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BACKGROUND PAPER

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The IMF and Capacity Development—Costs and Effectiveness

Soren Kirk Jensen and Michael Kell

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The IMF and Capacity Development—Costs and Effectiveness

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ABBREVIATIONS

ACCDD	Average Cost of a Capacity Development Day
ACES	Analytical Cost Estimation System
ACPD	Average Cost of a Participant Day
AD	Area Department
AFRITAC	African Regional Technical Assistance Center
AML/CFT	Anti-Money Laundering / Combating the Financing of Terrorism
BA	Bilateral Agency
CARTAC	Caribbean Regional Technical Assistance Center
CCB	Committee on Capacity Building
CCBR	Comprehensive Compensation and Benefits Review
CD	Capacity Development
CDD	Capacity Development Department
CDMAP	CD Management and Administration Program
CEF	Common Evaluation Framework
CTR	Contractual Staff
DEMPA	Debt Management Performance Assessment Tool
DfID	Department for International Development (former name of the UK aid agency)
ED	Executive Director
EDDI II	Enhanced Data Dissemination Initiative II
EU	European Union
FAD	Fiscal Affairs Department (IMF)
FCDO	Foreign and Commonwealth Development Office (the UK aid agency)
FSSF	Financial Sector Stability Fund
FTE	Full-Time Equivalent
GDP	Gross Domestic Product
HNR	Highest Negotiable Rate
HQ	Headquarters
HQX	Headquarter-Based Expert
HR	Human Resources
IFI	International Financial Institution
IT	Information Technology
LEG	Legal Department (IMF)
LIC	Low-Income Country
LTX	Long-Term Expert
MA	Multilateral Agency
MCM	Monetary and Capital Markets Department (IMF)
METAC	Middle East Regional Technical Assistance Center
MNRW	Managing Natural Resource Wealth
MTB	Medium-Term Budget
OIA	Office of Internal Audit (IMF)
OVI	Outcome Value Indicator

RBM	Results-Based Management
RCDC	Regional Capacity Development Center
RMTF	Revenue Mobilization Thematic Fund
SARTTAC	South Asia Regional Training and Technical Assistance Center
SDG	Sustainable Development Goals
STA	Statistics Department (IMF)
STX	Short-Term Expert
TA	Technical Assistance
TADAT	Tax Administration Diagnostic Assessment Tool
TIMS	Travel Information Management System
VFM	Value for Money

EXECUTIVE SUMMARY

This background paper to the IEO evaluation of IMF Capacity Development (CD) examines the structure and drivers of the costs of IMF CD, provides some comparison of IMF costs with those of other agencies providing or funding similar CD, and examines some indicators of the cost-efficiency and cost-effectiveness of IMF CD. These are important considerations in a context where IMF CD spending has been rising throughout the evaluation period (2012–2020). It is important to understand the costs of IMF CD, whether those costs are reasonable, and how costs relate to outputs (such as CD reports or training days delivered) and outcomes (such as improvements in tax compliance), even if the measurement of outcomes and attribution to IMF CD are difficult. This type of information can help to ensure that scarce CD resources are applied to the greatest effect possible. In particular, the IMF Executive Board called in 2018 for increased attention by IMF staff to the cost-efficiency of the different modalities of CD delivery. Moreover, external financing partners of IMF CD have a strong and legitimate interest in how their resources are expended; indeed, some indicated to the IEO that they perceived IMF CD to be relatively expensive, albeit high quality. Finally, the COVID-19 pandemic has prompted a rethink of CD delivery which can be informed by data on costs and indicators of cost-efficiency/effectiveness.

The IMF has published robust and comprehensive data on the costs of its CD activities at an aggregate level, but the availability of more granular data has been limited. The total costs of IMF CD activity increased from $253 million in FY2012 to a peak of $411 million in FY2019, although they fell to $330 million in FY2021 (May 2020 to April 2021) reflecting mainly the cessation of all IMF travel to member countries following the pandemic. As a share of the IMF budget, these correspond to 24 percent, 31 percent, and 26 percent, respectively. CD accounts for the largest share of the IMF's administrative budget, bigger than multilateral surveillance, oversight of global systems, bilateral surveillance and activities to support IMF lending programs. The total costs of CD include a share of IMF overhead or "indirect" costs (such as support services and governance costs) which have been allocated to CD. In the rest of the paper, we focus only on the costs that are directly attributed to CD.

The IMF allocates direct CD costs between Technical Assistance (TA), aimed at building institutional capacity in member countries, and training, aimed at enhancing the human capital of key institutions in member countries. Over the evaluation period, TA accounted for around 85 percent of direct costs and training around 15 percent. Direct CD costs are also split between three types of activity: "direct delivery," management and administration, and analytics and development, corresponding to roughly 76 percent, 18 percent, and 4 percent, respectively. In terms of inputs, direct CD costs are made up predominantly of personnel and travel costs. Pre-pandemic, personnel costs accounted for around 75 percent of direct costs, travel around 16 percent, with various other non-personnel costs accounting for the remainder.

Personnel and travel costs are determined by a combination of Board-approved policies covering salaries, benefits, allowances and travel; and IMF staff decisions about the design of CD projects and activities, which determine the aims, scope and mix of modalities and staffing for CD projects and activities.

- Board-approved policies determine the "standard daily cost" (salary and benefits, averaged across all experts to remove differences in salary and benefits between individuals) of different types of CD experts. HQ-based staff (on a mix of time-limited and open-ended contracts) and long-term experts (LTX), located in the field and typically employed for 3–5 year terms, have approximately equal standard daily costs; short-term experts (STX), employed project-by-project, are cheaper, mainly because they are not entitled to benefits.

- Board-approved policies determine class of travel, and daily accommodation/subsistence allowances during missions. There are of course significant variations in actual travel costs across regions and countries reflecting distances to be covered but also market factors and security issues.

- CD project design, and size and mix of project teams, are the responsibility of CD Departments. These reflect the requirements of the project, especially in terms of complexity and profile, and the availability of funding, both the amount and whether it comes from the IMF's own budget or from external donors, which is often earmarked for certain countries or subjects. Staff told us that, in most cases (and especially for internally funded CD), little attention has been paid to the dollar cost of different staffing mixes and means of delivery—although ensuring that a task is assigned to staff with the required expertise indirectly reflects cost-effectiveness considerations. Granular data on the full range of activities undertaken for each CD engagement were not available within the monitoring systems in place during the evaluation period. But some data at a more aggregate level is available and the paper shows that there are variations in the composition of spending of externally and internally financed CD, with the former using more LTXs and STXs, and less HQ-based experts, than the latter.

Comparing IMF CD costs with those of other providers is not straightforward. Ideally, we would compare the costs of CD interventions with similar aims and scope, and in similar country contexts. But even if such projects exist, we did not have access to project level data on aims, scope and input mixes—for the IMF (at least during the evaluation period) or for other CD providers. Instead, we collected from a sample of six comparator organizations information on the level of staff salaries, average or benchmark daily rates for different types of CD experts, and some of their policies that influence cost.

Based on this input cost data, Fund CD is more costly than that of its peers, although not excessively so given the specialized areas that are addressed by Fund CD. Across the different personnel types, the Fund daily rates are generally higher than comparators', though not

egregiously so. On the other hand, the policies driving the cost of IMF travel, and per diem rates, are notably more generous than those used by comparator agencies. There are justifications for these policies, and they make up a limited share of the overall spending on Fund CD, but as they are very visible, they might influence the perception of some donors that IMF CD is "expensive." Donors recognized, however, that the cost of Fund CD should be weighed against the high degree of specialization required, quality and value of IMF CD relative to other CD providers, but also noted that IMF costs were not always fully transparent to them.

Information on the cost of CD can be combined with information on CD outputs and outcomes to derive simple indicators of cost-efficiency and cost-effectiveness respectively. Cost-efficiency measures, for example, the cost of delivering a CD output (such as a final report or a participant training day). Cost-effectiveness relates inputs to outcomes (such as improvements in the rates of tax revenue collection). Such indicators do not provide a full picture of "value for money," not least because there is no attempt to measure the value attached to the outputs or outcomes, and are not a substitute for more holistic and nuanced evaluation of CD. But if interpreted correctly and used with care, such indicators can nonetheless be useful, for external reporting and for internal management purposes.

Compared with other CD providers, the Fund appears to be relatively advanced in developing and analyzing cost-efficiency and cost-effectiveness of its CD. During the evaluation period this was exemplified by the Fund constructing simple indicators of cost-efficiency and cost-effectiveness for a number of externally-funded CD vehicles, in response to specific requests from one donor. However, the Fund restricted this exercise to vehicles financed by this donor only, and did not make this type of information available to other donors or the Board. This cautiousness represented a missed opportunity to enhance external transparency, and to strengthen the response to the Board's request, following the 2018 CD Review, for more attention to the cost efficiency of different modalities of CD delivery.

Information on the relative costs (and cost-efficiency/effectiveness) of different modalities and types of staff have not been routinely used for the internal management of IMF CD, or in reporting to the IMF's Executive Board. The paper finds that such information could be useful in prioritizing CD requests; in the design of CD projects; for comparing performance between projects, workstreams and vehicles, to spot outliers which merit further investigation; and for strategic decisions about the CD model, such as the overall number and balance of different types of experts and modalities (e.g., virtual versus face-to-face engagement).

To illustrate the potential of such metrics, the paper combined existing data on the costs and outcomes of around 160 IMF CD projects from 2015–2020. While no conclusive findings can be made based on the data currently available, more robust comparisons will become possible as the volume of comparable projects grows and the data available on each project becomes more comprehensive and robust as the Fund fully implements its new IT platform and supporting processes (known as "CDMAP"). This should provide extensive data on the costs of projects broken down by different modalities, and will integrate that data with corresponding data on

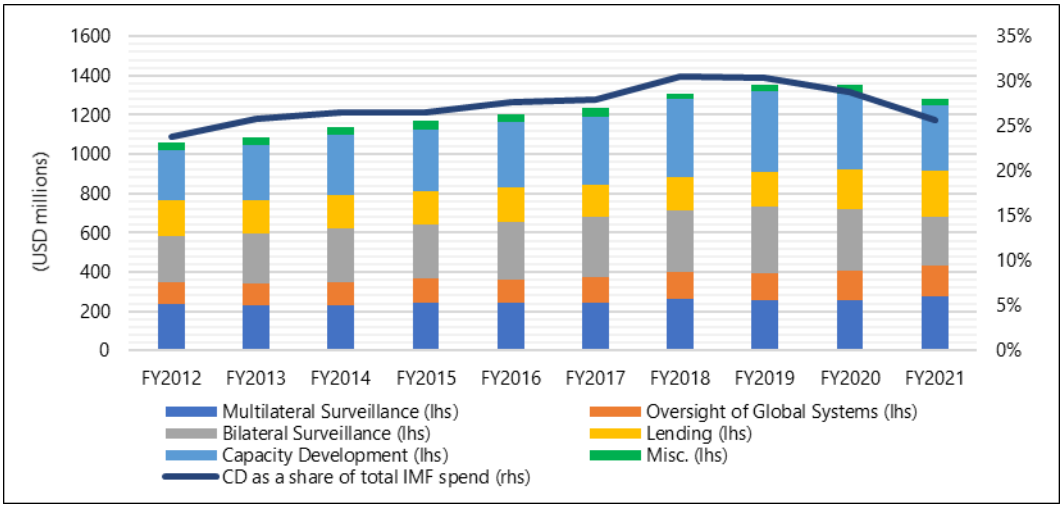
project outputs, outcomes etc. This should make it straightforward to construct cost-efficiency indicators for all CD projects, vehicles and workstreams, and to explore a range of more sophisticated cost-effectiveness indicators for types of project and delivery modalities. However, to ensure that CDMAP delivers on this promise, experience suggests that sufficient support must be provided to ensure compliance with the requirements of the system and that the quality of ensuring data must be carefully scrutinized. Moreover, the limitations of cost-efficiency and cost-effectiveness analysis will need to be kept in mind and complemented by other more comprehensive and nuanced assessments of Fund CD.

The paper concludes that while the cost of IMF CD is somewhat higher than that of other providers, evidence from other background papers illustrates its positive impact and high reputation. As such, IMF CD is very much a premium CD product—with evidence to demonstrate that—for which a relative high cost can be justified. Therefore, the Fund should not shy away from collecting, using and disclosing cost data much more systematically as this has a range of positive effects when treated carefully and seen in context of additional qualitative information.

I. INTRODUCTION

1. The total costs of IMF capacity development (CD) activity increased from $253 million in FY2012 to a peak of $411 million in FY2019; as a share of the total IMF budget, these correspond to 23.9 percent and 30.4 percent, respectively, of the total IMF budget (Figure 1). This background paper examines the make-up of these costs, and their key drivers, and presents some information on how the Fund's CD costs compare to those of other CD providers. The paper goes on to present and discuss some basic measures and indicators of cost-efficiency and cost-effectiveness for Fund CD projects, and the extent to which the Fund takes account of, and reports on, the cost-efficiency and cost-effectiveness of its CD work. These issues are important, given the scale of IMF CD, and the necessity for accountability to external CD funding partners and IMF shareholders more generally.[1]

Figure 1. IMF Total Spending by Activity, FY2012–2021



Sources: IMF, ACES; IEO staff calculations.

