase 4, to the end of FY 2014, CARTAC advisors have trained 649 staff of regulatory agencies and 40 credit union directors.

Target Outcomes

CARTAC's LogFrame for financial institutions supervision targets three outcomes:

- Strengthened legislation and regulations
- Enhanced supervisory and regulatory processes (Banks and Non-Banks)
- Enhanced supervisory knowledge and expertise and deepened collaboration with international partners and regional bodies.

The main achievements in for the six month period to April 2015 as reported¹⁶⁵ by CARTAC are:

- Eight countries are "on track" to implement the provisions of Basel II, promulgated in 2004, over the next three years. (Not Basel III)
- Extension of banking standards to insurance companies and pension schemes continues at a "steady pace"

collaborating closely with donors and with other IMF departments and other multilateral agencies to deliver TA and training; aligning the themes of TA with IMF and member country priorities and integrating it with the MCM work pillars; adapting TA modalities, using new technologies where they are efficient, and enhancing expert capacity to meet new demands; and enhancing TA processes (including better project management and more rigorous evaluations) to ensure quality control, efficiency, effectiveness and sustainability.

MCM's TA strategy envisaged greater cross-fertilization between TA and other core IMF activities such as surveillance and policy advice. In FY 2014, MCM revised its TA strategy for FY2015-FY2017. MCM TA complements that provided by the Regional Technical Assistance Centers, including CARTAC.

¹⁶³ During phase IV, significant focus has been placed on banking supervision and regulation as follows: (refer 2013 annual report, pg. 42). (i) harmonize and enhancing capital standards (ii) development of revised capital standards framework (iii) enhance the supervisory review processes, including risk-based supervision and consolidated supervision, in this regard CARTAC developed frameworks for effective risk-based supervision and consolidated supervision which were shared with the banking authorities in the region at workshop held in Trinidad and Tobago, September 2013, regional banking regulators were also trained on these supervision frameworks (iii) banking supervisors were also trained on principles to enhance transparency and disclosure requirements in the region (Basel II, pillar 111 and Principle 28 of the revised BCPs). Guidelines were developed and shared with banking regulators in this regard. (iv) In addition to the above mentioned training and framework developed by CARTAC for the financial sector (particularly banking), the following guidelines were developed and shared with regional regulators to enhance banking supervision in the Caribbean, (a) Guidelines on credit risk management, credit risk mitigation and securitization (b) Guidelines on market risk management and measurement (c) Guidelines on Operational risk management and measurement (d) Guidelines on Interest Rate Risk in the Banking Book management and measurement (e) Guidelines on conducting effective supervisory review of the banking sector.

¹⁶⁴ See Appendix 3, CARTAC Expenditures by Department.

¹⁶⁵ See CARTAC "Progress Against 2014 Milestones and Highlights of Six-Month Work Plan, November 2014 to April 2015, Presentation to the CARTAC Steering Committee, December 2014.

- A mandate statement and terms of reference have been written for an independent regional regulatory body for credit unions.

These are worthwhile but partial and contingent achievements. The pace of change has been slow.

The overall achievements for Phase 4 to April 2015 in the insurance sector and the credit union sector were listed by CARTAC as follows:

- (i) **Insurance Sector** - Harmonized Insurance Regulatory Reporting forms developed for: Antigua and Barbuda, Grenada, Dominica, St. Vincent and the Grenadines, St. Lucia, Anguilla, Montserrat, St. Kitts and Nevis, Turks and Caicos Islands and Suriname (post CLICO interventions), Refer 2013 CARTAC Annual Report, pg. 42)
- (ii) **Insurance sector** – Actuarial standards being developed for the region. CARTAC's intervention to enhance actuarial standards in the region (post CLICO) commenced in 2012. This initiative is aimed at developing consistent criteria for valuation of assets and liabilities of insurance companies and pension funds. Standards completed for social security and pension.
- (iii) **Credit Union Sector** - Supervisory Manuals developed and adopted for use in the region. To date, revised supervisory manuals have been adopted by seven countries for the supervision of credit unions (refer 2013 CARTAC Annual Report, pg. 42).

Financial Stability

In April 2014 CARTAC added a second resident Advisor in the financial services sector to work on overall stability issues, as distinct from direct supervision of individual financial institutions. His work plan has the following components.

- Develop better data, in particular macro-risk and systemic prudential indicators for credit unions, insurance companies, pension schemes and the securities industry. Develop tools to facilitate gap analysis and early warning indicators. Develop a Caribbean-wide set of financial sector indicators and, in particular, compile comprehensive data for each regional financial conglomerate (such as CL Financial had been).
- Develop financial sector risk templates for each member country, recommendations for prudential institutional frameworks and jointly formulate a regional crisis prevention and contingency plan.
- Conduct at least one Caribbean-wide stress test for the Banking sector and then extend this to the non-banking sector.
- Work with the Caribbean Centre for Money and Finance (CCMF) and Central Banks to prepare and publish a periodic regional financial stability report.¹⁶⁶

¹⁶⁶ The new work plan for financial stability places emphasis on strengthening the stability of the financial sector and enhancing macro-prudential policy, stress-testing and crisis preparedness/management. The main components of the work plan are: Developing financial stability frameworks and financial soundness indicators for the deposit-taking and non-deposit-taking segments of the financial system. Expanding financial soundness indicators especially for the non-deposit-taking segments of the financial system including credit unions, insurance companies, pension funds and the securities industry. Working with the Caribbean Centre for Money and Finance (CCMF) and Central Banks to prepare and publish a periodic regional financial stability report. Developing appropriate macro-prudential policy frameworks with an emphasis on better gauging systemic risks and risks due to contagion. Special emphasis is being placed on developing measures of systemic risk as well as interconnectedness

(Continued)

CARTAC Performance in the Financial Services Sector (OECD/DAC Criteria)

Our summary observations on CARTAC's performance in the financial sector are as follows. On the one hand the IMF and CARTAC have emerged as key supports to the financial services sector in the Caribbean. On the other hand, in CARTAC's first three phases more could have been done to analyse sector-wide risks and vulnerabilities. Specifically there could have been more work in the non-bank sector, which, in time, proved to be the major vulnerability, not the banking sector.¹⁶⁷

This raises questions about the integration of technical assistance by CARTAC with surveillance and policy advice by the IMF Western Hemisphere Department. However it is beyond the scope of this evaluation to say whether IMF warnings about vulnerabilities in the non-banking sector in the Caribbean were sufficiently strong prior to 2009 and if so whether CARTAC could have worked more and earlier in the non-bank sub-sector.

Similarly CARTAC deserves praise for its initiative in FY 2014 to work on macro-financial services sector stability. On the other hand only one resident economist is deployed on this important topic, albeit with backstopping from IMF headquarters and a small budget to call on short-term experts to assist, and his appointment was five years after the collapse of CL Financial.

Relevance

CARTAC's work in the financial services sector has always been relevant but perhaps not always as relevant as possible given that regional regulators and supervisors were wrong-footed in the non-bank financial sector in 2009. Currently we think that the mix of support by IMF/CARTAC is highly relevant in the banking sector (largely from IMF HQ), the non-banking sector and in regard to macro-financial services sector stability. CARTAC's highly relevant work in the financial services sector deserves more investment.

Effectiveness

The Centre's approach in is to engage TA recipients through greater "ownership" of reforms. For example, in implementing Basel II countries have formed working groups and are assuming the responsibility for developing key proposals for each of the pillars. Each group is chaired by a regional member country, with support from CARTAC both LTX and STX. The groups meet quarterly. The CARTAC Advisor expects that six of the eight countries implementing Basel II will have implemented it fully by the end of Phase IV of the program in FY 2016. Potential effectiveness is high but governments appear to be slow to complete reforms. Training in risk-based supervision should help.¹⁶⁸

matrices. Strengthening stress-testing capabilities in the financial system by looking at combined tests in the banking system as well as extending stress tests to the insurance, pensions, credit union and securities sectors.

¹⁶⁷ Previous independent evaluations of CARTAC did not mention this omission/scope limitation.

¹⁶⁸ CARTAC notes that risk-based supervision frameworks and consolidated supervision frameworks should enhance the effectiveness of supervision and regulation for banks and non-banks. In addition training has been undertaken in Belize, Jamaica, Grenada, Montserrat, Dominica and St. Lucia. TAs to provide training to implement RBS is planned for St. Kitts and Nevis, Guyana, Anguilla, Antigua and Barbuda and St. Vincent and the Grenadines in 2015.

Impact and Sustainability

Over the last four years CARTAC has helped train the staff of several regional associations in the financial services sector – pensions, securities, credit unions, banking and insurance associations.¹⁶⁹ As well CARTAC works with regulatory bodies in developing training programs, and sponsors participation in conferences and training.

To maximize impact and sustainability CARTAC focuses on regional approaches, harmonised regulatory and supervision frameworks and sharing of training materials and manuals that should increase the likelihood that reforms will be durable.

Sustainability is also helped in a modest way by CARTAC's graduate internships in Central Banks (See Section 2.6.2). During the past two summers four internships have been granted related to the regulation and supervision of the financial sector.

Performance Ratings

In summary the ratings of CARTAC's work in the financial sector are shown below

Table 3.5-1 FSS Performance Ratings (CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Performance Ratings				Evaluators' Assessments
	Clients	SC, Experts, Partners	All Stake-holders	Evaluators	
Relevance	4.3	4.3	4.3	4.2	Currently highly relevant, in part because of the appointment of a Financial Stability Advisor but in the first years of Phase 4 relevant but not as much.
Effectiveness	4.0	3.5	3.8	3.5	Gaps and weaknesses remain in governments' capabilities to regulate and supervise the financial services sector in the Caribbean.
Efficiency	3.5	3.8	3.7	3.7	Phase transitions have resulted in the past in major inefficiencies resulting from temporary shortages of funds. Continuity during individual LTX transitions also needs improvement. Entry workshops would improve efficiency. In some instances CARTAC has been slow to deploy Advisors. ¹⁷⁰
Impact	3.7	3.5	3.5	3.7	A counter-factual is not available except on the basis of judgment. CARTAC's interventions contributed to better regional FS outcomes that would otherwise have been the case. However the test of impact will be how well the Region copes with the next financial crisis compared with 2008/2009.
Sustainability	3.7	3.7	3.7	3.5	Regulatory and supervisory frameworks still have weaknesses and reforms must stand the test of full implementation. Change has been slow. The direction supported by CARTAC is clearly correct but reforms are incomplete and some governments have still to demonstrate sustained commitment in several areas.

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

¹⁶⁹ CARTAC provided training services to the following associations: Caribbean Association of Insurance Regulators; Caribbean Association of Pension Supervisors; Caribbean Group of Insurance Regulators and Caribbean Credit Union Regulators.

¹⁷⁰ For example it took five years after the need became apparent in the 2009 crisis for CARTAC to deploy a Financial Sector stability Advisor; and the macro-fiscal advisory position was closed and responsibilities divided between the PFM and MAC advisors although debt issues are very high priority for several CARTAC member countries.

Summing up

CARTAC Phase 4 followed immediately after a major financial crisis in the Caribbean that demonstrated that the Region was ill prepared to cope with an exogenous shock that was amplified by institutional weaknesses especially among non-bank financial institutions and with ill understood contagion risks.

During Phase 4 CARTAC has shifted its focus appropriately and is active in the non-bank sector and has begun an initiative to help governments understand risk at the regional level and put systems and practices in place to cope with it.

CARTAC has moved its support decisively in the right direction and greater investment in its work in the financial services sector is warranted. Given the remaining risks and fragilities and given the large losses the Region sustained in the 2008-2009 crises, deploying two Financial Services Sector Advisors may not be enough, even given IMF backstopping and STX support.

3.6 Macroeconomic Statistics

Macroeconomic statistics are important because good policies and decision-making, both in government and in the private sector, depend on them. As well, countries that issue sovereign bonds need to provide reliable and credible statistical information to potential lenders. Unfortunately the statistics produced by CARTAC member countries have serious limitations both in coverage and quality.

In this context CARTAC has chosen to focus on statistics related to national accounts¹⁷¹, especially Gross Domestic Product (GDP)¹⁷²; price indices; and, because Caribbean economies are typically small, open and indebted, CARTAC also provides technical assistance in “external sector” statistics (balance of payments and international investment positions).¹⁷³

¹⁷¹ The national accounts are data that aggregate in a set of tables all measurable economic activity that takes place in a country. The accounts are not an independent set of data. Rather, they are data derived from a range of primary source data that capture a wide range of economic activities in an economy. The key issues in this context are: what source data are available in relation to economic activity; what is their quality; and, do countries have the capacity to fill gaps both in data availability and their quality? It is clear, therefore, that while the balance of payments statistics are of interest in their own right, they are also an important element of the national accounts.

¹⁷² In this context, the Program Document (PD) has set objectives for the national accounts of member countries. These objectives cover both the aspects described above. On the first, the PD says: “collecting all usable existing source data in national accounts, and coordinating with other providers of assistance on new survey and administrative sources” and on the second, the PD says: “production of indicators for quarterly GDP price and volume compilation and dissemination at the Union level”, “GDP benchmarked to 2006 or later; CPI, PPI, XMPI with weight base 2006 or later” and “publish GDP by production and expenditure at current and constant dollars”.

¹⁷³ There are a number of challenges in achieving this objective in reality: the production of data can be resource-intensive and, given the need to establish a basic structure for its collection that creates significant fixed costs, overall costs do not generally fall in a linear fashion with the size of a country; magnifying this problem, small countries are relatively more resource-constrained in general than larger ones; and, finally, governments find it more convenient to not put a priority on data collection as that may constrain their options. This importance of data collection, and the challenges it faces, raises a number of important issues: how are priorities established regarding which data to collect in small countries that cannot devote appropriate resources to collecting even the most basic statistics; how does one strengthen capacity, given the lack of economies of scale due to small country size; and how do we evaluate the quality of data, in contrast to its quantity?

STA Activities

During the period FY 2012 to FY 2014 (three years) CARTAC spent 7.2% of its resources on statistical technical assistance¹⁷⁴, compared with 10.2% for MCM and 36.6% for FAD.¹⁷⁵ CARTAC's has a complement of two STA LTX in principle but has in fact fielded only three person years of LTX time during FY 2012- FY2014 (three years) - the equivalent of one person working throughout this period.¹⁷⁶ Over three years CARTAC provided a total of approximately 3.2 person years of technical assistance in statistics¹⁷⁷. LTX or STX conducted about 40 missions per year, for a total of about 77 LTX mission days per year and 138 STX mission days.¹⁷⁸ CARTAC STA has emphasized missions and seminars and produced 34 TA reports during the three years examined.

STA in CARTAC's Annual Reports

CARTAC's 2012 Annual Report says: *"While ongoing progress can be observed mainly in the area of national accounts and price statistics, it is usually slow however, due to insufficient human and financial resources in most countries, which is an impediment to the timely production and dissemination of statistics."*

The 2013 annual report says: *"The pace of the improvements and the rate of success, including problems of data gaps, are mixed however on the economic statistics front in the region. Reasons for this state of affairs may vary but there is nevertheless a common thread that appears to characterize many of the Caribbean's statistical agencies. In spite of their potential and talent, many of the agencies are unfortunately beset by chronic underfunding (statistical agencies are among the most underfunded public institutions in the Caribbean), staff shortages and high turnover, poor working conditions due to the state of the physical facilities, and having to often make do with obsolete computers and software."*

The 2014 annual report¹⁷⁹ says: *"Last year's report made reference to the slowness of the rate of progress for improving the quality and range of economic statistics in the Caribbean region. There was also a section that explained in detail some of the factors that explain why progress in the field of economic statistics is a widespread issue for the region. Although these impediments are still present, there appears to be promising changes that are occurring on this front. Some governments and central banks are recognizing that important data gaps were hindering their ability to implement sound and effective economic policies. This has resulted in some countries allocating more funding for the production of statistics. Statistics offices for example, in Trinidad and Tobago and in the Bahamas are now operating out of new facilities. Some agencies have hired additional staff."*

¹⁷⁴ As a reference for comparison, PFTAC spent 10.8% of its resources on statistical technical assistance.

¹⁷⁵ See Appendix 3, Table 5.

¹⁷⁶ The External Sector advisor position was established during this period, less than two years ago, and CARTAC experienced an absence of a real sector advisor for what is likely to be 8 months with his unexpected resignation.

¹⁷⁷ See Appendix 3, Table 8.

¹⁷⁸ Appendix 3, Table 3.

¹⁷⁹ According to the 2014 annual report, on the national accounts, countries that continued to make progress included: in producing the quarterly national accounts, Bahamas, Bermuda, St. Lucia, Trinidad and Tobago; in revising the national accounts, Jamaica and Grenada; and, in producing annual national accounts, Suriname. On developing price statistics, countries that made progress included Anguilla, Barbados, Bahamas, Montserrat, Turks and Caicos and Cayman Islands. On balance of payments countries that made further progress included Barbados, Bermuda, Dominica, Guyana and Jamaica.

STA Outcome Targets and Achievements

CARTAC's Logical Framework for Statistics lists five target outcomes. A brief assessment of achievements in regard to each outcome follows. In general the results are couched in value terms such as "improved" or "encouraged". All targets are stated as statistical outputs, not in terms of the government's capacity to produce these outputs independently. This is fine if CARTAC sees itself as a service agency but not if it sees itself as a change agent and capacity builder.

Outcomes 1 and 2: Improve estimates of GDP (annual and quarterly estimates).

There has been significant progress, although slow and uneven, in improving GDP estimates in the national accounts¹⁸⁰, moving to quarterly estimates and implementing quality standards compliant with the UN framework for Systems of National Accounts (SNA, 2008).¹⁸¹ CARTAC has encouraged the use of "Supply and Use Tables" (SUT) to improve the quality of GDP estimates.

Outcome 3: Improve data for macro-economic policy analysis. Price statistics.

In FY 2015 CARTAC provided assistance to several countries to help update their consumer price indices (Antigua and Barbuda and the Turks and Caicos Islands); and helped institute a producer price index. It also helped improve export/import price statistics in the Bahamas and Barbados.

Outcome 4: Produce balance of payments (BOP) statistics according to the latest international standards (Sixth edition of the IMF Balance of payments Manual, BPM6).

CARTAC produced action plans, trained data compilers, and provided guidance and leadership in the development of survey forms and instruments.

Outcome 5: Production of Investment Position (IIP) Statistics and related accounts according to the latest international standards (Sixth edition of the IMF Balance of payments Manual, BPM6, and related guidelines).

BOP statistics are produced by 17 CARTAC member states. Annual data are produced by 12, while 5 produce quarterly data. There are only 3 states that compile their BOP according to the recommendations of the latest guidelines. IIP statistics are produced at least annually by only five CARTAC member states, of which only one compiles them in accordance with the latest guidelines.

¹⁸⁰ In regard to national accounts, CARTAC's Phase 4 Program Document (PD) quite appropriately talks about the importance of using all available data to compile national accounts and working with partners to fill data gaps. However, CARTAC has not assessed which data are in fact available in each case. Second, CARTAC has been silent on the quality of existing data and how quality standards can be improved. Third, although CARTAC focused on the production of expenditure and production-based GDP, rebasing after 2006, and the production of quarterly accounts, it has not addressed the income side of the national accounts.

¹⁸¹ The System of National Accounts (SNA) is the internationally agreed standard set of recommendations on how to compile measures of economic activity. The SNA describes a coherent, consistent and integrated set of macroeconomic accounts in the context of a set of internationally agreed concepts, definitions, classifications and accounting rules.

STA Performance

CARTAC's efforts to improve macroeconomic statistics among its member countries have made a useful contribution but many weaknesses remain.

The focus of the STA annual reports has been on inputs, such as missions, workshops and reports and less on outcomes especially capacity development. Interviews with staff, both IMF and countries, suggested that assistance was tailored according to country needs, was provided in line with the capacity of the countries to absorb change and reform. Assistance was flexible to changing needs and timely, but tended to be ad hoc. Areas of concern that we heard during interviews with government officials included the lack of continuity, the small scale of assistance, the one-size-fits-all nature of seminars and conferences, and the difficulty in determining whether capacity had really developed as a result of CARTAC assistance or only supplemented in the short run.

Importantly, CARTAC STA is silent on the institutional development indicators related to how to build capacity in the sense of governments being able to complete the work successfully themselves rather than relying on CARTAC or on another partner.¹⁸² Finally, given the need for many types of data, even to prepare basic accounts, CARTAC needs to analyse with each member country what the main priorities are in filling data gaps.

CARTAC STA has emphasized STA missions and seminars. Participation by countries has been uneven. For example, over the three-year period, three countries received no missions while four benefitted from eight missions or more. CARTAC TA is demand driven but such an uneven pattern of utilization suggests that something needs to change because there is no reason in principle why some member countries should receive so much less TA than others.

Ratings by Stakeholders

In the most recent independent evaluation of CARTAC STA (2009), stakeholders rated performance of each of the three areas similarly.¹⁸³ STA performance was rated "good", at about the same level as FAD and somewhat below MCM.

In the cost-effectiveness study of CARTAC (FY 2011), statistics TA performance was also rated good; but was rated relatively low compared with other CARTAC areas. However the differences in ratings across sectors were not large.¹⁸⁴

¹⁸² The overarching statement in describing CARTAC objectives in the PD is: "The Centers' strategic goal is to strengthen, in the IMF's areas of competence, the institutional capacity of ... recipient countries".

¹⁸³ Mansfield et al, *Independent Evaluation of CARTAC*, Feb. 2010, Appendix C, Table 7.2.

¹⁸⁴ Watson et al, *Evaluation of the Cost-Effectiveness of CARTAC in the First Year of Phase IV (FY 2011)*, July 2012, Table 4.5-1, p. 42.

Table 3.6-1 STA TA Performance on OECD/DAC Criteria

(CARTAC Phase 4, Scale 0 to 5)

Performance Criteria (OECD/DAC)	Performance Ratings				Evaluators' Summary Assessments
	Clients	SC, Experts, Partners	All Stakeholders	Evaluators	
Relevance	4.5	4.1	4.4	4.1	National accounts are very relevant to government priorities. However relevance of the CARTAC TA to improving national accounts is less clear because of limited information on CARTAC's influence on the quality and coverage of source data that make up the national accounts.
Effectiveness	3.4	3.4	3.4	3.5	Stakeholders see CARTAC's STA efforts and modestly effective. Countries tend to rely on external assistance in statistics, and capacity development at a very small scale is a challenge,
Efficiency	4.1	3.4	3.8	3.5	Continuity during LTX transitions needs improvement.
Impact	3.9	3.6	3.8	3.5	CARTAC TA clearly made a difference to the quantity of data produced in a number of countries in areas where support was provided. However governments' independent capacities in national statistics have changed slowly and sometimes not at all. A common pattern is that one externally-assisted STA effort is followed by erosion of data quality over time and then another externally-assisted effort to bring it up to date.
Sustainability	4.1	3.5	3.9	3.5	The greatest threat to sustainability is the low priority some countries give to investment in high-quality data collection and analysis. The quality of existing data tends to erode over time, putting sustainability at risk.

Source: Stakeholder Surveys, January 2015; and Evaluator Ratings based on the Mid-Term Evaluation of CARTAC, 2014-2015

Macroeconomic Statistics in Small Island States

The CARTAC Phase 4 Program Document says that a “significant barrier to building sustainable capacity in many of CARTAC’s client countries is their small size”. It goes on to argue that the “inability to develop self-sustaining capacity and in-depth specializations within an agency needs to be factored into any reform effort.” However, both the Program Document and annual reports are silent on how to deal with the challenge.

In general we think that CARTAC should focus more on the quality of statistical data in the Caribbean rather than the simple existence of various statistical series and estimates, and should play a challenge role.

As well CARTAC could encourage a more regional approach to statistics including sub-regional service providers. CARTAC should not itself function as a common services agency in statistics but should encourage the establishment of one or more regional statistical agencies as a possible strategy to deal with the challenges arising from member countries being very small.¹⁸⁵ It might also be useful to encourage the development of a ten-year plan for statistics in the Caribbean led by a regional association, perhaps CARICOM /CARIFORUM. In the meantime CARTAC itself should produce an annual report on the state of statistics in the Caribbean. This

¹⁸⁵ Such a regional agency (or agencies) could effectively pool statistical resources, including financial and human resources, and share responsibilities with individual member countries (countries would likely remain responsible for data collection, for example, while a regional agency could handle design, analysis and reporting. One benefit would be to make use of the economies of scale that would result as a result of one set of fixed costs rather than each country incurring these costs. Countries might keep data collection responsibilities while delegating design, data capture, analysis and reporting to a regional agency. As a first step, however, there would need to be a feasibility study.

document would focus on what data are available, which ones should be but are not, changes in country capacity, improvements in priority setting given the many needs for data and constrained resources, main challenges and key solutions.

In the short term CARTAC needs to take steps to improve continuity by ensuring that a full complement of STA LTX is in place at all times, with minimal gaps; and by taking a program-based approach to STA TA to ensure consistency and maintain momentum whatever the changes in individual Advisors.

Chapter 4

Conclusions

4.1 Value for Money

Stakeholders said in interviews and surveys that CARTAC provides good to excellent value for money. We agree with that consensus.

The CARTAC concept provides several things that donors would likely find more difficult and more expensive to provide bilaterally. These include: (1) an administrative framework and IMF-based systems (human resources, IT, accounting, travel, etc.) that are only partially charged to CARTAC; (2) a recruitment system for experts based on IMF rosters, the expense of which is not charged to CARTAC; (3) quality control through in-depth backstopping by staff at IMF HQ on a routine basis and more intensively when needed; and (4) a senior IMF manager as Centre Coordinator and related staff and expenses covered by the IMF contribution.

Value for money from the point of view of member governments is, at one level, rather obvious. Member governments receive specialized professional services from CARTAC at almost no cost. However engaging with CARTAC experts is not costless. It absorbs scarce government capacity. Therefore we believe that the high ratings of CARTAC's value for money from stakeholders are meaningful.

4.2 Lessons

The lessons that stand out from the Phase 4 experience so far include the following:

- **Focus on government capacity, not on products produced by CARTAC staff and consultants.** Building capacity to undertake tasks without external support is slower than doing the work but we believe that it is the true goal.
- **Continuous engagement.** It is important to keep active in countries when Resident Advisors change, or else momentum and credibility can be lost. Whenever possible the tenures of LTXs should overlap to provide a good transition. Programs that do not start or end with a particular LTX are a good way to organize TA.
- **Major reforms need major help.** It seems to us that CARTAC sometimes underestimates just how much help is necessary to implement a major reform. Improving skills in operating established systems and practices is one thing. Implementing entirely new systems and practices is exponentially more difficult. CARTAC missions to some countries in some areas have been too infrequent. In addition there are several areas of work where CARTAC could help in principle but has no resources.
- **Regional solutions.** There is a strong consensus among member states that CARTAC could do more to promote regional solutions as distinct from country-by-country TA.

Members of the Steering Committee, experts and partners expressed many of the same ideas as those stated by clients. In addition they placed more emphasis on the following ideas.

- Improve the governance of the Centre.
- Develop an “explicit project orientation” (that is, a **program-based approach** to organizing work) as distinct from a large number of discrete activities in each sector.
- Use technology better both in technical assistance and training.

4.3 Recommendations

In summary the main recommendations are as follows:

- 1. Fund CARTAC Phase 5 at about \$60 million to \$65 million in total and commit to doing so early enough to avoid a large downturn in the level of activities during the first year of Phase 5.**

Both need and performance justify CARTAC activities in Phase 5 continuing at the projected level of annual expenditures reached in FY 2015 and the projections for FY 2016 - that is, approximately \$12 million per annum. Donors and the IMF should act vigorously to ensure that the level of Centre activity does not contract sharply and inefficiently during the transition from Phase 4 to Phase 5 due to temporary cash flow constraints. CARTAC's administrative framework has shown that it can support approximately \$12 million in TA per year. Therefore it is inefficient to allow the level of activities to fall well below this during Phase transitions.

It is beyond the scope of this evaluation to assess whether donors have been wise to fund projects in the Caribbean that overlap with CARTAC but in the absence of clear evidence to the contrary one assumes that such fragmentation is administratively inefficient and burdensome to the client compared with an integrated approach.

In the 2015 CARTAC Annual Meeting there were calls for a long-term vision for CARTAC's role in the Caribbean. We think that the Program Document for Phase 5 should start to address this question.

- 2. Improve CARTAC's financial sustainability by diversifying its donors, strengthening its cooperation with other IMF trust funds, starting a complementary RTACs Trust Fund, and increasing the suggested contributions from CARTAC member governments.**

We suggest that beneficiary member governments contribute voluntarily a somewhat larger, although still small, part of the Centre's budget, perhaps amounting to 15% of the Phase 5 budget. In terms of "burden sharing" we favour assessing each member government a fixed amount plus an incremental amount based on each country's GDP. However a simple standard contribution has advantages as well because we think that the suggested contributions are small enough that ability to pay would not be a serious issue.

- 3. Strengthen results-based management in Phase 5 by piloting the new RBM systems being developed by the IMF, by investing in the measurement of baselines and increments in each functional area and by specifying measurable objectives and targets for each of its Programs within a program-based approach to TA and training.**

This will be supported by the intensive effort the IMF is making to strengthen RBM throughout the organization and by the selection of CARTAC to pilot new systems. Systems are less important than investing in the measurement of results. Measurement can be complex and expensive if one takes the view, as we do, that the primary role of CARTAC is to focus on institutional capacity building not serial supplementation to produce certain products.¹⁸⁶ Results measurement requires funding baseline studies of

¹⁸⁶ The Centre should mainly target results that are defined as the development of self-reliant capabilities in member governments. Such capabilities do not lend themselves to easy measurement nor to aggregation across countries but they are the true results sought. The indicators would at the highest level be indicators of institutional development. For example, in regard to the statistical unit in a particular government: Is there an adequate number of qualified statisticians? Is the head of the

(Continued)

capacity with later follow-up to measure incremental improvement. Expanded use of diagnostic missions from IMF HQ has a part to play in baseline studies.

4. Adopt a program-based approach to TA and training.

While remaining responsive to members' demands for technical assistance and training CARTAC should move towards a program-based approach to delivering technical assistance that is less linked to the tenure of a particular LTX and somewhat more structured and less ad hoc. It should deliver strategically important multi-country multi-year programs of technical assistance and training that are carried through to completion independently of the tenures of individual advisors. The normal tools of a program-based approach should be used including outcome-focused terms of reference, entry workshops, progress reports and completion reports. (See Section 2.3.1 Organization)¹⁸⁷ We envisage there being more than one Program in each functional area of the IMF's work at any time and that Programs would not start or end at Phase transitions.

5. Strengthen the role of the Steering Committee in providing oversight and strategic direction.

CARTAC's governance structure could be rebalanced to strengthen the role of the Steering Committee if members are willing to take on heavier commitments and workload. Among other things, (voting and non-voting) membership of the Steering Committee could be more formalized and the voting occasions and procedures should be clarified. Points on which the Steering Committee will be asked to advise could be circulated before the Steering Committee meets to enable consideration. As well the role of the Steering Committee in providing strategic advice could be strengthened through its consideration of proposals for Programs. Each proposal for a Program in a functional area could be brought to the Committee for review and comment in the design stage. Committee members could participate in an Entry Workshop for every new Program and the Committee could receive and consider a Completion Report for each Program after about three years. Whether this is feasible depends on the willingness of Committee members to be more proactive and to assume a heavier workload than in the past.

6. In addition to sector programs, fund a program that is interdisciplinary to fund thematic, cross-disciplinary and cross-sectoral work.

In addition to the Programs in each functional sector recommended above as the basis for organizing CARTAC's work, we recommend that CARTAC have one Program that would focus on thematic, multi-disciplinary or cross-sector topics. We suggest that that the IMF area department (Western Hemisphere Department) should manage that

unit a qualified statistician? Does the unit have a multi-year work plan that is a plausible plan for the outputs that need to be produced? Has the government appropriated sufficient funds for data collection? Is the quality of current professional work at a sufficiently high standard? Is there a training plan for staff? Etc. Where capacity supplementation is essential it should be under the aegis of a regional service provider, other than CARTAC, wherever possible, or governments should be encouraged to outsource their requirements to private professional services companies. (See Section 2.7 Results-Based Management)

¹⁸⁷ By way of comparison with another RTAC, on the same topic, we note that the March 2015 meeting of the Steering Committee of PFTAC the Discussion Group on Program-Based Approaches agreed with the concept of "programs"¹⁸⁷ but cautioned that the Centre should leave room for ad hoc requests and should not make Programs so complex that they are difficult for an LTX to administer. There was also a concern that Programs not become another way in which funds are earmarked and subsequently under-utilized. Nevertheless most stakeholders were strongly supportive of the program-based approach. The transition from an activities-based approach (mainly) to a program-based approach would require more resources in the short term but should not be more expensive in the long term.

Interdisciplinary Program, with the CARTAC coordinator in the lead. (See Section 2.3 Organization)

7. Devolve more responsibility and authority to the Coordinator.

As recommended by the IMF Internal Working Group on Governance (2012) the CARTAC coordinator should have increased financial authorities including the authority to approve STX missions that have been approved in principle by the IMF Functional Department during the design of each Program. Administrative authority for some first stage financial and operating systems (IM/IT, for instance) should be devolved to the CARTAC office in Barbados. By “first stage” we mean that primary data entry should be by CARTAC in Barbados.

8. Improve CARTAC’s corporate memory and use of information technologies.

CARTAC’s corporate memory and information management need to be improved to achieve (1) better continuity through better management of substantive files, by overlapping advisors’ tenures, and by program-based approaches and entry workshops and program completion reports; (2) better member access to information through improved country portals and sector portals on the website; and (3) more use of modern Internet-based programmed training technologies. (See Section 2.3 Organization)

9. Improve the synergies between CARTAC and the wider network of RTACs.

Various actions are suggested in this Report including Centre Peer Reviews and an evaluation of the RTAC network as a whole. (See 2.7 Results-Based Management and Evaluation)

10. Pay more attention to cross-cutting, interdisciplinary and thematic issues.

In Phase 5 CARTAC should give more visibility in its Program Document and Logical Frameworks to interdisciplinary work, including institutional development, inclusiveness (gender, race, class and disability in the economy) and to ecological sustainability issues that have important economic implications including implications for governments’ fiscal sustainability.

Some possible implementation actions include:

- CARTAC should pay more attention to institutional development issues that are common across different Ministries and agencies in a member government. Other cross-cutting issues that may be influential in the political economy of member states include issues of inclusiveness, including gender equality, and ecological vulnerability and sustainability and their possible implications for macroeconomic management.
- CARTAC should “mainstream” gender and other inclusiveness issues particularly in certain areas, such as sex-disaggregated national statistics and the regulation and supervision of institutions that tend to serve poor women such as microfinance institutions. Mainstreaming does not imply that CARTAC must have a dedicated LTX in each cross-cutting thematic area. It requires, rather, that every LTX should be sufficiently sensitized and knowledgeable to be able to recognize relevant cross-cutting issues in every Program in all sectors and there should be funding for specialized STX assistance with cross-cutting issues, when needed. Whether dedicated backstopping on cross-cutting thematic activities would be needed is a question that requires a feasibility study beyond the scope of this evaluation. We are inclined to think that each geographical department of the IMF should have at least one advisor in each of the following - institutional development, inclusiveness/gender and sustainability. The primary roles of these advisors at HQ would be sensitization training within the IMF and the RTACs and specialized backstopping.

- CARTAC should “mainstream” ecological vulnerability issues and take them particularly into account in certain countries where ecological challenges pose severe risks economically. (The comments on “mainstreaming” immediately above apply.)

11. Intensify efforts to build regional expert capacity in the Caribbean.

This could be done in several ways including the following:

- Make a special effort to have a reasonable proportion of Caribbean-based experts in the IMF’s central rosters.
- Use qualified but junior STX who are based in the Caribbean, at universities or in professional services firms, not as stand-alone experts but as supervised members of CARTAC teams on missions and studies.
- Continue and strengthen internships and attachments, making them more regular and programmatic. In particular we think that attachments are an important tool for assisting member states when they are attempting change and reform and for building regional expertise. They could be improved in the following ways:
 - Attachments should cover both visits to more experienced governments and central banks and visits by staff of more experienced governments and central banks to those that are less experienced in a particular area.
 - CARTAC’s support for professional attachments should be more programmatic and less ad hoc. The possibility of attachments should be more widely advertised including being more visible on CARTAC’s website.
 - Attachments should be better integrated into the IMF/CARTAC resource allocation plan and better balanced across the areas of CARTAC’s work.
 - CARTAC should have the flexibility to accommodate attachments of longer duration.
 - Attachments should be more structured and more demanding of the beneficiary and of the sponsoring government or central bank. Each attachment should have a written Terms of Reference with objectives and there should be a requirement that the “attached” group/person should file a report detailing what was learned during the attachment and noting what follow-up decisions or actions resulted from the attachment. This is sometimes done¹⁸⁸ but there is no formal requirement and it seems frequently not to be done. We think that this is sufficiently important for CARTAC to withhold a small percentage of attachment expenses (say 10 per cent) to be paid upon receipt of the Attachment Report.

12. To promote the efficient use of their resources donors should consolidate their aid to technical assistance in the Caribbean in the IMF core areas as much as possible under the CARTAC umbrella. To facilitate this CARTAC should produce a survey of all donor activity, including its own, in each of the sectors in which CARTAC operates.

The evaluators observed that some donors were funding both CARTAC and other projects and programs in the same sectors as CARTAC. In our opinion it would be more coherent and more efficient to consolidate these activities under a single umbrella.

¹⁸⁸ See, for example, Grenada Authority for the Regulation of Financial Institutions (GARFIN) report of an attachment to the Financial Services Commission of Jamaica.

Appendix 1

Evaluation Questions and Answers

Relevance

Evaluation Question: To what extent are the interventions consistent with the Program Document?

Interventions have been consistent with the Phase 4 Program Document. However this does not mean that everything in the Program Document has been achieved. The Documents was ambitious and some objectives are only likely to be achieved in the long term.

Respondents to the survey said:

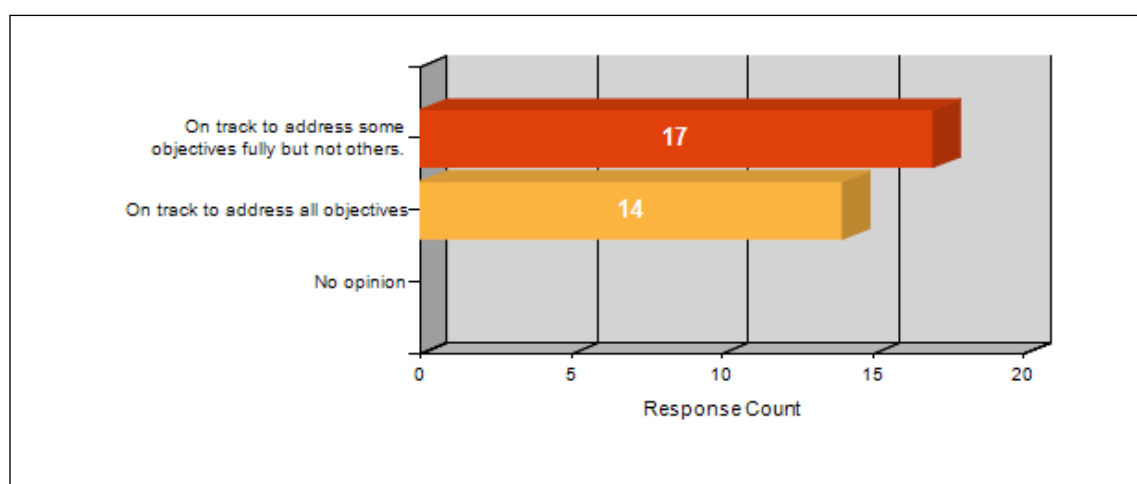
Significant progress has been achieved against all five key PFM areas identified in the program document, but it is unlikely all five objectives have been achieved in all CARTAC member countries.

Phase IV of CARTAC operations will conclude with a considerable volume of work in progress, with good successes in some cases, less in others. The successes are indeed relevant, while the slippages and under-performances are cause for consideration of the underlying reasons

Some areas of national reform priorities that could have benefited from more attention in the first three years of Phase 4 include the following:

- State-owned enterprises (Public Financial Management. See Section 3.2)
- Non-bank regulation and supervision (Financial Sector Supervision. See Section 3.5)
- Challenging the quality of macroeconomic statistics by comparing consistency and compatibility across statistical series. (Statistics, See Section 3.6)

Table A1-1: How relevant have CARTAC's achievements been so far in Phase IV (FY 2012, FY 2013 and FY 2014) to the objectives stated in its Program Document? (n = 31)

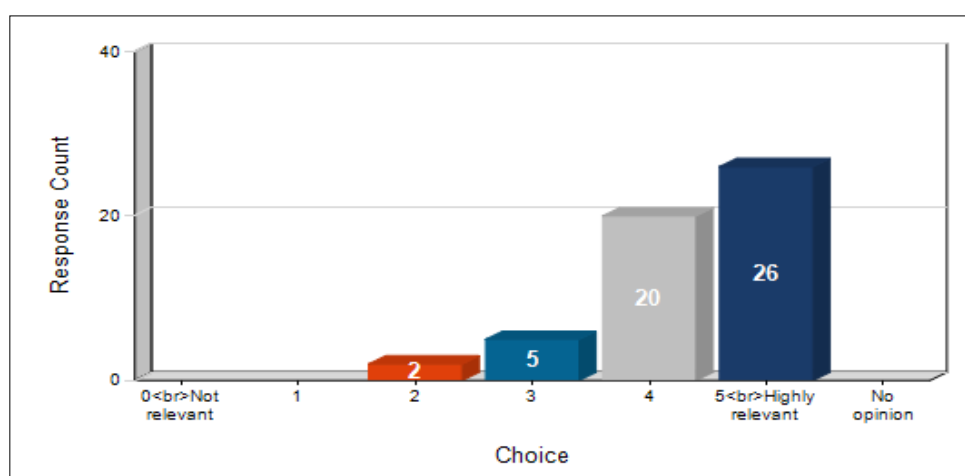


Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: Is CARTAC meeting the priority needs of member countries and is TA aligned with national and regional reform priorities and regional integration objectives?

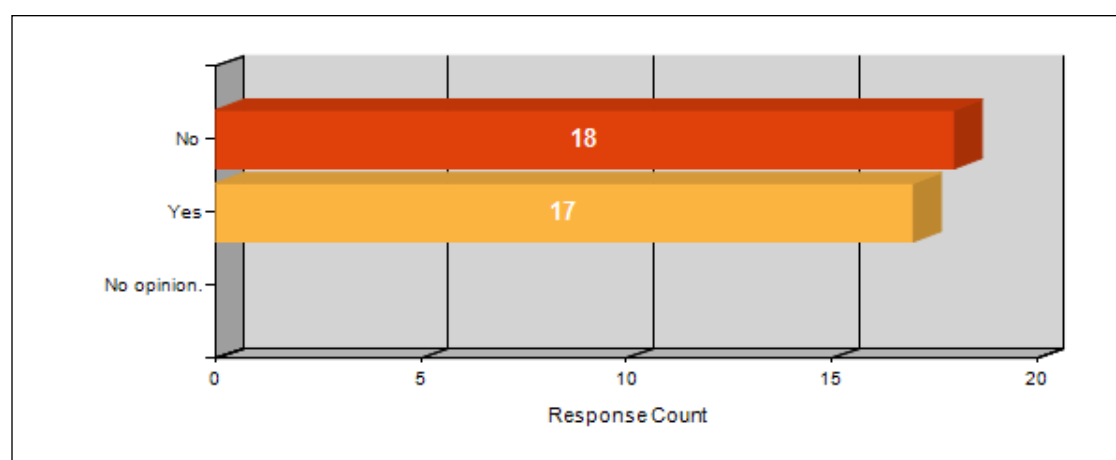
Feedback from officials, in interviews and in written questionnaires, indicates that CARTAC has been highly relevant and well aligned with their priorities. However there is significant disagreement about whether the Centre has sufficient resources to meet members' needs. Two LTX should be the minimum staff complement in each of CARTAC's areas. We note that the actual number of person years delivered can be lower than the apparent number of staff because of gaps between LTX tenures.

Table A1-2 CARTAC's Relevance to Member Governments' Most Important Needs and Highest Priorities. (n = 53)



Source: Survey of CARTAC Clients, January 2015

Table A1-3: Does CARTAC have sufficient resources (budget and staff) to serve the relevant needs of all its member countries? (n = 35)



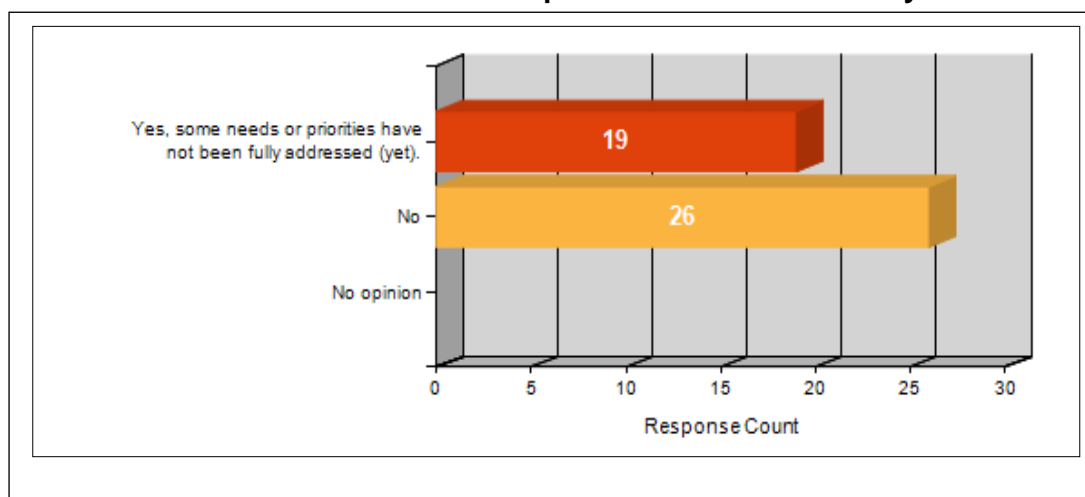
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

A significant number of CARTAC clients say they have needs and priorities that CARTAC has not been able to address. A larger number, in fact a large majority to members of the Steering Committee, also think much more needs to be done.

A respondent to the questionnaire said:

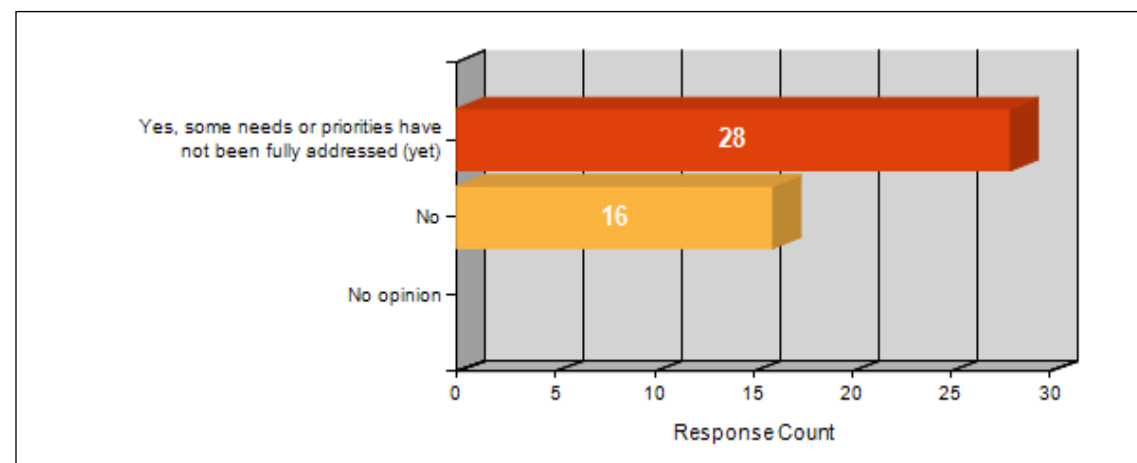
“The Phase IV Program Document contained an ambitious list of objectives and indicators of success. Good progress has been made with many but not all of them. Shortfalls could be partially attributed to excessive ambition or ... the global financial crisis which set many countries back significantly, or exacerbated already long standing problems (high debt, low growth, urgent need for fiscal consolidation).” Respondent #97

Table A1-4 Are there some needs and priorities not addressed by CARTAC? N=45



Source: Survey of CARTAC Clients, January 2015

Table A1-5: Are there country needs or priorities that CARTAC has not been able to address so far? (n = 44)

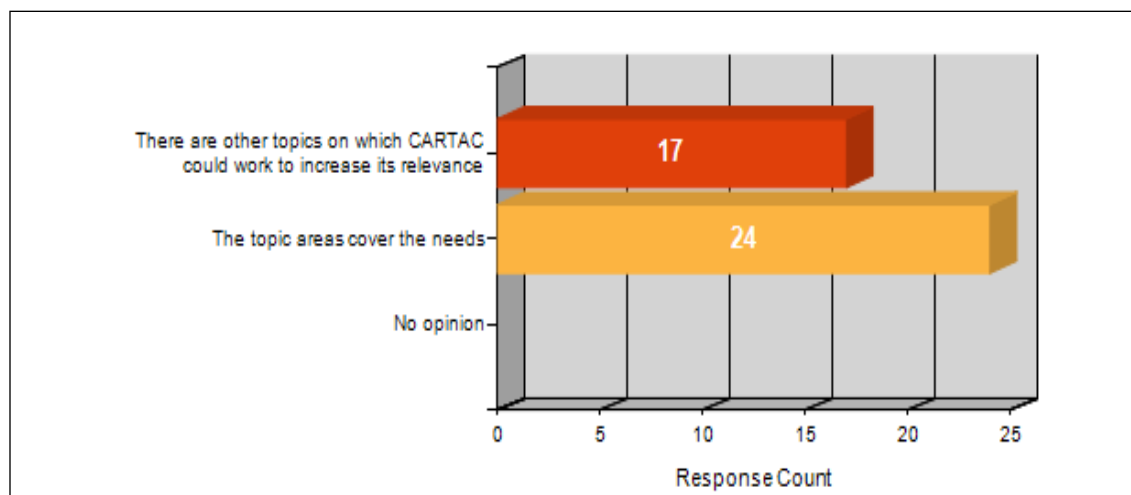


Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

A respondent to the survey said:

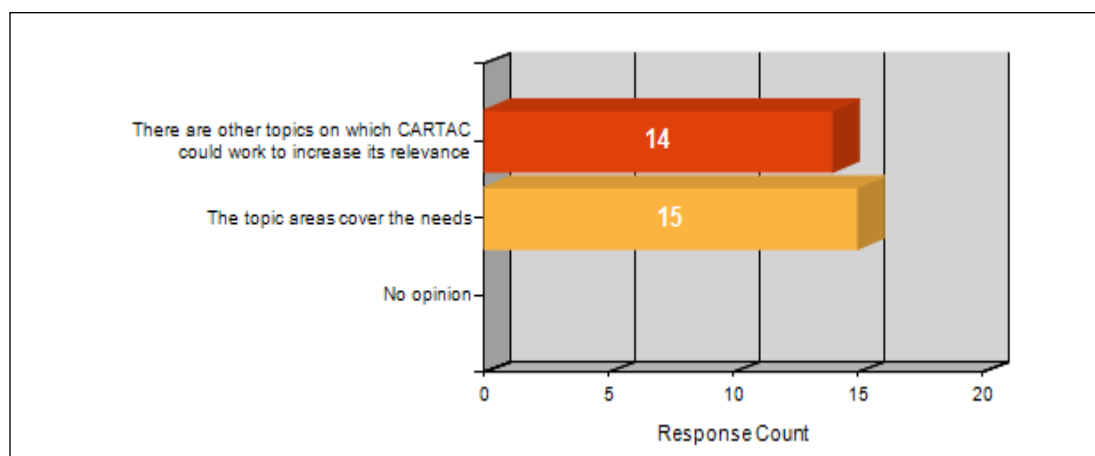
CARTAC (should be) responsive to changing circumstances and priorities while remaining within the core competencies of the IMF. During Phase IV, work has expanded into new areas such as External Sector Statistics and Financial Sector Stability. The Macro-Fiscal Management expert position was discontinued with aspects assumed by the Macroeconomic and Programming and PFM experts. Although explicit provision was not made for TA in the areas of Tax Policy or Legislation, some limited inputs were accommodated under the revenue administration program where these inputs were critical to the success of the broader program. Respondent #97

Table A1-6: Are there other topics on which CARTAC should work to increase its relevance? N=41



Source: Survey of CARTAC Clients, January 2015

Table A1-7: Are the topical areas in which CARTAC works sufficient to meet all member country needs or are there other areas where CARTAC should work? (n = 29)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

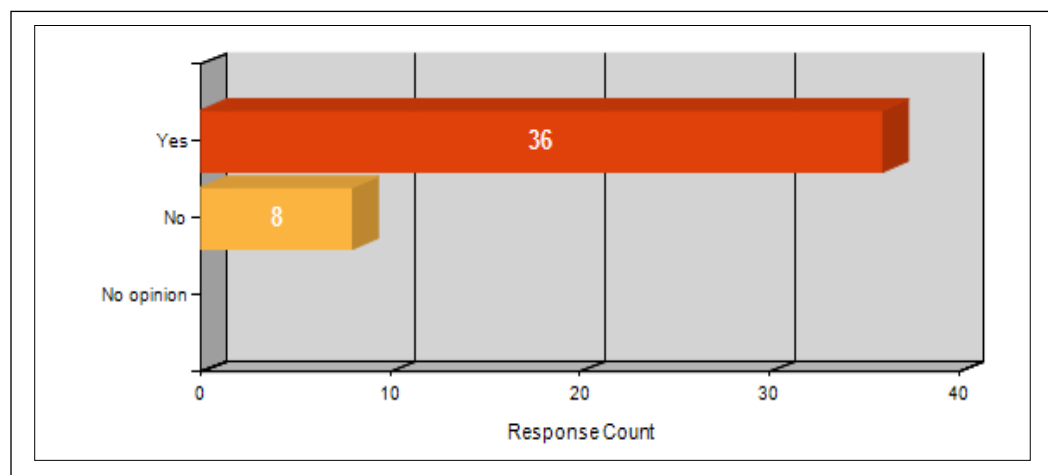
Thirty out of 70 respondents who answered the question thought that there are other areas in which CARTAC should work and they mentioned the following:

Non-bank financial enterprises (insurance, pensions, credit unions and securities markets).