2. For the purposes of this paper, costs of CD activity are defined as the value in dollar terms of the IMF inputs (e.g., human resources, travel expenses and CD's share of IMF overhead costs) required to deliver CD projects and activities. Any costs incurred by the CD recipient are not included. Cost-efficiency relates inputs to outputs, so measures for example the cost of delivering a CD output such as a final report or a participant training day. Cost-effectiveness relates inputs to outcomes. The Fund's Results-Based Management (RBM) framework defines an

[1] The paper draws on De Lannoy (2022), which examines the provision of information on CD costs provided to the Executive Board.

outcome as "concrete, short or medium-term results achieved when the authorities act on CD recommendations" (IMF, 2021b).[2]

3. An important feature of IMF CD is that a substantial share is financed through contributions from external financing partners or donors.[3] These donor partners are primarily IMF member countries who make targeted contributions to IMF CD, but also include some multilateral organizations, most importantly the European Union (EU), which was the single largest contributor during the evaluation period. The role of external financing grew between FY2012 and FY2019, from financing about 47 percent of the direct cost of IMF CD in FY2012 to 56 percent in FY2019 (see Stedman, 2022a). External financing partners have a strong and legitimate interest in how their resources are expended, including the costs of delivery and its efficiency and effectiveness, to assure themselves (and their parliaments and electorates) that their resources are well managed and producing results. The Fund shares some information on the costs, and cost-efficiency, of certain CD vehicles (such as Regional Capacity Development Centers (RCDCs) and trust funds) with donors, but this information is not brought together in one place. In this paper, we consolidate the available information and add some further data and analysis.

4. Donors have the option of funding other CD providers besides the Fund and need to form views on the costs and value of IMF CD relative to other providers. In interviews, some donors indicated to IEO that they consider IMF CD to be relatively expensive, but acknowledged that such comparisons are difficult to make, because CD projects vary so much in aims, scope, delivery methods and country context, and because the value of CD is very difficult to assess objectively. Comparative information has not been readily available, so this paper presents some comparisons on the costs of CD in the IMF and six other agencies providing and funding CD, three multilateral agencies, and three bilateral aid agencies.[4]

5. The cost-efficiency of CD has also been an important focus within the IMF. In particular, increasing the efficiency of CD by improving processes and systems was identified as one of the two high level objectives of the 2018 CD review, which saw this step as important to "…enhancing transparency and strengthening the basis for strategic decision making" (IMF, 2018). In considering the 2018 review, the Executive Board called for a "cost-efficiency evaluation of the different modalities of CD delivery" with a view toward modernization and agility.[5]

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[2] An example of a cost-effectiveness indicator could be the cost per percentage point of GDP reduction in fuel subsidies. We discuss this further in Section IV.

[3] Funding issues are discussed in detail by Stedman (2022a) and the IMF's work with partners is considered by Radelet (2022).

[4] Given the commercial sensitivity of the cost information we have anonymized the identities of the comparator organizations. These are referred to in the remainder of the paper as bilateral and multilateral agencies (in figures and tables as Bilateral Agency 1–3 and Multilateral Agency 1–3).

[5] IMF (2018).

6. As CD has expanded, the Fund has developed and improved its systems and processes to plan, track and report CD spending and results. Enhancements to the Fund's overall costing systems and data have enabled publication of certain cost information and aggregate spending by broad categories of output as part of the annual Medium-Term Budget (MTB) process, and have been used to provide more information on costs to the Board. A number of CD-specific systems have also been developed. CD-Port recorded and tracked CD objectives at project level but was deemed not fit-for-purpose. A more comprehensive system, CD Management and Administration Program (CDMAP), has been developed towards the end of the period under evaluation and subsequently.[6] "Partners Connect" has also been extended to make available more detailed information on CD to external donors.[7]

7. This paper relies on budget outturn data for overall figures on spending. The source is the IMF's Analytical Cost Estimation System (ACES), which provides information on CD expenditure by broad input and activity/output categories.[8] But ACES does not break down CD direct delivery expenditure by sub-categories, such as mission work versus project management, or by project. More disaggregated cost is available for externally funded CD and can be analyzed by vehicle (e.g., by RCDC or trust fund) though not project-by-project; staff made available to the IEO some of this disaggregated cost data. More comprehensive data on the costs of CD, organized by project as well as vehicle (such as RCDC or trust fund) will become available as CDMAP becomes fully functional.

8. The rest of the paper is structured as follows. Section II provides an overview of the cost structure of IMF CD and identifies the main drivers of the costs of IMF CD. Section III compares Fund CD costs and their drivers with data and information collected from other CD providers. Section IV reviews the cost-efficiency and cost-effectiveness information which the Fund provides to one external donor and discusses what further information could be derived and made available. Section V concludes and outlines some steps that could be taken to further enhance the IMF's approach.

II. Understanding the Costs of IMF CD

9. The total costs of IMF activities shown in Figure 1 are made up of direct and indirect costs. Direct costs are defined as those that can be directly allocated to an IMF activity; for CD this means the costs—mainly personnel costs but also travel costs—which can be directly associated with CD: projects throughout all stages of preparation, delivery, and quality assurance (known in the Fund as "backstopping"), and CD-related management overheads and analytical work (see Figure 3). Indirect costs relate to Fund-wide support activities (such as central HR

[6] See Lamdany (2022) for more on RBM and CDMAP.

[7] See Stedman (2022a).

[8] The ACES initiative, which became fully operational in 2012, modernized cost reporting and provided costing information on the Fund's activities, previously not available in a comprehensive and systematic way.

functions, IT, and accommodation) and governance; these are allocated to CD and other activities by the Fund's ACES system (see Box 1).

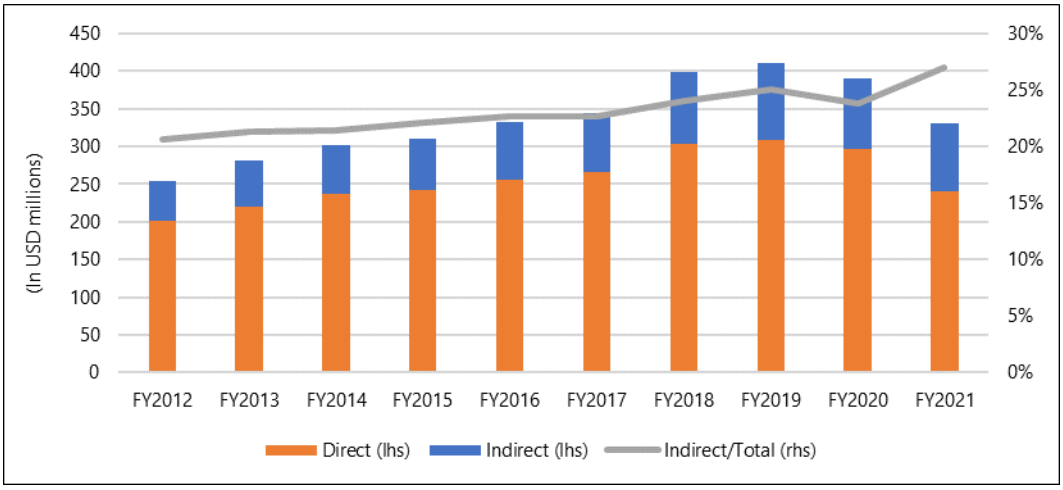
Box 1. Indirect Costs of IMF CD

Indirect costs are those associated with Fund-wide support and governance functions that cannot be directly allocated to CD or other IMF activities. Fund-wide support functions include human resources, IT and accommodation services; governance includes the operation of the Executive Board, as well as other costs such as those of the IEO. The costs of these functions are allocated to frontline departments and activities/outputs by ACES, based on various "drivers," such as the headcount and office space associated with the various direct activities. Governance costs are generally allocated proportionally to outputs but not in the case of CD, reflecting the limited amount of time the Board dedicates to addressing CD issues (see De Lannoy, 2022). As a result, governance overheads for CD are relatively low. Indirect cost as a proportion of total spending on CD has grown over time and made up a quarter of all CD spending in FY2019 (Figure 2).

The indirect costs allocated to CD are financed overwhelmingly by the IMF's own resources. A limited amount of indirect costs of CD—namely fundraising and legal activities related to trust fund agreements—are financed by a 7 percent trust fund management fee that the IMF charges donor partners on all contributions (see Stedman (2022a) for more details). Following an Office of Internal Audit (OIA) advisory review of cost recovery in 2016 (IMF, 2016) and recommendations from a follow up working group in 2017 (IMF, 2017b), the IMF sought to attribute more indirect costs, in particular IT services, to specific externally financed CD activities and to charge these accordingly as direct costs. The subset of IMF02 data analyzed in more detail in Section II shows that from FY2020 IT costs were being recovered from donors.

10. Figure 2 shows that indirect costs as a share of total CD costs have risen gradually over the evaluation period. The sharper increase in FY2021 reflects the impact of the pandemic, when CD activity fell but Fund-wide support and governance costs were broadly stable. In the rest of this paper, we focus on the direct costs of CD.

Figure 2. Direct and Indirect Spending on IMF CD, FY2012–2021



Sources: IMF, ACES; IEO staff calculations.

11. The main source of information on CD costs provided to the IMF Board has been in the annual MTB documents. A review of the MTB reports over the evaluation period indicates that the Board has been regularly informed about the evolution of aggregate spending on CD, and with increasing detail in terms of CD inputs and outputs (see Box 2, and De Lannoy 2022).

Box 2. Information on the Costs of CD in the Medium-Term Budget

Annual reports for the Board on the Medium-Term Budget (MTB) during the evaluation period reported on the evolution of spending on CD, providing the Board with information and shedding light on the associated challenges and opportunities. Information on CD budgets has been provided throughout the evaluation period, with detailed information on CD spending outturns available from 2015 onwards, broken down by inputs, activities and type of recipients (De Lannoy, 2022).

MTB reports during 2012–2014 paid attention to the increased spending on CD driven by donor financing. For example, the MTB in 2012 emphasized that the increase in the resource envelope was helping the Fund meet the changing needs of the membership and that demands from members and donors led to an increase in the presence in the field both at national and regional level, including fragile and conflict-affected states. The MTB issued in 2013 noted that demands led to the creation of two new RDCDs in Ghana and to Mauritius and the posting of a resident advisor in Thailand. In particular, the establishment of a network of RCDCs mobilized significant external financing and was hence also a driver of increased spending. The MTB in 2019 proposed that total spending on CD be capped at the current level of around 30 percent of total IMF spend in, which the Board supported.

A. Components of Direct CD Costs

12. At the highest level of aggregation, the IMF classifies direct spending on CD (both training and technical assistance) into three main types of output or activity:

- "Direct delivery" which covers activities associated with the entire delivery chain of CD from planning to reporting, whether delivered by HQ- or field-based staff. Importantly, direct delivery also includes backstopping, which entails guidance and support to, and quality control of, contractors (see Enoch, 2022, for further explanation).

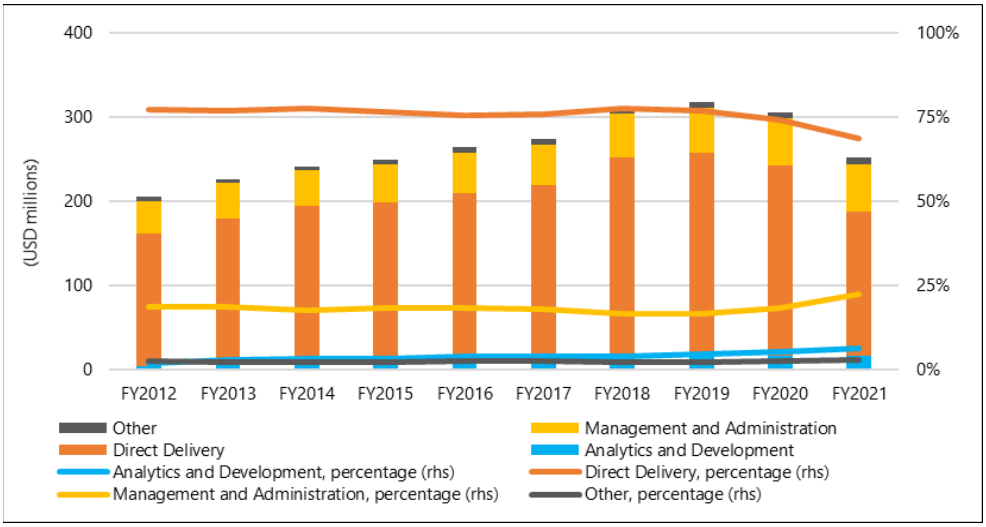
- "Management and administration" which covers activities such as strategic planning, governance (for example of RCDCs and thematic trust funds), RBM framework management, evaluations, fundraising for planned CD initiatives and relationship maintenance with donors, and the design and maintenance of CD-specific IT platforms.

- "Analytics and development" which captures expenses associated with activities such as design of training courses, diagnostic tools, and the preparation of "how-to-notes" for CD delivery.[9]

[9] A key output under this heading after the onset of the pandemic was the special series of "COVID-19 notes" which represented a swift and innovative approach to support capacity of member countries in the unprecedented context of the pandemic.

13. As shown in Figure 3, direct delivery consistently makes up the biggest share of direct CD spending, with management and administration representing about one-fifth of spending, and analytics and development a small but growing share. Spending on direct delivery declined following the COVID-19 crisis, reflecting the immediate cessation of most mission travel.

Figure 3. Spending on Main CD Outputs, FY2012–2021



Sources: IMF, ACES; IEO staff calculations.