Promoting further integration and technical cooperation between members in areas such as statistics, taxation enforcement, and budgeting and expenditure management.

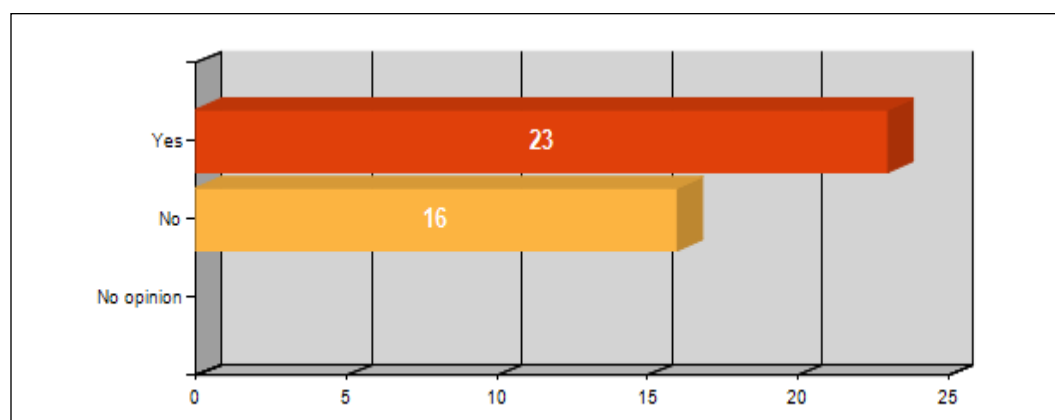
There is a strong consensus among CARTAC member governments that the Centre could do more to promote regional solutions and strengthen regional institutions. A large, although not quite so dominant, majority of members of the Steering Committee, experts and partners agree.

Table A1-8: Could CARTAC do more to promote regional integration, including by providing regional solutions and strengthening regional institutions? (n = 44)



Source: Survey of CARTAC Clients, January 2015

Table A1-9: Could CARTAC do more to promote regional integration, including by providing regional solutions and strengthening regional institutions? (n = 39)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Some example comments and suggestions include:

Banking, Insurance and credit union capital standards are currently being harmonized. CARTAC continues to work extensively with regional groups such as Caribbean Group of Banking Supervisors, Caribbean Group of Securities Regulators, Caribbean Association of Insurance Regulators, Caribbean Association of Pension Supervisors and Caribbean

Association of Credit Union Supervisors. More could be done on the integration of regional securities solutions/cross border listing and trading. Respondent #667

CARICOM Member States are involved in creating a single economic space. Therefore, common/harmonized solutions should be the preferred option rather than a country by country approach whereby harmonization is incidental rather than the thrust. Much more account needs to be taken of the regional economic programme and support provided accordingly. Respondent #999

The counterparts who participate in 'regional solution design' have unequal influence and technical knowledge. If there is less-than-frank exchange at the CARTAC paid meetings to work out plans and designs, there is usually a very polite acceptance of the idea at the top level, but often no actual country movement toward it Respondent #564

Evaluation Question: To what extent are CARTAC activities effectively coordinated with the work of development partners operating in the same sectors as well as regional bodies; and to what extent does CARTAC TA complement IMF TA programs (e.g., Topical Trust Funds) and TA provided by other organizations?

(A) Coordination with IMF Programs, Topical Trust Funds and TA Sub-Accounts

There is a small amount of technical assistance in the Caribbean provided by the IMF and funded by Topical Trust Funds (TTFs) or by other special Funds such as the Japan Sub-Account for Special Fund Activities. The intensive work of the IMF WHD in “program” countries is more relevant than the TTFs. When a country implements an adjustment program with IMF support, most technical assistance is supplied from IMF HQ and paid for by the IMF. CARTAC may provide some coordinated support to such countries at the same time but IMF WHD is the clear lead.

(B) Coordination with other TA providers

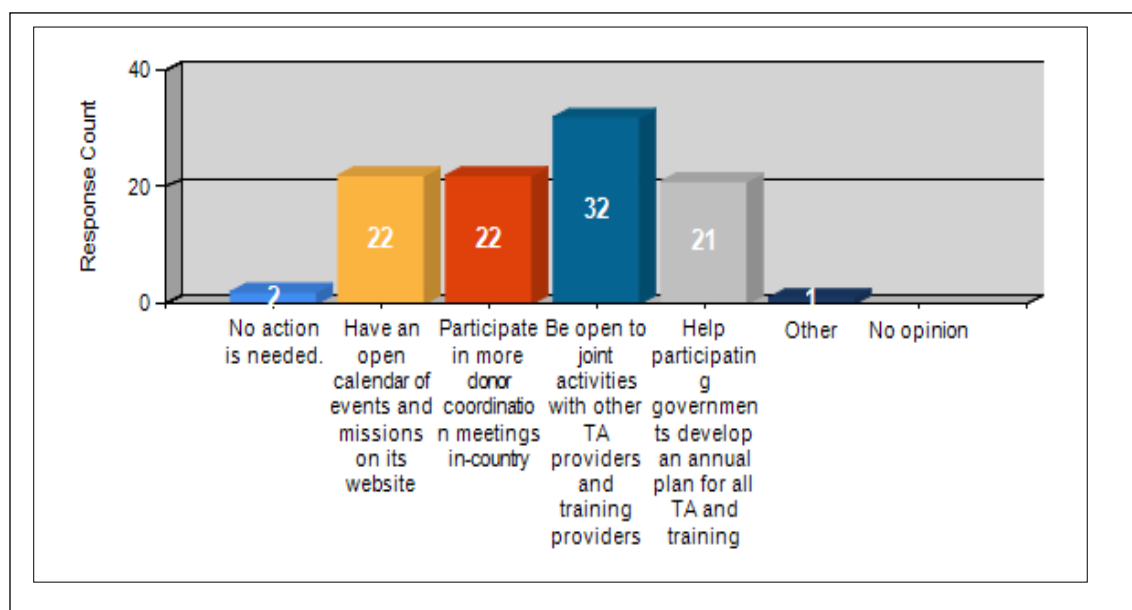
IMF practice is to communicate with other providers of technical assistance and to coordinate in the sense of avoiding duplication and seeking coverage of the important topics; but not to undertake joint efforts in the sense of integrated projects. CARTAC initiatives have been generally well coordinated in the sense that the resident long-term experts communicate their plans to other development assistance organizations working in the member countries and adjust to their intended areas of work.

The development community has promoted a strong vision of “coordination” at a series of high-level forums since 2003. These forums produced the *Paris Declaration on Aid Effectiveness* (2005) the *Accra Agenda for Action* (2008) and the *Busan Partnership for Effective Development Cooperation* (2012). The IMF is a signatory to these protocols. The Paris/Accra/Busan principles¹⁸⁹ promote a strong concept of joint TA and training and joint evaluations and single performance reports to serve all external agencies.

The IMF is a special case to some degree because its surveillance activities require it to be fully independent. However there may be greater opportunities than have been seized so far for CARTAC to undertake joint initiatives with other competent providers of TA and training without compromising the Fund’s independence.

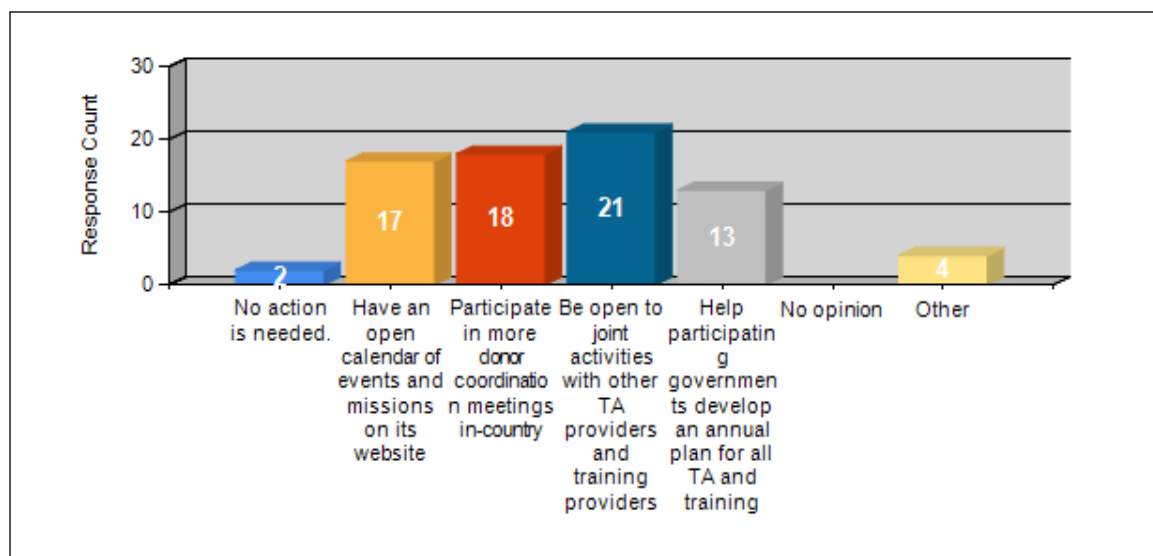
¹⁸⁹ The principles cover ownership and mutual accountability (localization), harmonization and alignment (with host governments and between international agencies providing assistance), joint delivery, single performance reports for accountability and mutual responsibility for achieving results.

Table A1-10: How could CARTAC improve its cooperation with other providers of technical assistance in the Caribbean? Check all that apply. (n = 48)



Source: Survey of CARTAC Clients, January 2015

Table A1-11: How could CARTAC improve its cooperation with other providers of technical assistance in the Caribbean? Check all that apply. (n = 39)



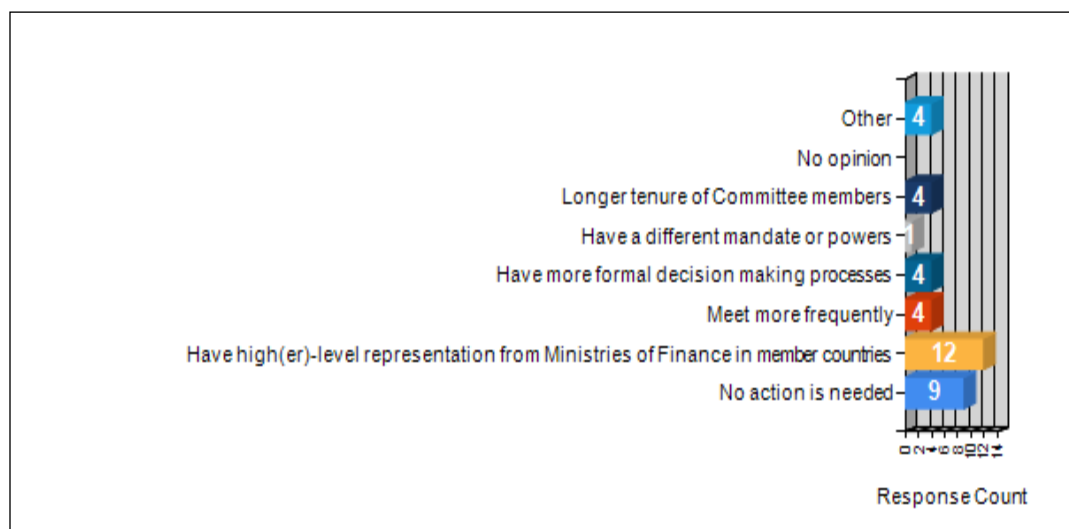
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: Is the Steering Committee effective in ensuring strong country ownership of CARTAC activities and governance of the Center, including strategic direction and oversight?

The Steering Committee is an important part of the Centre's governance. It provides strategic advice and exercises oversight by reviewing and endorsing the Program Document for each Phase and the annual reports and work plans. By and large it works well. Nevertheless some members of the Steering Committee are unhappy that it does not have more powers, particularly in regard to resource allocation.

Our view is that the IMF needs to delegate more authority to the Centre Coordinator and that that would result in a more satisfactory relationship between the Centre and the Steering Committee because the Coordinator could more effectively intermediate. (See Section 2.3.2 Governance)

Table A1-12: How could the CARTAC Steering Committee improve its provision of strategic direction and oversight? Check all that apply. (n = 26)



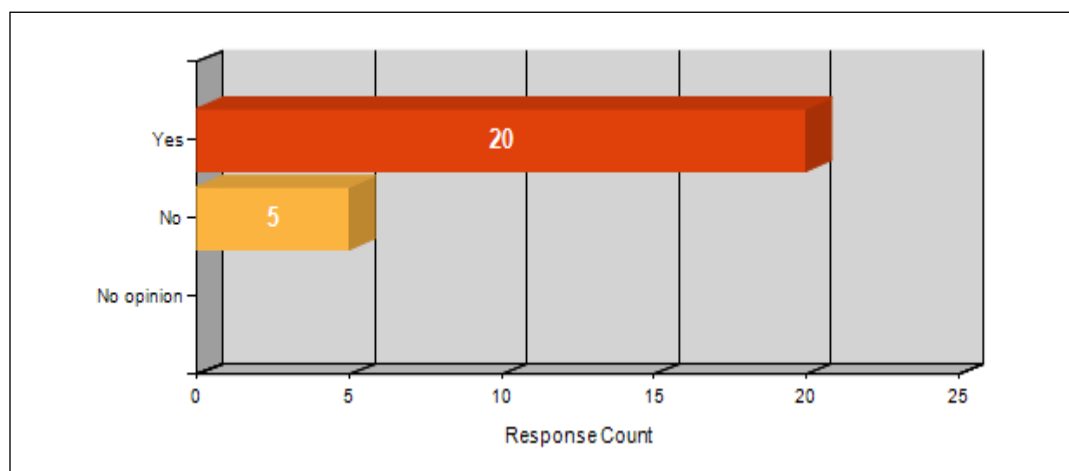
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: Is CARTAC assistance sufficiently tailored to meet the differing needs of its diverse membership?

CARTAC tailors its support to individual country needs. The question is how well it can understand those needs in depth when there is only one Resident Advisor in a particular area and he or she has to provide service to multiple countries. Further customization would be useful but it requires greater depth of CARTAC staff resources.

A related question is whether CARTAC has an optimal set of countries as members. By and large respondents to the survey thought so, with some exceptions and some reservations.

Table A1-13: Is CARTAC's present membership optimal? (n = 25)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Respondents made the following selected comments:

Although a 20-country membership is already large, it has been mostly manageable, particularly through leveraging regional and sub-regional approaches, particularly with ECCU/OECS countries. A case could be argued to include the Dutch Antilles countries for a more complete Caribbean membership and perhaps heritage and synergies with Suriname that would then only exclude the Dominican Republic (formerly CARTAC but now CAPTAC-DR), Cuba and the French territories. The upper-income status of these countries would not be incompatible with current members like Bermuda. If there is an interest and a TA need by the Dutch Antilles countries, perhaps it could open the door to financial contributions to CARTAC operations by The Netherlands Respondent #97.

CARTAC needs better focus. This should be a discussion between the IMF and the donors to ascertain what best reaches their objectives. Bermuda, Cayman, BVI, Turks and Caicos are not IMF members, and most of CARTAC funding comes from donors who do not cover those territories. Respondent #89

It would make sense to include the Netherlands Antilles in CARTAC (and we have had overtures from the Dutch) but this would not be possible without other changes in the Fund [notably, to move oversight of these countries from the European dept. to the WHD dept.] which would cost resources CARTAC doesn't have. Respondent #88

Evaluation Question: Has CARTAC succeeded in establishing a clear comparative advantage compared with other sources and delivery modes of related TA?

The CARTAC model has strengths. It combines resident Advisors, Centre coordination and oversight, budget for support by short-term experts, linkage with the IMF Area Department and its surveillance and TA activities, and backstopping by the IMF Functional Departments. This combination consistently leads to high-quality technical assistance.

However despite all its strengths we think the CARTAC model needs rebalancing. The “vertical silos” from Resident Advisors to IMF Functional Departments in Washington DC need to be better balanced with the “horizontal” dimension of management by the Area Department (WHD) and the Centre Coordinator. We believe that this would result in more efficient allocation and reallocation of resources, across sector boundaries when needed, and more multidisciplinary team work in delivering TA. (See Section 2.3.4 Silos)

Efficiency

Evaluation Question: Are CARTAC activities delivered efficiently in terms of (i) implementation (e.g., timeliness in executing the work plan, follow up on TA delivered); (ii) use of resources (i.e., cost efficient achievement of results, including overhead cost, also in comparison with other TA providers); and (iii) monitoring and reporting (including dissemination of TA reports)?

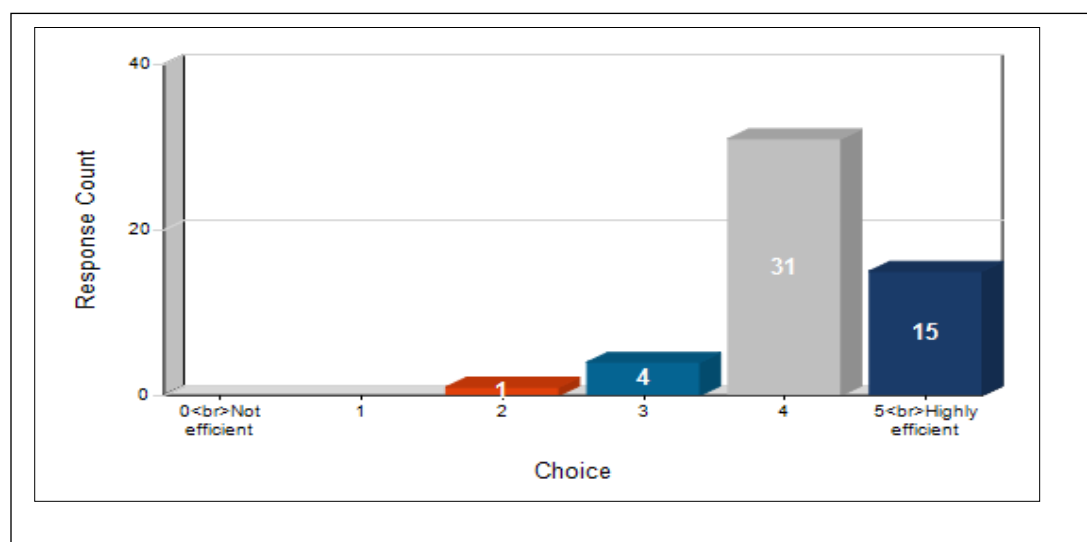
Officials in recipient countries give CARTAC very high ratings on efficiency of TA delivery. The only significant inefficiency we identified was transitional (Phase transitions have been particularly inefficient because of temporary cash flow constraints and continuity between LTX and successors needs improvement. See Section 2.4.1 Funding and 2.4.2 Budget).

However in a wider frame, the fragmentation of donor efforts to support macroeconomic management in the Caribbean is very inefficient and seems to be driven more by donor visibility considerations than by considerations of efficiency and effectiveness. (See Section 2.4.7, Defragmentation of Donor Support)

One respondent to the survey said:

The field of donors and TA providers in the Caribbean is not so immense to be unmanageable. However, a recent problem has been a fragmentation of TA in topics that closely parallel or overlap CARTAC mandate, even by the same donor source (e.g., SEMCAR, and other emerging projects), and in some cases even delivered by the IMF!
Respondent #97

Table A1-14: How efficient is CARTAC?

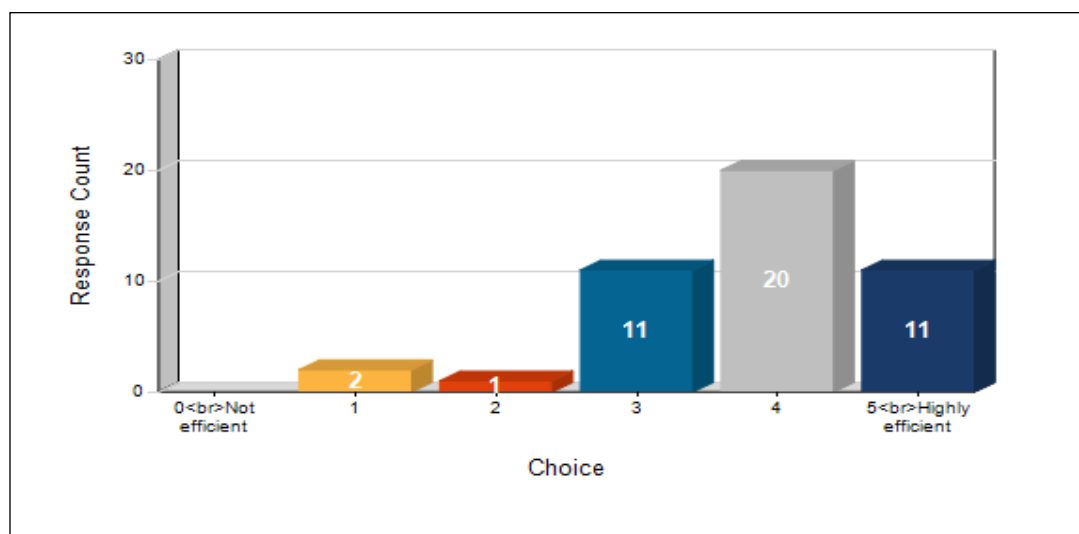


Source: Survey of CARTAC Clients, January 2015

One respondent to the survey said: “High levels of efficiency are maintained through vigilance and strong oversight, but care is needed against excessive cost cutting that could undermine the unique nature of IMF TA. Costs to run workshops can be considerably more in certain locations over others due to local factors and travel requirements for participants, and the ability to strike favorable deals with venues. Costs can be moderated with sensible travel planning, particularly where transit through Miami is necessary. Use of regional short-term experts or from nearby North American can reduce long distance travel overheads -- although blanket requirements should avoided to allow particular experts to be recruited from more remote sources if nearer comparable expertise is not

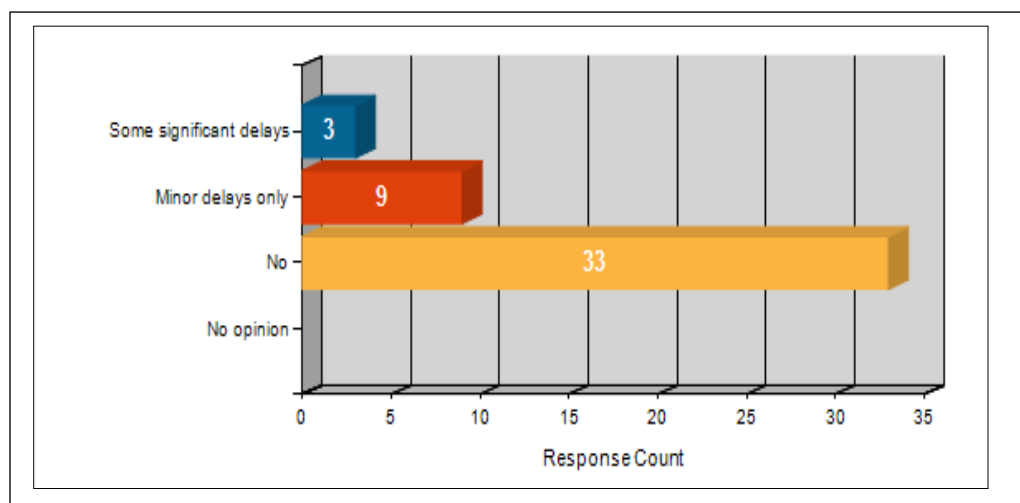
readily available. Backstopping overheads are legitimate charges for IMF type TA and should never be compromised. However, with recruitment of the highly competent resident experts, the backstopping overhead can be moderate compared to the use of inexperienced experts or those with little familiarity with the Fund and RTAC approach.”
Respondent # 97

Table A1-15: How efficient is CARTAC? (n = 45)



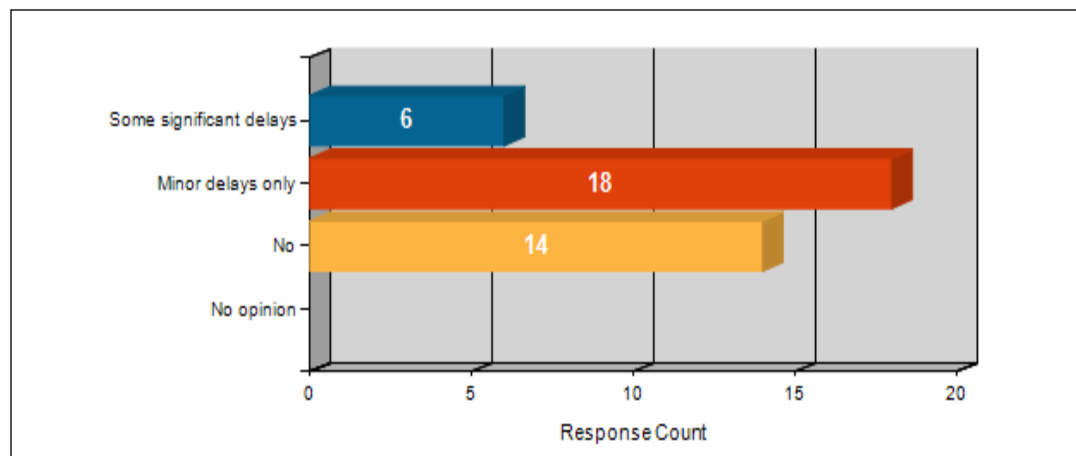
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-16: Have there been significant delays in implementing CARTAC work plans in your country? N=45



Source: Survey of CARTAC Clients, January 2015

Table A1-17: Have there been significant delays in executing work plans in any of CARTAC's areas of activity in any of the past three years? (n = 38)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

One respondent to the survey said:

Once financing issues were resolved, residual delays mostly resulted from delays in replacing or hiring new resident experts. There have been recruitment challenges at times, and even once the expert has been chosen, lengthy delays are common in receiving the necessary immunities from Barbados authorities. Respondent # 97

Evaluation Question: To what extent is CARTAC able to operate efficiently over such a large span of countries and what challenges to efficiency (and effectiveness) does the large country footprint present?

First, CARTAC's geographic span is smaller than some other RTACs, including PFTAC in the Pacific for example. We don't see geographic dispersal as a major constraint although it is true that air linkages in the Caribbean can be slow and indirect.

In terms of general efficiency, CARTAC has had a reasonable overhead ratio on average during the first half of Phase 4 that compares favorably with other RTACs and non-IMF Funds. The average ratio would be better if TA activity was kept stable at Phase transitions. Per day costs for LTX and STX are within a reasonable range. Travel costs are high in the Caribbean but travel utilization does not appear to be excessive.

Evaluation Question: Has CARTAC worked effectively to leverage its assistance with other TA provided by the IMF, other development partners, and regional bodies?

CARTAC has supported experts funded by donors independently. On occasion it has hosted staff of other TA projects at its headquarters in Barbados.¹⁹⁰ However its main approach is to provide stand-alone assistance from LTXs, and STXs, with backstopping from IMF HQ. CARTAC cooperates with other IMF TA in the Caribbean but that is mainly in countries that have an active stand-by facility and structural adjustment agreement with the IMF.

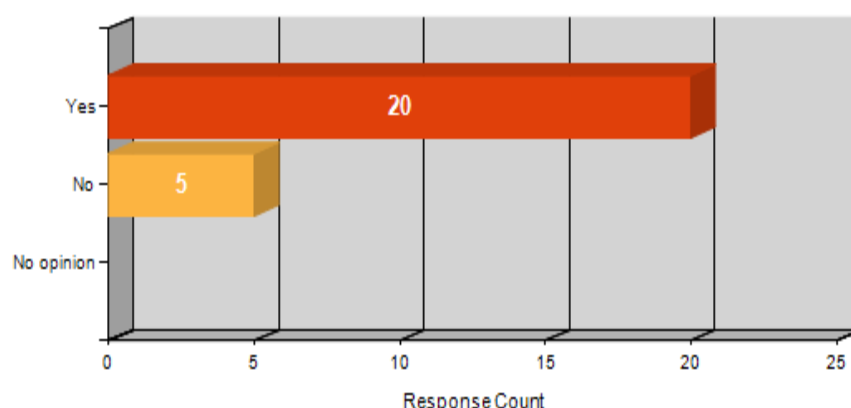
Evaluation Question: To what degree do CARTAC's systems and institutional set-up allow for retention of organizational memory (e.g. to facilitate follow-up as needed, avoid duplication of effort, improve handovers, etc.)?

¹⁹⁰ SEMCAR, for example.

CARTAC's organizational memory needs significant improvement. Better records of TA and training activities will help but we think that the most important way to improve corporate memory is to overlap the tenures of Resident Advisors and their successors.

One respondent to the survey said: *There appears to be serious deficiencies in the repository of corporate knowledge. Inconsistent record-keeping and reporting requirements of (IMF) functional departments further complicates (the task of maintaining) a complete history and repository. Respondent # 97*

Table A1-18: Could CARTAC's "organizational" memory be improved? (n = 25)



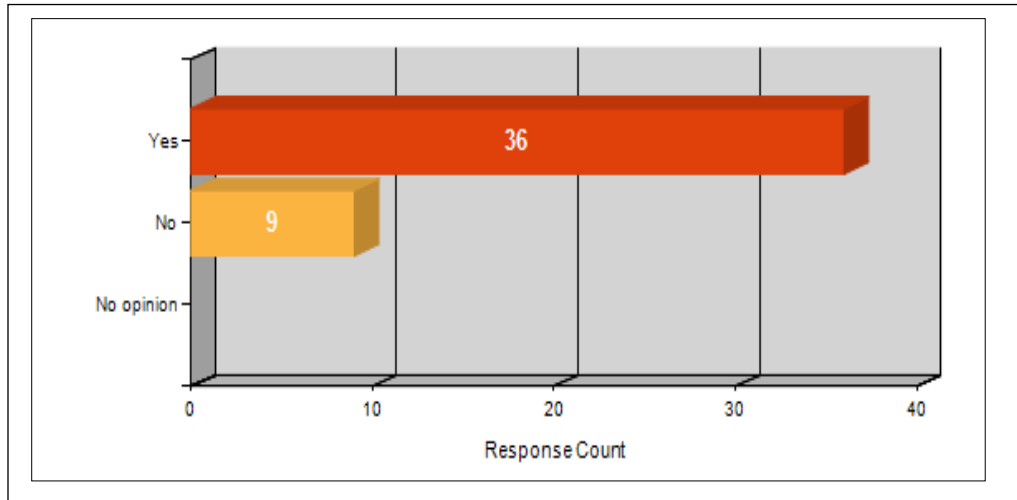
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: To what extent does CARTAC efficiently balance between long-term and short-term advisors, sectoral approach vs. a more holistic approach to addressing countries' inter-related TA needs, and in-house TA vs. workshops?

CARTAC balances its use of STX well, overall and in most sectors. It uses a higher proportion of STX than, for example, PFTAC, and appears to have used an efficient mix of LTX and STX.

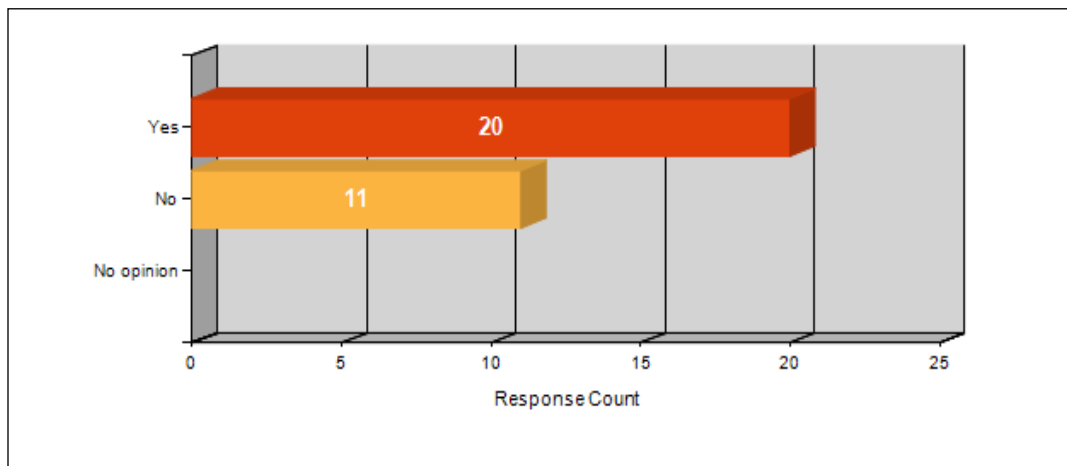
CARTAC, like the other RTAC with which we are familiar, is not strong in taking a holistic multi-disciplinary approach to each country's TA needs. It operates largely in technical silos (See Section 2.3.1 Organization and Management). This has strengths and we don't suggest abandoning it. However we do think that the organization needs to be rebalanced with more emphasis on multi-disciplinary teams and a holistic view of country needs.

Table A1-19: Does CARTAC provide a good mix of resident advisors and short-term experts? (n = 45)



Source: Survey of CARTAC Clients, January 2015

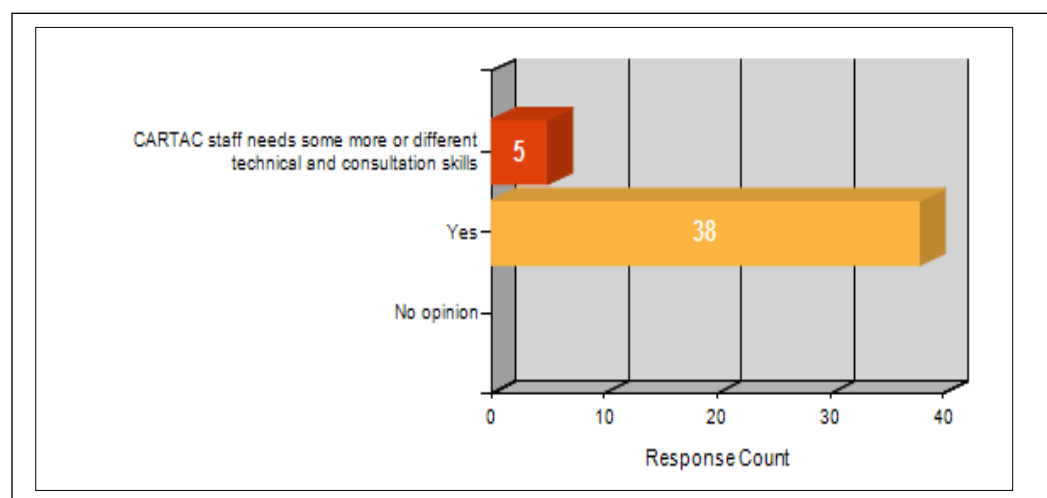
Table A1-20: Has CARTAC leveraged its resident advisors with enough short-term experts? (n = 31)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

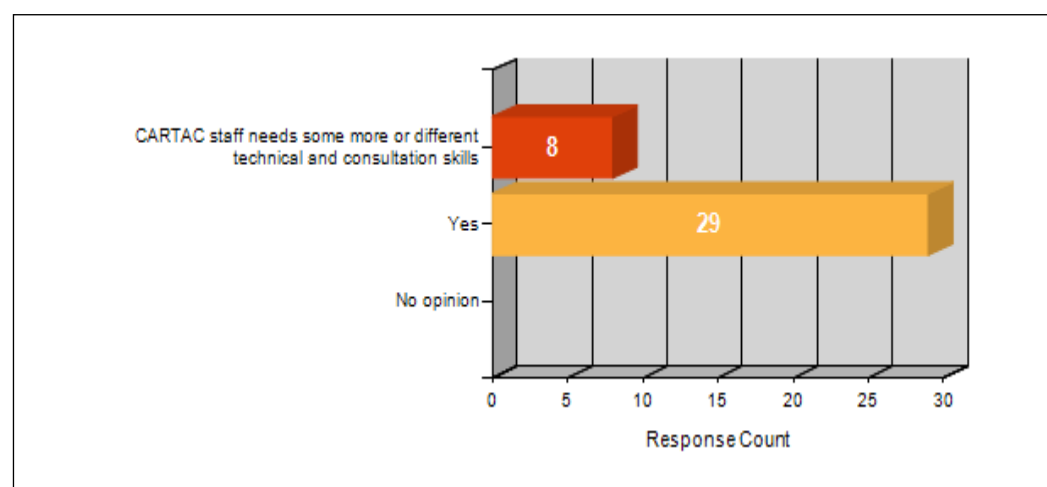
There is a consensus among stakeholders, with which we agree, that Resident Advisors generally have the technical skills needed to do the work. Skills in multi-disciplinary team management and in consulting relationships with “clients” are sometimes not as strong.

Table A1-21: Do CARTAC staff have the skills needed?



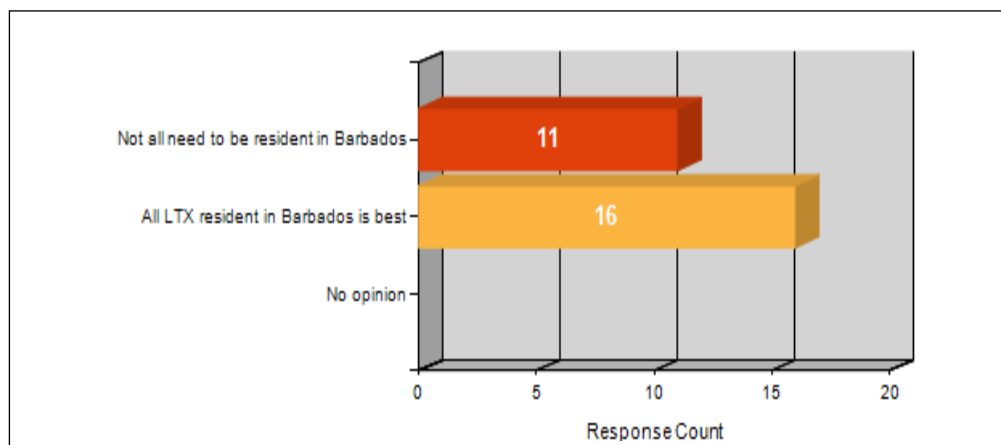
Source: Survey of CARTAC Clients, January 2015

Table A1-22: Does CARTAC LTX staff have all the skills needed? (n = 37)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-23: Should all CARTAC Resident Advisors (LTXs) be resident in Barbados or are there more efficient or effective alternatives? (n = 27)

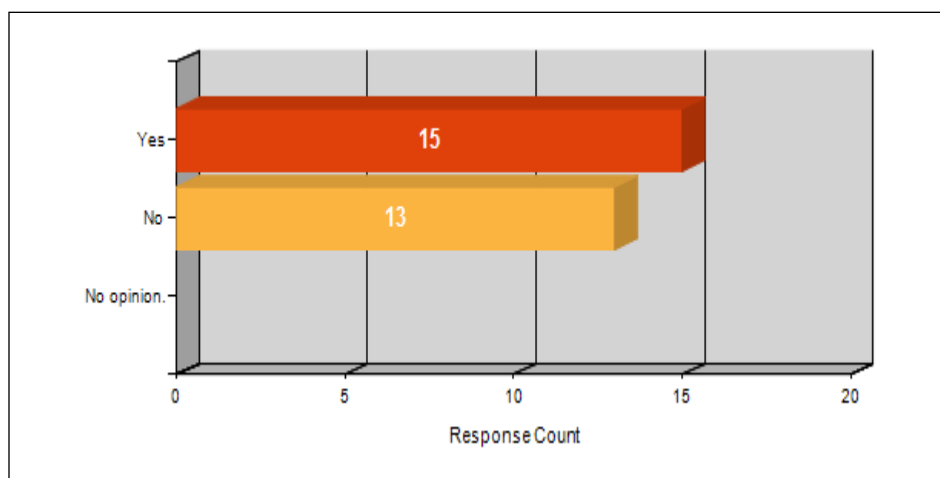


Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: To what extent has backstopping from the HQ been an efficient way of quality control of RTAC activities?

Backstopping is essential to the CARTAC model. Its cost has been small and the backstopping budget has tended to be underspent. CARTAC and the IMF Functional Departments should be vigilant that backstopping is substantive and focused on bring the Fund's wide experience to bear to support the work of the Resident Advisor. (See Section 2.3.3 Backstopping)

Table A1-24: Are there ways in which backstopping could be improved? (n = 28)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Some comments by survey respondents on possible improvements to backstopping include:

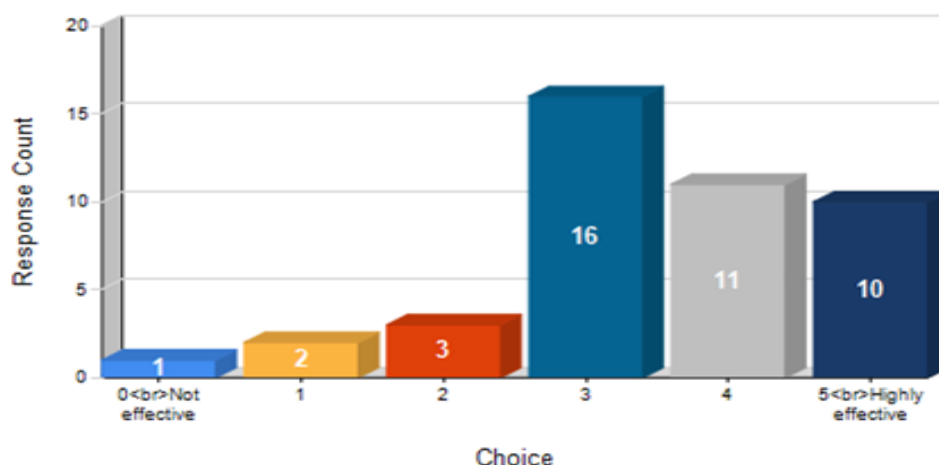
Backstopping ... is adequate. Timely and constructive feedback and advice on briefing papers, back to office reports and TA reports. (Backstoppers) are accessible ad hoc to discuss issues. Respondent # 009

Effectiveness

Evaluation Question: To what extent have CARTAC TA and training led to tangible and lasting results and strengthened capacity?

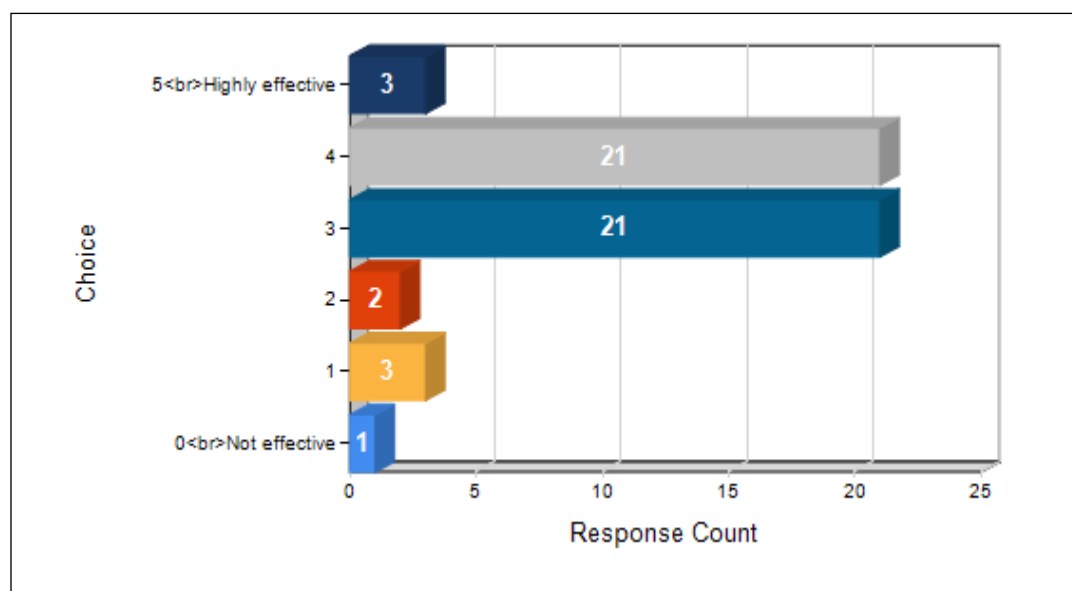
On the whole CARTAC has been effective in achieving tangible results and strengthening capacity. (See Sections 3.1 to 3.6 CARTAC Performance.) Stakeholders generally agree but there is a small minority that strongly disagrees.

Table A1-25: How effective has CARTAC been in helping your country manage its economy? (n = 43)



Source: Survey of CARTAC Clients, January 2015

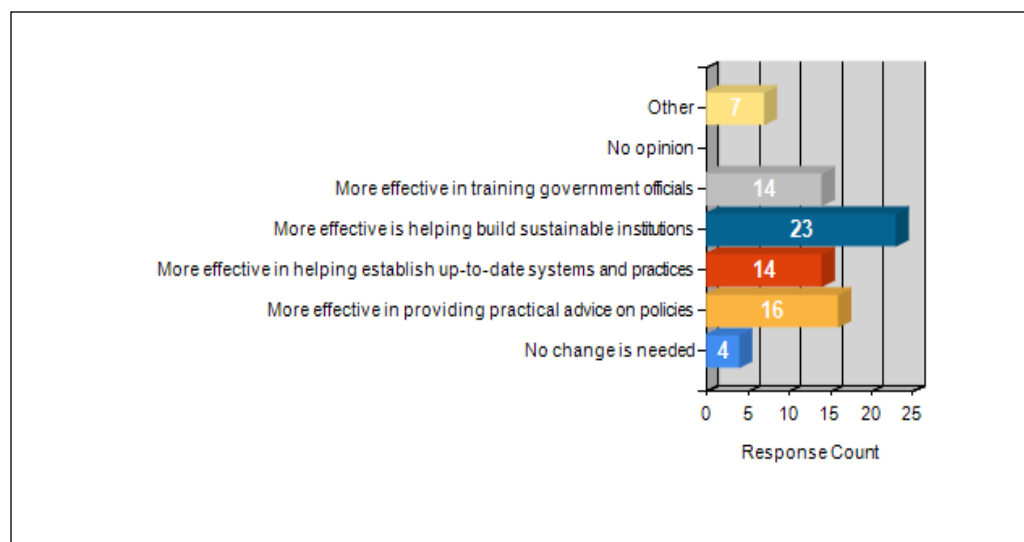
Table A1-26: How effective has CARTAC been in helping member countries manage their economies? (n = 51)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

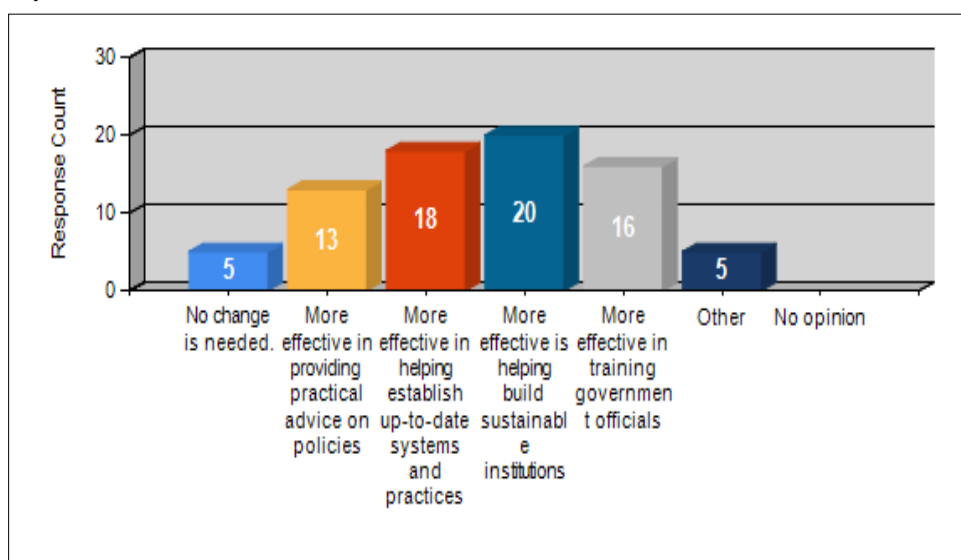
Most stakeholders think that the most important thing CARTAC can do to be effective is help build sustainable institutions.

Table A1-27: Where could CARTAC be more effective? Check all that apply. (n = 36)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-28: Where could CARTAC be more effective? Check all that apply. (n = 42)



Source: Survey of CARTAC Clients, January 2015

One respondent to the survey said, in regard to CARTAC being more effective:

“CARTAC TA should desirably be focused on implementation of good practices, and should be very circumspect in “policy” advice unless in close collaboration with the backstopping departments. CARTAC could benefit from greater linkages with HQ-driven “policy” TA that other RTAC’s (particularly AFRITAC’s) provides. The CARTAC budget only provided diagnostic interventions from FY 14 and has not been properly utilized or understood so far. This is an area where greater relevance can be achieved. Additionally, while CARTAC needs to be responsive to all member demands for TA, better filtering may be appropriate to direct resources where there is a better track record and impact of prior TA. Without appropriate incentives, institutional capacity building will not be sustained.”
Respondent #97

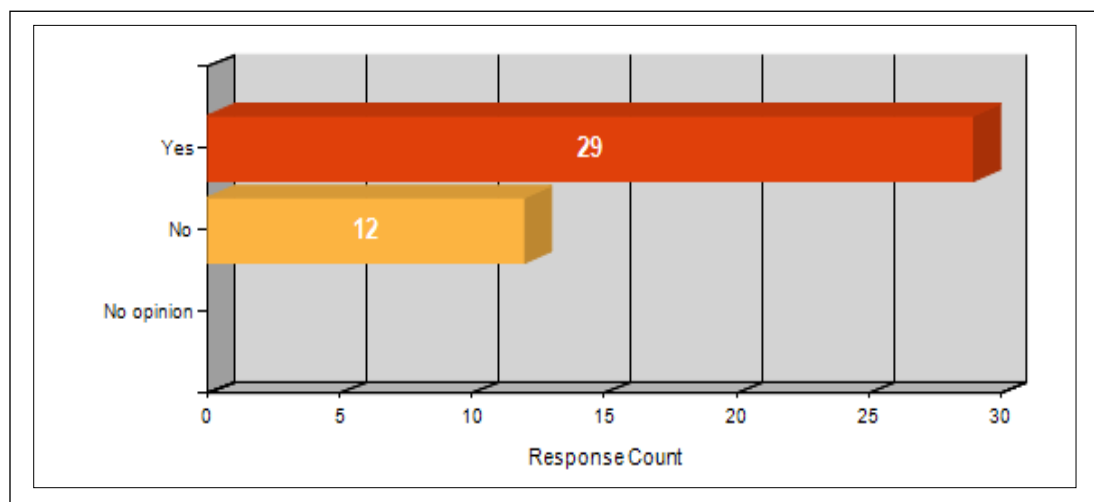
Evaluation Question: Has the Center helped to integrate TA and training?