14. The direct costs of CD can also be allocated to types of inputs. Personnel inputs include staff time used for preparation and delivery of CD, the support and supervision of experts (backstopping), as well as project management and administration. As explained in Stedman (2022b), there are three main subcategories of personnel: HQ-based personnel (including IMF staff, experts based in IMF headquarters (HQX) and consultants (CTR) based in HQ on different types of contracts);[10] long-term experts (LTX), typically based in an RCDC or in a recipient country as a resident advisor;[11] and short-term experts (STX) hired for specific CD projects. Non-personnel costs are classified into staff mission travel, and other items such as the travel costs of participants, translation and interpretation services, local support staff, and other miscellaneous costs, e.g., for equipment, and communications.

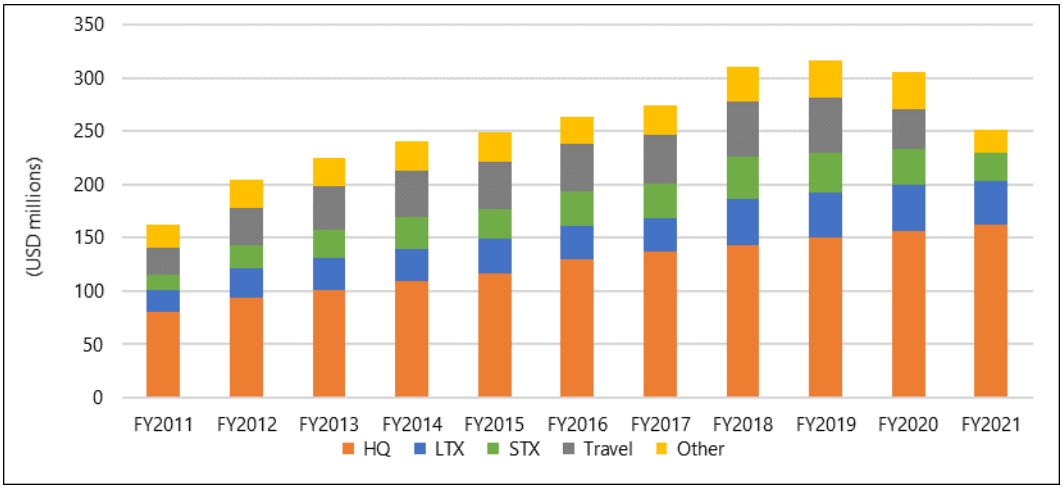
15. As Figure 4 shows, personnel costs represented by far the largest share of direct spending on inputs during the evaluation period, with HQ-based personnel accounting for nearly half of the resources spent over the evaluation period, and LTX and STX together accounting for

[10] HQ-based personnel are sometimes referred to simply as staff but this covers a quite diverse group of employees including open-ended and term staff and contractual employees. The differences relate to contractual terms such as duration and renewability of contracts and paygrade. For more details, see Stedman (2022b).

[11] The title Resident Advisor should not be confused with Resident Representative. Both are based in country, but the latter is part of the area departments and often dedicate less time to support CD activities than other areas of the Fund's work in country.

another quarter of spending. The data available does not allow for further breakdown of this input spending by different activities such as missions, backstopping and project management. In terms of non-personnel inputs, travel made up around 15 percent of total direct spend, until the advent of the pandemic when travel was suspended.

Figure 4. Evolution of Spending on Inputs, FY2012–2021



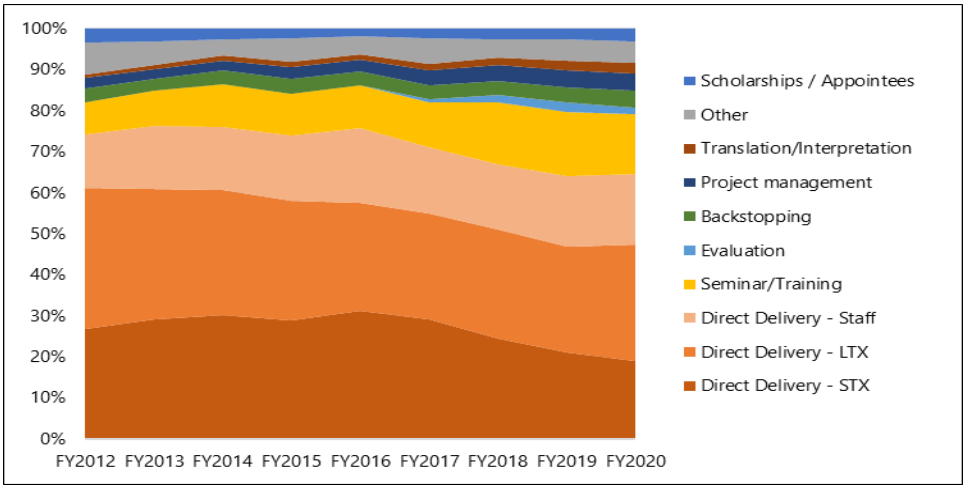
Sources: IMF, ACES; IEO staff calculations.

16. More detailed information was made available to IEO on the breakdown of costs associated with CD financed by external partners (known in the Fund as "IMF02"). It is important to bear in mind that this CD has a somewhat different profile than CD financed by the IMF's own resources (known as "IMF01"), but the data indicates what additional breakdown of cost data will be available for all IMF CD as CDMAP is fully rolled out.[12]

17. This data shows, in particular, backstopping made up around 3–4 percent of total IMF02 spending and LTXs accounted for more of IMF02 spending than HQ-based staff and STXs (Figure 5). Travel represents a smaller share of the costs of LTXs, compared to STXs and HQ-based personnel, but overall reflecting the fact that LTXs are typically based either in the region or in the recipient countries as resident advisors and hence rely less on travel or travel shorter distances compared to HQ-based personnel and STX who travel from their countries of residence (Figure 6).

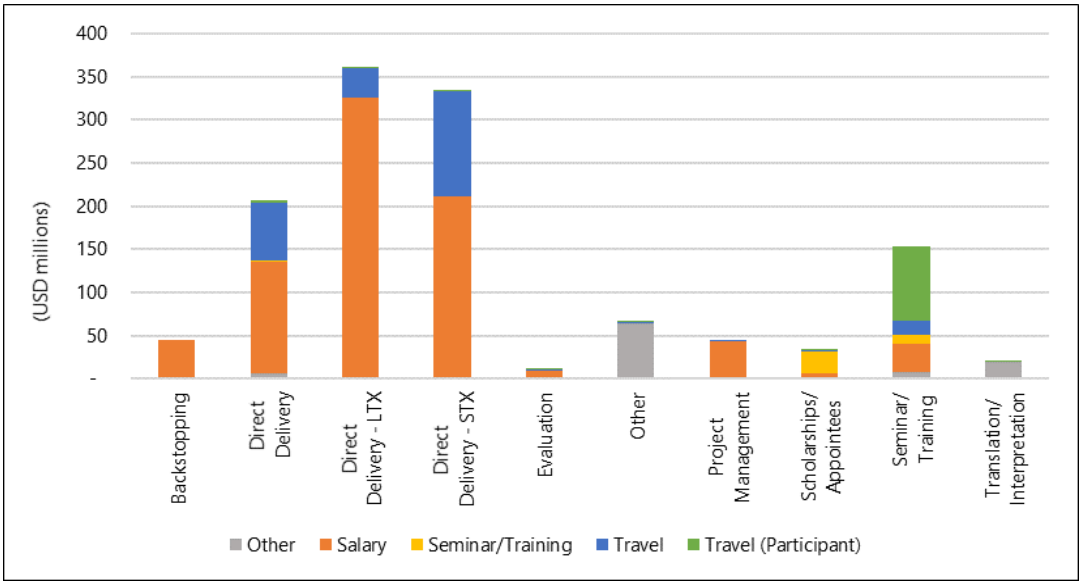
[12] Moreover, CDMAP will allocate costs to specific CD projects, as opposed to the allocation by vehicle with the existing cost data on externally funded CD.

Figure 5. Share of IMF02 Spending by Output Component, FY2012–2020



Sources: ICD subset of IMF02 cost data; IEO staff calculations.

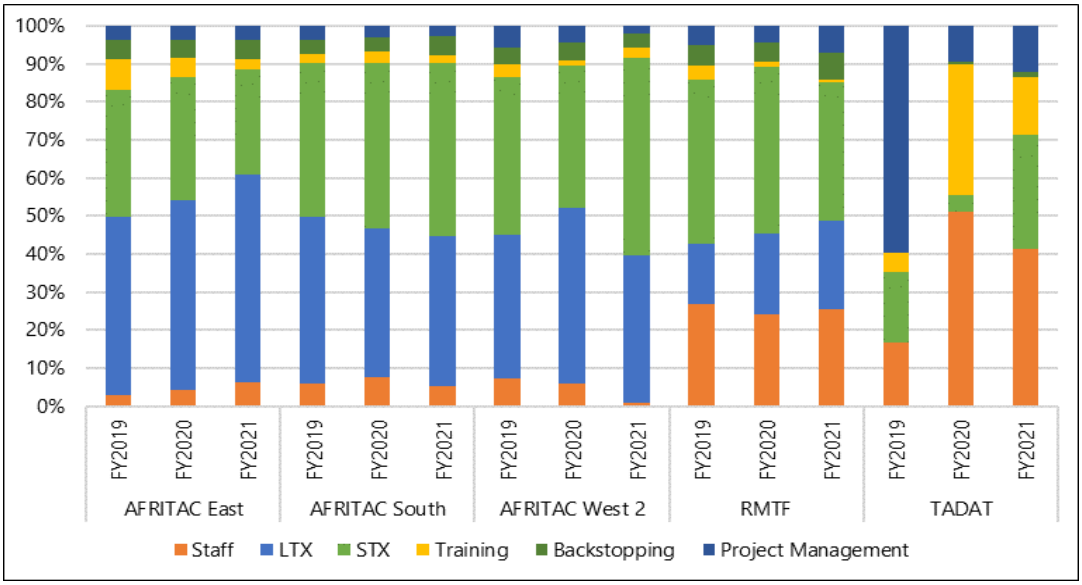
Figure 6. Externally-Funded CD Output Spending by Types of Input, FY2012–2020



Sources: ICD subset of IMF02 cost data; IEO staff calculations.

18. Finally, staff shared with IEO a breakdown of the costs of five CD vehicles (three RCDCs and two thematic trust funds) during FY2019–2021 (Figure 7). This shows, for example, how backstopping costs vary across trust funds for example, being much lower for Tax Administration Diagnostic and Assessment Tool (TADAT) than for the Revenue Mobilization Thematic Fund. During the evaluation period, such data was only available for externally funded CD, and then by funding vehicle rather than by CD project. Costs by CD project, regardless of funding source, should become readily available once CDMAP is fully functional, from FY2022. We discuss how this kind of data can be useful for internal management and external reporting in Section IV.

Figure 7. Distribution of Activity Costs Across Five CD Vehicles, FY2019–2021



Sources: ICD cost-efficiency data; IEO staff calculations.

B. Drivers of Fund CD Costs

19. The costs of any particular CD project are a combination of the price and quantity of the inputs. The "price" of IMF CD project inputs are mostly determined by a series of Board approved policies. The quantity of inputs will depend on the objectives and scope of the project, on the circumstances prevailing in the recipient country and institution, and the availability of Fund resources.[13] Below we discuss IMF policies relating to personnel costs (i.e., the salaries and benefits of different types of experts) and to travel and subsistence costs; we then turn to a discussion of how CD projects are designed and resourced.

Personnel Cost Drivers

20. Personnel costs depend on Fund-wide policies on salaries and benefits for different types of contracts and paygrades. Salaries for IMF staff are set following the IMF's Executive Board approved Staff Salary Structure. This has 20 tiers and is applied to both internally and externally financed CD. Remuneration of contractual employees—experts and other contractual employees based at HQ (HQX and CTR) and long-term and short-term experts in the field (LTX and STX)—shadow these grades.

[13] Note that the Fund has not (pre-CDMAP) had a formally established approach for costing CD activities from the bottom-up or estimating the cost for example at the level of individual CD activities.

21. In addition to base salaries, personnel costs include various benefits and allowances. There are significant variations on how these apply across different employment categories.[14] IMF staff receive a full package of benefits including a defined-benefit pension and education allowances for qualifying children. Long-term contractual employees are eligible for different types of packages. Some experts receive an expatriate package when posted to a duty-station outside their country of residence; for LTX this can either be at an RCDC or as Resident Advisors within recipient institutions. This involves a set of allowances for dependent education and home leave, and some additional compensation for housing, cost of living, danger and hardship, which are applied on a case-by-case basis depending on local conditions. HQ-based long-term consultants (CTR) receive a narrower package including medical and relocation benefits; like LTX and HQX they are eligible for a defined benefit retirement program after one year of service.[15] STX are employed only on a short-term basis and are not eligible for benefits. For more details on Fund HR policies, see Stedman (2022b).

22. Table 1 shows the "standard" annual and daily costs for each of the main types of experts working on CD. While the actual salary and benefits paid to individual will depend on some factors not relevant to their outputs (such as the number and age of dependents), standard costs are used for budgeting purposes and are effectively an average of total actual costs across grades and employment types. In FY2022, the average benefit factors (i.e., average value of benefits as a proportion of salary costs) were 17 percent for contractual employees (classified as CTR), 30 percent for HQ experts (HQX), 65.8 percent for staff and 82 percent for LTX. Hence, benefits are an important driver of CD costs.

23. Daily standard costs range from $579 to $1,915 depending on type of personnel.[16] Amongst IMF staff, the majority of CD is delivered by those at level A14.[17] Including A13 and A15, the range for IMF staff is $1,097 to $1,502. The average daily rate of LTX falls squarely within this range at $1,212[18] while the daily rate of STXs is markedly lower at $882. Other HQ-based personnel providing CD include both experts (HQX) and other contractual employees (CTR) with daily standard costs of $814 and $579, respectively.[19]

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[14] Experts employed on a contractual basis and based at IMF HQ represent a different category, with some but not all of the benefits accorded to IMF staff. For more detail on the different personnel types, see Stedman (2022b). There are also differences in benefits and allowances between US and other nationals.

[15] Some CTR contracts are short-term and do not include entitlements to benefits.

[16] Comparisons are complicated by the fact that STX, for example, are paid in line with days or hours worked, whereas staff have fixed annual remuneration regardless of hours worked. However, we use daily standard costs (derived from annual standard costs) for comparison with daily rates for CD experts paid by the other CD providers we compare against the Fund in the next Section.

[17] Based on the cost data for externally-funded CD provided to IEO by staff; see also Stedman (2022b).

[18] This implies that the cost of a resident advisor for a three-year project amounts to around $1 million.

[19] There are three types of CTR, with wide variations in average daily standard cost. However, CTR2 is the subgroup that is most involved in delivering CD and therefore the other two are not included here.

Table 1. Standard Costs of Fund Personnel as of FY2022

Type	Indicative Average salary	Benefit Factor	Annual Standard Cost	Daily Standard Cost
A11	130,080	0.658	215,710	830
A12	149,600	0.658	248,080	954
A13	172,030	0.658	285,270	1,097
A14	204,720	0.658	339,440	1,306
A15	235,430	0.658	390,410	1,502
B02	270,750	0.658	448,980	1,727
B03	300,260	0.658	497,920	1,915
HQX	162,760	0.3	211,590	814
LTX	173,070	0.82	314,990	1,212
STX	229,380	nil	229,380	882
CTR	128,690	0.17	150,570	579

Source: IMF (2021e).

Travel and Other Non-Personnel Cost Drivers

24. Travel costs are made up two subcomponents: transportation (usually airfare) and per diem (accommodation and subsistence). The cost of transportation varies according to two main factors: destination and travel class. The Fund's official travel policy[20] determines that to ensure full effectiveness in the field, travel is authorized at one class above economy (effectively, business class).[21] This policy applies to all staff as the travel policy is applied consistently across the institution. Subject to this policy, the Fund takes various measures to reduce travel costs, which are discussed in Section IV.

25. The Fund monitors the cost of travel through a measure of cost per mile across all Fund activities (i.e., not CD specifically).[22] This varied between $0.36 and $0.41 per mile between FY2012 and FY2019 (Figure 8). It is interesting to note the drop from FY2014 to FY2017, potentially driven by the general decline in oil and fuel prices in 2014.[23]

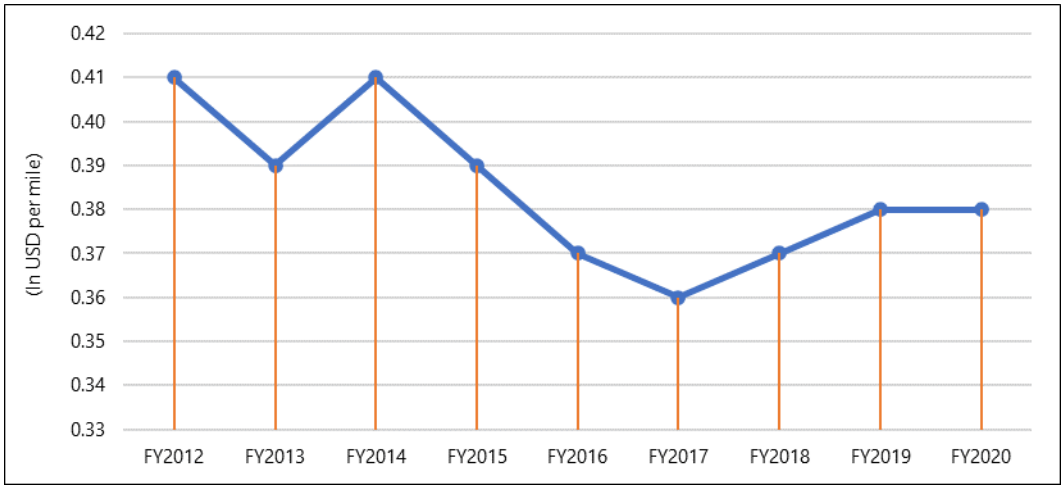
[20] Set out in the Staff Handbook, under General Administrative Order 7.

[21] This applies to all international travel, and domestic travel taking more than 3 hours.

[22] The metric could be different for CD only as a reflection of the different profile of CD recipient members to the total membership.

[23] IMF (2015).

Figure 8. Average Airfare Cost per Mile, FY2012–2020



Source: IMF (2020a). Metric prepared by Corporate Services and Facilities Department.
Note that the costing methodology for cost-per-mile changed beginning with FY2014, that FY2020 cost per mile is based on the first eight months of data (May–December) and the indicator is based on international travel only.

26. Significant variations in travel costs can occur on a case-by-case basis reflecting market factors such as the degree of integration of a destination within the global air transport network (and access to destination by airlines participating in the IMF's designated airline program). Hence a roundtrip journey from Washington, D.C. to the Central African Republic tends to be more expensive than a roundtrip to Beijing, even though the distance to the former is shorter.

27. The Fund uses per diem rates to cover the cost of subsistence (meals and incidentals) and follows rates that are set by the US State Department. The US State Department's per diem rates are determined on a country-by-country basis (and specific to locations within countries) and updated on a monthly basis. The rates vary significantly from $33 to $801 per day.[24] Annex I provides the per diem rates (split into lodging rate and meals and incidentals) for a sample of destinations. Accommodation costs are guided by a Highest Negotiable Rate (HNR) which is negotiated with hotel groups for every member country. This provides a ceiling for accommodation that can be exceeded only subject to approval by senior managers.[25]

28. Location is therefore an important driver of cost. Providing CD in low-income, geographically remote and fragile countries has cost implications both in terms of benefits and allowances of experts based in such countries (as reflected in the high benefit factor of LTXs), security costs, and travel to and from these locations. Providing standards of living (housing, education, security) that are acceptable to overseas staff (and necessary for recruitment and

[24] In September 2021, the lowest rate applies to Vanuatu and the highest to the United Kingdom https://aoprals.state.gov/web920/per_diem.asp. The very high rates around $800 are rare with only seven destinations being above $600. The average and median rates are $279 and $271.5, respectively.

[25] IMF (2017a).

retention) can be expensive in low-income countries, and in terms of travel, airfares and availability of adequate accommodation can be limited and highly priced.

29. The costs associated with travel of participants in training courses made up a small but not insignificant part of costs over the evaluation period (see Figure 6). The class of travel for these events is economy. The main drivers of these costs are the volume of participants, and the location of the training; the switch to training based in RCDCs rather than in Washington DC over the evaluation period has reduced this source of costs.

30. A range of other inputs add to the cost of CD (figures 4, 6 and 7) amounting to around 10 percent of total direct CD costs. These include things like translation/interpretation, security,[26] local transportation, venues and other miscellaneous costs. Usually, such services will be procured locally.

Composition of Project Teams

31. Regarding the quantity and combination of different inputs to CD projects, while this was available for some externally funded CD vehicles (as shown in Figure 7), comprehensive data was not available for the evaluation period.[27] CDMAP, when fully functional, will collect data on delivery modality for each CD project. But in the absence of this data, Table 2 provides a schematic overview of how costs vary by the main in-person modalities.

Table 2. Different Delivery Modalities from a Cost Perspective

Personnel type	Location	Travel cost	Salary cost	Benefit factor
STX	Field-based (mission)	High	Lower end	Low
LTX, RCDC based	Field-based (mission)	Low to medium	Higher end	High
LTX, Resident advisor	Residence based	None	Higher end	High
HQX	Field-based (mission)	High	Lower end	Medium
Staff (A13, 14, 15)	Field-based (mission)	High	Higher end	Medium
All personnel but mainly HQ and RCDC	Online learning	None	Higher end	Medium to high
All personnel	Duty station-based	None	Variable	Variable

Source: IEO analysis.

32. Decisions on the composition of mission/project teams are made within the CDDs. The first consideration is the amounts of internal ("IMF01") and external ("IMF02") funding available, which are allocated to CDDs following decisions on regional and workstream budget envelopes

[26] Although data was not available on security costs specifically, they are likely to have risen as the Fund has prioritized engagement in fragile states.

[27] And as Towe (2022) notes, the staff's CD reviews of 2013 and 2018 did not explore the costs and benefits of alternative delivery modalities, nor have the Fund's CD Policies and Practices documents or MTBs, despite the large increase in the role of RCDCs.

decided by the CCB (see Towe, 2022). Typically, CDDs identify priority projects which are earmarked or eligible for external funding (e.g., medium-term programmatic CD in countries eligible for IMF02 funding, or routine core CD which can be delivered by LTXs based in RCDCs) so they can retain IMF01 resources (which are easier to re-allocate than IMF02 funds) to respond to urgent requests, CD requiring expertise only available from HQ based staff, and requests from countries without sufficient external funding.

33. The second considerations is the project design put together by the CDD. This will in some cases follow a standard pattern (e.g., for programmatic CD an initial diagnostic mission with 3–5 staff, followed by a series of more targeted and smaller missions). More generally, choice of size and composition is judgmental, factoring in the complexity of the request, the importance to the Fund of the country or project, the recipient's absorptive capacity and previous track record, and the types of staff available. A higher level of complexity generally requires greater level of experience and typically more involvement from HQ.

34. Staffing decisions relating to IMF01-funded CD during the evaluation period were not in general based explicitly on the costs of different types of staff or travel requirements. CDD staff indicated to IEO, for example, that occasionally a mission might have been cut from four members to three because of budget constraints, but CDDs did not generally consider the cost difference between alternative possible mission team members, as the differences for any particular CD project or mission were typically small. Furthermore, decisions reflected the notion that IMF01-funded staff costs are "already covered," regardless of which CD missions they participate in, so choices were more driven by the availability of IMF01-funded staff with different skills and seniority. CDD staff indicated that the introduction of CDMAP had started to make it clearer that allocation of staff time to certain missions does have cost implications. For example, if a B-level staff participates in a mission, CDMAP will show that the cost of that mission has increased significantly.

35. For IMF02-funded CD, the choice of staff has had clearer budgetary consequences. CDD staff indicated that they were more likely to consider the overall size of the team and alternative staffing mixes (e.g., trading off more senior IMF staff time on the project versus more STX resources) for externally funded CD. CDDs review and, if necessary, challenge project design and staffing choices based on experience of norms, e.g., if resourcing for a workshop seems to build in too much preparation time. But senior staff were always chosen to lead high profile and complex missions.

36. Overall, therefore, the Fund's approach to the design of projects and composition of teams has recognized cost-effectiveness considerations, albeit mostly implicitly. CDDs face competing resource demands, for example between CD work and supporting area department surveillance missions, which requires trade-offs to be made with respect to staffing of CD work. CDDs are well aware of the resource implications of large mission teams for externally funded projects, while for internally funded projects the main constraint has been the availability of staff with the right skills and experience, rather than explicit consideration of relative costs. But CD

requests are allocated to personnel with the most relevant level of expertise which reduces cost by only drawing on highly experienced or specialized personnel for complex tasks. In Section IV, we discuss how the greater availability of information on dollar costs of different CD projects, with the roll out of CDMAP, will enable greater focus on the cost-effectiveness of different modalities and staffing mixes.

III. The Cost of CD Provided by Comparator Institutions

37. Some of the donors interviewed for the evaluation had the perception that IMF CD, while consistently of very high quality, was more expensive than other providers. Interviewees generally acknowledged that their perceptions were based more on anecdote than data—and, indeed, some donors said that they wanted the Fund to be more transparent about the costs of its CD.

38. Comparisons of the costs of CD provided by different organizations must be undertaken carefully. In principle, comparisons should be made between projects similar in aims, scope, country/institution context and delivery approach. But this is very challenging to do even within the portfolio of one institution, never mind across different CD providers working in different ways on different issues. Instead, therefore, in this section we make comparisons at the level of staff salaries, average or benchmark daily rates for different types of CD experts, and some of the policies that influence costs. This provides a reasonably good basis for comparison with other providers and funding organizations, albeit with some caveats.[28]

39. The IEO approached six agencies, including three bilateral and three multilateral aid agencies, which provide training and technical assistance to provide information on their experience of, and policies relating to, the costs of CD which they finance. The bilateral agencies in almost all cases contract with external consultants (typically from the private sector) and other providers (including the IMF or other multilaterals) to deliver CD, whereas multilateral agencies generally use their own staff (although they also draw on external experts, who can be compared to the consultants contracted by the bilateral agencies). The multilateral agencies all raise specific funds from external financing partners to finance CD work, but also to a greater or lesser extent spend their own resources. This has led to efforts that seek to ensure that a greater share of the actual cost of CD delivered through external financing is recovered from donors. This in turn has increased the understanding within the organizations of the actual cost of CD delivery to the organization.