The distinction between technical assistance and training is not a strong one when both are in-country. Regional seminars and workshops are less directed to specific TA solutions but are clearly important to regional approaches and institutions. Both are important to building capacity in recipient governments. A large majority of stakeholders think that more could be done to integrate the two. Two things would help, we believe: first, focusing on capacity development not capacity supplementation and, second, begin more program-based as distinct from somewhat fragmentary or ad hoc activities. One respondent to the survey said:

CARTAC should resist “simply doing things for clients”. Focus should be on coaching and developing national capacity to do those tasks for themselves. Respondent #333

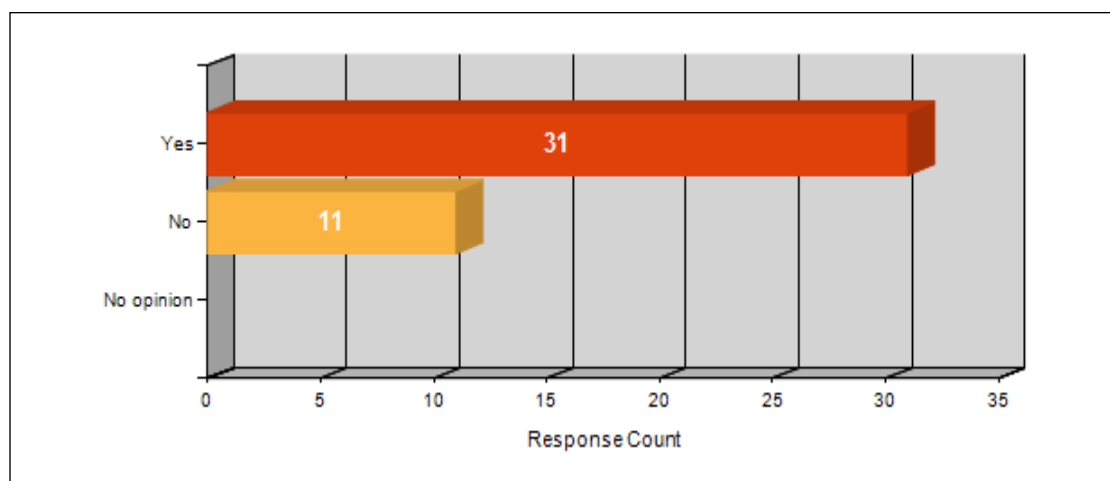
The balance is currently good unless CARTAC was to change its focus towards additional training. The individual countries should keep responsibility and accountability for basic training. Respondent #878

Table A1-29: Could CARTAC do more to integrate TA and training? N=41



Source: Survey of CARTAC Clients, January 2015

Table A1-30: Could CARTAC do more to integrate TA and training? (n = 42)

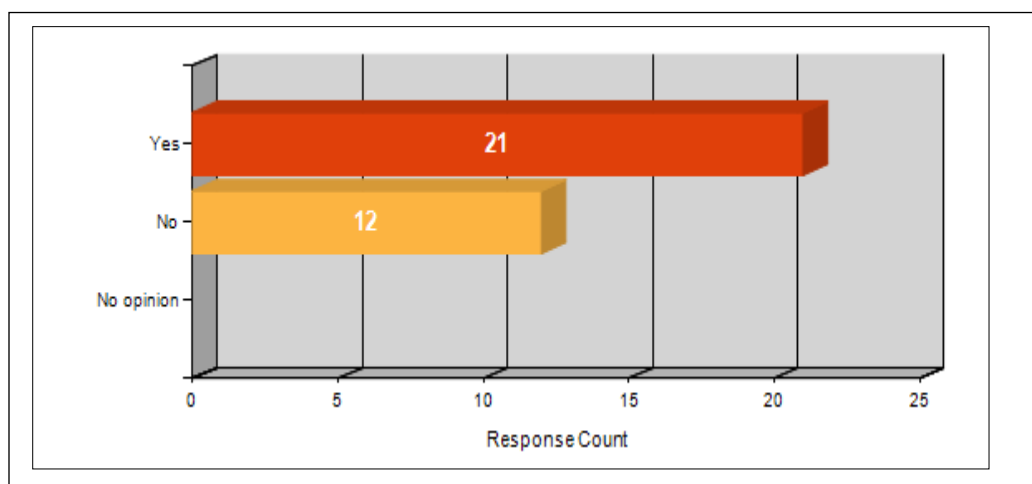


Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: What contribution has CARTAC made to build a robust network of local experts in the region, and to systematically identify and optimize the use of local and regional expertise?

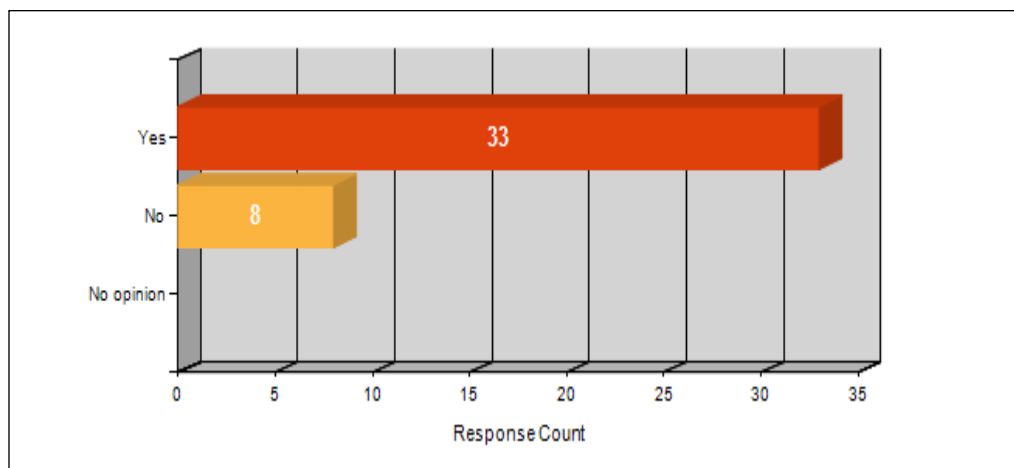
CARTAC has used more local and regional experts at all levels than has, for example, PFTAC. (See Section 2.6.1)

Table A1-31: Has CARTAC made a significant contribution to building a robust network of local experts in the region? (n = 33)



Source: Survey of CARTAC Clients, January 2015

Table A1-32: Has CARTAC made a significant contribution to building a robust network of local experts in the region; and to systematically identifying and using local and regional expertise? (n = 41)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

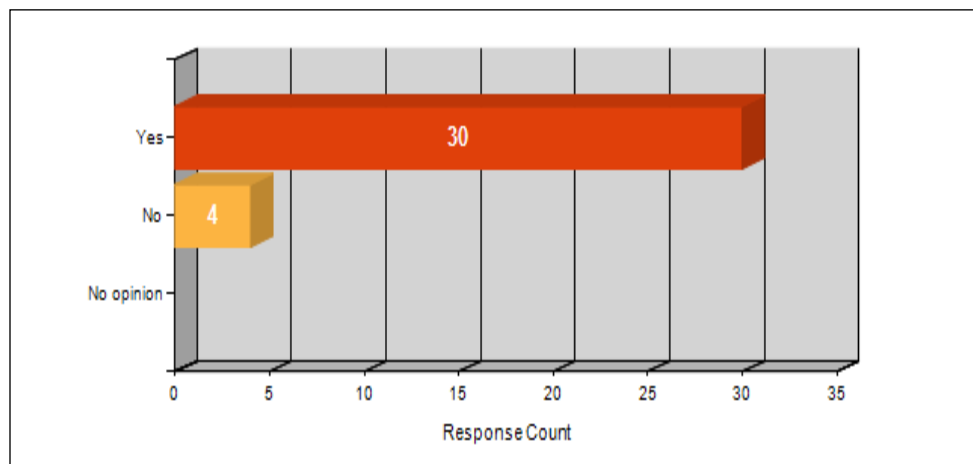
One respondent to the survey said:

“This network (of people from the Region) is neither sufficiently appreciated nor leveraged -- the alumni of former CARTAC advisors have very important roles and responsibilities within the region. We have been successful in having an excellent and well-balanced team with strong regional inclusion.” Respondent # 97

Evaluation Question: Is the provision of TA under five-year funding programs effective?

Stakeholders are strongly in favour of a five-year cycle of funding and operations. We don't think the length of the cycle is intrinsically important. However we do think that transitions from one phase to another need to be managed much better than was the transition from Phase 3 to Phase 4. The main ways cost-effectiveness could be improved is by avoiding activity collapses at Phase transition points; and taking a more program-based approach to designing and delivering technical assistance. (See Section 2.3.1 Organization.) Programs would not necessarily coincide with Phases. We also suggest various funding options that might help smooth phase transitions. (See Section 2.4.5)

Table A1-33: Should there be more provision for ad hoc funding at mid-phase to respond to surges in demand for TA that might occur in a fiscal crisis? (n = 34)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

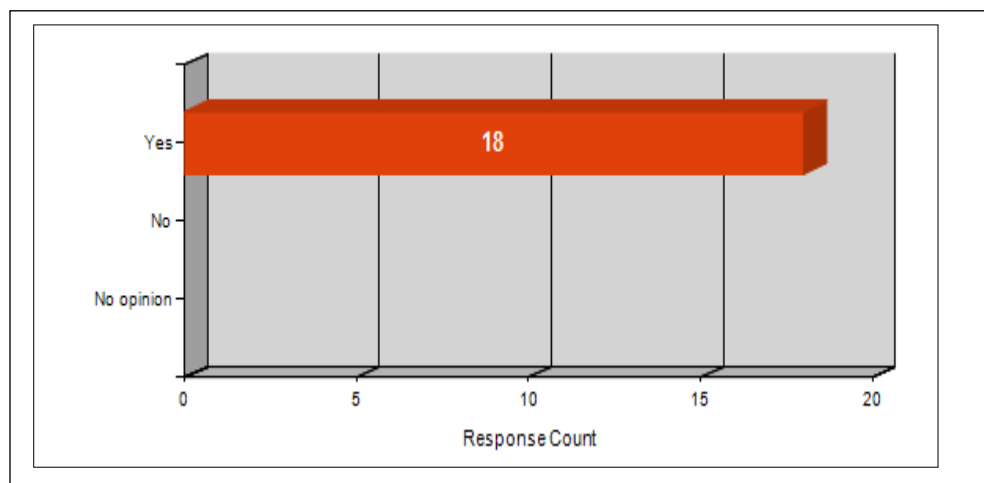
Evaluation Question: Has the RBM framework improved CARTAC's effectiveness?

The goal of CARTAC's results-based management (RBM) system is to enable Centre Coordinators, Advisors and Backstoppers to target and manage technical assistance; and to enable stakeholders to assess performance; measure project outcomes and impact; and track results over time to evaluate effectiveness and sustainability.

CARTAC has produced Logical Frameworks for each of its main areas of work. These describe outcomes, a baseline at the end of the previous fiscal year, milestones for the current fiscal year and risks/assumptions. The performance indicators are a mix of qualitative and quantitative measures. The LogFrames were appended to the FY 2014 Annual Report and cross-referenced in the text of that Report. This was useful but will probably change substantially during the next few years as the IMF develops its new approach to results-based management.

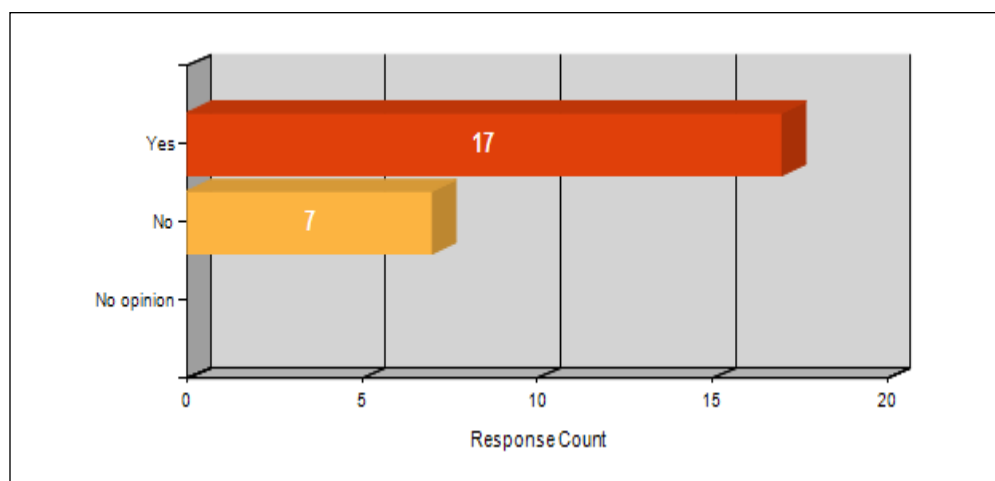
The IMF has an initiative underway to improve performance measurement and project management by implementing a new results-based management (RBM) system across the Fund. ICD Strategy and Evaluation Division is in charge of design and implementation. Once operational, the RBM system will be used by the RTACs. (See Section 2.7 Results-Based Management and Evaluation.)

Table A1-35: Do you think that CARTAC's Strategic Framework and Topical Frameworks (RBM, Log Frames) have helped or will help it to be more effective? (n = 18)



Source: Survey of CARTAC Clients, January 2015

Table A1-36: Do you think that CARTAC's Strategic Framework and Topical Frameworks (RBM, LogFrames) have helped or will help it to be more effective? (n = 24)



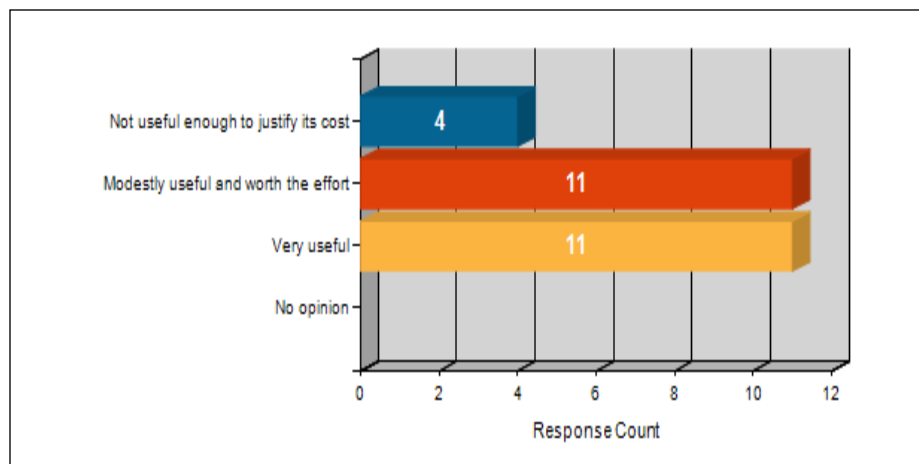
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Evaluation Question: To what extent is the RBM framework actually used for planning, monitoring and reporting, and does it adequately meet the needs of all stakeholders?

There is a consensus among stakeholders that CARTAC's RBM frameworks have been modestly useful to very useful for planning, monitoring and reporting, and has greater potential yet to be exploited.

One respondent to the survey said: *Initial efforts have been sincere and laudable, but fall far short of what is truly needed in the long run to meet donor needs and more importantly to be a tool for effective TA management by CARTAC, the Fund more broadly and the members countries. Big things are in the pipeline -- CARTAC needs to get on board quickly and declare its intention to be a leader as we approach Phase V. Respondent #97*

Table A1-37: How useful do you think CARTAC's RBM frameworks are for planning, monitoring and reporting? (n = 26)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Sustainability

Evaluation Question: What factors affect sustainability of TA and training delivered by CARTAC? How are these factors (e.g., absorptive capacity of beneficiary countries) incorporated into the planning of the CARTAC work programs?

We have identified two factors that we believe are important to the sustainability of CARTAC's results and which can be improved.

- Focusing more directly on developing the capacities of member governments to achieve results independently, as distinct from helping, sometimes repeatedly, to do a particular task.
- Taking a more program-based approach to technical assistance to improve continuity (See Section 2.3 Organization, Management and Governance.)

One respondent to the survey said:

"Sustainability of CARTAC TA will be enhanced if action could be advanced in various areas outside of CARTAC's direct capability or resources. More critical consideration of the risks, and responses by members to TA would help. Continuing to pour TA resources in where there is little traction needs to be reconsidered. Strong examples and role models need to be nurtured and facilitated. Efforts at the regional level are also critical, particularly where economies of scale will never be sufficient for sustainable outcomes (at the individual country level). Respondent #97.

On CARTAC's own financial sustainability, one respondent said:

"Some donors are signaling that their support for Phase V cannot be assured, and at least one (Australia) has been clear Phase IV is the end of their support. Contributions from member countries is a reasonable idea, but fraught with challenges of being unenforceable and with a very blunt contribution formula. Donor pressures may increase for even more from members. The need for CARTAC is unlikely to decline for some time, so some scenario planning needs to begin of how things may evolve under different economic and development expectations over

the next 10-15 years. Being totally open ended is probably unwise, as is an equally unrealistic premature exit strategy. Respondent # 97

Evaluation Question: How have beneficiaries incorporated recommendations from CARTAC TA into their daily operations?”

There is great variety in how well member governments have incorporated CARTAC’s recommendations into their daily operations. (See Sections 3.1 to 3.6, CARTAC Performance by Sector.) Governments have adopted many CARTAC recommendations operationally but public will and political commitment are needed as well.

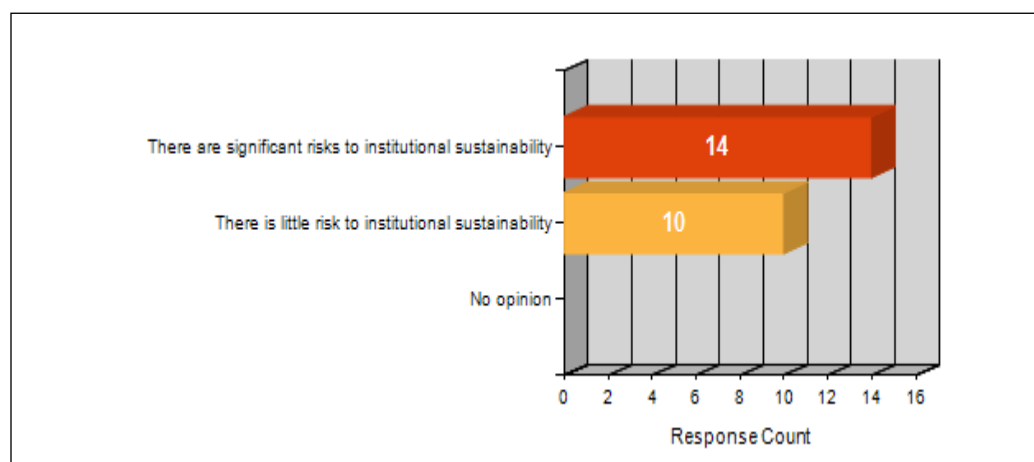
Evaluation Question: What are the challenges and risks faced in conducting TA and training in CARTAC member countries and sustaining the results achieved? Does CARTAC manage these challenges and risks appropriately in order to ensure its delivery of effective TA?

The main challenge is that many of the member states are very small and their capabilities to undertake macroeconomic management are limited by their size.

Financial sustainability risk

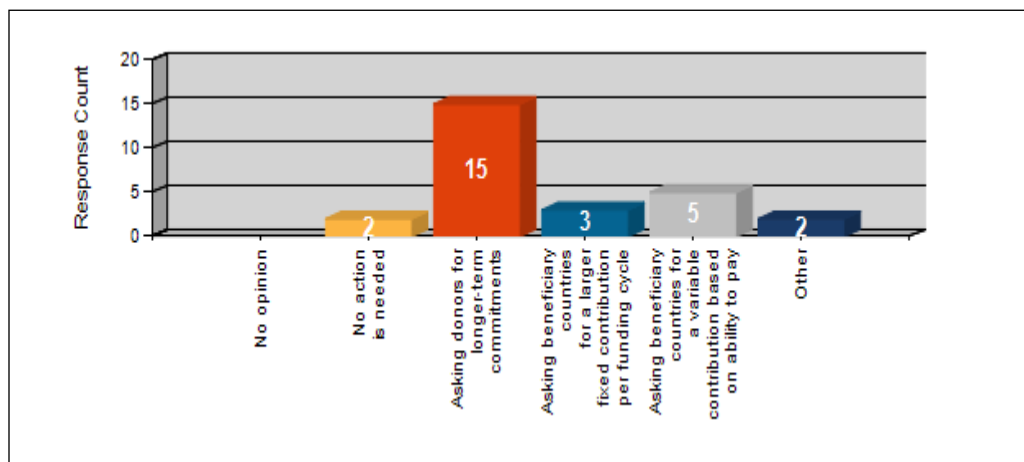
Stakeholders are divided on the question of CARTAC’s financial stability. Their main suggestion is to ask donors for longer-term commitments.

Table A1-38: How (financially) sustainable is CARTAC as an institution in the medium and long-term? (n = 24)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-39: How could CARTAC improve its institutional (financial) sustainability? (n = 27)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

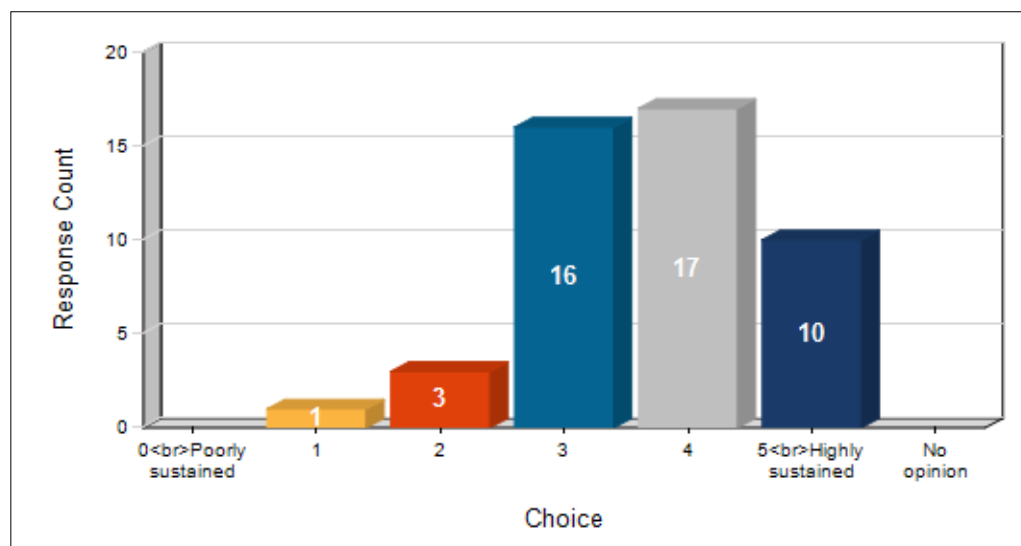
Evaluation Question: In comparison with other possible funding mechanisms (including RTACs), is the CARTAC funding model the most efficient use of resources and a sustainable model that best meets the CARTAC programming objectives?

This question cannot be answered on the basis of an evaluation of CARTAC alone. It requires a comprehensive evaluation of all types of IMF technical assistance by the IMF Independent Evaluation Office.

Sustainability of CARTAC results

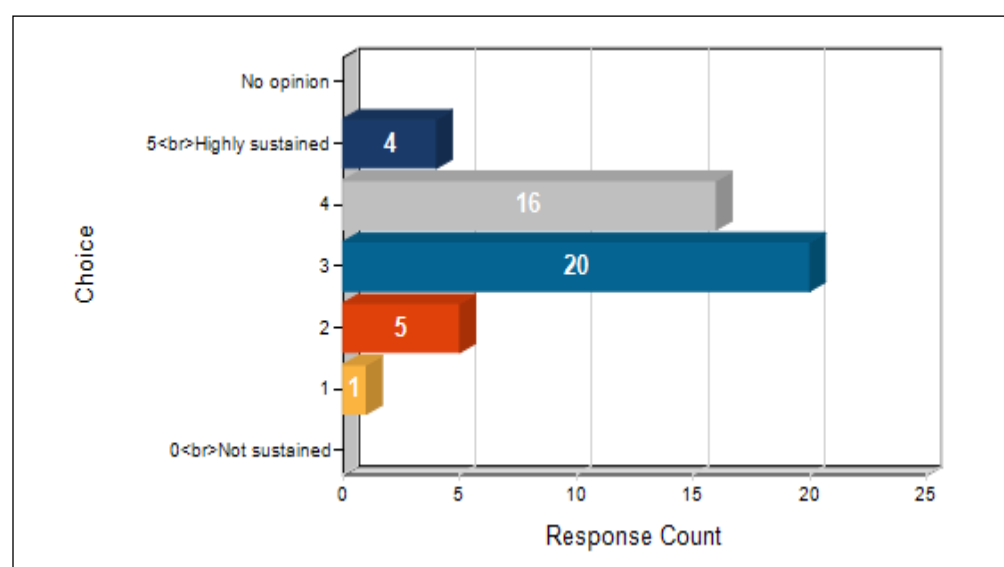
Stakeholders are generally optimistic about the sustainability of the results of CARTAC's technical assistance and training.