40. All six agencies (in common with the Fund) considered personnel and travel to be the main drivers of the cost of CD delivery. Their policies and practices vary, for example in terms of

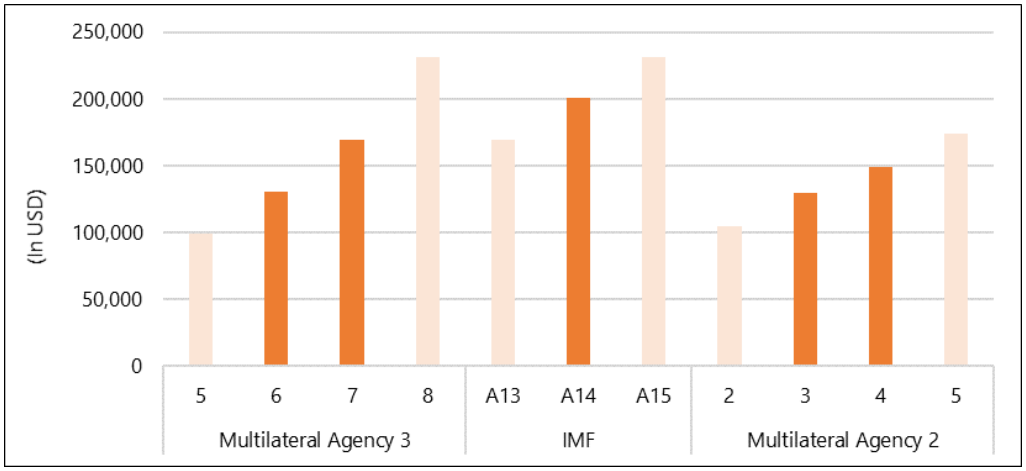
[28] The main caveat, of course, is that donors are typically less interested in comparing costs between potential CD providers than in comparing the overall value for money of different providers. Also, as there are variations from case to case, there is a degree of approximation to the figures and some funding organizations are cautious to disclose information on rates and salaries. Comparing the effectiveness or value-added of different CD providers is beyond the scope of this paper, apart from asking a question on this in our survey of donors, which we discuss in the next section.

how in particular personnel costs are determined and what they cover, and in how travel, accommodation and subsistence costs are reimbursed, as we discuss below.

Personnel Costs

41. A simple comparison of the levels of staff salary structure (before benefits) of the IMF and two multilaterals in Figure 9 shows that IMF salaries are higher than the comparators.[29] The figure highlights the annual midpoint salary for the grade of staff responsible for most of the CD delivery for these three institutions.

Figure 9. Midpoint Annual Base Salaries of Staff Providing CD, 2020–2021



Sources: IEO analysis based on salary scales shared by staff and comparator organizations (dated July 2020, May 2020, and October 2021, respectively).
Note: The numbers under the columns of the anonymized multilateral agencies (MA) indicate escalating levels on the respective salary scales. The darker shaded columns indicate staff that are more involved in delivery of training and TA.

42. To allow for a more rigorous comparison across a broader range of agencies, we collected or constructed a measure of daily fee rates based on data provided by comparator organizations delivering CD. For staff rates in the multilateral agencies, the daily fee rate is estimated based on salaries multiplied by a benefit factor which averages a 70 percent markup, though with some variation. IMF benefit factors were outlined in the previous section; the factors used for two of the three multilaterals are based on information obtained on specific CD vehicles and programs.[30] We adjusted for differences in the number of workdays in a year across the

[29] The comparisons in this paper are for CD only and less sophisticated than the Fund-wide benchmarking against comparator organizations and businesses undertaken for the 2019 Comprehensive Compensation and Benefits Review (CCBR). However, the findings of this paper do resonate with the CCBR's finding that Fund pay and benefits are above other IFIs and the public sector but below the financial services sector (IMF, 2019a).

[30] In the case of one of the three multilaterals, the data received is based on the work of a program offering capacity building activities (mainly training). For another, the rates are based on a costing tool used predominantly for one of the capacity development instruments used by that organization to deliver advisory services, analytical services, training, knowledge sharing and peer learning (among others) for which it is reimbursed.

three multilateral agencies.[31] For the multilaterals, only direct costs (base salary and benefit factor) are included in the fee rates to strengthen comparability.[32]

43. One of the comparator multilateral agencies engages short-term contractuals in a similar way to the Fund's use of STX. This type of personnel compares more to the private sector consultants contracted by the bilateral agencies, as they are not entitled to benefits and there is no benefit factor to be added. The comparison of the rates of consultants hired by the multilaterals and the rates of consultants procured by the bilateral agencies is discussed in more detail below. Long-term experts and extended-term consultants are less comparable to private sector consultants as, despite not being permanent staff, they are entitled to a number of benefits.

44. The daily fee rates of the bilateral agencies we consulted are based on average market-determined or benchmarking rates for private sector providers which they shared with IEO. These represent a payment to a service provider and are not necessarily illustrative of the remuneration of the consultants involved. The contracted provider is responsible for paying their individual experts and covering overheads.[33]

45. Figure 10 illustrates the estimated daily fee rates across the IMF and six comparators. For the Fund and one of the multilaterals, we show daily rates for CD delivered by their regular staff (including base salary and benefits) and contractuals, while for the bilateral (and one multilateral) agencies we show the daily rates at which external service providers are contracted. The rates are shown as a range, with the blue columns illustrating the higher end of the rates and the orange the lower end.[34] The actual rate varies from case to case depending on the specific assignment and level of specialization required but, in most cases, the average rate across all CD provided by the respective organizations tends towards the midpoints of the ranges.[35]

46. The main finding from this comparison is that while there is variation between the levels of the fee rates, there are no significant outliers. Overall, the Fund comes out as being more expensive than other providers for staff, but not by a very significant margin. And while the IMF staff midpoint rate is 11 and 22 percent higher than two of the other multilateral agencies, a significant share of IMF CD is provided by LTX and STX which are less costly.

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[31] For the IMF, the FTE equivalent in working days is 260 but for two of the multilateral agencies the daily fee rates are based on a work year consisting of 44 weeks, equivalent to 220 days. This reduces the daily rates of the Fund compared to those two.

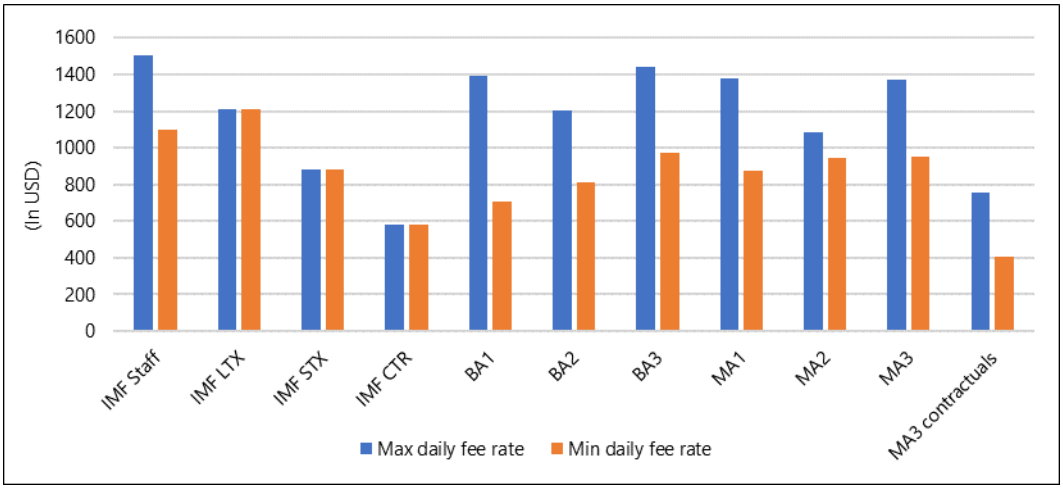
[32] This mainly has relevance in relation to one of the multilateral donors that adds a 70 percent rate on top of the direct cost, which increases the cost to the client. This is used to cover the cost of supporting personnel that is not included but that are necessary for, but not directly involved in, delivering the CD.

[33] However, some donors specifically require bidders to cover overheads through the daily rates charged.

[34] For IMF LTXs, STXs and CTR, one average rate is provided, rather than a range; see Table 1.

[35] For the IMF for example, the bulk of CD is delivered by staff at the A14 grade but as some is delivered by staff at higher or lower grades A13 and A15 are included in the range. Some of the bilateral donors indicated that the higher and lower end rates were used rarely.

Figure 10. Daily Rates of International Experts Across Comparators, 2021–2022



Sources: IEO staff estimates based on information shared by comparator organizations.
Note: BA – Bilateral agencies; MA – multilateral agencies (anonymized).

47. IMF STX daily rates are higher than the midpoint of the consultant rate used by the one of the other multilaterals, but lower than the midpoints of the daily rates of the bilateral agencies. The daily cost of an IMF LTX is roughly equivalent to the midpoint rate of bilateral offering the highest rate to contractuals, but somewhat higher than the midpoint rates of the other comparators. This reflects mainly that IMF LTXs are eligible for significant overseas allowances which increases the base rate by a factor of more than 80 percent. It should be noted that the high-end rates of one of the other multilaterals also cover staff posted overseas. Their rates are increased by benefits equivalent to an additional 70 percent on top of salary.[36] Other multilaterals compare less well as their rates reflect either those offered to private sector consultants or rates of very specific staff levels involved in the training activities which explains the small gap between the higher and lower rates but there are differences in salary levels across different multilateral agencies as illustrated in Figure 9. Finally, it is worth noting that the salaries of the multilateral agencies are exempt from income tax in most countries and therefore have a higher net value than remuneration from most of the bilateral agencies.[37] This provides the multilaterals with a comparative advantage against the bilateral agencies. If salaries were taxed, the costs of CD to the multilateral agencies would likely be significantly higher.

48. Of course, costs of CD depend on the amount and mix of expert resource deployed as well as daily rates. Time budgeted for CD delivery and the mix of types of staff are harder to

[36] However, this is not determined as a percentage but as an hourly dollar amount. This is illustrative of the convoluted manner in which salaries and benefits can be composed.

[37] There is one exemption among the bilateral donors where consultants can request to have tax payments for work carried out overseas reimbursed. However, this involves a transaction cost and most likely only applies to consultants who are residents of that country.

compare based on the available evidence. However, a couple of findings from the information collected are worth pointing out.

- First, most of the agencies distinguish between costs of development of (new) content, preparation, delivery and follow up. Quality assurance/backstopping is usually included in delivery. In most cases, time for development of new content is not included as part of an activity but budgeted for separately.[38]

- Second, one of the multilateral agencies has a costing tool for some CD, which makes the planning of time to be allocated very explicit both in terms of the time needed and the cost of this time in dollar terms across different personnel types. This can help inform various types of decisions concerning amount of personnel and time allocated to a given task, what level of experience to add to the mix etc. The Fund's new CDMAP system will allow for this kind of costing on a routine basis.

Travel and Subsistence Costs

49. Travel is the biggest driver of non-personnel cost across the comparator organizations. It is made up of a combination of the cost of transportation to where the CD is delivered and costs to cover accommodation and subsistence expenses. We were unable to gather information on actual travel costs across the comparator organizations, since they vary extensively, depending on origin, destination and level of connectivity (or remoteness) of the destination. This analysis therefore compares policies which drive travel costs. Accommodation and subsistence costs are compared according to per diem rates which are used relatively consistently by all agencies covered by this analysis (with only a couple of caveats).

50. Table 3 compares policies on class of travel. The Fund's travel policy determines that class of travel for staff (for international travel, or beyond 3 hours) is authorized at "one class above economy"—effectively, business class. One of the multilateral agencies applies a similar policy while another is somewhat ambiguous with regulations, rules and instructions for mission related travel allow for some room for interpretation and actual practice is determined

[38] This is true for both of the comparator donor agencies who are most engaged in training. One of them asks service providers to budget time specifically for course management, delivery and preparation, coaching, field trips as well as pre- and post-course (virtual) engagement with participants. Courses vary in length from 2–12 weeks. Interestingly, it caps the amount of time (in hours) a contractor can invoice per week with a one-to-one match for time for preparation hours. This automatically sets a limit for the amount of preparation time and increases predictability although it also lowers flexibility as some courses could potentially be prepared more swiftly. A similar policy could be considered by the Fund to standardize or provide a yardstick for preparation time across CD departments.

internally.[39] All the bilateral agencies covered in this analysis are unambiguous in strictly restricting travel to economy class for all expert providers both for travel by air and train. The multilateral agencies permit travel by train on first class while the bilateral agencies do not.

Table 3. Policy on Class of Travel, 2021–2022

	Air		Train	
	Economy	Business	Economy	First
Bilateral Agency 1	X		X	
Bilateral Agency 2	X		X	
Bilateral Agency 3	X		X	
Multilateral Agency 1	X			X
Multilateral Agency 2	X	X		X
Multilateral Agency 3		X		X
IMF		X		X

Sources: IEO staff analysis based on information on travel policies shared by comparator organizations.

51. The Fund and one of the multilateral agencies therefore stand out with the costliest travel policies: possibly this is one aspect that adds more than others to the perception of IMF CD being "expensive" which was articulated in some interviews. The travel policy is justified by the IMF by having to enable staff and experts to travel in a manner consistent with ensuring their full effectiveness in the field.[40] IMF personnel travel can be extensive, long-haul and across various time zones. Comparator organizations with a policy of economy class travel for experts were not able to provide information about the impact of this on effectiveness and quality or potential additional time spent by experts for recovery.

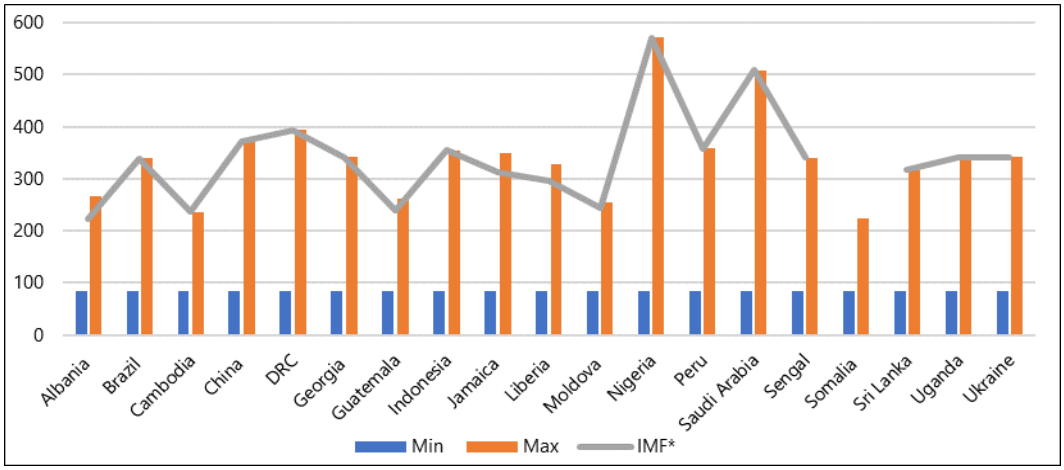
52. Per diem rates vary widely across comparators, with in some cases a factor of three between the lowest and highest rates for a particular country (Figure 11 and Table 4).[41] The Fund and one of the other multilateral agencies use the per diem rates set by the US Department of State which overall are significantly higher than those used by comparator agencies.

[39] Formally the wording of the regulation on class of travel is that: "Directors shall determine class of travel taking into account the duration of the journey, the length of the mission, the time difference and other elements that may influence the conditions of travel." In practice, the interpretation of the regulation is that economy class is the default, but staff may travel business class if the flight is more than six hours or overnight flight of more than five hours. Travel by train is allowed at first class.

[40] IMF (2017a).

[41] The figure is based on a sample of 19 countries that are the same as those that have been covered by case studies in the CD evaluation.

Figure 11. Per Diem Rates Across the Comparator Agencies, 2021–2022



Sources: IEO staff estimates based on information shared by comparator organizations.
Note: To improve comparison, the chart uses the per diem rates of the comparator agencies using the second highest and second lowest rates compared to those used by the IMF. The agency using the lowest rate is an outlier that does not compare well to the others in the sample and the agency using the highest rate use the same rates as the IMF. See also Annex I.

Table 4. Average and Median of Per Diem Rates Compared to the IMF
(In percent)

	Multilateral Agency 2	Bilateral Agency 1*	Multilateral Agency 1	Bilateral Agency 2	Bilateral Agency 3
Average	-32	-63	-21	-28	-20
Median	-32	-63	-25	-23	-21

Sources: IEO staff estimates based on information shared by comparator organizations.
*The rates of BA 1 are outliers as the agency in question use per diem differently than the other comparator agencies.

53. Other non-personnel costs—such as translation and interpretation, local transportation, software licenses for virtual delivery and rental of venues or office premises for larger programs—tend to constitute only a small share of overall costs. There is a good deal of variation in what can be reimbursed across CD providers which is typically spelled out in tender documents.

54. Finally, the agencies differ in their approaches to classroom training. The IMF increasingly delivers training at regional centers, whereas other training agencies either send personnel to countries or regions of recipient countries or bring participants from around the globe to their country for training.

IV. Cost-Efficiency and Cost-Effectiveness Metrics

55. As indicated above, donors and IMF member countries more generally are interested not only in the costs of IMF CD, but also in its value for money or value added relative to those costs. Indeed, of those donors who said that they considered IMF CD to be relatively expensive, most also

emphasized that they considered IMF CD to be generally good value for money. Other background papers discuss the effectiveness of Fund CD from various perspectives, including the challenges in making robust assessments of such effectiveness.[42] In this section, we discuss how data on the outputs and outcomes of CD available from the Fund's RBM database can be considered alongside estimates of the costs of the CD delivered to produce simple indicators (or metrics) of cost-efficiency—that is, cost per unit of CD output—and cost-effectiveness, i.e., cost per unit of CD outcome, where outcomes can be quantified. We discuss some examples of these indicators below.

56. Such metrics or indicators have clear limitations. In particular, counting outputs may say little or nothing about the relative quality or impact of the CD delivered, while outcomes are difficult or impossible to quantify, to say nothing of the challenges of attributing those outcomes which can be measured to specific CD interventions. These simple cost-efficiency and cost-effectiveness indicators are in no sense a substitute for more holistic and nuanced assessments of CD efficiency and effectiveness, such as via evaluations,[43] and care must be taken not to over-interpret them. They nonetheless have potential value.

57. For internal management purposes, they can identify apparent differences in the costs of similar CD activities delivered in different countries or by different RCDCs, which may then suggest opportunities for improvements in operational efficiency and effectiveness. Area Departments, as the internal "customer" of CD provided by CDDs, and the CCB, could use this kind of information to make better informed decisions about the likely cost-effectiveness of CD to different countries.

58. As regards external reporting and accountability, some donors and Executive Directors (Eds) might welcome the clarity of simple indicators as a complement to other, more qualitative and nuanced assessments of Fund CD. These indicators can also be used to inform external evaluations, and indeed are suggested as such in the Fund's Updated Common Evaluation Framework (IMF, 2020b).

59. Moreover, these indicators can become increasingly useful as data on costs, outputs and outcomes becomes available for more CD projects and vehicles. This enables more robust comparison of projects and vehicles with similar aims and contexts—for example, particular types of PFM projects in fragile states; or CD to improve government finance statistics in Anglophone African countries; or delivery of similar training courses in different RCDCs. As explained in Lamdany (2022), the Fund has invested heavily in developing a RBM system with standardized outcome indicators; it is also improving the quality and granularity of its project-level cost data and integrating this cost data with RBM data through CDMAP. It is important that the Fund fully explores and exploits the value of this rich source of project-level CD information as it expands.

[42] Lamdany (2022) considers evidence on CD effectiveness from the Fund's monitoring and evaluation systems, and the five background papers with country case studies include an assessment of the effectiveness of selected CD interventions in each of the 19 countries.

[43] See Lamdany (2022).

60. Below, we report some basic indicators for some CD vehicles provided by the Fund to one of its donors, and derive some others using the limited information currently available on costs at the project level[44] combined with RBM data on outputs and outcomes. The number of projects where we could match cost, output and outcome data was small (160 projects), but the metrics are presented to illustrate some of the potential of CDMAP to enhance the management and external reporting of IMF CD.

A. Cost-Efficiency Metrics

61. In response to requests for improved reporting on the IMF CD that they finance, the Fund has provided to one donor (the UK aid agency, FCDO) two cost-efficiency metrics for CD delivered through the vehicles—RCDCs, thematic trust funds and bilateral projects—that this agency (in part) finances. These measures are:

- the average cost of a capacity development day (ACCDD), calculated as the total amount charged to the corresponding subaccount for all IMF input costs of the CD delivered through that vehicle,[45] divided by the number of days spent by IMF staff and experts to prepare, deliver, backstop or manage the CD;

- the average cost of a participant day (ACPD) for training courses, seminars and workshops, calculated by dividing the costs of a training course or workshop paid by the Fund (mainly, travel costs incurred by participants plus the IMF costs of delivering the activity) by the number of participants and days they participated in the training event.

62. By taking account of the overall scale of the relevant CD activity, the ACCDD and ACPD are "normalized" indicators which improve the comparability of CD delivered through different vehicles or projects. Cost and outcome data come from established monitoring systems, and hence are robust. The metrics have been provided selectively: only to FCDO financed vehicles and only since FY2019. The number of vehicles covered dropped from 17 in FY2019 to five in FY2020 and FY2021, in line with FCDO's rationalization of support for IMF CD into fewer vehicles.

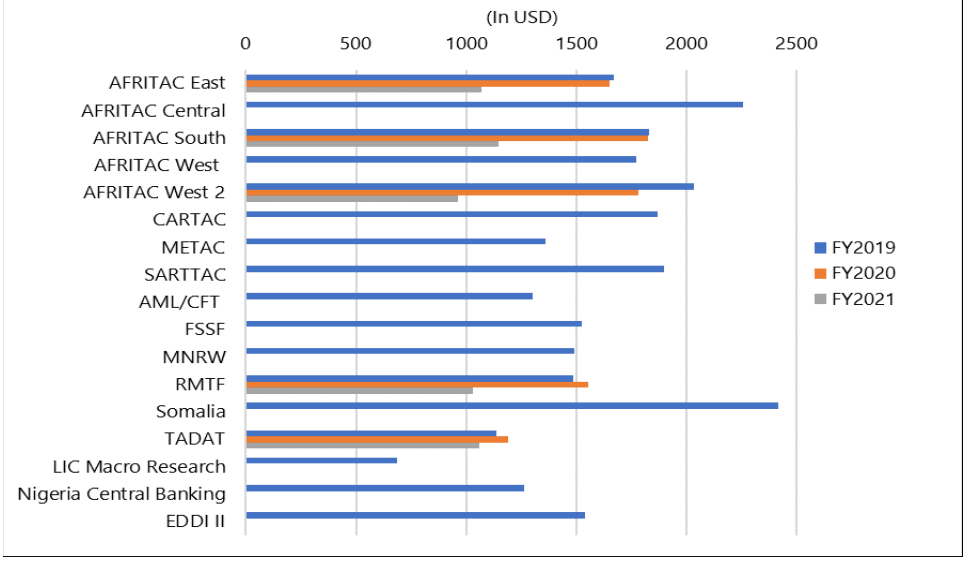
Average Cost of Capacity Development Day

63. Figure 12 provides an overview of the ACCDD data for FY2019–2021 provided to FCDO/DfID. The data suggest that average cost per CD day delivered varies significantly from vehicle to vehicle—from $686 for the LIC Macroeconomic research program, to $2,415 for the Somalia country program and $2,254 for the Central Africa RCDC.

[44] From IMF, TIMS data.

[45] This measure excludes any costs to the recipient agency, such as time spent by their staff in workshops related to the CD.

Figure 12. Average Cost of a Capacity Development Day, FY2019–2021



Sources: ICD cost-efficiency data; IEO staff calculations.

64. Although the underlying cost factors are not disclosed in a disaggregated manner, this data likely confirms the earlier findings of this paper that location is a key driver of the cost of Fund CD, with remote and insecure destinations being more costly.

- In Somalia, all CD is delivered outside the country due to the security situation. Delivery is mostly through STXs and HQ personnel, with no involvement of LTXs. Given the high cost overall, this suggests that non-personnel costs are an important driver in this case, as STX are less costly than LTX and HQ staff in terms of personnel cost (see Table 1).

- More than half of the CD days delivered through the Central Africa RCDC are delivered by locally based RCDCs. In this region, benefits and allowances are above average given additional compensation for housing, cost of living, danger and hardship in this region.

- In contrast, the LIC Macroeconomic Research project is HQ-based which carries few costs other than personnel.

- On average, RCDCs had a cost per CD day delivered of $1,836, compared to $1,559 averaged across the Thematic Funds (including Somalia) and an average $1,162 for the bilateral projects.

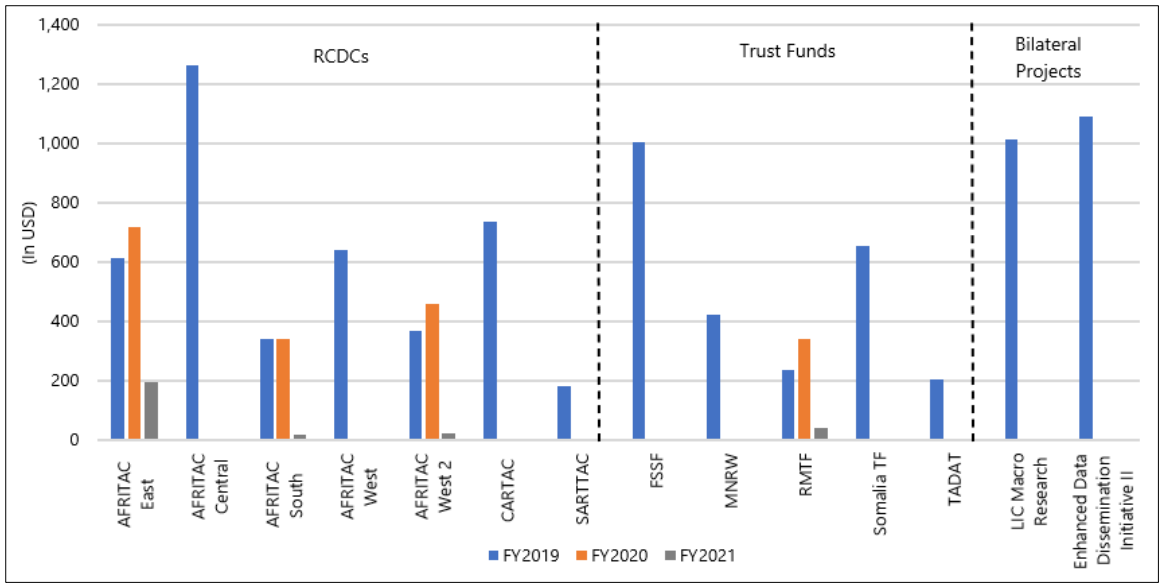
65. The changes from FY2019 to FY2021 speak to some of the findings earlier in this paper. Costs remained fairly stable between FY2019 and FY2020 but fell in FY2021 by a third to a half of the FY2020 average cost per CD day (except for TADAT, which saw a smaller decline). Most likely, this reflects the shift from in-person to virtual delivery. Interestingly, the number of CD days

delivered by TADAT increased by 70 percent from FY2020 to FY2021, which suggests a substitution from travel to personnel expenditure.