Table A1-40: How well have CARTAC's results in your country been sustained? (n = 47)



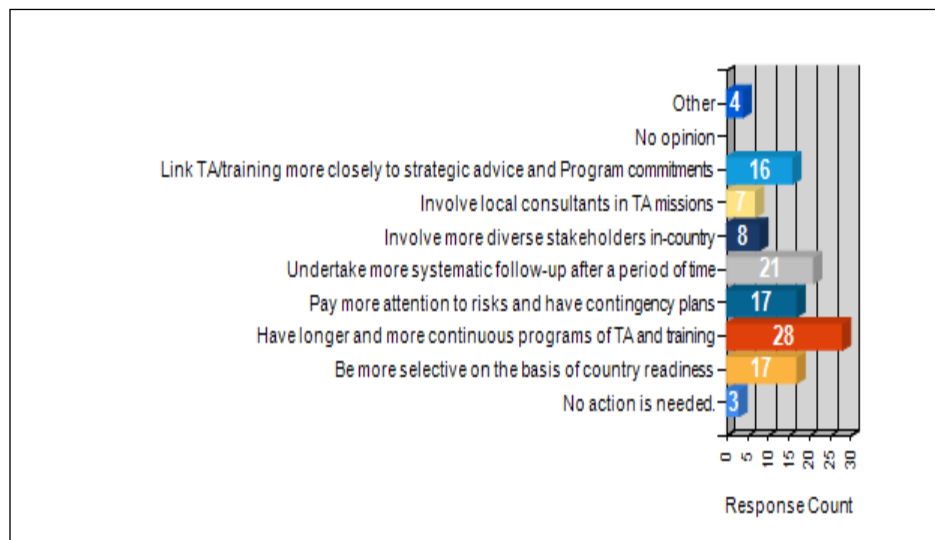
Source: Survey of CARTAC Clients, January 2015

Table A1-41: How well have CARTAC's results in member countries been sustained? (n = 46)



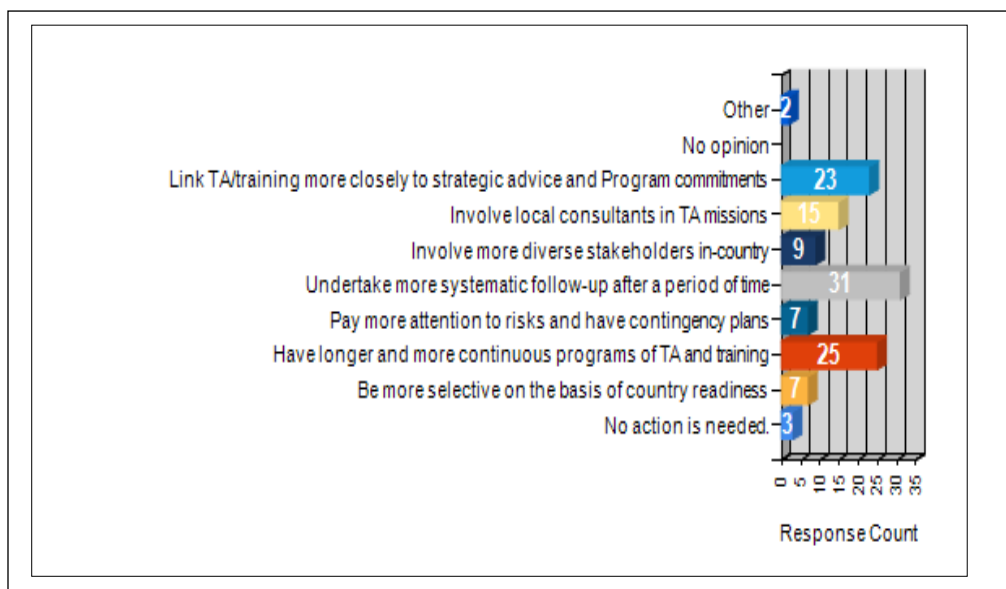
Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-42: What could CARTAC do to improve the sustainability of its results? Please check all that apply. (n = 47)



Source: Survey of CARTAC Steering Committee, Experts and Partners, January 2015

Table A1-43: What could CARTAC do to improve the sustainability of its results? Please check all that apply. (n = 51)



Source: Survey of CARTAC Clients, January 2015

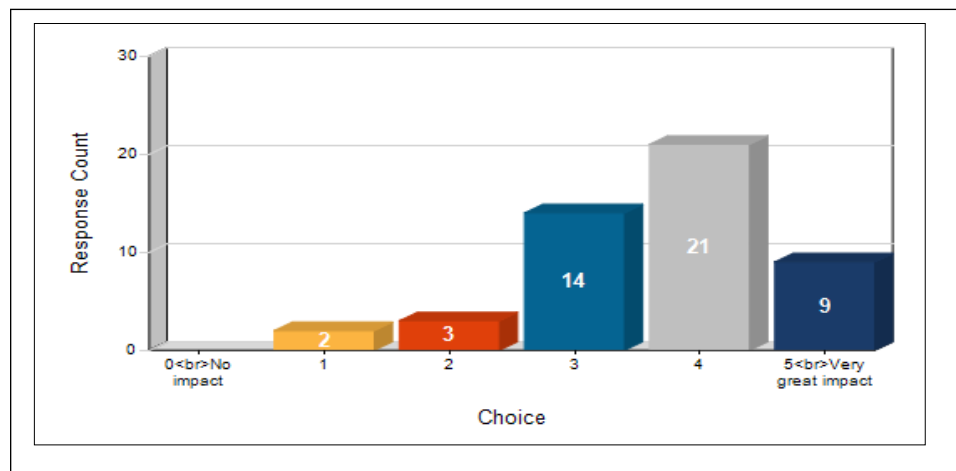
Impact

Evaluation Question: Is the CARTAC aggregated project level impact as defined in the program document being achieved or likely to be achieved?

We think that CARTAC's achievements are extensive and provide excellent value for money. However the objectives in the Project Document and in the LogFrames tend to be overly

ambitious given CARTAC's small resources and they do not distinguish clearly what should be attributed to CARTAC and what to the governments themselves.

Table A1-44: How substantial has CARTAC's impact on your policies, institutions and economy been in your opinion? (n = 49)



Source: Survey of CARTAC Clients, January 2015

One respondent to the survey said:

"CARTAC has an excellent reputation with its clients, and the advice and support is very much appreciated. The TA is impactful in many instances but it is also disappointing in many others even where there is clear recognition of the appropriateness of the advice. Why is this? What are the factors impeding better outcomes? Often they are factors beyond CARTAC's resources or remit -- financing for IT systems, civil service rigidities, political inertia, and sometimes corruption. We need to better integrate and take account of these factors that otherwise hold back the impact of CARTAC's efforts." Respondent # 97

Risks to impact could in theory include the following:

1. Under-investment could be a problem if CARTAC's resources are spread too thin across four broad areas of macroeconomic management and 18 countries. There is a risk that others may be less involved, seeing the responsibility as CARTAC's (IMF) although its resources might be too little to have a significant and sustained impact; and this might create second-order problems including reputational risk for the IMF.
2. Fragmented ad hoc TA activities and/or lack of consistency and follow up could put impact at risk.
3. Inappropriate advice of advice/training that is at the wrong level of sophistication could put impact at risk.
4. Erosion of skills over time because trained persons may move to unrelated areas of work in the government, leave the government or migrate out of the region.
5. External shocks, including exogenous economic crises, might lead to poor macroeconomic outcomes despite capacity improvements.
6. Unwise policy decisions or governance problems that might include corruption or gender-adverse practices or other discriminatory practices might result in poor macroeconomic outcomes despite improvements in capacity.
7. Conditions, including the size of the economy, might be unsuited to the development of

some specialist capacities on a single-country basis, despite demand from the government.

Evaluation Question: What RBM measures or monitoring tools are in place (or could be put in place) to systematically track the impact of TA over time?

The IMF's new result-based management system is designed to track the impact of technical assistance over time. It will be piloted by CARTAC and rolled out to the other RTACs. (See Section 2.7 Result-based Management and Evaluation.)

CARTAC's monitoring and reporting could be improved in several ways – first, by focusing more explicitly on whether member governments have developed independent capabilities to undertake the necessary tasks themselves; second, by instituting Centre Peer Reviews among the RTACs; and, third, by making TA reports available on country and sector portals on its website. (See Section 2.7 Results-based Management and Evaluation.)

Evaluation Question: What difference did the CARTAC TA and training bring to the beneficiary countries? What impact did CARTAC TA have on the beneficiary countries in the areas of the Center's activity (e.g., intended and unintended results)?

See material on effectiveness and impact above; and Chapter 3 of this report.

One respondent to the survey said:

CARTAC like the other Fund RTAC's is a highly effective model, and much appreciated institution in the region. Its unique branding that differentiates form the Fund more broadly is part of the story, although we should be less reticent to recognize that the technical strengths of CARTAC come from the Fund standing behind it Respondent #97

Evaluation Question: To what extent have external factors affected the impact of CARTAC TA (such as changes in basic policy environments, general economic and financial conditions, political instability, natural disasters, presence of IMF programs or budget support, etc.)?

The external factors that have affected outcomes are general (the aftermath of the global financial crisis of 2008-2009) and specific to individual countries such as adverse movements in commodity prices or declines in fisheries. CARTAC has to work within the environment as it changes and in Phase 4 it has shown considerable adaptability to circumstances and responsiveness to effective demand from member governments.

Evaluation Question: What types of interventions are having the biggest impacts and in which sectors/areas?

There are no substantial differences in the effectiveness and impact among the areas of TA. Performance ratings are comparable.

Evaluation Question: Where is TA having the least traction and why?

The area that has the least traction varies by country but tends to be national statistics because many countries do not give it a high priority and do not, sometimes cannot, fund it well.

Evaluation Question: How can CARTAC and the IMF better address the policy disconnect between provision of technical assistance and implementation of policy decisions at the political level that are often required to ensure impact and sustainability of results of the TA over time?

Among providers of technical assistance in the Caribbean CARTAC has a major advantage in being able to link its technical assistance to policy advice provided to governments during IMF surveillance missions. Countries that are engaged with the IMF in an adjustment program are a

special case where technical assistance, by IMF HQ and by CARTAC, is particularly strongly linked with policy advice. However the link is there to a greater or lesser extent in all member countries. To reinforce the linkage CARTAC has on occasion involved parliamentarians in its workshops in addition to public servants. All that said, however, the primary responsibility for policy decisions resides with member governments.

Appendix 2: Overview of Regional Technical Assistance Centers

	PFTAC	CARTAC	East AFRITAC	West AFRITAC	METAC	Central AFRITAC	CAPTAC-DR	South AFRITAC	AFRITAC West 2	ATI
Date Established	1993	2001	2002	2003	2004	2006	2009	2011	2013	2013
Location	Suva, Fiji	Bridgetown, Barbados	Dar Es Salaam, Tanzania	Abidjan, Ivory Coast	Beirut, Lebanon	Libreville, Gabon	Guatemala City, Guatemala	Ebene, Mauritius	Accra, Ghana	Ebene, Mauritius
Funding Cycle (dates)	Jul 2011- Apr 2016	Feb 2011- Dec 2016	Jul 2015 - Apr 2020	Nov 2009 - Apr 2017	May 2010 - Apr 2015	May 2011 - April 2016	Jul 2014-Apr 2019	Jun 2011-Apr 2017	Nov 2013 - Oct 2018	Jun 2013 - Apr 2018
Number of Countries Covered	16	20	7	10	14	8	7	13	6	
Host Country Contribution	In-kind contribution	US\$0.35m In-kind contribution	US\$0.77m In-kind contribution	US\$0.77m In-kind contribution	US\$6.5m	US\$10m In-kind contribution	US\$0.5m In-kind contribution	US\$5.0m	US\$5.0m In-kind contribution	US\$17.8m
List of Countries Covered and Contributions (US\$m)	The Cook Islands The Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tokelau, Tonga, Tuvalu, and Vanuatu	Anguilla, Antigua & Barbuda, The Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago, Turks & Caicos Islands	Eritrea, Ethiopia, Kenya, Malawi, Rwanda, Tanzania, Uganda	Benin, Burkina Faso, Côte d'Ivoire, Mali, Guinea, Guinea Bissau, Mauritania, Niger, Senegal, Togo	Lebanon - 6.5 Libya - 1.5 Egypt - 1.0 Syria - 0.5 Jordan - 0.78 Sudan - 0.5 West Bank and Gaza - 0.0 Yemen - 0.0 Afghanistan - 0.0 Iraq - 0.0 Tunisia - 0.0 Morocco - 0.0 Algeria - 0.0 Djibouti - 0.0	Gabon - 10.0 Cameroon - 5.0 Chad - 5.0 Rep. of Congo - 5.0 Dem. Rep. of Congo - 1.8 Burundi - 0.3 Cent. African Rep. - 0.0 Equatorial Guinea - 0.0	Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Nicaragua, Panama	Angola, Botswana, Comoros, Lesotho, Madagascar, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia, Zimbabwe	Cape Verde, The Gambia, Ghana, Liberia, Nigeria, Sierra Leone	sub-Saharan Africa
Contribution per Country	n/a	US\$0.35m per country	US\$0.77m per country	Côte d'Ivoire - US\$0.77m Other - US\$0.28m	varies by country	varies by country	US\$0.5m per country	Mauritius - US\$5.0m Other - US\$0.25m per country	Ghana - US\$5.0m Other - US\$0.35 per country	Mauritius - US\$17.8m Others - US\$0.3m
Total member Contributions (US\$m)	0.0	6.7	5.4	3.0	10.8	27.1	3.5	7.9	6.8	18.1
List of Donors and contributions (US\$m)	Australia - 7.5 European Union - 7.5 New Zealand - 7.4 Korea - 2.2 Asian Dev. Bank - 1.0	Canada - 20.1 United Kingdom - 13.4 European Union - 7.0 Australia - 6.6 Carib. Dev. Bank - 1.0	United Kingdom - 7 European Union - 6.8 Netherlands - 3.4 Switzerland - 1.0	European Union - 15.4 France - 4.9 Netherlands - 4.4 Kuwait - 2.5 Canada - 2.1 Luxembourg - 1.7 AfDB - 1.5 Australia - 1.5 EIB - 1.4 Germany - 1.4 Switzerland - 1.0 Italy - 0.9	France - 2.4 Germany - 2.4 European Union - 1.9 EIB - 0.6 Oman - 0.5 Kuwait - 0.3 USA - 1.3	European Union - 8.2 France - 2.1 Canada - 2.0 AfDB - 1.5 Australia - 1.2 Germany - 1.3 China - 1.0 EIB - 0.7	European Union - 9.4 Canada - 7.5 Mexico - 5.0 Luxembourg - 1.8 IADB - 0.5	European Union - 22.1 United Kingdom - 11.1 Canada - 3.1 Switzerland - 3.0 Germany - 2.4 Australia - 2.0 AfDB - 1.5 EIB - 1.0 Brazil - 0.2	European Union - 18.2 Switzerland - 5.0 Canada - 2.1 AfDB - 1.5 Australia - 1.5 China - 1.0 EIB - 0.33	Australia - 0.5 China - 2.0 Korea - 0.8
Total Donor Contributions (US\$m)	25.6	48.1	18.2	38.7	9.4	18	24.1	46.4	29.63	3.3
Total Contributions (US\$m)	25.6	54.8	23.6	41.7	20.2	45.1	27.6	54.3	36.4	21.4
Program Document Budget (US\$m)	30.0	62.2	53.5	51.4	33.0	49.6	35.9	59.0	43.2	27.0

Source: IMF ICD, September 2015

APPENDIX 3: CARTAC Activities and Costs – Data Tables

Table 1: CARTAC Funding, Phases I to IV

Funding*	Phase I 2001-2004	Phase II 2005-2007	Phase III 2008-2010	Phase IV Feb 2011 - Jan 2016 **	Totals
Nominal Dollars	\$16,382,213	\$20,187,797	\$33,234,742	\$58,100,980	\$127,905,732
Constant Dollars	\$22,864,197	\$25,047,956	\$36,658,582	\$62,842,020	\$147,412,755
Average Resources per Annum (nominal \$)	\$5,460,738	\$6,729,266	\$11,078,247	\$14,525,245	
Average Resources per Annum (constant \$)	\$7,621,399	\$8,349,319	\$12,219,527	\$15,710,505	
Unit: US\$,					
* Including the estimated dollar values of contributions in kind.					
** Firm commitments to December, 2014					
Constant dollar in September 2014 values, compounded by 4% per annum from/to Phase mid-point					
Source: IMF ICD and CARTAC, December, 2014					

Table 2a: Contributions to CARTAC by Donors by Phase

Donors	Phase I	Phase II	Phase III	Phase IV 1/	Total	% Total
Canada	5,095,541	8,386,816	24,337,118	20,133,316	57,952,791	47.43%
Canadian Cooperation Fund		336,911			336,911	0.28%
Caribbean Development Bank			584,623	1,000,000	1,584,623	1.30%
United Kingdom DFID	1,023,735	3,107,041	4,149,017	11,862,324	20,142,117	16.48%
DFID (Macro-fiscal Unit)	324,280	845,066			1,169,346	0.96%
Inter-American Development Bank	650,000		302,167		952,167	0.78%
EU (Special assign SVG)			699,196		699,196	0.57%
EU (2)	1,974,857	733,000		5,567,040	8,274,897	6.77%
UNDP	200,000	200,000	200,000		600,000	0.49%
Ireland	114,000	199,014			313,014	0.26%
USAID	648,000				648,000	0.53%
USAID (special assign)	407,800	221,709			629,509	0.52%
Australia				6,604,540	6,604,540	5.40%
World Bank	2,190,000	1,000,000			3,190,000	2.61%
Sub-Total: Non-Beneficiary Cash Contributions	12,628,213	15,029,557	30,272,121	45,167,220	103,097,111	84.37%

Table 2b: Contributions by Member Countries by Phase

Donors	Phase I	Phase II	Phase III	Phase IV 1/	Total	% Total
Anguilla	30,000	30,000	25,000	170,000	255,000	0.21%
Antigua and Barbuda	30,000	30,000	40,000	150,025	250,025	0.20%
Barbados	10,000	In kind	In kind	In kind	10,000	0.01%
Bahamas	30,000	30,000	40,000	150,000	250,000	0.20%
Belize	30,000	30,000	40,000	250,000	350,000	0.29%
Bermuda	0		40,000	250,000	290,000	0.24%
British Virgin Islands	30,000	30,000	40,000	250,000	350,000	0.29%
Cayman Islands	30,000	30,000	40,000	0	100,000	0.08%
Dominica	30,000	30,000	40,000	250,000	350,000	0.29%
Dominican Republic	30,000	30,000	10,000	N/A	70,000	0.06%
Guyana	30,000	30,000	40,000	249,980	349,980	0.29%
Grenada	30,000	30,000	40,000	0	100,000	0.08%
Haiti	30,000	30,000	10,000	150,000	220,000	0.18%
Jamaica	30,000	30,000	45,000	250,025	355,025	0.29%
Montserrat	30,000	30,000	40,000	250,000	350,000	0.29%
St. Kitts & Nevis	30,000	30,000	40,000	250,000	350,000	0.29%
St. Lucia	30,000	30,000	40,000	250,000	350,000	0.29%
St Vincent & the Grenadines	30,000	30,000	40,000	0	100,000	0.08%
Suriname	30,000	30,000	40,000	150,000	250,000	0.20%
Trinidad and Tobago	30,000	30,000	50,000	220,646	330,646	0.27%
Turks and Caicos	30,000	30,000	25,000	250,000	335,000	0.27%
Sub-Total Beneficiary Countries/Cash Contributions	580,000	570,000	725,000	3,490,676	5,365,676	4.39%
Sub-total: In-kind Contributions	3,174,000	3,927,330	1,757,815	3,732,728	12,591,873	10.30%
Interest		660,910	479,806		1,140,716	0.93%
Total Cash Contributions	16,382,213	20,187,797	33,234,742	52,390,624	122,195,376	100.00%
Source: CARTAC and IMF, December, 2014						
(1) Contributions recd to December, 2014 Contributions based on exchange rate at the time of receipt						
(2) Exchange rate Euro/USD as of January 30, 2012. Euro/dollar =1.32139						
(3) After Year 1 of Phase 3 the DR moved to CAPTAC-DR,						
(4) Amounts still owed for Phase III- Anguilla (15,000), Haiti(30,000), and Turks & Caicos (15,000)						
(5) Phase IV In-kind amount is estimated.						
(6) Canadian Cooperation fund for Grenada VAT						
In -Kind Funding	Phase I	Phase II	Phase III	Phase IV	Total	
IMF in-kind contribution	2,664,000	3,362,684	1,423,470	3,053,654	10,503,808	
Barbados in-kind contribution	210,000	240,000	300,000	679,074	1,429,074	
CDB in-kind contribution	300,000	324,646	34,345		658,991	
Total in-kind Contributions	3,174,000	3,927,330	1,757,815	3,732,728	12,591,873	
Average Annual In-Kind	1,058,000	1,309,110	585,938	746,546	899,420	
Note: IMF In-kind contribution is referred to as budget envelope IMF 01.						

Table 3: CARTAC Activities, FY 2012-FY 2014 inclusive, by Sector and by Country

	Activities					
	Total Number of Missions	Number of LTX Mission Days	Number of STX Mission Days	Number of Seminar Participant Person Days	Number of Attachments	Number of TA Reports
SECTOR						
FAD						
FAD - Tax & Customs	325	556	1505	4148	11	160
FAD - (public financial) PFM	163	329	552	2006	6	123
FAD - (macro-fiscal) MFM	63	240	138	332	0	0
STA	121	232	414	2601	1	34
MCM	159	180	766	1885	5	33
LEG	0	0	0	0	0	0
WHD	63	223	120	1124	0	3
Total:	894	1760	3495	12096	23	353
COUNTRY						
Anguilla	38	63	99	77	1	12
Antigua	18	33	32	118	1	51
Bahamas	49	88	160	420	3	14
Barbados	53	12	355	2093	0	23
Belize	19	38	80	0	0	6
Bermuda	10	17	55	0	0	4
British Virgin Islands	22	76	61	0	0	9
Cayman Islands	5	12	11	150	0	0
Dominica	79	157	357	942	2	40
Grenada	69	147	253	790	0	39
Guyana	26	57	69	214	1	4
Haiti	5	9	31	224	0	0
Jamaica	87	196	395	1495	6	13
Montserrat	22	35	73	0	1	12
Other	36	15	169	16	0	5
St. Kitts & Nevis	88	264	308	2034	1	27
St. Lucia	94	151	434	1429	3	37
St Vincent & the Grenadines	32	62	75	141	1	17
Suriname	52	145	209	535	1	18
Trinidad and Tobago	49	97	130	1123	0	8
Turks and Caicos	41	86	139	295	2	14
Total:	894	1760	3495	12096	23	353

Source: CARTAC September 2014

Mid-Term Evaluation of CARTAC Phase 4

Table 4: CARTAC Expenditures by Budget Item - Phase III and Phase IV FY2011-FY2014

Expenditures	Annual in Phase III 2008-2010.	%	FY11-12 (Feb 11-Jan 12) 1/	FY12-13 (Feb 12-Apr 13) 2/	FY 2014	Total FY11- FY14	%
Field TA Providers	7,188,064	58%	3,731,617	5,473,823	4,863,744	14,069,184	55%
.. Long-term advisors	2,333,637	19%	2,438,234	2,543,924	2,214,418	7,196,576	28%
.. Short-term experts	4,854,427	39%	1,293,383	2,929,900	2,611,617	6,834,899	27%
.. Diagnostic experts (IMF/HQ staff)			-	-	37,709	37,709	0%
Seminars	1,687,408	14%	267,819	1,493,120	1,952,045	3,712,984	15%
.. Participants (CARTAC)	1,678,901	14%	267,819	1,352,699	1,875,423	3,495,940	14%
.. IMF (ICD & TA Departments) 3/			-	130,595	74,926	205,521	1%
.. Workshop materials (CARTAC)	8,507	0%	-	9,826	1,696	11,522	0%
Professional Attachments	98,225	1%	56,154	99,112	134,580	289,846	1%
Other Travel	502,910	4%	352,162	551,233	504,795	1,408,190	6%
.. Regional travel advisors/staff	502,910	4%	352,162	548,965	465,194	1,366,321	5%
..HQ Staff			-	2,268	39,601	41,869	0%
Local Administration	900,124	7%	991,877	1,356,450	1,151,051	3,499,378	14%
In-kind (IMF & Host Country)	585,939	5%	772,938	912,672	844,082	2,529,692	10%
.. Local support staff	314,186	3%	218,939	443,778	306,969	969,686	4%
Other	139,588	1%	34,908	106,504	82,093	223,504	1%
.. Misc./Office communications	116,729	1%	34,050	106,262	80,988	221,300	1%
.. Project equipment	22,859	0%	858	242	1,105	2,205	0%
Evaluation	155,251	1%	-	60,632	-	60,632	0%
Other IMF HQ Services			196,265	269,653	262,486	728,404	3%
.. Backstopping			105,591	162,590	184,591	452,772	2%
.. Project management (Expert & Gen.Mgmt.)			90,674	107,063	77,895	275,632	1%
Sub-Total	10,671,570	87%	5,630,802	9,410,527	8,950,792	23,992,121	94%
Other Fees	1,630,368	13%	340,050	594,850	567,470	1,502,370	6%
.. IMF/TTF management (7% where applicable)			340,050	594,850	567,470	1,502,370	6%
.. IMF administration (10%)	998,491	8%					
.. UNDP administration (5%)	631,877	5%					
Sub-Total	1,630,368	13%	340,050	594,850	567,470	1,502,370	6%
TOTAL COST	12,301,938	100%	5,970,852	10,005,377	9,518,262	25,494,491	100%

Source: IMF ICD September 2014

1/ Expenditures include 1st year of Phase IV (Jan. 31, 2012 (IMF FY11: Feb-Apr, 2011 & FY12: May 2011-Jan 2012).

2/ Expenditures include transactions from Feb 1, 2012 to April 30, 2013 (15 months). CARTAC's fiscal year aligned with IMF's Fiscal Year (IMF FY 12 Feb-Apr 2012 & FY13: May 2012-Apr 2013).

3/ Includes HQ staff time delivering seminars and travel portion of ICD Courses.

Table 5: CARTAC Expenditures By Department, FY 2010 to FY 2014

Department/Area	FY 2012	FY 2013	FY 2014	Total	%
Fiscal Affairs Department (FAD)	2,319,247	3,647,491	3,352,396	9,319,133	36.6%
FAD (Tax and Customs/Excise)					
FAD (Public Financial Management, PFM)					
FAD (Macro-fiscal Management, MFM)					
Monetary & Capital Markets Dept.(MCM)	858,845	1,024,217	723,692	2,606,754	10.2%
Banking Sector Supervision					
Non-Bank Financial Sector Supervision					
Financial Sector Stability					
Statistics Department (STA)	393,949	573,477	875,005	1,842,431	7.2%
National Accounts					
External Sector Statistics					
Legal (LEG)	0	0	0	0	
Macroeconomic Programming/Forecasts (WHD)	335,238	473,343	212,061	1,020,642	4.0%
Sub-total	3,907,279	5,718,528	5,163,153	14,788,960	58.0%
Institute for Capacity Development 1/	945,185	2,760,465	2,927,153	6,632,804	26.0%
ICD Project Management	15,203	8,355	5,515	29,073	0.1%
Local Administrative Support Staff	218,939	443,778	306,969	969,686	3.8%
Other 2/	711,043	2,308,333	2,614,669	5,634,045	22.1%
Sub-total	945,185	2,760,465	2,927,153	6,632,804	26.0%
Finance Department (FIN)	5,399	18,862	16,405	40,666	0.2%
Trust Fund Management Fee 7%	340,050	594,850	567,470	1,502,370	5.9%
In-kind (IMF & Host Country)	772,938	912,672	844,082	2,529,691	9.9%
Sub-total	1,118,387	1,526,384	1,427,957	4,072,728	16.0%
Totals:	5,970,852	10,005,377	9,518,262	25,494,491	100.0%

Source: IMF ICD September 2014

1/ ICD is used as a single department for certain cost categories. This line includes ICDGP, ICD participants' cost, and multi-departmental budgets that can't be allocated to any specific department.