Average Cost of a Participant Day

66. Figure 13 shows the level and variation in the ACPD metrics from FY2019 to FY2021. As with the ACCDD metrics, AFRITAC Central stands out as one of the most expensive vehicles for delivering CD (in this case, training courses). But training delivered under the Somalia bilateral fund does not appear to be particularly high cost, unlike the cost of CD more generally financed by that fund. Participant costs are relatively high for training delivered under the Financial Sector Stability Fund, the LIC Macroeconomics Research project and the Enhanced Data Dissemination Initiative, reflecting that these courses tend to be more sophisticated, delivered by senior HQ experts, not LTXs or consultants, but also the significantly smaller numbers of participants than for RCDC-delivered training courses—though it is interesting to note that training costs per participant under TADAT are significantly lower despite relatively small numbers of participants.

Figure 13. Average Cost of a Participant Day, FY2019–2021



Sources: ICD cost-efficiency data; IEO staff calculations.

67. Looking at changes over time, what stands out is the very large drop in cost-per-participant-day once training shifted wholly to virtual delivery following the pandemic. Participant costs (or at least those which were charged to donors) were practically eliminated, while at the same time numbers went up. Of course, these metrics do not reflect any measure of the quality or value of the training—which may have been lower for virtual participants than for in-person training.

B. Cost-Effectiveness Metrics

68. In addition to the cost-efficiency metrics discussed above linking costs to activities or outputs, analogous indicators can be conceived for cost-effectiveness, linking CD costs to outcomes. As previously discussed, CD outcomes are much harder to measure than outputs, and can raise more significant concerns about attribution (i.e., the extent to which the observed change in outcome is due exclusively to the CD and not affected by other factors). To address these challenges, and to increase the comparability and consistency of CD projects across countries, as part of its RBM system the Fund has developed a catalogue of standardized outcomes, referring to "concrete, short or medium-term results achieved when the authorities act on CD recommendations," (IMF, 2021b) and outcome indicators, which "specify ex ante how the achievement of outcomes will be monitored" (IMF, 2021b).[46]

69. The Fund specifies three types of outcome indicators: value based (or quantifiable), such as public expenditure on health care, in percent of GDP; binary, such as whether volume and deflator series are consistent; and qualitative, such as the effectiveness and timeliness of cash flow forecasting and cash balance management.[47] Each indicator needs to specify a baseline, which describes the beginning state of an indicator as the project starts, and a target, which is the target end state of an indicator that is expected to be achieved by the end of the project. Outcomes are rated on a scale from 1 to 4, based on progress made toward indicator targets.[48]

70. In principle, project outcome ratings and changes in indicators pre-post CD project could be combined with information on project costs to provide information on cost-effectiveness. We discuss some specific examples below.

Fund Indicators of Cost-Effectiveness

71. We found only one instance of the Fund using indicators of CD cost-effectiveness. Since 2019, the Fund has provided to UK FCDO/DfID, for each of the CD vehicles which they finance, two summary indicators of effectiveness (proportion of CD milestones for the financial year that are fully or largely achieved, and percent of CD outcomes rated as largely or fully achieved) which are presented alongside indicators of costs, namely the ACCDD and ACPD metrics for each

[46] The RBM also requires the specification and monitoring of milestones, which are "time-bound steps toward achieving an outcome and represent significant progress markers. Milestones are generally an achievement by the authorities rather than activities or outputs, which are Fund deliverables" (IMF, 2021b). Unlike outcomes and indicators, milestones are not standardized, but left to the discretion of project managers. See Lamdany (2022) for further discussion of the RBM system.

[47] Derived from the Debt Management Performance Assessment Tool, DEMPA; see World Bank (2021).

[48] A rating of (1) equates to "not achieved" with less than 25 percent of the target realized; (2) equates to "partially achieved," with 26–75 percent of the target realized; (3) equates to "largely achieved," with more than 75 percent of the target realized; and (4) equates to "fully achieved," when 100 percent or more of the target has been realized. If outcome indicator values are not available then outcome ratings are based on progress against milestones, which are agreed actions for the recipient authorities.

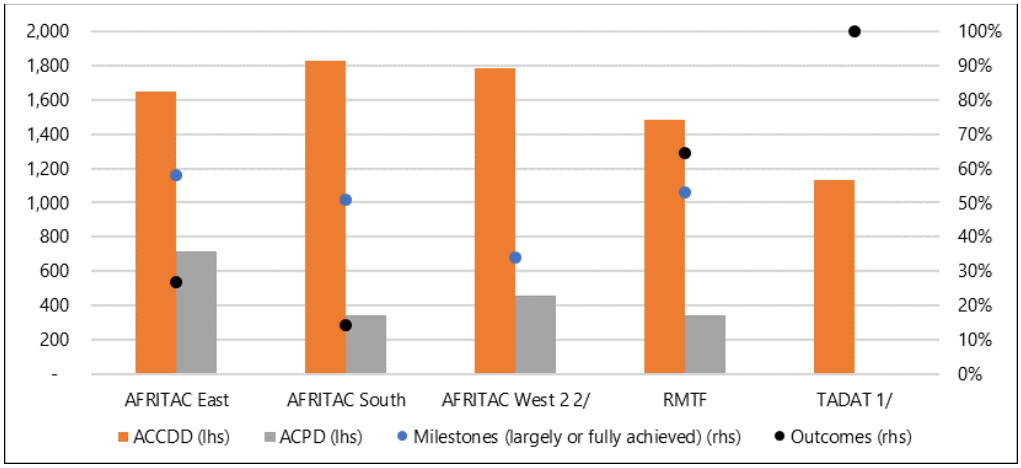
vehicle. Table 5 shows the information shared with FCDO/DfID, and Figure 14 provides a graphic illustration of the metrics from FY20 as an example. This type of information has not been shared with other donors or with the Board.

Table 5. Summary of Fund Cost-Effectiveness Metrics Provided to FCDO, FY2019–2021

	Average cost over a fiscal year of a capacity development day (In USD)			Average cost of a participant day: Workshops or peer learning event (In USD)			Proportion of milestones for the financial year that are fully or largely achieved (In percent)			Outcomes rated as largely or fully achieved (In percent)		
	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021	FY2019	FY2020	FY2021
AFRITAC East	1669	1650	1069	615	718	194	49	58	58	TBC*	27	55
AFRITAC South	1830	1825	1146	339	341	19	68	51	68	TBC	14	NA
AFRITAC West 2	2035	1783	962	368	458	21	49	34	TBC	31	TBC	TBC
RMTF	1486	1486	1031	237	342	41	51	53	62	TBC	65	62
TADAT[1]	1135	1135	1059	204	NA**	NA	NA	NA	NA	100	100	NA

Sources: ICD cost-efficiency data, IEO staff calculations.
* TBC indicates that the data is expected to become available at a later point in time.
** NA indicates the data is unavailable for this particular vehicle.

Figure 14. Cost and Outcome Metrics, FY2020



Sources: ICD cost-efficiency data; IEO staff calculations.
1/ TADAT's milestones are not available.
2/ AFRICA West 2's outcomes are TBC.

72. It is difficult to draw conclusions from the information shown in Table 5 and Figure 15. Coverage is limited to 5 vehicles (three RCDCs and two trust funds) and some data is unavailable or yet to be confirmed. More generally, much more data would need to be collected and analyzed to begin to permit tentative conclusions about the relative cost-effectiveness of different RCDCs. But any outliers emerging from such data would merit more detailed investigation.

Other Possible Indicators

73. The Fund has data to enable other cost-effectiveness metrics to be generated, and for a much wider range of CD vehicles and types of projects. On the cost side, during the evaluation period the Fund had robust information on costs for all externally funded vehicles; it was also possible to derive estimates for the costs of all CD projects (i.e., internally as well as externally funded ones) although these estimates only covered personnel costs as reflected in the Travel Information Management System (TIMS) database. On the effectiveness side, as explained in Lamdany (2022), the Fund has had a growing volume of information on outcome ratings, by CD project and vehicle, collected via the RBM system. CDMAP is intended to improve the coverage and robustness of costs at the project level, and to integrate that information with project outcomes; but even pre-CDMAP, project-specific data on outcomes from the RBM can be matched to project-specific data on staff inputs from the TIMS database.

74. An IEO exercise to do this found 160 completed CD projects which could be matched. Table 6 presents this data, showing average outcome ratings and average estimated costs of the matched CD projects grouped by CD workstream, as defined in the RBM catalogue. As Table 6 shows, the number of projects in each workstream varies widely, and for some workstreams is very small. But for some workstreams the number of projects is approaching the point at which interesting comparisons can be made within workstreams. Comparisons between workstreams are harder to make, though over the long run (with sufficient data) this could inform adjustments to the standardized outcomes and rating schema in the RBM catalogue to make workstreams more comparable in terms of degree of intrinsic challenge.

Table 6. Average Cost and Effectiveness of CD Project Grouped by Workstream

Workstream	CD department	Count of projects	Average outcome rating	Average cost per project
Enhanced Department Transparency of Macroeconomic and Financial Statistics for Decision making	STA	2	3.75	221.8
Financial and Fiscal Law Reform	LEG	11	3.13	44.3
Central Bank Operations	MCM	11	2.91	237.8
AML/CFT	LEG	23	2.89	178.1
Strengthen Macroeconomic and Financial Statistics Compilation and Dissemination	STA	12	2.85	484.6
Legal Country Unit	LEG	3	2.82	183.4
Tax Policy	FAD	4	2.72	605.5
Debt Management	FAD	17	2.61	94.3
Revenue Administration	FAD	17	2.59	785.8
Monetary, Exchange Rate, and Capital Account Policies	MCM	1	2.34	1,009.9
Public Financial Management	FAD	18	2.33	771.8
Financial Supervision and Regulation	MCM	14	2.31	361.3
Monetary and Macroprudential Policy	MCM	8	2.12	122.2
Systemic Risk Analysis	MCM	10	1.97	201.2
Financial Crisis Management	MCM	9	1.50	129.5
All Projects		**160**	**2.50**	**346.9**

Sources: IEO staff analysis based on IMF, RBM and IMF, TIMS data.

75. In principle, the RBM system enables the derivation of cost-effectiveness metrics, analogous to the two cost-efficiency metrics described in the previous section, which would be easier to interpret than the information in Table 6. For example, for a CD project with the (standardized) objective "Government pay and employment are more competitive and consistent with fiscal constraints" and appropriate monitoring of (standard) outcome indicators, it would be possible to generate a cost-effectiveness metric of the form "CD cost in dollars per percentage point of GDP reduction in the government wage bill." As indicated above, in the Fund's RBM system, quantitative outcome indicators are termed "value based" indicators. Annex II lists more examples from the Fund's RBM Catalogue of standardized outcomes with associated value based indicators by workstream. Indeed, the Updated CEF suggests that such indicators would be valuable inputs to CD evaluations (IMF, 2020b).

76. The most useful cost effectiveness metrics would thus be based on such (quantifiable) "outcome value indicators" (OVIs). However, during the evaluation period, the Fund's systems did not systematically record baseline and post-intervention OVIs, though CDMAP will do so. But even once CDMAP is fully functional, the amount of data available to construct these type of cost-effectiveness indicators will depend on the prevalence of quantifiable outcome indicators for actual CD projects. Table 7 shows for three CD workstreams, the number of quantifiable outcome indicators available is small, and that for projects in those workstreams that are in the RBM database as of end-2020, very few included quantitative indicators.

Table 7. Indicators in CD Workstreams

Workstream	Number of OVIs In RBM catalogue	Of which, number quantifiable	Number of different OVIs used in RBM dataset	Of which, number quantifiable
Revenue administration	55	11	51	8
Financial Supervision and Regulation	197	3	77	4*
Government Finance	118	2	22	0

Source: IEO staff analysis based on IMF, RBM dataset and IMF, RBM catalogue.
* Financial Supervision and Regulation (MCM) has two OVIs in the RBM dataset that have no equivalent in the Catalogue, which are included here.

C. Comparisons with Other CD Providers and Funders

77. None of the multilateral comparator agencies reported using similar metrics to monitor the cost efficiency and effectiveness of their CD or advisory products. One has significant focus on outcomes and learning from its support both at individual and institutional level, but these are not linked to inputs. Another finds that it is important to understand the attribution and drivers of cost for different programs but mostly in order to strengthen cost recovery from external financers. It does not try to measure cost-effectiveness directly and projects financing analytical work and diagnostics are not evaluated systematically. Instead, controls and reviews are relied on to ensure cost-efficiency and cost-effectiveness. Reports on checks and oversight (occasionally a 'deep dive') go mainly to senior management but also occasionally to the Board.

78. Agencies that contract CD delivery through private sector providers rely extensively on competitive procurement regulations and tender processes to ensure cost efficiency. Typically, a rigorous process to identify the best quality-price ratio based on a series of award criteria that cover both the technical quality and price of the tender is applied, although framework contracts are used by some to enable fast and transparent recruitment of experts. Moreover, external service providers must adhere to strict travel policies and per diem rates which increases cost-efficiency of CD delivered by contractors.

79. One of the donor agencies, UK FCDO, conducts value for money (VFM) assessments of CD activities that it funds, organized around concepts of "economy," "efficiency," and "effectiveness."[49] The efficiency and effectiveness components of VFM assessment utilize activity, output and outcome indicators to the extent available. The economy component of VFM refers to minimizing input costs; the approach to implementing and assessing this is often through benchmarking and negotiation of fee rates when contracting with suppliers. Like for other bilateral agencies, non-personnel costs are also kept low through a strict travel policy and per diem rates that are significantly lower than the ones used by the Fund (except for a few countries). These procurement and travel policies are not applied however to projects implemented through multilaterals, where the higher costs are generally accepted in return for the expectation of higher and more consistent technical quality as well as other factors such as access to policy makers.

80. Finally, in terms of comparative cost-effectiveness, while Section III suggests that the cost of IMF CD is somewhat higher than that of other providers, evidence from other background papers points to its positive impact, particularly in areas that require high levels of technical specialization,[50] and the high regard in which it is held by recipients and donors.[51] As such, IMF CD is very much a premium CD product where comparatively high cost can be justified, and on the basis of evidence. Therefore, the Fund should take full advantage of the potential of CDMAP to generate granular and robust cost information, and use and disclose that data much more systematically. This has a range of benefits for internal management, as well as for transparency and accountability.

V. CONCLUSIONS

Information on the Costs of Fund CD

81. The Fund has invested in systems and processes for generating comprehensive and robust data on the costs of its CD, including CD's share of indirect or overhead costs and the split of direct CD costs between high level activities and types of input. This CD cost information at

[49] See ICAI (2018) for an assessment of this approach.

[50] See Lamdany (2022) and the five-country case study background papers.

[51] See Pedraglio and Stedman (2022) for the results of IEO surveys of recipients and donors, and the five-country case study background papers.

aggregate, Fund-wide level has been routinely shared with the Board through annual MTB reports.

82. Data at more granular levels—e.g., for the cost of backstopping as a sub-component of direct delivery costs— has not been readily available. It was provided to the IEO upon request, although for externally funded CD only, where expenditures have been monitored more closely. For internally financed CD during the evaluation period, the best source to estimate the costs of CD has been from the travel information system, but this only captures personnel costs incurred during missions, and excludes other CD costs, such as the time of HQ-based staff on backstopping.

83. The Fund has needed to explain and report to donors on the draw-down of their funds. But this data has not been more widely shared with donors more generally nor with the IMF Board. This could add to the perception of some partners that the Fund is not being sufficiently transparent about the costs of its CD, and fuel the notion that the IMF CD is more costly than other providers, which is not necessarily correct.

The Drivers of Fund CD Costs

84. Key drivers of IMF CD costs are a series of Board-approved policies covering salaries, benefits, allowances and travel; and decisions about the design of CD projects and activities which determine the aims, scope and mix of modalities (e.g., in-person versus virtual delivery) and staffing (e.g., HQ-based versus LTX versus STX) for the project. Comprehensive data on the modalities and staffing of CD projects is not available for the evaluation period, but analysis of the daily standard cost of personnel illustrates variations that can help inform both routine and more strategic decisions. For example, while LTXs receive lower base salary, the added costs of posting personnel overseas result in the daily standard cost of CD delivered by HQ-based staff and LTX being almost on par. However, by having LTXs closer to the beneficiaries the cost of travel is lower when compared both to staff and STX. Travel made up a substantial proportion of the cost of CD over the evaluation period, but the onset of the pandemic illustrated that CD could still be delivered without traveling (and associated costs). While virtual delivery has limitations compared to in-person delivery, cost differences should inform future decisions on CD delivery modalities.

85. CD project design, and size and mix of project teams, are the responsibility of CDDs. Where external funding is available, and a programmatic approach is being applied, project design tends to follow standard patterns. Sometimes the cost implications of different mixes of staff are considered, but more as a reflection of the availability of funding than cost-efficiency considerations. For projects where external funding is not available, staffing decisions have been mainly driven by matching available staff (with different expertise and seniority levels) against the requirements of the project, especially in terms of the complexity of the request; little explicit attention has been paid to the dollar cost of different staffing mixes and delivery modalities—although CDDs have faced competing demands on their resources which has meant that the

trade-offs implied by staffing of CD work have duly been considered, by assigning tasks to staff with the required expertise.

Cost Comparisons with Other CD Providers

86. In interviews for the evaluation, some donors expressed concerns that IMF CD was expensive relative to other providers. They acknowledged this was based more on anecdote than data, but also noted that getting an overview of the cost of IMF CD projects and activities was difficult.

87. Comparisons of the costs of CD provided by different organizations are difficult and must be undertaken carefully. Ideally, comparisons should be made between projects similar in aims, scope, country/institution context and delivery approach. In practice, there may be few projects like this—indeed, donors often finance IMF CD because there are no other comparable providers. In any event, we did not have access to data on the costs of actual CD projects (of the IMF and other providers). Hence this paper compared policies which influence personnel and travel costs between the IMF and six other provider/funders.

88. In terms of daily average cost, IMF rates (across staff, LTX, STX and CTR) compare reasonably well with a range of comparators. Overall, the Fund comes out with the highest daily rates but not by a very significant margin. The Fund and the Bank apply the costliest travel policies both in terms of airfares and per diem; the four bilateral CD providers we considered restrict travel to economy class for all external service providers and offer lower per diem rates than those of the Fund and the Bank. As very visible cost factors, these might contribute more than personnel costs to the notion of Fund CD being expensive.

89. The combination of these factors suggest that Fund CD does come at a comparatively high cost, though as donors recognized (explicitly or implicitly) this should be weighed against what they saw as the high quality and value of IMF CD as well as the extensiveness of the travel required from IMF staff and expectation of full effectiveness in the field.

Cost-Efficiency and Cost-Effectiveness Metrics

90. Information on the cost of CD projects or vehicles can be combined with information on the outputs and outcomes to derive simple indicators of cost-efficiency and cost-effectiveness. While these metrics do not provide a full picture, if interpreted correctly and used with care, they could nonetheless be useful, for external reporting and for internal management purposes to assess the relative merits of different CD delivery vehicles, modalities and projects.

91. Based on the comparative analysis of CD providers carried out for this paper, the Fund is relatively advanced in developing and analyzing cost-efficiency and cost-effectiveness of the CD provided. During the evaluation period this was exemplified in the Fund constructing indicators of cost-efficiency and cost-effectiveness for a number of externally funded CD vehicles to

respond to a donor's request. The donor saw value in these metrics, despite their limitations, as a complement to other evidence on the results of their financial contribution and reporting domestic oversight institutions. But the Fund restricted this exercise to vehicles financed by this donor only and did not make this type of information available to other donors or the Board. This cautiousness represented a missed opportunity to enhance external transparency, and to strengthen the response to the Board's request, following the 2018 CD Review, for more attention to the cost efficiency of different modalities of CD delivery.

92. For the internal management of CD, staff indicated that they have not routinely used information on the relative costs of different modalities and types of staff in deciding project design, particularly for internally funded CD. Neither have they systematically considered ex-post costs and outcomes to inform their understanding of the relative cost-effectiveness of different modalities, or of CD projects across different subject areas and countries. Such information would be useful to ADs in prioritizing CD requests, to CCB in deciding allocations between regions and workstreams, and to CDDs in designing CD projects. There is also potential to use such metrics to compare CD costs across CD Departments, to see for example whether Departments are following similar practices with regard to the time allowed for pre-mission preparation.

93. Such indicators can also inform strategic choices about the Fund's delivery model. In particular, they could help better understand and inform decisions on how to adjust Fund CD in response to the major changes which the Fund had to make to its delivery of CD in response to the pandemic. Consider for example:

- The striking improvement in cost-efficiency metrics for training between FY2020 and FY2021, reflecting the significant cost savings of virtual delivery. While evidence from across the different BPs to this evaluation indicates that there is value to bringing people together for training, which is not reflected in simple measures of headcount, the cost-efficiency improvements and wide reach of virtual training are significant.

- The opportunity to do much more preparation and follow up activities virtually, which holds the potential to improve cost-effectiveness, due to less travel and better use of time, such as allowing more tailored but virtual follow-up to in-person missions.

- More specific information on the relative costs of LTXs based in RCDCs, recipient countries and homeworking would enable better strategic choices about the Fund's delivery model. For example, there would be potential cost savings and other benefits of introducing more hybrid positions such as a mix of LTX and STX where experts are employed on a full-time basis but not relocated from their countries of residence to an RCDC or recipient country. This model would provide considerable savings on relocation cost, benefits and allowances to overseas personnel at the same time as potentially reaping some of the benefits from more flexibility to work across regions where similar issues arise or being based in matching time zones. The flexibility of this model might

also be more attractive to women and improve the gender balance amongst the Fund's CD experts.

94. CDMAP has been designed to provide cost data organized by project (rather than vehicle), capturing modalities and activities (as well as outputs and outcomes), and covering all CD, regardless of funding source. Once CDMAP is fully functional it will provide extensive data on the costs of projects broken down by different modalities, and will integrate that data with corresponding RBM data on project outputs, outcomes etc. This should make it straightforward to construct cost-efficiency indicators like ACCDD and ACPD for all CD projects, vehicles and workstreams, and to explore a range of more sophisticated cost-effectiveness indicators for types of project and delivery modalities.

95. This paper has combined existing data on the costs and outcomes of around 160 projects to indicate some of the potential value of this information, for example by comparing the average cost and outcome ratings of projects in different areas of CD. Over time, while the limitations of such comparisons will need to be kept in mind, more robust comparisons will become possible as the volume of comparable projects grows. However, to ensure that CDMAP delivers on this promise, experience suggests that dedicated support must be provided to ensure compliance with the requirements of the system and that the quality of ensuring data must be carefully scrutinized. In particular, the accuracy of outturn data on staff costs will depend crucially on staff and consultant compliance with time recording.

96. Finally, while the cost of IMF CD is somewhat higher than that of other providers, evidence from other background papers illustrate its positive impact and high reputation. As such, IMF CD is very much a premium CD product—with evidence to demonstrate that—for which a relative high cost can be justified. Therefore, the Fund should not shy away from collecting, using and disclosing cost data much more systematically as this has a range of positive effects when treated carefully and seen in context of additional qualitative information.

ANNEX I. PER DIEM RATES ACROSS COMPARATOR CD AGENCIES

	Multilateral Agency1	Multilateral Agency2	Bilateral Agency1	Bilateral Agency2	Bilateral Agency3	Multilateral Agency3	IMF
Albania	212	185	85	225	266	222	222
Brazil	215	217	85	109	167	339	339
Cambodia	201	214	85	189	222	236	236
China	256	254	85	305	361	372	372
DRC	315	289	85	316	233	394	394
Georgia	234	221	85	330	266	341	341
Guatemala	207	204	85	261	244	240	240
Indonesia	296	253	85	225	283	355	355
Jamaica	349	242	85	332	283	312	312
Liberia	327	255	85		300	295	295
Moldova	164	185	85	219	255	244	244
Nigeria	268	264	85	261	327	571	571
Peru	268	230	85	263	244	358	358
Saudi Arabia	425	268	85	309	366	508	508
Senegal	325	222	85	210	322	340	340
Somalia	224	197	85				
Sri Lanka	249	179	85	145	205	317	317
Uganda	241	275	85	173	272	340	340
Ukraine	342	242	85	276	311	341	341

Sources: IEO staff analysis based on information shared by comparator organizations.

ANNEX II. EXAMPLES OF STANDARDIZED OBJECTIVES, OUTCOMES AND ASSOCIATED VALUE-BASED INDICATORS BY WORKSTREAM

Workstream	Objective	Outcome	Value-Based Indicator
Financial Supervision and Regulation	Develop/strengthen banks' regulation and supervision frameworks	Quality and timeliness of regulatory data enhanced.	Majority of banks implement risk identification, management, and reporting in line with the authorities' requirements.
Macro-Fiscal Policies	Strengthened fiscal policies and frameworks	Better designed and more credible macroeconomic and fiscal forecasts.	Percentage variation between forecast and actuals of revenue, expenditure and fiscal deficit (Record Score: FTC2.1.3).
Public Financial Management	Comprehensive, credible, and policy-based budget preparation	A more comprehensive and unified annual budget is published.	Share of central government operations outside financial reports .
Tax Policy	Improved tax and non-tax revenue policy (SDG 17.1)	Improved distributional fairness across taxpayers due to amended tax rates or base.	Estimated tax share of lower-income households. Estimated tax share of upper-income households.
Central Bank Operations	Strengthen the implementation of FX operations given the existing monetary policy and FX regime	Market-determined exchange rate consistent with existing monetary policy and FX regime.	FX is sufficiently variable, with de-facto regime consistent with that desired.
Expenditure Policy	Rationalize public expenditure in the short term	Government pay and employment are more competitive and consistent with fiscal constraints.	Public wage bill, in percent of GDP. Average public wage, ratio to GDP per capita. Public employment, in percent of total population.
Expenditure Policy	Increase the long-term sustainability of pension systems	Public pension system sustainability is enhanced while ensuring the adequacy of retirement income.	Public pension expenditure, in percent of GDP.
Revenue administration	Improved customs administration functions (SDG 17.1)	Customs control during the clearance process more effectively ensures accuracy of declarations.	Rate of physical inspections decreased.
Revenue administration	Strengthened core tax administration functions (SDG 17.1)	A larger proportion of taxpayers meet their filing obligations as required by law.	On-time filing ratio improved.
Revenue administration	Strengthened core tax administration functions (SDG 17.1)	A larger proportion of taxpayers meet their payment obligations as required by law.	On-time payment ratio improved.

Sources: IMF, Results-Based Management (RBM) Catalog (IMF 2021c); IEO staff analysis

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