2/ Long term expert travel, participants cost, professional attachments, Miscellaneous expenses, Evaluation cost.

Table 6: CARTAC's Average Labour Costs, FY 2011-FY2014, by Sector

	FY2011-FY2014 (inclusive) Feb11-Apr14					
	Expenditures		Number of Mission Days		Average Cost	
	LTX	STX	LTX	STX	LTX	STX
Fiscal Affairs TA	\$4,351,480	\$4,544,395	1,125	2,195		\$2,070
Monetary & Capital Markets TA	\$1,190,375	\$1,310,437	180	766		\$1,711
Statistics TA	\$853,560	\$765,288	232	414		\$1,849
Western Hemisphere Department (WHD)	\$801,160	\$214,780	223	120		\$1,790
Sub- total	\$7,196,576	\$6,834,899	1,760	3,495		\$1,956
LTX travel (ICD)**	\$1,366,321		1,760			
Total:	\$8,562,896	\$6,834,899	1,760	3,495		\$1,956
Trust Fund Management Fee 7%	\$599,403	\$478,443				\$137
Total:	\$9,162,299	\$7,313,342	1,760	3,495		
Average cost per STX mission day						\$2,100
Average cost per LTX working day (labour only 7770 days)						\$926.20
Average cost per LTX working day (labor and travel costs, est. 7770 working days)						\$1,200

Sources: IMF ICD September 2014

"Ave. Cost per Mission Day" is the Department's total expenditures for FY 11 divided by the number of mission days it fielded.

** For LTX missions, travel portion is included under OTM category.

Table 7: CARTAC's TA Delivery Costs by Activity, and Overheads, FY2011-FY2014

	Phase IV (Revised Operational Budget)	Phase IV (Annual Avg.)	%	FY 11-12	%	FY12-13	%	FY13-14	%
LTX, STX, Diagnostic Seminars, Travel, and Others	34,721,146	6,944,229	56%	3,731,617	62%	5,473,823	55 %	4,863,744	51%
Evaluation	15,469,710	3,093,942	25%	711,043	12%	2,249,969	22 %	2,673,512	28%
Backstopping	370,632	74,126	1%	-	0%	60,632	1%	-	
Regional Project Management 1/	1,624,763	324,953	3%	105,591	2%	162,590	2%	184,591	2%
	1,189,398	237,880	2%	247,443	4%	300,269	3%	244,426	3%
TA Delivery	53,375,649	10,675,130	85%	4,795,694	80%	8,247,283	82 %	7,966,273	84%
Trust Fund Fee	3,842,890	768,578	6%	340,050	6%	594,850	6%	567,470	6%
Project Management	1,164,072	232,814	2%	90,674	2%	107,063	1%	77,895	1%
Local Support Staff	1,548,098	309,620	2%	218,939	4%	443,778	4%	306,969	3%
In-Kind IMF & Host 2/	2,543,330	508,666	4%	525,495	9%	612,403	6%	599,656	6%
Total Overhead	9,098,390	1,819,678	15%	1,175,158	20%	1,758,094	18 %	1,551,990	16%
Total Expenditures	62,474,039	12,494,808	100 %	5,970,852	100%	10,005,377	100 %	9,518,262	100 %

Sources: IMF, ICD September 2014

(1) IMF- In-kind contribution; 65% of center coordinator salary and 75% of his/her travel allocated to TA.

(2) Includes Host Country In-Kind Contributions for office rent and utilities; IMF-In Kind contribution for administrative assistant, driver & expenditures; 35% of center coordinator salary and 25% of travel.

Note: The IMF contribution to CARTAC covers 100% of the salary and benefits of the Centre Coordinator, of which 35% is counted as administrative "overhead" and 65% is counted as the cost of the substantive work of the Coordinator in conjunction with LTX and STX.

Appendix 4

Evaluation Methodology

Note: A longer version of this appendix is available under separate cover, containing the Terms of Reference, the Evaluation Matrix and the survey questionnaires.

In August 2014 the International Monetary Fund (IMF)¹⁹¹ commissioned an independent evaluation of the Caribbean Technical Assistance Center (CARTAC). This evaluation was to assess CARTAC's work in its member countries in the Caribbean during the first part of its fourth five-year cycle (Phase 4).¹⁹²

The objectives of the mid-term evaluation are described in the Terms of Reference (TORs). In part the TORs say: "(The evaluation's) objective is to assess the relevance of (CARTAC) and the extent to which CARTAC has led to tangible results and is achieving its objectives efficiently and effectively and whether the TA delivered is sustainable." The evaluators were to assess whether CARTAC has had a positive impact and has provided value for money.

The evaluation reports on the significant lessons that can be drawn from CARTAC's experience, highlighting strengths and weaknesses, and providing recommendations for improvement and for the future direction of CARTAC. As well, the evaluators reviewed the progress of the Centre on the commitments made in regard to the recommendations of the most recent independent evaluation (2009).

The methodology of the evaluation was set out in an Inception Note.¹⁹³ It covered the approach to be taken in the evaluation, the evaluation methodology and the work plan for the following phases of the evaluation.

The stakeholders and potential users of the evaluation include CARTAC and the International Monetary Fund, donors to CARTAC and beneficiary countries.

This main methodological constraint of this evaluation is that it is not experimental or quasi-experimental. The evaluators therefore based their answers to the evaluation questions, and their recommendations, on "triangulation" – assembling diverse information from several sources to address each issue. Some comparisons were made with the Pacific Financial Technical assistance Centre (PFTAC) in the Pacific, which, like CARTAC, works mainly with small island states.

¹⁹¹ The IMF Institute for Capacity Development's Global Partnerships Division (ICDGP) is the Secretariat to the evaluation and an Evaluation Sub-Committee¹⁹¹ of the CARTAC Steering Committee is advising. The CARTAC Coordinator has helped coordinate the evaluators' contacts with stakeholders in the Caribbean.

¹⁹² Phase 4 runs from February 2011 to April 2016. The evaluation will review CARTAC activity and cost data from February 2011 to April 2014, which covers three fiscal years – that is, FY 2012, FY 2013 and FY 2014 (ending on April 30 2014). Interviews, observations in the field and surveys of stakeholders will be current to approximately December 2014.

¹⁹³ In July 2014 the International Monetary Fund (IMF) solicited proposals for a mid-term evaluation of the Caribbean Regional Technical Assistance Centre (CARTAC). The evaluation team¹⁹³ that was chosen is headed by Dr. Kenneth Watson. The Terms of Reference for the evaluation anticipated an Inception Phase that would start in early September and run until early-to-mid-October. During this time the evaluation team would be mobilized, a literature and document review would be started; initial interviews would be undertaken at IMF headquarters and in the Caribbean, and certain steps taken and decisions made.

The evaluators laid the groundwork for implementation of their recommendations. Stakeholders were engaged in discussion of draft findings and recommendations, including presentations and discussions at two meetings of the Steering Committee.

There were several performance criteria that were relevant to the evaluation, including the OECD/DAC performance criteria, the objectives set out in the Program Document¹⁹⁴ for Phase 4, and some questions in the Terms of Reference for this evaluation.

The general baseline for this evaluation was the situation described in the previous (third) mid-term evaluation of CARTAC (2009).¹⁹⁵ This review of CARTAC was positive. It found that CARTAC performs a good service, with high quality inputs from a highly motivated resident adviser team led by a capable programme coordinator.¹⁹⁶ The high quality of its technical assistance and the qualifications of staff were recognized, but weaknesses in reporting and results-based management were also noted. The evaluation identified a need for management reports that have a more strategic focus and allow stakeholders to assess results.¹⁹⁷

Other Relevant Evaluations

The IMF evaluated its technical assistance in general in 2005 and completed an up-date in 2014.¹⁹⁸ The OECD/DAC criteria have been applied in evaluations of other RTACs, including current (2014) evaluations of PFTAC¹⁹⁹ and the AFRITACs²⁰⁰; and previous evaluations of RTACs (AFRITAC East, AFRITAC West and CAPTAC-DR).

Less immediately comparable but still relevant in some respects were the evaluations of other modes of technical assistance provided by the IMF and funded by trust funds (Sub-Accounts for technical assistance). These include the (2014) evaluation of the Japan Sub-Account for IMF Technical Assistance (JSA). This evaluation covered technical assistance by the IMF that was partly in the Western Hemisphere but substantially (about 50%) programs delivered in the Asian Pacific Region, including training provided to Pacific Island states, among others, at the Singapore Regional Training Institute (STI).²⁰¹

The IMF was also evaluating several Topical Trust Funds for technical assistance at the time of this evaluation.²⁰² As well, there had been evaluations of technical assistance programs in the

¹⁹⁴ The CARTAC Program Document contained an annex entitled “Verifiable Indicators of Success by Sector”. CARTAC Program Document, International Monetary Fund, December 2010, Annex VI, pp.94-104. In May 2013 this Annex was developed further into a Strategic Logical Framework (LogFrame) for CARTAC as a whole and Topical Area LogFrames for each of its risks and assumptions. These instruments are fundamental to results-based management.

¹⁹⁵ Oxford Policy Management, Independent External Evaluation of the Caribbean Regional Technical Assistance Centre, February 2010.

¹⁹⁶ Independent External Evaluation, CARTAC, Mid-Term Evaluation Report, K. Mansfield, A. Schofield, and M. Watson, February 2010.

¹⁹⁷ Independent External Evaluation, CARTAC, Mid-Term Evaluation Report, K. Mansfield, A. Schofield, and M. Watson, February 2010.

¹⁹⁸ IMF Independent Evaluation Office. IMF Technical Assistance: Revisiting the 2005 IEO Evaluation. IMF Washington DC 2014.

¹⁹⁹ IMF Pacific Financial Technical Assistance Center.

²⁰⁰ AFRITACs. Africa Technical Assistance Centers.

²⁰¹ There may be lessons learned in this evaluation that are applicable in part to CARTAC. For example technical assistance under the JSA was reorganized in 2010 so that an annual stream of about 110 projects became seven or eight multi-year and multi-country programs. The evaluation reported that this initiative substantially improved efficiency, effectiveness, impact and sustainability. CARTAC is a different type of instrument but, nevertheless, there may be lessons that are applicable in part.

²⁰² For example there is a concurrent evaluation of the IMF Topical Trust Fund for technical assistance in Tax Administration and Policy.

Caribbean by other providers of TA. For example the Caribbean Development Bank (CDB) evaluated its TA in 2006 and revised its TA policy in 2011. CDB has also evaluated its participation in CARTAC as part of its mid-term evaluations of its Special Development Fund (SDF). Canadian DFATD/CIDA has evaluated its regional program in the Caribbean. The World Bank was currently evaluating SEMCAR²⁰³ that provides technical assistance in some similar countries and sectors.

Costs and Efficiency

The evaluators assessed the efficiency of the Centre's work using administrative and financial data kept by the IMF. In this regard they reviewed the progress of the Centre on the commitments that it made in regard to the recommendations of the cost-effectiveness study (2011).²⁰⁴ Some comparisons were made with a hypothetical counterfactual such as delivery of the same services by a bilateral aid agency.

Sources of information

The evaluation drew on information from a range of sources, including IMF documents and data; interviews with country authorities and the members of the Steering Committee (including staff of beneficiary countries and donor representatives); surveys and case studies. The evaluators addressed each evaluation question and criterion using as many sources of information as were available.

In the Inception Phase the IMF ICD and CARTAC provided documents for the Evaluation Team's review.²⁰⁵ As context, the evaluators reviewed macroeconomic trends in the member countries, to assess the extent to which countries are succeeding in achieving macroeconomic policy reforms and targets. However one must also keep in mind that CARTAC's mandate is capacity development for macroeconomic management not policy advice and the fiscal difficulties of some member countries may be more the result of policy decisions than technical capacity constraints.

The team visited the IMF headquarters three times for discussions with staff and management of Western Hemisphere Department, IMF functional (TA) departments, the Institute for Capacity Development (ICD). Evaluators have also met with the former CARTAC Coordinator, former resident advisors (LTX) and IMF managers. The Evaluation Team met with IMF staff and consultants who are involved in the IMF's RBM initiative to discuss RBM in general and in the RTACs (and CARTAC) in particular. Meeting reports were given to participants after the first visit and follow-up questions were discussed during subsequent visits.

The evaluators conducted interviews with CARTAC staff, with non-regional donors and development partners (some individually and some in a focus group discussions at CARTAC HQ), with country authorities, with SC members and representatives of regional bodies.

²⁰³ SEMCAR is a multi-donor trust fund administered by the World Bank and funded by Canada. It supports enhanced tax and customs administrations, and public financial management in the Caribbean. Its first phase runs from April 2011 until February 2015. The budget of that Phase was US\$18.26 million.

²⁰⁴ Kenneth Watson et al. Rideau Strategy Consultants Ltd. *The Cost-Effectiveness of CARTAC*, Ottawa, Canada, 2011.

²⁰⁵ These have included the Program Document, Annual Reports, Annual Work Plans, Result-based Management (RBM) LogFrames, and various topical assessments. The evaluation team will review all relevant materials, including work plans, project/mission TORs, TA reports, SC minutes, SC member comments in the context of written consultations, previous evaluations of CARTAC and other RTACs, and internal transaction documents produced by the center coordinator, resident advisors, and STXs. Financial information and activities data will also be analysed.

The Evaluation Team designed a set of descriptive data tables that will enable it to review CARTAC activities and costs over several funding cycles.

The evaluators wrote three case studies for CARTAC (and three for PFTAC in a parallel evaluation study) with an emphasis on identifying impacts. Some cases were considered in the *Cost-Effectiveness Study of CARTAC* (2011).

Performance Rating Scheme

The Terms of Reference for the evaluation required that CARTAC be assessed against the OECD/DAC performance criteria. The evaluation team assessed the relevance, efficiency, effectiveness, impact and sustainability of TA and training provided by CARTAC, during the evaluation period. Impact will be assessed wherever possible, bearing in mind that some activities are very recent and that capacity building is a long-term venture.

The evaluators used the performance rating scheme similar to that used in previous and concurrent IMF evaluations of RTACs.²⁰⁶ This promoted transparency in the evaluation judgments and enable the IMF ICD to aggregate ratings and results across RTACs or across functional areas.

The rating scale was a continuous²⁰⁷ scale of 0 to 5. It was important that the scale be anchored at zero to enable correct calculations of average ratings and comparisons across criteria and stakeholder groups. Stakeholders were invited to indicate their ratings on this scale assuming 0.5 increments – that is, a rating between, say, 2 and 3, was taken to be 2.5. The scale of 0 to 5 allows somewhat finer distinctions than, say, a scale of 0-4, without appearing to require artificially-precise ratings; and it is a widely used scale.²⁰⁸

As was done in previous evaluations of IMF RTACs, we calculated average performance ratings by area of work and for CARTAC as a whole. Weighted ratings were added and the result averaged. One drawback of this method is that a project or program could receive a very low score on one of the OECD/DAC criteria (say “relevance”) and still get a high average score, which seems counterintuitive.

Evaluations of other IMF RTACs have used weighted ratings. The criteria weights express professional, but partly subjective, judgments about how much importance should be ascribed to each criterion in the case of CARTAC. We used the following weights to calculate weighted average scores:

Relevance	30%
Efficiency	20%
Effectiveness	20%
Impact	10%
Sustainability	20%

Impact has a relatively small weight because the study mainly assessed CARTAC initiatives that were implemented in the previous three fiscal years, which was too recent for impacts to be apparent. The weights and ratings were based on informed professional opinion, as the ratings were, but there was still a subjective element. Therefore in order to give the reader of the

²⁰⁶ Appendix B of the Request for Proposals contained a rating scheme consistent with that used in the most recent external evaluations of RTACs including METAC (2014), AFRITAC East, AFRITAC West, and CAPTAC-DR.

²⁰⁷ Rating scales can be continuous or categorical but it should be clear which one is the case. The two should not be confused.

²⁰⁸ A widely used psychometric scale for questionnaires is the Likert-type Scale which is categorical and generally has five points/categories on the scale.

evaluation report as much information as possible the evaluators did two things. First, it presented both the weighted and the unweighted ratings and average ratings. Second, the evaluators did a sensitivity analysis, varying the weights within reasonable ranges, and noting the results.

Sample of Beneficiary Countries

The Terms of Reference for this evaluation specified that the evaluators will visit five or six countries among CARTAC's members, to discuss the evaluation questions and to gather information for case studies. The Evaluation Team will, in fact, visited eight countries: The beneficiary countries that the Evaluation Team visited were as follows: Barbados; Grenada; St. Lucia; Dominica; St. Kitts and Nevis; Antigua and Barbuda; Jamaica; and the Bahamas

The countries were chosen in light of the following criteria: level of CARTAC's involvement with each country overall and by sector (looking for a good coverage of sectors among the counties sampled); countries that are engaged with the IMF in an Adjustment Program or are not; level of income (ODA recipients and non-recipients); size of country (population); logistical and resource constraints if any.

In addition the evaluation team leader, Dr. Kenneth Watson, had visited the Departments of Finance and/or the Central Banks in several additional Caribbean countries in 2014. He had met with the Permanent Secretaries, Finance, or their equivalents, and/or Central Bank governors in the following countries: Guyana, Trinidad and Tobago, St. Vincent and the Grenadines and Belize. He followed-up with in-person discussions with senior officials from these countries, at meetings in Barbados and the Bahamas. He met as well with other country officials at the CARTAC Steering Committee in the Bahamas in December 2014.²⁰⁹

Surveys

There were written surveys of two groups of stakeholders: (1) beneficiary country officials (CARTAC "clients"); and (2) Steering Committee members, IMF staff (Coordinator, LTX, STX, Area Department staff (Western Hemisphere Department), TA Dept. Staff, ICD staff) and development partners²¹⁰ The response rate exceeded the target numbers of completed surveys in both groups.²¹¹

As far as possible evaluators used the same questions in each questionnaire to enable comparisons of perceptions across groups of stakeholders, but some questions were specific to a single group. Questionnaire were provided in several formats including email-out-email-back form and as an on-line web-based survey with a secure provider approved by the IMF (*cvent* surveys).

The target response to the evaluation survey (the target number of completed questionnaires) was approximately 100. The target response rate after follow-up was approximately 70%. Therefore the evaluators identified approximately 143 stakeholders to receive a questionnaire. All members of some stakeholder groups were surveyed. They were not sampled. These

²⁰⁹ The evaluation team leader attended the CARTAC Steering Committee meeting in the Bahamas on December 9, 2014, and made a presentation describing the evaluation and interviewed some attendees individually.

²¹⁰ Development partners included UNDP, the World Bank, the Caribbean Development Bank and the Inter-America Development Bank.

²¹¹ The stakeholders included the following, by role: CARTAC Coordinator or former Coordinator; long-term expert/LTX based in Barbados or former LTX; short-term expert STX engaged by the IMF/CARTAC; backstopper or other IMF staff based at IMF headquarters; regional and country representatives and members of the CARTAC Steering Committee; non-regional representative and members of the Steering Committee; observers to the Steering Committee.

groups included current members of the Steering Committee, the current Coordinator and the former coordinator, and the current resident advisors (LTX). Those sampled included short-term experts (STX), other TA providers/development partners, IMF staff (backstoppers and other IMF HQ-based staff who have knowledge of CARTAC) and CARTAC “clients” (officials in participating countries, generally in central agencies. Departments of finance and central banks). They also included past members of the Steering Committee and past LTX.

In order to ensure candid responses, the evaluators assured respondents that their responses will be confidential.

Appendix 5

Case Studies

Case Study – Strategic Budgeting

Strategic Budgeting involves a simplified results-based medium term budget planning framework to underpin annual budgets and forward estimates. It typically suggests several rules to promote fiscal discipline, including legislative adoption of formal budget constraints. It was first introduced to member governments by CARTAC in FY2009. The first technical assistance was provided to Grenada. In FY 2012 CARTAC provided technical assistance in strategic budgeting to another nine member governments.

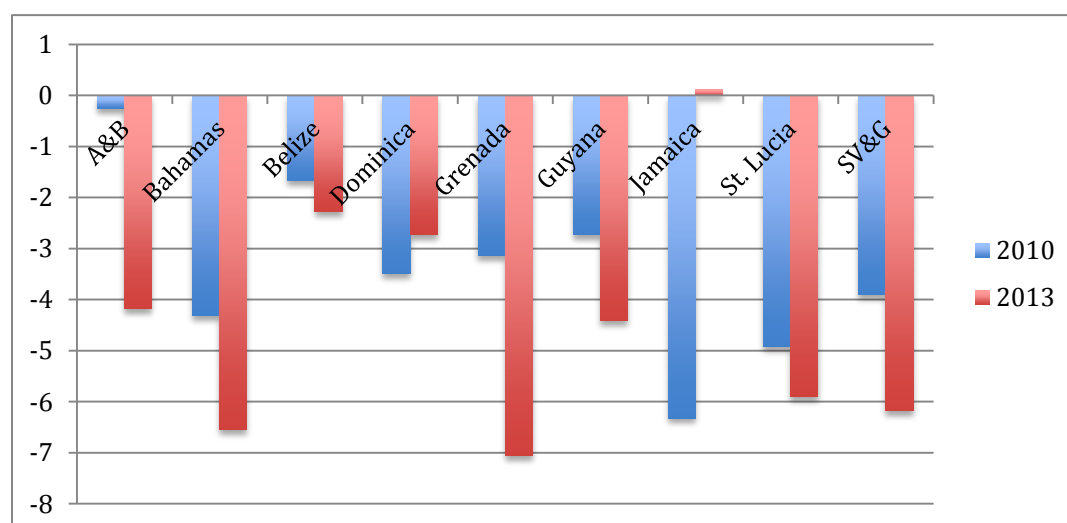
The CARTAC model also aims to improve the link between budget allocations and the desired programmatic results. Its increased focus on results is intended to strengthen Government accountability and inculcate value-for-money thinking in the budget process. Implemented well, strategic budgeting provides ministers, cabinet, parliament and the public with information and supporting analysis and this enables scrutiny. The process requires ownership at both the technical and political level, which of course is true of any PFM reform. CARTAC technical assistance can help improve budgeting tools but the responsibility for making good decisions is the Government's.

Results

If this initiative is judged by the fiscal discipline exercised by CARTAC member countries in the past three years then it has not been an immediate success. For example the first member government to receive CARTAC assistance in strategic budgeting, Grenada had much worse fiscal deficits in 2013 than in 2010. This is not to question the correctness of CARTAC's advice and assistance, or its likely good influence in the longer term, but rather to say that technical capacity is necessary but not sufficient for sound fiscal decisions.

Chart 1 shows fiscal balances in 2010 and 2013 as a percent of GDP for several recipients of CARTAC TA. In general, fiscal deficits were much larger in 2013 than in 2010 for most countries with the exception of Jamaica and to a lesser extent Dominica.

Chart A 1: Fiscal Balances 2010 and 2013



Source: IMF, World Economic Outlook, October, 2014.

Intermediate Results

Fiscal sustainability is clearly important from the perspective of long-term economic performance, the achievement of social policy goals and intergenerational equity. The most important ingredient to achieve this objective is political commitment and public consensus. Technical capacity can help governments track fiscal developments and offer options for change and reform. Good systems can also help deal with economic shocks so public finances are more resilient. However the CARTAC model is silent on the importance of political commitment and public consensus.²¹²

The CARTAC Phase 4 Program Document proposes “strategic top-down fiscal management”; “macro-fiscal units” that “prepare quantitative advice on appropriate fiscal targets and on revenue and expenditure policy options needed to achieve them”. It also proposes annual analysis and a fiscal action plan to get back on track when needed. The CARTAC logical framework is consistent with these ideas.

CARTAC annual reports provide a modest amount of information on progress in improving fiscal management.²¹³ However CARTAC’s report entitled “Strategic Budget Reform-Progress to date/Key Observations” provides more information on progress. Achievements listed in the document are impressive.

- Eleven countries now publish multi-year budget estimates. Rolling forward estimates should enable the public to hold their governments accountable.
- Many CARTAC members now, or will in the near future, present program and performance information as part of their annual budget estimates document or as supplementary budget information.
- Some countries that have the capacity and/or have progressed suitably with strategic budget reforms have started to make changes to their program structures to reflect services and functions rather than organizational structure. This, together with information on objectives and results, is leading to much improved budget transparency.
- Budget Call Circulars in all countries that have received CARTAC assistance include standard “new spending request forms”. These require ministries to present their objectives, needs, priorities and the results that are expected to be produced from the additional resources that they seek.
- The pace of capacity building has varied from country to country. The key driver for the pace of reform seems to be the level of commitment shown by senior officials and the executive and politicians. An increasing focus of the CARTAC TA is to support the Budget Department taking the lead role in building the capacity of line ministries.
- From a donor perspective assistance with strategic budgeting is low cost and sustainable. It can be adapted to existing financial management systems and budget preparation systems. It is based on the principles of effective budget management and it

²¹² A Canada-US comparison in this regard shows the primacy of these factors. Both countries have sophisticated fiscal management models. However, whereas Canada has been committed to a balanced budget, sometimes even when fiscal stimulus may arguably be needed, the US has been running large secular deficits, regardless of the strength of the economy.

²¹³ As an example, the 2014 Annual Report explains fiscal management as: “strengthening capacity to develop medium-term results-oriented budgets, including budget preparation and expenditure reviews, where the first step is enhanced fiscal discipline.” This is true but much more general than the model described in the Program Document and hardly a rigorous analysis of the actual state of fiscal discipline among member states.

can increase in comprehensiveness and sophistication as countries gain experience, greater analytical resources and, for some, access to better budget management systems.

Conclusion

CARTAC's "Strategic Budgeting Model" has a number of attractive features such as multi-year budgeting, results-based budget information, strengthened budget analysis and capacity building. Analysis undertaken by CARTAC shows these model features are having a significant positive impact on capacity.

However, recent adverse fiscal outcomes in several of the countries assisted show that, in general, the positive impact of these reforms has not been strong enough to offset other factors that have led to unsustainable fiscal outcomes, principally a lack of political and bureaucratic commitment to fiscal self-discipline.

Case Study - Data confrontation²¹⁴

Comparing related but different data sets can shed light on their quality

National accounts are an aggregation of all available economic data for a country. As such, they use a variety of data sources. This creates a challenge in that the quality of the national accounts data can be affected by the quality of any of the source data used in the computations. Given the importance of the national accounts in policy development, ensuring their quality is a high priority.

The CARTAC Phase 4 Program Document stated objectives for the national accounts of member countries. It quite appropriately talks about the importance of using all usable data and working with others to fill any data gaps. However it is silent on the issue of the quality of source data.

Testing the quality of member governments' data is a task that CARTAC LTX should undertake periodically. There are several statistical techniques that may be used. One is "data confrontation"²¹⁵. This technique involves comparing and contrasting related but different data sets to determine whether they tell a consistent story. If not, the quality of one or both of the data sets is called into question. This technique is particularly useful in regard to national accounts data since they are derived from component data sets that can "confront" each other²¹⁶.

National Accounts Data Confrontation

As a test of data quality in the national accounts of CARTAC member countries we experimented with three types of data confrontation. These are shown in Charts 1 and 2. The first compares GDP growth rates over time; the second compare GDP growth rates across countries at a point in time and over time; and the third compare GDP growth rates with inflation rates.

We found a number of surprises. First, we found very large variability in GDP growth rates in nine of the fourteen countries examined over time. Second, across countries that exist in close proximity the variability of GDP growth in each of the years examined is quite large. Third, the same can also be said across time for many of these countries. Fourth, while the variability of GDP growth in many countries over time is quite large, that is not the case for most countries in regard to their inflation rates across time.

This analysis is only exploratory. Nevertheless it raises questions about the quality of underlying data. For example, if GDP growth were truly as volatile as shown then inflation rates would likely be much more volatile than they have been reported to be. These charts raise the possibility that the quality of the GDP data or the inflation rates may be unreliable in some countries.

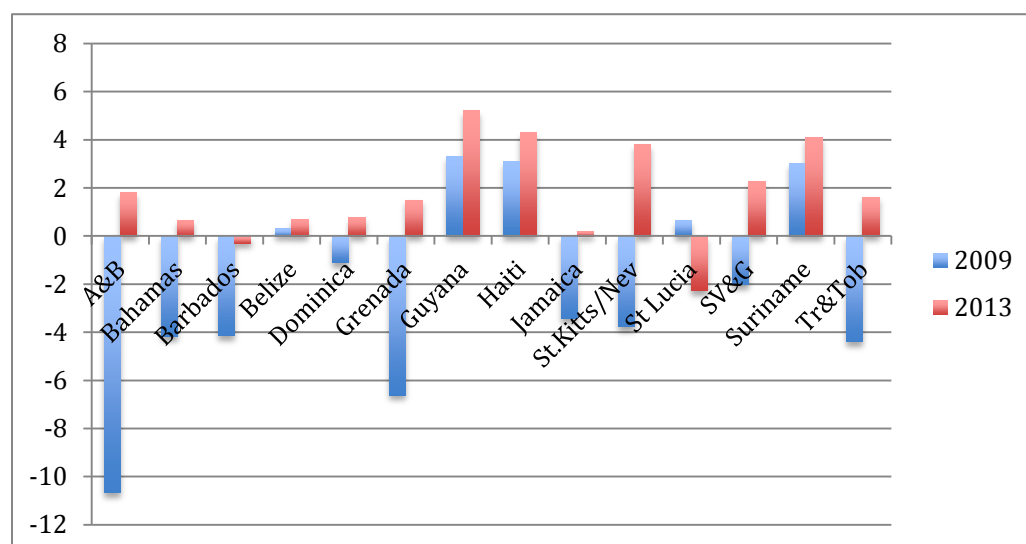
²¹⁴ See, for example, European Commission, Eurostat, "Short-Term Business Statistics—Revisions", available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/Short-term_business_statistics_-_revisions.

²¹⁵ OECD defines it as: "Data confrontation is the process of comparing data that has generally been derived from different surveys or other sources, especially those of different frequencies, in order to assess their coherency, and the reasons for any differences identified." The source is available at: <http://stats.oecd.org/glossary/detail.asp?ID=6110>

²¹⁶ Statistics Canada uses data confrontation often to pick up inconsistencies and errors across data. As an example, see Statistics Canada, "Census of Population-Reverse Record Check", available at: <http://www23.statcan.gc.ca/imdb/p2SV.pl?Function=getSurvey&SDDS=3902>

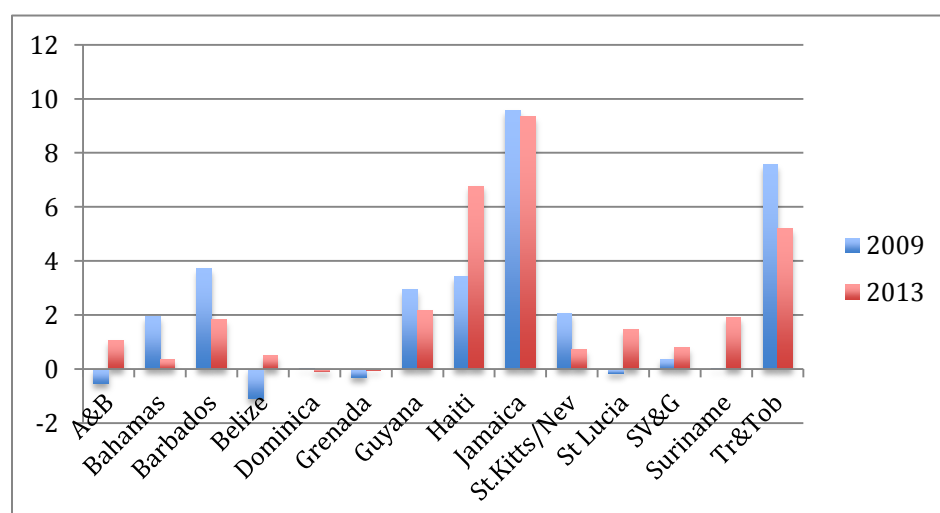
The point of this exercise is to demonstrate that there is scope for important work by CARTAC challenging the quality of statistics published by member countries.

Chart 1: GDP Growth in 2010 and 2013, Selected CARTAC Member Countries



Source: IMF, World Economic Outlook, October, 2014.

Chart 2: Inflation Rates in 2010 and in 2013, Selected CARTAC Member Countries



Source: IMF, World Economic Outlook, October, 2014.

Case Study

Having GDP and inflation estimates in current dollars makes it easier to calculate important ratios correctly (as long as the source data is reliable).

The national accounts are an aggregation of all available economic data for a country. The key issues for CARTAC in providing technical assistance to enable member countries to keep their national accounts current include what data are actually available to describe economic activity; how valid and reliable those data are; and if estimates are used to fill gaps how much confidence can one have in those estimates?²¹⁷

CARTAC's 2014 Annual Report says that TA in national accounts has been provided to most member countries.²¹⁸ In the Eastern Caribbean²¹⁹ CARTAC has collaborated with the ECCB. In general CARTAC has helped members rebase their National accounts from 1990 dollars to 2006 dollars, with concurrent adjustments to reflect the large changes in the structure of economies over that period.

During the main rebasing effort CARTAC provided the services of its resident statistical adviser supported by four short-term consultants. The total number of expert person days provided was estimated by CARTAC to be an average of approximately three one-week missions per country, about 100 person days in total. The IMF also contributed materials and software without charge. The initiative was cost effective, producing significantly better statistical information for a total IMF/CARTAC cost less than one half person year. However the capacity of governments to do this again themselves without outside assistance was not greatly improved. In 2014 we found that several countries were thinking about another rebasing, perhaps to 2011, and were planning to ask CARTAC to do the work again.

The rebased GDP series had implications for other important economic statistics. For example, these revisions have an impact on the estimation of debt-to-GDP ratios and on the estimation of per-capita GDP.²²⁰ There can be important policy implications when, for instance, current debt

²¹⁷ As well there is a second set of issues including how data should be aggregated, using the production of goods and services or alternatively using data on consumption or incomes earned; over what time period should they be aggregated, quarterly or annual; what should be the base time for constant dollar estimates and how should these estimates be deflated to remove the impact of price changes? Lastly how the information should be presented and disseminated?

²¹⁸ The rebasing of the national accounts involved an update of the 'base year' of the GDP estimates from 1990 to 2006. At the same time the methodology for estimating GDP in current and constant monetary units was also updated to meet international best practices. Government statistical units improved the coverage, data sources and methodology of the national accounts. CARTAC helped build capacity by hands-on training of government statisticians. The revised GDP data series were published in December 2010. CARTAC also provided assistance in the rebasing of the Consumer Price Indexes (CPI) of the ECCU member states. The rebasing of the CPI involved revising the "market baskets" on which the CPI would be based, in accordance with the most recent Household Expenditure Surveys (HES) to reflect the changing consumption patterns in ECCU member countries. CPI estimation methodologies were improved to meet international best practices. The base year was changed from 2000 to 2010. CARTAC experts provided extensive training to the staff of the national statistical offices in collecting, processing and compiling the price data to produce revised estimates of the CPI. In addition they were trained in using the Price Index Processor System (PIPs), which is software developed by the IMF's Statistics and Technology and General Services Departments.

²¹⁹ During 2009-2010, CARTAC provided technical assistance to eight member states of the Eastern Caribbean Currency Union (ECCU) to help rebase their national accounts (Gross Domestic Product, GDP). The participating countries were Anguilla, Antigua and Barbuda, Dominica, Grenada, Montserrat, St. Kitts and Nevis, Saint Lucia and Saint Vincent and the Grenadines.

²²⁰ In the case of St. Vincent and the Grenadines, the new per-capita GDP estimates were 26.1% higher in 2006 constant dollars than in 1990 constant dollars. In 2008, the per-capita estimates increased from EC\$15,625 in the previous series to EC\$19,192, an increase of 22.8% in the new rebased series. This was not a real increase of course, only an adjustment to the unit of measurement. Nevertheless a unit of measurement based on a more recent year was more comparable with figures published for other countries, say for the United States.

figures are compared (correctly) with a current GDP figure rather than (incorrectly) with a GDP figure in 1990 constant dollars.²²¹

CARTAC's Objectives in regard to National Accounts

The CARTAC Phase 4 Program Document stated objectives for the national accounts of member countries.²²² It quite appropriately talks about the importance of using all usable data and working with others to fill any data gaps. However it is silent on the quality of existing data and how quality standards can be improved in any new data produced. Also it does not address expenditure and production-based GDP estimates, rebasing beyond 2006 or the production of quarterly accounts. The income side of the accounts is not mentioned. Importantly the PD objectives in the area of statistics are silent on how to build the capacity of countries to continue this work themselves. This is surprising since the overarching statement in describing CARTAC objectives in the PD is: "The Centers' strategic goal is to strengthen, in the IMF's core areas of competence, the institutional capacity of RTAC recipient countries...."

The PD, while setting reasonable objectives for progress on the national accounts, is nevertheless aware of the challenges and states: "A significant barrier to building sustainable capacity in many of CARTAC's client countries is their small size. ...The small size of these (statistical) agencies has meant that many functions that are carried out by a number of people in a larger country may be done by one or two staff members, sometimes even on a part-time basis. This inability to develop self-sustaining capacity and in-depth specializations within an agency needs to be factored into any reform effort."

The 2012 CARTAC Annual Report says: "While ongoing progress can be observed mainly in the area of national accounts and price statistics, it is usually slow however, due to insufficient human and financial resources in most countries, which is an impediment to the timely production and dissemination of statistics." The 2013 report says: "The pace of the improvements and the rate of success, including problems of data gaps, are mixed however on the economic statistics front in the region. Reasons for this state of affairs may vary but there is nevertheless a common thread that appears to characterize many of the Caribbean's statistical agencies. In spite of their potential and talent, many of the agencies are unfortunately beset by chronic underfunding (statistical agencies are among the most underfunded public institutions in the Caribbean), staff shortages and high turnover, poor working conditions due to the state of the physical facilities, and having to often make do with obsolete computers and software." The 2014 Annual Report says ...

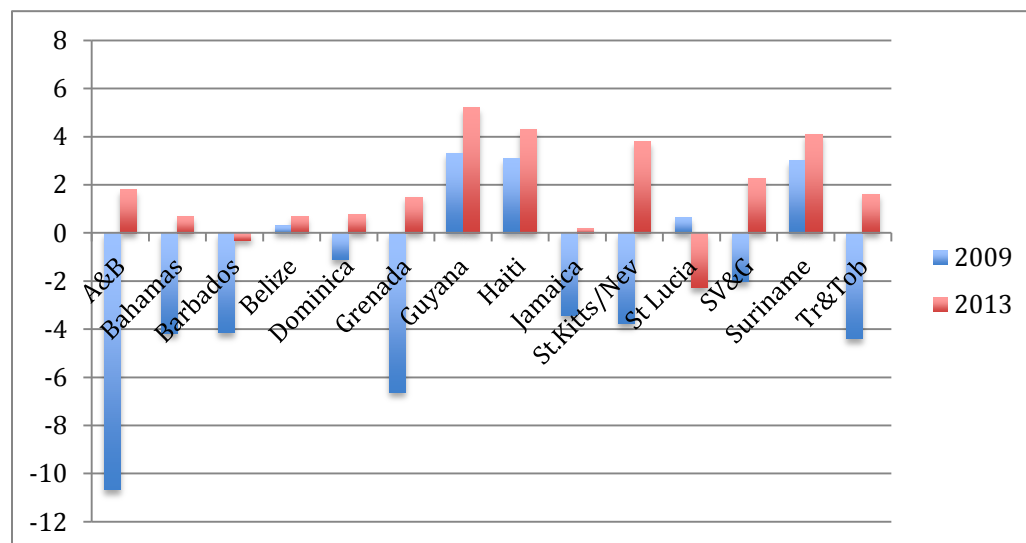
²²¹ Another example is the debt to GDP ratios which (incorrectly) were taken to average 84% for the period 2000 to 2008, in the previous series, was only 67% for the same period in the rebased and revised series that correctly compared 2006 dollars with 2006 dollars (more or less). In 2008, the estimate of the debt-to-GDP ratio declined from 74% in the previous series to 59% in the new rebased series. The latter is well below the benchmark approved by the Monetary Council. Estimates of Dominica's per capita income increased, as a result of the rebasing exercise, by 25% for the period 2000 to 2008. In 2008, Dominica's per capita income stood at EC\$17,422 in the rebased series of 2006 dollars compared with EC\$14,117 in the previous series of 1990 dollars, an increase of 23.4%. The debt-to-GDP ratios which previously were (incorrectly) averaged 113.8% during the period 2000 to 2008 are now estimated at 91% in the rebased and revised series. In 2008, the estimates of the debt-to-GDP ratio declined from 89% in the previous series to 72% in the rebased and revised series. We emphasize that these changes were not real changes, only improvement in accuracy arising from comparing apples to apples in the monetary units used for both numerator and denominator of the ratios.

²²² It says: "collecting all usable existing source data in national accounts, and coordinating with other providers of assistance on new survey and administrative sources" and on the second, the Program Document says: "production of indicators for quarterly GDP price and volume compilation and dissemination at the Union level", "GDP benchmarked to 2006 or later; CPI, PPI, XMPI with weight base 2006 or later" and "publish GDP by production and expenditure at current and constant dollars". The log framework is consistent with objectives specified in the Program Document.

An apparent anomaly

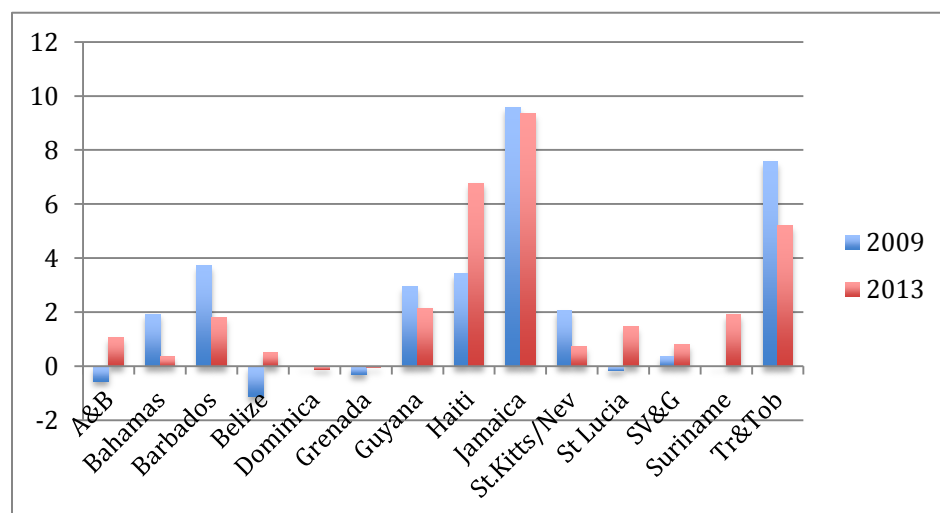
Since CARAC assisted countries to develop both National Accounts and consumer price indices we looked at some of the published data on both. We found surprising variability of GDP growth. In contrast, the inflation numbers are much less volatile. If GDP growth were truly that volatile, inflation numbers would be affected more than they seem to be. These charts raise the possibility that the quality of the GDP data or the inflation numbers may be an issue.

Chart 2: GDP Growth in 2010 and 2013



Source: IMF, World Economic Outlook, October, 2014.

Chart 3: Inflation Rates in 2010 and in 2013



Source: IMF, World Economic Outlook, October, 2014.

Challenges

Member countries, with CARTAC's assistance, were able to successfully rebase their National Accounts and some key price indices. However their capability to do this again without assistance, as is currently needed, is low.

CARTAC documents are however largely silent on how to build sustainable statistical capacity in member countries. They are silent as well on the quality of the source data. A brief comparison between GDP and inflation data, above, indicates that all might not be well.

A key challenge in making progress is the scarcity of resources devoted to national statistics in many countries, both because of their small sizes and the fact that statistics is a low priority area of many member governments.

A promising direction for the future may be to combine regional capability in a single provider (statistical methodology, data capture and storage, and analysis) with local single-country capabilities to collect data.

Case: CARTAC Support of VAT Implementation

Governments in the Caribbean traditionally relied on import duties as their main revenue source. However, this was inefficient in several respects. It provided a relatively narrow and volatile base for revenues, and tended to incorporate historical anomalies in tax rates and exemptions. It became clear that a Value Added Tax (VAT) would be a significant improvement.

VAT has been implemented in eleven of the twenty CARTAC member countries. CARTAC has assisted with implementation in seven countries²²³ – Antigua and Barbuda, Belize, Dominica, Grenada, Guyana²²⁴, St. Kitts and Nevis, and St. Vincent and the Grenadines. In 2012 CARTAC is currently assisting with preparations for VAT implementation in Anguilla, St. Lucia, Suriname and Turks and Caicos Islands. The VAT implementation programme has become CARTAC's largest technical assistance initiative.

Expertise on tax policy and an appropriate institutional framework has been provided by the IMF's Fiscal Affairs Department (FAD); and the IMF's Legal Department (LEG) has assisted with drafting legislation.

The Results of the VAT Implementation Initiative

In April 2009 CARTAC commissioned an assessment of VAT implementation in four countries to that date.²²⁵ It found that CARTAC's assistance had been an essential part of implementation. The technical assistance had helped each country design an organisational structure to implement and administer a VAT. CARTAC's technical assistance achieved its intended intermediate outcome, namely to establish functioning VAT units in governments and to advise and support them in implementing a VAT.

The VAT implementation programme was also effective in achieving VAT performance outcomes. Two countries attained compliance rates between 85 and 90 per cent, which is excellent. In 2009 all four countries had audit plans in place and arrears were within an acceptable range in three countries. A comparison of tax revenue pre-VAT (2005) and post-VAT (2008) showed that all countries realised revenue increases from indirect taxes expressed as a percentage of GDP. The increases ranged from 25 per cent to 70 per cent of pre-VAT indirect-tax revenue. The increment totalled more than US\$300 million in 2008 for the four countries together.

Benefits beyond the VAT revenue included increased compliance in payment of other taxes; a better-educated public on tax issues; improved business practices, in particular record keeping; and some improved relationships between business, other taxpayers and the tax administrators. Regional cooperation was enhanced during the implementation of the VAT due to professional attachments and consistent advice by experts that encouraged countries to share their experiences with the VAT.

The 2009 assessment concluded that the VAT and the VAT units were sustainable although some risks were apparent. The risks to sustainability were at three levels:

- the policy and legal level;

²²³ The other four countries – Barbados, Haiti, Jamaica and Trinidad and Tobago implemented VAT prior to the establishment of CARTAC.

²²⁴ Support to Guyana was limited to the initial stages of the VAT implementation Programme.

²²⁵ "Assessment of CARTAC Technical Assistance support to VAT Implementation in Antigua and Barbuda, Belize, Dominica, and St. Vincent and the Grenadines", by Jette Jensen, Peter Mullins, Annette Weekes. July 2009.

- the organisational level of the VAT unit and the income tax department; and,
- the level of the staff capabilities.

At the policy level, there were pressures from businesses and, in some cases, the public at large, to expand the range of preferentially-taxed goods and services. If these pressures are not successfully resisted, they will lead to narrowing of the tax base, create distortions in the economy and complicate the administration.

The business community in two countries also expressed concerns about some non-filers who were not aggressively pursued. There was a need to maintain high compliance rates so as not to erode public confidence in a fair and transparent VAT.

At the level of staff capabilities, a high degree of professional confidence was present; but staff was likely to face increasingly complex audit cases some involving multinational companies, as well as complex interpretation of the legislation. These factors may erode the high performance found by the assessment team.

The VAT module of the *Standard Integrated Government Tax Administration System* (SIGTAS) was found to have some important limitations.

Costs and Cost Effectiveness of the VAT Initiative

CARTAC estimates that its contribution to VAT implementation in the Caribbean, 2009 to 2011 inclusive, amounted to about US\$ 3.3 million.

CARTAC's technical assistance was found to be cost effective. Having VAT advisors based in the Caribbean facilitated close monitoring and continuous adjustment of the implementation plans. The initially estimated cost per country increased over time due to larger amounts of TA delivered but cost-effectiveness was still achieved in CARTAC's judgement.

Case: CARTAC Support to Jamaica's Debt Management Unit

Jamaica is among the most heavily-indebted middle-income countries in the world. This has placed a severe burden on the economy over many years. There is a legislated target debt-to-GDP ratio of 100% or less by fiscal year 2015/16. However the debt management trajectory is highly vulnerable to external shocks and/or renewed borrowing.

Reducing the public debt and achieving fiscal sustainability is a priority of the Government of Jamaica's macroeconomic policy. In 2009, the Government initiated reforms which included tightening of fiscal policy, tax measures to yield increased revenues and expenditure cuts including a wage freeze, and a freeze on the level of Government purchases of goods and services. Fiscal reforms included tax reform, improved tax compliance, public sector reform and improved public expenditure management. The latter addressed weaknesses in public expenditure management through enactment of fiscal responsibility legislation (FSL) and through the creation of a central treasury management system (CTMS) to improve government cash management.

Another important strand of the reform process was a restructuring of the domestic debt portfolio aimed at reducing Jamaica's exceptionally high domestic interest costs and facilitating some debt reduction. The Jamaica Debt exchange was launched in January 2010. During the Debt Exchange Initiative it became apparent that the government's institutional capacity for debt management needed to be improved. The Ministry of Finance and Planning's Debt Management Unit (DMU) needed a new mandate, restructuring, new resources and improved systems and practices.

The DMU was organized by funding source and there was no division of internal responsibilities to reduce operational risk, especially the risk of fraud given the size and nature of government's financial transactions. DMU staff members perform both front office (borrowing) and back office (record keeping) functions creating significant operational risk. There was no staff with the clear responsibility for setting overall debt strategy, assessing risk, or monitoring debt strategy performance. The environment was not conducive to rigorous analysis of debt management issues.

In response to this need, the IMF, World Bank and IADB conducted two missions in 2010. One produced an *Institutional Assessment and Debt Management Strategy Review*. The second initiated the *Development of a Debt Management Strategy*. A third mission "Restructuring the Debt Management Unit" was conducted by the Commonwealth Secretariat. The World Bank and Commonwealth Secretariat each offered to fund long-term experts to support the institutional reforms and envisaged a long-term capacity building program.

CARTAC provided a short-term advisor to get the initiative started. The focus was on organizational restructuring, recruiting staff, and training and building capacity.

The Results of the Debt Management Unit Initiative

The CARTAC consultant developed a detailed operational plan for the Unit, and supported the staff recruitment process. CARTAC assisted with the recruitment of the Head of the Debt Management Branch and eight other senior staff. These included the Heads of the Portfolio Management and Debt Operations section (the front and back offices), the Head of the Risk Analysis Unit and two Policy Research Analysts (middle office). The Managers for the Multilateral and Bilateral Units, the Debt Monitoring and Disbursement Unit, and the Debt Recording and System Support Unit were also recruited.

Supporting the Debt Management Unit involved a partnership that engaged CARTAC, the Commonwealth Secretariat and the Inter-American Development Bank. CARTAC established

the terms of reference for the peripatetic advisor and performed a backstopping function in regard to the technical assistance. The IADB provided financing and administrative support for the initiative. IADB approached CARTAC in 2010 with an offer to forge partnerships along these lines. The initial CARTAC intervention paved the way for a larger project currently, which is being managed and financed directly by the IADB.

Cost Effectiveness of Support to the Establishment of a Debt Management Unit

The costs to CARTAC for this initiative were very small, boiling down to two missions by the macro-fiscal advisor— one at the project inception stage, and the other to review progress mid-way through the project. The LTX advisor ‘backstopped’ these missions, liaised with IMF HQ departments (FAD and MCM) and commented on the mission reports. These tasks were important but did not involve large amounts of time. The cost effectiveness appears to have been high due to the catalytic effect of CARTAC’s involvement in this important addition to the machinery of government in Jamaica.